



A BEHAVIORAL APPROACH TO **CASH TRANSFERS FOR PRODUCTIVE INVESTMENTS**

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

The purpose of this document is to provide guidance on how to introduce behavioral design elements into cash transfer programs to optimize productive investment outcomes for recipients. Below, we outline the key steps in the recipient’s journey to accessing and spending the transfer in line with their productive goal. Following each step, we offer guidance for program designers to reduce the barriers recipients may face in making optimal use of the cash they receive.

Relevant Literature:

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

UNDERSTAND THE TRANSFER

To achieve optimal outcomes from transfers, potential recipients must understand and process the purpose of the transfer.

- Include clear messaging on the purpose and details of the transfer

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 and goals. Framing the transfer as for saving and productive investment can prompt potential recipients to begin to consider what kind of investment they would like to make. Such labeling could include “Transfer for your income generating activity” and can be included in branding such as posters or radio announcements. Such a label can provide a signal to recipients that they should plan to spend at least part of the transfer on an activity that can help them generate income. In addition, if possible, the label could also manage expectations by signaling how much the transfer will be, when it will be disbursed, for how long it will last, and how they should expect to receive it—such as at a cash-out point or in a bank account. This can help recipients begin to plan how they will obtain and spend the transfer.

Relevant Literature:

- ▶ Turning a Shove into a Nudge? A “Labelled Cash Transfer” for Education [\[PDF\]](#)
- ▶ The future in mind: Aspirations and forward looking behaviour in rural Ethiopia [\[PDF\]](#)

- Provide examples of recipients engaging in saving and investment

Providing visuals or examples of other recipients saving for productive goals can expand recipients perceptions of how they can use their payment, and reinforce norms that other recipients of the transfer use the cash for saving

and investing. While consumption purchases are often highly visible, savings and productive purchases can often be less visible, leading recipients to perceive that they are not common amongst recipients and potentially causing them not to thoroughly consider such options. Providing clear examples can reinforce that though such behaviors may be private, they are still common. Such examples can also show different types of realistic goals that recipients may want to consider. Examples include visual aids provided in the community, such as posters or pamphlets, or written or verbal messages through SMS or IVR.

Content should always be tested in the context to ensure that the recipients can relate to the images and goals used.

ENGAGE WITH ACCOMPANYING TRAININGS

Alongside cash transfers, many programs may include additional trainings to provide new skills and/or information to help recipients use the cash they receive. To best serve recipients, the program should determine if trainings are necessary, and if so, design them thoughtfully.

Relevant Literature:

- ▶ Cash-Plus: Variants and Components of Transfer Based Anti-Poverty Programming [\[PDF\]](#)

Assess the need for additional trainings

Before scheduling and developing a curriculum for accompanying trainings, it is necessary to identify if a training is truly necessary. To determine if such trainings are necessary, an assessment of the reasons recipients are not taking up the desired behaviors should be undertaken. If the case is that a lack of knowledge or information is a barrier to taking up the desired behaviors, a training would be useful to implement, however if information is not the reason they are not undertaking the behavior, consider not including any accompanying trainings.

Reduce hassles in engaging with accompanying trainings

If accompanying trainings are deemed necessary, they should be created such that the hassles to participants are minimized. Scheduling the training close to home and at a convenient time can increase the chance that they participate. For example, a convenient time to hold the training could be at a transfer site when recipients are waiting for their cash, as recipients often have many demands for their attention in their daily life, but this moment often generates a moment when the program has their undivided attention. In addition, this can ensure that the learnings from the training are top-of-mind and can increase the likelihood they will put what they learned into practice. In addition, the longer trainings are, the more likely recipients are not to pay attention to the entire training. Keeping the training short by prioritizing the most important and actionable information can make it more likely that recipients pay attention to and act on the content.

Make the benefits clear

If an assessment has determined that additional trainings are necessary in the situation, making the benefits of accompanying training more salient than the costs to recipients can increase uptake. The cost to recipients to participate is often borne upfront—in the form of the cost of their time while participating and the opportunity cost of wages they may be missing out on, whereas the benefits of such trainings are often not felt until the future once they have applied what was learned. For example, for a training that supports participants in developing a business plan, framing the training as ‘Business Plan Support’ and highlighting that the training offers an opportunity to develop a business plan you can immediately use may be more effective at encouraging take-up than a training that is simply highlighted as a session that must be completed before cash is provided.

PLAN HOW TO SPEND THE CASH

Before receiving the cash, allocating time to determine how much to allocate to saving versus to use for immediate consumption is key to having a realistic investment plan that recipients can follow through on.

