



**MERCY
CORPS**



CASH IN ARMED CONFLICT

**WHY CASH REMAINS THE OPTIMAL SOLUTION AS CONFLICT
ESCALATES - A FEASIBILITY ASSESSMENT OF CASH ASSISTANCE
IN LEBANON**

October 2024

WHY CASH?

Mercy Corps applies a cash-first policy, whereby if CVA is feasible and appropriate, Mercy Corps considers it a primary response modality. Why so?

Restores Dignity

Cash empowers individuals to make their own decisions, allowing them to prioritize their unique needs in environments where options are often scarce.

Cost-Effective

By cutting out logistics like warehousing, transport, and distribution, cash is the most efficient way to deliver aid, maximizing the use of resources.

Provides Flexibility

Recipients can address their most pressing needs, which prevents duplication of efforts and ensures the assistance is as effective as possible.

Supports Local Markets

Cash bolsters local economies by enabling people to buy from nearby traders, sustaining market activity and fostering community acceptance.

Acknowledgements

This report explores the extent to which cash and voucher assistance remains a feasible response modality to meet the basic needs of the displaced population in Lebanon following the escalation of hostilities in September 2024. Data collection for this report was carried out between 9-18 October 2024.

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Executive Summary

Since September 2024, the escalation of hostilities between Israel and Hezbollah has caused the displacement of over 1 million people and large humanitarian suffering in Lebanon. The humanitarian response has prioritized distributing in-kind assistance to displaced populations in collective shelters, while the response for those outside collective shelters is still under development. The Flash Appeal response strategy recommends a "cash-first" approach, advocating for the use of cash assistance whenever feasible and appropriate.

This report presents the findings of a rapid feasibility assessment of cash assistance conducted by Mercy Corps in October 2024. Using the cash and voucher assistance pre-conditions framework, it evaluates the feasibility of cash assistance as a response modality to meet the basic needs of displaced populations living outside collective shelters in Lebanon. The assessment employed primary data from a household survey conducted with affected populations in the Bekaa Valley and southern Lebanon, as well as key informant interviews with financial service providers. Secondary data, including redemption data and a desk review of existing programmatic and policy literature, were also used.

The assessment concludes that cash remains a feasible and needed modality of assistance for displaced populations living outside collective shelters. While disruptions occurred at the onset of the crisis, markets for basic goods have shown rapid recovery. Hoarding behaviors (i.e., stockpiling items) may partly explain the increase in prices for some basic goods, such as pulses and cereals. Affected populations in areas hit by airstrikes experience delays in redeeming cash assistance but still prefer it over in-kind assistance due to its flexibility. The primary barrier to scaling up the cash response is the absence of a reliable and secure identification and registration platform.

Background and context

The hostilities between Hezbollah and Israel that have engulfed Lebanon since the start of the war in Gaza on 7 October 2023 have escalated into a full-scale conflict in September 2024. While the impact was initially limited to the southern governorates, the escalation of hostilities has caused mass displacement throughout the national territory. The Government of Lebanon estimates that the conflict has resulted in 2,169 deaths and over one million internally displaced persons (IDPs)¹. As of 17 October 2024, 190,882 IDPs live in 1,096 collective shelters and the remaining IDPs live in host communities². As of 28 September 2024, 25 water facilities are reported damaged, affecting nearly 300,000 people, and 37 health facilities are closed across the country. Most of the 795 buildings used as collective centers are schools or educational facilities, affecting students' access to education³. This is against the backdrop of a multi-pronged crisis, which is also one of the three most severe financial and economic crisis globally since the mid-19th century, that has engulfed Lebanon since October 2019⁴. Based on a household survey

¹ Based on estimations using data from the previous conflict between Israel and Hezbollah in 2006.

² Source: UN OCHA, [Lebanon: Flash Update #36](#), 17 October 2024

³ Source: OCHA, [Flash Appeal: Lebanon, October - December 2024](#), (October 2024)

⁴ Source, World Bank, ["Lebanon Economic Monitor, Spring 2021: Lebanon Sinking \(to the Top 3\)"](#), (May 2021)

covering the five governorates of Akkar, Beirut, Bekaa, North Lebanon and most of Mount Lebanon, poverty had more than tripled in the previous decade, reaching 44 per cent in 2022⁵.

In the initial phase of the emergency, the response focused on meeting the basic needs of internally displaced persons (IDPs) in collective shelters through in-kind assistance. This included distributing core relief items (CRIs), such as mattresses, blankets, and pillows, as well as food, including hot meals and ready-to-eat meals, and shelter assistance. The decision to provide in-kind assistance in collective shelters was guided by conflict sensitivity considerations. Distributing cash assistance in these settings could have created a pull effect, potentially attracting more IDPs to the shelters and overwhelming the response capacity.



“The response to IDPs, particularly Lebanese, living outside collective shelters remains limited”

The Flash Appeal recommends the use of cash assistance wherever, and whenever it is feasible and appropriate.⁶ **This is reflected in the activities proposed by the food security, basic assistance, protection and shelter sectors** in the first phase of the crisis. For IDPs living outside collective shelters, the Food Security and Agriculture Cluster (FSAC) recommended monthly food parcels or cash for food (USD 25 per person per month up to a maximum of 6 persons) as part of emergency response interventions, while the Basic Assistance Working Group (BAWG) recommended multi-purpose cash (MPCA) (USD 100 per household per month)⁷The transfer values have been calibrated using the economic capacity to meet essential needs (ECMEN) methodology and are regularly revised to remain in line with the survival minimum expenditure basket (SMEB).

⁵ Source: World Bank, “[Lebanon Poverty and Equity Assessment 2024: Weathering a Protracted Crisis](#)”, (May 2024)

⁶ Source: OCHA, [Flash Appeal: Lebanon, October - December 2024](#), (October 2024)

⁷ Source: FSAS, [Sitrep#12 - FSA Sector - Lebanon Emergency Response](#) (6 October 2024). Cash for Food is an unrestricted and unconditional cash intervention. For specific guidance on the cash for food modality in the context of the emergency response, see [Food Assistance Response guidelines July 2024](#)

Some of the existing large-scale cash and voucher (CVA) programs have introduced shock-responsive measures to reach vulnerable populations. For example, UNHCR and WFP scaled up their CVA programs for Syrian refugees to increase the number of refugee families reached (horizontal scaleup) using pre-existing registration and vulnerability data⁸. WFP, in collaboration with the Ministry of Social Affairs (MOSA) and using social safety net (NPTP/ESSN) lists, provided emergency cash assistance to 45,700 Lebanese affected by the ongoing conflict, mainly in seven of the most affected districts in southern Lebanon⁹. In partnership with MOSA, the ILO and UNICEF have distributed a USD 100 emergency one-off payment to 5,000 existing beneficiaries of the National Disability Allowance program from affected areas (vertical scaleup), in addition to accelerating the disbursement of regular monthly payments to all beneficiaries¹⁰. However, scaling up other existing CVA programs and introducing new ones to meet the scale of unmet needs remains limited. While the acceptance and use of CVA has grown exponentially in the last 10 years (CVA accounted for 21 percent of global humanitarian funding in 2022), skepticism about its feasibility persists, especially in fragile contexts. By prioritizing in-kind aid, humanitarian donors and responders limit the effectiveness of the response and risk undermining the local markets on which people rely to cope with the crisis¹¹.

