

Increasing Resilience through Cash Transfers in Kinshasa

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Optimizing Program Effectiveness Through Behaviorally Informed Text Messages

ideas42 worked with the World Bank and the Fonds Social du Republique Democratique du Congo (FSRDC) to help households in urban Kinshasa, Democratic Republic of the Congo, follow through on their intentions to impactfully spend the money they received from a digital cash transfer program. We designed and tested behaviorally informed text messages to encourage households to follow through on spending cash transfers in line with their priorities, both to optimize the transfer's benefits and build a cushion against future economic shocks.

Problem

In the Democratic Republic of Congo (DRC), people experiencing poverty in urban areas largely include those who have been excluded from traditional social protection systems. While cash transfers have long been identified as an effective tool for poverty alleviation, such urban populations have not traditionally been the target of many such programs. However, cash transfer programs have expanded in response to the COVID-19 pandemic to cover over 1.3 billion people, including urban areas. This expansion was largely due to the ability of cash transfer programs to provide flexible assistance quickly—often digitally—while reducing physical touchpoints where the virus can spread. Informal and unstable forms of employment, such as own-account work, which are most common in urban areas, were also most affected by the pandemic, leaving many more households lacking income and stability.

To support affected urban households experiencing poverty, the [World Bank](#) and government of the DRC developed and implemented a cash transfer program. Like many COVID-19 response cash transfers, due to limited resources and the complexity of the context, the transfer is currently temporary—it provides participants with \$25 USD per month over a period of six months, which translates to about 25% of GDP per capita. The transfer is also offered entirely digitally—participants register through text messages, and receive their cash digitally through mobile money.

Given the limited funds available to support those who need it most, it is necessary to design and implement cash transfer programs in a way that makes the most of the funds available. For program participants, an influx of cash can help them support their families, but using it optimally and in ways that improve future prospects can be difficult without support or scaffolding, particularly for those experiencing poverty during a global pandemic. By providing support to cash transfer recipients to spend their cash in line with their goals and priorities, programs can help these individuals prepare for their future and be more resilient to future shocks.

Highlights

- ▶ Behaviorally informed SMS messages helped cash transfer recipients spend in line with their priorities to build economic resilience
- ▶ SMS messages are an effective channel to deliver impact digitally at low cost, reducing need for in person interactions

Solution

ideas42 reviewed available program data and documentation and spoke to program stakeholders to identify challenges recipients face in using cash transfer funds. This initial research revealed parallels to our work on cash transfer programs in other countries: Recipients often had priorities for which they wanted to spend their cash but had difficulty planning how to spend it and follow through. The key behavioral barriers we aimed to address are as follows:

- ▶ When participating in the program, recipients are likely to be inundated with a number of unfamiliar decisions and actions they must take. Having to thoroughly consider and make or take action on all of these new decisions and actions needed to actually obtain the cash can lead to **decreased cognitive bandwidth** for other items, such as setting goals and making decisions about how they will spend the cash after receipt.
- ▶ Without a clear **moment of choice** for recipients to consider their priorities and what they wish to spend the cash on, they may not consider their priorities in advance of cash receipt. This can make recipients more likely to spend the cash immediately upon receipt without thorough consideration of what would be best for their household.
- ▶ Without **guidance or tools to plan, prioritize, and budget** for how to spend their cash, recipients may have trouble allocating their cash in order to cover their most important spending priorities.
- ▶ Even when recipients have identified spending priorities, the location of cash-out points near local markets or vendors can increase the **salience** of immediate consumption spending and can make it easy and tempting to spend on immediate purchases that were not planned.
- ▶ An **identity of poverty** may lead to feelings of disempowerment or lack of agency, discouraging recipients from setting concrete priorities and plans for improving their lives.

Because participants received their cash through mobile money on a phone, we knew most recipients would have access to a phone around the time they received the transfer. With this in mind, we developed two SMS messages designed to address the identified barriers. One message was sent just before the receipt of cash, prompting participants to think of their priority and write down a budget. The other was sent just after, reminding participants to spend accordingly. The messages included general affirmations, reminding the participant that they can improve the well-being of their family. We also utilized evidence from behavioral science on communications best practices when developing the messages, sending them at opportune times to keep participants' plans salient, minimizing the content, and keeping the message concise to keep participants' attention.

Timing	French (used for implementation)	English
Before cash disbursement	FSRDC: Notez un budget pour gérer vos 25\$. Écrivez 3 priorités principales et les coûts pour chacune. Vous avez la capacité de changer la vie de votre famille!	FSRDC: Write down a budget to manage your \$25. Write down three main priorities and the costs for each. You have the ability to change the life of your family!
After cash disbursement	FSRDC: N’oubliez pas d’acheter les 3 articles prioritaires notés dans votre budget. Vous êtes responsable du bien-être de votre famille.	FSRDC: Don’t forget to buy the priority items listed on your budget. You’re responsible for the well-being of your family.

Results

In the summer of 2021, we set out to test our SMS messages and assess their effectiveness. During a cash transfer wave that included about 30,000 recipients, we randomly selected half of those participants to receive the set of behavioral SMS messages, while half did not receive any behavioral messages. About three weeks after the transfer, we sent an interactive voice message (IVR) survey to all 30,000 cash transfer recipients with basic questions regarding the use of their cash, of which about 5,000 answered and successfully completed the entire survey.

Results indicate that the behaviorally informed SMS messages did help cash transfer recipients spend in line with their priorities to build economic resilience. Participants who received the treatment SMS messages were 3% more likely to articulate a spending priority, 6% more likely to have a future-oriented priority (such as spending on education or investment in a business), and 4% more likely to report that they spent in line with their priority.

Given the low cost of SMS messaging, such interventions can be incredibly cost-effective: the costs to program designers are often insignificant in comparison to the program costs, and the messages have an outsized impact on recipients actions and resultant livelihoods.

Takeaways

With an expansion of cash transfer programs around the world in response to COVID-19, as well as the shift to digital cash transfers that was already in progress but expedited due to the pandemic, it is even more crucial that programs help recipients make the most of the cash assistance they receive. This work provides evidence that digital interventions are an effective (and cost-effective) way to provide the scaffolding recipients need to spend their cash more intentionally, in ways that align with their own goals for strengthening their financial resilience.