Daniel Handel: So good afternoon everybody. Thank you for coming. There are a lot of interesting sessions today, so we're very appreciative that you've chosen to spend some time with our panel discussing one of the perhaps simplest and more intuitive yet simultaneously one of the more innovative and hottest topics in relief and development, cash transfers.

[00:00:30] Now of the many reasons this is kind of an interesting and pressing topic is this fun fact, that today the total amount of aid given worldwide, not just by US Aid but all donors together, is more than enough to close the global poverty gap. So what that means is, in principle, if we could find and transfer money to everybody under the $1.90 poverty line enough to get them above the $1.90 poverty line, we could [00:01:00] statistically eliminate poverty today with money left over for a big global party. However, cash transfers are not currently a big part of the global aid package, but perhaps they should be.

So to discuss that, let me introduce our panel. We have Radha Rajkotia, director of economic recovery and development at the International Rescue Committee. We [00:01:30] have Ruco Van Der Merwe, the Food Security and Markets Advisor for our office of Food for Peace. Piali Mukhopadhyay, Chief Operating ... We practiced about 15 times how to pronounce your last name and I didn't do it right. Chief Operating Officer of GiveDirectly. And Chris Blattmen, the Ramalee E Pearson Professor of Global Conflict Studies at the University of Chicago. And I am Daniel Handel, the Senior Advisor on Aid Effectiveness at US Aid's global development lab.

[00:02:00] So let's get started. So, Radha, the first question is for you. Last year the former secretary general of the UN, Ban Ki-Moon, said, "Cash should be the default form of humanitarian assistance." So do you agree with that? And when does it make sense to give cash?

Radha Rajkotia: Right. So, hi. Good afternoon, everyone. So, default is strong. We've committed as wholeheartedly as we can to cash. And I think I would hedge a little bit on that. So I [00:02:30] would say, there are certain contexts in which cash should be used. So the question is really, when are those times and for what purposes? Right?

So, the way that we look at this is really two things. So, when are those times? Those times are really, it's somewhat logical. It's when markets allow for it, when there's kind of purchasing power that will actually be able to be used. And then the [00:03:00] second piece is that when there's security enables for that. Right? So when we've got operational feasibility combined and the flip side of that being security, so people aren't being put at risk.

So that's the when. And the what for I would say is where we want to be careful with the default. Right? So we don't want to default for everything. We know that there are certain things that cash can't be used for. You can't replace vaccination [00:03:30] with cash. What you can use cash for though and where the evidence is strongest is when we're thinking about food security outcomes or just really meeting basic needs. So people being able to buy and pay for water, shelter, food. Basic materials.

So in those contexts we would say, "Yes, cash should be your default." And then we want you to be able to justify why you wouldn't use. But in other settings, the
[00:04:00] evidence is not necessarily there yet for us to be as strongly worded as Ban Ki-Moon was.

Daniel Handel: Sure. For [inaudible 00:04:08] quick operation, there are a few more seats scattered around, so if anybody wants to brave sitting in front, feel free.

Ruco, I wanted to ask you a question. Over the last seven years or so, Food for Peace has undergone quite a paradigm shift in terms of your available response
[00:04:30] options, including the use of cash. So I wanted to hear if you agreed with Radha's assessment about when it makes sense to use cash and I guess more generally, how you decide which modality to use in a given situation.

Ruco Van Der M.: Sure. Thanks, Daniel. Yeah, you're absolutely right over ... For decades, Food for Peace was none as the world's largest food aid donors. So sending US and kind food commodities all over the world. And that was our primary tool of intervention. About seven years ago, we were provided with increased flexibility to also provide cash, vouchers, or procure locally and regionally.

[00:05:00] So, just to give you an idea, in FY, Fiscal Year 16, 2016, we had a budget of 2.5 billion. One billion of that was flexible resources. And of that, 30% went to cash transfer programming and 70% went to locally and regionally procured commodities.

To contrast that, there's studies that have been done that indicate within the humanitarian assistance realm, cash is only currently comprising about seven percent. So we really are leading the way in terms of the proportion that we're providing in terms of cash transfer programming.

[00:05:30] So, with all these expanded tools in our toolbox, we also had to become more sophisticated in how we make response analysis decisions or modality analysis decisions. And so, Food for Peace has developed a modality decision tool, which I've provided some handouts over here if you'd like to have a look. But it essentially outlines that we require partners to justify against four primary parameters. And a lot of that lines up with Radha.

The first being, market appropriateness. So, is this something that we should do
[00:06:00] within this context? The second is feasibility. So, if it should be done, can it be done within that context? The third is, how does this modality contribute towards the programming objective that we're trying to reach? So here we can set our elements of gender, protection, timeliness, and beneficiary preference. And then the last consideration is cost for us.

So, not to be the person that would disagree with the former Secretary General,
[00:06:30] however, I think the US Aid humanitarian assistance offices, so us and Office of

Foreign Disaster Assistance, would take a modality neutral approach, an even playing ground approach, that is driven by the context and by our partners themselves. So perhaps not cash as default, but certainly cash as a default consideration alongside other options.

Daniel Handel: [00:07:00] Cool. Thank you, Ruco. Radha, I'm going to go back to you. Those caveats not withstanding, I think last year the IRC committed to increasing its share of cash programming from 6 to 25%. So would curious, what was behind that commitment and how's it going?

Radha Rajkotia: [00:07:30] Yeah. So we came up with ... So let me take us back a bit then. So we, in 2015, we developed a new organizational strategy for IRC, which really placed evidence at the forefront and center of our operations. So, what that meant in practice was that we needed to double down on our commitment that had been there for some time but really invest that much more robustly and sincerely in being evidence based and evidence generating. Right?

[00:08:00] So what does that mean in practice? So it meant that those interventions that we know to be where there is the strongest evidence, we wanted to allow those to be, to come to the forefront of our work. Cash being one of the most evidence based areas in the humanitarian sector. It was a clear area for us to focus on then, and really increase our commitment.

