



In Practice

Leveraging Behavioral Science to Increase the Impact of Economic Inclusion Programming

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Contents

Acknowledgments	i
About the <i>In Practice</i> series	ii
Introduction	1
Behavioral Science and its Relevance to Economic Inclusion Programming	3
Designing Behaviorally Informed Economic Inclusion Programs	7
Diagnosis and design methodology	7
Behavioral audit tool	8
The context of scarcity	10
Behavioral designs incorporated into program stages	11
Emerging Evidence and Cost-effectiveness	14
Emerging evidence around the effectiveness of behavioral interventions	14
A framework for calculating cost-effectiveness	15
Conclusion	18
Appendixes	20
A. Communication audit checklist	21
B. Process audit checklist	23
Notes	25
References	27

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About the *In Practice* Series

The Partnership for Economic Inclusion introduces the *In Practice* series featuring accessible, practitioner-focused publications that highlight learning, good practice, and emerging innovations for scaling up economic inclusion programs.

Guide to navigation

The *In Practice* series is interactive and provides built-in technical features to assist readers as they progress, including a navigation bar, progress bar, and the ability to jump to endnotes and back to the text throughout.

Introduction 	Behavioral Science and its Relevance to Economic Inclusion Programming	Designing Behaviorally Informed Economic Inclusion Programs	Emerging Evidence and Cost-effectiveness	Conclusion	Appendixes
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Chapter navigation

The navigation bar at the top of each page allows easy navigation with a simple click.

Progress bar

This bar orients readers to their progress in each chapter and through the document.

Jump notes

Endnotes throughout the text are interlinked to allow easy navigation from notes and the main text.

Introduction

Behavioral science—the study of how humans make decisions and take actions—can provide insight into a host of issues that impact the effectiveness of programs that rely on people acting in certain ways. By incorporating an understanding of behavioral science into economic inclusion programming, governments and nongovernmental organizations (NGOs) seeking to bring millions out of poverty with limited resources can ensure that their programs are designed to account for human behavior.

More specifically, behavioral science offers a deep understanding of how living in poverty, with chronically scarce resources, affects people’s decisions and actions, and it can thus increase the impact of economic inclusion programs, which target individuals and households living in poverty.

Behavioral science has proven to be helpful in many domains, including education, health, and sustainability. Behavioral interventions have shown promise in increasing school attendance (Duflo et al. 2013), reducing household electricity consumption (Klege et al. 2022) and water use (Miranda, Datta, and Zoratto 2020), increasing the use of family planning services (Ashton et al. 2015; Flanagan et al. 2021), and ensuring the provision of respectful maternity care (Smith et al. 2021). Behavioral interventions have also had positive impacts on social protection and jobs programs—for example, increasing job applications among job-seekers (Abel et al. 2019) and improving the outcomes of cash transfers (Barrera-Osorio et al. 2011). Adding behavioral science to the economic inclusion toolkit can thus enhance the outcomes of such programs.

The success of economic inclusion programming hinges on participants making decisions and taking actions to participate in the components of a program such as coaching, savings groups, training, and cash transfers. Because behavioral science provides a nuanced understanding of how the context in which people live affects their behavior, it can help address contextual bottlenecks, through small tweaks in programming or light-touch interventions in program design that make it easier for program participants to make optimal use of the benefits and services provided. For example, cash transfer recipients may be “present-biased” when they receive their cash, but simple goal-setting and plan-making tools can help them save for the future. Similarly, participants in a training program may be unable to pay enough attention to apply what they are learning to their own lives, but that difficulty might be remedied by simple checklists or take-home tools.

Because behavioral interventions are usually highly cost-effective relative to alternative ways of achieving the same goals, incorporating behavioral science into economic inclusion programming has the potential to support

governments and NGOs in making optimal use of their limited resources to alleviate poverty for as many people as possible. Indeed, economic inclusion holds much potential, but the opportunities are not always recognizable or understood when they are recognized. One possible solution is generating more evidence of its potential. This note, then, is one of a growing number produced by the Partnership for Economic Inclusion (PEI) with an operational focus and aimed at taking stock of those opportunities and their cost-effectiveness in order to offer some practical pathways to taking advantage of this real-time learning.

The note draws heavily on the experiences of ideas42¹ and World Bank partners' work on incorporating behavioral science into

social protection programs. Here, the authors make the case for applying behavioral science to improve the outcomes of economic inclusion efforts, and provide guidance on how practitioners can do so. Section 2 briefly describes behavioral science and its relevance to economic inclusion programming. Section 3 then presents a framework for incorporating behavioral science into economic inclusion programs. Section 4 discusses the emerging evidence on the impact of behavioral interventions on economic inclusion programs as well as an initial framework for calculating their cost-effectiveness. Section 5 concludes the note.

Behavioral Science and its Relevance to Economic Inclusion Programming

As *The State of Economic Inclusion Report 2021* (hereafter SEI Report 2021) notes, most economic inclusion programs are built around a core program—typically, social safety nets, financial inclusion, or livelihoods and jobs—that serves as an entry point to helping extremely poor households build income and assets (Andrews et al. 2021).

At the basic level, such programming relies on the people involved (both participants and program staff) making a variety of decisions and taking various actions (collectively, “behaviors”) to meet program objectives. This section examines the potential relevance of behavioral science to these kinds of programming.

