

Madagascar
Human Development Cash Transfer Program
“Nudge Sessions”

Background

The Human Development Cash Transfer (HDCT) program was started in 2014, funded by the World Bank. The program is overseen by the Ministry of Population, and implemented by Fonds d'Intervention pour le Développement (FID). The program was piloted in one district, Betafo, and then subsequently rolled out to 5 regions (6 districts, 154 villages) of Madagascar.

The program targets the poorest of the poor, especially women. In order to identify potential recipients, FID worked through local social protection committees (head of village, school principals, community agents for health and nutrition). They then conducted a survey (Proxy Means Test), to classify households by poverty level.

The cash transfer is conditional, based on 80% attendance in school (for children aged 6 to 12). Payments of MGA 20,000-40,000 (\$5.75-\$11.50) are made bimonthly, depending on the size of the family. Payments are made through Airtel money (approx. 60%) or cash (through local NGOs/MFIs). However, given the fact that most recipients do not have phones, even those receiving payments through mobile money simply bring their SIM cards to agenda to cash out on established payment days.

In addition to the cash transfer, the World Bank has also supported the implementation of a Mother Leader model. Among the beneficiaries, women elect a leader who becomes the organizer/ point person for government communications (unpaid). The Mother Leaders receive a training and then conduct bimonthly “well-being” sessions, on a variety of topics including essential family practices, hygiene, early childhood development, family planning, citizen governance, and how to apply for an ID/birth certificates. The Mother Leaders also conduct home visits to reinforce concepts.

Program Overview

Ideas42 conducted research with HDCT beneficiaries to understand their needs and found that people were living day-to-day, focused on immediate needs. Very few beneficiaries were in the habit of planning. While people certainly understood the concept of long-term goals, the idea of taking action routinely toward that goal was not very salient. In addition, Ideas42 found that the

rural population in Madagascar had an extremely externalized locus of control. Most beneficiaries believed that they had little effect on the course of their life.

They designed an intervention called “nudge sessions.” The objective of the nudge sessions was to either improve the plan-making or self-affirmation capacity of beneficiaries, in further support of the cash transfer objectives. The nudge sessions aimed to provide accountability (by publicly stating goals) and personal agency (by seeing how others were saving and investing).

The sessions are delivered bimonthly, in person with beneficiaries, when they gather to receive their payment (or cash out with agents, in the case of mobile money recipients). The sessions are 15 minutes, while the beneficiaries wait for their payments. There are 3 types of sessions, each given in succession, and repeated for the 3-year period.

- Self-affirmation
 - Drawing: Beneficiaries draw the things they bought with the last transfer, and then the consequences of that purchase at home. It aims to help women understand how their purchases influence the well-being of their family.
 - Card Game: Beneficiaries rank their role in society/family. Discussion helps them identify uses of money and take a more proactive role.
 - Stone Game: Probability game to predict child illness. Discuss strategy to adopt at home to face these unexpected events.

- Plan-making
 - Drawing: Beneficiaries draw life goals, and the steps and strategy to achieve them. Discuss uses for cash transfer (saving).
 - Card game: Beneficiaries rank household expenses, and how to use cash transfer to meet those expenses.
 - Stone game: Probability game to help women predict fluctuations, and plan for shocks.

Voahary Salama, an association of 11 organizations working on community-based platforms for health, population and environment, was selected to facilitate the nudge sessions locally. Voahary Salama has 124 trainers (called SOCAPs - community organizers) who each facilitate sessions with 3 groups. The SOCAPs were trained by Ideas42 and Voahary Salama.

The budget for the research and design by Ideas42 was approximately \$45,000. In addition, there is a budget of approximately \$208,000 for Voahary Salama to implement the training over the 3 years, which includes salaries for local facilitators and supervisors, transportation, materials, and overall program management. This comes out to about \$15 per participant (with 13,790 beneficiaries engaged).

The program is technically still in a pilot phase, although reaching almost one third of the HDCT beneficiaries. There are now discussions about potential rollout of the nudges to all HDCT participants, although funding is a concern.

Since the nudges have been implemented, FID has also started a “simplified financial management” topic in the well-bring sessions, giving lock boxes to some groups. They are also about to pilot a VSLA model with CARE.

Program Outcomes

The program outcomes can be summarized along the four dimensions of the analytical framework.

