



Does peer monitoring influence choices between cash and food? Findings from a field experiment



Erin Lentz^{a,*}, Robert Ouma^b, Andrew Mude^c

^a Lyndon B Johnson School of Public Affairs, University of Texas, Austin P.O. Box Y, Austin, TX 78713-8925, USA

^b Institute for People, Innovation, and Change in Organizations, P.O. Box 1094, Nairobi 00502, Kenya

^c International Livestock Research Institute, P.O. Box 30709, Nairobi 00100, Kenya

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ABSTRACT

To explore whether choices for transfers are influenced by peer monitoring, we examine private versus public choices among monetarily equivalent values of cash and food in northern Kenya. Many northern Kenyan communities face high-levels of chronic food insecurity and are tightly-knit, often sharing food aid transfers. Yet, humanitarian cash transfers are relatively new to the area. Whether cash will be subject to the same sharing norms is not well understood. Utilizing a randomized block experiment, we find that assigning a respondent to choose in front of peers decreases the likelihood of choosing a cash transfer relative to at least some food. We argue that peer monitoring decreases the value of cash relative to food in two inter-related ways. Choosing food in public, first, provides an opportunity for respondents to publicly demonstrate a commitment to local food aid sharing norms. Second, choosing cash in public may be riskier since cash does not yet have established sharing norms. A critical implication is that transfer choices and retargeting of resources within the community can be influenced by use of public or private discussions when eliciting community views, especially in communities where sharing is a salient social norm.

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1. Introduction

While food aid has hitherto been a *fait accompli* in many places that face chronic or periodic food insecurity, this is rapidly changing. The High Level Panel on Humanitarian Cash Transfers (HLPHCT) (2015), for example, has recently argued for a shift to cash transfers, asking practitioners to consider: “Why not cash? If not now, when?” There are numerous reasons why practitioners, donors, and governments may prefer cash to food transfers. Cash tends to be cheaper to deliver, can support local markets, and provides flexibility and choice for recipients, among others (Upton and Lentz, 2012; HLPHCT, 2015). On the other hand, food transfers may be preferred when markets face inflation or are volatile, may provide more control to the distributing agencies, and, in some cases, have been linked to higher caloric consumption than cash transfers (Upton and Lentz, 2012). Notably, there is little evidence of “anti-social” expenditures (e.g., on alcohol) of cash (HLPHCT, 2015).

Consonant with a large literature on mutual insurance (see de Weerd and Dercon, 2006; Jakiela and Ozier, 2015), sharing food and food aid are important forms of community-based support

within pastoral communities in arid and semi-arid Kenya (Ensminger, 1992; Mude et al., 2012). To date, there is little research on the sharing of cash transfers. Food aid has been widely and consistently distributed in response to long-term, chronic food insecurity in this region and has well-established sharing norms. For at least 25 percent of our sampled population in Marsabit district, one of four districts in northern Kenya, food aid comprised a quarter of total income (McPeak et al., 2009). As of June 2008, approximately 40 percent of the Marsabit population (63,720 individuals) received monthly packages of United Nations World Food Programme food aid, delivered by the Kenyan Red Cross (Mude et al., 2012).

Yet, the role of food aid is declining in this region. Donor and recipient governments and aid agencies are increasingly considering alternatives to food aid transfers, including delivering cash transfers (Mude et al., 2012). For example, the pilot phase of Kenya's Hunger Safety Net Programme introduced cash payments in parts of northern Kenya (Oxford Policy Management et al., 2013).

Barrett et al. (2009) argue that before a transfer is selected, practitioners ought to assess local market functioning and recipients' preferences among cash and food. Asking potential recipients which transfer(s) they prefer can provide insights for policymakers and analysts into local market functioning and other factors that may influence the success of a transfer program (Barrett et al.,

* Corresponding author.

E-mail addresses: erinclentz@utexas.edu (E. Lentz), robert.ouma@picoteamea.org (R. Ouma), a.mude@cgiar.org (A. Mude).

2009). Further, understanding the conditions under which households prefer different transfers (cash, food, or some combination) and why certain transfers are preferred is increasingly important as cash becomes more commonplace for policymakers and practitioners (Barrett et al., 2009; Michelson et al., 2012).

Through an experiment in northern Kenya, we examined the influence of peer monitoring on people's choice between monetarily equivalent cash and food transfers. Although specific sharing norms vary by tribe (Mude et al., 2012), food aid has established norms or social expectations of sharing, which cash, at least as of yet, does not. We assess whether being asked in public increases the likelihood of choosing food, which has established sharing norms. In one arm, a random subset of respondents chose a food or cash transfer in private. In the second arm, we asked a different random subset of respondents to choose in front of their peers. Payouts were made in private, after a focus group discussion. We find peer monitoring almost doubles the proportion of respondents choosing at least some food: from 21 percent to 39 percent. Our result indicates that the conditions under which people are asked to choose among cash and food impact their choices. An important policy implication is that by taking into account the effect of peer monitoring, practitioners can better reach the most vulnerable.

