BEHAVIORAL APPROACHES TO ENHANCE CASH TRANSFERS

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Saugato Datta and Josh Martin, ideas42
INTRODUCTION TO TODAY’S SESSION

Laura Rawlings, World Bank
LOOKING FORWARD IN SAFETY NETS

• As cash-based Social Safety Net (SSN) programs evolve, it will be important to
  ➢ Scale up (and down) SSN flexibly, with limited administrative capacity;
  ➢ Strengthen development impact of SSN towards human capital and economic inclusion/graduation; and
  ➢ Adapt programs to hard to reach beneficiaries (IDPs, refugees, disaster response, etc.) and regions (conflict affected, etc.).

Behavioral interventions can contribute to master these challenges in a low capacity environment.
INTRODUCTION TO BEHAVIORAL SCIENCE

Saugato Datta, ideas42
WHAT IS APPLIED BEHAVIORAL SCIENCE?

We use a deeper understanding of humans to reinvent the practices of institutions, create better products and policies, and teach others, ultimately striving to generate lasting social impact and promote health, wealth, justice, and sustainability for all.
WEIRD THINGS WE OTHER PEOPLE DO
How programs and services are usually designed

Reality of human behavior
THE STANDARD MODEL OF HUMAN BEHAVIOR

Benefits > Costs?

we decide “yes” if benefits > costs

action naturally follows from decision
**HOW WE ACTUALLY BEHAVE**

**DECISIONS**
- Yes
- No
- ???

**ACTIONS**
- Failed to choose, didn’t consider at all, and this looks like ”no”
- Process often changes decision
- Will it take long?
- What’s everyone else doing?
- Can I just do it tomorrow?

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HOW WE ACTUALLY BEHAVE

DECISIONS

Failed to choose, didn’t consider at all, and this looks like "no"

/actions

Process often changes decision

OUTCOME

Social norms

Hassle factors

Procrastination
POVERTY IMPEDES COGNITIVE FUNCTION AND TAKES UP BANDWIDTH

POVERTY CARRIES THE BURDENS OF STIGMA
INTENTION – ACTION GAP

Intention  Action
BEHAVIORAL SCIENCE TAKEAWAYS

People are complicated, though sometimes in systematic or predictable ways

Behavioral science shows many ways seemingly small contextual or design factors can have outsized impact

Research insights can be applied at low/no cost to improve outcomes with high returns, helping organizations optimally use limited resources
A METHOD TO THE MADNESS

DEFINE
Disentangle presumptions to arrive at a behavioral problem

DIAGNOSE
Study the context and identify key bottlenecks

DESIGN
Create and refine a workable solution

TEST
Test our solution and learning from the process

SCALE
Adapt proven solutions to impact more people
WHY AND HOW DO WE USE BEHAVIORAL SCIENCE IN CASH TRANSFER PROGRAMS?

Andrea Vermehren, World Bank
INTRODUCTION: TRENDS IN SAFETY NET PROGRAMS

1. Greater use of cash transfers as safety net and humanitarian response
2. Objectives evolving
   • response to climate change and man-made shocks (refugees, IDPs)
   • Promoting economic inclusion and building resilience
   • promoting human capital development, especially among children
   • Focus on women’s empowerment
3. Wider range of design elements, including in the ‘cash +’ area to promote human development and economic inclusion
4. Introduction of safety nets in urban areas
5. Focus on building tools and systems to increase the efficiency and coordination of programs, e.g. links with national ID systems etc.
OVERALL MESSAGES

➢ Cash transfers are necessary but not sufficient;
➢ A behavioral lens has been at the heart of cash transfer programs since their inception;
➢ With safety net expansion, there are growing opportunities for tailoring and applying behavioral designs;
➢ Behavioral interventions can effectively advance development goals at low cost and at scale.
1. THE BEHAVIORAL LENS OF CASH TRANSFER PROGRAMS

- **Cash transfers** provide the means to expand economic decision making. However, beneficiaries often do ‘more of the same’ and don’t explore a full range of options;