[00:08:30] So where we came up with the 25% from, we had initially started ... We started from a baseline of six percent. And we were really looking at where the evidence was strongest was against, as I said, basic needs and food security outcomes. So that 25% really represents what we considered to be possible in terms of displacement of if we were to give up doing in kind distributions and in providing in kind assistance for basic needs work or for food, then that would go part of that way towards the 25%.

[00:09:00] And the remaining 25% would ... The remainder of that 25% would be made up from growth in the use of cash for other sectors where the evidence isn't as strong. So, for certain health outcomes, for certain protection outcomes, and within education as well. Where we knew that there was some suggestive evidence, but it wasn't strong enough for us to really, for us to go kind of wholeheartedly within.

[00:09:30] [00:10:00] So, that's where we started with that. That's where we got the 25% from. We probably at the time, we came out really quite publicly with it, and I'm not sure that looking back on it we would have done the same again. But luckily, I think, and with very good ... I think with a very strong kind of organic interest and ground swell from the field, we made that commitment about I think a year and a half ago now. And I think we're about 16% now, which I think is both a reflection of the increase in volume, but also just better measurement. Right? It's very hard with a lot of these commitments to even know what the baseline is. Our financial tracking systems and even just being able to define what counts as cash or not is quite difficult for a lot of agencies.

So yeah. So we've made significant progress that we're happy with at this stage. But I think there's going to be ... There's still a number of challenges to really taking that both to the 25% and potentially beyond.

Daniel Handel: Sure.

Radha Rajkotia: Which we can go into I'm sure.

[00:10:30]
Daniel Handel: Sure. You can hold the mic for another second.

Radha Rajkotia: Oh.

Daniel Handel: So, I wanted to pick up on that evidence point. So earlier today, I was at a panel with Dean Carlin session, and he made the point it's not just enough to look at the impact of an intervention. You need to look at the cost it took to get that impact, the cost effectiveness. So, I believe you guys have done some work on cash, looking at the cost side and trying to develop operational models to get the cost down.

[00:11:00]
Radha Rajkotia: Yeah. So we ... So I think to some degree we can ... We kind of think of the should we, shouldn't we with cash debate, we kind of think that's done. Right? We've put that to rest as generally consensus for the most part that for certain outcomes, yes, we should use cash and all of the caveats that we've listed aside. Right? So, we've got there.

But I think on the how we deliver cash, that's where there's still a lot of ambiguity. [00:11:30] So I think cost is one piece of it and we've done a fair bit of work to understand what drives cost efficiency or inefficiency. And it's what you would expect. So it's having larger scale programs, operating in regions where a dollar will get you further, those make a difference. There's also issues around just what kinds of, how [00:12:00] remote the setting is. Right? Or how urban it is. So it's pretty logical, common sense stuff.

The other pieces though, that we want to factor in on top of cost, are the other kind of how elements, which is how quickly we can get cash to people. Because I think there's a, still in the humanitarian sector, while people are delivering a lot of [00:12:30] cash, once you're in northeast Nigeria and there isn't as much availability of financial infrastructure as you need, your choices are limited and you are a little bit hamstrung by what your delivery options are there. So how quickly you can deliver, how cost effectively you can deliver, and then how much it aligns with what users and recipients really want. Right? So how much is it aligning with their preferences [00:13:00] and also their own time and cost that it's requiring to receive that cash from us.

So I would say, for us, while we're still pushing on the scaling and the increased use of cash, the actual performance metrics piece of how we are delivering is probably equally important and one that I think we spend as much time if not more on, both [00:13:30] internally and externally.

Daniel Handel: That makes sense. Ruco, I want to ask you somewhat similar questions. Food for Peace also does cost effectiveness analysis of its different modalities. I think it would be interesting to hear some of those findings. Then again, particularly for the use of cash, what are some of the barriers to cash taking a larger share of Food for Peace programming.

Ruco Van Der M.: [00:14:00] Sure. And I'll clarify cost efficiency for us, not the cost effectiveness yet. We still rely on other evidence within the field to generate a lot of that for us. But on the cost efficiency side, Food for Peace has developed, recently developed internal metrics to be able to compare across modalities. So, in kind to vouchers to cash.

And we applied that metric to about 159 of our programs. And the results were that generally, cash is more cost efficient relative to some of the other modalities that we choose. But we didn't want to stop there. We also wanted to look at what are some of the cost drivers. Is it really the modality that drives cost? And so, when [00:14:30] we started looking at that analysis, we found that it's less the modality itself that drives the cost and more some of the other factors. And this is some of the things that Radha mentioned.

For us, one was the geographic location. So if you're programming in Somalia versus Guatemala versus Yemen, there's different contextual costs with operating in those environments. The second one was the nature of the emergency. So generally, a rapid onset emergency like the hurricanes that just came through or [00:15:00] complex emergency are more expensive operating environments for us. Whereas we found that refugee settings and kind of slow onset disasters where it's more stable populations or at least something where we have more time to prepare, those ones we can deliver at lower cost. The last one, as well, as you mentioned, was scale. So for some of our modalities when we started getting to a certain scale we start seeing more efficiencies.

[00:15:30] So with all that being said, I think our lesson learned was that the way we need to approach our projects and evaluation of projects needs to be context specific, objective oriented, and evidence based. So within doing this type of work, I would echo what Radha said, there's still a lot of places where we operate where simply the market environments are very difficult to do cash programming due to broken supply lines, security restrictions, imperfect market information, lack of IT or other [00:16:00] physical infrastructure.

With that being said, I would say within the last couple of years we've seen an increased uptick in private sector partners being able to develop some solutions that work around that. So for instance, closed loop delivery mechanisms have been able to kind of circumvent some of the IT infrastructure requirements for other cash delivery mechanisms. We've seen the use of biometrics integrated into programming to help with accountability. And then financial services also [00:16:30] integrated into programming to help folks not only get their resource transfer, but also allow them access to other financial services.

Also, there's been recently a blockchain that's been introduced as a delivery mechanism, which has cost efficiency implications potentially.

Daniel Handel: Ruco, I have another kind of followup question. We've been talking a little bit about the kind of technical, the evidence based decision making, the operational side, but obviously foreign aid doesn't happen in a vacuum. Do you know anything about the politics of how these new modalities were able to come about?

