

A Behavioral Approach to Cash Transfer Programs in Madagascar

Cash transfer programs have become a principal instrument of social protection, economic stimulus and service delivery in the hands of governments throughout the world. A large body of academic evidence exists to justify the claim that transfer programs can improve the welfare of poor populations in a variety of ways, from encouraging productive investment to incentivizing participation in national education and health systems. Until recently, only a small body of literature has examined the behavioral implications of such programs, specifically whether they can be improved through the addition of insights from the emerging science of behavioral economics that shed light on the drivers of beneficiaries' decisions and actions.

ideas42 seeks to add to this growing body of evidence by working with the World Bank in the developing world to implement and evaluate a series of behavioral economics “nudge” interventions designed to improve the impact of conditional cash transfer programs. From a review of the academic literature and initial expert consultations, four main channels of possible behavioral intervention emerge:

1. *Disbursement*: Beyond simply the size of the transfer, much of a program's effectiveness may rest on the timing, frequency, and method by which the funds are disbursed
2. *Conditionality*: Replacing the costly need to enforce conditionality with a “label” or similar nudge may make programs just as effective, or even increase their impact
3. *Uptake*: Increasing the reach of transfer programs both within currently targeted populations and into other, harder-to-reach segments
4. *Ancillary programming (“Transfers Plus”)*: Behavioral insights may improve the effectiveness of beneficiary trainings, social service delivery, awareness campaigns, or other programming that accompanies the transfer

Partner search

ideas42 is looking to work with partner organizations—public sector organisms, nongovernmental organizations, or private firms—that are involved in the design, implementation or evaluation of early-stage or ongoing cash transfer programs to place a series of behavioral economics “nudge” interventions into the field for evaluation by randomized experiment.

For more information, please contact Saugato Datta, Managing Director: saugato@ideas42.org.

About ideas42

[ideas42](http://ideas42.org) is a nonprofit organization that assists partner institutions to maximize social impact through the application of insights from behavioral economics to public policy challenges around the world. Since our founding at Harvard University in 2007, we have worked successfully in the fields of consumer finance, microsavings, health, postsecondary education, and others. Our projects feature the rigorous application of qualitative and quantitative research methods to diagnose the nature of behavioral impediments to end-users' actions and decisions, followed by the design of new program delivery methods to “nudge” them towards realizing better outcomes for themselves. In all cases, we seek to ultimately identify the impact of these nudges through randomized control trials.