



Iraq – Ezra Millstein for Mercy Corps

# DESIGNING CASH TRANSFERS FOR ECONOMIC RECOVERY IN A PROTRACTED CRISIS

*A Practitioner's Paper from a randomised control trial in Iraq*



**Introduction:** 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 humanitarian emergencies, whilst also providing recipients with greater flexibility, dignity and choice. But with the growth of cash as a modality have come greater expectations for, and scrutiny of, its effectiveness, especially within conflict-affected contexts. Donors and governments are asking: How can cash assistance be best deployed to mitigate the worst effects of protracted crises and build resilience to future shocks, thereby reducing future humanitarian need? Can the demonstrated safety-net benefits of cash also act as ladders for economic improvement in a protracted crisis?

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

**The goal of this study was twofold:**

- 1 To inform the future of cash transfer programming in Iraq and elsewhere, including that of the CCI, the Government of Iraq, and other actors, to better promote economic recovery and self-sufficiency.
- 2 To influence policy debates and donor priorities on investments that can lay the foundation for economic recovery among conflict-affected populations in protracted-crisis contexts.

This paper is oriented towards practitioners.<sup>1</sup> It summarises the study findings on the impact of intentional cash design variations on Iraqi households' food security, coping strategy use, expenditure patterns and asset ownership, psychosocial well-being and social relationships. As Iraq moves from an active conflict towards more stability, this paper can help inform the Government of Iraq, donors and practitioners on evidence-based programme design to effectively partner with Iraqi households during this transition.



Iraq – Corinna Robbins, Mercy Corps

1 The full technical paper is available at <https://www.mercycorps.org/research-resources/cash-transfers-economic-recovery-iraq>.



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## Design

The study was a randomised impact evaluation that gathered quantitative and qualitative data from 819 MPCA<sup>2</sup> participants, in Anbar, Ninewa and Salah al-Din governorates. The data was collected between October 2019 and April 2020. Randomisation is a methodological approach to selecting treatment groups in an objective way to ensure an unbiased evaluation. It is based on the principles that each participant has an equally random chance of being assigned to any given treatment group and each group is alike across all key aspects, with the exception being the intervention that each group receives. As a result, changes observed between groups can be reliably attributed to the impact of the intervention.<sup>3</sup>

The study’s design incorporated two interventions — differently scheduled cash transfers and financial health education — and measured five outcome areas (see **Figure 1**).<sup>4</sup>



**Figure 1:** Research Framework

2 All references within the study to 'cash transfers' are referring to 'multi-purpose cash assistance (MPCA)', a form of cash transfer that is unconditional and unrestricted.

3 For additional detail on the randomisation methodology, see Annex 2.

4 For additional detail on the outcome areas, see Annex 1.

## Cash Transfer Schedules

Three different schedules of cash assistance were implemented and there was a waitlist control group.<sup>5</sup> Group 1 received a single instalment of 1200 USD (1,440,000 IQD) — a lump-sum transfer — while Group 2 and Group 3 were administered three separate transfers over three months — tranche transfers. Group 2 participants received three equal payments of 400 USD (480,000 IQD) per month while Group 3 received a split schedule consisting of two months of 200 USD (240,000 IQD) followed by a larger instalment of 800 USD (960,000 IQD) in the third month (see Figure 2). The Group 2 schedule mimicked the cash transfer value and frequency implemented across humanitarian cash actors in Iraq, which consists of 400 USD per month for up to three months depending on vulnerability. The value of 400 USD was determined as the cost of meeting basic needs for one month. During the study design phase, Group 3 was initially going to receive six monthly transfers of 200 USD each to emulate the government’s social protection assistance. However, as the study design included a control group, the ethical implications of such a long delay led the study team to formulate a three-month unequal payment schedule for Group 3 instead.

## Financial Health Education (FHE)<sup>6</sup>

The curriculum for the financial health education component was developed specifically for the study. The training consisted of four modules: ‘Household budgeting’, ‘Growing our savings’, ‘Managing debt’ and ‘Small livelihood activities’. The training was delivered in three face-to-face sessions immediately prior to each round of cash distributions. The first round of training included all four modules, the second and third rounds were refresher trainings and only focused on two modules per session. Part of each session was dedicated to discussion between the facilitators and the participants, as well as among the participants themselves. The discussion centred on sharing financial goals, challenges and innovative ideas; for example, certain households described buying gold jewellery as a saving mechanism while others recounted self-imposed caps on informal loans from different sources. This evaluation sought to understand the extent to which pairing financial health education courses with cash distributions affected decision-making around the use of cash and whether these choices were dependent on the delivery schedule of the accompanying cash transfer.

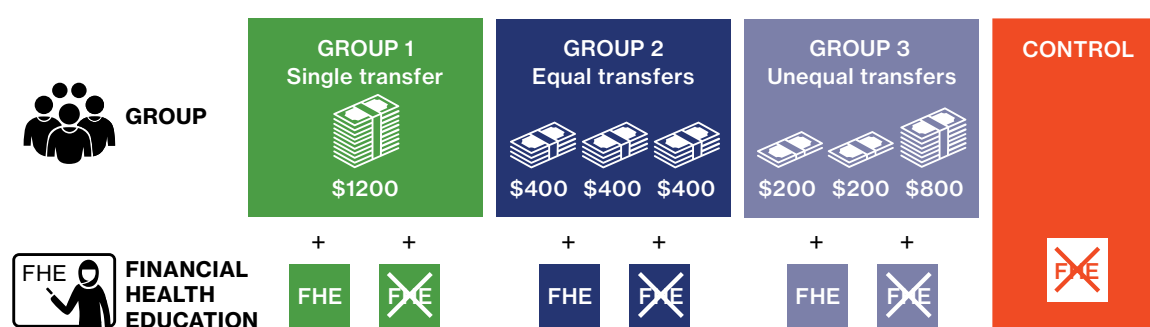


Figure 2: Treatment Arms

5 The control group were equally eligible for assistance but did not receive cash before or during the study. After endline data collection was complete, the control group households received a lump-sum payment. Participants in the control group were informed of the payment schedule at the start of the study.

