

PROMOTING SHARING OF CASH AND IN KIND TRANSFERS

INCORPORATING BEHAVIOURAL ADD-ONS INTO
CASH TRANSFER PROGRAMMES

BY AXEL EIZMENDI LARRINAGA

Social protection schemes aimed at protecting vulnerable households from the adverse economic effects of COVID-19 will not reach everyone in need. In this document, we discuss how the sharing of resources between community members - in the form of money transfers between friends and family, or assistance provided by community-level institutions, such as burial associations - can help vulnerable households confront situations of crisis, in part by redistributing social assistance to non-beneficiaries. We then propose some message-based “add-ons” to cash transfers that could help promote the sharing of resources and thus expand the reach of social assistance to vulnerable groups that have been excluded.

KEY TAKEAWAYS

Evidence indicates that informal forms of support (e.g. money transfers between friends and family) help households cope with crises, and that these support networks also help redistribute cash and in-kind government assistance to groups that are excluded from the programmes.

To amplify the reach and impact of social assistance programmes, cash transfers could be accompanied by messages encouraging recipients to share some of their resources. Messaging could involve:

- describing the personal circumstances of individuals in the community enduring severe hardships;
- appealing to the power of social norms, e.g. revealing through messages what most people do;
- emphasising the importance of reciprocity for tackling the ongoing crisis;
- stimulating empathy towards those in need through an SMS intervention

THE IMPACT OF COVID-19

As households face sharp declines in income as a result of COVID-19, many of the coping strategies¹ usually available to them during times of crisis may be infeasible. Government-imposed restrictions on mobility and economic activity ([Hale et.al., 2020](#)) may hinder the ability

¹ See [Dercon \(2002\)](#) and [Alderman and Paxson \(1994\)](#) for a detailed discussion of the various “risk coping” and “risk management” strategies commonly adopted by poor households.

of households to sell assets to finance consumption, or to earn additional income by working more.² Moreover, remittances to LMICs are projected to fall by 20% in 2020 as strict lockdowns in remittance-sending countries, such as the United States, lead to increased vulnerability of the migrants themselves ([World Bank, 2020](#)).

Social assistance programmes will offer a vital lifeline for the poor, but will likely fail to reach many in need as a result of imperfect targeting and other implementation constraints ([Gerard, Clement and Orkin, 2020](#)).³ In order to expand the reach of social assistance and enhance its social impact, governments could encourage beneficiaries to share resources through social networks and other informal support structures, which have been shown to help redistribute cash ([Angelucci and De Giorgi, 2009](#)) and in-kind ([Dercon and Krishnan, 2002](#)) transfers to excluded group.

WHAT DOES THE EXISTING LITERATURE SAY?

1. Informal support structures help households in times of crisis and can be effective in redistributing public cash and in-kind transfers

Informal forms of support, such as resource-sharing within social networks, can be crucial in helping households weather situations of crisis, particularly in situations where social assistance programmes fail to reach everyone ([Gerard, Clement and Orkin, 2020](#)). Transfers and loans between friends and family, for example, are a key form of mutual insurance in rural Philippines ([Fafchamps and Lund, 2003](#)) and in rural Tanzania ([De Weerd and Dercon, 2006](#)). Non-state institutions that provide insurance and support are also prevalent.⁴

Informal support structures can also help redistribute targeted public transfers to those who are excluded and improve their economic outcomes. Conditional cash transfers (CCT) to households in rural Mexico, for example, indirectly increased the consumption of non-beneficiary households residing in the same villages thanks to the receipt of more loans and transfers ([Angelucci and De Giorgi, 2009](#)). Moreover, this type of redistribution can also apply to in-kind support programmes, such as food aid. [Dercon and Krishnan \(2002\)](#) find suggestive evidence that despite poor targeting of food aid in Ethiopia, the aid helps shield households against shocks thanks to intra-village sharing.⁵

² For example, markets have been closed in many African countries ([Time, 2020](#)), such as Burkina Faso ([Agence de Prese Africaine, 2020](#))

³ With estimates suggesting that COVID-19 could push 49 million into extreme poverty in 2020 ([Mahler et.al., 2020](#)), many of the new poor are likely to be households that were deemed ineligible for social assistance during normal times. Moreover, high rates of informality mean that a large segment of the population will be excluded from non-targeted social assistance, such as contributory social assistance or unemployment insurance ([Economic Commission for Latin America and the Caribbean, 2020](#)).

