HUMANITARIAN CASH TRANSFERS THROUGH SELF-HELP GROUPS:

Making the Most of Local Approaches?

AN IMPACT STUDY BASED ON A TRIAL BY TEARFUND IN ETHIOPIA

University of Reading

tearfund

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An impact study based on a trial by Tearfund in Ethiopia

Tearfund commissioned the University of Reading to carry out this research.

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Tearfund is a Christian relief and development agency building a global network of local churches to help eradicate poverty.

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Acronyms

EKHC: Ethiopian Kale Heywet Church (the partner organisation that Tearfund supports in its work with SHGs)
NGO: Non-governmental organisation
SHG: Self-help group

Key terms

Tearfund: Christian relief and development agency with headquarters in the UK
Treated SHG: Self-help group in receipt of a cash transfer (from Tearfund, administered by EKHC)
Untreated SHG: Self-help group that received no cash transfer
Non-SHG beneficiaries: People outside of SHGs in receipt of a cash transfer passed on by treated SHG members
Onlookers: Non-SHG members and non-beneficiaries of the cash transfer who live in the same community as those above.

EXECUTIVE SUMMARY

Tearfund partners with local organisations in Ethiopia to support over 20,000 self-help groups (SHGs). These groups are formed in order for their members to save together week by week from their own resources, and once the collective fund is sufficient they make loans to one another. In this way, the SHGs provide their members with access to cash, as well giving them social and psychological support as they find themselves able to meet their own needs.

In view of the drought since 2015 leading to the current food security crisis in Ethiopia, Tearfund has been engaged in delivering emergency assistance. Tearfund wishes to know whether providing cash transfers through self-help groups is an effective model that may be replicated for delivering emergency assistance to those members and beyond.

To this end, Tearfund asked the University of Reading to evaluate a pilot project in which 230 SHGs were provided with cash transfers. The cash transfer was worth about 30 USD per SHG member, which comes to around 500 USD for an average SHG with 17 members. The SHG members could decide how this money should be used within the group. Most of the SHG members agreed to add this cash transfer to their group capital, and made it accessible to one another in the form of a loan. This was in keeping with their self-help ethos. An additional 20 per cent cash was transferred to the SHG for that SHG to give away to non-SHG members, identified as the most vulnerable households in the community. Targeting and distribution was left to the group to decide, but the money had to be administered as grants, not loans.

In order to evaluate the impact of this project, 225 surveys were collected covering individuals from 65 different 'treated SHGs' (that is, SHGs in receipt of the cash transfer), 45 'untreated SHGs', 50 non-SHG 'beneficiaries' of grants from the SHG, and 65 'onlookers' from the same locality who were neither in SHGs nor recipients of cash, but some of whom knew about the cash transfer. One-third of this data was collected in rural satellites of Shashemene, and two-thirds in urban Arsi Negele.

There were four main research questions that Tearfund wanted answers for, which we address in turn:

Research question 1. Has the cash transfer negatively affected the SHGs' self-reliance? (Self-reliance refers to SHG members' confidence and capability of realising change by themselves.)

SHG members reported on multiple aspects of their group's internal functions; their group and external relationships; their group outlook and future prospects. There was no sign from direct questions into these matters that the introduction of cash transfers either improved or damaged any of these areas.

There was evidence that the cash transfers to SHG members were linked to increased access to loans and increased savings, and people felt better off for having had the cash transfer, which was the purpose of the exercise.

On the negative side, while untreated SHGs showed significantly greater willingness than non-members of SHGs to forgo a small sum in the present for a larger sum later on, treated SHGs appeared to have lost this willingness to wait. Their reduced willingness to wait did not appear to be related to changes in SHG functioning (there did not appear to be any negative changes) or to people thinking it would take longer to recover from the drought (the treatment did not impact this), but it was more significant among groups that had saved a lot themselves, among persons who were uncomfortable with the role of giving out cash transfers to others, and was connected to persons reporting less strongly that SHGs can realise change by themselves. Perhaps the cash transfer knocked the confidence or motivation of conscientious savers when they saw the money come in from external sources so easily and indiscriminately.

SHG members handling cash from outsiders were also significantly more likely to report increased levels of conflict over resources in their communities, particularly in Arsi Negele. This is in spite of the fact that having more resources was generally associated with less sense of conflict. This issue was only discovered when questions on conflict were put indirectly – there were few signs of direct negative feedback regarding the cash transfers reported by anyone, whether inside or outside of SHGs. The sense of conflict was especially pronounced among the minority of treated SHG members who expressed concern about envy from onlookers, and/or who reported that the group found it hard to decide how to administer the cash transfer. Although a big majority of SHG members reported the administration of the cash transfers to be harmonious, a few SHG members from both urban Arsi Negele and rural Shashemene struggled with the idea of providing cash to people outside of SHGs as *grants* instead of *loans* (loans being the way that *they* accessed cash).

Some differences were noted between more and less mature SHGs ('maturity' being indicated by capital accumulation prior to the cash transfer). More mature treated groups appeared most likely to function well following treatment. However, more mature groups were also the ones more likely to suffer a knock to their confidence following treatment.

Despite these setbacks, the vast majority of indicators showed that SHG members do significantly better than non-members of SHGs (whether treated or not); that SHG members were very positive about their groups; and that the cash transfers did not damage mature SHGs directly. SHG functioning was not significantly different to that of untreated SHGs, nor were levels of generosity (which are very sensitive to relational quality), nor was the sense of control felt by SHG members. Neither were any of these areas significantly enhanced by the cash transfer. There is no sign that the SHGs were not capable of handling the cash transfers or targeting the right persons. All the SHGs had completed the necessary transactions within six months (the date of the survey), although around half of them had taken longer than two months to do so (especially in rural Shashemene and especially among less mature SHGs (with less accumulated capital of their own)).

SHG members, given the chance for free expression, argued persuasively in favour of the cash transfers – they volunteered the information that the cash favoured savings and investments and encouraged them to keep going. Despite this, measures of life satisfaction did not respond to having received and administered cash transfers either positively or negatively.

As for the effects on SHGs of administering cash to people outside the group, although some of the SHG members were very positive about this and few gave direct negative feedback, 60 per cent still said they would have preferred that the NGO had administered the cash directly. The issues of a reduced 'willingness to wait' for money, increased sense of conflict, and concerns over the terms of the transfer did not make SHG members who were strongly affected more likely to say that NGOs should handle the transfers directly compared to those who did not feel these issues so strongly. Nor was the preference for NGOs to handle cash transfers on behalf of others any greater than that felt generally among onlookers from the same area who were completely unaware of the cash transfers. However, untreated SHGs were keener to handle the cash transfers on behalf of others than were treated SHGs who had actually tried it. It would seem that the experience of administering the cash reduced SHG enthusiasm for the task.

Research question 2. How has this method of distribution affected relationships within the community? (Altering control over resources alters power dynamics, and we should check for positive and negative repercussions.)

The cash transfers and their source had not been announced publicly, but only discussed with treated SHG members. In spite of this, around half of SHG members thought that most people would know about them handling the cash transfer. And indeed, when asked directly, around a third of non-SHG beneficiaries and onlookers knew that SHG members had handled cash from an external NGO. This implies that giving cash through SHGs is hard to do privately, and it will impact the judgement of non-beneficiaries.

Although handling cash was associated with increased reports of conflict over resources, it was not the case that people were more likely to report conflict when they felt more people knew about the cash transfer. In spite of this, most SHGs had *not* disclosed the source of the cash to non-SHG beneficiaries, leaving these persons to think that the cash came from SHG savings. There may be some reluctance to let it be known that SHGs had accessed external cash and indeed, it has already been reported that the conflict variable was linked to treated SHG members being concerned about negative feedback from non-beneficiaries. Non-SHG beneficiaries were less likely than SHG beneficiaries to expect negativity over their receipt of cash transfers, which could be to do with their relative poverty; an onlooker's sense of fair play not being so easily offended when grants are directed to the very poor (Kolm and Ythier 2006; Pavanello et al. 2016).

Non-SHG beneficiaries of the cash administered by SHGs, as well as onlookers to the process, were asked what they thought of SHGs over a series of detailed questions. SHG members were generally held in high regard, and people who knew nothing about the cash transfer or its source were not likely to report on the quality of SHGs in ways that differed significantly from those who knew that SHGs had accessed cash from outside sources.

Almost half of the non-SHG beneficiaries mentioned conditions attached to their receipt of the cash, and this was one of the very few areas in which beneficiaries expressed discontent in a direct question. SHGs also felt disturbed by having to provide grants rather than loans.

Having SHGs within the community select beneficiaries made around half of the non-SHG beneficiaries feel obliged to SHG members, and particularly where relationships were already close. These relational factors may bring the recipient to feel they ought to use the resources for investment in productive assets, but it is not a condition appreciated by the beneficiary. Cases where conditions and/or advice were attached to the transfer, cases where relationships were close, and cases in which a sense of obligation was created were all reflected in beneficiaries tending to say that NGOs should handle the cash directly. Knowing the source of the cash helped ease this tension.

Non-SHG beneficiaries and onlookers both expressed similar levels of preferences for NGOs handling cash instead of SHGs. In both cases, just over half (54 and 53 per cent) preferred NGOs to handle the cash transfer. Of onlookers who knew nothing at all of cash transfers, 67 per cent preferred to see cash transfers handled by NGOs rather than SHGs. People warmed up to the idea of SHGs handling cash transfers when they knew about it actually happening, although there still remained a majority of persons preferring NGOs to handle cash transfers. Those who respected SHG members and believed them to be generous with their own resources tended to be significantly happier about the SHG handling the cash transfer instead of NGOs, but not when their relationships with SHG members were close. As before mentioned, in the context of close relationships, people preferred an NGO to handle the transfer, whether inside or outside of an SHG.

Knowing about the cash transfers stimulated reports of people wanting to sign up for SHGs. Most people had heard of several non-members wanting to sign up.

Research question 3. How is the cash distributed and used when channelled through SHGs? (Taking into consideration targeting, impartiality and how the source of the cash affects its usage. Also comparing if possible to outcomes when NGOs deliver cash directly.)

The SHG members have an intimate knowledge of the local area. There is evidence that they made use of their relational networks in selecting beneficiaries. However, they showed themselves capable of accurately targeting significantly less well-off persons in their communities. They did not express serious problems with handling the transfer, and they did their job conscientiously with 82 per cent of non-SHG beneficiaries receiving home visits and 60 per cent of the beneficiaries also mentioning follow-up after the transfer. However, the most common grant amount that non-SHG beneficiaries reported receiving was 500 birr (22 USD) which is less than the 30 USD per household that was recommended to SHGs that they pass on.

Three-quarters of the distribution via SHGs tended to involve 'the same sum for everyone' rather than varying allocations according to need. Over 80 per cent of the non-SHG beneficiaries of cash were women (women were seen to be needier), and over 80 per cent of those handing over the cash were women, although over 30 per cent of the SHG members interviewed were male.

The availability of cash increases the range of expenditures people are able to make. Even if cash is given for a specific purpose, it frees up expenditure in other areas as well. Thus more non-SHG beneficiaries compared to onlookers were able to allocate money to domains such as the purchase of productive assets, medical and/or school fees, transport, household durables and savings.

SHGs tended to be spending in these areas anyway, and there is no sign that SHG members spent the cash transfer money in ways significantly different to how they spent money that they had saved up for themselves. In this survey, men and women were equally likely to take a loan from SHGs, but men were more likely to invest in productive assets than women.

Cash given on loan terms as opposed to grant terms was more likely to be invested in productive assets, although the cash being on grant terms was directed to a poorer segment of the population. We had only very little information on the ways that people spent money from other NGOs, but from what information we had, the patterns of expenditure did not appear to be significantly different to the way cash was spent when administered by SHGs.

There was little sign then that the source of the cash affected its usage. It is possible that a sense of obligation increased the likelihood of using the money for investment purposes, but emphasising obligations made beneficiaries uncomfortable, such that they would rather the NGO handled the transfer directly.

Research question 4. How might Tearfund improve its use of SHGs to deliver emergency assistance, and are there contexts in which the model is inappropriate?

Regarding cash transfers through SHGs to non-SHG beneficiaries:

Where SHGs are upfront about the source of cash they are distributing, it reduces an unwanted sense of obligation and distaste from non-SHG beneficiaries on being given money by peers. It makes the administration of cash by SHG members more acceptable to those beneficiaries, and does not make the beneficiary think any less of the SHG member.

The terms of the transfer outside of groups needs further consideration – some SHGs do not like channelling grants when they themselves access cash via loans, while even more so, non-SHG beneficiaries do not like to be 'advised' by peers. More work could be done to agree terms of transfer with SHGs, and to clarify what should and should not be said to non-SHG beneficiaries.

While close relationships with SHG donors may encourage non-SHG beneficiaries to invest in productive assets, close relationships are also associated with dissatisfaction with the SHG role, since receiving cash from the hands of peers puts the beneficiaries into an uncomfortable position. Less closely-knit communities (eg urban communities) were better disposed towards SHGs handling the cash transfers and may be better targets for this method of aid distribution, while in very close-knit communities a stronger preference is expressed for NGOs to handle the cash.

Regarding cash transfers to SHGs:

We know that a reduced willingness to forgo a small sum now for a larger sum later is detrimental to long-term progress. This change (a loss of confidence or motivation?) was seen in treated SHG members, particularly among individuals who were better able to make it on their own, and particularly among individuals who found the role of handing on cash to others uncomfortable. Perhaps linking cash transfers to one's own efforts to save, or linking reward to the work involved in distributing cash outside of the group may help to reduce this negative effect, but the evidence on this is not clear, and nor is it necessarily the objective of the cash transfer. The 'fairness' of linking benefits to effort may also have an impact on the sense of conflict.

Conflict accompanies the handling of cash no matter who does it, and is difficult to avoid altogether. This method of cash administration requires the SHG members to bear this conflict, rather than a more anonymous NGO. In spite of the sensitivities of close relationships when it comes to administering cash, SHG members who are seen to be generous, caring and good are less likely to incur dissatisfaction when they handle cash transfers (non-members are happier with SHGs taking this role), and SHGs are more likely to be seen as deserving. Conflict in rural Shashemene where relationships were closer and more characterised by generosity was not reported by SHGs to the extent that it was in urban Arsi Negele. Conflict might also be reduced by offering more help to SHGs in working through the terms of the transfer. The correct targeting of the cash transfer is likewise known to be essential in avoiding conflict (Pavanello et al. 2016). Higher levels of education did not reduce conflict and nor did it make any difference whether the SHG was older or younger.

To conclude

We see a high level of regard for SHGs and positive reports on their functioning, both of which remain stable with and without the knowledge or experience of cash transfers. People answer positively on anything to do with cash transfers. Onlookers do not seem unduly upset by them (although the selection of respondents via SHG members may have biased this finding). There is no sign that the cash transfers distort spending patterns, and they alleviate constraints on investment, savings and essential purchases. As is to be expected with any distribution of cash, there are some signs of conflict, and also some damage in 'willingness to wait for money' among treated SHGs compared to non-treated SHGs. Conditions of transfer outside of the groups need more discussion and clarification. Relying on close relationships to ensure wise use of the cash transfers may work, but it also makes the beneficiaries uncomfortable, especially if they are being told what to do by peers. It helps to be upfront about the source of the cash transfer, and it helps if those handling the cash transfer have a reputation for generosity beforehand. A majority of persons from all groups would rather that NGOs handled the transfers directly, and particularly in the context of close relationships. However, there is no sign that SHGs are incapable of doing the job or targeting the right people.

1 BACKGROUND

Tearfund has been focusing on the self-help group (SHG) model in Ethiopia for the last ten years with partner organisations. Currently there are 20,000 groups operating. The SHG concept is that groups are formed, and based on relationship they start saving together week by week from their own resources. Once the collective fund is sufficient, the SHG starts to give loans to its own members, which are used for setting up or expanding household-level businesses. Every group starts with an outside facilitator, provided by the partner organisation, who provides training to SHGs on how to run the group and how to manage the bookkeeping. They can also transition through to business skills and to other issues such as advocacy, food security and resilience. These facilitators become less regularly involved as the groups become established.

The effects of the 2015–2016 El Niño-induced drought and poor rainy seasons October–December 2016 and March–June 2017 have led to the current food security crisis in Ethiopia, in which approximately 10 million people need food aid (USAID, 2017). Tearfund has been engaging in traditional food distribution programming, separate to the SHG work. At the same time Tearfund wanted to test out mechanisms for delivering cash transfers through SHGs, the use of which would be up to the SHG members to decide together. Since the government is responsible for identifying and ensuring delivery of agreed basic rations to beneficiaries, the aim of the project was to deliver support to persons in government-identified hotspots where the standard ration was insufficient to cover basic needs.

One of these government-identified hotspots was in the Oromia region, where Tearfund has been working through a development wing of the EKHC (Ethiopian Kale Heywet Church). Tearfund supplied cash for 270 SHGs as a pilot project in this region: 40 SHGs in Fentale district and 230 SHGs in the district between Shashemene and Arsi Negele. Most SHGs have 15 to 20 members, each representing a household. These SHGs generally received 30 USD per head as a grant injection into their capital fund for the internal support of their members (totalling to around 500 USD per group where a group has 17 members). In addition, each SHG was allocated 20 per cent extra cash to be re-distributed to non-SHG members, to be identified by SHG members as the most vulnerable households of the community. The 500 USD given to the group could be spent as the group saw fit. For the money allocated outside of the SHG, the country programme suggested 30 USD per person, but the details and the targeting was left up to the group and the group facilitator was to be informed. All SHGs in the pilot area which had started to give out loans from their own funds, and which had met the criteria of being considered as a fully functioning SHG were given the cash- transfer. The less mature groups were excluded to avoid damage to the development of their 'self-help' ideology.