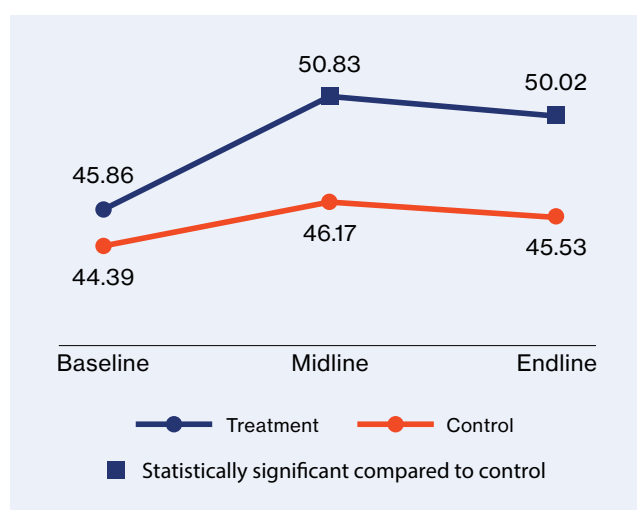
6 The financial education component was a form of behavioural intervention to support future-oriented financial planning. It was named ‘financial health education’ rather than ‘financial literacy’ to differentiate it from alternative interventions that focus on numeracy and linkages with financial institutions and instead focus on contextually relevant and behavioural insights-driven content.

# Results <sup>7</sup>

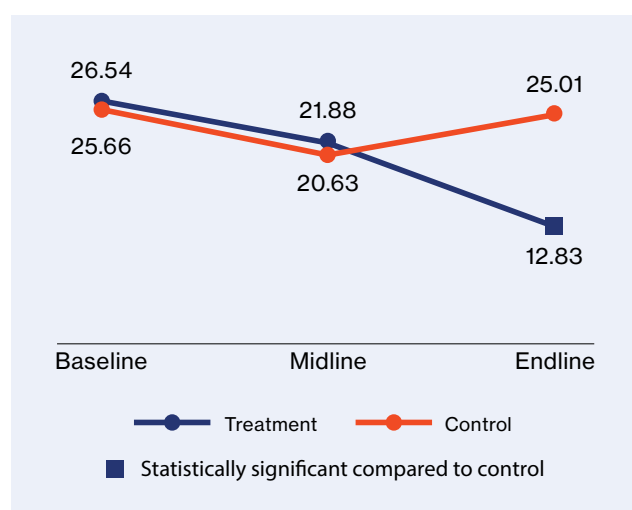
## 1. Cash transfers made households more food secure and enabled them to invest more in meeting critical needs including shelter, education and health.

Receiving any type of cash transfer improved economic well-being, including measures of food consumption and coping strategy use. Beyond the ability to meet immediate survival needs, cash transfers allowed households to invest in other basic needs, including education and medical expenses.<sup>8</sup>

The research shows the clear benefit that cash transfers have on stabilising and improving food consumption, dietary diversity and alleviating the use of distressing coping strategies.<sup>9</sup> At midline and endline, treatment households showed a significant improvement in Food Consumption Scores (FCS) compared to the control group, showing an increase of 4.3 points and 4.5 points, respectively.<sup>10</sup> By the endline, treatment households showed significant improvements in Coping Strategies Index (CSI)<sup>11</sup> scores, showing a decrease of 12 points.<sup>12</sup> Average CSI scores across households showed that treatment moved households out of the highly vulnerable category altogether.<sup>13</sup>



**Figure 3:** Average Food Consumption Score (FCS)



**Figure 4:** Average Coping Strategies Index (CSI) score

7 The graphs in this paper show descriptive summary statistics to provide context with which to interpret the analysis. The results of the analysis are described in the text and, for ease of reference, the statistically significant results are marked as squares. Differences between baseline values of groups are controlled for within the regression model.

8 The research developed two expenditure categories: minimum survival needs (SMEB), composed of rent, food, water, electricity, transportation and communication, and other basic needs, composed of shelter maintenance, medical care (including medicine), education and non-food items.

9 In the graphs comparing 'Treatment' and 'Control', 'Treatment' is inclusive of all cash transfer schedules and 'Control' represents those households who received no cash during the implementation period.

10 These findings were statistically significant to the 95th percentile.

11 This study used the reduced Coping Strategies Index (rCSI) which consists of five questions from the full Coping Strategies Index. In this report we simply refer to this as CSI in all instances.

12 This finding was statistically significant to the 99th percentile.

13 The rCSI designates scores above 19 as 'highly vulnerable'.

In addition to meeting immediate survival needs, treatment households also increased their expenditure on other basic needs. These included critical areas such as shelter maintenance, medical care, medicine and education. By midline, treatment households reported spending, on average, 67 USD more on this category of expenditures compared to their control group counterparts.<sup>14</sup> However, this difference was no longer observed at the endline, suggesting that cash assistance enabled households to make one-off investments in human capital that would not otherwise have been possible without the presence of a cash transfer.