Relevant Literature:

- ▶ Applying Behavioral Economics to Improve Microsaving Outcomes [\[PDF\]](#)

Create a moment of choice to select a goal

Use a goal setting activity to guide recipients to think through goals they could reach in a realistic timeline that would help them in the future. Recipients may have difficulty thinking of a realistic goal or potentially focus on a capital-intensive business that would be difficult to reach. Providing guidance by providing examples of reasonable investments they can make, can ensure they select a practical goal. Such activity could include a prompt sent over SMS/IVR or a physical flyer or hand-out where recipients can select, write, or draw the goal they wish to save towards. In addition, giving examples, such as providing icons of common goals on a hand-out, can guide recipients to select a goal that they can achieve in a reasonable timeline with the cash from the transfer.

Provide tools for recipients to plan how they will spend their cash

Have recipients participate in a plan-making activity where they determine how much of the transfer they intend to spend on consumption and how much they intend to save toward their goal before receiving the cash. The planning tool should also include a reminder of how much recipients should expect to receive throughout the whole transfer, so that their plan can be informed by the full transfer value. Examples of what such a tool or prompt could look like include a hand-out that is provided before recipients get the cash that has a visual representation of how much cash they will get throughout the program, or a SMS message that includes a planning prompt and instructions on writing down the plan sent just before the transfer is disbursed.

Literacy and available facilitation can differ based on the context. In some situations, making such materials as simple as possible and accessible to a low literacy population by using context-specific images or symbols can increase impact.

RECEIVE AND ALLOCATE THE CASH

Upon receipt of the cash, recipients 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.

Relevant Literature:

- ▶ Mobile text messaging for health: a systematic review of reviews [\[PDF\]](#)

Provide timely and visible reminders of goals and plans

Recipients have numerous demands competing for their attention when they obtain the cash, which can seem more important or salient in the moment cash is received. One simple way to keep goals and plans top-of-mind is to have transfer recipients complete the activities at the payment site, just before receiving the cash. If that isn't possible, providing a reminder such as an SMS when they can receive the money or creating a poster that can be hung at the payment site can also be used.

Consider the timing and location or method of cash disbursement

Planning the timing, amount, and location or method of the transfer based on the context recipients face can make it easier for recipients to follow through on their plans. Knowing when payments will be disbursed can help recipients plan better. Disbursing the cash at a time the recipient can easily use it toward their goals can be useful—for example, if the transfer aims to increase agriculture investment, disbursing just before planting season when the recipient can buy seeds can make it easier for the recipient to spend it accordingly. In addition, consider the amount of disbursements—larger but less frequent disbursements may make it easier for recipients to make large purchases or investments, whereas smaller but more frequent payments can support improved consumption smoothing. When it comes to receiving the transfer, the method and location of disbursement can affect how recipients partition and spend the transfer. For example, if the location of disbursement or cash-out points are particularly close to a market, recipients may be more likely to be tempted to spend the cash in the market immediately after receipt. Selecting a disbursement site or cash-out points further from a market can decrease this temptation. If the cash is disbursed digitally or through mobile money, ensuring cash-out points are accessible and paying attention to the environment around them is important.

Attention should be paid to the context when deciding the method of disbursement. For example, if recipients often use mobile money for transactions it may be a good option for disbursement. If cash is most commonly used, physical or account-based disbursements may be a better option.

Provide tools to separate the money once it is received

Even when recipients have a clear plan, urgent needs or the presence of a market upon cash receipt can be more salient than their long-term goal, causing them to not follow through on their plan if they have not separated their cash. A small pouch or envelope can be a simple way for transfer recipients to separate the money they plan to use for consumption from the money they plan to save. If they receive the cash digitally, making it easy for recipients to immediately separate the cash into separate accounts for saving and consumption can be effective.

TRACK AND ADJUST THE PLAN TO REACH GOAL

To meet a long-term productive goal, recipients must continue saving after each transfer and track their progress. Tools and support can make it easier to follow through with their plan.

Provide a tracking tool

An exercise where recipients note if they have followed their plan can be useful to track progress and adjust their plan if needed. Such activity could include a hand-out where recipients can check off after each transfer if they have saved the planned amount. In addition, including an accountability and commitment aspect—where recipients can track their progress with a group and hold each other accountable—can increase the likelihood that they will follow through. In situations where regular touch points exist between program facilitators and recipients, it is useful to have the facilitator check-in, for example by having recipients bring and show their tracking sheet at each meeting.

Create a moment of celebration once the recipient reaches their goal

Creating a moment of celebration when the recipient makes the purchase they planned for can increase the likelihood that they follow through. For example, having a space on the tracking tool—such as a place for recipients to add a stamp or star once they have reached their goal—can provide a reminder of the achievement the recipient will realize if they persist. Where regular touch points exist, they can be used to recognize and celebrate recipients who have achieved their goal.