

Timeline
October 2019-July 2020

Study Type
Randomized Evaluation

Article Link
<https://www.mercycorps.org/research-resources/cash-transfers-economic-recovery-...>

Research Implemented by IPA
No

A Randomized Experiment of Cash Transfers and Financial Education on Vulnerable Iraqis' Resilience to the Economic Effects of COVID-19

Researchers

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Abstract

Humanitarian cash transfers have been shown to enable vulnerable populations to meet basic needs during acute emergencies, serving as a critical safety net. But can cash assistance also serve as a ladder to economic recovery during protracted, conflict-driven crises? Through a randomized control trial in Iraq, researchers examined how variations in cash transfer delivery schedules, alongside a behavioral-insights driven financial health training, impact economic coping and recovery, social cohesion, psychosocial wellbeing, and resilience to shocks.

The findings suggest that even in a protracted crisis where shocks and stresses are recurrent, temporary cash transfers can provide protective benefits that both prevent poverty back-sliding and also support economic recovery. The evidence shows how small variations in cash transfer schedules can achieve different outcomes, of which program designers and implementers can make greater, more intentional use. These results hold important implications for how policy makers, donors and practitioners can fund and design social protection programming to support economic recovery in protracted, conflict-driven crises.

Project Outcomes of Interest

- Food Security and Coping Strategies: Food Consumption Score (FCS), Coping Strategies Index (CSI)
- Household Expenditure and Assets: Survival consumption expenditure, other basic needs expenditure, total asset value, productive asset value, debt levels
- Labour Force Participation: Regular and temporary employment of household members
- Psychosocial Wellbeing: Human Insecurity Scale (HIS)
- Social Relationships and Cohesion: Bonding social capital, bridging social capital, support for the use of violence

Partners

Cash and Livelihoods Consortium of Iraq (consisting of Mercy Corps, International Rescue Committee, Danish Refugee Council, Oxfam, and Norwegian Refugee Council)

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 this 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. These 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. The study's 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 researchers find positive impacts for training participants on intercommunity trust, cooperation and attitudes towards the use of violence against others.

Policy Impacts:

The Cash and Livelihoods Consortium of Iraq (CLCI), the implementing partner for this research, has used the findings from the impact evaluation to inform programming and policy. Given the scale of CLCI's programming (they have delivered over 160 million USD in cash transfers to over half a million individuals across 12 governorates of federal Iraq since 2015), these uses represent major impacts of the research.

- Inspired by the RCT results, the CLCI has rolled out financial education training alongside all cash programming to amplify material and psychosocial wellbeing outcomes. This is being replicated by additional partners outside of the consortium.
- Based on the null findings on household incomes, the CLCI is now implementing

livelihoods support activities alongside cash assistance to encourage new income generating activities.

- The CLCI is influencing national debates, led by the Cash Working Group, and informing Government of Iraq social protection systems on optimal cash transfer values and durations based on the findings of the impact evaluation.

Link to Results

- Research Paper: [A Million Dinar Question: Can Cash Transfers Drive Economic Recovery in Conflict-Driven Crises? Experimental Evidence from Iraq](#)
- [Practitioners' Guide](#)
- [Executive Summary](#)

Impact Goals

- Build resilience and protect the financial health of families and individuals
- Build resilient and adaptable businesses and employment opportunities
- Improve social-safety net responses
- Promote peace and safety, and improve humanitarian response

Project Data Collection Mode

- CAPI (Computer-assisted personal interviewing)
- CATI (Computer-assisted telephone interviewing)

Link to Pre-Registration

<https://ridie.3ieimpact.org/index.php?r=search/detailView&id=872>

Link to Data Collection Instruments

<https://www.poverty-action.org/questionnaire/randomized-experiment-cash-transfers-and-financial-education-vulnerable-iraqis>

Implementing Organization

Cash and Livelihoods Consortium of Iraq (consisting of Mercy Corps, International Rescue Committee, Danish Refugee Council, Oxfam, and Norwegian Refugee Council)

Results Status

Results