Ruco Van Der M.: For us specifically?

Daniel Handel: Yeah.

[00:17:00]

Ruco Van Der M.: So, there was originally evidence that was driven by an LRP pilot. So, sorry-

Daniel Handel: LRP?

Ruco Van Der M.: Local and regional procurement pilot. And so, once the evidence was generated from that in terms of improved delivery time, increased cost efficiencies were procuring locally and regionally, that kind of provided some ground swell to potentially make policy changes. And at that point is when kind of when 2010 hit, [00:17:30] we had the evidence from the LRP pilots and there started to be more, I'd say, appetite for this.

Daniel Handel: That's great. So we've been talking a little bit about cash in the humanitarian space, but I want to take a little bit of time to also talk about cash a development intervention in its own right. The Center for Global Development recently had a paper with some suggestions for improving foreign aid. And let me just read off a few quotes. "Cash transfers have proven effective at increasing productive [00:18:00] employment, combating hunger and improving nutrition or other challenges against which cash transfers are proven an effective tool. And cash assistance can work to improve educational attainment in health outcomes."

So that's employment, nutrition, education, health. Really a huge swath of the things that traditional US Aid programs target. And, in fact, the document goes on to say, "The administration should commission a study of where it would be cost effective to transition some sector assistance to cash based interventions."

[00:18:30] So I want to take this in two parts. First, what do we know about cash as a development intervention and a possible improvement on some of our current modes of assistance? And second, what do we still need to learn? So, Piali, I want to turn to you. I do want to let you follow on from Ruco and Radha's comments on the operational side, which is an area that GiveDirectly has been really groundbreaking. But maybe if we could just start with the big picture. If you could describe why GiveDirectly is interested in cash, not just for social protection but really as a development intervention itself.

[00:19:00]

Piali M.: Sure. Thanks, Daniel. I'm excited to be on panel here. I think your framing of the question is important because the reality is there have been billions and billions of development dollars being programmed through cash in the social protection space. And we know that those programs, whether it's in Mexico or Brazil or South America or South Africa, have produced really positive outcomes across a whole

[00:19:30] range of metrics, whether it's nutrition, educational attainment, savings, et cetera. And so, it's important to note that cash has had that foothold in the development space for quite some time.

In terms of what we're doing at GiveDirectly, we're kind of experimenting with a slightly different flavor of cash programming. And so, we work in East Africa. We

[00:20:00] identify very poor households living on about 70 cents a day per capita, living in chronic poverty, essentially. And we give them large lump sum transfers that are completely unconditional, no strings attached. And so, that's about $1,000, which translates to roughly a year's worth of income for these folks. And they can spend the money however they want.

And so, we've seen some pretty exciting and interesting results come out of this

[00:20:30] model, both in terms of kind of averages and in specifics. So, we had some folks out of Yale that did an RCT in our program in 2013 and found a bunch of interesting results. So we saw about a year out after people had received cash, that they were experiencing roughly 70% increases in assets, 30% increases in income. We also saw some results that were a little bit less intuitive. So we saw meaningful

[00:21:00] decreases in stress levels as measured by kind or cortisol in the body. We saw decreases in domestic violence. So across a whole range of impacts to Daniel's point. And this was pretty encouraging.

I think the picture is probably more interesting when you actually look at it at a more granular level in terms of how this plays out for individual families and households. So, to give you guys a little bit of a sketch of that. If you look at a

[00:21:30] community in rural Kenya that gets this kind of an intervention, certainly you see trends that sort of cut across. So, a lot of people invest in housing. A lot of people invest in livestock. These are reliably productive investments to make, so we see a lot of people making them.

But there's also a lot of interesting kind of specificities. So, for example, you'll have a lot of people that have a particular skill or a trade, so maybe a fisherman or a carpenter. But they've been capital constrained so they haven't been able to kind

[00:22:00] of translate that skill to income. And so, they get this cash transfer and they're able to buy a power tool or a fishing net and start earning much more. We actually had a recipient who was a musician and used his lump sum transfer to buy instruments and started a band, and now kind of plays gigs at bars around Lake Victoria, which is kind of cool.

So, we literally have hundreds and thousands of stories like this, so I won't belabor

[00:22:30] the point. But I think it's worth highlighting that we really see a lot of this diversity playing out. And that's obvious to some extent, but it's also important because it speaks to the real kind of variation that we see in these populations when it comes to the needs that they have, the plans that they have, the constraints that they face. And cash, in a fairly unique way, sort of honors that diversity and meets it in terms of the flexibility that it provides.

[00:23:00] So just taking a step back from that, I think a big takeaway for us is that cash is not a monolith. You can program it in many different ways, whether it's large transfers, small transfers, in a humanitarian context, in a development context, targeted, universal, lump sum, stream payments. There's a lot of different ways that you can deliver a cash intervention. What kind of cuts across all of those programs is the fact that we are shifting the kind of expert role from somebody who's sitting in [00:23:30] New York as I do or DC or Geneva to the person who's actually on the ground who has the most information about what he or she needs and how to kind of address that.

And so, that's fundamentally the question that we're really hoping gets asked more often for development practitioners is, can they kind of make a compelling case for why they can do more for someone in that circumstance than that person can do for themselves.

Daniel Handel: [00:24:00] Great. Thank you. Chris, I wanted to have you weigh in also on this kind of potentially broad impact of cash in addition to your work on conflict. You gave an excellent talk earlier today. You've also been the principal investigator on some of the best known cash studies, including one which was actually quoted in that Center for Global Development document. So, based on your work and the existing literature, what can we say about how cash works? For whom? Where? What kind of time horizons?

[00:24:30]
Chris Blattman: Thank you. So, the way I sort of fell into this was I was in the last year of graduate school. I was working in a conflict zone.

And a friend of mine was working for the World Bank and he approached me and he said, "So I'm working with the Ugandan government. And the object is to basically help some of the poorest people in the poorest parts of the country, including the war affected areas, but much more broadly improve their incomes. [00:25:00] And so the idea is, young men and women are going to apply, they can basically give us the proposal for them wanted to start a vocation like get a hair salon or become a tailor, become a carpenter, and then they'll propose some money and then we will open a bank account in their name. We will send about $400 per person to that bank account. And then that's over. And then they'll just do what they do and that's the end of the program."

