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Thematic Report

The Multiplier Effect of Cash Programs in Lebanon

A four-partner pilot study in Akkar and Baalbek districts

November 2025

The Lebanon Crisis Analytics Team (LCAT) provides reactive and in-depth context analysis to inform the aid community in Lebanon. The information and analysis contained in this report is therefore strictly to inform humanitarian and development actors and associated policymaking on Lebanon.

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Introduction

This study calculates the multiplier effect of multi-purpose cash assistance (MPCA) and Cash Plus programs by Mercy Corps and three partner organizations – Action Against Hunger (ACF), Save the Children, and WeWorld – in the Lebanese districts of Akkar and Baalbek. Using data collected in August 2025, it estimates the amount of additional economic activity generated by injecting cash into local economies in those districts between May and July 2025.

Cash assistance[1] is a crucial aid modality in supporting Lebanon's most vulnerable populations. By measuring the effects it produces, aid providers can better quantify and potentially optimize their positive impact. The multiplier effect is an informative and easy-to-interpret quantitative indicator that measures the value of additional economic activity generated by an intervention. The indicator is the ratio of the value of the intervention plus the additional economic activity generated by the intervention, divided by the value of the intervention: it is typically presented as "every dollar of input generates X dollars of total economic activity". The multiplier effect of humanitarian cash programming has been calculated in several contexts worldwide, with the Cash Consortium of Yemen (CCY) producing the most recent example from the region. That study found that every US dollar (USD) of MPCA generated USD 2.29 and USD 2.56 of economic activity in two subdistricts where cash assistance was distributed.[2]

Key Findings

- The economic impact of cash assistance is measured using the multiplier effect, which serves as a useful indicator to measure the value for money of cash programming.
- In the four areas where cash programs were implemented, one dollar of cash assistance generated between USD 1.05 and USD 1.37 of economic activity when defining the local economy across a smaller area, and between USD 1.13 and USD 1.46 when defining the local economy across a larger area.
- The multiplier effect did not significantly vary by cash modality in studied areas.
- The multiplier effect was significantly reduced when households spent money on food outside the local economy, as food traders made most of their business-related purchases externally. This highlights the need to strengthen local value chains – especially food processing – alongside cash assistance programs to build economic self-reliance and maximize the broader economic impact of cash assistance.

[1] Cash assistance is a form of humanitarian aid provided to vulnerable households, covering both refugees and host communities, to support them in their basic needs such as food, medicine, and accommodation.
Anera, Supporting Vulnerable Families With Cash Assistance in Lebanon - Anera March 2020
[2] REACH, The Multiplier Effect of Multipurpose Cash Assistance in Ad Dhali and Ja'ar Sub-districts in Yemen November 2024


Credit: Bloomberg

Context

Lebanon has experienced a series of crises over the past five years, beginning with the banking liquidity crisis that took hold in October 2019; the ensuing severe economic downturn through 2023, when the Lebanese lira (LBP) exchange rate stabilized in August;[3] and conflict between Hezbollah and Israel following the October 7, 2023 Hamas attack, culminating in the 2024 Israel-Hezbollah war.[4] Due to the state's inability to deliver efficient and equitable support and service delivery – especially to vulnerable communities – local and international aid actors, political parties, religious organizations, and other actors have stepped in to meet essential needs. However, informal aid provided by domestic actors has failed to meet the needs of communities affected by either the economic downturn or cross-border conflict.[5] Although the international humanitarian response in Lebanon remains active, its reach and effectiveness has been curtailed by the same factors.[6] As of June 2025, the Lebanon Response Plan had secured only USD 769 million in funding – a 74% funding gap.[7] UNHCR in Lebanon is also operating with a 74% funding gap – approximately USD 500 million – in 2025.[8]

Cash assistance supports the humanitarian response to Lebanon's multi-layered crises. It is primarily led by UN agencies and INGOs, often in coordination with government ministries, such as the Ministry of Social Affairs (MoSA). For example, the MoSA's Emergency Social Safety Net Project (ESSN) program – supported by the World Bank – now covers 794,000 individuals.[9] Minister of Social Affairs Haneen Sayed announced in March 2025 that 45% of low-income Lebanese benefit from this program.[10]

