

Timeline

April-August 2020

Study Type

Randomized Evaluation

Research Implemented by IPA

No

Cash Transfers During a Pandemic: Evidence from a Kenyan Slum

Researchers

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Abstract

This study will deliver cash grants to female microenterprise owners in Dandora, Kenya during the COVID-19 outbreak. Researchers are conducting a randomized controlled trial to study the impact of unconditional cash transfers on economic outcomes both during and after the crisis. The research team will collect information about expectations, beliefs, and impact of any potential government policy responses on business outcomes. This panel data is collected by phone interview on an ongoing basis from early April until the end of August. The study population is composed of entrepreneurs in a dense slum in Nairobi, Kenya called Dandora. We track beliefs about the severity of the outbreak, beliefs about the effects it has on their businesses, and business outcomes, such as sales, pricing, costs, employment and inventories. The study will have observations of study participants approximately every two weeks from April until August of 2020.

Project Outcomes of Interest

Economic impacts of unconditional cash transfers; expectations, beliefs, and impact of any potential government policy responses on business outcomes; beliefs about the severity of the outbreak, beliefs about the effects it has on their businesses, and business outcomes, such as sales, pricing, costs, employment and inventories

Partners

Ford Family Program (Kellogg Institute for International Studies, Notre Dame University),
Abdul Latif Jameel Poverty Action Lab (J-PAL)

Key Findings

We deliver one month's average profit to a randomly selected group of female microenterprise owners in the Kenyan slum of Dandora, just preceding with the exponential growth of COVID-19 cases. Firm profit, inventory spending, and food expenditures all increase. The transfers simultaneously cause a re-opening of previously closed businesses. PPE spending and precautionary management practices increase to mitigate this effect, but only among those who perceive COVID-19 as a major health risk. Cash transfers can assist in economic stabilization during a pandemic, but the resulting increase in business activity requires policies to inform and encourage mitigation.

Link to Results

[December 2020 Working Paper](#)

Impact Goals

- Build resilience and protect the financial health of families and individuals
- Build resilient and adaptable businesses and employment opportunities

Results Status

Results