Mercy Corps has a cash-first policy, meaning that where CVA is feasible and appropriate for a program, Mercy Corps will consider it as the primary response modality.

In Lebanon, the ECHO-funded Services and Assistance for Enabling Recovery” (SAFER) program, aims to help vulnerable Lebanese families in the Bekaa Valley meet their basic needs¹². Between August 2024 and July 2025, a total of 2,388 vulnerable Lebanese households will receive monthly transfers of multi-purpose cash assistance (MPCA) for twelve months to help them meet their food and non-food needs¹³. Program participants can redeem their assistance at any branch of the national network of the financial service provider (FSP) BoB Finance - a money transfer operator¹⁴.

In October, SAFER activated the crisis modifier to provide an emergency top-up cash transfer to existing program participants (vertical scaleup) in areas affected by airstrikes, namely Iaat, Maqneh and Baalbek¹⁵. The remaining villages in the SAFER area of intervention (Arsal and Fekeha) are considered safe.

This assessment aims to shed light on the extent to which the conditions for a CVA response are still met in Lebanon. It seeks to answer the question: does CVA remain a feasible response modality for IDPs living outside collected shelters, following the escalation of hostilities Lebanon? It does so by triangulating existing data (such as WFP market monitoring) with primary data,

⁸ Source: BAWG email, Message from UNHCR and WFP: Temporary Expansion of Cash Assistance for Refugees, 8 October

⁹ Source: WFP, [Emergency Response: Situation Report 3](#), 10 October 2024

¹⁰ Source: ILO, ["ILO and partners take shock-response measures to support persons with disabilities in Lebanon"](#), (8 October 2024)

¹¹ See for example, the Cash Consortium of Sudan, ["From Feasible to Life-Saving: The urgent case for cash at scale in Sudan"](#), (April 2024)

¹² SAFER area of intervention includes the following five villages: Fekha, Maqneh, Iaat, Arsaal and Baalbek (Sheikh Habib, Al-Asira, Nabi Inam, Al-Solh neighborhoods).

¹³ SAFER aligns with the transfer values of national social safety nets. Program participants receive USD 20 per person (up to a maximum of 6) for food needs and USD 25 per household for non-food needs per month. An additional USD 5 is added to cover transportation costs to the FSP outlet and round up the amount to the nearest tenth and reduce the need for small denomination banknotes. Overall, this means that: a family of 1 receives USD 50 per month, a family of 2 receives USD 70 per month, a family of 3 receives USD 90 per month, a family of 4 receives USD 110 per month, a family of 5 receives USD 130 per month, families of 6 or more receive USD 150 per month

¹⁴ In addition to BoB Finance, Mercy Corps has a service agreement with OMT as a back-up option.

¹⁵ Iaat was targeted by Israeli airstrikes on 27 September 2024. The outskirts of Baalabek city were targeted by airstrikes multiple times on 23, 25, 27, 29, 30 September.

where gaps exist (for example, on the functionality and access of financial service providers). Given the urgency and scale of the unmet needs of IDPs living outside collective shelters, this report aims to provide a rapid and timely analysis of the feasibility of CVA to inform decision-making in the early phase of the crisis. It is expected that the analysis will be further updated in the future as other data collection and analysis initiatives provide more evidence. The report aims to provide conceptual underpinning and recommendations for strengthening Mercy Corps' CVA programming in the current context in Lebanon. It also aims to provide insights into the extent to which CVA remains a viable response modality in Lebanon, which can inform the modality response by other aid agencies and policymakers' preferred response modalities and donors' funding decisions.

Conceptual Framework

In line with the CALP program quality toolbox, the choice of response modality should be preceded by a sound situation and response analysis¹⁶. Where enabling conditions are not in place, CVA runs the risk of undermining markets and hampering long-term recovery, exposing affected populations to protection risks and providing poor value for money for donors' contribution. This feasibility assessment aims to inform the “go-no go” decision on CVA programming for the response analysis in the context of the escalation of hostilities in Lebanon.

There are several tools available for assessing cash feasibility¹⁷. The analysis in this report is based on the Mercy Corps and CALP cash pre-conditions framework¹⁸. Although they may be grouped into different categories, existing tools generally use the same principles to assess the feasibility of CVA interventions. These are contextual conditions that must be in place for a CVA response to be implemented.

The checklist identifies the following preconditions:

1. **Market conditions:** this includes market functionality, the extent to which supply meets demand, items are locally available in the market and market accessibility i.e. financial, physical and social access.
2. **Community preference:** this includes the extent to which cash is already being used by the affected population, access to food or income for basic needs and that cash distribution does not increase protection risks.
3. **Operational conditions:** this relates to the extent to which cash can be delivered safely and effectively, functional and reliable payment systems are in place and programmatic expertise and operational capacity are available.
4. **Community and political acceptance of cash** as an assistance modality.

The rest of the report reviews existing evidence and provides an assessment of the extent to which the CVA preconditions are met in the context of the escalation of hostilities in Lebanon. It concludes with a summary and discussion and recommendations.

¹⁶ Source: [CALP Programme Quality Toolbox](#)

¹⁷ For example, [Cash Feasibility and Response Analysis Toolkit](#) by UNHCR, the [Cash and Voucher Assistance Feasibility Checklist](#) by Catholic Relief Services

¹⁸ For reference, see [Cash Transfer Programming Toolkit](#) by Mercy Corps and Pre-conditions list by CALP

Methodology

The assessment employed a mixed-methods approach comprising of qualitative and quantitative data collection; informed by primary and secondary data. The primary data collection was guided by a thorough desk review and consultations with humanitarian coordination to avoid overlapping efforts. Data gaps identified relate to the operational conditions (in particular the extent to which affected populations and FSPs continue to be able to access and deliver CVA safely and reliably) and the affected populations' preference for response modality and program design.

