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Developing Saving Behaviors Among Cash Transfer Recipients in Ghana

How can people who receive cash transfers use that money effectively for their business goals? ideas42, in partnership with the Government of Ghana and the World Bank, worked to help recipients of the Complementary Livelihood and Asset Support Scheme (CLASS) in Ghana take steps toward growing their business. As part of the program, CLASS recipients are given business skills trainings, coaching, and mentoring, along with a cash grant to support them with starting and expanding their business. To help recipients optimize the benefits from the grant and trainings, we designed a suite of behaviorally informed interventions. We found that these interventions were 3.6 times more effective at helping recipients save than simply giving them the equivalent cash.

Problem

Despite strong economic growth in some parts of Ghana, many people continue to live in contexts of poverty. One of the most effective tactics for antipoverty work has been cash transfers, programs that give money to people so they can choose to spend it as they need. But while the premise of cash transfer is simple, there is strong evidence that offering the cash alongside other resources (such as training and support) can amplify the antipoverty effects of the cash. We set out to understand design ways to make these trainings and cash go even further.

With support from the World Bank, the Government of Ghana established the Ghana Productive Safety Net Project in 2018 to alleviate extreme poverty and reduce economic inequality.¹ The project targets recipients of the country's existing social protection programs, such as cash transfer and public works programs (which provides recipients with cash in exchange for their labor).

CLASS, a program within Ghana's safety net project, specifically aims to support recipients to establish income generating activities or businesses. As part of CLASS, recipients receive business and life skills training, microenterprise coaching and mentoring, and a cash grant for their business.

Highlights

- Cash transfers are known to be effective at combatting poverty, but even they can be enhanced by smart trainings and resources.
- Activities that guide recipients through setting goals, making plans, and tracking savings over time can help people be 3.6 times more likely to save for their business.
- Understanding behavioral barriers—and designing to circumvent them—remains a low-cost, light-touch way to amplify the resources dedicated to antipoverty work.

¹ See [GPSNP website](#).

While many CLASS recipients aspire to start and grow businesses, they report challenges in translating their intentions into action. In the face of more pressing household needs such as food and healthcare, CLASS cash transfer recipients often struggled to set aside this money for business expenses. These competing priorities also hinder recipients' ability to learn and apply the new skills required for managing their business, despite the program offering trainings and coaching.

To identify the behavioral barriers recipients faced when starting or growing their business, ideas42 conducted literature reviews, interviews, and focus group discussions with recipients, government officials, World Bank staff, and other development partners. Through this research, we found that recipients faced two primary challenges. First, they struggled to save their business grant in a consistent manner, and, second, they struggled to effectively apply the business principles they were taught during the program's trainings.

Solution

In order to help recipients overcome these challenges, we designed a suite of interventions for the program informed by behavioral science as outlined below.

BEHAVIORAL BARRIERS AND SOLUTIONS

BEHAVIORAL BARRIER

No decision support:

The program did not offer any tools to help recipients set goals for spending their business grant. While recipients had high-level aspirations for what they would like to achieve through the program, setting intentional, feasible goals require thoughtful decision-making and planning for time and resource constrained recipients.

SOLUTION



Goal-setting activity:

We designed a simple goal-setting activity that presents recipients with goal options, guiding them towards savings goals for their business that are specific, feasible, and time bound.

BEHAVIORAL BARRIER

Lack of planning tools:

Recipients reported that they often are unable to make time to make a plan for saving every time they either receive a transfer payment or income from their business. Without a concrete savings plan, it is difficult for recipients to know and consequently plan for how often and how much they needed to save each time they receive some amount of money in order to be able to invest productively.

SOLUTION

By saving, I can achieve my goal!