The programme was announced to SHGs in November 2016. The groups needed to amend their by-laws in order to receive cash from outside their own membership. This also gave them time to think about how to use the money and to understand their obligation to pass on 20 per cent of it. As soon as the by-laws were changed, the whole sum (both for the SHG members and for the beneficiaries that they would select) was transferred into the SHG bank account. In this way, most SHGs had received all money, both for themselves and to pass on, by December 2016. Our evaluation took place in May 2017, by which time the SHGs had decided what to do with the money, and had passed on the 20 per cent outside of the group as required.

1.1 Issues for research

The benefits of using cash grant transfers during a humanitarian emergency are widely recognised. This pilot is, however, an innovative way of delivering cash grants. Its design sparked debate over its feasibility and appropriateness. On the one hand, it was seen as an opportunity to pilot the delivery of aid in a much more localised manner. On the other hand, it raised fears around the implications of transferring the decision-making power over to a community group rather than a professional NGO, especially with regards to the upholding of the core humanitarian standards, including targeting, impartiality, efficiency and accountability towards beneficiaries. Solid evidence around the impact of the programme would enable the clarification of the assumptions made and assess the replicability of the model elsewhere. It should highlight whether there are pitfalls or advantages to this method of cash delivery that differ from those faced when cash is delivered through NGOs. For example, besides the issue around control over the delivery of the cash grants, there is the theory of mental accounting that suggests that people treat money differently depending on factors such as its origin.[1] It would be helpful to know how/whether this method of delivery affects the way people use the money.

Moreover, the research must assess the impact of injecting cash into SHGs that have never received external inputs before. This project sparked much internal debate around its potential damaging effect. As the name suggests, the 'self-help' model is about providing a space where people can become confident and capable of realising change in their lives by themselves. Tearfund, unlike other agencies operating in the same environment, has always advocated for a 'no material input' approach for SHGs. This project sees a change in that and there are fears that it might undermine the SHG approach. It was for this reason that the least mature groups (those who had not begun their own loaning programme) were not included in the cash transfers. This piece of research would seek evidence for the materialisation of this risk, especially as little previous research has addressed the impact of cash transfers on social capital, making outcomes uncertain (Alatas et al. 2012)

1.1.1 Summary of primary research questions

1. Has the cash transfer negatively affected the SHG's self-reliance? (Self-reliance refers to SHG members' confidence and capability of realising change by themselves).

2. How has this method of distribution affected relationships within the community? (Altering control over resources alters power dynamics, and we should check for positive and negative repercussions).

3. How is the cash distributed and used when channelled through SHGs? (Taking into consideration targeting, impartiality and how the source of the cash affects its usage).

4. How might Tearfund improve its use of SHGs to deliver emergency assistance, and are there contexts in which the model is inappropriate?

These are important questions to answer before deciding whether providing cash transfers through SHGs is an effective model that Tearfund might replicate for delivering emergency assistance to those SHG members and beyond. At this point, Tearfund requested researchers from the University of Reading to lead on the project evaluation.

1.2 The project area

The map in Figure 1 shows the approximate location of the SHGs receiving cash in 2016 in the Shashemene district. It can be seen that a variety of towns, villages and communities make up the pilot area. These areas represent almost all of the SHGs administered by this particular branch of EKHC in this region. However, in Arsi Negele over 120 additional groups exist that were not treated, on the grounds of being less mature. There is a distance of just over 22km between Shashemene and Arsi Negele, the two urban centres of the district in which EKHC oversees SHGs.

The 2007 national census of Ethiopia finds that Shashemene is a town of over 100,000 inhabitants, while Arsi Negele has over 260,000 inhabitants. Muslims, Orthodox Christians and, to a lesser extent, Protestant

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[1] A reconsideration of the fungible money principle led a group of researchers to establish a theory of mental accounting (Kahneman and Tversky 1984, Thaler 1990, Thaler 1999), which posits that people value money differently depending on how the money is obtained, and as a result, class it into different categories. Eg research on the determinants of savings found that in some countries (Guatemala and Malawi), remittances were not used in the same way as other income sources (Davies et al. 2009, Adams and Cuecuecha 2010). Adams and Cuecuecha (2010) found that money from remittances is more likely to be saved compared to money from other income sources. In parallel, Davis et al. (2009) report that remittances are more likely to be spent on education than other sources of income. Qualitative questions reveal that households perceive remittances as income distinct from other sources, and choose to use it differently.

Christians were all represented in this area. Relations between the different faiths were good, although there was sensitivity over any issues to do with ethnicity, and we were asked to avoid asking questions about ethnicity in our surveys. This feeds into wider political tensions.

The main languages spoken were Oromiffa (the local language) and Amharic (the federal working language of Ethiopia). English is the medium of instruction in secondary schools and universities. Our survey had every question in each of these three languages for the sake of clarity between the UK and Ethiopian teams, and for the enumerators to use on the field as appropriate to the situation.

The region was flagged up by the government of Ethiopia as one of the hardest hit by the drought. Another hard-hit district was Fentale. Here 40 SHGs were also given cash, but EKHC was reluctant to follow up the Fentale groups for this evaluation since they are a semi-nomadic people, not living close by, and it would be complex to locate individuals.

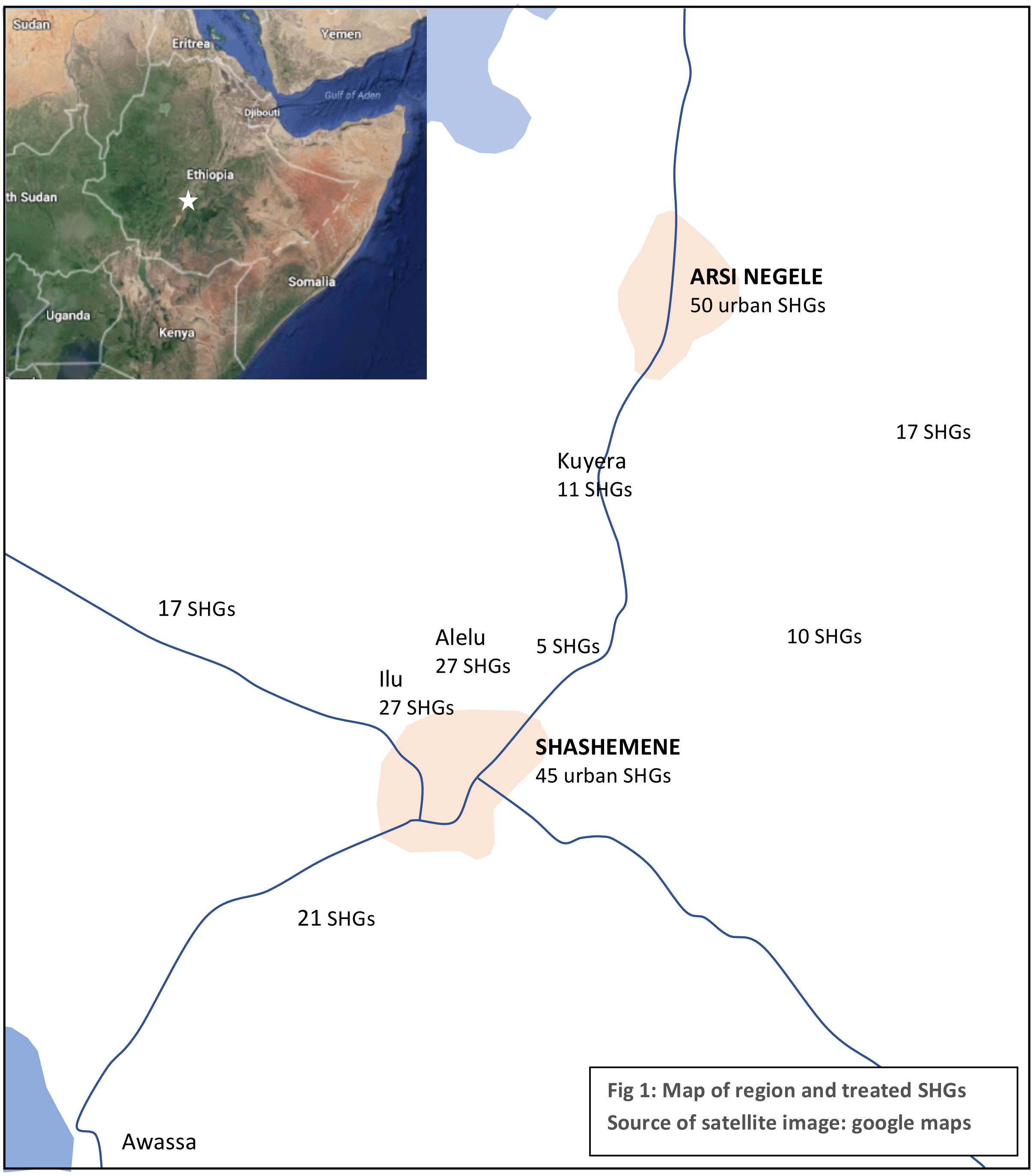


Fig 1: Map of region and treated SHGs
Source of satellite image: google maps

1.3 Methodology

1.3.1 The research design

To evaluate the impact of disseminating cash through SHGs, we ideally compare SHGs and their communities that have been 'treated' (ie they have received cash) to SHGs in a very similar community that are 'untreated' (a control group where conditions were unchanged).

In this instance we have a problem, since *all* the SHGs in the district just described were treated, with the exception of the youngest and least mature groups in Arsi Negele. We considered whether there were SHGs in neighbouring districts we could compare with, although recognising the disadvantage that the SHGs would be supported by a different administration, and may not be directly comparable. However, to the west the agriculture and language of the people differed, so there was no basis for comparison. To the east there were SHGs in the same language and people group, but due to political tensions the government administration was unwilling that we should conduct surveys in that area.

The only option remaining to us was to compare treated SHGs to the untreated SHGs in Arsi Negele, picking the oldest groups out of the untreated SHGs, and the youngest groups among the treated SHGs of certain communities in order to have the closest possible basis for comparison in terms of SHG age. Treated groups were still significantly older than untreated groups (the average age of non-treated SHGs in Arsi Negele was 2.22 years, while the average age of treated groups was 2.74 years) and this means that age of SHG needs to be controlled for in all calculations. However, at least there was an overlap between the ages, with over 90 per cent of groups being between two and three years old in both cases.

1.3.2 The participants

While it is useful to look at SHGs in more than one neighbourhood context so as to see if findings are generally applicable or only occur in the one context, including too many different areas complicates the analysis and requires considerably more surveys. The localities with the most self-help groups were Arsi Negele town, followed by Shashemene town, then two rural satellites to Shashemene: Alelu and Ilu. Our enumerators were drawn from Shashemene town, and we also ran our pilot study in this town, so we selected the three remaining localities for analysis, as those having the biggest population of SHGs.

Of these three, Arsi Negele was deemed by EKHC (the partner organisation supporting SHGs) to be the most progressive. It is an urban centre with government administration, churches, mosques, schools, medical facilities, market places, etc. One tarmac road runs through it from north to south, but the town sprawls off on dirt tracks either side. Ilu and Alelu are rural satellites of Shashemene, and are dependent on Shashemene for urban amenities. Of these two, EKHC suggested that Ilu was the more progressive, having a primary school (Alelu only has a kindergarten) as well as churches and mosque. Alelu is the poorest community, and was rated by the EKHC facilitators as seeing the least advances, also in terms of SHG progress. The data allows us to compare outcomes in the urban versus more rural environments.

For an assessment of how giving cash through SHGs affects outcomes in urban Arsi Negele and rural Shashemene, there are three different sorts of people to consider and to survey:

1. The SHG members receiving cash, comparing to SHG members who did not.
2. The non-SHG beneficiaries of cash passed on by SHG members to people outside of these groups, ideally comparing their outcomes to the outcomes when cash is received from NGO or government sources.
3. Onlookers, who are neither members of SHGs, nor received cash from SHGs. We want to find out what they think of these money transfers, and how community relationships are affected by them.

Surveys were prep+ared for each group of participants, with a similarity of questions so as to allow comparison between opinions (see Appendix B for the survey questions).

1.3.3 The sampling procedure

A stratified randomised sampling technique was used, meaning that having identified the various parties needing to be interviewed and the communities they are to be drawn from, the actual persons within those various strata who were interviewed were selected at random from the total number of persons available in that group (by lottery, or by throwing dice). This is explained in more detail after Table 1, which shows how many surveys of each type were finally conducted, by community and by category of person.

Table 1: The survey plan

	Arsi Negele (urban)		Rural satellites of Shashemene	Numbers surveyed
SHG member	35 treated	45 untreated	30 treated (15 from Alelu, 15 from Ilu)	110
Onlookers (non-SHG member)	21 contacts of treated SHGs*	24 contacts of untreated SHGs	20 contacts of treated SHGs (10 from Alelu, 10 from Ilu)	65
Beneficiaries of SHG assistance	30		20 (10 from Alelu, 10 from Ilu)	50
	*6 of these contacts were not selected according to the original plan			225 surveys in total

Ideally any analysis should have at least 30 persons in each group, and more if there are big differences between persons in each of the groups. Any analysis based on less than 30 respondents in a group should be treated with caution. Care must therefore be taken when referring to the outcomes for the non-SHG beneficiaries and onlookers in Shashemene in isolation. The research was limited, however, by the number of surveys it was possible to conduct.

Regarding the selection of SHGs, a list was made of the 45 oldest untreated SHGs in Arsi Negele (age ranging from one to four years), and the 35 youngest treated SHGs in Arsi Negele, plus the 15 youngest SHGs in Alelu and the 15 youngest in Ilu (in Alelu and Ilu, all SHGs were treated). (The age of these treated SHGs ranged from one to six years.) For each SHG, all members were listed, and one of them was selected at random to interview as a representative of their SHG.

For non-SHG beneficiaries, all beneficiaries of SHG money from the surveyed SHGs were listed, each under the heading of the particular SHG that supported them. Then 30 persons from Arsi Negele were selected at random from this list to interview, and ten from Alelu and ten from Ilu. No more than one beneficiary per SHG connection was selected, so as to capture the widest possible range of experience. Originally, we also wanted to interview beneficiaries of money from other organisations as well, and particularly beneficiaries from the PSNP (Productive Safety Net Programme – a government led programme of aid distribution targeting the chronically food insecure). We wanted to compare differences in experience and outcome between getting money via SHGs and getting money via other channels. However, gaining access to other beneficiaries was not possible to negotiate with other NGOs or with the government. The best we could do was to include questions in all surveys about benefits received from other organisations in the hope that we might pick up on some of these recipients by chance. As it happened, 13 respondents mentioned having received money from other

NGOs (none from the PSNP). This is too small a group to draw clear and accurate comparisons, but it at least provides some insights.

On the advice of EKHC (Tearfund's local partner overseeing the SHGs) it was decided to call the selected SHG members and beneficiaries to a central location for the survey. This was to avoid distractions, and also to avoid participants having to entertain a stranger (the enumerator) in a home visit. Out of the SHG members and non-SHG beneficiaries of SHG assistance, all the selected parties turned up for the interview (thanks to the social capital expended by EKHC).

We also wanted the comments of 'onlookers' who were neither SHG members nor non-SHG beneficiaries, so as to get an idea about how the rest of the community was affected by the cash transfer. Since the enumerators were not walking the streets in order to connect with people in the locality of the SHG, we could only contact non-SHG members via the SHGs. We asked every SHG member interviewed to list a few non-members who were known personally to him or herself. Every SHG recommended 2–6 people (mostly 4–5). One of these was randomly selected for interview. Some of these knew about the cash transfers and some did not, so it was possible to see how the cash transfer shaped a person's opinion of SHGs.

The vast majority of non-SHG members selected for interview also turned up (only two or three re-selections had to be made). However, this was the last set of surveys conducted, and time was pressing. Instead of finding and bringing in 30 contacts of non-treated SHGs to interview as was originally planned, only 24 were interviewed. The total number of interviews were made up to 65 by interviewing a few extra contacts of treated SHGs from Arsi Negele who happened to live nearby. This is a deviation from the stratified randomised sampling plan of six persons, which, although not ideal, should not affect the overall analysis too aversely.

1.3.4 Gathering the data

In general, the enumerators were instructed to ask questions and wait for a response. They were not to read out possible answers, although they could rephrase the question if it was not understood. When a reply was given, the enumerator ticked the box that best fit the answer. If the reply did not match the boxes (or if there was not supposed to be a set answer), the enumerators were instructed to write down whatever they were told. 'Don't know' or 'refused to answer' were boxes generally available, so there should have been no skipped questions, although in practice there were. There was also evidence of some misunderstanding by enumerators of the skip logic in places, or unusual answers that suggested an uncorrected misunderstanding of the question. In the analysis that follows, consideration must be given to the possibility of enumerator biases (errors) like these having affected outcomes. (The extent of this bias may be seen in Appendix A, where the numbers of respondents to each question are noted. It may be seen that for many questions, every interviewee gave an answer, but for others, the number of observations is less than the total number of persons in that group, and in this case there were missing responses.)