And I remember thinking to myself, "That is the stupidest development program I have ever heard of in my life. That sounds like a terrible idea. Why would you do [00:25:30] that?" Because I had in my mind all of the things that could possibly go wrong, which were all, were legitimate concerns. And so he said, "Well, we're going to do an evaluation and would you study this for us?" So I said, "All right. Well."

So we began this study and it turned into work. So after four years, we'd gone back after two and after four years, and people had started small businesses with these money. They were making ... Not, I don't want to over exaggerate the impact.
[00:26:00] Maybe they were working an extra five or six hours a week. And they were earning maybe an extra, I don't know, 50 cents a day at most in many cases. Right? But if you're only earning a couple of dollars a day, 50 cents is a big deal.

So this wasn't transforming their lives but this was a real ... And that, the payoff, this was so cheap to do that the cost effectiveness was off the charts. And in some sense, still remains off the charts. And so, why did it work? And we thought about this. And it fits a really, really simple economic model. A classic, classic 50 year old
[00:26:30] way of thinking about poverty.

And that's to say that poor people don't have any money because they're poor. And to start a lot of enterprises they often have high returns for their ideas. They know what to do with money. They have business investment opportunities. And but it costs ... There's a fixed amount of money to get into this tiny little business and they don't have that. And so, if you give them this money, then they'll be able to start that business. And without that money they might not otherwise be able to.

[00:27:00] And so, as a result, we're solving that problem of not having starting capital and not having access to credit. That's the problem that cash solved.

And then we thought, we said, "Well, we need to go back longer than four years," because the other prediction from this model says, "Well, actually, if people can save a little bit, even however low their income is, if they can accumulate a little bit of money over time, they'll eventually be able to save their way past that barrier.
[00:27:30] Eventually, people who can accumulate some money will be able to start that business." And so, maybe all cash is doing is accelerating your ascent up to your potential. Right? And that's important. Right? Helping someone get less poor 10 years sooner would be great, but that would be a little different than permanently changing somebody's impact, someone's life.

So we went back. We finished collecting data six weeks ago. So I've never presented results about this before. I'm not going to give you the long
[00:28:00] presentation. The short answer is this, we see this happening and we see this not happening. There are people who, particularly the poorest, particularly women, who in the absence of this cash never seem to be able to have access to starting those business. They either didn't have access to the capital or they didn't have easy entry into this sector. And 9 years later, 10 years later basically the women who didn't get the cash look exactly like they did 10 years ago. The women who did get the cash and the very poor who did get the cash are much, much better off
[00:28:30] than they ever were.

And the men, for the most part, have caught up. The men who did not get the cash look almost exactly like the men who did get the cash because the men, maybe because they on average were started off wealthier, on average had more access to business, were able to overcome this classic economic problem of not having access to capital. They've saved their way out of their hole.

[00:29:00] And so, what I think you could generalize from this is that when we target this cash at the least among us and the people of the least access to business, we can expect really lasting results. We can still see really important, nonetheless temporary, we can help people reach their potential sooner when they're maybe more middle income, when they have more access. But we can still solve an important market problem for them. So, that's my read of the situation.

Daniel Handel: I want to pick up on that first instinct you had, which is this is just a terrible idea. When I talk to folks about cash, which is what I've been doing for a long time, [00:29:30] actually people are somewhat receptive, but the first instinct is like, "Great. But let's make it conditional because if we don't it's a disaster. They're just going to drink it away." I mean, that would probably happen if you give it to me, but that's not on the table. So, could you talk about, is cash a waste? Do people just frivol it away, conditions, not conditions? What do we know?

Chris Blattman: Well, I'll say two things. One is, David Evans and others have looked across many, many studies and they've looked not just randomized control trials, but a whole ... [00:30:00] Where we have data on what people do when they get cash. And it's really, really hard to see any increases in people buying more bads, things like cigarettes or alcohol or ... I didn't quite believe this.

So I was working in Liberia with street youth, street criminals, drug dealers, drug users, beggars. We were mostly focused on reducing crime and violence. But I was [00:30:30] curious. I was like, "What do these guys do with cash?" These are the last people you would give cash to, right? Because either they'll misuse it and maybe hurt themselves, or maybe your best capital investment is a firearm.

And so, very carefully in very small groups, we began trying to see. It's important to find out. We began in a very controlled way trying to figure out what was ... And then, the better the news seemed, we scaled it up to an actual long-term study. And not even these guys spent it on drugs or-

Daniel Handel: Even the drug users didn't?

Chris Blattman: [00:31:00] Even they didn't. Well, they were still ... They got ... They're having ... They were basically ... The marginal whatever decision they were making was to say, "Well, I'm still buying drugs." It's not like they stopped buying drugs there. But they're like, "Actually, what I'd like to do is I'd like to do this. I get this lump sum of money." Most of them tried to start new businesses. We actually had three overdoses, two deaths from those, in the entire study of the 1,000 people. All three were in the control group. We were actually ... We were also the emergency contact for a lot of these guys because a lot of these guys had nobody, so we were involved in depth [00:31:30] with a lot of these guys' lives. And the money was reduced their risk. It didn't increase their risk.

Daniel Handel: That's [inaudible 00:31:38]. Great. Piali, I want to come back to you. You talked a little bit about your results from 2013. Since then, GiveDirectly is participating in more studies. If you could tell us a little bit about what those studies hope to answer and when we might get the answers.

[00:32:00]

Piali M.: Sure. Yeah. Before getting into the specifics, I do think it's important to reiterate what Radha said, which is, cash is one of, if not the most kind of studied intervention at this point. And so, if we're asking the question of, is there a robust evidence base that points to the need for more kind of cash programming, I think the answer is very definitively yes and that's really not that much of an interesting question anymore.

