

# Leveraging Behavioral Science to Increase the Impact of Economic Inclusion Programming

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- for -  
Volume  
**3**

Behavioral science 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.

The success of economic inclusion programming hinges on participants making decisions and taking actions to effectively participate in each program component 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.

Behavioral interventions are usually highly cost-effective relative to alternative ways of achieving the same goals, so 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.

## Behavioral science

is the study of how humans make decisions and take actions. More specifically, behavioral science offers a deep understanding of how living in poverty, with chronically scarce resources, affects people's decisions and actions and provides principles to help program designers design for scarcity in their efforts to break the cycle of poverty.

## EVIDENCE IN ACTION:

- In Morocco, framing a cash transfer program as “for education,” by holding enrolment in a school and using posters, increased education spending (Benhassine et al. 2015).
- In Kenya, 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).
- In Kenya, Tanzania, South Sudan, and other sub-Saharan African countries, goal-setting, plan-making, and partitioning tools helped cash transfer recipients spend their cash in line with their goals (ideas42 2019).

The success of programs in achieving their desired outcomes often hinges on participants making and acting on a series of choices throughout their participation in the program. The table below provides a sample of behavioral bottlenecks commonly observed at each stage of programs and commonly applied behavioral interventions to address them:

	PARTICIPANT STEP	POTENTIAL BEHAVIORAL BARRIERS PRESENT	DESIGN IDEAS
	Learn about the program	<b>Identity and agency.</b> How a program is presented may affect a potential participant’s perception of it. Ex: 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.
	Ascertain size and timing of interventions	<b>Mental models.</b> Perceptions of program components can affect how people use them. Ex: If cash transfer recipients perceive that small, bi-monthly payments are meant for consumption, they may not use their cash optimally to also save it for productive investments.	Providing clear information up front about the scope and timing of all economic inclusion components can help participants prepare to use them optimally.
	Obtain and use benefits	<b>Tunneling.</b> Participants living with scarce resources may tunnel on what is most pressing and neglect other important things. Ex: Cash transfer recipients may immediately spend all their transfer on food instead of saving some for a productive investment.	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.
	Prepare to exit the program	<b>Uncertainty.</b> Without a clear timeline, participants cannot use benefits or services optimally. Ex: if cash recipients do not know when benefits will end, they cannot accurately assess how much of each transfer to save for investments.	Providing clear communication on program length, and sending reminders in advance, can help participants plan to optimally use components in a timely manner.

**In Practice**

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