The research itself was carried out over an intense two-and-a-half-week period. The core team included one representative from the University of Reading who was responsible for the analysis, and one Tearfund representative in the UK together with two Tearfund representatives in Ethiopia who helped manage the whole research process in collaboration with the manager of EKHC (the local partnership) and his team. One researcher and academician from Mekelle University, Ethiopia, also joined this team in order to oversee the research once the University of Reading representative had insured it was set up to the best that circumstances allow. This also was an important double-check on the independence of the research, as the University of Reading representative did not stay for the full two and a half weeks.

The first half-week was spent in discussion and planning between the members of this team, and all were consulted on the content of the surveys. The surveys were refined accordingly. Following this, ten enumerators were hired who would take the surveys out to the people. These were not experts in data collection, but were locals with higher education. Nine of them passed the three days of training (detail on the training of the enumerators and further notes on the research experience are available in Appendix C). The training included a piloting of the surveys in Shashemene town, after which more adjustments to the survey were made to alter questions that were not working as intended or to correct mistakes and non-clarities (also necessitating retranslation). Piloting included interviewing several members of the same SHG, through which it was possible to see which questions people answered the same, and where questions were more dependent on personal circumstances/viewpoint. Some of the questions were adjusted accordingly, to avoid arbitrary answers. Actually bringing in 225 completed surveys took the remaining seven work-days.

1.3.5 Ethical considerations and further notes

- All questionnaires were approved by the University of Reading Ethics Committee. Every respondent was told how their data would be used and their rights to non-response. They each consented to the survey, and were provided with a contact card in case of further questions.
- Although care was taken to avoid phrasing questions in ways that might lead the respondent's answers, there is a known tendency for respondents of surveys to tell you what they think you want to hear. In this case, where cash transfers are involved, there is even more motivation on the part of beneficiaries to humour the listeners. Moreover, since the SHG members picked both the beneficiaries and the onlookers, it is likely that they picked people who think well of them. This will also bias answers in favour of positive reports on SHGs. In the interpretation of the results that follows, these potential biases are kept in mind.
- At the time of this project, 28.5 birr=£1 and 100 birr=£3.50 (or 4.40 USD)

2 RESULTS AND DISCUSSION

A description of how respondents answered each of the questions in the survey is recorded in Appendix A. However, care should be taken in using the raw data without consideration for differences in the category of respondent and their various circumstances. In this section we attempt to unpick these issues to find out what the data is telling us.

There are a range of 'outcomes', including the quality of SHGs expressed in a series of indicators, the way money is used, financial outcomes and control over resources, trust levels, life satisfaction, expected recovery times from drought, a person's preparedness to give up a small sum now for a larger sum later (related to confidence and patience), sense of interpersonal conflict, feedback on how well SHGs did in handling the cash transfer, whether people preferred SHGs or NGOs to handle the cash transfers, and patterns of generosity (which reveal something about the health of interpersonal relationships and who is linked to who). We want to discover how the 'treatment' (the cash transfer) affected these various outcomes, controlling also for factors like religion, education levels, location, poverty levels, household structures, gender, age, occupation and so on.

But first we set the scene, describing what the data says about the people we are interviewing. Note that any affirmations made have statistical significance to at least a 90 per cent confidence interval. In other words, in at least 90 per cent of cases recorded (usually more) the affirmation is true.[2]

2.1 Demographic background of the participants

There are four main categories of person:

1. 'Treated SHG members' are members of SHGs in receipt of a cash transfer from Tearfund via EKHC. In the majority of cases, the part of cash transfer that was intended to benefit the SHG members was added to the SHG capital, and administered to SHG members in the form of a loan.
2. 'Non-SHG beneficiaries' are non-members of SHGs selected by SHG members because of their poverty and vulnerability. The SHGs were required to pass on 20 per cent of the cash transfer to these beneficiaries. In other words, the 'treated SHG members' received the cash from EKHC, and were asked to pass on 20 per cent to 'beneficiaries' as a non-returnable grant.
3. 'Non-treated SHG members' received no cash transfer, and we could contrast outcomes for them with outcomes for treated SHG members.
4. 'Onlookers' were not SHG members and not beneficiaries of the cash transfer, but were people known to SHG members. Some were linked to treated SHG members and some to untreated SHG members. Likewise, some were aware of the cash transfers, and some were not, so we could see how this knowledge affected their views of SHG members.

Table 2 shows the demographics of people in these different groups, sub-categorised also by their geographical location. As indicators of wealth, we particularly focus on food intake (since this project was inspired by concerns regarding food insecurity) as well as on assets monitored in the PPI (Progress out of Poverty Index), and deemed relevant locally by Ethiopian staff.

[2] This is based on a t-test of individual coefficients within an econometric model ($p<0.1$). The results are always checked for robustness when controlling for other factors within the survey that may influence the outcome.

Table 2: Demographics of persons by group and by geographical location

	Urban Arsi Negele				Rural satellites of Shashemene		
	Treated SHGs	Untreated SHGs	Non-SHG beneficiary	Onlookers	Treated SHGs	Non-SHG beneficiary	Onlookers
Gender (female)	62%	62%	97%	64%	77%	65%	85%
Younger age than 40 years	66%	67%	77%	67%	57%	60%	85%
Married	86%	73%	33%	62%	73%	40%	75%
Household size (no. persons)	6.5	5.4	5.1	4.9	7.5	5.9	5.3
Number of breadwinners	1.5	1.3	0.9	1.5	2.1	1.6	2.1
Respondent is head of household	94%	87%	90%	82%	83%	80%	10%
No school education	11%	20%	73%	56%	47%	70%	65%
Hold an official function	79%	57%	13%	9%	69%	5%	12%
Health problems limit daily activity	41%	27%	76%	27%	17%	65%	30%
Care duties limit income generation	37%	9%	24%	16%	3%	80%	10%
Eat more than twice a day	32%	44%	10%	38%	66%	75%	60%
Ate nuts/legumes last 7 days	70%	80%	67%	47%	60%	45%	26%
Ate oil/milk last 7 days	89%	86%	61%	64%	87%	80%	74%
Ate meat, eggs, or fish last 7 days	29%	33%	0%	24%	31%	0%	0%
Own cattle	34%	31%	3%	13%	70%	15%	25%
Own a mobile phone	91%	87%	37%	82%	73%	20%	20%
Have a tin roof	56%	44%	20%	33%	87%	35%	50%
Have a private pit latrine/toilet	66%	49%	30%	38%	100%	95%	74%
Rate own finances average or better	59%	60%	17%	60%	97%	60%	65%
Muslim	17%	7%	17%	18%	86%	85%	80%
Orthodox	40%	64%	43%	60%	0%	0%	0%
Protestant	37%	22%	40%	22%	13%	15%	20%
Frequently attend place of worship	71%	62%	53%	56%	23%	15%	65%

Note that the figures for non-SHG members are based on a low sample size (less than 30 members) and should be treated with caution

The majority of our survey participants were female. This is because SHGs were predominantly made up of females in the past, although we were informed that men are becoming more interested in the SHG programme having seen its value for women. Our survey targeted younger SHGs for reasons explained in the methodology, and so in our survey we picked up on 34 per cent male SHG representatives, and 66 per cent female SHG representatives.

This proportion of female participants in the survey extended also to onlookers (70 per cent were female). Somewhat more non-SHG beneficiaries were female (80 per cent). Of those interviewed, 59 per cent were females heading their households. Again, this was predominantly among the non-SHG beneficiaries, while the number of female respondents who were also heading households were not more prevalent in SHGs than among onlookers. Sixty-six per cent of onlookers are married, 73 per cent of untreated SHG members are married, and 80 per cent of treated SHG members are married. Beneficiaries of SHG cash are significantly less likely to be married (36 per cent are married). People from Shashemene and Arsi Negele are equally likely to be married.

The fact that the proportion of female to male participants is similar across the different groups means that there is no great imbalance between our groups on the basis of gender, even though women are less well off than men. We pick up hints regarding the difference between men and women from the data. For example, women are less likely to eat meat, they are more likely to be sick, they have lower levels of life satisfaction (outside of SHGs), and less household assets. They are less well educated than men in rural Shashemene. However, in this data, they are not significantly less likely to hold an official position, nor are they more likely to be limited by having to look after dependants.

Members of SHGs were more educated than others (particularly in Arsi Negele), and more likely to have the children in their household attending school. SHG members were also more likely to hold an official function. There are many other differences between and within the groups of respondents that are important to outcomes. For example, differences in age, religion, education, assets, household composition and the health and status of those household members. The impact of these differences will be discussed as the impact of the cash transfers is discussed in the following sections, and a few other control variables of interest but not of direct relevance are footnoted.[3] A key factor of importance that should be mentioned before discussion of cash transfers, however, is the rural-urban divide.

2.1.1 The rural-urban divide

Two-thirds of this data was collected in urban Arsi Negele and one-third in the rural satellites of Shashemene: Ilu and Alelu. The agriculture-dependent rural areas of Shashemene were more likely to be directly affected by the drought than urban Arsi Negele, and this is reflected in their self-reported drought recovery times: rural respondents expected it would take them longer to recover from the drought.

Rural Shashemene (Alelu and Ilu) was predominantly Muslim by religion; 84 per cent of respondents reported themselves as Muslim, and 81 per cent of these Muslim respondents were women. The rest of the respondents were Protestant, of which nearly half were male. There were no Orthodox respondents in Shashemene, although some of the respondents from SHGs reported having Orthodox persons in their group. In Arsi Negele, there were more Christian respondents (54 per cent Orthodox and 32 per cent other Christian).

[3] Age was used in the controls. Treated SHGs tended to have slightly older members than other groups. People in rural Shashemene tended to be younger than those in urban Arsi Negele. Younger people tended to be more likely to have an education (controlling for location and finances, in which rural Shashemene is at a disadvantage).

There were less Orthodox among the treated SHGs and among the beneficiaries. The older participants of the survey tended to be Orthodox. Attendance at a place of worship seemed less likely among those facing sickness or care duties, and among those rating themselves as financially worse off compared to others. Also, Muslim attendance appeared to be less regular than Protestant and Orthodox Christian attendance, and given the predominance of Muslims in rural Shashemene, attendance at worship services was less frequent there.

Among Protestant Christians, just over half the respondents were women, and among Orthodox respondents, 70 per cent were women. Over half the SHGs in Arsi Negele were mixed religion, and under half in Shashemene (a statistically significant difference).

In terms of poverty indicators, those in rural Shashemene were significantly more likely to eat more frequently in a day. However, though they ate, they were significantly less likely to eat protein food (beans, peas, lentils, nuts, meat, eggs or fish), especially those in Alelu. Other poverty indicators were mixed. Rural Shashemene residents were more likely to have a tin roof, a private latrine and to own cattle. However, these households were less likely to own a mobile. They were somewhat less likely to have some kind of official function than respondents in Arsi Negele and they were much less well educated. Their children were also less likely to go to school. When comparing their own household finances with those of others around, those in rural Shashemene made more favourable comparisons than those in Arsi Negele. This is probably not so much to do with absolute wealth, but with less extremes of comparative wealth.

Treated SHG members in rural Shashemene tended to report themselves as better off than most other households around, while those in urban Arsi Negele were more likely to report themselves as being similar to the majority or worse off. This suggests that there are more alternative and more lucrative occupations in Arsi Negele, while SHGs offer financial opportunities to people in rural areas that would not be accessible in other ways.

People tend to report themselves better off if educated. Gender or age makes no difference. Sickness or having to care for dependents has a negative effect on self-reported finances. The number of breadwinners in the household makes no difference, nor even the number of dependants per breadwinner. However, people feel better off when in a large household in Shashemene, and better off when married in Arsi Negele. Households in Shashemene were bigger than those in Arsi Negele (by one person on average) but there also tended to be more breadwinners per household in Shashemene (by just over half a person on average). There was no significant difference in health, or duties of care for others, both of which are closely related to other indicators of poverty.

2.2 The impact of the cash transfer on cash use

2.2.1 How cash was used generally

People were asked what they spent money on in the last three months, and the answers from the different groups of respondents allows us to compare how the cash transfer affected household expenditure.

Nearly everybody spent money on food, and responses about spending on fuel and other utilities revealed no obvious pattern. However, in terms of the various domains of expenditures shown in Table 3, a clear pattern emerged to suggest that an accessibility of cash enabled spending in a wider variety of domains. SHG members, benefiting from their internal savings and loan programme, were consistently more likely than non-SHG members to have made expenditures in all of the domains shown in Table 3, whether they received a cash transfer or not. As for the non-SHG beneficiaries of cash (the more deprived sectors of society), the data would suggest that these were able to make expenditures that, while not matching the range of SHG expenditure, at least came to match or in places overtook the areas of expenditure of onlookers that had no special access to cash. Table 3 shows these patterns of expenditure in Arsi Negele.

Table 3: Pattern of expenditures in urban Arsi Negele

	% treated SHG members making this expenditure	% untreated SHG members making this expenditure	% non-SHG beneficiaries making this expenditure	% non-SHG onlookers making this expenditure
Investment into productive assets	69%	56%	37%	16%
Paid transport costs	91%	89%	90%	76%
Paid fees such as medical or school	91%	93%	83%	69%
Purchased durables or household items	69%	67%	47%	42%
Paid/part paid a debt	34%	32%	20%	18%
Lent/gave to family/friends or orgs	31%	31%	3%	9%
Saved money up	69%	84%	23%	40%

Although treated SHG members seem to invest more into productive inputs than untreated SHG members, this difference is not statistically significant. Interestingly, men in SHGs in Arsi Negele are significantly more likely to mention having made investments into productive assets than women, whether treated or untreated (53 per cent of women and 77 per cent of men in the urban SHGs mention such investments). This is despite the fact that women in SHGs are just as likely to have taken a loan. In all other areas, the differences between the domains that men spend in and the domains that women spend in are not significantly different.

Overall, there is nothing from this data to suggest that cash transfers to SHGs are used by SHG members in ways significantly different to the way they allocate their own earnings, even though more cash may be available to put into the various domains.

With respect to non-SHG members it may be seen that lack of access to cash is constraining their range of purchases, particularly with respect to investments into productive assets, transport and medical and/or school fees, which are the areas that non-SHG beneficiaries appear to go for once they have access to cash, while onlookers are forced to hold back.

SHG members, both treated and untreated, are also significantly more likely to invest money in helping others than non-SHG beneficiaries of cash or onlookers. We also see this in the more detailed questions on giving behaviours (see Appendix D). This may be testimony to the social capital built up by SHGs since its significance is not diminished when controlling for education or formal position or sense of being well off compared to others. However, it does not seem to be the case that providing cash to SHG members has either stimulated or repressed the likelihood of an SHG member giving.

In Arsi Negele, the likelihood of saving is greater among SHG members than others, but the cash transfer to SHGs seems to have put the treated SHG members in mind of spending/investment rather than saving. We also found, from separate questions to persons in both Arsi Negele and Shashemene, that very few of the people interviewed owed money to money lenders (three per cent of all those interviewed). They were rather likely to owe money to friends and family, but even here only 16 per cent had accessed money in this way (20 per cent in Arsi Negele, 10 per cent in Shashemene), and there was no statistical significance regarding whether people who were in or out of SHGs were more likely to be borrowing, or whether they were old or young, male or female. They were less likely to borrow if they felt well off compared to others, and they were more likely to borrow if they were sick.

It may be noted that the patterns of expenditure were slightly different in rural Shashemene than in Arsi Negele. Table 4 shows the pattern of expenditures in rural Shashemene.

Table 4: Pattern of expenditures in rural Shashemene

	% treated SHG members making this expenditure	% untreated SHG members making this expenditure	% beneficiaries making this expenditure	% onlookers making this expenditure
Investment into productive assets	97%	-	70%	80%
Paid transport costs	70%	-	45%	55%
Paid fees such as medical or school	90%	-	45%	50%
Purchased durables or household items	73%	-	25%	10%
Paid/part paid a debt	10%	-	20%	20%
Lent/gave to family/friends or orgs	20%	-	5%	5%
Saved money up	73%	-	85%	35%

Note that the figures for non-SHG members are based on a low sample size (less than 30 members) and should be treated with caution

It was still the case that (treated) SHG members were more likely to spend in each domain than non-members of SHGs (with the positive exception of not repaying debts/not having debts to repay).[4] As in Arsi Negele, this reflects well on the financial status of SHG members relative to peers. Outside of SHGs and compared to Arsi Negele, the likelihood of spending in each domain was much more similar for beneficiaries getting access to cash, and onlookers.

Due to necessary investments in agriculture in this season, significantly more people of all groups had invested in productive inputs in rural Shashemene compared to urban Arsi Negele. Less people invest in transport, and outside of SHGs, less people invest in medical or school fees. One domain in which non-SHG beneficiaries were likely to overtake onlookers in expenditure (once they had access to cash) was expenditure on durables or household items. This seems to be an area particularly constrained by finances in rural Shashemene. Also, non-SHG beneficiaries became significantly more likely to say that they were able to save money up.

So, relieving constraints of cash by cash transfers enables SHGs to spend in patterns very similar to their existing patterns of expenditure, and enables non-members of SHGs to widen their patterns of expenditure into new domains. However, the data does not allow us to comment on *amounts* allocated to each domain. We see that even where cash was only made available for specific purposes (for example, the majority of SHGs pass on cash to their members on loan terms for investment into productive inputs), its availability frees up the household to spend in a wider range of areas.