- **Conditionalities** have shown good results in middle income countries, but are often difficult and cumbersome to implement in LICs due to limited supply side options and weaker administrative systems;

- **Training sessions** have increased the knowledge of beneficiaries (e.g. on financial literacy, nutrition, etc.) but knowledge is often not implemented;

- **Behavioral interventions** can:
  - help implementing agencies better define and focus on development goals;
  - help beneficiaries make more conscious decisions and commitments to implementation;
  - Support service providers in focusing on more effective service delivery.
A RANGE OF BEHAVIORAL ENGAGEMENTS: SPECTRUM OF “SOFT” & “HARD” CONDITIONALITIES

- **Encouraged Participation In Awareness Workshops**
- **Conditionalities Announced but Not monitored Or Enforced**
- **Conditionalities Monitored but Enforcement only After repeated Non-Compliance**
- **Conditionalities Monitored & Penalties Enforced For Non-Compliance**

**“Soft”**
- **Human Capital Conditions Announced**
  - Ecuador Bono, Kenya OVC-CCT, Malawi M’chinji, Ghana LEAP, Lesotho CGP

**Examples:** Mali, Niger, Ethiopia, Burkina Faso

**“Hard”**
- **Productive CCT**
  - Cameroon – Moral Contract with 10 actions (training, community works, human capital, etc.)

- **Brazil, Pakistan**
- **Mexico, Madagascar, Colombia, Jamaica, Tanzania, Philippines**
FOCUS ON “ACCOMPANYING MEASURES” IN CASH TRANSFERS

Focus on Human Capital
Examples: Madagascar, Mali, Niger, Ethiopia, Burkina Faso, Pakistan, Philippines

Focus on Economic Inclusion
Examples: Cameroun, Madagascar, Malawi, Ethiopia R & U PSNPs,

Participation in awareness seminars
On nutrition, family practices, health, Sanitation; Nutrition packet

Participation in awareness sessions on productive practices, training sessions, or community works
2. WHY BEHAVIORAL NUDGES?

SMALL CHANGES CAN LEAD TO LARGE RETURNS

1. Social Protection Experience: Cash is necessary but not sufficient to achieve broader development goals

2. Academia, e.g. Richard Thaler, Nobel prize in Economics, and others.  
   *Nudge: Improving Decisions About Health, Wealth, and Happiness*


4. ideas42 and Africa SPJ partnership since 2016 to pilot behavioral nudges in Africa
2. Why Behavioral Nudges?

Small changes can lead to large returns

Indian sugar farmers: cognitive errors made before vs after harvest

(Mani et al. 2013)
Focus on the cash
• How can we get more cash into the poor’s hands?
• How can we make sure the cash reaches the right people?
• How can we minimize leakage/inefficiency?

Focus on the people
• How can we help people spend the cash the way they want to?
• How can we empower beneficiaries to make careful decisions?
• How can we reduce the mental burdens of poverty and unlock hidden potential?
3. EVOLUTION OF SPJ’S BEHAVIORAL WORK

- 1. Started in 2016 in Madagascar, with external funding
- 2. Expansion to Tanzania, Kenya and Ghana in 2017, with funding from Global Innovation Fund (GIF),
- 3. Mid Term review in mid 2019, initial results today
- 4. Now expansion to other countries, Ethiopia, Nigeria etc., GIF
- 5. Other regions also starting to use behavioral approaches, see Bangladesh
4. THE WAY FORWARD
SCALING UP BEHAVIORAL INTERVENTIONS?

❖ How to scale up and mainstream the existing behavioral nudges?
❖ How to continue the development of new nudges?
❖ How can we find the most cost-effective ways to change behaviors?
❖ How to use nudges with groups, not only individuals?
❖ How to use nudges not only for beneficiaries but also for improving the quality of service provision?
THANK YOU!
CASE STUDY: IMPROVING BENEFICIARY FINANCIAL HEALTH IN TANZANIA

Josh Martin, ideas42
BENEFICIARIES NEED HELP INVESTING THEIR TRANSFER FUNDS PRODUCTIVELY

“My small business gives me hope for the future.”

