



Cash as a core component of the COVID-19 Response in Iraq

Briefing note, April 2020

Overview

The COVID-19 pandemic and the containment measures imposed to limit transmission have both severe immediate and long-term economic consequences. The globe is experiencing ‘one of the sharpest economic contractions in modern times.’¹ As always in a time of crisis, it is the most vulnerable that will bear the consequences as they do not have the resources to weather ‘lockdowns’ or survive without income for extended periods. With recognition to these dire economic circumstances, countries worldwide are using cash transfers as a component of their COVID-19 response to mitigate the vulnerabilities of their citizens and economies.²

This briefing note outlines the **impacts of the COVID-19 pandemic in Iraq** and calls on the donor community to **enable the Cash Consortium for Iraq (CCI) to launch a large-scale cash response** that both meets existing humanitarian needs and reduces the level of economic shock affecting the broader Iraqi population.

COVID-19 deepening and expanding vulnerabilities in Iraq

Iraq is a fragile state with **4.1 million vulnerable people still in acute need of humanitarian assistance** following the conflict with the Islamic State.³ Though humanitarian and recovery efforts have focused on response in conflict-affected areas since 2014, it is important to acknowledge the broader backdrop of development needs across the country due to chronic under-investment. **As of 6 April, there have been 961 confirmed cases of COVID-19 in Iraq with 61 fatalities; these numbers add a new dimension to Iraq’s complex vulnerability landscape and will rise.**⁴

Iraq has been in political crisis since October 2019 due to widespread protests and is pending formation of a new government. The drastic fall in global oil prices poses further challenge, as the head of the Iraqi parliament’s finance committee forecasts a potential fiscal deficit of between \$40-80 billion.⁵ While Iraq has existing social protection architecture, inclusive of programs led by the Ministry of Labor and Social Affairs, amongst others, the ongoing political uncertainty and economic crisis will hinder the government’s ability to act urgently on activating and expanding this architecture to respond to a rapidly evolving crisis.

COVID-19 will only exacerbate entrenched vulnerabilities related to inadequate public services (such as healthcare), poverty, limited economic opportunities, and displacement. Due to the imposition of COVID-19 containment measures across Iraq, people are largely confined to their homes, which will both deepen and expand vulnerability. According to data from CCI, **28% of families lack any access to income, while 45% are dependent on casual labor.**⁶ Those

¹ ‘[How to prevent a COVID-19 slump and protect the recovery](#)’, *The Economist*, 19 March 2020.

² As of 3 April, over 71 diverse countries, including Jordan, Turkey, Iran, Venezuela as well as China, the United States, the United Kingdom, Australia and many European countries have announced such programs according to Ugo Gentillini’s living paper, ‘[Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures](#)’.

³ [Iraq Humanitarian Response Plan 2020](#).

⁴ World Health Organization, [Coronavirus Disease Situation Report #77](#), 6 April 2020.

⁵ Lawk Ghafuri, ‘[Coronavirus and oil price crash could plunge Iraq deeper into crisis](#)’, *Rudaw*, 15 March 2020.

⁶ These figures are based on analysis of over 25,000 household-level Vulnerability Assessments spanning Anbar, Diyala, Kirkuk, Ninewa and Salah al-Din collected between September 2019 and March 2020.

without access to income in normal times rely on widespread coping mechanisms such as borrowing from relatives and buying food on credit. Anecdotal evidence suggests that these mechanisms may be exhausted due to the scale of COVID-19 impacts, which could spur an increase in food insecurity as well as expanded use of child labor and early marriage. For those who had income and were previously better off, with the contraction of the economy we now expect expanded use of negative coping mechanisms and need for external support in both the immediate and longer term to regain access to income and self-sufficiency. There is also serious concern that people without income will be unable to pay rent and will be threatened with eviction. Evictions undermine measures to stop the spread of the virus like self-isolation, social distancing, and proper hygiene practices. Without such measures in place, affected families and their communities are at risk of contributing to transmission.

Without a large-scale cash response, Iraqi families will face heightened vulnerability. They will be unable to afford basic needs such as food, hygiene items, health care and medicines, and rent. This will put them at increased risk to immediate health threats as well as longer-term consequences related to expansion of poverty and further destabilization of Iraq.

Response

It is critical that the economic needs of vulnerable communities are prioritized as a core component of the response to COVID-19 and its aftermath in Iraq. In the absence of a government-led social protection response, humanitarian Multi-Purpose Cash Assistance (MPCA) can be rapidly deployed. This will support the immediate needs of households and communities, and ensure that markets remain functional. As the government-led response develops, humanitarian MPCA can act as a complementary mechanism that may also facilitate transition of the most vulnerable into the government-led response for sustained support. As soon as the context allows, resumption and expansion of livelihoods programming and broader economic interventions will be imperative to accelerate access to income and to support normalization of market function.

Constraints

While the CCI has current programming that can be shifted to address the needs stemming from COVID-19, a number of constraints currently limit the scale of response. These include insufficient funding to reach households in need, as well as government restrictions that mean NGOs and Financial Service Providers are not able to carry out distributions.

Key Recommendations

- **Prioritize urgent new funding** to enable humanitarian actors to deliver MPCA at scale.
- **Retain and expand funding to enable ongoing and increased support to underlying humanitarian needs in the post-COVID-19 period;** provision of funds for the immediate response should not come at the expense of existing humanitarian programs and priorities.
- Urgently advocate with the Government of Iraq and Kurdistan Regional Government to:
 - **Ensure access to banks and flow of cash,** both for NGOs and Financial Service Providers, to enable cash assistance and critical financial transactions.
 - **Implement movement exemptions for NGOs and Financial Service Providers** to allow for distribution of cash and other life-saving humanitarian assistance.
 - **Leverage a social protection cash response** through expansion of the existing Ministry of Labor and Social Affairs Social Safety Net registry.

The Cash Consortium for Iraq (CCI)

The CCI comprises the Danish Refugee Council, the International Rescue Committee, the Norwegian Refugee Council, Oxfam, and Mercy Corps as lead. The CCI is a multi-program, multi-donor consortium that has implemented over \$150 million in funding reaching over **80,000 households with Multi-Purpose Cash Assistance** and **12,000 individuals with livelihoods support** since its inception in 2015.

The CCI is uniquely positioned to deliver a large-scale cash injection in response to the COVID-19 crisis due to its established architecture and programming experience in humanitarian cash, social protection and livelihoods. CCI partners' have existing presence in twelve of Iraq's nineteen governorates, including Anbar, Diyala, Kirkuk, Ninewa, and Salah al-Din through direct programming and bilateral programming in Baghdad, Basra, Dohuk, Erbil, Karbala, Najaf and Sulaymaniyah.

The CCI currently **holds a database of over 40,000 vulnerable households across Iraq that can be used for rapid targeting and assistance.** The CCI is engaging with other cash actors globally to understand how COVID-19 sensitive programming can be implemented, prioritizing the safety of beneficiaries and staff, including the development of COVID-19 specific minimum standards for cash distributions.