[4] Only 10 per cent of SHG members borrowed cash from friends, family and moneylenders in Shashemene, as opposed to 20 per cent borrowing in Arsi Negele. However, more treated SHG members had a current loan from SHGs (97 per cent of respondents, as opposed to 66 per cent of treated SHG members in Arsi Negele having current loans).

2.2.2 How the cash transfers were used

Although cash transfers affect spending patterns in wider ways, we did also ask the SHG and non-SHG recipients of cash transfers specifically about the way they spent this cash transfer. SHG members mostly accessed the cash transfer under loan terms, while non-SHG beneficiaries got the money as a grant. We also wanted to compare the way these people used the money with the way people used money received from other NGOs. However, only 13 of our 225 respondents mentioned having accessed money from other NGOs, which is rather too small a group for reliable comparison (at least 30 respondents are required for reliable data). Still, the data is displayed in Table 5, and should be treated with caution. As for the conditions of the cash transfers received from other NGOs: a few of these NGOs had provided cash on loan terms, and a few as a grant. Table 5 shows whether or not respondents allocated part of the cash to each of the various domains listed.

Table 5: Use of cash transfers

	Non-SHG beneficiaries of SHG administered grant	Recipients of cash from other NGOs (partly under loan terms)	Treated SHG members (benefiting from the cash transfer under loan terms)
Used on day-to-day needs	89%	75%	61%
Invested in productive inputs	57%	75%	86%
Repaid a debt	49%	50%	31%
Purchased something out of the ordinary (paying school fees, paying medical expenses and paying house rent mentioned)	24%	16%	10%

It can be seen that whether the cash was provided on loan terms or as a grant made a difference to whether or not cash was invested in productive inputs; loans being more likely to be used for productive inputs. Apart from that, the money was not used a great deal differently when handed out by NGOs or by SHGs (although the small number of respondents in the ‘other NGO’ category means that this finding has limited reliability). The few persons who had received money from both sources said, when asked directly in a survey question, that they used the money in the same way, whichever source the money came from (although they may have just said this to avoid having to give lengthy explanations). It can be seen that most people used at least part of the money on day-to-day needs, especially if the cash was a grant as opposed to having been provided on a loan basis. A majority of persons used some of the cash on productive assets, and particularly where the assistance was provided on a loan basis. Fully half of those in receipt of grants used some of the money to repay a debt, though less SHG members accessing cash as a loan used cash for this purpose. Up to a quarter used some of the cash on purchasing something out of the ordinary, such as school fees or medical expenses. Again, more so when the money was a grant rather than a loan.

So then, if the money has to be returned, it is more likely to be invested in productive activity instead of being used up on day-to-day needs, on repaying other debts or on special expenditures. However, cash on grant terms tends to be directed to a poorer segment of the population, so using the money in these ways may not necessarily be considered to be negative. Apart from the loan element, giving money via SHGs rather than NGOs does not appear to affect the domains it is spent on. However, there is not enough data on NGO receipts to make any strong affirmation in this area. If the non-SHG beneficiary knew the money *originated* from an NGO rather than thinking it came from the SHG members’ savings, it made no significant difference to these categories of expenditure.

Of those in SHGs receiving loans, just over 40 per cent gave us more detailed information about their loan. Nearly all persons mentioned some kind of business – mostly agriculture, but also trading. The remaining few mentioned non-business items, such as school fees, improvements to daily life or solving a family problem. By far the most common sum borrowed from the SHG was 1000 birr (about 44 USD) although a few smaller sums and one larger sum were also mentioned.

We also asked SHG members what they had borrowed money for *prior* to the cash transfer. Out of those responding anything at all (71 per cent), 36 per cent said they had not had a loan before October 2016 (these are young groups) and 14 per cent responded 'don't know'. Where loans were described, most were business loans (agriculture being mentioned twice as much as other forms of business, just like current loan split). Trading in livestock, tailoring work, and processing food and drink for sale were mentioned specifically by different people as business activities. More persons mentioned other expenditures – school fees still featuring strongly, but also home improvements. In keeping with the data on cash use generally, it was not obvious from these results that the SHG cash transfers were being used differently from loans out of SHG savings.

Later on, when talking directly about the use of the cash transfers, respondents tended to emphasise the business aspect of the money use rather than the other expenditures. This suggests strategic answering – the treated SHG members were keen to show they were using the money in acceptable ways.

Thirty-nine per cent of SHGs had a 'social fund' for consumption/medical emergencies from which loans are given on different terms than the business loans (70 per cent of treated groups in Shashemene, 43 per cent of treated groups in Arsi Negele, and 16 per cent of untreated groups in Arsi Negele). Although more treated SHGs have a social fund than non-treated SHGs, these funds almost all existed prior to the cash transfer. Only three were installed since the transfer, and one of these was not even in a treated group. Even this then does not suggest that setting up social funds (using the cash in a different way to previously) was stimulated by the cash transfer.

As for differences between urban Arsi Negele and rural Shashemene, Shashemene residents both within and outside of SHGs were most likely to use the cash transfers in agricultural investments, while in Arsi Negele the majority of persons invested in non-agricultural business (Table 6, overleaf). Probably because of the specific demands of the agricultural season, persons in rural Shashemene were therefore more likely to have invested in productive assets than those in urban Arsi Negele. Shashemene residents were also more likely to use some of the cash transfer on day-to-day needs, or to repay a debt. They were less likely than urban residents to use the cash to purchase something out of the ordinary.

Table 6: Differences in use of cash transfer in rural and urban areas

	Non-SHG beneficiaries of SHG-administered grant		Treated SHG members (benefiting from the cash transfer under loan terms)	
	Urban Arsi Negele	Rural Shashemene	Urban Arsi Negele	Rural Shashemene
Used on day-to-day needs	83%	100%	44%	80%
Invested in productive inputs	47%	76%	76%	97%
– invested in agriculture	3%	76%	29%	97%
– invested in business	47%	18%	53%	23%
Repaid a debt	33%	76%	21%	43%
Purchased something out of the ordinary (paying school fees, paying medical expenses & paying house rent mentioned)	38%	0%	13%	6%

Note that the figures for non-SHG beneficiaries in Shashemene are based on a low sample size and should be treated with caution

Overall, cash availability increases the range of expenditures people are able to make. Even when cash is given for a specific purpose, it frees up expenditure in other areas as well. We did not have data on whether there are differences in how *much* is spent in each domain, but neither cash transfers to SHG members nor the *source* of the cash transfer to those outside of SHGs are seen to significantly alter which domain people spend in. However, cash given on loan terms is more likely to be invested in productive inputs than when given as a grant. We note that a sporadic, emergency cash transfer is very different to regular safety-net transfers that allow people to self-regulate. If a second or a third cash transfer was to be carried out, the use of the cash may be different.

2.3 The impact of the cash transfer on SHG resilience

Only 3 persons out of 110 SHG members interviewed had not been with their SHG from its beginning. Most groups (62 per cent) were of mixed religions – especially in Arsi Negele – whether treated or not. Most groups in Arsi Negele reported having Muslim members and Orthodox members (68 per cent and 66 per cent respectively). Fifty-eight per cent reported having Protestant members, and eight per cent Adventist members. In Shashemene the SHGs all contained Muslim members, while a third also reported having Protestant members, and just under a third reported having Orthodox members (although no Orthodox members happened to be interviewed in the survey).

All SHGs in Shashemene district received cash, while in Arsi Negele, the groups that had not started lending one another their own savings by October 2016 did not (some of these groups began lending subsequently). Thus, treated SHGs tended to be slightly (but significantly) older, even though there was an overlap in SHG age. The age of the SHG was controlled for then in all regressions to do with the comparison of SHGs, and was found to make very little if any difference to the outcome. In any case that it *did* make a difference, it is specifically mentioned. As we were told by EKHC before we started, it is not the age of the SHG that makes the difference to how well it functions.

Treated SHG members tended to come from bigger households, their members were more likely to be tied up caring for dependants, they were more likely to hold an official function, (despite overall levels of education not being significantly different) and their SHGs were more likely to have a social fund going, but in most other ways that could be checked, the composition of treated and untreated groups was similar.

2.3.1 How the cash transfer affected capital and savings

The capital held by each SHG in April 2016 was recorded (one year before the survey), then the capital in October 2016 (just before the cash transfer) and finally, the capital in April 2017 – the last entry before the survey. 'Capital' refers to total capital available to the SHG and does not include what the SHG has lent out to its members. Recording past and present capital holdings, as well as past and present savings helps us to work out how the cash transfer impacted these variables.

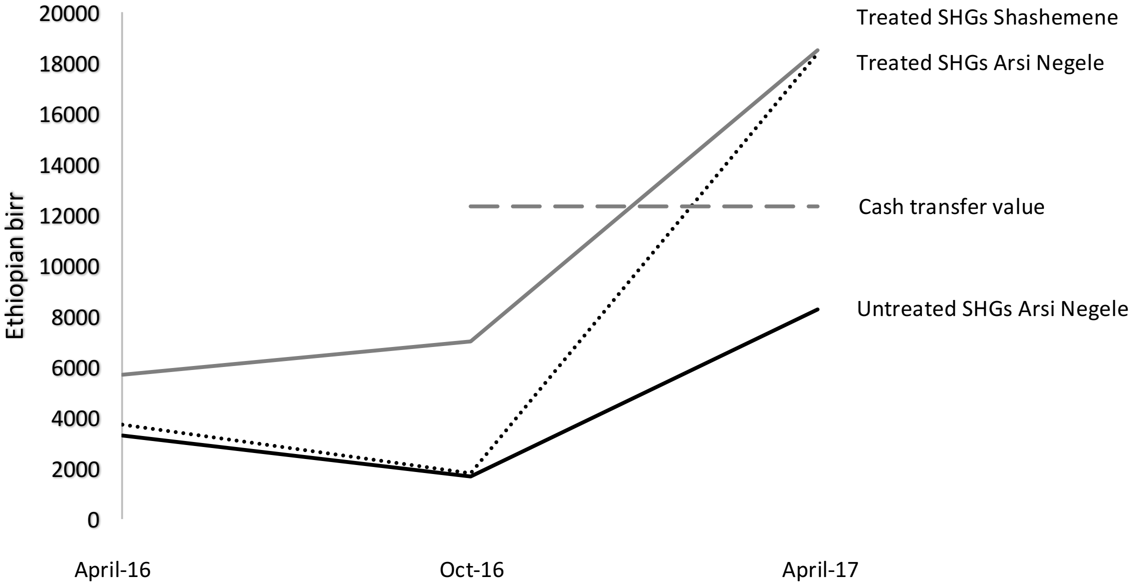
Levels of starting capital owned by treated SHGs and changes in the rates of savings were similar in rural Shashemene and urban Arsi Negele. There was no significant difference between the two areas once controls had been put in place for age of the SHG, bearing in mind that the older SHGs of Shashemene tended to be better off at the beginning of the time period. Levels of finishing capital were almost identical across the different communities, implying that the younger groups of Arsi Negele were quickly catching up. Capital levels in the middle of the period (October 2016 and just before the cash transfer) tended to be significantly greater in Shashemene. This may have to do with how active the SHG is – lots of borrowing activity means that the money is being used rather than showing up in the books as available capital.

Comparing treated and untreated SHGs just within Arsi Negele, treated SHGs had about 446 birr (20 USD) more saved up (and not loaned out) capital in April 2016, but this had dropped to a difference of only 126 birr (less than 6 USD) by October 2016. This difference in capital holdings between treated and untreated groups was not statistically significant in either period.

Thus, the average capital available to all surveyed SHGs in April 2016 was 4,091 birr (min 960, max 16,970). This average had dropped by October 2016 (just before the cash transfer) to 3,125 birr (min 480, max 22,465) and rose again by April 2017 to more than double its level the year before, even where the SHG had received no cash injection.

We were told that the reason for the dip in capital in October was likely to be due to demands on resources at this time: this is a season before harvest when household reserves are running low, combined with the start of the school year and some religious holidays which both incur expense. SHGs that were treated (received the cash injection) recorded an additional increase in capital for obvious reasons. Indeed, the average cash injection for the benefit of SHGs was 12,342 birr, which dwarfed the accumulated capital of most SHGs surveyed. This means that the cash injection is likely to have had a significant impact on resources available to SHG members. Figure 2 (overleaf) shows the average value of the accumulated capital for treated and non-treated SHGs by geographical location, set against the value of the cash transfer.

Fig 2: Accumulated capital available to the SHG and the value of the cash transfer



Taking off the value of the cash transfer, the total capital owned by SHGs at the end of the period was less for treated SHGs than for untreated. This indicates that the cash transfer inspired borrowing that would not have happened had the cash transfer not taken place. Indeed, people in treated groups were significantly more likely to have a loan (the cash transfer eased constraints and enabled them to borrow), such that 66 per cent of treated SHG members in Arsi Negele and 97 per cent of treated SHG members in Shashemene had loans compared to only 4 per cent of those interviewed from untreated SHG members in Arsi Negele having loans (we note that some of the untreated SHGs had not even begun giving loans out at the date of the survey). The woreda (administrative district, which constituted rural vs urban locations) and the treatment both made a significant difference to the likelihood of having a loan.

Before treatment, in the six months between April 2016 and October 2016, savings rates were on the increase. End sum savings over the course of October divided by start sum savings over the course of the April six months earlier gave a savings rate of 1.76 in Arsi Negele and 1.62 in Shashemene. In other words, people were saving more per week at the end of the period than at the beginning. There was less increase in savings for older groups, which makes sense if younger groups are still in the growth stage, and older groups, maintenance. In the following six-month period October 2016 to April 2017, savings were generally growing at a slower level. This suggests a strain on resources, either because of the season or because of resources getting tighter generally. On average, savings rates between October 2016 and April 2017 grew only by 1.2. However, the treatment made a difference to the rate of saving. The untreated group members interviewed did not increase their savings at all (savings rates were 1.0). Treated group members in Arsi Negele had savings rates of 1.17, and in Shashemene, savings rates of 1.53. Thus, savings increased in the treated group significantly more than in the untreated group, and savings increased particularly in Shashemene and among the more mature SHGs (older and with greater levels of capital). We see then that the cash transfer resulted in increased accessibility of cash through loans, and increased rates of savings within SHGs.

2.3.2 How SHG members viewed the administration of the cash transfer

Over 90 per cent of treated SHGs received the cash transfer in December 2016, 6 per cent in January 2017 and the rest from February onwards (changing their by-laws was a prerequisite to receiving the money, which delayed some groups). The SHGs agreed to make the part of this cash destined for their own group available to its members in the form of a loan, such that cash added to the capital of the SHG. Ninety-seven per cent of treated SHG respondents said the money had benefited them personally. The remainder of the cash transfer (worth about 20 per cent of the total sum) was for SHG members to pass on to needy persons outside of their group as they saw fit, not on loan terms, but as a grant. All of the treated SHGs had passed cash on to non-SHG beneficiaries at the date of the survey, although with quite a large variation in speed: 33 per cent did it immediately in December 2016, 16 per cent in January 2017, 22 per cent in February, and the remaining 29 per cent from March onwards. Being slow to pass on the money did not necessarily mean reluctance; slowness in giving out the money was not related to people saying they would prefer that the NGO had done the transfer directly. Moreover, the time it took to make the decision was not related to whether or not the SHG member felt it was easy to make that decision or whether they were comfortable with the role. However, there was a correlation between the date of transfer and not being quite happy with the terms of the transfer. Some SHG members were reluctant to pass on money as a grant when they had been trained towards *self*-help; building savings and accessing cash through loans (more will be said on this). Less mature groups (with lower levels of own savings) were also slower to pass the cash on.[5]

Within the SHG, as outside of it, the money tended to be split equally among the SHG participants (75 per cent of respondents said this was the case) rather than being allocated according to need (25 per cent of respondents). People who said that money was split equally for SHG members were more likely to say that it was split equally for the beneficiaries also. There was no evidence that the decision either way was associated with greater levels of conflict, or more difficulty in making the decision, or less satisfaction with the outcome.

We asked the treated SHG members a range of questions about their experiences of the cash transfer. First of all, enumerators said, 'We want to ask you some questions about the cash transfer your SHG received. Some of the cash transfer was intended to benefit the members of the SHG, and some was for passing on outside of the group. Is this correct?' Ninety-one per cent of respondents agreed with this statement. Those saying no, when asked for their understanding, seemed to have some doubts about passing on the money and the conditions of this. Their negative response was linked to dissatisfaction with the terms under which money was passed on to people outside of the group, which will be picked up on separately.

Of the treated SHG members 92 per cent said that the decision on how to use the cash transfer was exclusively their own; it was not influenced by the facilitator or another external party. The remaining 8 per cent said the decision was partly influenced by others, but no one said it was heavily influenced by others. This suggests that the SHG members mostly felt in control of their resources.

Furthermore, 92 per cent of treated SHG members reported that the decision about how to use the money within the group was easy to make, and a further 3 per cent that it was not harder or easier than any other decision. Only 5 per cent (three persons) said it was difficult, and when asked why, they expressed worries about people borrowing and not paying the money back, difficulties in deciding how to use the money, and feeling that the money was not enough to do something significant. We note that persons expressing concerns of this kind were a small minority, however, and the other responses of these individuals gave no indication that they would have preferred to forgo the cash transfer altogether. Of the treated SHG members 97 per cent thought that the way the money was used within the SHG was a fair and wise decision. The remaining 3 per cent thought it was acceptable. No one wanted to do things differently given another chance.