“I don’t have enough capital to start my business...I’m not saving enough.”
WORKING WITH BENEFICIARIES TO IDENTIFY BARRIERS IN TANZANIA

1. Saving and investment are private, consumption is public
2. Focus on capital-intensive productive activities sometimes becomes a barrier to pursuing attainable goals
3. Focus on today’s payment only
4. Consumption needs urgent today
SIZE OF GOALS CAN BE PARALYZING

• Focus on productive activities that require large capital may become a barrier to pursuing attainable goals.

• There may be productive activities that are attainable for the beneficiary.

“I want to open a shop but will never have the capital to do it.”

To start a tomato/Chinese cabbage garden I’ll need 500,000 - 600,000 TZS. I currently get 20,000 TZS bi-monthly.
FOCUS ON TODAY’S PAYMENT ONLY

• Beneficiaries highly aware of today’s payment amount

• Don’t always think about how their payment could be used if saved/combined over multiple transfers

“I don’t know how much I receive over a 6 month period”

“I can’t calculate how much I get in a year”
THE INTERVENTION (SUMMARY)

- Others’ Saving Behavior Not Visible
- Feeling of Powerlessness
- No Decision Support
- No Salience of Total Earnings
RANDOMIZED CONTROLLED TRIALS (RCT) - THE GOLD STANDARD FOR EVALUATION

• Greatest **credibility** for research and policy making
• Greatest **ease** of design and communication
• Benefits come from the **randomization** of treatment
WHY ITERATIVE TESTING?

• Refine designs at each testing stage to increase effectiveness
• Refine implementation strategy
• Gradual path to scaling up designs
### MAIN RESULTS FROM TANZANIA

**Tanzania**

<table>
<thead>
<tr>
<th>Country</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incidence of productive goal</td>
<td>3%</td>
</tr>
<tr>
<td>Incidence of saving</td>
<td>13%</td>
</tr>
<tr>
<td>Incidence of productive investment</td>
<td>28%</td>
</tr>
</tbody>
</table>
LIMITATIONS AND NEXT STEPS

• **1-2 month time frame** - may be too soon to see conclusive results regarding productive investment activities.

• **Control group activity** - if the control activity contributed positively to savings, the impact of our designs could be larger.

• **Longer-term testing is underway** - we are preparing to launch the next phase.
**BEHAVIORAL DESIGNS ARE COST-EFFECTIVE**

KENYA

Cash Transfer: USD228

Total Cash Transfer cost: ~USD400 (estimate)

Behavioral intervention cost: < $5 (likely lower when at scale)

Achievements

Incidence of saving: 81% ➔ 87%

Amount of transfer saved: 12% ➔ 18%

Completely repayed debt: 20% ➔ 36%
THE TAKEAWAY

Behavioral science interventions

• Evidence for short and mid-term impact: having productive goals, savings, productive investments, improved parenting behaviors and child development

• Upcoming evaluations of longer-term impact: savings levels, assets accumulation, productive investments, additional child development outcomes

• Layering decision-making and follow-through support onto cash transfer programs increases **impact** and is **cost-effective**
PROMOTING CHILD DEVELOPMENT IN MADAGASCAR

Achille Razakatoanina, Fonds d’Intervention pour le Développement, Madagascar
PROMOTING CHILD DEVELOPMENT & WOMEN’S EMPOWERMENT IN MADAGASCAR

Achille Razakatoanina
SSN Program Madagascar
SPJ core course 2019
INTRODUCTION

• Human capital development in Madagascar is among the lowest in the world. The Human Capital Index score is 0,37 which is below the 0,4 average score in SubSaharan Africa.