[00:32:30] That said, where GiveDirectly has tried to add some value in terms of the research side of things is really on the how side of things. So, if you are making the decision to do cash, which we think is often a smart decision, how do you kind of optimally design the right kind of program? Particularly if you're trying to solve for particular outcomes or reach certain subpopulations. And so, we've done I think about seven RCTs in the last five years, some of which are closing, some of which are in flight. So [00:33:00] needless to say, there's a lot of detail there and a lot of stuff we're hoping to learn. But I can touch on a few of the dimensions that we've looked at on this question of how.

So, one is this idea of kind of cash plus. So, are there cheap add-ons that we can kind of tack on top of cash programs that will help to amplify the impact of those programs for kind of pretty good bang for our buck. And so, we have right now a [00:33:30] study in Kenya where we have 10 thousand households enrolled in a study, 6 thousand in the control group, who are being given cash but also being exposed to a kind of aspirational video. Which might sound a little bit crazy, but actually, someone else did a study where they just showed people this video and it had a material impact on income, I believe, which was a bit counterintuitive to us, but we thought it was worth testing, particularly if we were pairing it with an infusion of capital. And so, that's a study that we'll hope to get kind of early results from in about a year.

[00:34:00] Another dimension that we've looked at is, what happens when you target cash at particular subgroups or subpopulations? So, we're working with a cohort of small holder coffee farmers in Uganda and giving them cash transfers. They're still unconditional, but we're interested in seeing whether this translates to investments in technology or equipment or what have you in a way that increases yields and increases earnings for these folks. And that end line is also happening [00:34:30] within the next 12 months. So we'll hope to have some answers soon.

Another thing we've spent quite a bit of time looking at is the actual design of the payment structure. So, how much do you give? When do you give it? For how long do you give it? And we've done that in a few different ways. The biggest kind of endeavor that we have currently underway is we are in a matter of a couple of weeks, actually, launching in Kenya the biggest randomized experiment of a

[00:35:00] universal basic income concept that's really been done anywhere globally.

And so, we're really excited about this. We're basically taking about 16 thousand individuals, 10 thousand of them will get about $200 a year for the next two 2 years, and 6 thousand of them will get that same amount but for the next 12 years. So it's quite a long time horizon. And the universality of it comes into play because we're actually fully saturating kind of small communities. So villages of people, [00:35:30] everybody in the village will get this kind of an intervention. And needless to say, these are very poor communities, so average poverty rates are low.

And so, there, we're really interested to see when people have these kind of predictable streams of income, how does that change decisions that they make? Are they going to migrate to Nairobi to enroll in some kind of a vocational class? Are they going to delay their marriage or pregnancy? Are they going to invest in a [00:36:00] business in a more, in a bolder potentially higher return way? So there's a whole bunch of really interesting questions that that will throw up. And we're going to be collecting results sort of iteratively, so should have some early kind of directional stuff in about a year. And then we'll continue to collect results down the line.

So, that's kind of a flavor of the sorts of things that we look at. But the general takeaway is that we are interested in enriching the debate on how people can use cash as a flexible tool to achieve different kinds of outcomes in different kinds of [00:36:30] contexts. And we think there's probably a lot of interesting kind of insights to generate in that space.

Daniel Handel: Thank you. Radha and Ruco were talking a little bit before about the right mix of cash for [inaudible 00:36:45] interventions, that the case for cash, that it should be more cash that's going to closed. My sense is that that's probably more true in the humanitarian space rather than the development space. Groups like GiveWell, [00:37:00] Center for Global Development, the Atlantic and others have talked about using cash as a sort of benchmark to compare the cost effectiveness of traditional activities. I'm guessing you think that probably is a useful construct. So if you do think that, why do you think that's a useful construct?

Piali M.: Yeah. No, spoiler alert, we do think that's a pretty exciting construct. I mean, there's a lot of different ways you can conceive of cash as a benchmark. One of our favorite analogy is that one of our co-founders I think came up with early days was [00:37:30] thinking about an index fund. And so, we all know that there are managed funds that have high fees, high overheads, and this concept of an index fund came about whenever it was, several decades ago, with a much kind of lower fee, low overhead model. And an investor could kind of look at that comparison and say, "Are these fees justified in terms of the financial return that I'm seeing?" And of course, we know index funds have performed quite well on average and many more people are investing in them.

[00:38:00] And so, in this analogy, cash could potentially perform a similar function. So we know that cash is fairly simple to administer, though often the devil's in the details, is low cost, as Chris said, in a lot of ways. And that is, on average, a pretty productive investment in terms of reducing poverty. So we know a lot of those things from the data.

[00:38:30] You can imagine a situation where if somebody is proposing a non cash intervention that will oftentimes be more complicated to administer, higher costs, that they really have to justify that decision in terms of expected benefit. Because it's not just higher costs. It's also taking away power and decision making from recipients and kind of transferring it somewhere else, which is a different kind of access than pure dollars and cents, but is one that also matters to us quite a bit.

[00:39:00] I think implicit in that framework is that you can actually measure both kind of costs and benefits. And as we've discussed, that's not, it's not always standard practice in this sector and it can be quite hard to do. There's many interventions for which it's pretty hard to kind of trace your dollar and figure out what things actually cost.

And certainly many of us are here today because we want to see a lot more evaluation of what works and what kind of returns are being produced in terms of benefits. And so, there's quite a few challenges to kind of bridge that gap. But if we

[00:39:30] were able to get to some approximation of what I described, you can imagine a situation where there's a set of interventions that do kind of beat cash, that are better bang for your buck, and there's probably a lot that don't.

And so, that's kind of, in an abstract way, how we've thought about it. We've been excited to see that some of the partners that we've worked with have operationalized that in some interesting ways. So there's a private foundation that

[00:40:00] we've worked with. They've made a decision, I think this year for the first time, to earmark X million dollars at the end of the year to be kind of given away by default to cash if they're not able to come up with a better argument for how to program it differently.

So, that's kind of an institutionalizing this concept in a cool way. Daniel mentioned GiveWell. GiveWell has, I think in their last couple of reviews, pretty explicitly said

[00:40:30] that they are conceiving of cash as their benchmark and then sort of evaluating other types of organizations and interventions against that, which we're also really excited about. So we want to find innovative ways to partner with other folks and I think there's probably a lot of flavors of this and options that could make us all smarter about how we're distributing aid.