We asked the treated SHG members whether being asked by an outside agency to pass on money to people outside of the group put them into an awkward position, or whether they were comfortable with the role: 82 per cent said they were comfortable with the role and 18 per cent said they were not comfortable or indifferent/mixed (despite the potential strategic interest in humouring anyone who might offer more cash transfers). Again, discomfort with the role was linked to people not being happy about giving 'grants rather than 'loans' to beneficiaries outside of their group. The discomfort with the role was also linked to a reduced willingness to forgo a sum of money in the present for the expectation of a larger sum in the future. This

[5] However, there was no direct correlation between SHG maturity (own capital holdings) and discontent with the terms of the transfer.

suggests that handing out grants discouraged some of the treated SHG members from wanting to sacrifice for future gain (more on this later). Discomfort with the role was not linked to worries about the feedback of others, or to preferring that the NGOs would handle the cash directly.

We also asked people if the cash transfer distribution would be easier or harder if more money had been involved, such that greater numbers of people could benefit: 66 per cent said easier (we can bear in mind that there is potentially a strategic interest here), 17 per cent were indifferent and 17 per cent said it would be harder. When asked why, those saying 'harder' referred to the complexity and work implications as more money and more purchases are involved in distributing money to beneficiaries outside of the SHG. Those who said 'easier' said that more money has more positive impact (it helps more people and helps people more significantly). People are motivated to work more for more money. They mentioned being confident that the SHG can handle the cash transfer efficiently and in harmony, while small amounts of money are hard to divide effectively.

As with decisions over using the cash internally, the vast majority of SHG members (91 per cent) said that it was easy to decide how to distribute the cash *outside* of the group. Those who said it was a difficult decision or that there were differences of opinion referred more to the terms and conditions of the transfer than problems over targeting. In particular, some people thought the money should be passed on as a loan rather than a grant, in keeping with SHG culture.

2.3.3 How SHG members reported on their own functioning and on cash transfers when offered opportunity for free comment

We said to treated SHGs members: 'You only ever saved and made your own money up to this point, but now you have been given some money from outside. Is there any way in which this has strengthened you at home or you as an SHG? And is there any way in which it has brought trouble to you at home or to you as an SHG?'

All the respondents reported that they got stronger (which is not surprising since they have a vested interest in receiving money!) but there were three specific positive aspects volunteered, each mentioned by multiple people: (1) Savings: the cash injection encouraged them to save or to increase their savings. (2) Changed attitudes: the cash injection encouraged them to work harder. They said it brought relief and raised their spirits. (3) Investment: the cash injection enabled them to trade, or strengthened their businesses as capital was supplemented. Several of the treated SHG members also emphasised that the cash injection brought no problem to the SHG.

In this we see how keen SHG members were to receive the cash injection. When asked if they had any further comments about the cash transfer or about SHGs in general, most responses were positive/appreciative; especially about getting the money, but also about supporting others who are poor. A few of the responses were informative: several persons mentioned that it is important to screen people carefully. Several said they liked getting the money through the bank (an accountability issue?). Several again raised the issue that NGO money should have been passed on to beneficiaries as loans, not grants; the terms and conditions of the transfer may need to be reconsidered. For example, one person mentioned it would be good to help others join SHGs. A few said they would have liked more money, or hope for a follow-up on this situation as they still have problems. One person said, 'I would prefer the organisation to support those who are living in worse conditions than me' and one said, 'We would like to become free from taking donations.' The latter was not said in the context of a negative attitude to the cash transfer generally, but as a hope for better things to come. Treated SHG members frequently mentioned ambitions for saving more and becoming stronger. Gratitude was expressed to those providing the money.

Satisfaction was expressed with SHGs generally (also among non-treated SHGs) both for their economic role and also the value of social support and changing mentality (starting from zero). The need for unity and agreement was emphasised. Transparency, compassion, and a desire for more financial education and training was mentioned. Some non-treated SHG members (some of which were from SHGs that had not begun loaning yet) expressed the desire to start loaning. Three mentioned they would like outside support (perhaps they knew of other groups getting support when they did not).

2.3.4 The economic and social impact of the cash transfers

We have already mentioned that treated SHG members compared to non-treated SHG members had greater access to loans and were more likely to increase the amount they saved. Treated SHG members also reported that they felt better off than others from the same occupational background in the community, with 14 per cent agreeing and 80 per cent strongly agreeing with this statement among treated SHGs in Arsi Negele, compared to 33 per cent agreeing and 53 per cent strongly agreeing among non-treated SHG members. Overall, this difference in response between treated and untreated was statistically significant – the treated SHG members felt significantly better off, and this remained significant even controlling for other factors related to the maturity and status of the group and its members. Having said that, the treatment had no impact on how often people ate or whether they ate high-value foods like meat, eggs or fish (maybe this wasn't the biggest issue for SHG members). The treatment did not undermine the SHG members' sense of deserving the advantages they get, which was asked in another question.

People in SHGs, when compared to onlookers, were significantly *less* likely to say they have no control over the way that money in their household is spent. Being in an SHG appears to grant them more control over finances, although not necessarily complete control (control was often shared). The treatment did not reduce the sense of control and nor was the sense of control significantly increased.

Treatment did not affect social capital within the group – respondents were just as likely to think that group members took care of one another within the group, and there was no difference expressed by treated and untreated groups regarding the belief that they have a caring and generous attitude towards those outside of the group. Indeed, we examined several indicators of giving such as whether or not a person hosted people at home for a drink or a meal, the giving of informal help, and various forms of involvement in groups (see Appendix D). These giving behaviours are highly sensitive to relational dynamics. We also asked people who they give to (giving also outside of one's close social circle suggests that positive attitudes towards others are generalised). People within SHGs were significantly more generous than those outside of them, and there was no evidence at all to suggest that the treatment damaged these positive ways of relating.

2.3.5 Impact of the cash transfer on the quality of SHG functioning

SHG members were asked whether they agree or disagree with an additional series of questions – questions designed to reflect the core criteria for SHG self-assessment described in Lawson-McDowall et al. (2016). The questions included the following:

- ☐ Does your group meet regularly?
- ☐ Would you say that everyone attends?
- ☐ Do any members fail to pay their weekly savings? (note, reverse coding)
- ☐ Are new money-making plans being put forwards?
- ☐ Does everyone get a chance to borrow for these plans?
- ☐ Are people able to pay the loans back on time?
- ☐ Are there many defaults on the loans? (note reverse coding)
- ☐ Is everyone clear about what is going on?
- ☐ Are decisions made which keep everyone happy?
- ☐ Do any members avoid taking their turn in leadership? (note reverse coding)
- ☐ Do you get good training and support from your facilitator and/or from people outside the SHG?
- ☐ Do you feel able to realise change in your lives by yourselves?

- ☐ Do you feel able to get Kebele officials to consider your issues of concern?

Over 90 per cent of respondents said either ‘yes mostly’ or ‘yes definitely’ to all questions apart from the reverse coded ones (which seemed to have confused people) and apart from the question about support from facilitators or from others outside of the SHG (to which over 75 per cent of persons responded negatively). In other words, people reported positively on their own groups but less positively on the facilitator support they were getting. We note that there was only one facilitator for more than 170 groups in Arsi Negele. Likewise, in Shashemene, one facilitator was stretched over multiple communities and SHGs. The lack of support felt from facilitators was hardly surprising, then. Respondents were also somewhat less positive about people consistently paying their weekly savings, and ten per cent of persons were less positive about getting Kebele officials to consider their concerns. *All* respondents reported positively about being able to realise change by themselves (28 per cent agreed and 72 per cent strongly agreed with this statement). Likewise, all reported positively about everyone getting the chance to borrow (20 per cent agreed, 80 per cent strongly agreed). Ninety-nine per cent were positive about regularly meeting and being clear about what is going on.

Whether or not the SHG had received the cash transfer made no difference to the way people responded to any of these questions. This implies that the cash transfer did not have any obvious negative effect on the way people saw their SHGs.

The location of the SHG (rural Shashemene or urban Arsi Negele) also had little or no impact on the responses, although groups in Shashemene may have been less positive about decisions being made that keep everyone happy. The maturity of the SHG (reflected in age, in capital stock and in whether or not weekly input levels were increasing) had some impact on a few of the responses: older groups were somewhat less negative about the facilitators. They were also more likely to definitely agree that decisions are made that keep everyone happy, and more likely to feel able to get Kebele officials to consider their concerns. There was some correlation between higher saving rates and regular meeting. Having more starting capital was linked to less defaults on loans. [6] The links between group maturity and responses were generally positive then, as may be expected, but since everyone was reporting so positively, the differences were not great. Positive responses to questions about the SHG made no difference to life satisfaction.

Positive responses to the questions about SHGs also had no impact on whether the SHG member would rather that transfers to non-members were made through the SHG or via an NGO. Thus, the maturity of the group does not seem to be a deciding factor in determining whether SHGs are prepared to take on the administration of cash transfers. However, there was a much stronger and more consistent correlation between people answering positively about the maturity of their SHG, and responses to the questions on one’s willingness to give up money now for a larger sum later. This mentality was linked to well-attended SHGs; being clear about what is going on; decision-making that keeps everyone happy; the feeling of being able to realise change; and the feeling that Kebele officials will consider your issues of concern. This implies that the questions on one’s willingness to make a present sacrifice for future gain is a sound and sensitive indicator of thriving. This mentality was knocked by the introduction of cash transfers, although the cash transfers did not affect the perceptions of SHGs directly, suggesting that the mentality was affected by factors other than direct damage to the SHG itself. More on this in the next section.

[6] There was also a less positive link, in which mature groups (based on own capital accumulation) only agree rather than strongly agree that they can realise change by themselves. However, this correlation appears to have to do with the treatment, since the link is only evident among *treated* SHGs that are mature. The point is therefore discussed later.

2.3.6 Negative effects of the cash transfer

Thus far we have seen that the cash transfer has had positive economic effects, no negative social effects, and no negative effects on the functioning of the group. The only negative effect seen so far has been some sign of struggle over the role of passing on cash outside of the group, particularly regarding the terms of this transfer that dictated that the transfer had to be a grant rather than a loan. Some of the indirect questions to SHG members, however, pick up some negative impacts of the cash transfer in terms of conflict and in terms of less willingness to make a present sacrifice for future gain, and these issues are considered in this section.

'Confidence' is an issue of importance for thriving self-help initiatives, and we wanted to assess the influence of the cash transfers on this variable. However, Meeham and Mengistu (2016) found that when they asked Ethiopian SHG members direct questions about their confidence, the answers did not give a reliable assessment of their ability to manage into the future. Young and enthusiastic SHG members tended to report greater levels of confidence than veterans of well-run SHGs. Meeham and Mengistu also found that when asking people about the impact of the drought, *all* people reported maximum impact possible.

Therefore, we did not ask about confidence or negative impact from the drought directly. Instead we asked how quickly people thought their household would recover from the drought should harvests recover immediately. Half the people (50 per cent) suggested within a year or so, 41 per cent said it would take two or three years, 4 per cent thought it would take many years and the rest didn't know.

The rural communities around Shashemene were likely to give longer recovery times than urban Arsi Negele. People in SHGs reported quicker recovery times than all others, whether in urban or rural areas, and this reflects well on the positive impact of SHG membership. However, whether or not people got a cash transfer, either within or outside of an SHG, made no difference to responses. There was no sign from this data that the treatment made people feel they would recover more quickly from the drought. However, the measure could still be subject to strategic answering – it may be noted, for example, that onlookers who had heard of SHGs getting cash tended to report significantly longer recovery times. Gender made no significant difference to responses.

We therefore refer to a measurement of time preferences recommended by Falk et al. (2016). Time preferences are demonstrated in a willingness to give up a smaller sum now for a larger sum later. Smaller and greater differences between the start and end sum reveal different preferences, with those being less patient preferring immediate gains, however big a sum they may forgo in the future. Thus, we had four levels of time preference (arrived at through a chain of questioning): (1) Prefer 100 birr now to 400 birr one month later. This expresses a minimum willingness to wait, as people would rather forgo a large sum in the future than loose a much smaller sum right away. Just over half of SHG members fell into this category. (2) Prefer 400 birr in one month to 100 birr now. (3) Prefer 250 birr in one month to 100 birr now. (4) Prefer 150 birr in one month to 100 birr now. Numbers (2), (3) and (4) show progressively more willingness to wait, as it takes less and less cash in the future to persuade the recipient to forgo 100 birr in the present. Around one-fifth of SHG members expressed maximum 'willingness to wait'.

A lower 'willingness to wait' is likely to be related to 'confidence' in that where the future seems risky, people are less inclined to risk an instant return for a less certain one in the future, even if the future return would be larger. The link with confidence is also indicated in the close correlation between one's willingness to wait for money and the feeling that SHGs can realise change by themselves (although reports on the ability of SHGs to realise change by themselves were not influenced by the treatment directly). Confidence may not be the only factor driving these time preferences, however, and we do not know precisely what brings people to choose one way or the other. What we *do* know is that an attitude of accepting present sacrifice for future gain is helpful to progress. For example, it was seen that a 'willingness to wait' was closely correlated to various other measures of healthy SHG functioning, besides the SHG members' feeling that SHGs can realise change for themselves. A reduced willingness to wait is therefore a matter of concern and potentially an indicator of stress, whatever the reason for it.

Women tended to be less willing to wait than men. Although it may be expected that pressure on resources make a person less willing to wait (Suarez and Cameron, 2016) there was no statistically significant correlation between other indicators of vulnerability (caring for dependants, ill health, few household assets, less frequent eating) and reduced willingness to wait. The age of the SHG had no impact. There was no correlation between single or mixed religion and willingness to wait, or religion and willingness to wait generally. Rural and urban SHGs both expressed similar levels of willingness to wait once treated.

Significantly, this data revealed that untreated SHGs were more willing to wait than other sectors of the population, but treatment brought willingness to wait *down* to the level of onlookers or less. Out of the four categories, treated SHGs were, on average, a whole category less willing to wait than untreated SHGs. In other words, treatment appears to have had a strong negative impact on this variable. Table 7 shows the percentage of respondents in the highest two 'willingness to wait' categories (out of four categories altogether). It can be seen that untreated SHG members are much more willing to wait than treated SHG members. There is little wider work on how cash transfers affect preferences that we can compare these results with, but the report by Suarez and Cameron (2016) also suggests that cash transfers do not positively affect time preferences, despite the relief to monetary constraints provided.

Table 7: Willingness to wait by group

	Treated SHG members	Untreated SHG members	Non-SHG beneficiaries	Onlookers
% of respondents in the highest 2 'willingness to wait' categories (out of 4)	14%	51%	13%	18%

Although 'willingness to wait' is associated with better-functioning SHGs, treated and untreated SHGs reported similar levels of functioning so there are no differences to account for the difference in mentality. This implies that the lower 'willingness to wait' associated with treated SHGs had not arisen from damage to SHGs directly. Although the 'willingness to wait' variable was not affected by damage to SHG functioning directly it *was* related to SHG maturity (maturity being measured by capital holdings prior to treatment rather than by age). This was particularly the case in Arsi Negele. The more an SHG had accumulated by themselves prior to the cash injection, the greater the damage in terms of 'willingness to wait' post-treatment. We further note that the 'willingness to wait' of non-SHG beneficiaries, who were considerably less likely to save (have savings) than SHG members, was not affected at all by the cash transfer when compared to the 'willingness to wait' of onlookers. Also, people in SHGs with an official function tended to have their 'willingness to wait' negatively affected by the cash transfer to a greater extent than others, although levels of education made no difference. Likewise, it was seen that SHG members who had accumulated more capital prior to the cash injection were as enthusiastic about their ability to realise change by themselves as those with less accumulated capital, but post-treatment, those with accumulated capital became significantly less certain of their ability to realise change by themselves. Thus, a reduced sense of confidence/reduced willingness to wait following a cash transfer appeared to hit SHG members who had provided for themselves the hardest. It was also seen that treated SHG members reporting that they were uncomfortable with the role of passing on cash to others were especially less willing to wait.

One speculative interpretation of all these links is that it was discouraging to those having provided for themselves to see their hard-earned efforts to progress so easily and indiscriminately matched by the cash transfer. In spite of this negative impact of the cash transfer on mentality (particularly among mature groups), the reduced willingness to wait does not affect SHG enthusiasm to handle the cash transfer, and it is not related to reduced actual savings.

We also asked people about their level of trust in others, with the options of 'most people can be trusted' or 'you can't be too careful in dealing with people'. The trust variable could not give us much information, however, since everyone in Arsi Negele said 'you can't be too careful' – both with and without the treatment. In fact, in all 155 surveys taken in Arsi Negele, not a single person said most people can be trusted. Rural Shashemene was better with 9 out of 70 (13 per cent) of respondents expressing trust and three 'don't knows'. Two-thirds of those expressing trust were from SHGs, suggesting that SHG membership and trust are positively linked. Those who had received cash were less likely to say 'no one can be trusted' than those who did not.

