

Effect of financial products and services cash and in-kind transfers on intermediate social cohesion outcomes

Group finance has a moderate impact on intermediate social cohesion outcomes

Cash transfers – either as a single intervention or combined with vocational training – have no effect on self-efficacy

Geographic Location: Sub-Saharan Africa and South Asia

Effect: Group finance: moderate. Cash transfers: no effect

Confidence in cell findings: Impact evaluations Low (1 study only); Review Moderate

Short summary

The primary study assessed the impact of cash transfers and vocational training on reducing support for armed opposition groups (AOGs) and violence. The outcomes included self-efficacy with no effect found for cash transfers with or without vocational training.

The review presented evidence from a range of outcomes. Group finance had a moderate effect on women's freedom of movement and association. There was no effect of cash transfers on these outcomes. One study on institutional microfinance found a large effect.

Long summary

The intervention

Financial interventions include micro finance (microcredit, microinsurance, and microsavings interventions, including establishing village savings and loan associations), financial literacy support, and both in-kind and cash transfers. The specific intervention in the included primary study in this summary was a cash transfer, which some participants received together with vocational training.

The review includes evidence on three categories of financial products:

- Group-based finance to self-help groups and village savings and loans associations. These are mostly women's groups will act as savings groups from which members can also borrow. The groups may also receive external finance.
- Institutional finance, being loans from financial institutions such as banks or post offices.
- Cash transfers which are paid to poor households or individuals. They may be either conditional or unconditional.

How the intervention is expected to work

The intervention in the primary study aim to reduce the likelihood of younger individuals joining armed opposition groups (AOGs) by addressing economic vulnerabilities. By increasing access to vocational skills training and providing unconditional cash transfers, the programs seek to enhance economic opportunities and alleviate financial pressures on families. These interventions may support self-efficacy and social connections between participants.

The review includes studies of group finance – self-help groups and village savings and loans associations – which provided funds to groups and so they may be expected to strengthen the network of group members and so provide a safety net.

Institutional microfinance is provided either to individuals or to groups. Group finance may be expected to have a positive effect on safety nets through informal social networks.

Cash transfers are usually made to individuals and so may not be expected to have an effect on social safety nets. However, cash transfers may be part of a multi-component intervention with a training component. Training may provide formal or informal associations which support safety nets.

The evidence base

One randomized controlled trials (RCTs) featuring unconditional cash transfers and vocational skills training programs. There is also one systematic review, namely Lwamba (2022).

The impact evaluation evidence

Kurtz 2018: This paper evaluates the impact of the INVEST programme which provided vocational training and cash transfers on combatant support among at-risk youth in Kandahar, Afghanistan. The study used a factorial design with three treatment arms: training only, cash transfer only, and both. The outcomes include a measure of self-efficacy – that is a person’s sense of control over their life – which is an intermediate measure for social cohesion. There is no statistically significant effect on this outcome from any treatment arm.

The review evidence

Lwamba: The included review for this cell reports an outcome women's freedom of movement and association which can be taken as a measure of intermediate social cohesion. Seven studies report an effect for SHGs and VSLAs, g ranging from -0.05 to 0.46 with an average of 0.18 . Just one study reports an effect for institutional microfinance, which is a large effect of $g=0.53$.

Three studies of cash transfers, which have a very small and statistically insignificant, very small effect of 0.01 . For cash transfers: evidence from four studies finds a small statistically insignificant effect ($g=0.04$) on the quality of relationships between women and their household and community members.

Confidence assessment:

Overall Moderate: Confidence rating for the cell is moderate rather than low because of the consistency of evidence (only one study finding a significant effect).

Other outcomes in this study:

Violence / social norms regarding violence

Community and state governance / Government performance

Social cohesion / Feelings of trust & Acceptance of diversity

Human security / Economic security

Link to review summaries:

Lwamba (2022)

Lwamba E, Shisler S, Ridlehoover W, Kupfer M, Tshabalala N, Nduku P, Langer L, Grant S, Sonnenfeld A, Anda D, Eyers J, Snilstveit B. Strengthening women's empowerment and gender equality in fragile contexts towards peaceful and inclusive societies: A systematic review and meta-analysis. *Campbell Syst Rev.* 2022 Mar 8;18(1):e1214. doi: 10.1002/cl2.1214. PMID: 36913184; PMCID: PMC8904729.