Daniel Handel: Great. Chris, I want to give you a chance to also talk a little bit about the process of

[00:41:00] getting enough information to do these benchmarks. As an academic you may want to pitch the need for more studies. That's up to you. You were recently on one of my favorite podcasts, Econ Talk, talking just about this. The benefits of experiments comparing the cost effectiveness of cash to some more traditional projects like small livestock distribution. So for those who didn't catch the podcast, could you summarize your thoughts on the topic?

[00:41:30]

Chris Blattman: Sure. Let's see. I guess I could say two things. One is, Dean was speaking, Dean Carlin was speaking this morning about livestock as another intervention that's been shown to and [commodities 00:41:45] with cash and some training have long-term returns. I think the little asterisks on that is that, those, on average those projects are costly enough that on average all of the, I think the average project of, [00:42:00] there's six that they did, pays off in about 15 or 17 years.

Daniel Handel: The grad model?

Chris Blattman: The livestock, the graduating ultra poor. Which means, if livestock is like cash, well, you have the long-terms studies will come out soon, but if the livestock's like cash and those effects dissipate from any of those people after 5 or 10 years, it's still accomplished something important but it won't have actually passed its cost benefit test. So I think we have to say the jury's still out. The virtue of some of the cash studies, because cash hasn't proven to sort of be a perfect solution [00:42:30] everywhere, but on average they've paid off in many fewer years, often two or three years in terms of the income gains that they've created.

So testing this out would be important. And they'll be the first to say that absolutely, we can drive down the cost of these programs and see if they stay impactful. But the thing I was actually, that led me do this podcast, although we didn't get so much into the weeds on this, was what ... There's a lot of objections [00:43:00] that come up. And people will say, "Well, maybe. Okay. This seems possible but really maybe it's just the people who are taking the initiative to apply. Or maybe it's just the poorest. Or maybe ... We don't really ... Maybe it doesn't work as well in conflict zones or crises. Or maybe the returns to capital could be higher in those scenarios because capital's more scarce." And underlying this ... Or maybe it would work better if you combined it with something else.

And so, underlying that is an idea of maybe we haven't optimized. There could be [00:43:30] something or some other combination that works better. Could be even livestock with cash or even livestock alone. And we haven't done enough combinations. And the other is that, is this idea of generalizability, that can we, how far can we really go from six studies and six rather special places that are very tightly controlled, as well?

And so, this ... Which got me to thinking, with Dean Carlin and with others, many of the people that have been involved in this graduated ultra poor, thinking, well, to, [00:44:00] that's so they get a ... That's a hard question to answer. We'd need to run a study in five or six countries that's coordinated. We'd need to have 10 or 15 treatment arms of all these different things interacted with one another. And we'd need to do it on a representative sample of the population so that we could actually make really thoughtful statements and evidenced based statements about for whom this was effective and for whom this is not effective.

And Dean being Dean, and me being me, we sort of thought ... All of a sudden we [00:44:30] were like, "Oh, that sounds like something we'd like to do." And so, we've been trying plot to ... The problem is the architecture that has funded all of this impact evaluation is not equipped to support that. It turns out that we're now equipped to implement that. There are enough IPAs and JPals and other organizations in enough countries that this could be done. And there are enough willing partners, it turns out, that this could be done. The donor architecture isn't there. So we've been ... This has been something we've been chipping away at for two years.

[00:45:00] So the World Bank is not setting up a multi donor trust fund for us to do this. And the UK government is probably going to put in a little bit of the money. And I ... And now we have to wait for our billionaire or for maybe a different administration in the United States to fill in that gap. But I mean, I ... The point of this has no longer become let's figure out cash. The point of this is to realize that if one off small field experiments have delivered this much change in our thinking, how do we take this to the next level?

[00:45:30] This is something that the US did long ago in labor market and income tax and health experiments, taking experimentation to a much larger scale. Public health has been doing this for years. We need to sort of move in the same direction, some small portion of our research portfolio needs to actually just take this up one or two notches. And we need to ... And the only thing holding us back from that is the donor architecture.

[00:46:00]
Daniel Handel: Yeah. Great. So I want to kind of go straight down the line for this last one. So in 30 seconds or less, what do you think that US foreign assistance leaders should take away from the work that you've done related to cash transfers. You have the mic, if you want to do it.

Chris Blattman: So, let's see. In spite of ... I'll be the first to admit we need this kind ... We need to figure out the nitty gritty details. And in the meantime, anybody who is at the head
[00:46:30] of an agency or the intern at the lowest level in whatever country has to make a decision about what to do. And if they want to relieve poverty and if they want to have a lot of impact for low cost ... I'd basically have five pieces of advice.

Number one is, give people cash instead of stuff. Number two is, give people cash instead of stuff. Number three and four I'm leaving blank, merely to emphasize
[00:47:00] number one and two. And then number five is, whatever else you sort of think you might be better, then you might be right. Somebody, someone's going to be right. Cash is not the answer. Cash is simply less bad than everything else we're doing. So, do that but benchmark it or test it. Right? And then you can be the David that kills the cash Goliath and you'll be on the panel like this in 10 years. So, that's the glory that will be attributed to you.

[00:47:30]
Radha Rajkotia: Suddenly I feel better about being on this panel to ... So I think ... So I would say ... So from the humanitarian perspective, as I said ... And I wouldn't say we're 100% there in terms of the should we, shouldn't we argument. We're close but I think our
[00:48:00] biggest constrain is that the humanitarian sector's still really bad at delivering cash. And we're doing it inefficiently and people are waiting and their conditions are

deteriorating and it's just not good enough. Right?

So my plug I think to foreign leaders would be, this isn't a problem of the humanitarian sector. This is a problem of investment in financial infrastructure, in

[00:48:30] high risk settings. We need to have a basic policy and infrastructure environment that allows for people to have access to finance, whether they're in crisis or not. And then, that when they are in crisis that becomes life saving.

And so, my biggest plug I would say is, to stop ... No, not to stop. But to maybe not

[00:49:00] only invest in the Kenyas and Ugandas and the places where we know are somewhat easier and maybe shift some of that attention to the Yemens and the Northeast Nigeria, those settings where we know that large swaths of people are at risk and not able to access finance and we're not able to use this great intervention

[00:49:30] as well as we could. So, that would be my plug.