There was more variation in perception of conflict. The question was asked, 'With the drought, to what extent has the pressure on resources led to conflict in your community?'; 56 per cent of respondents said there was no change, and the rest said that conflict had increased to varying degrees from increased a little (21 per cent), increased significantly (8 per cent) and has become a major problem (12 per cent). Rural Shashemene reported less conflict than urban Arsi Negele, which is consistent with the pattern of responses to the trust question. However, in Arsi Negele, onlookers and untreated SHGs reported similar levels of conflict, while treated SHGs and beneficiaries of SHG cash reported significantly higher levels of conflict (see Table 8). This suggests that getting money made the recipients more aware of and/or more exposed to conflict over resources. Wealth made a difference too – conflict was perceived to a lesser degree as resources increased. Indeed, when resources are controlled for, beneficiaries of cash do not perceive significantly higher levels of conflict than onlookers. However, for SHG members in Arsi Negele it would seem that handling the cash increased a sense of conflict by just over half a category out of four categories, despite the fact that feeling better off mitigates the sense of conflict.

Table 8: Sense of conflict in Arsi Negele by group

	Treated SHG members	Untreated SHG members	Non-SHG beneficiaries	Onlookers
% of respondents reporting the lowest category of conflict (out of 4)	37%	64%	33%	53%
% of respondents reporting the highest 2 categories of conflict (out of 4)	54%	18%	33%	9%

Responses on this conflict question correlate with a question asking SHG members what onlookers think about them getting cash, and what onlookers might think about them passing on cash to others. Although most people said everything was fine, three times as many treated SHG members were likely to report expected discontent from onlookers when it comes to the SHG members getting cash for themselves, than to expect discontent with their role of passing on cash to the poor. The SHG members clearly worried less about how they will be perceived for giving the money away than for getting it. Those who offered explanations said that the discontent will arise because of envy. To use the words reported in the surveys: 'People ask why they did not receive money too.' 'They would like to be in SHGs too, and they could use this help, but they did not get the same opportunity.' The link between these variables and the fact that treated SHGs are more likely to report conflict than untreated SHGs suggests that the conflict is to do with the transfer. The sense of conflict was also correlated with treated SHG members saying it was difficult to decide how to use the SHG money (although again, the vast majority of people said this was all fine too). However, a sense of conflict was not reflected in a longer time to make decisions.

The problem of conflict relating to handling cash was less in Shashemene and more in Arsi Negele. Women were more likely to report higher levels of conflict over resources. However, for conflict (as well as for willingness to wait for money), personal circumstances such as marriage, education, being in a female-headed household or even sickness did not have a significant impact. Greater or lesser numbers of people in the group did not affect one's sense of conflict. Orthodox respondents to the questionnaire were more likely to report increases in conflict relative to reports from other religion affiliates (we note that Orthodox respondents were also less well off than others, were likely to express some forms of generosity, and had lower levels of life satisfaction). The age of the SHG did not make a difference. Those who reported conflict were not necessarily more likely to say they found the role of distributing cash uncomfortable, and it did not mean that SHGs would prefer NGOs to handle the cash transfers directly rather than processing them through the SHG. The sense of conflict did not put the SHGs off the job.

Treated SHG members did not agree more than non-treated SHGs with statements about outsiders having increased levels of concerns about SHGs, or with statements suggesting that outsiders think less well of them. Either the respondents were answering direct questions strategically in order to favour cash transfers, or the connection between the cash transfer and conflict was not consciously recognised, and could only be picked up by indirect questioning. Either way, it is not surprising to find that cash handouts are connected to conflict – less so regarding the handing on of cash to the most vulnerable, and more so regarding the receipt of cash for one's self.

Having SHGs of mixed religion does not make it more likely that the SHG prefers the NGO to handle cash. Nor does religion make a difference to one's 'willingness to wait' for money. However, people with Orthodox members in their group expressed lower levels of life satisfaction (whether or not they were Orthodox themselves), and Orthodox persons expressed seeing higher levels of conflict over resources than other persons.

2.3.7 How the maturity of an SHG affects the outcome

Some members of the younger groups may never have had a loan before, and the cash transfer dwarfs their own savings. With this data, we attempted to understand the impact of cash injection on older vs younger (and higher capital vs lower capital) groups.

We have already noted that the maturity of an SHG is not reflected so much in its age, and indeed, age of SHG has little impact on most of the variables. Life satisfaction, willingness to wait for money, sense of conflict, preferences for SHGs to handle cash transfers…none of these things were affected by SHG age. However, we have noted that having more capital pre-treatment was reflected in a bigger dip in 'willingness to wait for money' post-treatment, and (related to this) the higher capital treated SHGs also reported less well on SHG ability to realise change by themselves post-treatment. This may reflect some negative impact that the treatment has on the confidence of higher capital groups. People whose weekly input was on the increase prior to the cash transfer (groups on the move) were more likely to want an SHG to do the transfer (although age of the SHG and their capital holdings did not affect this preference). Conflict was not affected either way. It does not seem to be the case that less developed SHGs were damaged by the intervention in these matters. Indeed, the less mature groups were less negatively affected in terms of damage to confidence.

The maturity of the SHG made no difference to the likelihood of the respondent having a current loan following the cash transfer. However, it could be seen that more mature groups (older groups and groups with more capital) were the groups most likely to increase their savings following the cash transfer, even though prior to the cash transfer, it was the less mature groups in the growth stage that were most likely to be increasing their savings. This reversal implies that the more mature groups were the ones more likely to use the cash transfer with a long-term view in mind (accumulating as well as borrowing and investing). Mature groups (groups with higher levels of accumulated capital prior to treatment) were also quicker to get the cash transfers out to the beneficiaries. Untreated groups who were less mature (having lower levels of capital) were likely to report more positively on various aspects of their SHG like regular meetings and repayments. Once treated, this reversed, with groups who were *more* mature (having higher levels of capital) reporting more positively on these things. The more mature treated groups (higher capital pre-treatment) also reported more positively about the quality of the decisions made in the group than the less mature treated groups, although among untreated groups the difference in capital accumulated made no difference to the outcome.

All this implies that the more mature groups were possibly in a better position to handle the cash transfer quickly and maintain reliable functions post-treatment. However, they did suffer more in terms of a knock to confidence in their ability to realise change by themselves, reflected also in a reduced willingness to wait for money. There was no difference between more and less mature SHGs regarding preference for NGOs to handle the cash transfers directly. There is mixed evidence, then, as to the impact of the cash transfer on immature groups; it is a factor worth taking into consideration when handling cash transfers.

2.3.8 Impact of the cash transfers on life satisfaction

The life satisfaction variable did not reveal either positive or negative effects as a result of the treatment. Life satisfaction is not impacted by the maturity of the group, or by the treatment, or even by being in an SHG in the first place. Those with duties of care for dependants or who were sick themselves tended to be less satisfied. Being better off than others improves satisfaction. People in Shashemene were more satisfied than those in Arsi Negele. People in supportive relational networks (expressed in giving and receiving) tended to be happier.

The lack of response in life satisfaction to the cash transfers is surprising. In Haushofer and Shapiro (2016) a strong positive effect was documented, even though this effect was only short term. The reasons for this lack of response are speculative. It could be related to the terms of the transfer (the cash being administered to SHGs as loans rather than grants, and the requirement to pass on cash outside of the SHG). Alternatively, the positive effect may have already faded with time, or it could be simply that the ‘life satisfaction’ variable was too far into the questionnaire and people were already tired! The reasons are all speculative, but this result is still worth some consideration. Goodman et al. (2017) notes that the positive psychological effects generally associated with cash transfers have to do with a wider range of factors than the money alone.

2.3.9 Summary of how cash transfers impacted SHGs

To conclude: It is difficult to pick up any negative impact brought about by the treatment, although we recognise that treated SHGs may be responding strategically in support of cash transfers. In general, the healthy functioning of the group and the social capital of the group appear to be unaffected. On the positive side, there is evidence that the cash transfers are linked to increased access to loans and increasing savings; and people were more likely to say that SHG members are better off than others having had the cash transfer. On the negative side, a willingness to forgo money now for a larger sum in the future is a valuable attitude widespread among untreated SHG members but less evident among treated SHG members. Some SHG members also struggled with being asked to give out cash grants to people outside of SHGs instead of loans – administering grants conflicted with their self-help training. And thirdly, SHG members handling cash from outsiders report increased levels of conflict over resources in their communities. We look further into relations between people within and outside of SHGs in the next section. Clearly, SHG members like the cash transfers and are arguing persuasively in favour of them, despite the negative effects mentioned. Although in general the majority of treated SHGs (60 per cent) would have preferred that the NGOs had administered the cash to outsiders directly (more about this in the next section), the issues of conflict, a reduced ‘willingness to wait for money’ or concerns over the terms of the grant did not make these persons *even* more likely to wish that NGOs would handle the cash transfers directly.

2.4 How cash was passed on to non-SHG beneficiaries (targeting and process)

2.4.1 Ability of SHGs to target grants correctly

The correct targeting of cash transfers is essential if conflict within the community is to be avoided (Pavanello et al*.,* 2016; Cameron and Shah, 2014). The SHG members were asked to identify particularly vulnerable people outside of SHGs as beneficiaries for cash grants. These were commonly identified by the SHG members by some sickness or disability, which prevents them from supporting themselves. Orphans were also frequently mentioned, but also other vulnerable people such as the elderly who did not have alternative support networks. Being able to use the money wisely was also emphasised by SHG members as a factor of importance, but not the primary one by which to select beneficiaries for the cash. Persons were also identified who faced a particular crisis because of the needs of their dependants, for example to pay school fees.

Taking rural and urban respondents together, none of the non-SHG beneficiaries had eaten meat, eggs or fish in the last week, while every other group had at least some people who ate these foods. They were significantly less likely to own assets than any other group in their community (cattle, a tin roof to their house, a mobile, a private toilet). There were also significantly less breadwinners in their households than other survey participants. Those interviewed were more likely to be women heading their household than was the case in other groups. The non-SHG beneficiaries were significantly less well educated than others surveyed, and significantly more likely to face health problems that limit their daily activities. They were also significantly more likely to have duties of care towards dependants which limit their income-earning capacity. They are significantly more likely to rate their finances poorly compared to other households. These indicators can mostly be observed from Table 2 in the opening section of the results.

The non-SHG beneficiaries in Arsi Negele were particularly badly off compared to onlookers. In rural Shashemene, some of the poverty indicators suggested that the situation was just as bad for onlookers, although the non-SHG beneficiaries were significantly more likely to face health problems or care duties on behalf of others.

These indicators, combined with the fact that none of the non-involved onlookers to the process felt that SHG members had been wrong in their selection of beneficiaries, suggest that the selection process of beneficiaries as carried out by SHG members was on target. The government through its PSNP (Productive Safety Net Programme), which is aimed at supporting the chronically food insecure, also identifies communities to support on the basis of assets and alternative opportunities, and then selects specific households within those communities based on (1) demographics (the elderly, orphans, people with a disability, etc) and (2) low food intake and other indicators of poverty (Slater and Bhuvanendra, 2017). It would seem that the SHGs have been equally diligent in targeting these categories of persons. However, no major PSNP programme operated in our selected communities so we could not compare the different channels of support directly.

According to the non-SHG beneficiaries, only 4 out of 50 persons (eight per cent) said that they had owed money to an SHG member before being given the cash transfer (and thereafter used at least part of the money to repay the debt). Three of these were in Shashemene, where supportive relationships were more in evidence generally. This implies that the SHG members were not overtly self-interested in their distribution of cash. However, SHGs certainly used their existing relational networks in the selection of beneficiaries: 84 per cent of the non-SHG beneficiaries said they knew at least one of the SHG members they connected with well, 76 per cent said they went to the same place of worship, 26 per cent said that they had been helped prior to this occasion by a member of the donating SHG, and 22 per cent said they had helped an SHG member themselves. Clearly there was some depth of relationship prior to this transaction, and in every case, these prior links are stronger in Shashemene than in Arsi Negele.

2.4.2 The cash transfer process

As previously mentioned, all the SHGs had passed the cash on to non-SHG beneficiaries within four months of getting it, and 50 per cent managed to pass it on within two months. More mature SHGs (those with higher levels of capital prior to the transfer) did the job quicker, as did SHGs in Arsi Negele when compared to those in Shashemene.

Most of the SHGs (72 per cent) gave all their identified beneficiaries the same amount of money, indifferent of circumstances. The rest varied allocation according to need. According to the non-SHG beneficiaries, most of the grant (72 per cent, provided in cash or in kind) was delivered by multiple members of the SHG; 18 per cent had to collect the cash/goods themselves, and 10 per cent received them from a single SHG member.

Most of the giving was done by women (83 per cent). A further 15 per cent was given by both men and women, and only one male person delivered on his own (and he delivered to another male). This is despite the fact that 31 per cent of the treated SHG interviewees were male. The beneficiaries were also mostly women (84 per cent of those interviewed, and particularly in urban Arsi Negele). It would seem that men are leaving the helping (and being helped) more to the women. This could be because women were more likely to struggle (they tended to be worse off as described in the first section of the results). Maybe it was also assumed to be better for women to help women. We see in the giving questions (Appendix D) that women are not significantly more likely than men to help others as a general trend.

Most of the non-SHG beneficiaries reported having received cash (from 300 birr to over 1100 birr = 13–47 USD) and some received maize in addition to or in place of money (min 25kg and max 60kg). The most common donation was 500 birr (22 USD), which is less than the recommended donation of 30 USD per beneficiary. Two persons mentioned having received clothing.

Around half the non-SHG beneficiaries of cash said that there were conditions attached to the way they should use the money. Those who responded to the question on 'what conditions' mostly mentioned the expectation that they would use the money wisely, or invest in an income-generating activity. Several mentioned having received specific advice from SHG members or having been encouraged to make an action plan, and a couple mentioned having been told to start saving. Three persons understood the question differently, and mentioned having received the cash for fulfilling the criteria of being poor! Without exception, those mentioning conditions also said that they fulfilled those conditions – a highly strategic response! Being told what to do was *not* appreciated, as will be seen further on.

Following the cash transfer to beneficiaries outside the SHG, 32 per cent of beneficiaries said there was no more contact, while 60 per cent said that someone from the SHG asked them afterwards about how they used the money or how they were getting on. One person said that they were told there would be follow-up, but they had not talked to anyone yet. Three persons responded 'don't know'. This suggests that SHGs are generally offering some follow-up to the cash transfer, and particularly in Shashemene where relationships are closer (in Arsi Negele 43 per cent said there was no more contact, while in Shashemene only 15 per cent said there was no more contact).

Only a couple of beneficiaries thought that no one else would know about the SHG giving them support – most expected some or most of those around to know. Cash transfers seem to be difficult to do privately. However, none of the non-SHG beneficiaries thought that these people would react negatively to them getting support. This is in contrast to the expectation of the SHG member beneficiaries of cash, 15 per cent of whom expected others to react negatively to their getting help. (As regards aid transfers via NGOs, 22 per cent of people getting help from this source expected others to react negatively, but they have less strategic motivation to report otherwise, so their responses may not be directly comparable.) The data seems to fit with the understanding that the poorer a beneficiary is, the less likely it is that onlookers get envious or upset about that person getting support (Kolm and Ythier, 2006). Correct targeting is certainly important for avoiding conflict (Pavanello et al., 2016). Clearly these beneficiaries had been selected as people in urgent need.

EKHC suggested that the local government response to the cash transfers from SHGs to needy persons in the community was favourable. It had not been made public that the cash had come from outside of the SHG, and the action may have been put down to social concern expressed by SHG members. Indeed, we had been told before running the research that only the SHG members knew about the cash injection, while other people thought that the cash comes from SHG savings. However, on interviewing people (note the sensitive wording of the surveys so as not to upset the current balance) we found a different story:

The survey asked, 'In your opinion, where do SHGs get their money from?' Most people responded that SHGs only ever save, earn and spend their own money, but a significant proportion knew or suspected that SHG members received cash for themselves from external sources. Onlookers were the least aware of money from external sources, but still, 20 per cent did not think SHG money was all their own. Of this 20 per cent, three persons mentioned NGOs, two mentioned the government and the rest did not specify or said they did not know. The beneficiaries of cash from SHGs were more aware of the source of the money, with 36 per cent mentioning sources other than the SHG's own savings. Only two persons of this 36 per cent said they did not know the source, while a couple guessed the government and the rest who specified (the majority) knew the money was from an NGO. Several even named EKHC specifically. Likewise, the survey asked onlookers and non-SHG beneficiaries about the source of the money *passed on* by SHG members. Also here, 31 per cent of beneficiaries knew that the money came from an NGO, and a further 14 per cent said they did not know or mentioned other sources. The remaining 55 per cent thought the money came from the SHG's own savings. Of onlookers in touch with treated SHGs, 38 per cent knew that the money came from an NGO. All this again implies that giving cash through SHGs is hard to do privately and therefore also affects non-beneficiaries and their judgements.

EKHC reported that there has been an increase in people signing up for SHGs since the cash transfer. Treated SHGs are also likely to report higher numbers of people wanting to join SHGs than non-treated SHGs. Non-SHG members (onlookers and beneficiaries) who believed that SHGs only ever saved and spent their own money were not significantly less likely to report signups than those who suspected that SHGs received money from outside. However, onlookers and beneficiaries who *knew* about the cash grants from SHG members to beneficiaries outside the group, and *knew* that the money had come from an NGO rather than from SHG savings were significantly more likely to say that lots of people want to sign up (76 per cent say several or many people, as opposed to 36 per cent saying several or many want to sign up when they think the money came from SHG savings). All this would suggest that having clear information about the cash assistance significantly affects enthusiasm to join SHGs.

