

Behavioral Nudges for Cash Transfer Programs in Madagascar

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“ Madagascar is one of the poorest countries in the world, with more than 70% of the population living on less than \$1.90 a day. The Social Safety Net (SSN) project has three components: a conditional cash transfer, a productive safety net program, and an emergency cash transfer program in the drought-affected southern regions, combining nutrition and livelihood grants, which will transition into a conditional cash transfer program in early 2018.

As of May 2017, more than 130,000 households (approx. 650,000 people) benefitted from these safety net programs, with more than 70% of cash transfers being paid to the female head of the household—surpassing the objective of 60% female beneficiaries. Each program is innovative in several ways, bringing together key sectors (social protection, health/nutrition, education, agriculture, environment), and introducing interventions for long-lasting behavioral changes. A key innovation is the introduction of behavioral “nudges” in each of the three programs.



👍 Why behavioral 'nudges'?

In 2015, the World Bank started working with ideas42, a leading research and policy think tank specializing in behavioral studies and founded by leading academics in the field of behavioral economics. The aim was to introduce behavioral interventions in the spiraling implementation of cash transfer programs. The SSN project in Madagascar was chosen to design and test nudges what would further enhance desired human development and productive inclusion outcomes.



Behavioral nudges consist of positive reinforcement and indirect suggestions as opposed to direct instruction or enforcement. They are 'light touch' interventions, usually inexpensive and iterative, making them easy to implement and easy to scale-up.

They have been developed in Madagascar by ideas42 in collaboration with national agencies and the World Bank, and field tested to meet the needs of the specific program outcomes, matching the local context. The nudges are implemented as part of the overall safety net programs to enhance the desired outcomes and are tied to rigorous impact evaluations to understand their effects in improving program adherence and enabling longer-term behavioral and developmental changes.

Two different types of nudges are implemented in Madagascar's Safety Net Project (P149323), depending on the objectives of the respective safety net programs



1 Human Development Cash Transfer Program (HDCT)

This conditional cash transfer (CCT) program provides regular cash benefits for families with children 0-12 years. It is linked to primary schooling and promotional activities related to good health, nutrition and early childhood development (ECD) practices. The program includes 40,000 households and is active in 5 regions of the country. The cash of about US\$ 20 every two months is given to the female head of households.

Complementary measures

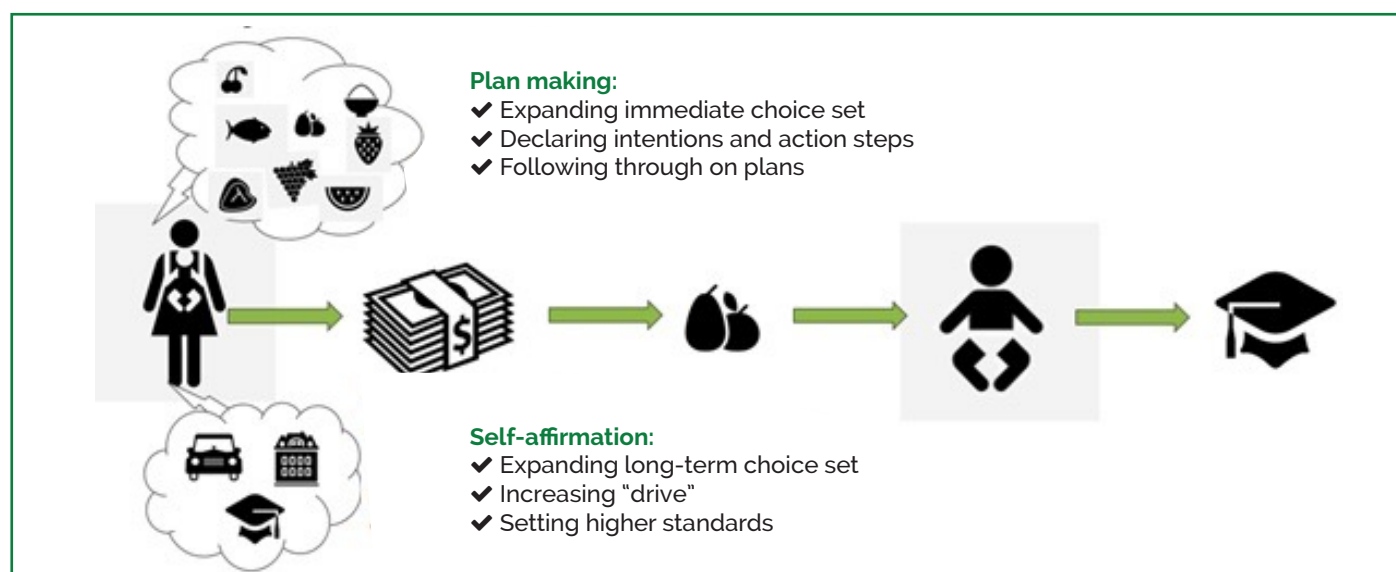
In addition to the cash transfer, the program includes complementary measures on Essential Family Practices and ECD, which are delivered through monthly beneficiary meetings (espace de bien être) organized by elected "Mother Leaders.". With the program, these wellbeing spaces will slowly be transformed into physical spaces, with some basic infrastructure, so that the mothers can come play and engage with their children and other community members.