Daniel Handel: Thank you.

Ruco Van Der M.: I think we're going to reach a variety of conclusions here. So, I think my main takeaway and message would be that there's a lot of pride, both that the American public as well as our leaders can take away from the work that US Aid's been doing to combat global hunger. I think there's probably very few of us in this room who can even begin to imagine what it must feel like to lose everything that you own due to a disaster or a conflict, to have to flee on foot, crossing rivers, even oceans

[00:50:00] with every kind of last thread of your social safety nut cut. And it's in these types of scenes of desperation that US Aid oftentimes steps in and with dignity delivers, whether it's cash, vouchers, or in kind commodities. And with a message that it's from the American people.

So I think there's very ... There's not a lot of stronger signals we can send of compassion and solidarity. And honestly, that is the message from America that a lot of the world's most vulnerable see.

Daniel Handel: Thank you.

[00:50:30]

Piali M.: I don't think I'll be too additive to what Chris already said. But I think the Ban Ki-Moon statement that you opened up with is somewhat provocative but that there is also a lot to be looked into in terms of that prescription. And we're such a far distance from anywhere close to kind of cash being even an approximate default. And I think we really need to all be asking the questions around what the barriers are there. And it might be that we don't like to admit this but we hang on to kind of

[00:51:00] stereotypes about who poor people are and what they're capable of doing.

And we need to actually stare at the cold, hard evidence and let go of a lot of that. It might be something around the way these institutions are structured and there's a lot of siloing, there's a lot of kind of [ex-anti 00:51:16] prioritization that does, that's done that makes it hard to slot cash into that kind of a structure because it is inherently kind of broad and flexible. And it might be the fact that we have a lot of

[00:51:30] folks that have expertise in a lot of specific areas and not a tone of people that have spent time thinking about how to deliver cash specifically, really effectively, efficiently, and in a high quality way.

And so, those are certainly some of the questions that we spend time thinking about, but hopefully others will, too.

Daniel Handel: Great. All right. Should we do the kind of take three or four questions and then you guys can answer? Is that going to work?

Kristi Martin: [00:52:00] Thanks. So, Kristi Martin from US Aid. Just kind of a bit of a plug/question for Radha's mentioning in financial infrastructure. One of my challenges with a lot of the studies that I see coming out of GiveDirectly, is that because you are located in East Africa? The role of the financial infrastructure, which is significantly more developed than it is in many of the countries where I work, seems to be undersold often. And how do we account for that in the research results?

[00:52:30] So, if we're looking at the impact that ... Especially when we're looking at cost effectiveness, I think, I still think that there's, the case for cash is still really strong, but we should also be making the case that we should be messaging and financial infrastructure because I think it does play a great role but I'm not sure how that's accounted for in the research, the role that it does play.

Speaker 7: Sorry, are you [crosstalk 00:52:48]?

Stephanie: I had a question.

Kristi Martin: Well, he wanted to do-

Daniel Handel: Well, we were going to take a few questions and then respond en masse, I think.

Stephanie: [00:53:00] Hi. I'm Stephanie. I'm at State Department with [Petfar 00:52:56]. And I was wondering if there's any research yet or if you guys have any general thoughts about the second and third order effects of cash transfers on, for example, the local economies. With this infusion of cash, are we going to see that bolstering local markets and then thereby reducing the need for other kinds of interventions? For example, like you said, it's not a good answer for vaccines, but if the inhabitants of the region have higher incomes, will they be able to buy the vaccines on their own and purchase their own healthcare?

[00:53:30]
Speaker 7: Back. She raised her hand first [inaudible 00:53:33].

Michelle C.: Hi. I'm Michelle Coffenberger. I work with the New Entity at the World Bank that is aimed at scaling and adapting the graduation approach. And I'm leading the development of their research and learning agenda. So, a question on a couple of these pieces, but don't you think it matters a lot what kind of cash we're talking about? Because I know you talked about a few different types of transfers, and so a

[00:54:00] large lump sum is actually a lot different than a UBI experiment where there's regular transfers on an ongoing basis. And the evidence that I'm familiar with at least, on the more UBI type model is that the impact peters out afterwards. There was just an RCT that came out from Milaui showing that the UCT a year afterwards, the impact was basically gone.

And also, when you talk to people about what kind of services or what kind of help that they want, you actually hear them say, "I don't really want ongoing cash [00:54:30] transfers." They're not going to turn down cash, but they also, they want to be empowered in some way. They want to start a business. They want a job. They want a wage employment, but they don't necessarily want to be dependent on a government transfer. So, just maybe your thoughts on how you think about the different ways, the different forms that cash can take, and which ones are more appropriate in which kinds of contexts or for which aims? Thanks.

Daniel Handel: I think a bunch of that was aimed at Piali, so before her brain gets full, let's let her take a crack at this.

[00:55:00]

Piali M.: Sure. Somewhat out of order. The question on more macro level effects. That's definitely something we wondered about. You can imagine both kind of positive and negative externalities. Businesses coming up or prices getting distorted. And so, we have been partnering with some folks out of Berkeley for the last year and a half or so to do a pretty large RCT to look at that.

So we have about 7 thousand households in Kenya who are receiving our lump sum [00:55:30] transfers, and we are looking at a lot of the outcomes you mentioned. So, what happens with local markets? What happens to prices? I think we're even looking at local revenue collection to see if there's some knock on effects there. And so, the answer is, we don't know yet, but we agree with you that it's an important question and hope to have results, at least initial results sometime in the next kind of six months to one year.

The question on payments and infrastructure, also totally agree and something [00:56:00] we've thought about. I mean, we entered into Kenya first because it was [empace 00:56:03] as an outlier. It was kind of a low hanging fruit in a sense in a good way for us to cut our teeth on this model and figure things out. I think [empace 00:56:12] adoption rates at this point are probably, I don't know, close to 70% or something for adults. So, really pretty extraordinary levels of adoption. We, post Kenya, went into Uganda and later Rwanda in part because we wanted to test the [00:56:30] sort of external validity of the model and to make sure that this was not something that was contingent on that kind of a unicorn environment.