2.5 The influence of cash transfers on non-members of SHGs (beneficiaries and onlookers) and on community relations

Thirty-one per cent of non-SHG beneficiaries knew that the money they received from the SHG had originated with an NGO, and 55 per cent thought it came from the SHG's own savings. The rest did not know where it came from, or gave mixed responses. Most of those who mentioned an NGO spoke of the actual organisation (EKHC) or at least mentioned a religious organisation. Onlookers were similarly clued up, with contacts of treated SHGs being more aware of the origin of the cash than contacts of untreated SHGs, as is to be expected. Treated SHGs were obviously more knowledgeable in terms of the source of the cash.

Over 40 per cent of the non-SHG member beneficiaries of SHG cash agreed or strongly agreed (26 per cent and 16 per cent respectively) that the SHG contact who handed on the cash may one day call in a favour in return. While this may flag up some concern that relational ties between SHG members and non-SHG beneficiaries may seem to be entrapping the beneficiaries to some extent, it should be noted that those responding to the questions on receiving cash from NGOs were at least as likely to feel this obligation to return the favour to their NGO contact (however, with only six respondents to this particular question about receiving money from NGOs, this finding is not reliable).

Almost 60 per cent also agreed or strongly agreed (26 per cent and 32 per cent respectively) that the SHG would give them a hard time if they did not use the money wisely. The nine respondents to the question on cash from NGOs were even more likely to think that the NGO would give them a hard time if they did not use the money wisely. Both of these measures ('donor will give me a hard time if I don't use money wisely' and 'donor may call in a favour in return') capture some sense of obligation of beneficiary towards the donor. A sense of obligation was particularly evident in rural Shashemene, and particularly the more positive sense of obligation (70 per cent agreed or strongly agreed that the donor would give them a hard time if they did not use the money wisely in Shashemene, as opposed to 43 per cent agreeing with this statement in Arsi Negele). We note that in Shashemene, positive relations were more likely to exist prior to the cash transfer; relationships were closer. The closeness of the relationship may be marked by the fact that 60 per cent of Shashemene beneficiaries had been helped by SHG members prior to the cash transfer, as opposed to one single Arsi Negele beneficiary. The giving variables described in Appendix D also indicated closer relationships generally in Shashemene. Members of Shashemene SHGs were also more likely to follow up beneficiaries after the transfer.

It may be noted that people were somewhat less likely to agree or strongly agree with these questions on a sense of obligation when they knew that the cash came from an external NGO and not out of SHG savings. However, a look at what beneficiaries actually spent money on in the last three months, and what they used the cash transfer for directly, did not suggest any significant differences in whether or not money was invested in productive assets based on whether or not beneficiaries thought the money came out of SHG savings. The correlation between investment in productive assets and a reported sense of obligation towards the donor was more obvious, although still fairly tenuous.

2.5.1 Preference for SHGs or NGOs to do the cash transfer

A key question, asked to all parties, was this: 'NGOs wanting to distribute aid sometimes make cash transfers through NGOs/other agencies, but they sometimes work through local groups like SHGs, asking the SHG to distribute cash to people in need. Which do you think is better?'

Our baseline group to which we can compare all others consists of onlookers (non-SHG members and non-recipients of cash) who had no idea that SHGs had helped beneficiaries and who assumed that SHGs only ever save, earn and spend their own money. To this group, the question of NGO vs SHG as a distributer of cash is a purely academic (theoretical) one. Out of the 24 respondents in this group, 67 per cent preferred the NGO to distribute the money, and 29 per cent the SHG. The rest were indifferent. Uninfluenced by the cash transfer, then, people had a significant preference for cash distribution via NGOs.

This balance changed in favour of SHGs among onlookers who had heard of SHGs actually distributing cash, although the extent to which it changed depended on where the onlooker thought the money came from. Of onlookers thinking that the money SHGs had passed on to beneficiaries came from the SHG's own savings, 41 per cent would have preferred the NGO did the distribution, and 53 per cent preferred distribution via an SHG. But of onlookers knowing that the cash transfer had been sourced by an NGO, 60 per cent would have preferred that an NGO had done the distribution, and 40 per cent were happy with distribution via an SHG. In other words, people were happier about SHGs handling NGO money when they thought that SHGs were being considerate with their own resources, but as soon as they knew that SHGs are handling money sourced from NGOs, they were seen to be somewhat more hesitant, but still more positive about SHGs handling the transfer than was the case among those who had never heard of it being done.

As for the non-SHG beneficiaries, even though they had received money from SHGs, the majority still preferred to have NGOs distribute cash. Thirty-one per cent of the beneficiaries knew that the money had come from NGOs, but of these just over half (53 per cent) said they would have preferred to receive money from NGOs, while 33 per cent preferred the SHGs (the rest were indifferent or did not know). It is significant that those who thought that the money had come from the SHG's own savings were even keener to have money come from NGOs (67 per cent) rather than from SHGs (26 per cent). Moreover, in Shashemene, where relationships were closer than in Arsi Negele, 80 per cent said they preferred NGOs to handle the cash transfer and only one single person preferred SHGs to handle the transfer. This difference between Arsi Negele and Shashemene was found to have nothing to do with levels of education, but rather was to do with the closeness of the relationship. This was also reflected in the sense of obligation. Beneficiaries who felt obliged to the SHG member (they felt the SHG member may call in a favour or hold them accountable) were significantly more likely to want the cash to be handled by NGOs. They were also less likely to strongly agree with the statement that most people think well of SHGs. It would seem that beneficiaries felt less comfortable receiving money from peers than they did from a more anonymous NGO, and that these negative effects can be mitigated by letting the beneficiary know where the money originates from. Because of the relational factor, it is also possible that passing on cash through SHGs is likely to be more acceptable in urban communities where people are less closely connected than in rural communities.

As for treated SHGs who have had experience handling the money, 60 per cent thought that money should be handled by NGOs, while 29 per cent prefer the SHG to handle the money. SHG members who have not had any experience of cash transfers were much keener to have the money go through SHGs (32 per cent voted NGOs, 55 per cent for SHGs). It would seem from this that the experience of handling cash reduces the enthusiasm of SHGs to do this task compared to SHGs that did not yet try it. The responses of both treated and untreated SHG members regarding whether SHGs should handle cash transfers are potentially biased by the fact that in offering to *distribute* cash, SHGs are likely also to access cash for themselves. It is interesting that in spite of this motive, still more than half of treated SHGs express a preference that NGOs should handle the transfer directly, suggesting that the actual experience of handling the cash was not without drawbacks.

It was not the case that SHG members who thought other people knew about them handling NGO money were more likely to want the NGO to do it directly. This suggests that the respondents were not overly concerned with negative feedback for taking the role. Indeed, of 62 treated SHG member respondents to the question, only three said that they felt others would view them negatively for carrying out this aid distribution role (there was more concern about how people would feel knowing that the SHG member itself gets cash help). We also find that nearly all feedback from onlookers on SHGs was positive, as a later section will show, and there was no evidence that being seen to handle cash from outside the group made onlookers report more negatively on SHGs. The drawbacks of distributing cash for SHGs therefore seems to be related more to the demands of the role itself and to SHG distaste for handling grants instead of loans. A summary of these findings is presented in Table 9.

Table 9: Preference for NGOs or SHGs handling cash transfers

	Prefer money handled by NGO*	Prefer money handled by SHG*
Baseline: onlooker (non-SHG member, non-beneficiary) with no knowledge of SHG-to-beneficiary cash transfer and who think SHGs only ever save, earn and spend their own money (24 obs.)	67%	29%
Onlookers who knew the aid from SHGs came from an NGO (10 obs., and drawn from Shashemene which biases the results in favour of NGOs)	60%	40%
Onlookers who thought the aid from SHGs came out of SHG savings (17 obs.)	41%	53%
Beneficiaries (50 obs.)	54%	28%

Beneficiaries knowing that the aid came from an NGO (15 obs.)	53%	33%
Beneficiaries thinking that the cash came from the SHG's own savings (27 obs.)	67%	26%
SHG members having administered the cash transfer to people outside the group (65 obs.)	60%	29%
SHG members not having administered cash (44 obs., and drawn exclusively from Arsi Negele which biases results in favour of SHGs)	32%	55%
Treated SHG members, beneficiaries and onlookers from Arsi Negele (urban centre)	45%	36%
Treated SHG members, beneficiaries and onlookers from the rural satellites of Shashemene (70 obs.)	73%	23%

*Note where the percentages do not sum up to 100%, the remainder were indifferent or said they did not know

2.5.2 Onlooker opinions of NGO direct transfers

Onlookers (non-members of SHGs and non-beneficiaries of cash) were also asked if they knew about *NGOs* handing out cash directly, and were asked what they thought of it. Almost 60 per cent said they knew of NGOs making cash transfers. However, it is possible that people answered the question also with the cash transfer of EKHC to SHGs in mind, since those who were contacts of treated SHGs were much more likely to respond 'yes' to this question. Everyone who knew about the NGO cash transfers said NGO targeting was good, that the terms and conditions were wise and that the way the NGO handled the cash transfer was fair and wise overall. This is with the exception of a couple of people who responded 'don't know' and a single person who said they would prefer it if the NGO had set criteria. In this we do not see evidence of people being very upset about SHGs getting cash, and we do not see lack of confidence in NGO procedures.

It is to be noted, however, that this data may be biased by the selection of onlookers to interview. The pool of onlookers from which those selected to interview were randomly drawn had all been proposed by SHG members. These SHG members were not likely to propose people who do not like them or who would report negatively of them, and therefore the responses we get from onlookers regarding SHGs are potentially biased towards being more positive than is actually the case.

2.5.3 Terms and conditions of the cash transfer, and the role of relationships

Although no non-SHG beneficiary of cash expressed concern with targeting or with the fairness and wisdom of the process overall, 22 per cent of beneficiaries (and also 9 per cent of SHG members) expressed some discontent over the way the SHG handled money in terms of terms and conditions. When probed as to why, SHGs felt that beneficiaries should have more guidance as to how to use the money. They also wanted more of a set criteria and formal agreement for the way the money should be used. Setting conditions (or not) was a source of difference of opinion between some SHG members. There was a lack of clarity. Some said that maybe the poor should get into their own SHGs… as previously mentioned, giving out grants went against SHG ethos. As for the beneficiaries, discontent was expressed over the same issue but for exactly the opposite reasons. The mal-contents tended to be those who had received advice (though not all), which is to suggest that they were not happy about being arbitrarily told what to do by peers as opposed to some higher or more detached authority. Some said there should be pre-set criterion about how to use the money so as to *protect* themselves from the ideas of SHG members. Almost all of those expressing concern went on to say it would have been better if the money had been distributed directly by an NGO.

Thus, beneficiaries who had the SHG put conditions on them in terms of the use of the cash were significantly more likely to want the cash transfer to be handled by an NGO; they were less likely to strongly agree that most people think well of SHGs; and they were less likely to agree that SHGs are caring towards people outside of their own group. Pre-existent relationships (shown in variables such as 'worship in the same place' and 'know each other well') are also correlated with a preference that the NGO handles cash. We also know that in Shashemene, where relations are closer, there was also a strong preference for NGOs to handle cash transfers. All this would suggest that relying on close relations between SHGs and beneficiaries to pressurise beneficiaries into good behaviour may have negative repercussions. It seems that it is disliked to feel obliged to peers (and especially to being told what to do by peers) rather than keeping the cash transfers in an official capacity. It may be particularly hard in a close-knit community for people to accept the change in power dynamics that control over cash brings.

Although close contact between people is associated with a preference that NGOs handle cash transfers, we find that beneficiaries who were helped by SHG members prior to the cash transfer (another indicator of pre-existent relationship) made *no difference* to this preference. In other words, SHGs who help people generally are not so likely to get people upset when they handle cash transfers from outside. Moreover, having previously been helped by SHGs made the beneficiaries much more likely to strongly agree that most people think well of SHGs, that SHG members are deserving, and that SHGs are caring and generous to people outside of their group. Life satisfaction was also higher if the beneficiary was helped previously by an SHG member. Helping behaviours help mitigate bad feelings. This concurs with the literature, which suggests that the degree to which people accept the administration of resources by others depends very much on the character of the persons in control – especially where their institutions are not strong enough to provide alternative checks and balances (Adhikari and Goldey, 2010; Krishna, 2002).

2.5.4 General views on SHGs

Next it is possible to consider how the different parties viewed SHGs. A series of statements about various aspects of SHGs were put to all parties, and the respondents were asked to say to what extent they agree or disagree with the statements on a 5-point scale. One of the statements was 'reverse coded', such that agreeing to it implied a negative view of SHGs. However, about 35 respondents gave blanket 'agree/strongly agree' responses to every statement about SHGs including this one. There is evidence that these persons (and their enumerators) were not picking up on the nuances of the questions, and these persons were excluded from the analysis.

Whether or not SHG members are well known affects to what degree their circumstances and actions affect other people (anonymity means that people are less likely to know or get upset about the cash transfers, for example). Around 90 per cent of SHG members thought that it is well known in their community who is in an SHG, but only 49 per cent of beneficiaries agreed or strongly agreed with this statement, and only 57 per cent of onlookers. Although most people would agree that SHG members are well known, then, (and so what happens to them matters to others), the SHG members themselves think they are better known than they are, which is not necessarily detrimental for their sense of accountability. Surprisingly, it was not the case that in rural Shashemene people felt there was more awareness of who is an SHG member and who is not. However, in Shashemene both SHG members and non-SHG beneficiaries in receipt of cash were significantly more likely to say that most people around knew about the cash transfer they had received (and indeed, onlookers themselves were more likely to know the source of the cash in Shashemene). This fits with the sense of closer relations in Shashemene.

Overall, 87 per cent of respondents agree or strongly agree that SHG members do better than others from the same occupational background in the community. The SHGs and onlookers both felt this, although non-SHG beneficiaries slightly less so – just under 80 per cent agreed with this statement.

There was also general agreement to the statement that 'SHG members work hard and deserve their advantages'. Overall 96 per cent of respondents agreed with this statement, whether they were in an SHG or just onlookers to SHGs. Only non-SHG beneficiaries were slightly less convinced, with just *under* 90 per cent agreeing or strongly agreeing with the statement. Beneficiaries who were less convinced were not from Shashemene (where pre-donation relationships were closer and 100 per cent of respondents strongly agreed that SHG members are deserving); the lack of conviction on this matter was, rather, from Arsi Negele. Within Arsi Negele there was a close association between onlooker and beneficiaries who felt SHGs are deserving, and accepting that SHGs rather than NGOs handle the cash transfer. Overall, it would seem that SHGs are well respected, although there may be bias in favour of SHGs due to the selection process of interviewees, as previously mentioned. Whether people knew that SHGs got money from outside NGOs or not made no difference to the way people responded to this question, implying that the cash transfers did not damage opinions of SHGs in this sense.

The next statement read, 'Many people in the community have concerns about SHGs.' Over 90 per cent of SHG members, non-SHG beneficiaries and onlookers disagreed or strongly disagreed with this statement (reflecting positively on SHGs). Again, whether or not people knew that SHGs got money from outside NGOs made no difference to the concerns people perceived about SHGs.

'SHG members are taking care of one another within their own group' is another view that almost everyone agreed or strongly agreed with: non-SHG beneficiaries just under 90 per cent, but everyone else almost 100 per cent. Almost all SHGs members and beneficiaries also thought that SHG members expressed care and generosity to those *outside* of the group as well, although the onlookers were slightly less convinced, with just under 90 per cent agreeing or strongly agreeing. Neither the perceived source of cash, nor rural vs urban context affected these outcomes.

Finally, people were asked to respond to the statement that most people think well of SHG members. Over 90 per cent of respondents from every category agreed or strongly agreed with this, although non-SHG beneficiaries were not quite so likely to think well of SHGs when they knew that SHGs had received money from an external NGO. Knowing that the money transferred to *them* was from outside did not affect their opinion of SHGs, only knowing that the SHGs got support for their own members affected their opinion, and even this correlation becomes tenuous when controlling for other factors that may affect the response. People who thought well of SHG members were more likely to accept transfers by SHGs rather than by NGOs, in keeping with the literature previously mentioned (those administering resources must be seen to handle them in a trustworthy manner in order for this to be acceptable to others (Pavanello *et at.,* 2016; Adhikari and Goldey, 2010; Krishna, 2002)).

Overall, there is little evidence from the views of SHGs expressed by respondents in this study that the cash transfers have damaged the image of SHGs in the eyes of onlookers and beneficiaries, except debatably in the eyes of beneficiaries in this last point.

2.5.5 Reports on SHGs and cash transfers when occasion was made for free comment

When onlookers were given an open opportunity to comment on SHGs, they tended to volunteer positive comments about the groups (they are valued and effective). Several said that they would like to join too. The only less positive comment was that SHGs should try and involve more people. Non-SHG beneficiaries of cash said the same, many also expressing gratitude and a few expressing the hope that donations would continue.