## 2. Variations in cash transfer schedule affected the timing and strength of key outcomes.

The results of the research demonstrated that, on the whole, differences in overall economic well-being outcomes did not differ dramatically between the three schedules at the endline. What appeared to differ, however, was the timing and sequencing of those outcomes based on how households prioritised the use of the cash to address their needs.

Tranche payments were more suited to meeting food security needs, while lump-sum payments appeared better placed to improve short-term expenditures, particularly those that required one-time investment such as surgical operations, school fees or investment in shelter rehabilitation and durable goods.

Lump-sum payments were associated with short-term increases in household investments in ‘other basic needs’, including shelter, education and health. As **Figure 5** shows, lump-sum recipients increased their expenditures on ‘other basic needs’ by 119 USD at midline,<sup>15</sup> significantly higher than the tranche households. This increase was no longer observed at the endline. This can be explained by the fact that many of these expenditures consisted of a large one-time payment, such as the medical expense of a one-time surgery or durable goods such as new roofing materials for the home. This suggests that lump-sum transfers were more effective at allowing households to meet these types of one-off investments quickly and efficiently.

Tranche payments had a larger impact on FCS and CSI scores compared to lump-sum transfers, suggesting that they are more suited to supporting a strategy centred on stabilising and smoothing expenditure, in turn improving food security outcomes. Tranche payments were associated with consistent improvements in food consumption scores at both midline and endline, whereas lump-sum transfers were only associated with a significant improvement in food consumption scores at endline — the tranche groups performed better at both midline and endline, showing an increase of 5 points at both (**Figure 6**).<sup>16</sup> All treatment groups performed better than the control group by endline on both measures of well-being. However, the tranche payment groups showed a larger reduction in CSI scores than did the lump-sum group (a 13-point reduction for tranche in comparison to 9 points for lump-sum)<sup>17</sup> at endline. Interestingly, Group 3 appeared to maintain their level of CSI at midline before then converging with Group 2 at endline. It is likely that households in Group 3 perceived themselves to be worse off from receiving a lower value of initial transfers (200 USD) compared to the other two treatment groups, and continued to maintain previously employed coping strategies until their final larger transfer.

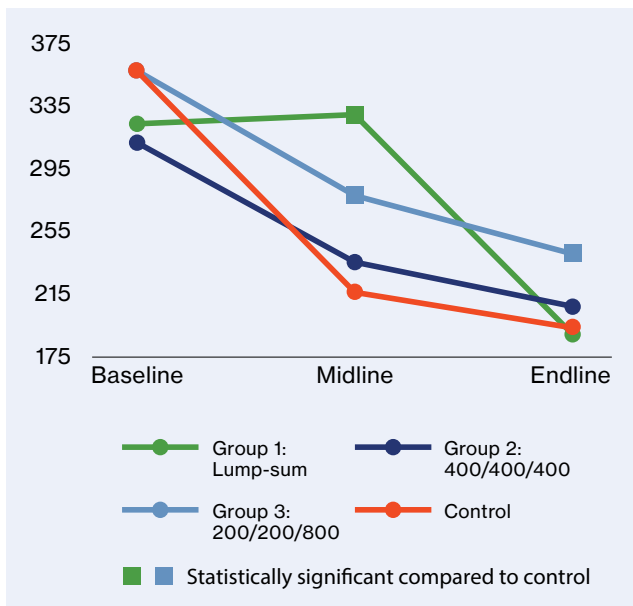
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14 This finding was statistically significant to the 99<sup>th</sup> percentile.

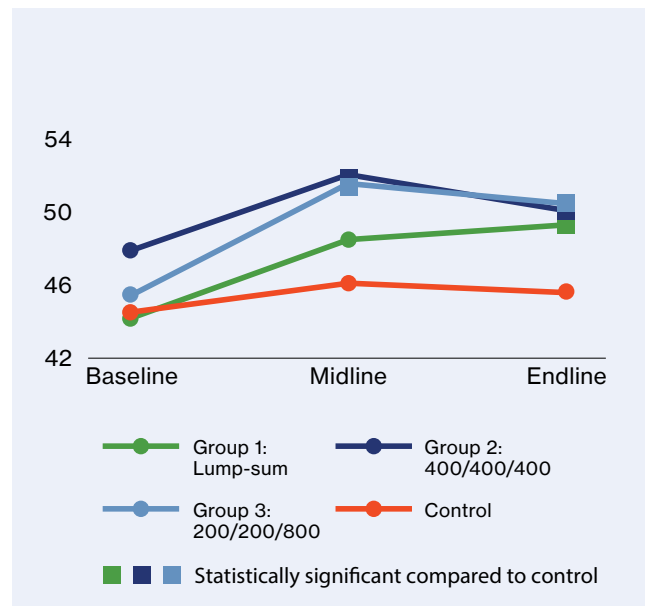
15 This finding was significant to the 99<sup>th</sup> percentile. Group 3 also showed a significant increase of 62 USD significant to the 95<sup>th</sup> percentile.

16 These findings are significant to the 99<sup>th</sup> percentile at midline, where lump sum shows no significant change, and significant to the 95<sup>th</sup> percentile at endline where Group 2 scored 4.5, Group 3 scored 5.0 and lump-sum only 4.0.

