Data Science for Development

Spotlight on Cash Benchmarking: Key Lessons from the Development Impact Lab

How useful is a cash benchmark for understanding the effectiveness of anti-poverty programs?

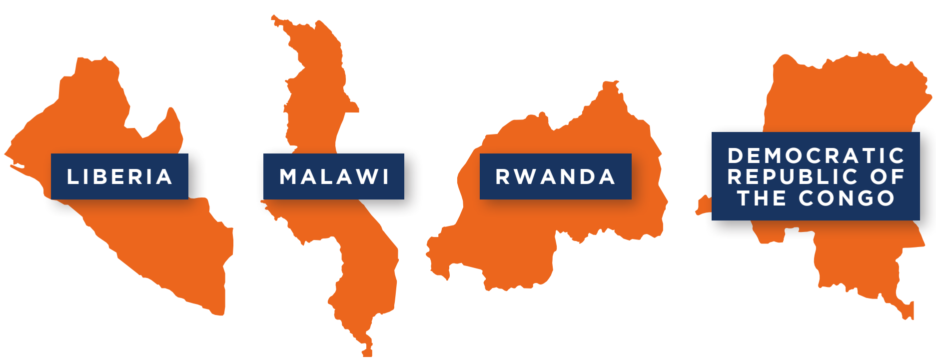
Craig McIntosh, Andrew Zeitlin, Jon Robinson, Shilpa Aggarwal, Jenny Aker, Alan Spearot, Jeremy Magruder, Benjamin Krauss

Background

The Development Impact Lab (DIL) generated new evidence on the socio-economic impacts of cash transfers and the comparative impacts of cost-equivalent development aid programming. Cash transfers work well as a benchmark for evaluating traditional aid programs with higher administrative costs because they historically perform well on household-level outcomes (earnings, educational attainment, nutrition, consumption, etc.) and require minimal administrative costs to implement. "Cash Benchmarking" is a novel approach to evaluating development interventions by foregrounding policy relevant questions about the opportunity costs of services and activities.

Over the last five years, researchers and partners from around the world worked across four African countries to implement six large-scale, randomized evaluations. The evaluations assessed unconditional cash transfers, in some cases in head-to-head comparisons with in-kind interventions that provided goods and services like youth job training programs. The studies informed a 2022 panel for USAID that explored the value and limitations of cash benchmarking, along with salient lessons from the portfolio of evaluations and priorities for future work.

CASH TRANSFER EVALUATIONS IN FOUR COUNTRIES



IN PARTNERSHIP WITH

UC Berkeley, UC Santa Cruz, UC San Diego, Georgetown University, the Indian School of Business, and Tufts University, USAID, GiveDirectly, Innovations for Poverty Action, the Education Development Center, & Catholic Relief Services

The Development Impact Lab (DIL)

was a global consortium of universities and research institutes that worked to advance international development through science and technology innovations. Headquartered at the University of California Berkeley (UCB), DIL was one of seven Higher Education Solutions Network (HESN) labs that ran in partnership with USAID from 2012-2022. The Lab was co-managed by the Blum Center for Developing Economies and the Center for Effective Global Action (CEGA) and managed close partnerships with a wide range of research institutions, including Makerere University in Uganda and Jadavpur University in India.

Findings

While different in both context and design, the DIL cash benchmarking studies point to the following key lessons.

1. Cash has relatively consistent impacts on certain outcomes, including short-term consumption and productive assets.

Findings from the DIL portfolio are mostly consistent with the existing cash transfer literature. "[Cash] is a great way to drive short-term individual improvements on economic indicators that economists tend to focus on," reported Craig McIntosh, PI on the Rwanda project. However, the studies reinforce the need for more research to understand a broader set of development outcomes that cash may influence. For example, inconsistencies persist around the mechanisms by which cash affects certain outcomes like food security, and why its impacts may differ across different countries and beneficiary groups. Shilpa Aggarwal, PI in Liberia and Malawi, noted that, "There are different pathways through which specific outcomes can occur."

2. These studies lay the groundwork for synthesized cash benchmarks.

Researchers expressed enthusiasm that evidence from the DIL portfolio (and existing literature on cash transfers) can help development practitioners synthesize cash outcomes and estimate the marginal benefit of their programs. In practice, the evidence would inform a profile of what to expect from a given type and size of cash transfer based on particular development outcomes for specific populations. This profile could serve as a benchmark for traditional aid and inform funding and programming decisions, and its reliability would only improve as the evidence base grows. McIntosh explained, "USAID could sit down and say, 'For a given spend, and a given beneficiary group, these are the outcomes we could expect if we did cash transfers.'" Notably, reliable benchmarks mitigate the need for additional, expensive, randomized controlled trials directly comparing cash and development programming

3. Using cash as a benchmark has important limitations.

Like the use of cash transfers for anti-poverty programming more broadly, cash benchmarking is not a silver bullet and provides the most value when aligned with internal motivations. "Having a good guess about who is going to participate in an intervention will allow programs to demonstrate their effects on more outcomes," noted Jeremy Magruder, PI of the DRC study. Various program dimensions and donor priorities will affect the accuracy of cash as a benchmark, including variables like target beneficiaries, treatment dosage and spread, timeline, and priority outcomes. In some instances, cash benchmarking may not be an appropriate methodology. "Where outcome dimensions, timing, and resource intensity line-up well, these are the cases where benchmarking will lead to less ambiguity," added Andrew Zeitlin, PI in the Rwanda study.

4. The studies highlight the importance of rigorously evaluating the costs and impacts of programs supported by USAID and other major funders, especially where cash may be a viable alternative.

As the body of evidence on cash grows, there is a corresponding need to invest in evaluations of traditional aid programs. Many programs in the existing literature struggle to compete with cash on certain outcomes, but the impact-per-dollar of most programs remains poorly understood. "One of the important contributions of these studies is that they recognize costing as a primary research endeavor... elevating the discussion of cost-effectiveness and, in particular, measuring program cost and cost-per-impact," said Liz Brown, CEGA Staff Scientist. Including cost analysis in future impact evaluations of traditional aid programs will add comparative value and help donors like

FUNDING INFORMATION

The Development Impact Lab was funded by the U.S. Agency for International Development (USAID) in collaboration with the U.S. Global Development Lab. DIL was co-managed by the Center for Effective Global Action (CEGA) and the Blum Center for Developing Economies at UC Berkeley, and funded rigorous development and impact evaluations of technologies that addressed poverty.

ABOUT THE BLUM CENTER FOR DEVELOPING ECONOMIES

The Blum Center for Developing Economies leverages the talent, enthusiasm, and energy of the University of California, Berkeley community to address the grand challenge of global poverty. Its interdisciplinary problem-solving approach draws on students and faculty dedicated to facing this challenge through innovative initiatives, education, and research.

CEGA
Center for Effective Global Action

cega.berkeley.edu

Twitter: @CEGA_UC
LinkedIn: bit.ly/CEGALinkedIn

University of California, Berkeley
207 Giannini Hall
Berkeley, CA 94720-3310

The Center for Effective Global Action (CEGA)

is a hub for research, training, and innovation headquartered at the University of California, Berkeley. We generate insights that leaders can use to improve policies, programs, and people's lives. Our academic network includes more than 150 faculty, 65 scholars from low- and middle-income countries, and hundreds of graduate students — from across academic disciplines and around the world — that produce rigorous evidence about what works to expand education, health, and economic opportunities for people living in poverty.

Learn more by subscribing to the CEGA newsletter at bit.ly/CEGAnewsletter.