⁴ In Ethiopia and Tanzania, villagers are often members of burial associations that offer burial insurance as well as financial help in times of hardship ([Dercon et.al., 2006](#)), while islamic societies have institutionalised redistributive practices, such as *zakat*, in order to provide social safety nets to the poor ([World Bank and Islamic Development Bank Group, 2016](#)). Community-organised savings groups are also prevalent: 24% of Africans participate in one (Findex, 2014), and membership might be even higher in rural areas - 53% of a rural Kenyan sample were members of a rotating savings group (ROSCA) ([Orkin and Walker, 2020](#)).

⁵ It is worth noting that social protection programmes can have the opposite effect of weakening informal safety nets. Households benefiting from government support might see a lesser need to take part in an informal support arrangement and decide to leave the arrangement (Dercon, 2002). For example, Cox and Jimenez (1992) find that households in Peru that receive social security income are marginally less likely to receive private financial transfers.

2. Message-based add-ons to cash transfers could increase sharing and help strengthen informal safety nets

Other posts in this series argue that “labeling” cash transfers by describing their intended use has the potential to influence how they are spent, and that sending reminders can help promote socially-desirable behaviours. Message-based add-ons to cash transfers, therefore, have the potential to encourage the sharing of social protection benefits within communities and thus strengthen informal safety nets. While there is no direct causal evidence on message-based interventions aimed at encouraging the sharing of transfers, research in economics and psychology sheds some light on various factors to consider in the design of an effective message-based strategy.

A. Label the transfer and tap into the “identifiable victim effect”

Transfer recipients could be encouraged to share the transfer through a message along the following lines:⁶

“We know you need the transfer, and please use it as you wish, but we would appreciate it if you were to keep in mind those who need it most and use part of the transfer to help them.”

But the power of this “labeling” could be enhanced by adding a description or picture of a particular person or household in the community that is facing an exceptionally severe crisis, and briefly explaining their situation.⁷ The addition of this second part takes advantage of the “*identifiable victim effect*” - the widely-observed tendency of individuals to be more willing to offer aid to victims that are “identified” by, for example, providing a name, picture or description of circumstances, than to “unidentified” (anonymous) victims ([Jenni and Lowenstein, 1997](#); [Lee and Feeley, 2015](#)). The potential of such a messaging strategy is supported by experimental evidence showing that the share of a monetary endowment individuals are willing to give to an anonymous stranger increases from 10% of the total to 66% of the total when they are informed that the potential recipient is poor ([Brañas-Garza, 2006](#)).⁸

B. Appeal to social norms

In order to increase contributions to community-level safety nets, such as those managed by religious institutions, text messages could appeal to the pressure of social norms by revealing information about how much others in the community are contributing.⁹ Appealing to social norms by revealing what most people do in a particular situation can encourage others to mimic that behaviour. In the United Kingdom, explaining that many people like to give money to charity in their wills increased donation rates from wills from 9% to 13% ([Behavioural Insights Team, 2014](#)). In another study, participants who witnessed others making generous charitable donations donated nearly twice as much as participants who watched others making ungenerous donations ([Nook et.al., 2016](#)). Moreover, revealing what the majority in a

⁶ This is just an illustrative example. The language used is not informed by any particular evidence.

⁷ Such descriptions should nevertheless, be carefully worded to ensure that people are presented with dignity.

⁸ As other studies cited earlier, this experiment uses the dictator game.

⁹ Another post in this series provides an overview of how social norms-based messaging strategies can be used as add-ons of cash transfer programmes.

community do in a given situation can induce behavioural change in many other realms of human behaviour, including tax payments ([Hallsworth et.al., 2017](#)) and energy consumption ([Allcott, 2011](#)).

A message that appeals to social norms in order to encourage sharing could be as simple as informing transfer recipients that many households in the community share part of the transfer.¹⁰¹¹

“Many beneficiaries of this programme share part of the transfer with others in the community.¹² We know you need the transfer, and please use it as you wish, but we would appreciate it if you were to keep in mind those who need it most and use part of the transfer to help them.”

C. Emphasise the elements of reciprocity

Messages could encourage transfer recipients to share by emphasising the importance of reciprocal support for tackling the ongoing crisis. Specifically, they could bring salience to the fact that, while it might be the transfer recipient who is helping someone in need “today,” the situation could be reversed “tomorrow.”¹³ Although no studies directly assess the effect of this type of messaging on sharing, evidence suggests that the reciprocity element is an important driver of informal support in LMICs. Using a series of lab-in-the-field experiments¹⁴ in rural Paraguay, [Ligon and Schechter \(2012\)](#) find that gift-giving in the “real world” is explained by elicited measures of reciprocity, but not by elicited measures of altruism.¹⁵

Similarly, the dynamics of monetary transfers between households in response to the Lake Kivu earthquake in Rwanda are consistent with reciprocity - the prospect of receiving help in the future - being a key driver, and less so with a purely altruistic model of sharing ([Blumenstock, Eagle and Fafchamps, 2016](#)). Complementing public transfers with a reminder emphasising the importance of reciprocity could therefore encourage recipients to share more.