Primary data included quantitative surveys with SAFER program participants, as well as South area program participants and qualitative key informant interviews with FSPs head offices and branches. The household survey focused on: access to FSP branches, expenditure patterns, assistance preferences and impact of cash assistance on social cohesion.

A total of 289 households (127 from Bekaa and 162 from South) completed the survey. The surveys were designed for different purposes in Bekaa and South, however both included the questions used in this assessment. For the Bekaa, the sampling strategy was designed to achieve an equal representation of the five villages where SAFER is implemented and to include program participants who hadn't been able to redeem their assistance. For the South, the households were randomly selected from Mercy Corps Lebanon's (MCL) non-cash program beneficiary lists.

The surveys were collected remotely between 11 and 18 October 2024 (see table below for more details).

Village	Sample
South	
Preferred not to answer	4
Bent Jbeil	75
El Nabatieh	4
Marjaayoun	54
Saida	2
Sour	23
Bekaa	
Aarsal	24
Baalbek	28
Fekehe	20
laat	25
Maqneh	30
Grand Total	289

Key informant interviews (KIIs) with FSPs were conducted by telephone and email between 9 and 14 October. The interviews focused on the FSPs' existing capacities e.g. number of branches and humanitarian or development cash assistance programs supported, challenges e.g. operational status of branches, customer verification, banknote availability and replenishment,

and solutions. The KIIs were conducted with head office staff of the following FSPs: BoB Finance (SAFER selected FSP), OMT and Million Bridges. BoB Finance operates one of the largest networks of financial services with more than 800 locations across Lebanon and over 20 full-fledged branches¹⁹. Eighteen BoB Finance branches in the Bekaa Valley were contacted, of which 5 took part in the interview²⁰. The sample of BoB Finance branches was selected using a purposive sampling approach to include branches in and around SAFER’s area of intervention.

FSP	Number of completed KIIs
BoB Finance	5 outlets + head office
OMT	Head office
Million Bridges	Head office

A preliminary review of existing assessment initiatives informed the scope of this assessment, to ensure that it builds on and complements, rather than duplicates, ongoing efforts²¹. The evidence gathered through primary data collection was triangulated with an extensive desk review of existing programmatic documents e.g. coordination meeting minutes, sector guidelines, the flash appeal and situation reports, and policy papers e.g. national social protection strategy, press releases, poverty and market assessments, plans to build social protection systems, including national social registry. In addition, secondary data from the BoB Finance’s platform was used to triangulate the analysis of redemption patterns²².

Limitations

The analysis for the cash feasibility assessment is affected by the following limitations and associated mitigation measures.

- **Limited sample size:**

The surveys and key informant interviews were conducted with small samples of SAFER program participants in Bekaa and response program participants in the South, FSP headquarters staff and shop owners. The samples are not representative of the national population. Airstrike-affected areas in the Bekaa Valley were purposively selected as they are the areas where the conditions for the feasibility of cash assistance are most likely to have changed since the escalation of hostilities. Where possible, the results of the analysis have been triangulated with existing large-scale assessments, in order to strengthen their validity.

- **Mistrust of cold calling:**

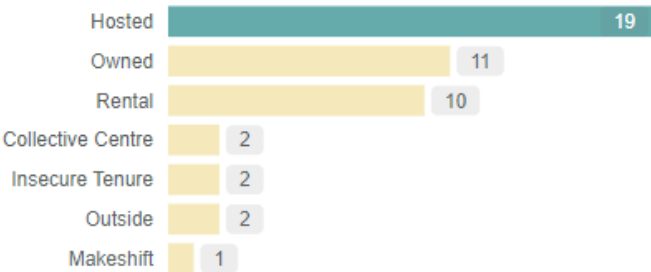
¹⁹ Source: [BoB Finance website](#), accessed 16 October 2024
²⁰ The geographical breakdown is as follows: Baalbek (1), Fekha (2), Deir El Ahmar (1) and Arsaal (1)
²¹ This included exchanges with the BAWG coordinator, and a review of the coordination meeting minutes
²² BOB Finance platform allows to monitor the status of transfers (paid or unpaid) daily for all SAFER program participants.

Given the security circumstances, affected communities are reluctant to provide information about their personal circumstances over the phone to callers they don't know²³. In particular, IDP respondents didn't want to give details of the locations they had moved to. As a mitigating measure, data collectors were trained to take extra time at the beginning of the call to identify themselves as part of the SAFER program. They did this by sharing details of the SAFER program that only staff members would know, such as the date and place of registration for the SAFER program.

Demographics

Of the Bekaa sample, 61 percent were living in their own homes and 37 percent were displaced. Most of the IDPs were originally from Baalbek, laa and Maqneh, while only two IDP respondents were originally from Arsaal and Fekha. Most (19) of the displaced respondents were hosted for free with family and friends, 11 of the displaced respondents lived in a building that they owned, 10 of the displaced respondents lived in a rented shelter and two of the displaced respondents lived in a collective shelter. The sample was equally split between female and male respondents and included both participants that had redeemed their cash (84 percent) and those that had not been able to (16 percent) to bet to better understand the barriers and challenges. In the South sample, 97 percent of respondents were Lebanese displaced families, with 94 percent having been displaced twice. The average household size was four, 84 percent of the respondents were males, 41 percent had members with chronic diseases and 88 percent were unemployed. Most participants moved to temporary rented apartments (36 percent), followed by family hosting (19 percent) and friend hosting (16 percent), while 12 percent were in collective shelters and 9 percent in fee-free apartments.

Most displaced respondents were hosted for free with family and friends.



Market conditions

Main findings: Although markets in a few border areas remain dysfunctional due to ongoing insecurity, markets in other districts experience short-term security shocks and quickly return to normal functioning. Price levels have increased nationally, especially for basic supplies such as cereals and pulses (including bread, sugar, rice and flour).

²³ For example, some survey respondents said: "I don't trust you. How can I know you are not a spy?"

