



## BEHAVIORAL INSIGHTS TO BETTER DESIGN **SOCIAL PROTECTION CASH TRANSFERS IN EMERGENCIES**

**Please note that when using this guidance, special attention should always be paid to the specific context in which programs operate.**

Many governments around the world are instituting fresh cash transfers, or making significant adjustments to existing social protection programs, during the COVID-19 pandemic. Such programs can offer three important forms of relief at a time when many people are likely to experience adverse changes to their income and employment:

- ▶ A rapid and cost-effective way to provide basic needs like food and shelter in the midst of an emergency (assuming that markets continue to function)
- ▶ A means to recover and rebuild after the crisis
- ▶ Protection from future shocks.

With limited funding available, **it is crucial that cash transfer programs be designed or redesigned thoughtfully, so that governments and recipients can make the most of the resources available.** Designing or making small tweaks to existing programs using insights from behavioral science can increase the impact of social protection programs by helping recipients navigate the complex decisions and actions they must undertake to support their households in the near term and stabilize their medium- to long-term financial situation.

The purpose of this document is to provide guidance on how to design or alter cash transfers during the COVID-19 outbreak to optimize recipient outcomes. Below, we outline the key steps in the recipient's journey to accessing and spending the transfers. Following each step, we offer guidance for program designers to reduce barriers recipients may face in making optimal use of the cash they receive.



## 1 UNDERSTAND THE TRANSFER

**To achieve optimal outcomes from transfers, potential recipients must learn about and understand the purpose of the transfer. At this stage, recipients will most likely adapt their behavior as a result of becoming aware that they will receive additional funds. They may also begin to plan how they will use the transfer. Clear and simple information about the transfer can help them prepare.**

### **Relevant Literature:**

- ▶ Turning a Shove into a Nudge? A “Labelled Cash Transfer” for Education [\[PDF\]](#)
- ▶ ‘Labeling’ can improve cash transfer programs: Evidence from Kenya [\[Link\]](#)

### Include clear messaging or labeling about the purpose of the cash

Clearly framing and labeling cash transfers can inform potential recipients about such transfers and clarify what they should be used for, and can create a moment for recipients to consider their needs. People who receive a transfer before they or anyone in their community is adversely affected by the pandemic might underestimate the likelihood and size of the potential economic impact and as a result, may perceive the transfer as a windfall and spend it accordingly. For example, such labeling could include “COVID-19 Resilience Transfer” and can be included in branding for the program, such as posters or radio announcements. Such label can provide a signal to recipients that they should plan to use the cash not only for immediate needs but also in ways that will help them recover or restart economic activities when the crisis and restrictions ease. As such, the label can also manage expectations by signaling how long the recipient should plan to make the money last.



## 2 ENROLL OR QUALIFY

**Simplifying the enrolment or qualification processes for programs can ensure that the transfer gets to the households who need it most or most urgently. If possible, programs should make it possible for beneficiaries to enroll with no action required on their part. If this is not possible, agencies should seek to make the enrollment requirements as simple and quick as possible.**

### **Relevant Literature:**

- ▶ Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures [\[PDF\]](#)
- ▶ Behavioral Design: A New Approach to Development Policy [\[PDF\]](#)
- ▶ Happiness on Tap: Piped Water Adoption in Urban Morocco [\[PDF\]](#)
- ▶ Behavioral Economics and Social Policy: Designing Innovative Solutions for Programs Supported By the Administration for Children and Families [\[PDF\]](#)

### Reduce administrative requirements

Wherever possible, avoid administrative burdens that could increase the time it takes for recipients to get the transfer. Administrative processes such as registering, completing verification or providing documentation have health risks for beneficiaries and program administrators when done in person, and can increase the time it takes to get cash into recipients’ hands. Moreover, such processes are often full of hassles and can place unnecessary psychological burdens on recipients.

The most vulnerable populations are likely already facing the most psychological burdens, meaning that administrative hassles could potentially lead to mistargeting and disproportionately exclude those most in need. For example, one way to reduce administrative burdens as much as possible is to use targeting lists from previous social protection programs instead of requiring new registration.

## Expand existing strategies for getting cash to vulnerable populations

Rather than create new transfer programs, expanding existing social protection programs leverages existing infrastructure and reduces the time and mental energy recipients may have to invest to register. Examples could include increasing the amount or frequency of existing social protection cash transfer programs, or providing additional transfers to cash-for-work participants when beneficiaries cannot meet to work or during the off season.



### **3 DETERMINE HOW TO SPEND THE TRANSFER**

**Uncertainty about the duration of the crisis paired with the fact that the cash transfer is unlikely to fully cover forgone income makes it crucial that recipients prioritize how to use their cash. They will have to consider both meeting immediate needs as well as maintaining opportunities for productivity once the crisis is over.**

#### **Relevant Literature:**

- ▶ Cash and Change: Using Behavioral Insights to Improve Financial Health in Three Cash Transfer Programs [\[PDF\]](#)
- ▶ Consumption Smoothing and Frequency of Benefit Payments of Cash Transfer Programs [\[PDF\]](#)

## Communicate clear rules of thumb to help recipients allocate cash

Recipients have numerous demands competing for their attention, from figuring out how to receive the cash to practicing proper physical distancing or buying food. Simple and clear heuristics for how to allocate their transfer can promote optimal use of funds received. Where recipients are able to meet their most basic needs, rules-of-thumb communicated just before the transfer such as ‘Make sure your family has food and medicine for 2 weeks, and save the rest as a lifeline’ or ‘Use the cash to pay for things that can’t be delayed, and negotiate with creditors where possible’ may help.