C. Promote emotions of empathy in transfer recipients through messages

Promoting emotions of empathy towards those in need through an SMS-based intervention

¹⁰ In the absence of data on sharing, the information can be deliberately ambiguous. For an overview on how to design effective social norms-based messaging, see social norms policy brief in our series.

¹¹ Additionally, messages could frame the pandemic as a challenge to be tackled together as a community. Experimental evidence from the U.S. suggests that among the less affluent, charitable appeals emphasising communion and common goals are more effective than appeals emphasising the individual agency and ability of each person to individually make a difference ([Whillans, Caruso and Dunn, 2017](#)).

¹² This is a similar wording to the one used by the [Behavioural Insights Team \(2014\)](#) to increase charitable donations in wills: “Many of our customers like to leave money to charity in their will. Are there any causes you’re passionate about?”

¹³ An example of such a message could be: “We know you need the transfer, and please use it as you wish, but we would appreciate it if you were to keep in mind those who need it most and use part of the transfer to help them. This crisis can hit anyone, so do not think of it as a gift: the people you share with today might be the ones sharing with you tomorrow.”

¹⁴ The experiments had participants play variants of the dictator game (DG), in which one player (the dictator) is given a sum of money and must decide how much to share with the second player.

¹⁵ In a similar experiment involving undergraduate students in the U.S., [Leider et.al \(2009\)](#) find that the prospect of future interactions increases sharing with friends by 24%. Their experimental design allows the estimation of the reciprocity effect over and above the altruism effect.

could encourage the sharing of cash transfers. More research is needed to properly assess the effectiveness of such an intervention, but the only piece of evidence available suggests that a 14-day programme in which participants were encouraged to build a habit of empathy via SMS reminders led to moderate increases in empathic emotions and behaviour relative to a group receiving no empathy-building messages ([Konrath et al., 2015](#)).¹⁶¹⁷¹⁸ Higher levels of empathy could then lead to increased sharing of resources. Psychologists have established a clear link between feelings of empathy and altruistic behaviour ([Eisenberg and Miller, 1987](#)). For example, experimentally increasing empathic emotions by exposing participants to videos depicting suffering increases the amount of money that they are willing to share ([Klimecki et al., 2016](#)) relative to participants who watched no video.¹⁹

Two qualifying remarks about the above suggestions are in order:

- Much of the evidence behind the suggestions made above comes from controlled laboratory experiments using university students in high-income countries as subjects. The extent to which the findings apply to poor individuals in LMICs must therefore be interpreted with caution. In particular, any message-based strategy to promote the sharing of resources must be extremely sensitive to the scarcity and vulnerability that characterises the lives of cash transfer recipients.
- Some of the proposed message-based strategies may require information at a fairly localised level. For example, revealing information on how much others in the community are contributing to informal safety nets will require data that are not a priori available to central governments. As suggested by [Gerard, Clement and Orkin \(2020\)](#), governments could partner with local non-state actors, such as village or local leaders who could relay this information to the central authorities. Or perhaps, local leaders could take charge of the messaging itself to tailor it to community-specific contexts.

¹⁶ Immediately after the 14-day intervention, there were moderate effects on empathic traits and willingness to help an individual in distress (Cohen's d of 0.64 and 0.46, respectively). Six months after intervention, however, effects on empathic traits disappeared, suggesting that such an intervention might be more effective if sustained.

¹⁷ It is worth noting that such an intervention could suffer from adoption challenges in poor contexts given the relatively high cognitive and time burdens it imposes on participants; participants receive six daily messages that require some form of personal reflection.

¹⁸ The following is an example of the type of empathy-building messages used in the intervention: "Reflect on somebody close to you. What is the most recent thing in their life that made them feel sad or disappointed? How can you be there for them?"

¹⁹ The experiment has participants play the dictator game (DG), in which one player (the dictator) is given a sum of money and must decide how much to share with the second player. Participants exposed to the videos gave 71% of their endowment on average, whereas those not exposed to the video gave 43%.

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