Since the onset of the economic and financial crisis in Lebanon in October 2019, WFP has conducted regular market monitoring of markets for various essential commodities, including food, fuel and medicine. WFP's market monitoring data, along with other data sources, such as the annual Vulnerability Assessment for Syrian refugees and UNHCR outcome monitoring, inform the monthly estimate of the survival minimum expenditure basket (SMEB); the monetary estimate of what a Syrian refugee family of five members needs in Lebanon to survive on a monthly basis. With the escalation of the hostilities in Lebanon, WFP has increased the frequency of its market monitoring activities and conducted rapid weekly (previously monthly) monitoring of key market functionality and access indicators at the district level²⁴

Following closures at the beginning of the escalation of hostilities, the operational status of WFP-contracted shops improved in Baalbek-El Hermel (75 per cent of shops), Bekaa (86 per cent of shops) and South (44 per cent of shops), while the operational status of WFP-contracted shops continued to deteriorate in Nabatieh and the southern suburbs of Beirut, where 82 and 69 per cent of shops remained closed by October 17, respectively²⁵. Markets in hard-to-reach areas in the southern border areas are reported to be completely dysfunctional and inaccessible. In these areas, WFP and UNICEF have conducted joint convoys (18 trucks) to deliver food items, water and hygiene supplies respectively²⁶.

By October 17, nearly all WFP-contracted shops reported price increases across all districts, with Beirut, Baalbek-Hermel, Mount Lebanon and the southern suburbs of Beirut seeing significant spikes²⁷. The cost of the food component of the SMEB increased from USD 36.2 in week 2 of September to USD 37.4 in week 2 of October, a 3.2 percent increase; cereals and pulses, including bread, were the main drivers of the increase in the food basket cost²⁸. Although a high number of WFP-contracted shops had reported a low level of stocks in the initial phase of the crisis, notable improvements in stock availability were seen by week 1 of October. This is supported by evidence from the survey respondents. Ninety-two percent of survey respondents in Bekaa said prices have increased in the markets since the escalation of hostilities. The most frequently reported items by survey respondents for which prices had increased were oil, rice, sugar, flour, and bread.

More than half of the survey respondents reported no difficulties in accessing the markets. A higher number of IDP survey respondents (31.9 percent) faced challenges accessing the markets compared to non-IDP respondents (22.8 percent).

One 31-year-old female respondent from Arsaal said: ***"The security situation in my area is safe, so I did not face any problems"***.

A 43-year-old male respondent from Iaat said: ***"At first the neighboring shops did not open but now they open every hour or two"***.

Most of the respondents that reported difficulties mentioned the security situation on the roads and at the markets as the reason.

²⁴ The sample used in the WFP rapid market monitoring is not statistically significant. However, it provides an important reference point in the absence of other high-frequency representative market assessments.

²⁵ Source: WFP Market monitoring, data shared at the Food Security and Agriculture Cluster on 18 October

²⁶ Source: WFP, [Emergency Response: Situation Report 3](#), 10 October 2024

²⁷ Source: WFP, Rapid situation analysis, 14 October 2024

²⁸ Source: WFP, Rapid Situation Analysis, 14 October

Evidence from previous crisis provides an indication on the resilience of markets for goods and services in Lebanon. Following the Beirut port blast in August 2020, the emergency market mapping and assessment (EMMA) for four shelter items concluded that markets continued to function well and recommended market-based programming (such as CVA) as a response modality²⁹. The evidence from the supply shocks following the gradual phase out of the national subsidy programs in 2021 in Lebanon shows that the markets for basic items (including fuel, medicines and wheat) remained elastic and able to adapt quickly³⁰.

A 31-year-old IDP female respondent from Maqneh said: "**In these circumstances, most shops are closed**".

Affected population needs and preferences

Main findings: Affected populations report buying supplies (flour, rice, oil, sugar, canned food) in stock, to prepare for the crisis. Cash recipients use the assistance to help others, by hosting IDP families or giving them food and other in-kind items. Affected populations continue to prefer monthly cash transfers instead of in-kind assistance, as it provides flexibility and choice, especially in the face of displacement.

The situation analysis conducted for the Flash Appeal shows that 1 million people are in need of basic assistance, food security and agriculture, health, protection, shelter, site management and coordination, social stability, and water, sanitation and hygiene (WASH)³¹. Efforts are ongoing to assess the multi-sectorial needs of the displaced populations living in collective shelters and host communities. The Emergency Rapid Need Assessment (ERNA) is a multi-sectorial assessment of the displaced population in collective shelters³². For IDPs living within host communities, REACH has launched a Displacement Impact and Rapid Needs Assessment (DIRNA) that aims to assess access to essential services³³. These large-scale, inter-agency assessments will provide detailed evidence on unmet needs at a high granular level (by population group, district and specific vulnerabilities).

The analysis of the survey data shows that sixty percent of respondents in Bekaa changed their expenditure patterns since the escalation of hostilities. Of these, 88 percent of respondents bought emergency supplies in stock. Among them, the most commonly cited items were flour, rice, sugar, oil and canned food, A 34-year-old man said: "*We bought a quantity of food and stored it, fearing war and losing [access to] food*". An 80-year-old IDP woman said: "*We bought shelter supplies because we left the area without anything*". Changes in purchasing habits, after September 23, 2024, were evident for South participants as well, with 56% of respondents reporting alterations since the conflict escalation, predominantly leaning towards decreased purchasing (47%). This shift may reflect economic constraints and the psychological impact of

²⁹ Source: Caritas Switzerland, "Relying on Markets for Beirut Blast Shelter Response", (September 2020)

³⁰ For example, in August 2021, following the phase out of the subsidy program by the government, fuels and medicines became scarce. Large queues at petrol stations formed and the government power plants reduce electricity supply to a few hours per day. After one month, petrol stations were able to supply fuel although at much higher market prices to those who could afford them.

³¹ Source: OCHA, [Flash Appeal: Lebanon, October - December 2024](#), (October 2024)

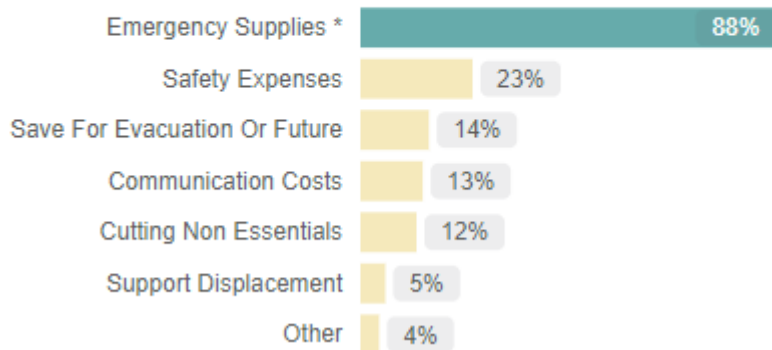
³² Source: Inter-Agency, ESCALATION: Coordination, Response Reporting, and Emergency Rapid Needs Assessment (ERNA) email, 26 September 2024

³³ Source: Inter-Agency, [LRP Partners Update Meeting](#), 11 October 2024

the ongoing situation, emphasizing the need for continued cash assistance to stabilize household economies.