A social safety net program typically requires applicants to undertake several actions to demonstrate and confirm eligibility such as providing or acquiring proof of identity and domicile. The program also may require participants to attend training sessions and to be present at group meetings where cash benefits are distributed. If the program is conditional, participants or members of their household may have to comply with certain behavioral requirements such as attending school or visiting a health clinic. Similarly, a financial inclusion program may require participants to open a particular kind of account in a designated financial institution, which may, in turn, require them to produce

certain identity and other documents; make specific financial decisions about how to allocate cash income between immediate and future needs; or make (re)payments on a specified schedule. Finally, a livelihoods or jobs program may require participants to undertake various training courses, develop a business plan or apply for a certain number and kinds of jobs, or attend job interviews or fairs. In each of these examples, individuals or sets of individuals must make certain decisions and often follow through on them to successfully participate in a program and for the program to have the desired impact on their lives.

Behavioral science, which provides a nuanced understanding of how people make decisions and take (or often do not take) actions (Datta and Mullainathan 2012), sheds light on why participants in economic inclusion programs do not always make the decisions and take the actions needed for program success. For example, a person who understands that applying for a certain number of jobs is

critical to succeeding in a jobs program can fail to do so because of the context in which they live. They may not see other people undertaking these kinds of actions, so the perceived social norm is one of inaction rather than action. Similarly, people who may want to save as part of a financial inclusion program may fail to do so because they suffer from prospective memory failure (that is, they forget to remember), or because saving is largely a private act, and so they do not see saving as the social norm in their community, even if other members of their community are actually saving. The perceived social norm may differ, then, from the actual social norm (Datta and Desai 2018; ideas42 2019).

A similar argument can be made about the decisions and actions of program staff. For example, staff may steer women toward less productive areas of business because of implicit mental models about sectors that are “suited” to women. Or staff in a safety net program may inadvertently show up late at the payment site, reducing cash recipients’ trust in the program. In a financial inclusion program, staff may frame financial products in a way that emphasizes some of their features to the exclusion of other potentially useful features, giving program participants a limited view of the possibilities offered by the program (Datta and Desai 2018). In all of these examples, program staff or service provider behavior influences how program participants engage with the program, with impacts on its success.

Finally, economic inclusion programs are by design multifaceted and involve participation in a variety of ancillary programming beyond the core components. For example, program participants may be expected to attend training sessions on nutrition or education and use this training in their daily lives. Each such component may impose its own set of requirements in terms of enrollment, attendance, attention, and implementation of

learning, and each of the related decisions and actions could be cognitively demanding.

Behavioral science finds that people have limited cognitive bandwidth, which is an especially binding constraint on people living with extreme scarcity—a key characteristic of those targeted by economic inclusion programs. As a significant body of research suggests, economic inclusion programs need to be cognizant of the cognitive burden they impose on participants and try to minimize additional demands where possible (Mani et al. 2013; Shah, Mullainathan, and Shafir 2012; Shah et al. 2018). For example, programs can reduce the cognitive burden of program enrollment, participation, and engagement requirements by simplifying these requirements or providing additional scaffolding to aid participants’ decision-making. In addition, the literature on scarcity suggests that economic inclusion programs create a window of time where the provision of direct benefits, whether in cash or in kind, creates a temporary window of “cognitive plenty” in which the cognitive constraints of poverty are temporarily eased. This window is an opportunity to engage participants in long-term planning and other higher-level cognitive tasks.

Fortunately, behavioral science offers insights and solutions that can help economic inclusion programs do a better job of facilitating key decisions and actions that contribute to program success. For example, there is evidence that timely reminders delivered via text message can help people save (Karlan et al. 2016). And simple tools that help participants plan how to allocate funds between pressing present needs and future investments can lead to increases in future-oriented goals and savings—see box 2.1 for an example (ideas42 2019). Studies also show that behaviorally informed heuristics-based training can help microentrepreneurs adopt beneficial business practices (Cole,

Joshi, and Schoar 2021; Drexler, Fischer, and Schoar 2014), and self-efficacy training that supports them in adopting a growth mindset leads to more innovative practices and higher profits (Campos et al. 2017). Recent research also points out that exploiting the window of relative “cognitive plenty” created by the provision of cash or in-kind benefits to engage program participants in activities

around planning and goal-setting can increase beneficial future-oriented behavior such as saving (ideas42 2019). These examples suggest that behavioral interventions could significantly increase the impact of economic inclusion programming, often at little or no additional cost.

Box 2.1

Behavioral designs for Kenya’s National Safety Net Programme (NSNP)

Since 2018, the government of Kenya, ideas42, and the World Bank have been working together to develop behavioral interventions that help cash transfer recipients make productive investments. The package of interventions developed to address the key barriers facing cash transfer recipients were then refined through feedback from program participants. The package consisted of the following:

- Visual aids (posters) addressed social norms by expanding recipients’ perceptions of how they can spend their payments. The posters reinforced social norms that recipients use their money to save and make productive investments.
- Goal-setting and planning activities helped transfer recipients set a realistic goal, identify how much they would save from each transfer, and finally calculate how many cash payments it would take to reach their goal. These activities helped participants consider what they could achieve with cash from multiple transfers and provided a chance to mentally allocate money into saving and spending “accounts,” which made it easier to stick to their plan.
 - A partitioning pouch was designed to allow participants upon receiving cash to separate the cash they planned to save from the cash they planned to spend immediately on consumption needs. This helped to reduce the temptation to spend on purchases just after the transfer because a plethora of market vendors often pop up.



