

GIVING BETTER: LESSONS FROM CASH GRANTS FOR SYRIAN REFUGEES IN LEBANON

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Summary

Cash grants to the poor have proven to be an effective form of aid for reducing poverty. Direct cash assistance is inexpensive to administer and allows recipients to buy what they want and need, rather than what experts think they need. Recent research shows that cash grants also work well for assisting refugees, but their effectiveness is currently constrained by a few common aspects of refugee policy in host countries.

RECOMMENDATIONS

- ▶ Humanitarian agencies should continue shifting resources and restructuring toward the use of cash grants to help Syrian refugees. Cash programs can be run with lower operating expenses than other types of programs, which frees up funds to be delivered directly to beneficiaries.
- ▶ To increase the long-term benefits of cash grants, aid organizations and the Lebanese government should work to create investment opportunities for refugees, despite the challenges of such a task. Cash grants are more cost effective when people can invest their money in marketable skills.
- ▶ The research shows that Lebanese markets are sufficiently well functioning to adjust to an influx of capital and local markets actually benefit from cash grants. Furthermore, the research suggests that providing poor Lebanese with cash assistance as part of Lebanon's National Poverty Targeting Program (NPTP) can be an effective means of poverty relief and may further improve community relations between refugee and host communities.

The evidence from Lebanon and around the world is clear: when people receive cash grants they invest the money or spend it on such basic items as food and better shelter. The evidence shows that people, including poor people and refugees, make smart decisions with their own money far more often than they make bad decisions. Fears that cash recipients consistently waste the funds they are given are simply not supported by the available data,^{1,2,3} nor is there evidence that cash grants make recipients lazy. Research shows that when recipients can invest their cash grants in job-skills training and starting small businesses, cash grants help poor recipients create long-term income sources.⁴

“Overall, cash grants prove to be an effective tool for improving refugee well-being”

1 Blattman, Christopher, and Paul Niehaus. “Show them the money.” *Foreign Affairs* 93.3 (2014): 117-126.

2 Lehman, Christian and Daniel Masterson. “Emergency Economies: The Impact of Cash Assistance in Lebanon.” August 2014. *International Rescue Committee*

3 El Asmar, Khalil and Daniel Masterson. “Impact Evaluation of the 2014-15 Winter Cash Assistance Programme for Syrian Refugees in Lebanon.” August 2015. *UNHCR*.

4 Blattman and Niehaus, 2014.

In an effort to better assist Syrians in Lebanon, UNHCR and partner organizations began delivering a portion of their assistance as unconditional cash grants, money transferred via ATM card that refugees can spend as they wish. In the winter of 2013-2014 the program delivered about \$115 USD per month to 87,700 families.⁵ In the winter of 2014-2015 the program delivered \$80 per month to 46,898 families, \$100 per month to 8,554 families, and \$175 per month to 7,612 families. In order to target families facing the coldest winter weather, aid was given to vulnerable families residing at high altitudes, where the altitude cut-off was 500 meters for most of the country.

This brief presents the findings and recommendations drawn from two years of research on the impacts of cash grants for refugees.^{6,7} The research presented here studies both the immediate and medium-term impacts of the cash grant programs. Overall, cash grants prove to be an effective tool for improving refugee well-being, and refugees overwhelmingly prefer cash transfers to other types of assistance, largely because it allows them to make their own choices about what they need. Also the research highlights that the cash transfers did not cause problems in local communities, and may have even improved relations between the host community and refugees.

Research Design

The research discussed here is the first work to quantify the impacts of cash grants for refugees. In order to measure the causal impact of the program, the research team found a credible comparison between beneficiaries and similar non-beneficiaries whose characteristics were almost identical before the start of the program. Differences between the two groups after the implementation of the program measure the program's causal impact. The research team compared vulnerable families living just above 500 meters altitude that received cash grants to vulnerable families living just below 500 meters that did not receive cash grants. Note that the vulnerable families just below 500 meters altitude would have received a cash grant if their village had been located just a few meters higher. Data was collected both immediately after the program ended, to identify the immediate impacts of the program, and three months after the program ended, to identify the medium-term impacts.

