



Iraq – Corinna Robbins, Mercy Corps

# **A MILLION-DINAR QUESTION: Can Cash Transfers Drive Economic Recovery in Conflict-Driven Crises?**

*Experimental evidence from Iraq*

## **Executive Summary**

Over the past twenty years, the use of cash transfers in development and humanitarian interventions has experienced exponential growth. Both evidence and ethics have contributed to its rise. Extensive research has demonstrated how cash transfers can serve as critical lifelines in both acute humanitarian emergencies and more stable development contexts, whilst also providing recipients with greater flexibility, dignity and choice. However, there exists a dearth of evidence on the effectiveness of cash transfers in protracted crisis contexts, where poverty, hunger and the resulting humanitarian need are increasingly clustered.

Donors and governments are urgently asking: Is cash equally effective in protracted crises, where conflict and insecurity are pervasive, markets and livelihoods are broken and state capacity to respond is limited? Can cash assistance be designed to both protect against the immediate effects of protracted crises and build resilience to future shocks, thereby reducing future humanitarian need? Specifically, given the extended length of need in protracted crises, how might humanitarian cash transfers be intentionally designed to improve both short-term coping and longer-term recovery?

We sought to answer these questions by testing the impact of deliberate variations in the design and delivery of cash transfers among conflict-affected Iraqi households. This study leveraged the Cash Consortium of Iraq's (CCI) ongoing multipurpose cash assistance. The CCI is a consortium of five organisations that, collectively, has delivered over 160 million USD in cash assistance to over 500,000 households across Iraq since its formation in 2015.

## Research Design

We conducted a randomised control trial in Anbar, Salah-al-Din and Ninewa governorates in Iraq from October 2019 to June 2020. We randomly assigned 827 eligible participants in CCI's cash assistance program into three treatments and one waitlist control group to serve as the comparison. Treatment groups received the same value of cash at varying schedules — either one lump-sum of 1,200 USD, three equal monthly transfers of 400 USD, or three unequal instalments of 200, 200, and 800 USD. We also added a behavioural insight-driven financial health education for half of all treatment groups to support future-oriented financial planning. Panel data from 819 households and qualitative interviews inform our primary outcomes — food security, expenditures, household assets, and employment — and secondary outcomes — bonding and bridging social relationships and psychosocial well-being.

Our study findings come at an opportune moment in the Iraq and global context. First, as Iraq transitions from an active conflict towards more stability, the Government of Iraq, donors and practitioners are seeking more durable solutions. Equally, as the impacts of COVID-19 exert downward pressure on global economies, host country governments and donors alike are seeking evidence on the most effective use for limited investments.

## Key Findings

**Cash transfers made households more food secure and enabled them to invest more in meeting critical needs including shelter, education and health.** Cash transfers enabled households to meet their critical food consumption needs, including better dietary diversity and less reliance on distressful coping strategies than their control group counterparts. These results were observed despite a rise in food insecurity across the study population as a whole, indicating a protective effect of cash. The cash transfers also allowed households to spend more on developing their family's human capital, including medical expenses and school fees.

**Cash improved households' economic recovery prospects by boosting or stabilising their employment and productive asset ownership in the face of multiple shocks.** Iraqis who received cash were better able to retain or acquire new assets, such as mobile phones and livestock, that can help them generate income and act as capital stores to cope with future shocks. Treated households, on average, were also better able to maintain regular employment in the face of major economic contraction in Iraq. These effects on preventing distress sale or 'shedding' of productive assets and on job losses have important implications for the design of social protection policies within protracted crises.

**Variations in cash transfer schedules affected the timing and strength of key outcomes.** A primary contribution of our study is a better understanding of how cash transfers can be designed to maximise impact on specific outcomes of interest. Larger lump-sum payments emerged as the most effective method for promoting expenditures on basic needs (such as shelter repair), human capital development (such as

education) and productive household assets. Smaller tranche payments, on the other hand, were best suited to immediately stabilise and smooth household consumption and improve short- and medium-run food security. Our results largely mirror findings in more stable contexts and should provide greater impetus for humanitarian donors to offer more flexibility in the design of cash transfers in protracted crises.