• Over 40 percent of Madagascar’s children under the age of 5 suffer from chronic malnutrition, one of the highest prevalence rates in the world.
HUMAN DEVELOPMENT CASH TRANSFER PROGRAM

• Flagship SSN Program, operational since 2016.
• 110,000 households, 240,000 children currently benefit from the program with payments made to women in 12 regional districts
• CCT: co-responsibility based on school attendance of 80%. Payments every 2 months through mobile banking and microfinance institutions.
• Accompanying measures activities are focused on human capital development, especially early childhood
• The ultimate goal of the HDCT program is not only to address extreme poverty in the short term through income transfers but to strengthen the capacity of mothers to improve their children’s cognitive and physical development, enhance their readiness for school, and increase their chances of achieving long-term educational and economic success.
• Innovative use of behavioral interventions – Mother Leader groups and behavioral ‘nudges’
# MOTHER LEADERS

<table>
<thead>
<tr>
<th>Roles</th>
<th>Key-qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conducting wellbeing session</td>
<td>• Empathy</td>
</tr>
<tr>
<td>• Messaging, awareness (ECD, nutrition)</td>
<td>• Respected person</td>
</tr>
<tr>
<td>• Promoting Behavioral change</td>
<td>• Good listening capacity, advising skills</td>
</tr>
<tr>
<td>• Home visits</td>
<td>• Persuasion capability</td>
</tr>
<tr>
<td></td>
<td>• Building trust (beneficiaries vs program)</td>
</tr>
<tr>
<td></td>
<td>• Receive soft skills training from the program</td>
</tr>
</tbody>
</table>
MOTHER LEADERS

• A key objective of the Human Development Cash Transfer program is to improve early childhood development, parenting practices, and nutrition as a critical first step in preparing children for school and productive working lives.

• Lead mothers are elected by the beneficiary households to help them learn and apply effective parent-child interaction and nutrition practices.

• The program has built a number of activities called “Accompanying measures” and implemented by the mother leaders
What – Accompanying measures

- Promoting education, hygiene, health, nutrition, family planning, adolescent reproductive health
- Inclusion (VSLA, finance inclusion, savings, business plan)
- Early child development
- Inclusion (productivity, agricultural training)
- Governance, grievance redress
- Environmental issues
BEHAVIORAL NUDGES

Mother leader

Home visits
Wellbeing sessions

Business plans: VSLA, food security

Capacity building

SP committee
CASH AS AN OPPORTUNITY FOR REINFORCING EARLY CHILDHOOD DEVELOPMENT-LINKED BEHAVIORS

Initial actions
• Food consumption
• Diverse food preparation
• Spending time with children (as opposed to work)

Proximate impacts
• Food security (short-term)
• Food security (long-term)
• Food diversity
• Female empowerment

Growth and development
• Social skills
• Fine motor skills
• Language learning
• Overall socio-cognitive

Receive cash
Relieves financial constraints to...
Make possible...
Lead to (after some time)...
WHAT MIGHT GET BETWEEN BENEFICIARIES AND THEIR GOALS?

1. Beneficiary psychology

Feeling of powerlessness: Why should I work towards long-term goals if I can’t even afford the basic items I need to get there?

(locus of control, self-efficacy)

Mindset of stagnation: My family has always been poor; what makes me different?

(growth mindset, identity)
WHAT MIGHT GET BETWEEN BENEFICIARIES AND THEIR GOALS?

2. The spending journey

**Market milieu:** Beneficiaries come together at the market to receive their money, where it’s tempting to spend off-goal and as others seem to be doing (limited self-control, descriptive social norms)

**No moment to plan:** The program provides no opportunity to plan spending on payment day, so beneficiaries instead focus in on their daily needs despite waiting hours (scarcity, limited attention)
How did we help beneficiaries set realistic goals and execute them after payment day?

**Self-affirmation**
Affirming values and identities can both clarify objectives and strengthen the power to act

**Plan-making**
Assessing risk and identifying concrete action steps improves the likelihood of follow-through
MULTI-LEVEL RCT DESIGN

District

Eligible
51 communes
~51,000 households

Communes (TMDH)

Cash
38 communes

Control
13 communes
(1200 HH)

Fokontany (enhanced)

Cash only (no MLs)
77 villages
(1204 HH sampled)

Mother Leaders
77 villages
(1200 HH)

MLs + Planning
77 villages
(1197 HH)

MLs + Affirmation
78 villages
(1205 HH)
RESULT 1. THE CASH DOES ITS ‘JOB’

Initial actions
- Consumption
- Diverse food preparation
- Spending time with children (as opposed to work)
- Education expenses

Receive cash

Proximate impacts
- Food security (short-term)
- Food security (long-term)
- Food diversity
- Female empowerment
- Disease resistance

Relieves financial constraints to...