Purchasing emergency supplies was the most reported change in spending patterns.

In what way has your spending pattern changed since 23 September?



* Prioritizing emergency supplies like food, water, and first aid

Twenty percent of Bekaa respondents said they used cash assistance to help others in need. Of these, 16 respondents said they host IDP children, five respondents said they helped in other ways (hosting IDP families, giving food and other items to IDPs), four respondents said they gave or lent money to IDPs and two respondents said they paid for the relocation costs of IDPs. A 67-year-old female respondent said: *“I can’t share the cash assistance with others because the amount is not enough for me but I host someone in my house now we eat together”*. The large majority of those who helped others are not displaced and live in their homes. However, one 34-year-old displaced man who is currently living in a place with insecure tenure said: *“I gave a small amount of USD 25 to one of my relatives, he is displaced and lives with me in the same house”*. The large majority of respondents said they didn’t share the assistance with anyone else. A 31-year-old female respondent living in her own home said: *“It wasn’t enough for us so I couldn’t help anyone”*. A 26-year-old male respondent living in his own home said: *“My situation is difficult, so I couldn’t [help others]”*.

For the Bekaa findings, the large majority (96 percent) of survey respondents said they prefer to continue to receive cash, rather than in-kind, assistance. Among the non-displaced, the reasons for preferring cash assistance revolve around dignity and flexibility. One 34-year-old survey respondent from Arsaal said: *“Cash is better to buy the items I need in the quantity I require to save remaining money”*. One 29-year-old male respondent from Iaat said: *“I prefer cash assistance because I can move and get my priorities better.”* One 67-year-old female respondent from Iaat said: *“I like to buy what I want”*. One 44-year-old male respondent from Baalbek said: *“I prefer cash because I am budgeting to meet basic needs”*. Among the displaced, the reasons for preferring cash assistance also include ease of transportation. One 68-year-old male respondent from Fekha said: *“I prefer cash assistance to bring the items we need, as there are things we may not use in in-kind assistance”*. One 45-year-old male IDP respondent from Iaat said: *“Most people left their homes and everything behind; that’s why I prefer cash”*. Among those who preferred a bit less cash and more in-kind support, the reasons include being able to help others and concerns about market functionality.

One 67-year-old female respondent from Arsaal said: “I prefer less cash and more in-kind assistance to help the displaced who live with me”. One 47-year-old IDP female respondent originally from Iaat said: “Given the difficult circumstances, there are food items unavailable in the market”.

Similarly, for the South findings, the overwhelming preference for receiving assistance in USD (97%) and as cash-only (86%) further affirms that cash is viewed as the most effective modality. This preference indicates that respondents value the purchasing power and flexibility that cash assistance provides, allowing them to respond to their immediate needs without restrictions. **“I would be able to buy the urgent items (like medicines, diapers, milk etc.) my family need without restriction!” said most of the Lebanese respondents.** On the other hand, those who responded by the need of in-kind preferred receiving food, winterization and bedding items. The safety concerns expressed by respondents reveal a nuanced reality; while 64% felt mostly safe when traveling to receive assistance, there remains a notable percentage (28%) who felt completely secure. This indicates that while cash assistance is perceived positively, further monitoring of the security situation is essential.

The findings from South reveal that participants highly value the flexibility that cash assistance provides in meeting their specific needs, with 91% believing that essential items would be readily available for immediate purchase (Figure 2). Additionally, community tension related to cash assistance programs appears low, as 86% of respondents indicated they do not anticipate any negative impacts (Figure 2). The data also shows that 90% of respondents were able to access markets without issue since the conflict escalation on September 23, 2024, and 94% confirmed they could travel to markets without difficulty (Figure 2). However, perceptions of safety while shopping are mixed: 41% of respondents often felt confident doing so, while 44% sometimes felt confident, indicating that insecurity still affects shopping behavior (Figure 3). Interestingly, only 17% of respondents reported stocking food due to concerns about potential sieges or supply shortages (Figure 2). This relatively low percentage suggests that, while some individuals are preparing for uncertainty, the majority feel secure in their current access to food and supplies.

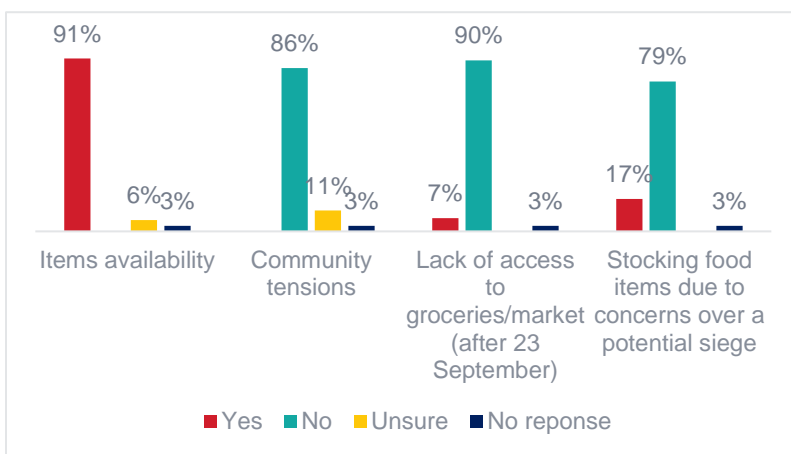


Figure 2: General findings on cash assistance

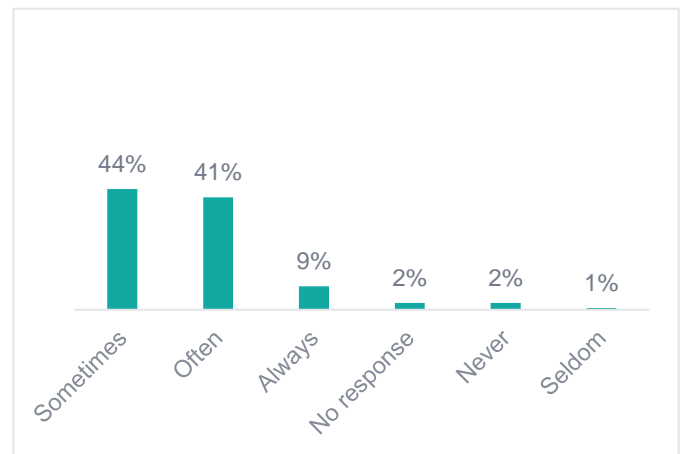


Figure 1: Perception on shopping without fear

When asked about their preferred frequency to receive cash assistance from SAFER, 95.7 percent of Bekaa survey respondents said they preferred to receive monthly transfers, 2.6 percent of