17 These findings were significant to the 99<sup>th</sup> percentile.



**Figure 5:** Average expenditures on other basic needs (USD) by treatment group

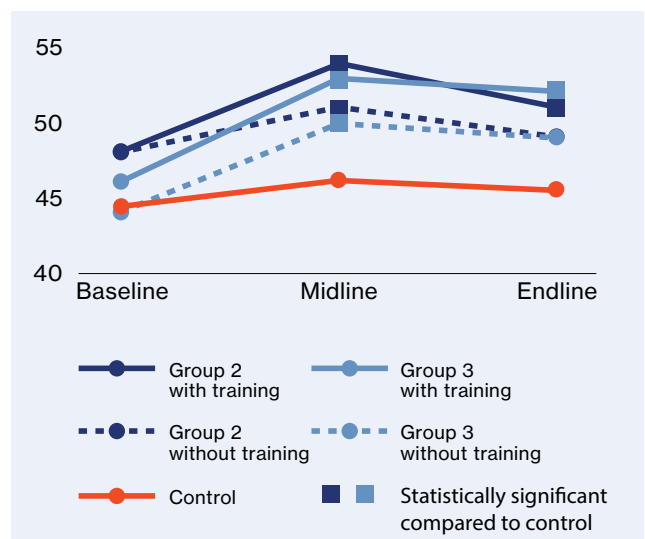


**Figure 6:** Average Food Consumption Score (FCS) by treatment group

### 3. Provision of financial health education enhanced the strength of economic and psychosocial well-being outcomes.

Financial health education, when paired with cash, improved key outcomes, including food security, psychosocial well-being, employment and debt levels, beyond the effects of the cash alone. For tranche payment groups that attended three financial health education sessions, improvements in FCS were further magnified, compared to their peers who only received cash. This suggests that behavioural interventions combined with cash can maximise a range of programme outcomes. **Figure 7**<sup>18</sup> demonstrates the relative improvement spurred by the FHE within these groups compared to those receiving only cash.<sup>19</sup>

There also appeared to be a link between FHE and a reduction in overall levels of insecurity as measured by the Human Insecurity Scale (HIS). Receiving the FHE training brought greater improvements to participants' perceptions of physical and economic security than cash transfers alone.<sup>20</sup> This improvement in mental well-being was confirmed in qualitative interviews where respondents shared their perception that the training provided useful examples of how to manage cash transfer resources, potentially reducing anxiety around household financial management.



**Figure 7:** Average Food Consumption Score (FCS) with and without FHE

18 The benefits of FHE were only significant in the tranche groups, likely due to attrition of lump-sum participants to the second and third trainings.

19 At midline, Group 2 with FHE improved by 7 points compared to 4 points without, Group 3 with FHE improved by 6 points and without had no significant impact. At endline, Group 2 with FHE improved by 6 points and Group 3 with FHE by 6.5 points compared to no significant impact among the groups without FHE.

20 This finding was statistically significant at the 95<sup>th</sup> percentile.

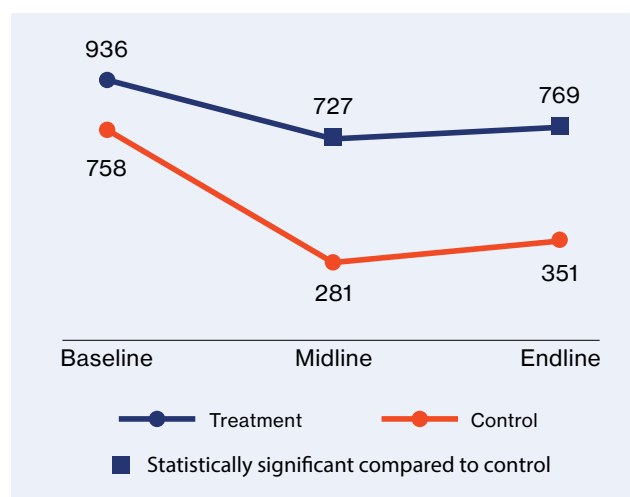
Finally, there were economic benefits associated with the FHE. The addition of financial health education led to one more person employed for every ten households that participated in the training, beyond the impact of the accompanying cash transfer. Furthermore, FHE was associated with a decrease in reported total debt levels by an average of 273 USD at midline compared to the control group. This result disappeared by endline and from qualitative discussions we infer that the training encouraged households to use cash to pay down their debt and renew credit relationships in order to borrow again in the future.

#### 4. Cash improved households’ economic recovery prospects by boosting or stabilising their employment and productive asset ownership in the face of multiple shocks.

Cash transfers did not pull household members of recipients or treatment groups out of the labour market. In fact, recipients experienced improved labour outcomes compared to the control group. Governments and cash and social-protection actors are often concerned that a cash transfer will be treated by recipients as a substitute for earned income and that recipients will subsequently choose to reduce the amount of time allocated to income generation. The results of this research, however, confirmed that this was not the case for short-term cash-transfer programmes in the context of a protracted crisis. Instead, the research found that cash transfers were associated with a positive impact on the level of permanent or regular employment among treatment households as compared to the control group.

Amongst all households that received treatment at midline and endline, one additional individual per seven households was employed in a regular or permanent job<sup>21</sup> compared to the control households.<sup>22</sup> Our findings do not indicate that more household members found regular work, rather that treated households were better able to maintain levels of regular employment relative to their control group counterparts. This points to cash transfers having a positive ‘buffering’ effect on regular employment in the face of an overall downward trend in employment.

The research measured ownership levels across a variety of household assets, including mobile phones, televisions, microwaves, stove cookers, livestock and vehicles. Treated households reported owning more mobile phones, television sets and microwaves at both midline and endline. In addition, treatment households reported owning more stove cookers and livestock at midline only, and more cars at endline only.<sup>23</sup> As per **Figure 8**, all participant households experienced a decline in average value of assets during the course of the study. The households that received a cash transfer, however, had a total asset value that was 430 USD higher than the control group at midline and 363 USD



**Figure 8:** Average value of all assets owned (USD)

21 A regular, permanent job is defined as a job that involves 20 or more days of work per month.

22 This finding shows a 0.14 increase for the treatment group in comparison to the control, significant to the 99<sup>th</sup> percentile.