Box 2.1 continued

- Text message reminders were sent at opportune times—such as when recipients were able to collect their cash—to ensure that their goals and plans were on their mind before cash disbursement. These messages also reinforced the norms and ideas they learned about from other interventions, which were delivered in person.

The package of behavioral interventions was tested with a sample of 900 cash transfer recipients during a study in 2019. The interventions led to a 9 percent increase in participants having a productive goal and a 41 percent increase in the amount saved from the transfer when compared with receiving the cash only component (no behavioral interventions for goal setting and plan-making). A qualitative phone survey was also conducted in June 2020 to gauge the extent to which recipients found the behavioral interventions useful during the COVID-19 lockdowns. The survey produced positive evidence that recipients who received the behavioral interventions were still able to use them, and although many recipients' goals and plans were disrupted due to the lockdowns and associated challenges, they were often able to adjust their investment goals and savings plans accordingly (ideas42 2019, Kezengwa and MacLeod 2021).

Designing Behaviorally Informed Economic Inclusion Programming

Given the growing evidence that applying behavioral science to antipoverty programs can increase their impact, this section offers policy makers and practitioners guidance on how to incorporate such insights into their programs. It describes ideas42's approach to behavioral design, which has been used with World Bank partners to incorporate behavioral science into social protection programs, and it highlights two commonly used behavioral design methodologies developed by ideas42: (1) diagnosis and design and (2) behavioral audit.

It then discusses design principles to reduce the burden of scarcity that economic program participants typically experience.² And, finally, it provides a summary of both the impact-limiting behavioral biases and contextual features common to the economic inclusion program life cycle and the specific behavioral design principles that could be used to address them.

The following is a primer for practitioners and program designers on how the behavioral dimension is incorporated into program design by ideas42 but is not a toolkit for completing a behavioral design process for specific programs, which is beyond the scope of the paper. Note that ideas42's behavioral design methodologies are described in the sections that follow. Other organizations use different methodologies to apply a behavioral lens to program design, which often include

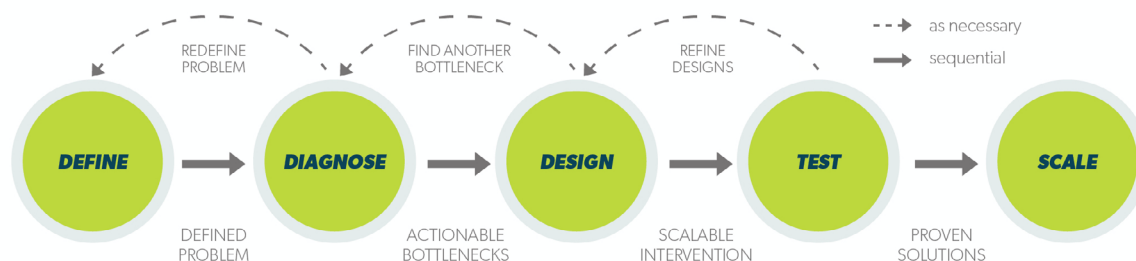
key stages of understanding how context triggers suboptimal behaviors and designing solutions (BehaviourWorks Australia 2021; OECD 2019). A thorough review of these other methodologies is beyond the scope of the current discussion, however.

DIAGNOSIS AND DESIGN METHODOLOGY

ideas42 uses insights from behavioral science to uncover behavioral biases and critical contextual details that create behavioral bottlenecks that could limit the impact of programs, and it tailors behaviorally informed solutions to address these bottlenecks. To do this, it employs a systematic methodology that has five major steps: define, diagnose, design, test, and scale (figure 3.1).

Define. The first step is to accurately define the problem that impedes the outcome

Figure 3.1 **Diagnosis and design methodology**



sought, narrowing it down to a specific behavior without resorting to potentially unwarranted assumptions about what might be driving this behavior. The focus of this stage is behavior—what behavior needs to change, for whom, and in what way.

Diagnose. The diagnosis process produces insights into the psychologies and contextual features contributing to the problem. The ideas42 team creates a behavioral map and generates a set of starting hypotheses around what might be causing the identified problem. Next, the team uses data from site visits, interviews, literature reviews, and an analysis of qualitative and quantitative information to reiterate and refine these hypotheses. Relying on this iterative process, the team prioritizes a set of hypotheses or behavioral bottlenecks that may be most prevalent and identifies features of the context that may be triggering them.

Design. Drawing on the diagnosis, the ideas42 team generates ideas for solutions that directly address the prioritized behavioral bottlenecks. Design solutions range from small-scale changes to existing programs and products to more complex interventions. The solutions are rigorously and iteratively user-tested with the subset of people for whom they are designed. The team then works closely with its partners, providing the operational and technical assistance needed to finalize and implement

the designs. The team seeks designs that could be scaled later if the test phase proves promising.

