Testing a Universal Basic Income in Kenya
What we do

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

- Greatly increase total consumption and its main component, food consumption, in both rural and urban areas in Columbia (Attanasio, 2006)
- Increased parents’ belief that education was a worthwhile investment, in Morocco (Benhassine, 2013)
- Decrease early pregnancy in Kenya by 34% (Handa, 2015)
- Opportunities to shift food to more nutritious options, reduce financial indebtedness in India. (Shubhashis Gangopadhyay, 2013)
- Decreased teen pregnancy, school dropouts, and cut HIV prevalence by 50% in Malawi (Baird, 2013)
- Increased school enrollment, increased and health / education spending, decreased alcohol use in Kenya. (Baird, 2013)
- Increased enrollment & attendance among children in the Philippines. (Chaudhury, 2013)
- Increase in income, food and health spending (The World Bank, 2011)
- Earned male entrepreneurs a 100% rate of return after 5 years in Sri Lanka. (McKenzie, 2008, 2012)
- Increased earnings by 40% and labor supply by 20% after 4 years in Uganda. (Blattman, 2013)
- Decreased teen pregnancy, school dropouts, and cut HIV prevalence by 50% in Malawi (Baird, 2013)
- Improvements in food security, household coping strategies, or asset ownership between the two groups. (Aker, 2013)
- Increased school enrollment, increased and health / education spending, decreased alcohol use in Kenya. (Baird, 2013)
- Increased long-term living standards in Mexico (Rowe, 2011)
- Increase in income, food and health spending (The World Bank, 2011)
- Increased health for physical and psychosocial health for children under 7, positive spillover for siblings in Brazil. (Shei et al, 2014)
- Increased birth weight, maternal health in pregnancy in Uruguay (Glassman et al., 2013)
- Increased the enrollment of children ages 7-15 in schools (Akresh et al., 2013)
- Increased girls height-for-age and weight-for-height, increased labor supply in South Africa. (Aguero, 2006)
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- Accelerated early childhood development in Nicaragua (Macours, 2012)
- Improves school attendance in Costa Rica (Duryea, 2004)
- Significantly better performance on the number of words a child was saying, and on the probability that the child was combining two or more words in Ecuador (Fernald, 2011)
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What about the bad stuff?

**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
<table>
<thead>
<tr>
<th>Percentage</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>+33%</td>
<td>earnings</td>
</tr>
<tr>
<td>+61%</td>
<td>assets</td>
</tr>
<tr>
<td>+19%</td>
<td>spending on food</td>
</tr>
<tr>
<td>+0.26sd</td>
<td>psychological wellbeing</td>
</tr>
<tr>
<td>~0</td>
<td>alcohol, tobacco, crime</td>
</tr>
</tbody>
</table>
How are GD testing UBI in Kenya?

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

<table>
<thead>
<tr>
<th>Payments</th>
<th>Villages</th>
<th>Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 years, $0.75/day</td>
<td>44</td>
<td>~5,000</td>
</tr>
<tr>
<td>2 years, $0.75/day</td>
<td>80</td>
<td>~8,000</td>
</tr>
<tr>
<td>1-time ~$500 grant</td>
<td>70</td>
<td>~7,000</td>
</tr>
<tr>
<td>Control group</td>
<td>100</td>
<td>~10,000</td>
</tr>
</tbody>
</table>

### 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
Questions

- 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?
What it’s like to receive a basic income

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?

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
Social dynamics

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
<table>
<thead>
<tr>
<th>Name</th>
<th>How did you spend the money?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irene</td>
<td>I spent the money received from GiveDirectly on <strong>purchasing a goat</strong> worth 1250KES after adding part of my money and kept 1000KES as <strong>savings</strong>.</td>
</tr>
<tr>
<td>Erick</td>
<td>I spent the money on buying <strong>fishing net</strong> at 1800 KES, <strong>saved</strong> 400 KES in Mshwari and bought <strong>small fish</strong> 'omena' of 50 KES.</td>
</tr>
<tr>
<td>Frederick</td>
<td>I spent 2,000 KES to clear <strong>school fees</strong> arrears for my son and then spent the remaining amount on <strong>food, sugar and buying water</strong>.</td>
</tr>
<tr>
<td>Linet</td>
<td>I spent 1500 KES to <strong>add capital to my shoes business</strong> and bought <strong>maize</strong> at 750 KES.</td>
</tr>
<tr>
<td>Grace</td>
<td>I spent 1,800 KES on <strong>medical expenses</strong>, bought 1 kg of <strong>sugar</strong> for 120 KES and the remaining amount was spent on buying <strong>food</strong> in the house.</td>
</tr>
</tbody>
</table>