23 These findings were all significant to the 95<sup>th</sup> or 99<sup>th</sup> percentile.



at endline.<sup>24</sup> These results suggest that the cash transfers enabled households to either invest in new assets or avoid asset shedding, a common coping response in recurrent and protracted crises that can perpetuate poverty traps. Qualitative interviews strongly supported the fact that, for many households, these assets were used to both meet household needs as well as to generate income (for example, investing in a car to start a taxi service). This investment in dual-use assets could, in part, explain why those in the treatment group were better able to sustain higher levels of regular employment. In addition, the increase in total asset value in comparison to the control group demonstrates that the cash transfer allowed households to acquire or maintain asset ownership. Assets are important for households in protracted-crisis contexts, both for the potential productive value of dual-use items as well as for storing capital to be able to cope with future shocks. While more productive assets and regular employment are encouraging indicators of greater self-reliance, these did not translate into higher household income.

### **5. Cash and financial health education reduced perceptions of insecurity, including fear of physical and economic harm to recipients and their families.**

Receiving any type of cash transfer was associated with positive improvements to psychosocial well-being. These effects were most pronounced for groups that also participated in the financial health training. Psychosocial well-being was measured using the Human Insecurity Scale, designed to assess the extent to which people fear for themselves and their families, both in terms of physical and economic security. Overall, treatment households saw a reduction in respondents' HIS scores, suggesting that those who received treatment perceived themselves to be more secure than their control group counterparts. Specifically, these households were more likely to report that they 'never or infrequently' worried about losing their source of income or being unable to provide for their families in their daily lives. They were also less likely to report 'always or frequently' feeling fear for their safety or feeling as if their families worried for their safety.

The improvement in HIS scores could be linked to the material benefits of being able to meet basic needs. The ability to pay for expenses such as securing a shelter or meeting medical needs were visible in both the quantitative data as expenditure categories as well as in the qualitative data detailing examples of how meeting these needs alleviated the stresses caused by scarcity. As a related point, a number of households engaged in the qualitative discussions emphasised a sense of 'dignity' enabled through the cash assistance. Respondents, particularly women, reported feeling a sense of 'relief' in being able to take care of urgent medical issues for their children and 'pride' and self-esteem in being able to independently manage their household's needs. Improving psychosocial well-being can have positive economic knock-on effects for households in future.

### **6. Cash transfers did not have significant impacts on overall measures of social linkages.**

Cash transfers did not substantially impact (either positively or negatively) social linkages as measured by bonding (within the community) and bridging (with other communities) relationships. This suggests that, overall, cash did not have a destabilising effect on social dynamics within and across target communities, which is often a concern in fragile, conflict-affected contexts like Iraq.

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24 These findings were significant to the 95<sup>th</sup> percentile.

There were, however, several specific elements of bonding and bridging social relationships which were impacted as a result of receiving a cash transfer. Respondents who received cash were found to be less trusting of other members of their community. Cash transfer recipients were 21.5 percent less likely to report that they ‘trust most people in the community’ when asked, as compared to the control group. The size of the effect appeared to correspond to the magnitude of the transfer, where the larger the initial transfer, the greater the loss of trust. Yet receiving cash was also linked to an increase in respondents’ reported ability to rely on others within their community.

Qualitative narratives suggest that, on one hand, cash may have helped reinforce economic dimensions of trust by improving the ability to rely on others for economic support — through debt repayment or sharing cash with social connections. At the same time, receiving cash may have reduced a physical dimension of trust by making participants more visible in the community. For example, asset purchases (for men and women) as well as increased frequency of having to leave their homes to purchase household needs (for women with no male relatives) may have all amplified pre-existing (lack of) trust, and fears of societal scrutiny and gossip for cash recipients.

The results were more consistent with respect to bridging social relationships. Receipt of cash transfers was associated with greater confidence in households’ abilities to count on people outside of their community to help them if they had a problem. Further, receiving financial health education, in connection with cash, improved participants’ perceptions of intercommunity trust and cooperation, and was linked to a decrease in their support for violence against other communities. The effects from the additional financial health education may be because it offered opportunities to meet with participants from other communities, displaced and returnee families, with whom they had no prior interaction.



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## Conclusion

**The overall goal of this study was to understand the impact of variations in cash transfer schedules on protracted crisis-affected households' ability to achieve economic recovery. We draw four main conclusions from the findings:**

First, **short-term cash transfers can boost prospects for economic recovery in a protracted crisis by preventing poverty backsliding and promoting resilience.** Short-term cash transfers were able to buffer households from the worst impacts of an overall economic decline and political shocks — both of which occurred during the period of the study — by enabling those households to increase food consumption, retain employment and prevent asset shedding. While receiving cash did not have immediate income-generation effects, it protected participants' assets and employment, which may help buffer their well-being against future economic shocks.

Secondly, **small variations in cash transfer schedules can achieve different outcomes, of which programme designers and implementers can make greater, more intentional use.** Larger, 'lumpier' 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 stabilising and smoothing household consumption, and improving short- and medium-run food security. These demonstrate the efficacy of modest changes in cash transfer design in producing meaningfully different sets of outcomes.