Test. To determine the validity of the hypotheses and the efficacy of the designs, ideas42 rigorously tests behavioral interventions through a randomized controlled trial (RCT) when possible, or through other rigorous approaches such as A/B testing when an RCT is not a possibility.

Scale. ideas42 seeks to scale behavioral interventions that have proven to be effective. Scale-up could proceed through a variety of channels, including policy change, dissemination and replication, or creation of separate organizations or services.

BEHAVIORAL AUDIT METHODOLOGY

The diagnosis and design methodology can be an involved process that may require technical assistance, building the capacity of program designers, or hiring behavioral design experts to lead it. Fortunately, the low-hanging fruit offered by the behavioral audit methodology can be easily applied by program designers without requiring additional support. The audit tool packages insights from academic literature and practitioners' experiences in checklists that guide users to scan for contexts that may affect program participants' decisions

and actions along multiple dimensions—communication, process steps, or physical environment. It also provides actionable tips to redesign those contexts. Appendixes A and B present the communications

and process audit checklists that can help program designers create better outcomes for participants. Box 3.2 describes a communications audit completed in Liberia.

Box 3.1

A communications audit from Liberia's cash transfer COVID-19 response

In 2020, the team of the social cash transfer program in Liberia sought to develop the program's communications with the goal of encouraging cash transfer recipients to adopt behaviors that would build resilience during the pandemic as well as protect their households from COVID-19. The team intended to deliver its communication in the form of a flyer or poster. After the team developed initial ideas for the communication, ideas42 conducted a communications audit exercise to provide the team with recommendations for creating a behaviorally informed communication. The final communication appears below. Some key recommendations arising from the audit follow:

- Develop an actionable, concise, and clean communication piece.
- Use simple language that is free of jargon and accompanied by context-specific images to make it easier for participants with low literacy to understand the key points.
- Ensure the communication is relevant for cash recipients by telling them what they can do with their transfer to build their resilience.
- Deliver the communication at the appropriate time, adopting a distribution plan that calls for disbursing communications at the sites where participants receive their cash transfer, as well as at key community meeting places as a reminder.

PLAN TO SPEND THE TRANSFER TO KEEP YOUR FAMILY HEALTHY



HOME GARDEN

Buy **seeds and tools** to plant and grow food



CLEANING MATERIALS

Buy **materials** to clean the dishes and sweep the house



HEALTH NEEDS

Buy **nutritious food** for your family and take children to the **clinic** if they are sick.

Social Safety Nets Project
Ministry of Gender, Children, and Social Protection




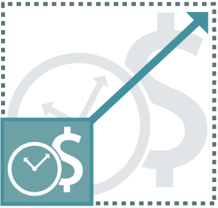

THE CONTEXT OF SCARCITY

As discussed in section 2, participants in economic inclusion programs are often dealing with scarcity. It is therefore crucial that anyone designing economic inclusion programs understand how scarcity affects participants' decisions and actions. They can then design a set of tools that can support those living with scarcity to do more of what they want to do and less of what they do not.

Scarcity is likely to affect all aspects of participants' interactions with a program, further magnifying behavioral bottlenecks that make optimal use difficult. Lack of resources (such as time or money) can deplete people's mental resources (such as attention or working memory), leading them to focus, or "tunnel," on one thing—often what is most urgent—while neglecting

other important needs (Mullainathan and Shafir 2013). If participants are fixated on their urgent obligations, they may not have the mental bandwidth for longer-term priorities. For example, anyone may exhibit present bias when they receive an influx of cash, overweighting short-term benefits at the expense of the longer-term. However, those living in scarcity may additionally tunnel on basic needs they have not been able to fulfill, exacerbating the behavioral bottleneck (namely, present bias). Similarly, participants in a program who receive referrals to additional services from coaches may be deterred from following through by hassle factors, such as the need to take multiple steps to follow through or register and provide documentation. Scarcity may further diminish the cognitive space needed to remember all the steps and materials

Table 3.1 Designing for scarcity

	<p>1. Cut the costs. When designing programs for people experiencing chronic scarcity, it is important to identify the types of costs (time, attention, cognition) that are relevant, as well as their drivers. Many times, well-intentioned programs accidentally increase those costs by adding hassles and creating complexity. Cutting such costs by simplifying processes or streamlining procedures could help to mitigate chronic resource scarcity.</p>
	<p>2. Create slack. Living in a world of poverty can be risky and unforgiving. Any unexpected shock such as an illness or loss of employment can create havoc. When possible, building an adequate cushion of critical resources such as time, money, or attention can make the difference between getting along or being completely pulled under. The most direct way to support people who need more slack is to give them exactly what they need more of. For those short on time, this could involve cutting back on what is expected of them versus expecting them to do more with their limited time and bandwidth. Or it could mean simply giving cash to those short on money.</p>
	<p>3. Reframe and empower. Poverty can affect people by shaping their identity and what is possible for their future. To escape poverty and its stigma, one must believe it is possible to do so. However, this important prerequisite is often overlooked, and programs themselves may reinforce such a stigma. Promoting positive interactions between program staff and participants or putting decision-making back in the hands of participants could help to eliminate the stigma as well as improve participants' engagement with the program and achieve the intended outcomes.</p>

Source: Adapted from Daminger et al. (2015).

that are needed. Daminger et al. (2015) put forward three principles that can be used by program designers in their efforts to break the cycle of poverty (table 3.1): (1) cut the costs (that is, make things easier); (2) create slack (that is, provide more of what is scarce); and (3) reframe and empower (that is, lay the groundwork for empowerment).