Effectiveness

There is an ongoing RCT of the HDCT program in order to understand outcomes, including nutrition, education, early childhood development, and empowerment. The mid-line results of the evaluation demonstrate that the “nudge sessions” are effective as a reinforcing mechanism. Initial findings include:

- The cash transfers have some significant effects across a wide range of human development and productivity outcomes, with the largest improvements seen in parenting behavior.
- The enhancement interventions seem to supplement the effects of the cash, particularly in reducing short-term food insecurity, as well as in shifting recipients away from focusing on subsistence and towards more income generating activities, as evidenced by the rise in export and industry crop incomes and suggestive evidence that recipients start repaying more outstanding loans.
- The self-affirmation variant was most effective in stimulating improved food security, with mild improvements in financial health and parenting. The self-affirmation condition decreased consumption spending overall. Together with the positive effects on income from export crops and repayment of loans, is consistent with the affirmation activity’s focus on future-oriented behavior.
- The planning variant was most effective in stimulating improved financial health and parenting behaviors, with mild improvements seen in food security and food diversity.
- There was no evidence that the interventions had an effect on self-reported empowerment.

Efficiency

While the program delivery is relatively low cost (approximately \$15 per beneficiary), this is too high for the government to support on its own. Sustainability of the program will depend on two factors. First, the World Bank, which supports the overall HDCT program, may see the value of the nudge sessions in promoting the goals of the cash transfer program and elect to extend support. However, an additional alternative is being explored where the Mother Leaders are trained to deliver the nudge sessions.

Scale

The nudge sessions leverage some of the existing infrastructure of the HDCT program, delivering the training during payment days, in partnership with FID (the implementing agency). While still technically a pilot, the training is already reaching 13,790 HDCT beneficiaries. However, the program is currently delivered by a local NGO, and scaling further would come at an additional cost. In addition, given that Madagascar is a smaller country, and the cash transfer program only reaches about 39,000 total beneficiaries, there is a question of how feasible it would be to implement this program at a larger scale.

Environment

While the program has been successful in its stated goals, the financial inclusion of the beneficiaries was not an objective of the program. Currently, about 60% of the beneficiaries are receiving payment through mobile money accounts. However, given that most do not own phones, they are simply cashing out of those accounts through agents on payment days. While 'direct' into the mobile account of the woman beneficiary, the transfer is not truly 'digitized'. Even those beneficiaries who are receiving payments through local NGOs (often microfinance institutions) are not encouraged to open accounts at those institutions. This is a missed 'design' opportunity to bring women into the formal financial system, thereby enhancing their prospects for economic empowerment.

Alignment with the Principles

The Nudge Sessions support the principles in several ways:

1) Create an enabling environment through committed stakeholders

As financial inclusion is not an objective of the government, or HDCT program, there has been no effort to utilize the payment channel as a mechanism to bring women into the formal financial system. Further, while the Ministry of Population supports the nudge sessions, they are

funded by the World Bank and Ideas42. This means that once the 3-year pilot is complete, there is no mechanism to continue the program, even if it is demonstrated to be successful.

2) Prioritize three essential components of capacity building

While the “nudge” sessions are not framed as a financial training, they do include several of the recommended elements, such as confidence in making decisions and problem-solving. The mid-line of the evaluation has already demonstrated that these training elements are effective at changing behavior.

3) Embed capacity building into the G2P program delivery model

The “nudge sessions” are implemented by a local NGO, which means that there is no capacity within the G2P program structure to support this program. However, the stakeholders are exploring a model whereby Mother Leaders could be trained to deliver the sessions, in order to achieve greater sustainability.

4) Engage recipients through teachable moments along the user journey

The “nudge sessions” are delivered when beneficiaries gather to receive their payment (or cash out with agents, in the case of mobile money recipients). The sessions are 15 minutes, while the beneficiaries wait for their payments. This leverages the existing touchpoints in the user journey, further supporting the evidence that “teachable moments” are effective at achieving training outcomes.

5) Monitor and iterate with women

This program is part of a large-scale evaluation. While this has real value in demonstrating outcomes over the long-term, it does not enable ongoing iterations to improve the training.

Appendix 1: List of Individuals Interviewed

- Dr Hanta Baraka, Secretary General of the Ministry, Ministry of Population
- Anja Hobiniaina Ratovomamonjy, Directeur de la Securisation Sociale de la Population, Ministry of Population
- Miora, FID (Fonds d'Intervention pour le Développement)
- Rachel Ravelosoa, Head of Social Protection, World Bank
- Dr. Nirina, National Coordinator, Voahary Salama (NGO)
- Tina Razafinimanana, Senior Program Manager, Ideas42