

Better Cash Transfer Programs in South Sudan

ideas **42**



Optimizing cash transfer program effectiveness through behavioral interventions

ideas42 worked with the World Bank and the United Nations Office of Project Services (UNOPS) to improve people's capacity to set and stick to financial goals after receiving a cash transfer through the South Sudan Safety Net Project (SSSNP). Through the addition of several light-touch and cost-effective behavioral interventions, we saw increases in both the number of people setting concrete goals and the number of people spending in line with those goals during a particularly challenging period of persistent depreciation of the South Sudanese pound (SSP).

Problem

In South Sudan, where an estimated 82% of the population experiences poverty,¹ ongoing conflict, persistent food insecurity, and recurring natural disasters make it even more difficult for people experiencing such chronic scarcity to plan for the future. In recent years, people have had to overcome additional economic and health challenges due to the COVID-19 pandemic, and the consequent **depreciation of the South Sudanese pound (SSP)** meant that the value of their money was constantly in flux. As a result, the South Sudan Safety Net Project (SSSNP) was launched in 2020 by the Government of the Republic of South Sudan, in collaboration with the World Bank and the United Nations Office for Project Services (UNOPS), to both provide the necessary cash to support people in meeting their basic needs and strengthen economic resilience.

While many recipients have pressing short-term needs to spend their cash on, such as food, water, and transportation, they also have longer-term important goals they wish to work toward, such as expanding a business or improving their home. While achieving long-term goals is difficult for most (if not all) humans, it's even more difficult in South Sudan as addressing immediate needs supersedes saving money toward a long-term goal. Because of the heightened volatility and depreciation of the South Sudanese pound, recipients of SSSNP's cash transfer program had to use any cash they received immediately to mitigate against loss in the value of their money. This meant that recipients couldn't simply save toward a goal, but instead had to spend it immediately in a way that could help them reach a future goal, such as purchasing materials for future use in a business or food they could store into the future. Under these circumstances, creating interventions that supported cash transfer recipients in setting and sticking to financial goals that accounted for their future goals was far from straightforward.

Highlights

- ▶ Light-touch behavioral interventions proved to be more effective at helping cash transfer recipients set and stick to future-oriented financial goals (and potentially improve livelihoods) than traditional financial literacy programs.
- ▶ Designing programs for people living in poverty struggling with prospective memory and scarcity can be combatted through behaviorally designed activities such as goal setting and accountability groups.

¹ <https://www.worldbank.org/en/country/southsudan/overview#:~:text=About%2082%25%20of%20the%20population,conflict%20and%20stabilize%20the%20economy%20>

Solution

ideas42 reviewed program data, spoke to stakeholders, and developed surveys for recipients to identify the challenges recipients faced in adhering to their financial goals. This research revealed some parallels to our work on cash transfer programs in other countries, but with many nuances specific to the South Sudanese context. The following are the behavioral bottlenecks we identified that challenge these recipients to identify and spend their money in line with their key priorities, as well as the package of interventions we designed to encourage better outcomes:










- ▶ **Resource scarcity can make it difficult to follow through on plans.** Living in the context of poverty—a state of chronic resource scarcity—*saps finite mental energy* and the cognitive bandwidth needed to make decisions, plan, and budget. Because SSSNP recipients are living in such a state of chronic resource scarcity, they may focus on their immediate needs at the expense of working toward longer-term, future-oriented goals. To address this, we designed goal-setting and prioritization activities that provided a framework for people to get specific about their goals and develop a plan for how they should spend their cash immediately. This process has been proven to help people facing scarcity to make decisions in line with their longer-term goals.
- ▶ **Time scarcity can further zap mental bandwidth.** In addition to facing resource scarcity, SSSNP recipients have also been facing time scarcity due to the depreciation of the SSP. If they don't spend their money quickly, the cash will lose its value. Facing time scarcity can further deplete the mental bandwidth crucial to making and adjusting plans when emergencies or unforeseen circumstances arise. While the goal-setting and prioritization activities were designed to mitigate the effects of scarcity, we developed budgeting envelopes that allowed participants to immediately separate their cash in line with their priorities when they received it to provide additional support.
- ▶ **Difficulty exercising prospective memory once they received their cash transfer.** Remembering to take a specific action at some point in the future—known as prospective memory—can fail to happen without reminders delivered at the right time. While many SSSNP recipients reported having goals for how to spend their cash, many reported they didn't follow through on them because they forgot what they intended to purchase by the time they had the cash in hand. To combat this, we planned the goal-setting and prioritization activities to take place as close to their next cash disbursement as possible so that their goals remained top-of-mind. Additionally, we designed the budgeting envelopes to include images of the recipients' priorities, which served as an immediate reminder of their goals when they went to spend the cash.
- ▶ **Identity can lead people to act in ways aligned with false narratives about poverty.** Behavioral science research explains that when a person's identity is primed or reinforced, they may act in ways that are associated with the identity's stereotypes. This can unintentionally prompt people to behave in ways counterproductive to their own desires or best interests. Our research found that to be true among South Sudanese cash transfer recipients as well. Many recipients reported that they received the cash transfer because they “are poor,” suggesting that the program unintentionally primed them to hold poverty as an identity. They also reported that people in their community don't

save or make investments “because they are poor,” leading to their belief in a false narrative or stereotype. To address this, we designed posters that combat these false narratives by illustrating cash transfer recipients investing in their goals, and created accountability groups to provide a safe space for fellow recipients to share their priorities and saving and investing goals.

Examples of each of these behaviorally designed interventions can be found below.




Goal-Setting Activity

MY CASH GOALS:
CIRCLE OR DRAW



 FOOD	 HOUSEHOLD ITEMS	 HOME REPAIR
 EDUCATION	 AGRICULTURE	 MEDICINE AND HEALTH
 BUSINESS	 LIVESTOCK	 OTHER GOAL

Goal Prioritizing Activity

ITEMS TO PURCHASE TO ACHIEVE GOALS:
DRAW IN BOXES

Budgeting Envelopes

 FOOD	 LIVESTOCK
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Poster

Cash transfers help build your future, don't let the opportunity go to waste.



What will you use the cash for to accomplish your goals?

Results

In late 2021, we set out to test the effectiveness of these behavioral interventions within the existing SSSNP cash transfer program involving 900 recipients in over 17 villages in Bor South Boma, South Sudan. After the first 3-4 monthly disbursements were made to recipients, half were randomly selected into the treatment group to receive the behavioral interventions, and half remained in the control group to receive the traditional financial literacy training designed by the SSSNP. We implemented the interventions one week before their regular cash disbursement and completed a follow-up survey with recipients one month later.

Evidence suggests that these behaviorally informed interventions are having a positive impact. To date, recipients that received the behavioral interventions were 4% more likely to have designated a priority purchase for their cash transfer, 6% more likely to spend in line with this priority, and spent 7% more of their cash transfer toward their priority when compared to the control group. These are all signs that the behavioral interventions have supported recipients in not only setting concrete goals, but taking actions that align with them.

Takeaways

Overall, we see promising results that these behavioral interventions work as intended, and are a cost-effective way of supporting cash transfer recipients set and stick to financial goals. Such designs have the potential to be even more cost-effective by seamlessly integrating them into existing activities where possible. Cash transfers are a key instrument in the fight against global poverty. Our findings can be used to increase the impact of existing cash transfer programs and improve the lives of those living in poverty, even when governments and NGOs have limited resources to support them.