When designing programs for people living in poverty, it is essential to account for the fact that all the behavioral bottlenecks faced by participants are exacerbated by scarcity. Although the next section outlines behavioral bottlenecks and design principles that can mitigate the behavioral barriers specific to program stages, one should always apply them keeping in mind the principles of designing for scarcity.

INCORPORATING BEHAVIORAL DESIGNS INTO PROGRAM STAGES

The life cycle of a typical economic inclusion program has four main stages: assess, enroll, provide, and manage (Lindert et al. 2020). The success of programs in achieving their desired outcomes often hinges on the behavior of program participants—that is, on their ability to make and act on a series of choices at each of these stages. Table 3.2 offers an overview of the behavioral bottlenecks commonly observed at each stage and of the commonly applied behavioral interventions that could address these bottlenecks.

Table 3.2 **Common behavioral bottlenecks and design principles by key program step**

Participant Step	Potential behavioral barriers present	Design ideas to possibly leverage
Assess		
Learn about the program.	Identity and agency. How a program is presented may affect a potential participant’s perception of it. For example, learning that a program is for people living in poverty may trigger their identity as a poor person, causing them to feel disempowered and act in ways they associate with being poor, such as by not saving for the future.	–Framing program benefits or services positively and tying them to program outcomes will prompt a participant to take desired actions. For example, framing a cash transfer program as “for education” can increase education spending (Benhassine et al. 2015). –Highlighting examples of people in the community who have participated in similar programs and achieved positive outcomes would help create a positive perception about the program.
Determine whether the program is relevant.	Identity and agency. Details such as the method of registration can signal who the program is for, which may prompt potential participants to believe it is not for them if the details do not align with an identity they hold.	–Tailoring the method and timing of registration to the target population can ensure the target population is reached. For example, a program intended to target youth who have no formal education and may have informal jobs could be held at a local community center at a time those youth are less likely to be engaged in informal work.
Register for the program.	Hassle factors. Registration processes that require multiple steps or many materials, such as IDs, residence permits, and other documents, can deter potential participants from registering because of the hassles involved in collecting them.	–Simplifying the registration process by reducing the number of steps and requiring only the essential documents would help minimize hassles. –Making registration automatic when possible by preregistering individuals who meet criteria based on previous program or government data sets can further simplify such an important but potentially time-consuming process.

Table 3.2 continued

Participant Step	Potential behavioral barriers present	Design ideas to possibly leverage
Enroll		
Determine status in the program: enrolled or wait-listed.	Trust. Nontransparent enrollment processes can affect how potential participants perceive the program. For example, ambiguous processes may affect the participants' trust in coaches or trainers during programming or convince potential participants to forgo future enrollment opportunities.	<ul style="list-style-type: none"> –Ensuring clear selection criteria and publicly accessible program timelines can make the enrollment process more transparent. –Conducting community-based verification that involves community groups and leaders can increase trust in the selection process.
Ascertain size and timing of interventions.	Mental models. Perceptions of program components can affect how people use them. For example, if cash transfer recipients perceive that small, bi-monthly payments are meant for consumption, they may not use their cash optimally by failing to also save for productive investments.	<ul style="list-style-type: none"> –Providing clear information upfront about the scope and timing of every component of an economic inclusion program can help participants prepare to use them optimally.
Determine how to obtain benefits or participate in training and coaching.	Hassle factors. If participation is complicated or requires many steps, people may be deterred from participating. For example, if a training program requires women to travel far from home, they may not or only partially attend the program if they have to take time off from work or make arrangements for childcare.	<ul style="list-style-type: none"> –Simplifying or automating processes where possible can make it easier for participants to access various program components. –Using existing touchpoints or practices can also reduce hassles. For example, if mobile money is commonly used, consider delivering cash transfers through that modality, or if savings groups meet weekly, consider using that meeting to provide training.
Provide		
Obtain and use benefits.	Tunneling. Participants living with scarce resources may tunnel on what is most pressing and neglect other important things. For example, cash transfer recipients may immediately spend all their transfer on food instead of saving some of it for a productive investment. Social norms. Program participants may notice that others like them are not applying what is offered in the program, leading them not to apply it.	<ul style="list-style-type: none"> –Plan-making and follow-through activities, with reminders at key times, can guide participants through planning how they will use benefits and follow through with their plans. –Highlighting for participants “role models” who improved their lives using program benefits or services would motivate participants to follow a similar path.
Participate in and act on training.	Limited attention. Multiple demands on attention can make it impossible to give every aspect of a program full attention. For example, participants may forget to attend supplementary activities, or they may attend but forget to apply what they learned when needed.	<ul style="list-style-type: none"> –Following a subtractive approach that does away with redundant, unnecessary program components when adding new ones can reduce the mental bandwidth needed to participate and improve focus (Adams et al. 2021). –Simplifying training materials and making them actionable, such as by including planning tools or checklists, can help participants apply what they learned after training.
Participate in and utilize coaching.	Tunneling. Scarcity can make it difficult to focus on important but not urgent needs. If participants or coaches find their time to be limited because of other activities or large caseloads, coaching quality and outcomes may suffer.	<ul style="list-style-type: none"> –Providing simplified materials that share actionable insights, such as checklists, can help coaches and participants make optimal use of their time together and encourage follow-through on key action items.
Manage		
Report grievances.	Hassle factors. Having to learn new procedures or technologies to report grievances can deter participants from reporting them at all.	<ul style="list-style-type: none"> –Where digital platforms are used, incorporating grievance reporting into those platforms would make it a simpler process and increase engagement. –Simplifying the process by providing clear guidance, such as a simple checklist that outlines how to report grievances, could also help with engagement.

