

Testing a Universal Basic Income in Kenya

GiveDirectly

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149M raised for direct transfers

>80,000 households enrolled

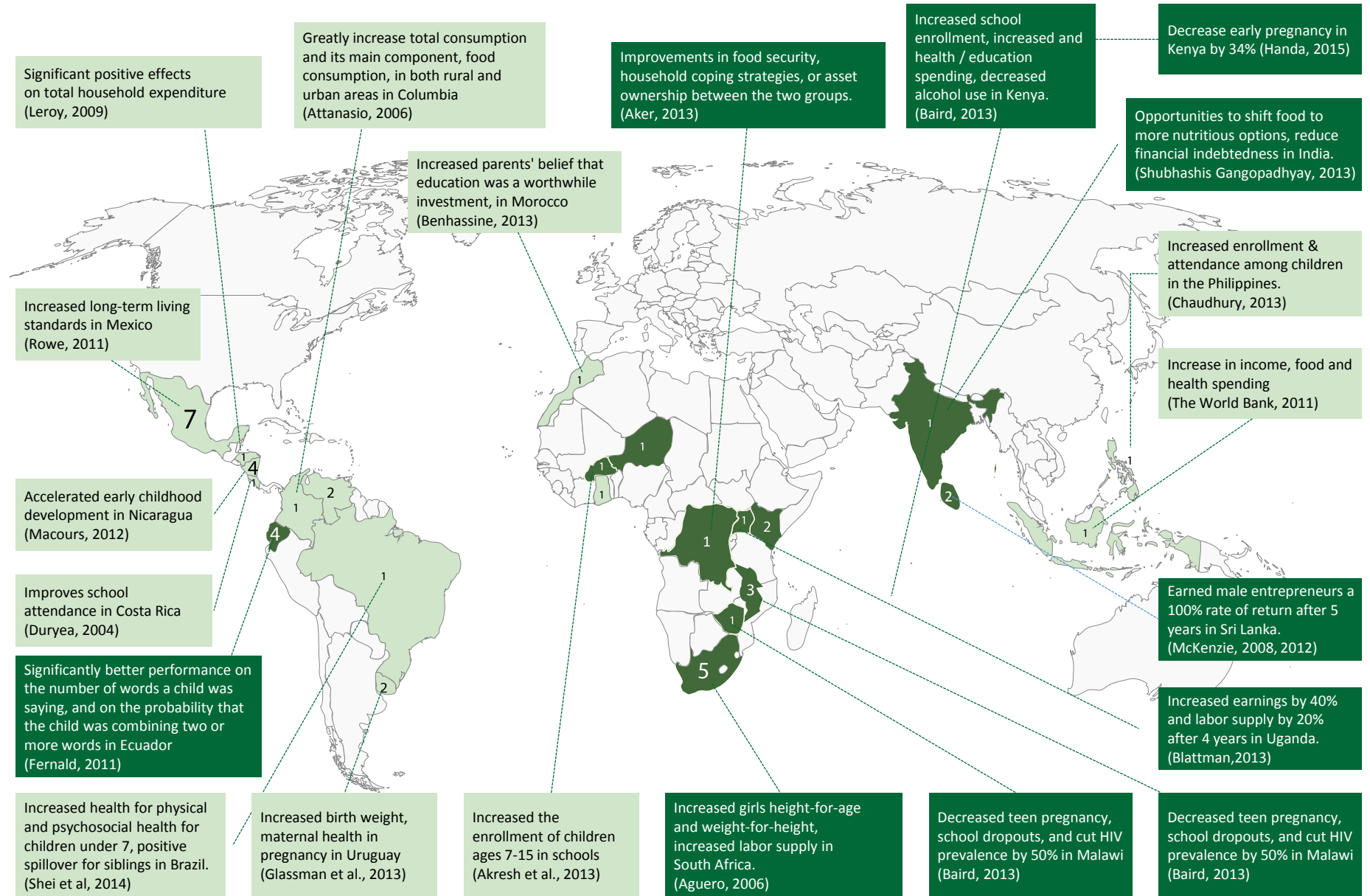
~90% efficiency of transfers

5 non-UBI evaluations underway or completed

- Impact of one-time vs monthly transfers, \$1000 vs \$300
- Long-term and macro impact of one time transfers
- Importance of transfer timing or information provided
- Impact of inspirational videos
- Impact on small-holder coffee farmers