Thirdly, **temporary humanitarian cash transfers, on their own, may not be sufficient to encourage greater income generation in a protracted crisis.** While cash may provide households with needed resources to invest in improved livelihood strategies, turning these into greater income requires economic opportunities, such as demand for products and services, which are often not widely available in protracted-crisis contexts. Additionally, vulnerable populations typically targeted by cash assistance often do not have adequate skills or access to relevant opportunities to generate greater income.

Finally, while receiving cash alone can trigger improvements across several outcome areas, **augmenting cash transfers with appropriate behaviour-change interventions can amplify impacts on material and psychosocial well-being.** Amplified improvements in outcome areas — such as food consumption, employment and debt — and improvements in psychosocial well-being may have, thus far unmeasured, potential longer-term economic well-being consequences. These conclusions hold important implications for policy makers, donors and practitioners.



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## Recommendations

- 1 Sustain and scale the gains of effective humanitarian cash transfer interventions in protracted-crisis contexts.** The findings from this research showed that cash transfers are effective at enabling households to meet immediate survival needs, protect and accumulate assets and employment, and also improve their psychosocial well-being. Donors and governments aiming to attain these outcomes should expand the provision of cash transfers through humanitarian assistance and social protection. Where possible, linkages between longer term and humanitarian cash transfer programs should be established for scale, effective use of resources and sustainability of impacts.
- 2 Deliberately design and use different transfer amounts and frequencies to optimise the effectiveness of cash assistance based on intended outcomes.**

*a Use tranche payments when the aim is to encourage expenditure on immediate consumption.*

The findings from this research showed that tranche payments were more effective than lump-sum payments at securing immediate improvements in food security for the household. When the aim of a project is to immediately increase food consumption and reduce negative coping strategy use, tranche payments may be more effective. The tranche payment schedule also enables more touch points between the implementing organisation and the programme participants to provide additional support, such as through financial health education.

*b Use lump-sum payments when the aim is to encourage larger investments or wholesale purchases to meet basic needs in the immediate term.* Lump-sum payments were found to be more effective than tranche payments in supporting vulnerable groups to meet large, one-off expenses, such as securing access to housing, education and productive assets. These investments can yield economic returns that may help prevent vulnerable households from backsliding into further poverty in the face of future shocks.

**3 Provide cash transfers as a precursor to more complex livelihood support services to establish a robust foundation for economic recovery.** The research found that cash transfers lead to improved food security outcomes, reduced usage of negative coping mechanisms, higher asset ownership and improved labour outcomes, all of which contribute to an improved basis for economic recovery and resilience to future shocks. However, findings from this experiment indicate that cash transfers alone may not be sufficient to encourage additional income generation for vulnerable communities in Iraq. Layering cash transfers with intentional livelihood support activities, such as technical skills training and facilitating job linkages, may be necessary to advance and sustain greater self-reliance. Cash transfers can offer recipients more time to attend livelihood training services, more cognitive bandwidth to absorb and apply the knowledge delivered in training sessions, and more confidence to productively invest in human and financial capital without repeatedly diverting time and effort to secure ongoing basic needs. Given these outcomes, cash transfers should continue to be used at scale within the Iraq context, both as a core emergency response modality to efficiently address basic needs from a humanitarian lens, as well as a powerful component of layered economic recovery interventions.

**4 Incorporate financial health education as a complementary activity to cash programming to amplify impacts of cash on economic and psychosocial outcomes.** The research found that the administration of the financial health education component provides benefits to households above and beyond the effect of the cash. Improved food security outcomes were accentuated in the immediate term and secured in the longer term for those tranche payment households receiving FHE. Across all schedules, households receiving FHE experienced reduced perceptions of insecurity and improved employment outcomes and debt levels. To secure these outcomes, financial health education must be context-relevant, field-tested and behavioural insights-driven. The design of the materials and the outcomes measured are suggestive of the benefits of providing space for financial discussion and training alongside cash assistance.



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## Annex 1. Outcomes of Interest and Indicator Map

### Outcomes of Interest

#### ***Food Security and Coping Strategies***

As described above, the ability for a household to reliably meet basic consumption needs is crucial for reducing vulnerability and promoting long-term economic recovery. Food security and well-being outcomes were designed to assess households' capacity to meet these needs as well as to isolate the impact of specific cash delivery schedules on consumption stabilisation over time. This included key sector metrics such as the Food Consumption Score (FCS) as well as the Coping Strategies Index (CSI). The FCS is designed to serve as a proxy for household caloric availability by aggregating data on the quantity and quality of food consumed by the household over the previous seven days. The CSI is an index used to 'score' coping behaviour using the assumption that the severity and frequency with which households employ coping strategies is an indicator of their overall food insecurity and economic hardship. A CSI score of 19 and above is considered 'high'.

#### ***Household Expenditure and Assets***

An important component of economic recovery relates to the household's ability to invest in economic opportunities or other aspects of human capital that are likely to improve economic prospects for the household in the longer term. Within the context of the study, all household expenditures were measured in the categories of rent, food, electricity, water, transportation, communication, shelter maintenance, medical care (including medicine), education and non-food items. These categories were then sorted into either minimum survival needs or other basic needs. Minimum survival needs comprised the contents of the Survival Minimum Expenditure Basket, whereas other basic needs included larger one-off expenditures. Asset ownership and accumulation were measured by total asset value.

#### ***Labour Force Participation***

A commonly expressed concern when implementing cash transfer-based projects is the potential that the cash acts as a substitute for other resources, including time and labour. Infusing a household with cash has the potential to alter the amount of time the household chooses to allocate to income generation, either temporarily or permanently. However, existing evidence has largely shown this is not the case. Another hypothesis is that receiving cash may actually serve to enable households to pursue employment opportunities by providing capital to invest in a business, allowing them to afford childcare to alleviate time constraints, or by providing the means to pay for training or equipment needed to engage in work. Substantial literature on employment outcomes supports the idea that there is no direct link between level of employment and cash transfers, however. This is thought to be particularly true for small, temporary infusions of cash such as those distributed as a part of this study.