Table 3.2 continued

Participant Step	Potential behavioral barriers present	Design ideas to possibly leverage
Follow up on grievances.	Agency. Lack of clarity about if and when grievances should be or are resolved can cause participants to feel as though they do not have the ability to make a change, which could lead to a lack of reporting and unresolved issues.	–Making the grievance process transparent will ensure participants know that their voices are being heard. For example, providing a simple outline of who handles grievances and how long it will take to address them may help.
Prepare to exit the program.	Uncertainty. Without a clear timeline, participants cannot use benefits or services optimally. For example, if cash recipients do not know when benefits will end, they cannot accurately assess how much of each transfer they should save for investments.	–Providing clear communication on program length in advance can help participants plan to optimally use components in a timely manner. –Sending reminders in the months before the program ends will help set expectations and help participants best utilize benefits or services in the remaining period.

Emerging Evidence and Cost-Effectiveness

Although the field of behavioral science has gained recognition over the last decade, the incorporation of behavioral interventions into new programs relies heavily on the generation of evidence, in part because interventions have to be context-specific. This section highlights emerging evidence of the effectiveness of behavioral interventions in economic inclusion programming and discusses what must be considered for scale-up, such as cost-effectiveness.

EMERGING EVIDENCE AROUND EFFECTIVENESS OF BEHAVIORAL INTERVENTIONS

Numerous studies have demonstrated the positive impacts of incorporating behavioral science into economic inclusion programming. The addition of simple interventions to programs has proven effective: for example, a study of an intervention consisting of earmarking, or labeling, and partitioning the payment participants in a program received for work on a public infrastructure project in India increased savings among participants (Soman and Cheema 2011). Evidence from Uganda has shown how light-touch goal-setting and plan-making layered onto an integrated "graduation program" with cash transfers, training, and coaching increased livestock investments and subjective well-being (Sedlmayr, Shah, and Sulaiman, 2017). ideas42 has also completed extensive development and testing of behavioral designs in cash transfer programs. Evidence from RCTs in Kenya, Madagascar, and Tanzania suggested that packages of context-

specific interventions consisting of goal-setting, plan-making, and partitioning tools increased the incidence of having a goal and making or saving toward productive investments, such as inputs for farming or a business or purchasing livestock (ideas42 2019). An emerging portfolio of work that expands on these studies has shown similar positive results in other countries throughout Sub-Saharan Africa, including South Sudan and the Democratic Republic of Congo (DRC).

In addition, research shows that low- to no-cost programmatic tweaks, such as changes in the timing of benefits or services, can affect the uptake and use of benefits. For example, a study in Kenya demonstrated that small, time-limited discounts on farming inputs helped farmers overcome present bias and led to more investments in fertilizer and ultimately higher welfare (Duflo, Kremer, and Robinson 2011).

There is also emerging research on the impacts that behavioral interventions can have on program

staff. Recent evidence from a microcredit loan program in Bangladesh suggests that simplifying payment forms can save time for social workers and lead to a reduction in late payments (Lourenco, Vakis, and Zoratto 2022).

The research carried out thus far has implications for the scale of behavioral interventions in economic inclusion programs. The evidence suggests that behavioral interventions can be a tool practitioners can incorporate to support programs in reaching key program outcomes with fewer resources or less-intensive touchpoints than typical program components have required. Achieving impact more efficiently can possibly lead to streamlining programs. Such programs may then be easier to scale, ultimately helping as many people as possible. To further assess this potential, a discussion of the cost-effectiveness of such interventions is needed.

A FRAMEWORK FOR CALCULATING COST-EFFECTIVENESS

Because governments and organizations have limited resources to fund economic inclusion programs, these programs must be designed in a way that achieves value for money. While economic inclusion programs have proven to have significant positive impacts,³ the overall cost of such programs is often quite high and varied: the SEI Report 2021 estimated the total costs of programs to be between US\$41 and US\$2,253 over

the duration of a program (Andrews et al. 2021). Because behavioral interventions seek to ensure that programs inherently account for the way participants make decisions and take actions, they can often be layered onto programs to increase impact at low or no additional cost. ideas42 has partnered with organizations and governments running cash transfer programs to develop behavioral interventions that layer on top of program components. It was then able to run RCTs to measure the impact of the single added intervention. These RCTs have served as a basis for considering how to calculate the cost-effectiveness of individual program components, as shown in Box 4.1.