survey respondents said they preferred to receive double amount every two months, 1.7 percent of survey respondents said they preferred to receive triple amount every three months. Among those who preferred monthly frequency, one 52-year-old male respondent from Maqneh said: “Monthly frequency is better because due to the risk of running out of money” and a 47-year-old male survey respondent from Iaat said: “I prefer monthly frequency [single amount] because I know that at the end of the month, a payment comes to buy food and medicines that I must get every month”. Among those who preferred to receive assistance every two (double amount) or three months (triple amount), one 50-year old female survey respondent from Fekha said: “I prefer bi-monthly frequency [double amount] to go withdraw assistance only once” and a 60-year-old female IDP respondent originally from Iaat said: “I prefer bi-monthly frequency [double amount] because we need to buy diesel and winter clothes”.

Operational conditions

Main findings: Money transfer operators, especially those in airstrike-affected areas, have closed due to the security conditions. It takes a higher number of days to redeem assistance, however the large majority of program participants have done so within 14 days. The lack of an identification and registration platform places a significant obstacle to the expansion of the CVA response to meet existing needs.

Survey respondents from safer areas made fewer attempts on average to redeem their assistance (1.5 attempts each in Arsaal and Fekha) compared to those from airstrike-affected areas (3 attempts in Baalbek, 1.9 in Iaat, and 2.1 in Maqneh). Similarly, respondents from safer areas visited fewer FSP outlets on average (1.1 outlets in Arsaal and 1.2 in Fekha) than those from airstrike-affected areas (1.8 outlets in Baalbek and Maqneh, and 1.4 in Iaat). Nearly half (44.1 percent) of the respondents reported facing difficulties redeeming their assistance. Among those who encountered challenges, 30.4 percent said BoB Finance outlets were closed, 30.4 percent were unable to travel to the outlet due to the security situation, 21.4 percent lacked transportation, 16.1 percent found the outlet overcrowded, 12.5 percent reported a lack of USD banknotes, 7.1 percent had issues with their IDs, 7.1 percent hadn’t received the payment SMS, 7.1 percent cited other reasons (e.g., damaged SIM card), and 5.4 percent delayed redemption due to other priorities.

The issue of overcrowding (mentioned by 16.1 percent of survey respondents) is related to the extra layers of identification for Lebanese recipients, while Syrian refugees who receive cash assistance by the UN agencies can redeem it using their Red Card only³⁴. An interviewed BoB Finance outlet manager in Baalbek said: “the assistance redemption process for Lebanese involves checking the transaction number, verifying and tacking a photocopy of the ID. This takes more time than the process for Syrian refugees, who use the Red Card”. The ID-related issues (mentioned by 7.1 percent of survey respondents) include issues with registration and third-party authorization. When a SAFER program participant (usually the household head) is unable to go to the BoB Finance outlet, they can delegate a third party (usually another family member) to redeem assistance on their behalf. However, the process can be challenging,

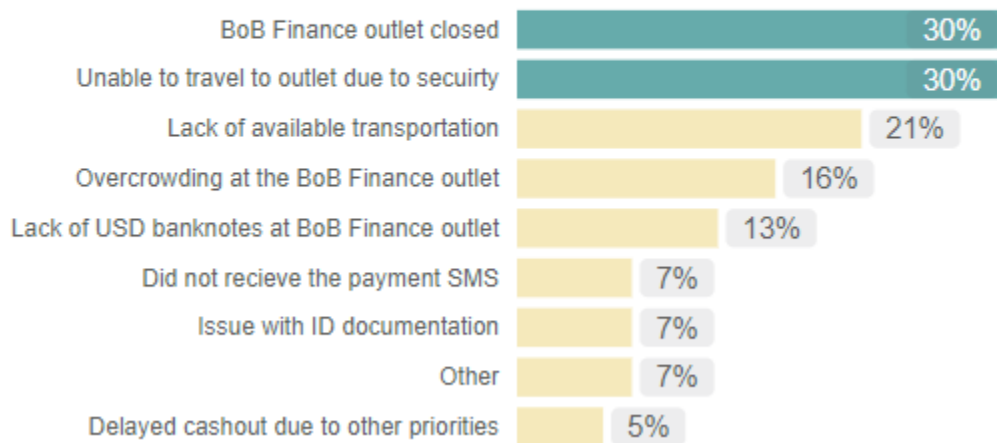
³⁴ The Lebanon One Unified Inter-Organizational System for E-cards (LOUISE) is a harmonized platform to deliver CVA to refugees in Lebanon. LOUISE program participants can redeem their assistance using the Red Card, an e-card that can be used to redeem cash assistance from any of the Banque-Libano Francais ATMs or contracted BoB Finance outlets or to buy goods in any shop with a POS system.

because it involves multiple stakeholders: the program participants and their family members, the program team and the financial service provider. A 50-year-old male IDP survey respondent originally from Maqneh said: "The BOB finance branch wants my mother personally to give them assistance. My mother is elderly and very sick, and the situation is war and I do not have a car. I hope that the request will be transferred to my name". A 70-year-old female survey respondent from Fekha said: "The assistance is in my husband's name. I went to get aid and then returned and brought my husband's ID to get aid. Two BoB Finance outlet managers interviewed said they faced challenges with processing the request for program participants who send other family members to redeem.

A BoB Finance outlet manager in Baalbek said: "People are coming to collect payments on behalf of their family members, particularly when the head of household is elderly, without obtaining a proxy authorization".

BoB outlets closure and inability to travel due to security were the most reported challenges with assistance redemption.