In the next section, we discuss first research sharing norms and the role of public knowledge in sharing, and then, the northern Kenyan pastoral context. In section three, we present qualitative data to examine the diversity of local food aid sharing norms. In section four, we discuss the experimental design and our sampling strategy. In section five, we introduce the concept of a peer monitoring effect and discuss a model that incorporates a peer monitoring effect that increases the returns to choosing food in public relative to cash. We present findings in section six and conclude in section seven with suggestions for future research and policy implications.

2. Literature

2.1. Sharing norms and public knowledge

The role of sharing within communities has been a source of interest to numerous researchers. Explanations for sharing include rational self-interest, altruism, moral sentiments, or social pressure (Mauss, 1990; Bowles, 2009; Jakiela and Ozier, 2015). Mauss (1990) argues that in a number of societies “exchanges and contracts take place in the form of presents; in theory these are voluntary, in reality they are given and reciprocated obligatorily” (p. 3). Jakiela and Ozier (2015) note social pressure might induce participation in mutual insurance or sharing; people may be willing to defect when they can do so without consequences. Bowles (2009) argues an individual's long-standing social reputation is not separable from economic incentives and that “moral sentiments” combined with incentives can induce behaviors beneficial to others.

Others have found that specific group attributes and behaviors, such as strong group identity, high levels of reciprocity, and the threat of sanctioning, are linked to cooperative outcomes, such as sharing and norm-abidance (Coleman, 1990; Ostrom, 1990; Horne, 2001; Fafchamps, 2011). Ensminger (2004), for example, observing a high degree of food sharing in many comparatively less market-oriented societies in East Africa, argues that sharing is attributable to precise sharing rules and is sustained by considerable monitoring within the community.

Social norms in northern Kenya, such as the sharing of food aid, may have emerged over time as a way to manage the numerous risks and challenges of pastoral life. Little et al. (2008) write that for pastoralists in arid and semi-arid northern Kenya, “people (social assets) and animals (material assets) ... are inherently com-

plementary resources and both need to be managed effectively to avoid being poor” (p. 598). Attributes of rural communities in Marsabit, such as being tight-knit and composed of cohesive groups of individuals from the same tribe or allied tribes, aid in the formation of and abidance of social norms (Schlee, 1989; Little et al., 2008).¹

As of yet, there is relatively little information on the sensitivity of social norms to new market-based transfers, such as cash-based transfers, in less developed countries (Fafchamps, 2011). Fafchamps (2011) argues that as societies become more engaged with cash economies, local norms change as well. When new norms about economic activities are emerging and old ones are still intact or evolving, people may pick and choose among conflicting norms, which may result in choices that are more complex than what might be perceived through a lens of economically rational individual behavior (Horne, 2001; Fafchamps, 2011).

A few studies examine the different norms surrounding food transfers, cash and cash transfers. Ensminger (2004) finds that for some pastoral communities in Kenya, cash is perceived as a private good and food aid as a semi-public or public good. Margolies and Hoddinott (2012) and Ahmed et al. (2009) note that different transfers may be associated with particular obligations, for example, the belief that food transfers “should” be shared with extended family. MacAuslan and Riemenschneider (2011) report that in Zimbabwe, relative to food transfers, cash transfers were associated with a negative impact on intra-community relations; recipient households shared food with non-recipient households but did not share cash. Thus, in this limited literature sharing norms seem stronger for food than for cash.

There is a small but growing body of evidence that a public's knowledge about who has received a transfer influences how recipients use – and share – the transfer within communities. In other words, private distributions seem to enable people to avoid sharing. Goldberg (2010), in a randomized field experiment, finds that in Malawi winners of windfall lotteries whose winnings are made public spend their winnings faster than those whose winnings are kept private. The author argues that the rapid spending by publicly announced winners is a means of decreasing the fraction of winnings that must be shared within the winner's social network. That is, money won in public comes with a public expectation of sharing while privately won money does not (Goldberg, 2010). Baland et al. (2011) argue that in Cameroon, respondents with savings choose to borrow to appear poorer than they are. Respondents with loans then show their credit passbooks to others to demonstrate that they are unable to provide financial resources. In a recent study, Jakiela and Ozier (2015) find that under experimental conditions, rural western Kenyan women are willing to reduce their cash payouts in order to hide the amount of their base endowment from their relatives. The authors find, “Women who know that the outcome of their investments will be made public distort their choices to hide a portion of their income” (p. 36). They argue this is evidence of social pressure driving mutual insurance arrangements. In contrast, Aker et al. (2014) find that in Niger, transfers delivered by a mobile-money mechanism relative to public distributions of cash transfers (in envelopes) are not associated with a decrease in inter-household sharing.

To summarize, the literature indicates that sharing food aid is a common social norm while, in the few available studies, cash is shared less. Yet, it should not be assumed that all individuals within a community want to share; communities' sanctioning of non-sharing behavior can induce people to share who would otherwise prefer not to (Coleman, 1990; Ensminger, 2004). Further,

¹ An exception is the more diverse Marsabit Town, the district capital and major hub of market activity in the district. Later, we discuss variations in food aid sharing norms across rural Marsabit communities.

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