A systematic approach to calculating the cost-effectiveness of economic inclusion programs at scale is a priority for the next wave of evaluation and learning by PEI, as well as for better understanding the impact and cost of each intervention or component of economic inclusion programs (Paul, Dutta, and Chaudhary 2021). Such evaluations will provide benchmarks when assessing the cost-effectiveness of behavioral interventions and other components. Program designers could then compare the cost-effectiveness of different components, thereby making more informed decisions about which are best to include and ultimately building the most impactful versions of programs given the limited resources available.

Box 4.1

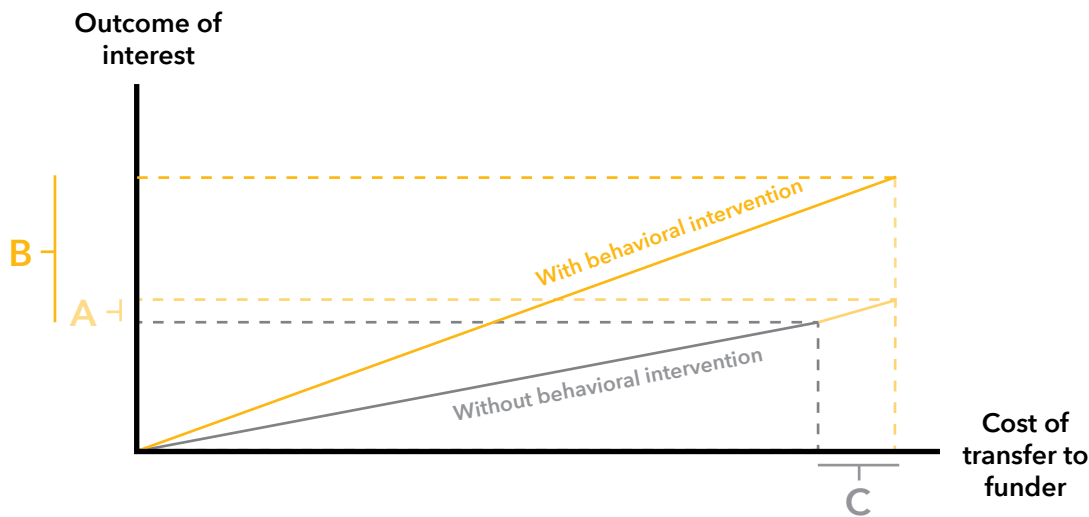
Cost-effectiveness multiplier for behavioral interventions

The cost-effectiveness multiplier, currently used in programs in which cash transfers are the fundamental intervention, is intended to estimate how much additional cash participants would have to receive to achieve the same impact, as measured by improvements in the key outcomes of interest, generated through the incorporation of behavioral interventions into the program (see figure B4.1.1).

continues...

Box 4.1 continued

Figure B4.1.1 **Cost-effectiveness multiplier: A graphic representation**



Note: A = expected change in the outcome of interest if the monetary cost of behavioral interventions is given in additional cash, assuming local linearity; B = change in the outcome of interest due to behavioral intervention; C= monetary cost of behavioral intervention.

If the cost-effectiveness multiplier is greater than 1, incorporating behavioral interventions into the cash transfer program is likely a more cost-effective way of achieving a change in the outcome of interest than the provision of additional cash equal to the cost of the intervention on top of the transfer. Put differently, program implementers would achieve a greater impact by spending additional resources on the behavioral interventions instead of using the same resources to augment the cash given to participants.^a Table B4.1.1 displays the calculation of the cost-effectiveness multiplier based on actual findings from an RCT that incorporated behavioral interventions into a cash transfer program in South Sudan. The outcome of interest was the amount of the transfer spent toward an identified priority.

Table B4.1.1 **Cost-effectiveness multiplier: A graphic representation**

Change in outcome of interest due to behavioral interventions (B)	Expected change in outcome of interest if monetary value of behavioral interventions was given in additional benefits (A)	Cost-effectiveness multiplier (B/A)
\$2.40	\$1.36	1.8

continues...

Box 4.1 continued

Participants in the South Sudan Safety Net Program (SSSNP) received a \$48.07 cash transfer. Data from a survey completed to assess the impact of behavioral interventions incorporated into the transfer showed that the control group—that is, those who received the cash transfer without behavioral interventions—spent \$28.84 toward their priority or 61 percent of the transfer, whereas the treatment group, or those who received the behavioral interventions, spent \$31.24 toward their priorities. The cost of the behavioral interventions was \$1.43 per person. If the control group had received an additional \$1.43 in cash and it is assumed they would spend the same percentage toward their priority, or 61 percent, it is estimated that they would spend \$30.84 toward their priority, a change of \$1.36 (A). Those who received the behavioral interventions spent \$31.24 on their priorities, a \$2.40 increase when compared with the control group (B). The cost-effectiveness multiplier is then 1.8—in other words, achieving the benefit of the nudges would cost 1.8 times the cost of the nudges themselves.

a. It is critical to note that this cost-effectiveness multiplier method has limitations, particularly when it comes to expanding its use beyond behavioral interventions. The purpose of this multiplier is to assess the marginal impact of each component or intervention layered onto an economic inclusion program. It is likely not a useful way to measure the cost-effectiveness of the core component—the main cash transfer, livelihoods and jobs, or financial inclusion intervention—without which the additional layers or components have nothing to build on.