Please explain what other difficulties you faced in trying to access your cash



In the most severe cases, the challenges faced with redemption meant that program participants had not been able to redeem the assistance. Analysis of the redemption data shows that, while the large majority (91 percent) of program participants used to redeem their regular cash transfer within seven days before the escalation of hostilities, only two thirds (68 percent) had been able to redeem their emergency top-up transfer within seven days after the escalation of hostilities³⁵. However, the large majority (90 percent) of program participants had been able to redeem assistance 14 days after the escalation of hostilities, indicating that the redemption curve has flattened. A 65-year-old IDP female respondent originally from laa said: "I haven't been able to withdraw the assistance yet. I am sick and cannot walk and I moved to a new area, I did not find the BOB office [in the area of displacement] yet". A 75-year-old IDP male respondent originally from Baalbek said: "I couldn't get the money since there is no money available at BoB

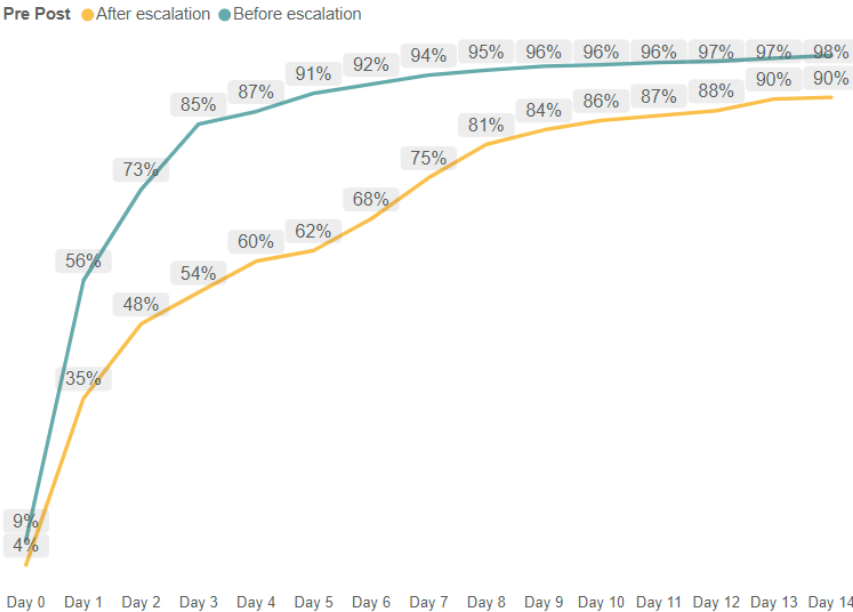
³⁵ To avoid overcrowding at the FSP outlet, SAFER distributes assistance in five batches a few days apart. The most recent regular transfers were made on 18, 20, 23, 25 and 26 September respectively. In addition, program participants in Baalbek, laa and Maqneh received the emergency top-up transfer on 8 October. Redemption patterns are calculated counting workdays from the day of transfer (Day 0). Redemption patterns before the escalation are calculated using data for the regular transfer in September. Redemption patterns after escalation are calculated using data for the emergency top-up transfer in October.

Finance, people are telling me to go to Zahle area to get but I am afraid of the road because of the war". A 77-year-old IDP male respondent originally from Maqneh said: "The only problem is the money withdrawal center is far away. There is no cash withdrawal center near me because of the situation".

Out of 18 BoB Finance outlets contacted for this assessment in and around SAFER area of intervention, 13 were closed or did not respond. Of these, the managers at four outlets in Baalbek said they were not planning to re-open soon because their store is in an at-risk area. The manager of one outlet in Baalbek said the shop is close to airstrike-affected area and he cannot ensure the safety of customers, including SAFER program participants. The managers of two outlets in Arsaal and Al Ain said they were currently afraid to reach their shops due to safety situation of the road, however they were monitoring the situation and considering re-open the following week if safety improved. The manager of an outlet in Younine said he had to close the shop because he is unable to safely reach the bank to replenish the stock of banknotes for the shop, however he would be willing to re-open the shop if BoB Finance brings the banknotes to his shop. Three outlets were unreachable over multiple days of data collection.

90% of Program Participants Redeemed Assistance by Day 14 Post-Escalation, Indicating a Flattened Redemption Curve

Redemption Patterns for SAFER II Program Participants



All five BoB Finance outlets interviewed reported that they had been supporting cash assistance programs prior to the escalation of hostilities. These programs include both humanitarian efforts, such as the SAFER program by Mercy Corps, and development initiatives, such as the social safety net assistance by MOSA, targeting both refugees and Lebanese beneficiaries.

The outlets in Arsaal (around 6,000) and Baalbek (around 3,000) serve a higher number of people per month compared to two outlets in Fekha (200 and 300 respectively). The manager of the outlet in Deir El-Ahmar said: "The number of people changes every month due to the situation. Even people from outside the village are coming to this outlet in addition to displaced people to the area". The outlet managers interviewed were asked about the difficulties they face and solutions they put in place to solve them. The outlet manager in Arsal said he is facing difficulties

replenishing the stock of banknotes in USD 20 and USD 50 denominations. He is solving the issue by obtaining the notes from a money changer, rather than the bank. Two outlet managers interviewed said they are incurring higher operating costs. One of them said: *“The cost of transferring money from the bank to Arsal has increased due to the current situation. Transporting the money from the bank to Arsal has become costly because of the dangers and risky situation of the roads following the escalation”*. Both outlet managers said they cannot put in place any solution to the higher operating costs. One of them said: *“There is no solution. I was previously under M3, which transferred money directly to the shop without needing to go to the bank, but this has now stopped”*³⁶. The other said: *“There is no solution. The situation of the people is hard, and we cannot increase the cost on them”*.

	BoB Finance outlet in Arsaal	BoB Finance outlet in Fekha	BoB Finance outlet in Fekha	BoB Finance outlet in Deir El-Ahmar	BoB Finance outlet in Baalbek
Are any of your customers receiving cash assistance from any humanitarian or government agency?	Yes	Yes	Yes	Yes	Yes
If so, who are the agencies?	Mercy Corps, Red Card, MOSA	Mercy Corps	Mercy Corps, Himaya, DRC	Mercy Corps, Red Card, LOST	Mercy Corps, LOST, IRC
How many transfers (number of people assisted) do you make per month for each of those programs?	Around 6,000	Around 200	Around 300	It depends	Around 3,000

The lack of an identification and registration platform of IDPs poses a critical hurdle to the expansion of the CVA response. A reliable platform that allows to identify IDPs, share data in a safe manner and track assistance is critical for targeting and deduplication. Existing cash programs have adopted ad-hoc solutions such as vertical and (where previous registration lists existed) horizontal expansion. However, the crisis is likely to have impacted the population

³⁶ M3 delivers banknotes to contracted BoB Finance outlets. This removes the need for BoB Finance outlet managers to visit banks to replenish their banknote stock.

groups differently. OCHA and the Lebanese Red Cross are working with the Government of Lebanon and the Disaster Risk Management unit to propose documented standard operating procedures for registration³⁷. Considerations around the inter-operability of the system with existing databases (such as the DAEM database that supports the national social safety net, the Emergency Social Safety Net, ESSN), that will be critical in the long-term when transitioning the response from the emergency to recovery, are marginally present in the coordination discussions.