“Families that received cash faced fewer verbal and physical conflicts with Lebanese host community residents”

Main Findings

- ▶ Cash grants are effective for meeting basic needs and improving short-term well-being, and recipients prefer it to other types of aid. Syrian refugees receiving cash grants spent everything they received to meet basic needs, including heating supplies, shelter, water and food, and there was no indication of misuse of funds by spending on vice goods (e.g., alcohol, tobacco, and junk food). Once cash assistance stops, the improvements in family well-being diminish slowly over the following months.
- ▶ Cash grants reduce refugees' reliance on negative coping strategies. Cash recipients were half as likely to send their children to work and their children were more likely to be attending school. Families receiving cash assistance also less frequently reduced the number of meals per day and the portion of meal sizes.
- ▶ Cash grants produce multiple positive social impacts within and beyond the family. Cash grants led to an increase in monetary and non-monetary mutual support between beneficiaries and non-beneficiaries. And families that received cash faced fewer verbal and physical conflicts with Lebanese host community residents – suggesting that cash grants actually improve refugee-host community relations.
- ▶ The research found that the cash program did not increase the number of refugees moving to regions with the cash program. Despite concerns that the cash program might cause a “pull effect,” findings show that Syrians did not move to Lebanon or within the country in order to receive cash grants.

⁵ The 2013-2014 assistance comprised 220,000 LBP (\$147) in November 2013, and then 160,000 LBP (\$107 USD) monthly from December 2013 to March 2014.

⁶ Lehmann and Masterson, 2014.

⁷ El Asmar and Masterson, 2015.

“Each dollar of cash assistance spent by a beneficiary family generates \$2.13 USD of GDP for the Lebanese economy”

- ▶ Beneficiaries do not use the cash to repay debt but instead use it to cover immediate needs.
- ▶ Recipients spread their spending from the cash grants over a few months. In the winter of 2014-2015 cash grants increased family expenditures even three months after the last cash transfer. This suggests that beneficiaries save in ways that allow them to smooth their increased expenditure over a longer period of time or make informal investments that allow them to have more money after the end of program.
- ▶ Cash grants do not cause inflation and do produce significant benefits for local economies. The research found that there are no inflationary impacts from cash distributions. Furthermore, each dollar of cash assistance spent by a beneficiary family generates \$2.13 USD of GDP for the Lebanese economy. The absence of evidence of market distortions from the recent program suggests that Lebanon’s market is able to adjust for increased demand. This provides suggestive evidence that Lebanon’s economy could adjust to larger amounts of cash aid, and the study’s evidence on the multiplier effect suggests that Lebanon’s economy would benefit even more from larger cash grant amounts and/or broader targeting.
- ▶ In the current situation, cash grants will not provide long-term benefits for beneficiaries. Because Syrians cannot make investments with their cash grants that continue producing income after humanitarian assistance stops, the benefits of the cash program will only continue as long as the program continues.



Conclusion

The seasonal cash program provides key findings that are relevant to policy and practice in Lebanon and beyond. Cash grants are effective for meeting basic needs, and recipients prefer it to other types of aid. The research has shown that Syrian refugees receiving cash assistance spent everything they received to meet basic needs.

The situation in Syria will not stabilize in the foreseeable future. Historically, among refugees who have lived in exile for more than five years, the average length of time in the host country is around 17 years.⁸ This statistic emphasizes the need to integrate development tools and goals as part of the humanitarian response to Syrian displacement. We should recognize that cash grants only realize a fraction of their long-term benefits when beneficiaries lack investment opportunities.

This suggests that rather than making platitudes about the dangers of settlement, we should focus on creating opportunities for Syrians to invest in marketable skills and small businesses. Sustainable livelihoods for Syrians will not destabilize Lebanon. The empirical relationship between poverty and conflict is well documented and robust, and refugees who can meet their basic needs and lead lives of dignity by working and providing for themselves will be less likely to pose security threats in the host country. Not only would a shift toward supporting refugee livelihoods promote national security, it would promote Lebanon's economic growth.

8 Betts, Alexander and Paul Collier, "Help Refugees Help Themselves," Foreign Affairs, 94.6 (2015): 12.



AFP Photo/Joseph Eid

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