And when we entered into Uganda, I think NTN, which is the dominant player, something like 10% of folks were using it and Rwanda maybe even a little bit lower. So, we were excited to test the model there. And definitely faced kind of wrinkles along the way. We were initially setting up these big paydays because there wasn't [00:57:00] agent infrastructure and we were being defrauded by people. And so we definitely hit a bunch of stumbling blocks, but came to find that actually there was a kind of small local economy that grew up around this. And so agents started to realize there was commission in it for them and they started to kind of meet that demand.

[00:57:30] One last thing I'll mention on that is we recently did a pilot in a very remote part of northern Uganda, so I think it's the third poorest district out of 100 and change, a really kind of absurd ratio of mobile money agents to square kilometers. And our team found a couple of very remote villages kind of up a mountain with very poor market access. And we wanted to do it on a very small basis because we knew there were risks.

[00:58:00] And what we found, we've just kind of wrapped that up, and what we found was, even with the model of delivering $500 lump sum payments, which is a huge amount of money for a place like that, people found ways to access agents at fairly low cost. I think 98% of people were able to cash out and find the liquidity that they needed. And we're now kind of getting a bit of data on what they're spending it on.

[00:58:30] So, I don't disagree at all that there are real operational constraints to figure out and we spend a lot of time doing that and we care a lot about execution, but I think the boundary of where this could work is probably broader than people sometimes think it is. And want to gather a bunch of data that kind of makes that case. And we're trying to do that.

Daniel Handel: Chris did you ... Oh, go ahead, Ruco.

Ruco Van Der M.: No. And I can just briefly comment on the ... You kind of mentioned, alluded to the kind of market multiplier effect. So, the World Food Program in Uganda, in partnership with UC Davis does a methodology called LEWIE, the local economy wide impact evaluation. They recently did an evaluation with local markets in refugee camps through programming with the World Food Program where they looked at an arm that was delivering the food assistance and the other arm that was delivering cash.

[00:59:00]

And the study found that for the cash pieces, depending on the settlement, but for every dollar that went into the economy, there was a ... Every dollar that was transferred, there was another dollar to a dollar 50 multiplier effect within those settlements, those direct settlements. It was ... There was also a multiplier effect for the in kind but it was lower. And the question is really kind of, where do those multiplier effects accumulate? Obviously, if it's in kind programs it's where it's being sourced from. So, that's also a consideration.

[00:59:30]

Daniel Handel: There was a grad question.

Radha Rajkotia: I mean, yeah. I mean, just to add on there. I mean, I think the only pieces that I would say on the kind of financial infrastructure bit, is that there is certainly variation across contexts, but I don't think ... And I think what's challenging in the humanitarian sector is that you don't, and I don't mean this in a, there's no bravado

[01:00:00] in this it's, but you don't have that luxury of time, right? To say like, "Let's let people work out for themselves where they're going to go and find their money and the agent from or let the agents realize that there's a commission to be made here." We want people to get cash and we want them to get it now and so that they can use it tomorrow, right?

So, I think it's just, it's the urgency of that that makes it a bit tricky. But having said [01:00:30] that, I still think there is opportunity for us to still test some of these different options. So, and it doesn't have to ... We know 70% of the humanitarian crises that we respond to are recurrent. So it's not like we don't know they're coming. Right? We know that they're coming. It's pretty much in the same places. There's a lot that we could be doing upfront pre-crisis to get liquidity and agent networks optimized for those responses.

[01:01:00] So I think it's more just changing our mindset so that we are focused on this not as just a problem for humanitarian response, but as I said, the investment in financial infrastructure and is humanitarian preparedness that will become lifesaving at some point, so we just need to ... I know, Chris you can pay me afterward for that. But I think that is how we're trying to think about it, that financial inclusion isn't the long-term objective. It's the precursor to us being able to have effective [01:01:30] humanitarian response. So we'll keep pushing and plugging on that, but we also need to learn. We need to kind of test the different incentives and models that might work to help stimulate that.

Chris Blattman: If we have time to take more questions [crosstalk 01:01:47]-

Daniel Handel: I think this will be the final word.

Chris Blattman: This will be it. Okay. Well, two things. One is ... Let me. This question wasn't [01:02:00] addressed of what basic income and sustained grants versus one-time grants. I mean, economic theory, we don't know. No one's tested this. Economic theory gives us a pretty good prediction, which it says that if you get a one-time lump sum, then you want to smooth that over your lifetime. So you have a strong incentive to either save or invest it. Poor people in most countries have to pay maybe a dollar or so out of every maybe 10 or $20 in order to put it in a bank account of, or what their equivalent. And then whatever the inflation rate is eats away at that, as well. So their, the interest rate they get on their savings is like minus 10 or 15%. So, [01:02:30] that's not attractive.

So a lot of people put it in assets. They improve their roofs. This is what we saw happening in Kenya. Or they might buy some semi productive assets like livestock. Or they start businesses. Right? So, the investment is something they do, not just because they have high returns for investment, but that's the best way to push cash into the future when you get a big lump sum.

So what happens when we give people cash every year for the rest of their lifetime? What does that do to their incentives to invest? Well, I think mainly what [01:03:00] we're doing at that point is we're just subsidizing consumption, which might be perfectly reasonable for the very poorest. But if my sense is that if these are people who also have high returns to investment in terms of cash, then my sense is that the lump sum might have a larger impact in economic growth, it might have more spillover effects in terms of employing others. This is my hunch.

So I'm a little ... People can talk about wisdom of basic income in the United States and that's a totally different ... That's a place where lump sums, people aren't going to go become entrepreneurs and start a business because they get cash. But I'm a

[01:03:30] little worried about basic income in developing countries. And so, this needs to be worked out.

The last thing I'll say is if you're talking ... Whenever I hear this quote from Ban Ki-Moon about cash should be the default, although I agree I always remember my favorite quote from Homer Simpson, which is, "Default, the two sweetest words in the English language." And so, let you take that forward with you [crosstalk 01:03:55].

Daniel Handel: All right. Thank you, guys.