*It should be noted that such heuristics should be tailored according to recipient’s situation and needs; for example, consider segmenting messaging by individual target populations such as households, older persons, businessowners.*

## Help recipients plan and budget before receiving the cash

Recipients now have to re-think their regular spending and financial decisions. Prompting them to take a moment to thoroughly consider their spending priorities and make a plan based on financial decisions can increase the likelihood that they follow through with the plan and are able to meet needs and sustain themselves. In addition, prompting the recipients to think through where and what time they will shop to reduce face-to-face contact with others can be beneficial. For example, where mobile coverage is widespread, a SMS message with a planning prompt and instructions on writing down a budget sent just before the transfer is disbursed can be useful.

## Intentionally plan the frequency and value of transfers and clearly communicate this expectation to recipients

Certainty around receiving social assistance can provide a basis for planning, so when possible, communicate how much, when, and for how long recipients can expect to receive transfers. Knowing when to expect another payment may help people manage the anxiety of having their lives upended. For example, consider a larger number of smaller but more frequent transfers, since given the extreme uncertainty around the coronavirus pandemic, such transfers may ease the burden on people trying to figure out how best to allocate the cash they are receiving between immediate and future needs.

*Note that attention should be paid to the delivery mechanism to ensure that recipients won't incur additional health risks if they have to physically pick up their transfer.*



## 4 **CONSIDER MESSAGING AND PROGRAM GUIDANCE**

**Alongside the cash, many governments are using cash transfer programs to deliver messages to encourage families to practice positive health, nutrition, and safety behaviors. The moment of the transfer creates an optimal time to provide such messaging because cash provides necessary resources and frees up some of the recipients' mental energy- or cognitive bandwidth- to receive new information and incorporate into their plans and long-term goals.**

### **Relevant Literature:**

- ▶ Using Behavioral Insights to Increase Parental Engagement: The Parents and Children Together (PACT) Intervention [\[Link\]](#)
- ▶ Communicating with Communities: Walking the Talk [\[Link\]](#)
- ▶ Communicating science-based recommendations with memorable and actionable guidelines [\[Link\]](#)

## Make messaging or communications that encourage positive behaviors simple, specific, and actionable.

To ensure that recipients pay attention to and act on messaging that is provided, such messaging should be as simple as possible and provide actionable suggestions. Even if a variety of useful information is provided, if messages are too complicated, difficult to implement, or not sent by trusted sources, individuals are more likely to ignore or not act on them. In addition, including a planning aspect can increase the likelihood of follow-through. For example, messaging could include a radio message broadcast at the time of transfer disbursement with simple examples of stimulation activities parents can plan to complete to support nutrition programming, such as 'Use the cash you receive to purchase materials to start a home garden. Make a plan by writing down what day and time you will do this.' The content of the message, delivery channel, and source of message should always be tailored to the specific context and associated program.

*Note that attention should always be paid to the situation of the affected populations to tailor messaging to their needs and ensure that no harm is done.*

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## RECEIVE THE CASH

**Cash is an important part of enabling people to stay home in order to keep the virus from spreading while mitigating economic impacts.**

**Quick delivery of the transfer following the outbreak of a pandemic can help citizens meet basic needs, reducing the need for many to seek supplemental employment or migrate. This could not only decrease virus transmission but it would also help recipients resume their prior work soon after the crisis.**

### Utilize existing cash disbursement platforms to disburse transfers quickly

Where social protection programs are already in place, utilizing existing platforms will reduce the time and administration needed from the government, leading to faster transfers. Using existing platforms also means that those who have previously been transfer recipients will already have experience receiving cash that way, and can obtain their cash without hassles. For example, if a social protection cash transfer is already disbursed through an account-based system, using that same system should allow governments to get the money to those who need it quickly. When recipients are receiving cash for the first time, additional attention should be paid when determining the delivery mechanism- for example, in a location with high mobile phone usage, delivering the transfer via phone credit can reduce the need for recipients to interact with other individuals and can ensure the cash is delivered in a way recipients are already familiar with.

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## SPEND CASH TO MANAGE FINANCIAL VOLATILITY

**Once recipients receive the cash, they must follow through on their plans for how to spend it. While making concrete plans is useful, additional measures can be taken to support recipients in following through on these plans.**

### Communicate social norms about saving or productive spending

People are influenced by what they see those around them doing and what they think others are likely doing. During a crisis, cash transfer recipients may have to allocate money for unusual expenses, such as preserving relationships with customers or saving to return to a place of work after the crisis. Such allocations may not be publicly visible, leading recipients to believe that others in their community aren't spending or saving for such things. Making desired spending and saving behaviors visible, for example through communications flyers or messaging, can encourage recipients to consider or follow through on beneficial cash allocation.

## Provide reminders and partitioning tools for recipients to allocate cash according to their plan

Recipients may receive their cash in contexts with numerous potential distractions or temptations to spend. A tool that prompts participants to separate cash into portions corresponding to their budget upon receipt can improve the chances that they will act according to the plan. Such tools can take different forms depending on the context of cash delivery. For example, if cash must be disbursed in-person, envelopes or small pouches can be provided. In the case of bank account transfers, a message such as a SMS sent on the day of disbursement encouraging participants to separate their funds into different accounts could be used.

*Note that attention should be paid to ensure recipients won't face potentially negative impacts, such as withdrawal charges or increases in the need to travel and expose oneself to health risks.*