Conclusion

Economic inclusion programs provide a strong, multifaceted approach to increasing the assets and income of those living in poverty. However, like all programs that rely on people making decisions and acting in certain ways, program impact may be attenuated if program designers do not account for the behavioral quirks to which all humans fall prey.

Behavioral science also offers solutions to ensure programs account for such behavioral quirks. Recommendations drawn from the literature and the experience of practitioners can help program designers identify where in their programs behavioral bottlenecks may hinder certain decisions or actions and incorporate evidence-based tweaks or interventions to address them. Section 3 of this note is an overview of the commonly seen behavioral bottlenecks at each stage of program delivery and suggests some simple behaviorally informed tweaks that could be incorporated into programs to address them. Practitioners and program designers are encouraged to use this guidance to identify the behavioral dimensions that may be relevant in each stage of their program cycle (for example, undertake a truncated diagnosis guided by table 3.2). They could then consider incorporating the evidence-based solutions in their programs (such as the design principles offered in table 3.2 or the communications and process audits guided by checklists shared in appendixes A and B). For example, solutions likely include reducing hassles during enrollment and registration, ensuring clarity and transparency at the assessment stage,

making it easy for participants to utilize benefits and services during provision, and providing clear and transparent communication during the management stage. Although a toolkit that provides guidance for practitioners to complete the full behavioral design process is beyond the scope of this note, these guidelines can help practitioners account for the behavioral issues that many economic inclusion programs commonly face, thereby increasing impact without the need for significant resources or capacity building.

This note also points to the discussion on the evidence needed to mainstream behavioral interventions and on how they may serve as a cost-effective way of further scaling up economic inclusion programs. This may be informed by continued discourse on calculating the cost-effectiveness of components of economic inclusion programming. In addition to participant-focused interventions, there is emerging evidence about a second set of actors—program staff, such as coaches or trainers—whose behavior also affects program outcomes. The progression toward evaluating behavioral interventions for providers remains an area for further



research. Finally, to mainstream behavioral interventions in economic inclusion programs, more evidence is needed on their impacts at all stages of the delivery chain. Although initial research focused on the provision stage, as evidence continues to grow around new stages, practitioners should identify agile ways to assess impacts such as utilizing existing monitoring and evaluation data or leveraging A/B testing to help generate evidence in a more cost-effective way.

Appendixes

Appendix A

Communications Audit Checklist

Communications audit checklist

1. Grab attention

- **Formatting:** Does the most important information fit the F pattern? Is there good use of bolding, headers, and colors?
- **Relevance:** Is the information shared clearly important and necessary for reader?
- **Appropriate time:** Is the communication sent when recipient is most likely to respond or take action?

2. Make it personal

- **Trust:** Does the communication build a one-on-one relationship?
- **Authenticity:** Does it strike an authentic tone?
- **Casual:** Is the message direct and casual where possible?

3. Eliminate hassles

- **Jargon:** Is message free of technical language?
- **Make it easy:** Is taking action perceived as easy?
- **Help:** Is help offered and is it sincere?

4. Next steps

- **Salient:** Are next steps easy to find?
- **Checklist:** Are next steps summarized easily?
- **Deadline:** Is there a clear deadline for each of the steps?

Source: Adapted from <https://www.bhub.org/>

Appendix B

Process Audit Checklist

Process audit checklist

1. Find the right timing

- **Context:** Are you asking people to do something during a time(s) you know is busy?
- **Flexibility:** Does the timing allow for changing circumstances?
- **Deadline:** Does the process give the right amount of time to take action?

2. Establish safeguards

- **Reminders:** Are there periods of time during which people might forget the next step?
- **Automation:** Can you make steps automatic that are currently manual?

3. Eliminate hassles

- **Number of steps:** Have you limited the number of steps as much as possible?
- **Convenience:** Are there ways to make steps take less time and effort?

4. Maintain momentum

- **Perceived progress:** Do people feel like they are getting somewhere with every step?
- **Narrow the gap:** Is it possible to shorten the time between steps?
- **Preparation:** Do people understand what is needed for the next step?
- **Plan-making:** Is there an opportunity/prompt for people to make a plan?
- **Consequences:** Is it easy to understand how one step affects the whole process?

Source: Adapted from <https://www.bhub.org/>

Notes

Notes

1. ideas42 is a nonprofit that uses insights from human behavior—why people do what they do—to help improve lives, build better systems, and drive social change. For more than a decade, ideas42 has been at the forefront of applying behavioral science in the real world. These efforts have so far extended to 50 countries in partnership with governments, foundations, NGOs, private enterprises, and a wide array of public institutions--in short, anyone who wants to make a positive difference in peoples' lives.
2. This section primarily centers on program participants, who have often been the focus of attention of behavioral designers in the development program context thus far.
3. See, among others, Argent, Augsburg, and Rasul (2014); Banerjee et al. (2015); and Premand and Del Ninno (2016).

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The Partnership for Economic Inclusion (PEI) is a global partnership with a mission to support the adoption of national economic inclusion programs that increase the earnings and assets of extremely poor and vulnerable households. PEI brings together global stakeholders to catalyze country-level innovation, advance innovation and learning, and share global knowledge. PEI is hosted by the Social Protection and Jobs Global Practice of the World Bank.