What is the objective of the 'nudges'?

The 'behavioral nudges' of this program were designed to strengthen women's **plan-making skills** and develop their **self-affirmation**.

👍 **Plan-making** can enable women to better adopt a longer-term perspective with concrete goals they wish to achieve with the cash. They are supported in drawing out the intermediary steps of achieving their goals and in putting money aside for their goals.

👍 **Self-affirmation** tasks aim to enable women define what they want, make decisions about the wellbeing of their family, and reinforce their identity as guardians and the influence they have to improve their children's lives. The theory of change is depicted in the image below:



How are the 'nudges' implemented?

These interventions are implemented in a very interactive and pictorial way for greater impact, such as drawing, playing games with cards and stones, using stickers, image cards, storybooks and play time with their children. Since these are all done in beneficiary groups, it allows mothers to share their goals and successes with each other and affect change in local social norms, through collective action. Finally, the timing of the intervention is important, and is done right before the women (female head of household) receive the payments. Right before the receiving a payment, women are primed to think of immediate needs and expenditures and not of longer term goals. By timing the nudges right before the payments, the goal is to break a cycle and encourage (?) engender longer-term thinking of their expenditures, investments and savings..



2 Productive Safety Net Program (PSNP)

Madagascar's PSNP provides cash for work opportunities over three years to 32,000 households. It moves beyond the short-term public works interventions by incentivizing beneficiaries to make productive and long-term investments. The nature of works implemented are based on landscape management plans and geared towards building communities' productive assets. They are rooted mostly in environmental protection and in improving the communities' agricultural productivity. Since these works differ based on the terrain (littoral plains, cliffs and hilly regions, different climates) and are designed to be context specific, they address environmental challenges faced by local communities such as deforestation, land burning and water management.

Complementary measures

In addition to the on-site training for household livelihood activities, the program includes complementary measures to help beneficiaries develop their own personal "productive" livelihood activity. These include: guidance on forming savings groups, farmers' business development planning, technical orientation from agricultural and rural development programs and support in helping follow through.

What is the objective of the 'nudges' in PSNP?

The beneficiaries are encouraged to use some of the cash received for productive investments with a view towards diversifying their livelihoods. In addition to the complementary measures, light touch behavioral nudges have been designed and are implemented to change their savings and investment behavior. The behavioral intervention aims promote savings behavior by (i) facilitating target setting (such as buying poultry, agricultural tools, etc..), (ii) putting money aside by earmarking and partitioning, (iii) teaching simple accounting, and (iv) providing reminders of planned investments and savings at payment sites. The specific tools are depicted in the image below:

Summary of designs

Social Proof Poster

Goal-Setting Activity

Planning Prompt

Partitioning

How are the 'nudges' implemented?

Though similar to the behavioral intervention in the CCT on the plan-making goal, this intervention is even more of a lighter touch and inherently intuitive. An initial training is provided on the savings 'nudges', during the initial payments and subsequently the beneficiaries are only gently reminded of savings at the time of future payments. Since savings are more personal in nature, the intervention design doesn't involve regular follow-ups, like in the CCT.

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