**Cash transfers did not lead to additional income generation.** The effects of the cash transfers on productive assets and employment did not translate into additional income for recipient households during the period of the study. While cash provided households with needed resources to invest in improved livelihood strategies, turning these into greater income requires market demand for products and services, which are often lacking in protracted-crisis contexts. Further, vulnerable populations typically targeted for cash assistance may not have adequate skills or access to harness relevant opportunities. These findings point to the limitations of cash transfers alone in supporting sustainable poverty escapes in protracted crises.

**The provision of financial health education alongside cash strengthened the effects on economic, social and psychosocial outcomes.** Participants who received cash and financial health education training experienced greater impacts on food security, employment, intercommunity relationships, and perceptions of their economic and physical security. The training complemented the material benefits of the cash by supporting recipients to develop and apply financial management plans. Our qualitative findings confirmed that these helped reduce participants' anxiety and uncertainty about meeting current and future economic needs. The training sessions also provided opportunities for positive interactions between different social groups, including hosts and displaced populations, which may explain why we find positive impacts for training participants on intercommunity trust, cooperation and attitudes towards the use of violence against others.

## Conclusions and Implications

We draw four main conclusions from our findings. First, they suggest that even in a protracted crisis where shocks and stresses are recurrent, temporary cash transfers can provide protective benefits that promote certain types of economic recovery by preventing poverty backsliding and promoting resilience. Second, small variations in cash transfer schedules can achieve different outcomes, of which program designers and implementers can make greater, more intentional use. Third, temporary humanitarian cash transfers, on their own, may not be sufficient to encourage additional income generation in a protracted crisis. Fourth, augmenting cash transfers with appropriate behaviour change interventions can amplify impacts on economic and psychosocial well-being.

Our results hold important implications for how policy makers, donors and practitioners can fund and design cash programming to support economic recovery in protracted, conflict-driven crises.

**Donors and governments should act to sustain and scale the gains of effective humanitarian cash transfer interventions in protracted crises.** Donors should continue to expand the percentage of aid they provide as cash assistance, where market conditions allow. Where possible, donors should support linkages between humanitarian actors and nationally led, shock-responsive social safety nets, which typically offer the greatest opportunities for scale and speed of assistance.

**Donors, governments and practitioners should deliberately design cash transfers to deliver on both short-term needs and longer-term goals in protracted crises.** Greater flexibility in cash transfer

values and frequencies can support optimising cash delivery to achieve specific outcomes. Where meeting immediate, critical needs is the overriding goal, design and deliver equal tranche payments. Provide lump-sum payments to help recipients meet large, one-time expenses, such as to secure access to housing, invest in shelter repairs, or to support productive asset accumulation. Where possible, develop programs that effectively combine lump-sum and tranche payments.

**Donors and practitioners should fund and provide cash transfers as part of bundled livelihood interventions or as a precursor to livelihood programming.** Layering cash transfers with technical skills training and/or facilitating job linkages holds potential to boost their effectiveness on income generation. Transfers can offer recipients more time to attend livelihood training, more cognitive bandwidth to absorb and apply the knowledge delivered, and more confidence to productively invest human and financial capital without repeatedly diverting both to secure regular access to basic needs.

**Implementers should augment cash transfers with behavioural insights-driven financial education to amplify impacts on economic and psychosocial well-being.** Delivering training sessions alongside cash transfers can take advantage of participants' increased cognitive bandwidth made possible by the cash, and help maximise the uptake of the financial management strategies learned. Receiving the cash does not have to be conditional to training participation; however, timing the training delivery on the day of cash distribution can harness the benefits of increased cognitive bandwidth while also reducing the time and cost of participants' travel. Where possible, design the training to create opportunities for participants from different social groups to interact on a safe and equal basis, to enhance social cohesion.

---

## CONTACT

### Virginia Leape

CCI Research, Policy & Advocacy Coordinator  
vleape@oxfam.org.uk

### Jon Kurtz

Senior Director, Research and Learning  
jkurtz@mercycorps.org

### About the Cash Consortium for Iraq (CCI):

The CCI is a multi-donor, multi-programme partnership that has implemented over USD 160 million in humanitarian and recovery funding since its formation in 2015. The CCI is comprised of the Danish Refugee Council (DRC), the International Rescue Committee (IRC), the Norwegian Refugee Council (NRC), Oxfam and Mercy Corps as lead.

The CCI focuses on harmonised implementation at scale to meet basic needs and support the resilience of vulnerable populations with cash- and market-based approaches across the nexus.