Finally, we were able to collect some data from all parties, both in SHGs and out, on why people thought that NGOs should handle cash transfers directly, or why the cash transfer should be administered by SHGs (depending on which way the respondent voted). It was interesting that many of the arguments that applied to NGOs were also applied to SHGs. Thus, on both sides of the divide, people were saying that their chosen vehicle for cash transfers was God-fearing, fair, dedicated, trustworthy, in touch and reliable. However, what did emerge was that SHGs were seen to be closer to the people, and NGOs were seen to be more accountable.

In this sense, those favouring SHGs said that they are more likely to know, understand and care about specific persons and their circumstances. They are accessible, living together in the same community. They know who is really in need and who is not. They may be more timely with their help and specific with their advice. They represent a wider range of religions than EKHC, and they can follow people up better than an NGO. Those favouring NGOs like EKHC emphasised the transparency, accountability, and the ability to cut out a step in the chain. They also mentioned the use of clear criteria, the accumulated experience of the NGO and that things can be done in a respectful way. But in terms of honesty and fairness, some trusted one more, and some the other.

Although SHGs have a comparative advantage in terms of closeness to the beneficiaries, we see from the responses of beneficiaries that this very closeness of relationship can actually be a disadvantage when it comes to receiving cash from peers. Overall, a majority of persons prefer that NGOs handle cash transfers directly, although there are mitigating factors that have been discussed.

3 CONCLUSION

This research evaluates the impact of distributing cash through self-help group (SHG) networks as experienced in a trial project financed by Tearfund in Ethiopia. The SHG members who received cash transfers tended to add their part of the cash to the capital of their group, and make it available to their members as loans. This is in keeping with their self-help ethos. They were also tasked to select vulnerable people in their community and to pass on a part of the cash transfer to these beneficiaries as a grant.

Although the cash transfers were only discussed in private with SHG members, around half of the treated SHG members interviewed thought that most people knew about them handling the cash transfer. And indeed, around a third of non-SHG beneficiaries and onlookers reported knowing that SHG members had handled cash from an external NGO. This implies that it is hard to manage cash transfers privately; the action will affect the thought process of non-beneficiaries also. Knowing about the cash assistance was linked to reports that more people were wanting to sign up for SHGs. Most people had heard of several non-members wanting to sign up.

In order to study the impact of the cash transfers more fully, we surveyed 225 persons, comparing those who had received cash to those who had not, and also interviewing onlookers to the process. The bulk of this section summarises the findings of this survey, although the limitations of the data itself should not be overlooked:

For example, the onlookers interviewed were randomly selected from a range of contacts that SHG members had proposed. Since it is unlikely that SHG members would propose individuals who do not like them, it is possible that this data is biased to reflect a more positive image of SHGs and their handling of the cash than is actually the case. However, most of our analysis is based on *comparisons* between responses rather than the response itself, and the differences in response under different conditions retains some informative power. The data is also weakened by the fact that there were no untreated groups in rural Shashemene to provide a basis for comparison, and the untreated groups in Arsi Negele were all relatively immature, with some of them still not having begun to loan to one another by the date of the survey. It is possible that outcomes would have been different if we could have compared treated and untreated groups that were more mature. As always, more surveys would have provided a higher level of confidence and precision in our findings, and more highly trained enumerators might have succeeded in bringing in more complete information. Some negative effects may only emerge over time: for example, defaults in the repayment of loans or a widening of fractures in community relations. These potential effects must be monitored at a later date. The results may also be context dependent, and feedback from other studies should also be taken into consideration. The study, with all its limitations, does however seem to indicate the following pros, cons and possibilities for improvement when distributing cash transfers through SHG networks:[7]

3.1 Pros of giving money via SHGs

Pros for SHG members:

- The cash transfer allowed investments and expenditure that would not otherwise have taken place. Even if cash is given for a specific purpose, it frees up expenditure in other areas also. There was an increased level of savings following treatment. Moreover, treated SHG members were more likely to have a current SHG loan, and by some measures they felt better off. Wider research would suggest that it is important to help people following a shock such as drought before their own coping strategies bring them to make savings or changes that damage their longer-term prospects, prolonging the negative effects of the shock. In this instance, we see that people with cash transfers were able to increase their spending in areas that will have long-term consequences on their welfare.

[7] For a summary of survey results by research question, see the executive summary

- ☐ There is no sign that the cash transfers are spent in ways significantly different from the way that SHG members use cash that they have saved up for themselves, which suggests that the cash transfers are not distorting expenditures.
- ☐ The SHGs retained their sense of control over resource usage (over 90 per cent said the use of the cash transfer was entirely their own decision). Their sense of control over resources generally was not affected. They continue to do better in every way than those surveyed who were not members of SHGs.
- ☐ There was no evidence of damage to SHG functioning, particularly among the more mature SHGs (indicated by their capital accumulation prior to the cash transfer).
- ☐ There was no evidence of damage to social structures within the group. Generosity (which is very sensitive to relational quality) was not affected. If anything, there was an increase in hosting between group members.
- ☐ Despite the cons of handling the cash transfer (including a reduced willingness to wait for money, an increased sense of conflict and concerns regarding the terms of the transfer (see cons)), none of these cons made SHG members who were strongly affected by them more likely to say that NGOs should handle the cash transfers directly, compared to treated SHG members who were less influenced by these cons. In other words, these particular drawbacks did not put them off the job.

Pros for non-SHG beneficiaries:

- ☐ We had only very little information on the ways that people spent money from other NGOs, but from what information we had, the feedback on experience and money use was not significantly different from when cash transfers were administered by SHGs.
- ☐ The influence of the closer relational networks and SHG follow-up on the way the money is used provides evidence of some increased spending on productive assets.
- ☐ Expenditures were increased in domains that were otherwise inaccessible, such as for saving, investment in productive assets, payment of medical or school fees, travel and purchase of household assets.
- ☐ SHGs have intimate knowledge of the local area and who needs help. SHGs used these relational networks to identify recipients. SHGs appear to select beneficiaries from the correct socio-economic strata – their targeting was accurate. Over 80 per cent of the beneficiaries were women (who were seen to be needier) even though 30 per cent of SHG respondents were male.
- ☐ SHGs did not express serious problems with handling the transfer, and they did their job conscientiously with 82 per cent of the interviewed beneficiaries receiving home visits and 60 per cent of beneficiaries also mentioning follow-up after the transfer. Half of the SHGs had completed the cash transfers to beneficiaries outside of the group within two months, and half took longer, although they all carried out the task within six months. The age of the SHG and the education of the particular representative who was responding made no difference to these things, although Shashemene groups took longer to carry out the transfer, as did the less mature groups in terms of capital accumulation.
- ☐ Beneficiaries report on SHGs as positively as onlookers, even following the cash transfer experience.
- ☐ Beneficiaries, being worse off than SHG members, are less likely to expect negativity over their receipt of cash transfers. This fits with the knowledge that cash transfers are more acceptable to non-recipients when directed to the very poor (Kolm and Ythier, 2006; Pavanello et al., 2016).

Pros for onlookers:

- ☐ There is no evidence from people's view of SHGs that the cash transfers have damaged the image of SHGs in the eyes of onlookers. SHGs were held in high regard, and people who knew nothing about the cash transfer or its source were not likely to report on the quality of SHGs in ways that differed significantly from those who knew that SHGs had accessed cash from outside sources.

On the whole, people getting the cash transfers were positive about them, and people were positive about SHGs generally. They answered the questions strategically to reflect wanting more cash, which meant that some of the downsides could only be picked up indirectly. They volunteered the information that the cash favoured savings and investments, and encouraged them to keep going.

Within SHGs, men and women were equally likely to have a loan, but men were more likely to be investing in productive assets than women. Cash given on loan terms as opposed to grant terms was more likely to be invested in productive assets, although the cash being on grant terms was directed to a poorer segment of the population. Three-quarters of the distribution via SHGs to beneficiaries tended to involve ‘the same sum for everyone’ rather than varying allocations according to need.

3.2 Cons of giving money via SHGs

Cons for SHG members:

- Treated SHGs compared to untreated SHGs expressed significantly less willingness to give up a small sum of money now for a larger sum later. This reduced willingness to wait is known to be damaging to progress. It did not appear to be related to differences in SHG functioning between treated and untreated SHGs (none of significance were recorded) or to people thinking it would take longer to recover from the drought (the treatment did not impact this), but it was more significant among groups that had saved a lot themselves, among persons who were uncomfortable with the role of giving out cash transfers to others, and was associated with persons reporting less strongly that SHGs can realise change by themselves. It may be that the confidence or motivation of conscientious savers is knocked when they see the cash transfer money come so easily and indiscriminately.
- SHG members handling cash from outsiders were significantly more likely to report increased levels of conflict over resources in their communities, particularly in urban Arsi Negele. This issue was only discovered when questions on conflict were put indirectly – there was less sign of direct negative feedback regarding the cash transfers reported by anyone, whether inside or outside of SHGs. The sense of conflict was correlated to the level of concerns over envy from onlookers regarding the cash transfer (which 15 per cent of treated SHG members reported directly), and to finding it hard within the group to decide how to administer the cash transfer (reported by 9 per cent directly). It was not the case that treated SHG members were more likely to report conflict when they felt more people knew about the cash transfer. However, the fact that most SHGs had not disclosed the source of the cash to beneficiaries suggests some concerns. Should the role of giving out cash through SHGs be expanded, then the issue of onlookers knowing and reacting negatively is likely to become greater.
- Although the administration of the cash transfers seemed mostly harmonious, some SHG members from both Arsi Negele and in Shashemene struggled with the idea of providing cash to people outside of SHGs as *grants* instead of *loans* (which was the way that *they* accessed the cash). SHGs are trained to think in terms of savings and loans, not grants, and the rules of the cash transfer to the beneficiary outside of the group clash with this training.
- Expected increases in life satisfaction, which are usually associated with cash transfers in the short term (Haushofer and Shapiro, 2016), were not evident. There was no negative effect, just a lack of expected positive effect. This could be related to the job of passing on cash to others or to accessing cash on loan terms rather than as grants, or it could be nothing more than the passage of time.
- Although some of the SHG members were very positive about administering cash transfers outside the group, and few gave direct negative feedback, 60 per cent still said they would have preferred that the NGO had administered the cash directly. In fact, there was evidence that the task of

handing on cash to beneficiaries put people off the idea (treated SHGs were more likely than untreated SHGs to say cash should be handled directly by NGOs).

Cons for non-SHG beneficiaries:

- Although the SHGs seemed to target the poor accurately, the heavy reliance on relational networks means there may be bias in *which* poor get helped.
- Almost half the beneficiaries mentioned conditions or ‘advice’ being attached to their receipt of the cash, and this was one of the very few areas in which beneficiaries expressed discontent in a direct question.
- There was evidence that beneficiaries felt less comfortable about receiving money from peers than they did about receiving money from a more anonymous NGO. Having SHGs within the community select beneficiaries made around half of the beneficiaries feel obliged to SHG members, and particularly where relationships were already close. These relational factors may be associated with the beneficiaries using resources for investment in productive assets, but it is not a condition appreciated by the beneficiary. Cases where conditions and/or advice were attached to the transfer, cases where relationships were close, and cases in which a sense of obligation was created were all reflected in beneficiaries tending to say that NGOs should rather handle the cash directly. Knowing the source of the cash helped ease this tension, but for close-knit communities the preference for NGOs to handle cash transfers is overwhelming.
- It had been recommended to SHGs that they pass on 30 USD per household to non-SHG beneficiaries, but the majority of non-SHG beneficiaries reported receiving less than this sum (22 USD was the most common donation size, although a few people also received goods in kind).

Cons for onlookers:

- Of onlookers who knew nothing at all of cash transfers, 67 per cent preferred to see cash transfers handled by NGOs rather than SHGs. People warmed up to the idea of SHGs handling cash transfers when they knew about them actually happening (which means maybe this should be a ‘pro’ rather than a ‘con’). However, there still remained a majority of persons preferring NGOs to handle cash transfers (53 per cent preferred the NGO and 34 per cent preferred the SHG to handle the cash transfer). The rest were indifferent. Beneficiaries expressed similar levels of preference for NGOs handling cash over SHGs (54 per cent for NGOs, 28 per cent for SHGs). Those who respected SHG members and believed them to be generous with their own resources tended to be significantly happier about the SHG handling the cash transfer instead of NGOs, but not when their relationships with SHG members were very close. It has been noted that in the context of close relationships, respondents preferred an NGO to handle the transfer.
- Some people felt that SHGs are less accountable than NGOs in the handling of cash transfers.

3.3 Ways in which the use of SHG networks to distribute cash transfers may be improved and contexts in which this model is inappropriate

Where SHGs were upfront about the source of the cash they were distributing, responses of non-SHG beneficiaries reflected a reduced sense of obligation and distaste that were generally associated with receiving money from peers. Disclosing the source of the cash transfer made the administration of cash by SHG members more acceptable to beneficiaries, and did not make the beneficiary think any less of the SHG member.

The terms of the transfer outside of SHGs need further consideration – some SHGs do not like channelling grants when they themselves access cash via loans, while even more so, non-SHG beneficiaries do not like to be ‘advised’ by peers. More work needs to be done to agree terms of transfer with SHGs, and to clarify what should and should not be said to beneficiaries.

While close relationships with SHG donors may encourage non-SHG beneficiaries to invest in productive assets, close relationships are also associated with dissatisfaction with the SHG role, since people do not like receiving cash from the hands of peers. Less closely-knit communities (eg urban communities) were better disposed towards SHGs handling cash transfers, and may be better targets for this method of aid distribution, while in very close-knit communities a stronger preference is expressed for NGOs to handle the cash.

As for impact on the SHG itself, treated SHGs were much less willing than untreated SHGs to forgo a small sum now for a larger sum later. This difference (possibly reflecting a loss of confidence or motivation) was especially felt among individuals who were better able to make it on their own, and among individuals who found the role of handing on cash to others uncomfortable. Perhaps linking the cash transfer to one's own efforts to save, or linking reward to the work involved in distributing cash outside of the group may help to reduce this negative effect, but the evidence on this is not clear, and nor is it necessarily the objective of the cash transfer. The 'fairness' of linking benefits to effort may also have an impact on the sense of conflict.

Conflict is difficult to avoid altogether where resources are concerned. However, and in spite of the sensitivities of close relationships when it comes to administering cash, SHG members who are seen to be generous, caring and good are less likely to incur dissatisfaction when they handle cash transfers (non-members are happier with SHGs taking this role), and SHGs are more likely to be seen as deserving. Conflict in rural Shashemene, where relationships were closer and more characterised by generosity, was not reported by SHGs to the extent that it was in urban Arsi Negele. Conflict might also be reduced by offering more help to SHGs in working through the terms of the transfer. The correct targeting of the cash transfer is likewise known to be essential in avoiding conflict (Pavanello et al., 2016). It did not improve these issues whether the SHG was older or younger, or whether its members were more educated.

Mature SHGs, measured in terms of their own savings rather than in terms of age, were more likely than immature SHGs to function well following treatment and they were also more efficient in their handling of the cash transfer on behalf of others. However, mature groups were also the hardest hit in terms of confidence following treatment.

3.4 Final word

SHGs are appreciated for their economic role (providing access to money) but also for the social capital they build (SHG members foster mutually beneficial and supportive relational ties), and for their psychological impact as they empower people for change. Indeed, there was ample evidence within the survey that people who are part of SHGs do better in all of these areas than people outside of them. We could see how the cash transfer impacted each of these areas, and also how the cash transfer impacted the views of people outside of the group, whether beneficiaries of SHG cash or not.

We found that the economic effects of the cash transfer on SHGs were positive. There was no sign that this one-off transfer had distorted spending patterns, while they alleviated constraints on investment, savings and essential purchases. The social effects within the group were little affected and if anything, the effects were positive. And in terms of psychological effects and empowerment – things relating directly to the SHG seemed unchanged and indicators of empowerment were unaffected, but the treated members became less willing than untreated members to forgo a small sum now for a larger by sum later (an important mentality when it comes to investment for future gain) and also their sense of conflict increased.

The reduced willingness to wait for money was not related to damage to SHG health, but could be related to a knock to confidence or motivation. The conflict variable was related to perceptions of envy by people outside of the group, and to finding it difficult to agree within the group how to administrate the cash. To some extent, signs of conflict may be expected whoever handles the cash, but here the SHG members bear it rather than a more anonymous NGO.

Conditions of transfer outside of the SHGs need more discussion and clarification. SHGs are not entirely happy about giving out grants rather than loans (which is the way that they access cash). Beneficiaries are not happy about being told what to do by peers. Relying on close relationships to ensure that cash transfers are used wisely may work, but it also makes the beneficiaries uncomfortable, and may not be the ideal method of cash distribution in very close-knit communities. It helps to be upfront about the source of the cash transfer, and it helps if those handling the cash transfer have a reputation for generosity beforehand.

A majority of persons from all groups would rather that NGOs handle the cash transfers directly, and particularly in the context of very close relationships. Having said that, people outside of SHGs tend to report positively on SHGs and their functioning, with indicators remaining stable with and without the knowledge of cash transfers. They do not seem to be unduly upset by the cash transfers. There is no sign that SHGs are incapable of doing the job or of targeting the right people.

It would be helpful to check with the field in due course whether the loans under the cash transfers are being paid back as promptly as any other loan, and whether there are signs of negativity and bad feeling over the role of SHGs handling cash transfers emerging at a later date.

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HUMANITARIAN CASH TRANSFERS THROUGH SELF-HELP GROUPS

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