Why we do it: evidence

Unconditional or both
 Conditional





Debunking the Stereotype of the Lazy Welfare Recipient: Evidence from Cash Transfer Programs Worldwide

Harvard & MIT review of **7 cash transfer RCTs** found no evidence cash transfers reduce work



Cash Transfers and Temptation Goods

World Bank review of **19 cash transfer studies** found cash recipients don't increase spending on alcohol or tobacco

We've found the same

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+33% earnings

+61% assets

+19% spending on food

+0.26sd psychological wellbeing

~0 alcohol, tobacco, crime

Testing a Universal Basic income

- **Universal** – entire village
- **Basic** – transfers sized to cover basic needs
- **Long term** – up to 12 years
- **Unconditional** – no strings

Testing operations → one-village pilot, narrative feedback

Testing impact → large scale, multi arm randomized controlled trial

We're providing basic incomes in 40+ villages for 12 years



Cash transfers

<u>Payments</u>	<u>Villages</u>	<u>Adults</u>
12 years, \$0.75/day	44	~5,000
2 years, \$0.75/day	80	~8,000
1-time ~\$500 grant	70	~7,000
Control group	100	~10,000

Research

Study sample

30 households per village

Research team



Abhijit Banerjee
MIT, co-founder of J-PAL



Michael Faye
co-founder GD



Alan Krueger
Princeton, former CEA Chair



Paul Niehaus
UCSD, co-founder GD



Tavneet Suri
MIT, director at J-PAL

Independent surveyors



Regular in-person and phone-based surveying with results out within first two years

- What are the individual effects of a UBI?
 - earnings, spending, assets, occupations, time use, gender relations, cognition, education, nutrition, & aspirations/outlook
- How do communities change?
 - Economic effects, access to health/education/water facilities, road access, community engagement, crime
- How does impact change by duration and structure of transfer?
- How do recipient characteristics affect outcomes?



Pilot village details

- **100 adults**
- Receiving **\$22.80/mo**
- Since **October 2016**
- Continuing for **12 years**
- Rural **Western Kenya**, near Lake Victoria

Have the transfers changed how you feel about work?

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5% say too sick or old to work. For everyone else, say they work the same or more.



Receiving these payments has not changed how much I feel like I need or want to work because I have not achieved my dream fully of poultry farming.

Benter, 65

I will still continue working because I do not want to spend the transfers on food but save them so that I can construct my new house.

Duncan, 21



I do not work these days as I am old and feel weak.

Mary, 60



Saving through table banking is very common

I plan to pay 1000 KES every month to table banking. I also want to plaster my house, start a maize business and buy a cow.

- Norah

Is it a problem payments were sent to individuals instead of households?

It is not a problem as it minimizes family wrangles over who is supposed to decide how money is spent in the case where it is sent per household.

- Grace

How has it changed how you interact with your family or spouse?

This transfers have brought more love and understanding between me and my spouse in that we no longer squabble about finances because each of us receive the transfer and so I do not have to nag him over money all the time.

- Phoebe

How did you spend the money?



I spent the money received from GiveDirectly on **purchasing a goat** worth 1250KES after adding part of my money and kept 1000KES as **savings**.

-Irene



I spent the money on buying **fishing net** at 1800 KES, **saved** 400 KES in Mshwari and bought **small fish** 'omena' of 50 KES.

-Erick



I spent 2,000 KES to clear **school fees** arrears for my son and then spent the remaining amount on **food, sugar and buying water**.

-Frederick



I spent 1500 KES to add **capital to my shoes business** and bought **maize** at 750 KES.

-Linet



I spent 1,800 KES on **medical expenses**, bought 1 kg of **sugar** for 120 KES and the remaining amount was spent on buying **food** in the house.

-Grace