This study sought to isolate both the short- and medium-term impacts of receiving cash on labour force participation. Labour force participation was defined as both the total number of household members participating in the labour force as well as the distribution of labour between regular and temporary employment. This was designed to assess household decisions related to labour reallocation as a result of receiving cash.

### ***Psychosocial Well-being***

We measured psychosocial well-being as participants' perceptions of their households' physical and economic security, representing a subjective measure of respondents' levels of vulnerability as well as their ability to plan for and meet basic needs in the future. A significant body of research exists to suggest that reductions in insecurity amongst vulnerable households living in poverty are linked to improved long-term economic outcomes. The theory behind this assumes that all individuals have finite cognitive bandwidth. Those living in poverty are forced to dedicate a significant amount of their cognitive bandwidth to making basic survival decisions day in and day out. As a result, they have limited remaining bandwidth to make cognitively demanding decisions which may only pay off far in the future (such as investing in education or starting a business). Improvements in psychosocial well-being can translate to reductions in the amount of cognitive bandwidth being used to figure out how to do things like provide basic necessities or ensure physical safety. As a result, individuals may have more mental space to think about the future and invest their time and resources in ways which are more likely to result in long-term stability.

Our analysis sought to examine the impact of receiving cash on households' psychosocial well-being, with the goal of identifying whether receiving cash improved participants' perceptions of both their present vulnerability as well as their sense of security for the future. Additionally, the analysis worked to isolate the differing impacts of each cash transfer schedule on perceived vulnerability across time. To assess psychosocial well-being, a series of questions known as the Human Insecurity Index were used.

### ***Social Relationships — Bonding and Bridging***

Another dimension of reducing a household's level of vulnerability focused on the existence and nature of social linkages experienced by participants. Strong social linkages can serve to reduce vulnerability by providing a network on which households can rely during times of hardship. Increased trust and cooperation between communities is also thought to play a role in increasing stability more broadly, particularly in a protracted-conflict environment such as that which exists in Iraq. This study sought to explore the impact of receiving cash on households' perceptions of their own social connections as well as to isolate how this impact differed across cash transfer schedules. Social relationships analysed in this study were broadly classified into two distinct categories: bonding and bridging.

Bonding relationships are connections that respondents are able to form with other members of their immediate community. To assess the depth and breadth of respondents' social connections within their community, participants were asked questions designed to assess their perceptions of the trustworthiness of others in the community, their confidence in their ability to rely on others in the community, the benefit they felt they received from cooperation within the community and their own willingness to help other community members in need.

Bridging relationships are the economic and social connections between respondents and those outside of their immediate community. Respondents were asked to report their confidence in their ability to count on those outside of the community, their perceptions of the trustworthiness of those outside the community, the benefit they felt they received from cooperation with neighbouring communities, their willingness to help someone outside the community who needed it, and whether or not they had engaged in an economic relationship with other communities.

### ***A Note on Economic Recovery***

Economic recovery is a broad term that encompasses economic improvement after a crisis at macro and/or micro levels. At a macro level, economic recovery broadly encompasses market development, job creation and strengthening new or existing enterprises. At a micro level — the focus of this study — economic recovery is reflected in households’ abilities to protect or recover assets and activities that are ‘required for a means of living’ to meet a range of household needs.

Our evaluation measured two main aspects of economic well-being based on the goals of the CCI’s cash transfers. The first, economic coping, is to improve households’ abilities to meet their basic consumption needs and to limit distressful economic coping strategies. The second, economic recovery, is to enable households to invest in economic opportunities, such as income-generating activities or productive assets, which have the potential to improve their economic outcomes in the longer term. These two dimensions of economic well-being are not mutually exclusive. Evidence in post-disaster programming suggests that households exercise a wide variety of strategies that may serve to prioritise one aspect of economic well-being over another.

The goal of measuring economic well-being through this dual lens was to best understand how cash transfers improve the economic well-being of participants and whether specific delivery schedules or the inclusion of financial health education promote one strategy over the other in a protracted-crisis setting.

## **Indicator Map**

## **Description**

### ***Food Security and Coping Strategies***

|                               |   |
|-------------------------------|---|
| Coping Strategies Index (CSI) | Indicator of food insecurity: A higher score indicates that a household relies on a greater number of coping strategies and therefore faces greater food insecurity |
|-------------------------------|---|

|                              |   |
|------------------------------|---|
| Food Consumption Score (FCS) | Indicator of food insecurity derived by aggregating household-level data on the diversity and frequency of food groups consumed over the previous seven days; it is a proxy measure of household caloric availability |
|------------------------------|---|