Make possible...

Lead to (after some time)...

Growth and development
- Social skills
- Fine motor skills
- Language learning
- Overall socio-cognitive

Cash Only vs No Cash (SD)

<table>
<thead>
<tr>
<th>Non-Food Consumption</th>
<th>Female Empowerment (Index)</th>
<th>Education Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 0.05 0.1 0.15 0.2</td>
<td>0 0.05 0.1 0.15 0.2</td>
<td>0 0.05 0.1 0.15 0.2</td>
</tr>
</tbody>
</table>

**p<0.05 | *p<0.10
RESULT 2. THE MOTHER LEADERS ALONE ADD SIGNIFICANT HUMAN DEVELOPMENT VALUE

Proximate impacts
- Food security (short-term)
- Food security (long-term)
- Food diversity
- Female empowerment

Initial actions
- Consumption
- Diverse food preparation
- Spending time with children (as opposed to work)
- Education expenses

Relieves financial constraints to…
Make possible…
Lead to (after some time)…

Mother Leaders vs Cash Only (SD)

<table>
<thead>
<tr>
<th>Variable</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall socio-cognitive</td>
<td>*</td>
</tr>
<tr>
<td>Language learning</td>
<td>**</td>
</tr>
<tr>
<td>Social skills</td>
<td>**</td>
</tr>
<tr>
<td>Food security (short)</td>
<td>**</td>
</tr>
<tr>
<td>Diverse food prep</td>
<td>**</td>
</tr>
</tbody>
</table>

Growth and development
- Social skills
- Fine motor skills
- Language learning
- Overall socio-cognitive

**p<0.05 | *p<0.10
RESULT 3. THE NUDGES ‘NUDGE UP’ MOTHER LEADER IMPACTS ON SOME HUMAN DEVELOPMENT OUTCOMES...

Initial actions
- Consumption
- Diverse food preparation
- Spending time with children (as opposed to work)
- Education expenses

Proximate impacts
- Food security (short-term)
- Food security (long-term)
- Food diversity
- Female empowerment

Nudges + MLs vs Cash Only (SD)

<table>
<thead>
<tr>
<th></th>
<th>Nudges + MLs</th>
<th>Cash Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food security (long)</td>
<td>Mother Leaders</td>
<td>Planning **</td>
</tr>
<tr>
<td>Child interaction</td>
<td>Mother Leaders</td>
<td>Planning **</td>
</tr>
</tbody>
</table>

Growth and development
- Social skills
- Fine motor skills
- Language learning
- Overall socio-cognitive

**p<0.05 | *p<0.10
Result 4. Impacts on child development

**Language learning**
- Control: 0.2
- Cash only: 0.15
- Mother Leaders (+ Cash): 0.1
- Planning (+ MLs + Cash): 0.05
- Affirmation (+ MLs + Cash): 0

**Social skills**
- Control: 0.1
- Cash only: 0
- Mother Leaders (+ Cash): 0
- Planning (+ MLs + Cash): 0
- Affirmation (+ MLs + Cash): 0

**Fine motor**
- Control: 0
- Cash only: 0
- Mother Leaders (+ Cash): 0
- Planning (+ MLs + Cash): 0
- Affirmation (+ MLs + Cash): 0

**Composite**
- Control: 0
- Cash only: 0
- Mother Leaders (+ Cash): 0
- Planning (+ MLs + Cash): 0
- Affirmation (+ MLs + Cash): 0

*Age-adjusted Z scores*:
- **p<0.05**
- *p<0.10
Thank you!
IMPROVING SOCIAL WORKER SERVICE DELIVERY IN BANGLADESH