Community and political acceptance of cash

Cash and voucher assistance has long been accepted as a response modality in Lebanon. Following the start of the Syrian refugee crisis, WFP began providing paper vouchers for food in 2012, introducing electronic vouchers in late 2013, using a card system established with the Banque Libano-Francaise. In August 2014, UNHCR and the Lebanon Cash Consortium, comprising six international NGOs, began distributing multipurpose cash assistance for non-food basic needs³⁸. Since 2014, WFP has been supporting the food assistance component of the National Poverty Targeting Program (NPTP), a social safety net, through e-cards. Due to the worsening economic crisis, an unconditional cash top-up was introduced in May 2021 to help assisted families cover other basic or non-food needs. Since September 2021, NPTP assistance became unrestricted and can be redeemed at ATMs in USD or at contracted shops³⁹. Since the escalation of hostilities, sector guidance has been against the use of CVA to assist IDPs inside collective shelters. The decision was made based on the risk for pull effect to collective shelters, which would overwhelm their capacity to respond. However, CVA is the recommended modality of assistance for IDPs outside collective shelters, where markets are functioning.

Conclusions and discussion

This feasibility assessment shows that a CVA response is currently needed and feasible to help meet the basic needs of IDPs living in host communities in most parts of Lebanon.

Although the markets for basic goods and services have experienced disruptions following airstrikes, these seem to be temporary, with shops opening shortly afterwards. Hoarding behavior, i.e. the process of buying emergency items in stock in preparation of a shock, could have contributed to the low levels of stocks reported by shops in some parts of Lebanon. In the southern border areas, markets remain completely dysfunctional, with shops being closed and significant disruptions to the supply chain. In these areas, the distribution of in-kind assistance using convoys remain necessary.

By using the cash assistance to buy emergency items in stock (such as bread, flour, rice, oil, and sugar) in advance, affected populations in Lebanon reduced their exposure to risk (for example,

³⁷ Source: OCHA, Minutes of the follow-up discussions on cash, 14 October 2024

³⁸ Source: Bailey, S., Harvey, P. "[The DFID/ECHO approach to cash assistance for refugees in Lebanon](#)", (September 2017)

³⁹ Source: WFP, "[National Poverty Targeting Programme & Institutional Capacity Strengthening](#)", (July 2022)

in case of market disruptions or security challenges to reach the markets) and mitigated the impact of the shock, if it happens.

Community acceptance and affected populations' preference for the use of CVA to address basic needs is overwhelmingly positive, indicating a fertile environment for market-based programming. Cash assistance offers more flexibility and choice. Unlike in-kind assistance, cash can be easily transported in case of displacement. Especially if delivered digitally (for example through electronic transfers redeemable at any outlet in the national FSP network), cash offers displaced recipients the opportunity to continue benefiting from the program while in displacement.

CVA offers three distinct functions, known as the three "P" functions:

- **Preparation:** Helps affected populations prepare for a shock.
- **Protection:** Shields them from the worst effects of the shock.
- **Prevention:** Prevents them from experiencing further shocks in the future.

Like shops, FSP outlets face temporary disruptions in operational status. Outlets in airstrike-affected areas have closed, but managers continued to monitor the security situation and plan for re-opening. The redemption curve has flattened, indicating that it takes a higher number of days for program participants to redeem assistance. However, the large majority of program participants redeem assistance in 14 days and well before the end of the monthly transfer cycle. For the outlets that remain open, challenges with overcrowding seem to be due to the specific validation process, involving IDs. The biggest hurdle to the upscale of the CVA response is the lack of an identification and registration platform for IDPs. Without such a platform, the CVA response faces significant risks for fragmentation and duplication.

The table below summarizes the extent to which the CVA pre-conditions are met in the current context in Lebanon, based on the findings from the desk review and data analysis outlined in this report. In light of the evidence, this report concludes that CVA should be considered as a response option in the current context in Lebanon. This echoes the findings from other contexts. For example, the experience with the emergency response in Gaza since October 2023 has demonstrated that cash assistance can work effectively even in highly challenging environments and helps dispel myths and build confidence among donors and practitioners.

Market conditions	Affected population's needs and preferences
<ul style="list-style-type: none"> • Markets are functioning regularly (functionality) and are supplied to meet demand - Yes • The items needed to meet needs are locally available - Yes • Markets are accessible (access) Yes, with the exception of border areas 	<ul style="list-style-type: none"> • Cash is already used by affected populations - Yes • Affected populations cannot access food or income for basic needs – Yes, more granular assessments are ongoing • Protection risks will not be amplified by the cash distribution – Yes
Operational conditions:	Awareness and acceptance of cash
<ul style="list-style-type: none"> • Cash can be delivered safely and effectively – Partial, the identification and registration platform for IDPs is missing • Functional and reliable payment systems exist – Yes • Programmatic expertise and operational capacity are available – Yes 	<ul style="list-style-type: none"> • Community awareness and acceptance of cash – Yes, with streamlining of conflict-sensitivity considerations • Political awareness and acceptance of cash - Yes

Recommendations

For aid agencies:

- Regularly monitors the feasibility pre-conditions for the CVA response: market and FSP monitoring should continue at high frequency, even with small sample sizes, to ensure that the pre-conditions for CVA remain met.
- Advocate for the adoption of a harmonized CVA response for basic needs wherever feasible: support the work of BAWG and FSAC to produce harmonized cash guidance for all (food and non-food) basic needs. The guidance should cover at a minimum: transfer value, duration and recommended selection strategy

For donors:

- Adopt a cash-first policy for meeting the basic needs IDPs living outside collective shelters; require partners who propose an in-kind response to articulate the rationale and benchmark it against cash. This is in line with USAID cash benchmarking policy: no in-kind program should be funded unless it is likely more cost-effective than an unconditional cash transfer⁴⁰.

⁴⁰ Source: Wright Y., "Cash transfers should be the default, not just the benchmark", (September 2023)

For the government of Lebanon

- Design and roll-out a reliable and safe identification and registration platform of IDPs of any nationality: building on the lessons learnt from existing systems (such as the WFP platform built before the escalation of hostilities or the DAEM platform built to support the ESSN national social safety net), the government of Lebanon should support the timely and efficient roll-out of the platform,
- Promote linkages between social protection systems and humanitarian cash interventions: the government of Lebanon should use existing registration lists to expand social safety nets horizontally, by partnering with humanitarian actors that have the capacity and resources to distribute cash assistance to vulnerable families

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