### ***Household Expenditure and Assets***

|                     |  |
|---------------------|--|
| Total Debt Incurred | Total cumulative amount of debt incurred to date |
|---------------------|--|

|         |  |
|---------|--|
| Savings | Respondent's perception of ability to save as compared to neighbours |
|---------|--|

|                     |  |
|---------------------|--|
| Expenditures: Total | Sum of all expenditures in current location for the past 30 days |
|---------------------|--|

|                                 |  |
|---------------------------------|--|
| Expenditures: Productive Assets | Sum of expenditures on productive assets in the past 30 days |
|---------------------------------|--|

|                                      |  |
|--------------------------------------|--|
| Expenditures: Minimum Survival Needs | Sum of expenditures on rent, food, electricity, water, transportation and communication in the past 30 days; this mirrors the SMEB |
|--------------------------------------|--|



|  |  |
|--|--|
| Expenditures: Other Basic Needs          | Sum of expenditures on shelter maintenance, medical care (including medicine), education and non-food items for the household                            |
| Total Asset Value                        | Total value of all assets owned by the household   |
| <b><i>Labour Force Participation</i></b> |  |
| Household Members Working                | Number of household members over 18 who have worked in the past month (including the head of household)  |
| Household Members: Regular Jobs          | Number of household members holding regular, permanent jobs (20 or more days per month)  |
| Household Members: Temporary Jobs        | Number of household members holding temporary, daily labour jobs (fewer than 20 days per month)  |
| Total Income                             | Total household income over the past 30 days (including government salary, pensions, and Ministry of Displacement and Migration and NGO cash assistance) |
| <b><i>Psychosocial Well-being</i></b>    |  |
| Fear for Own Life                        | Extent to which the respondent fears for his/her own life  |
| Fear for Family                          | Extent to which the respondent fears for his/her family  |
| Providing for Family                     | Extent to which the respondent fears he/she will not be able to provide his/her family with daily life necessities                                       |
| Loss of Income                           | Extent to which the respondent worries about losing his/her source of income or the source of income for his/her family                                  |
| Fear of Losing Home                      | Extent to which the respondent fears losing his/her home   |
| Fear of Displacement                     | Extent to which the respondent fears he/she will be displaced or uprooted  |
| Fear of the Future                       | Extent to which the respondent fears for his/her future or his/her family's future   |
| Fear for Personal Safety                 | Extent to which the respondent fears for his/her personal safety   |
| Fear for Family's Safety                 | Extent to which the respondent fears for the safety of his/her family  |
| Family's Safety Concerns                 | Extent to which the respondent's family fears for its safety   |

### ***Social Relationships – Bonding Relationships***

|  |  |
|--|--|
| Confidence in Community                                | Confidence that the respondent can count on members of the community to help when there is a problem   |
| Trust in Community                                     | Does the respondent feel that most people in the community can be trusted, or does he/she feel they need to be very careful in dealing with people from the community? |
| Honesty of Community Members                           | Does the respondent feel that if he/she lost something valuable, members of the community would likely be honest enough to return it?                                  |
| Benefit Gained from Cooperation with Community Members | Does the respondent feel that he/she benefits from cooperating with others in the community?   |
| Assisting Others in the Community                      | How confident does the respondent feel that he/she would be willing and able to provide help if someone in the community were to need it?                              |

### ***Social Relationships – Bridging Relationships***

|   |  |
|---|--|
| Economic Connections with Neighbouring Communities            | Has the respondent had economic connections with people outside his/her community in the last month?   |
| Confidence in Neighbouring Communities                        | Confidence that respondent can count on members outside his/her community to help when there is a problem  |
| Trust in Neighbouring Communities                             | Does the respondent feel that most people outside his/her community can be trusted or does he/she feel they need to be very careful in dealing with people from outside their community? |
| Benefit Gained from Cooperation with Neighbouring Communities | Does the respondent feel that he/she currently benefits from cooperating with others outside of his/her community?   |
| Assisting Others from Neighbouring Communities                | How confident does the respondent feel that he/she would be willing and able to provide help if someone outside his/her community were to need it?                                       |

### ***Attitudes Toward Violence***

|                 |  |
|-----------------|--|
| Sense of Duty   | To what extent does the respondent feel it is his/her duty to protect his/her family and community against other communities when his/her interests are threatened, including using violence if necessary? |
| Use of Violence | Does the respondent agree or disagree that the use of violence against other communities is never justified, even when his/her interests are being threatened?   |

## Annex 2. Randomisation Methodology

**Randomisation** is a methodological approach to selecting treatment groups in an objective way to ensure an unbiased evaluation. This approach ensures that each participant has an equally random chance of being assigned to any given treatment group. It also ensures that each group is alike across all key aspects, with the exception being the intervention that each group receives. Any differences that may be observed across treatment groups prior to the beginning of the study are attributed to random chance. As a result, changes observed between groups can be reliably attributed to the impact of the intervention.

In total, 827 households were randomly selected for participation in the study. The participants were randomly selected from a pool of households assessed and found eligible for multipurpose cash assistance (MPCA) by the Cash Consortium for Iraq. This cash transfer programme is targeted, and not all members of a given community or area of intervention receive cash. Those households ultimately selected for participation in this cash transfer study were part of the poorest subset of households within the broader programme, selected through the application of the Socio-Economic Vulnerability Assessment Tool (SEVAT), a proxy means test (PMT) which estimated per capita consumption.

After they were selected for the study and consented to participate in the randomised control trial, each household selected to participate was randomly assigned to one of six treatment arms or the control group.

## Annex 3. Timeline

### INTERVENTIONS

#### TIMELINE

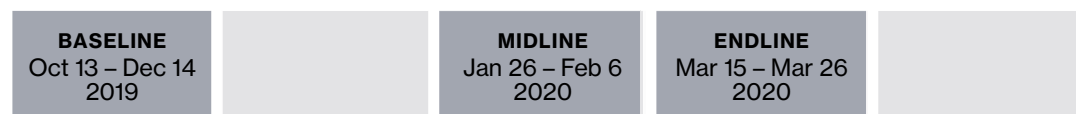


#### TRANSFER SCHEDULES



### DATA COLLECTION

#### QUANTITATIVE



#### QUALITATIVE



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### 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.

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