Tasmia Rahman, World Bank
Introduction

...HOWEVER

- Union Social Workers (USWs) are critical in local service delivery, and central to the success of any intervention

- USWs in Bangladesh are the ground level “foot soldiers” for local service delivery of programs under the Department of Social Services, MoSW, especially in providing “other supportive activities”
Union Social Workers (USWs)

• **Status quo**
  - Approx. 4,600 USW slots in about 481 upazila offices
  - Not all positions are filled
  - Each USW is responsible for overseeing 2-3 unions, numerous programs including safety nets and microcredit, 1,943 safety net beneficiaries on avg, and 132 microloan clients.
  - Average age: 46 years
  - Average years in current role: 19 years
Process: Diagnostics to Design

Field work → Quantitative survey with USWs → Mini-pilots of solutions → Intervention designs
Key issue (1): Work Efficiency – Time Allocation

One single, relatively small program, Rural Social Services, **absorbs nearly half of USWs’ time** each week.

**Why?**
- Repetitive paperwork
- Travel between unions
- Low repayment (67%)
- Revisiting borrowers’ to collect repayment

USW TIME USE

- Awareness-building
- Cash transfer (CT) nominees, data entry, passbook replacement / duplicate, Phone w/ CT beneficiaries
- RSS repayment
- RSS data entry, receipt, banking
- Bank repayment
- Local USW meeting
Key issue (2): USWs’ Motivation

- **Work “Enjoyment”**
  - Awareness building & citizen engagement >>>> CT beneficiaries case management >>>> RSS admin work

- **Job satisfaction**
  - Over a third of USWs are only “somewhat satisfied” with their jobs
  - What increases satisfaction: Impact on society, recognition from beneficiaries, salary
  - What lowers satisfaction? Lack of promotion (reward & recognition)

- **Motivation**
  - Only a third of USWs feel their work is appreciated by supervisors and beneficiaries.
  - A quarter of USWs are less motivated now compared to when they first started
  - Opportunities for recognition are low
Key issue (3): USWs’ Capacity

How proactive are USWs about their work and improving themselves?

❖ Do they know “what” they are supposed to deliver – clear sense of the broader mandate of their work?
❖ Do they know “how” to deliver? Training opportunities?
❖ Do they take initiative to improve their work?

Capacity is low, but capacity development opportunities are also limited

➢ Two-third of USWs do not use computers, and only 18% can perform data entry
➢ One in three don’t read text messages → less channels of communication
➢ Nearly half think it is better to let supervisors worry about improving things
➢ On average, USWs have attended 3 trainings since initial orientation (their average work experience is 19 years)
A/B Testing: Process Efficiency and Time Saving

- Problem: Lots of time spent on filling out repetitive RSS repayment receipts and finding beneficiaries to collect repayment
- Goal: Reduce time spent on RSS (microcredit) activities
- Solutions:
  - **Simplify:** Simpler, shorter installment collection receipt
  - **Salience:** Red and green ink/rubber stamps to indicate late on-time payments
A/B Testing: Motivation

- **Social recognition**: Video and photo competition.
A/B Testing: Self Reflection

• **Survey Experiment:** Mission and belonging vs. positive self-reflection

Mission & belonging reflection increased self-reported job satisfaction and perceived appreciation from USSOs; but lowered motivation and perceived appreciation from beneficiaries. Self-reflection was more impactful improving satisfaction for females and higher-performing USWs.
Interventions

**Clarify**
Individual USWs are provided with the TORs and performance indicators to nudge them into allocating time and effort more efficiently

**Recognize and reward**
USWs’ performance to be evaluated based on objective criteria by supervisors or beneficiaries; top performers given social recognition on a quarterly basis

**Encourage**
USWs invited to a workshop to promote self assessment habits and growth mindset
Questions:

• Which behaviors are critical to the “success” of beneficiaries in your countries?

• Which behaviors are critical to the “success” of program staff in your countries?

• What is currently done to facilitate these behaviors, and what assumptions are built in?

• How could these assumptions be tested and strengthened?