<p>To achieve my goal, I need a total of:</p>  <p style="text-align: center;">GHS</p>	<p>I will save (check) </p> <p>Daily: _____</p> <p>Weekly: _____</p> <p>Monthly: _____</p> <p>Every 2 months: _____</p> <p>Other(Specify): _____</p>	<p>The amount I'll save each time is: (write amount in water drop)</p>  <p style="text-align: center;">GHS</p> <p>This water drop represents my savings</p>
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Plan-making activity:

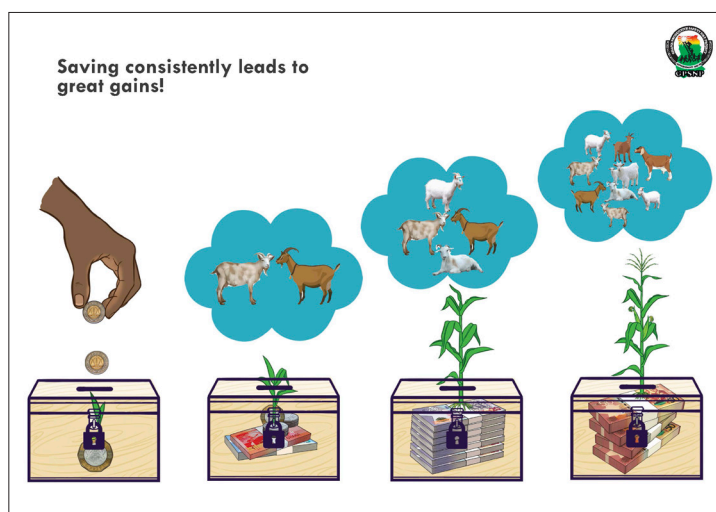
We designed an activity that guides recipients through creating a practical savings plan. Through this activity, they're able to estimate how much they will need to achieve their goal and select a savings amount and frequency that enables them to reach their goal.

BEHAVIORAL BARRIER

Misaligned mental models:

Recipients may believe saving and investing are activities solely for wealthy individuals, and therefore they feel that they are not able to save in a meaningful way for their business.

SOLUTION



Poster of the gains of saving over time:

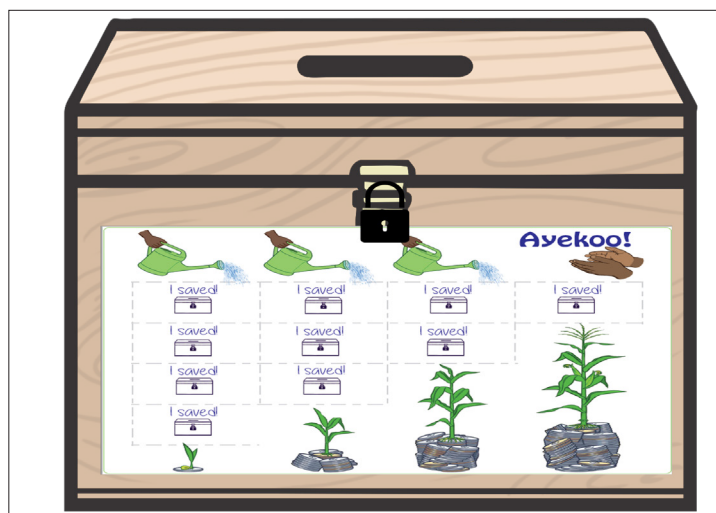
We designed posters that help recipients visualize how saving small amounts gradually and consistently over time can lead to large rewards and placed them in visible spots in the training locations. This reinforced the notion that recipients can and are able to save.

BEHAVIORAL BARRIER

Lack of tools for longer term saving:

While there are some tools available for recipients to use to support them in reaching a savings goal, such as savings groups, these are often focused on short-term needs such as day to day needs and consumption purchases, or repayment of debt, rather than long-term goals.

SOLUTION



Savings box:

We designed boxes that recipients could dedicate for the specific use of saving for business-related expenses and could physically put aside and store the money they had designated for their longer term investment goal. They include a lock and key for keeping the money safe, but recipients can insert money into the box without having to open the lock.

BEHAVIORAL BARRIER

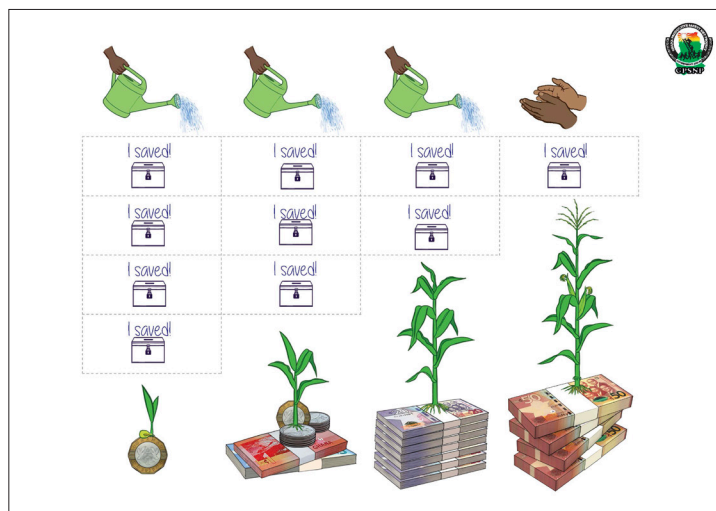
Lack of saving cues:

Recipients often have immediate, day-to-day needs that are more pressing than their long-term goals, which makes saving less salient for them.

Lack of ways to keep track of saving:

Saving money takes time and continual effort, and only pays off in the long run. Without being able to visualize their progress, recipients may feel defeated or fatalistic about reaching their savings goals.

SOLUTION



Savings tracker:

We designed a tracking tool for the savings box that enables recipients to keep track of their savings, making their savings progress visible. The tool uses imagery of watering a growing plant to illustrate the idea of growing savings. Leveraging the analogy of watering a plant, recipients can use water droplet stickers to track their savings each time they put money into the box.

BEHAVIORAL BARRIER

Complex steps and process:

Starting or expanding a business can be complicated, often requiring many steps. While recipients are provided trainings on starting, managing, and growing their business, recipients reported challenges recalling the key steps and principles when they needed them.

SOLUTION



Pamphlet of business steps:

We designed pamphlets to highlight the key steps and business principles that recipients need to grow or expand their business. By featuring a staircase, the pamphlet demonstrates that growing a business is a process, but there are concrete and actionable steps recipients can take to get there. The business principles shown are based on the CLASS program's training curriculum.

BEHAVIORAL BARRIERS

Uncertain timeline of steps:

Without a clear way of tracking their progress toward accomplishing key steps, recipients reported uncertainty with knowing when and how to start to implement the business principles that they were taught.

SOLUTION

	I saved before I spent!	I visited/called a customer!	I learned something new from another business/service provider	I've connected to a new buyer/market!	I bought/invested in new inputs	I added a new product/feature to my products
✓ = DONE!						

I pledge to apply these principles towards growing my business _____

Signature / thumb print _____

Business tracker and pledge:

We designed a business tracker to help recipients remember when they should apply the business principles they learned during the training and track their progress towards growth. Recipients also pledge to apply the business principles so that they can grow their business.

Results

From December 2021 to January 2023, we tested these behavioral interventions in over 104 CLASS-designated communities across four regions of Northern Ghana with 3,100 recipients. Half of the communities were randomly selected to receive the behavioral interventions in addition to the typical CLASS program trainings, while the other half participated in the program as usual. Due to a delay in the disbursement of grants, we implemented two refresher trainings in the treatment communities to ensure that the intervention designs remained salient as recipients wait for their business grants. After the majority of recipients received their business grants in November 2022, we carried out a survey to evaluate the impact of the interventions on the recipients' savings and entrepreneurial behavior.

Our findings revealed that recipients that received the interventions were:

- ▶ 17% more likely to have defined a goal related to their business,
- ▶ 24% more likely to know how much they needed to save to achieve their goal, and
- ▶ 10% more likely to have saved in the past 12 months when compared to those who did not receive the interventions.

These interventions are also highly cost-effective—we estimate that they were **3.6 times more effective at helping recipients save than simply giving them the equivalent cash amount used to implement them.**

However, we did not find that our simple interventions had any impact on the recipients' knowledge and application of principles to grow their business. We presume this is because of the complexity of starting and growing a business, which means that meaningful support would need to encompass more than low-touch interventions like those in our designs.

Takeaway

Consistent with [our previous work with cash transfer programs](#), we find that behaviorally designed interventions help recipients set and act on their intentions, improving their ability to reach their long-term financial goals. Inspired by these promising results, the Government of Ghana plans to integrate and scale these interventions in other components of the Ghana Productive Safety Net Project and include them in future iterations of the program. It's further evidence that program administrators should consider low-cost, simple-to-implement designs that can make existing antipoverty programs even more effective, adding one more tool for helping more people flourish.