[3] LIMS, Lebanon's Exchange Rate Stability: A Tentative Success in Need of Legal Anchoring January 31, 2024
[4] Reuters, Key events in Israel's conflict in Lebanon March 28, 2025
[5] The Lancet, Lebanon: a humanitarian crisis in a complex geopolitical context December 14, 2024
[6] ACAPS, Lebanon: After the ceasefire: current situation, humanitarian needs, and outlook March 5, 2025
[7] LRP, Document - LRP Funding – Q2 2025 (As of June 2025) August 19, 2025
[8] UNHCR, Lebanon Funding Update - 2025 | UNHCR September 30, 2025
[9] World Food Programme, WFP Lebanon Programme Factsheets - September 2025 October 8, 2025
[10] L'Orient Today, Program 'Aman': $18 million to support over 700,000 people in March March 21, 2025

Literature Review

The multiplier effect of cash assistance programs, including humanitarian cash interventions, produces economic benefits in a variety of contexts. Concern Worldwide measured the multiplier effect of an emergency cash transfer pilot program in one region of Zimbabwe[11] and found that every dollar of cash produced USD 2.59 of economic activity in the local market. To calculate the multiplier effect, the researchers organized expenditure data in a Social Accounting Matrix (SAM).[12] Based on the assumption that portions of the food assistance would be bartered, the authors presented several scenarios to calculate the multiplier effect of in-kind food assistance, resulting in effects ranging from 1 (100% in-kind food consumption) to 1.67 (30% in-kind food consumption). Cash assistance generated higher multiplier effects than in-kind food aid, strengthening the case for cash transfers as a viable and cost-effective aid modality.[13]

Concern Worldwide also used a SAM to calculate the multiplier effect of their emergency cash program[14] in three districts in the Central Region of Malawi.[15] They found that every dollar of cash assistance generated between USD 2.02 to USD 2.45[16] of economic activity. The effect was calculated over two consecutive months and changed little over time.[17]

Tao et al.[18] calculated the negative multiplier effect of reductions in cash assistance for refugee and host community populations across 13 communities in Uganda. Using a simulation model informed by household survey data, the study applied the Local Economy Wide Impact Evaluation (LEWIE) approach to estimate the local multiplier effect. The results revealed that a one-dollar reduction in cash and in-kind assistance to refugees led to a total local income loss of USD 2.88 (cash) and USD 2.97 (in-kind).

Finally, the World Bank measured the income multiplier of an unconditional cash transfer program for women in northern Nigeria,[19] and found that recipients enjoyed income benefits as a result of higher aggregate demand, resulting in a partial income multiplier of 32%, meaning that every dollar of assistance generated an additional USD 0.32 of income.

[11] Cormac Staunton and Micheál L. Collins, Evaluating the Effectiveness of Cash Transfers versus Food Aid: a case study in rural Zimbabwe April 2011.
[12] The Social Accounting Matrix, which records the circular flow of income from households to goods and service providers, and among goods and services providers, will be explained in detail in the following section: "Calculating the Multiplier Effect, The Social Accounting Matrix".
[13] Magdalena Mikulak, Cost-effectiveness in humanitarian work: cash-based programming September 2018.
[14] Distributed in response to crop failures due to poor rainfall during the previous growing period.
[15] Davies, S. and Davey, J. 2008. A Regional Multiplier Approach to Estimating the Impact of Cash Transfers on the Market: The Case of Cash Transfers in Rural Malawi *Development Policy Review*, 26(1), 91-111.
[16] These estimates assume that 10% of total spending took place outside the local economy, which is the more realistic scenario. The range was defined by the inclusion and exclusion of rent payments (for housing, businesses and farms), gasoline consumption, and travel expenses as local expenditures.
[17] The lower bound estimated multiplier effect increased by 0.02 and the higher bound estimate by 0.04.
[18] Qi, Tao et al.,The Local Economywide Effects of Reduced Refugee Assistance in Uganda 2024 Annual Meeting, July 28-30, New Orleans, LA 344004, Agricultural and Applied Economics Association
[19] World Bank, Cash Is Queen : Local Economy Effects of Cash Transfers to Women in West Africa (English) April 2025


Credit:Xinhua

Calculating the Multiplier Effect

The Social Accounting Matrix

As demonstrated by the research reviewed in the previous section, the SAM is a proven approach to calculating the multiplier effect. The SAM is a database that records economic transactions and transfers between all economic actors in an economy,[20] specifically, the proportion of total expenditure from one actor to another.[21] Put another way, the SAM records the circular flow of income from households (HHs) to goods and service providers, and among goods and services providers.

The SAM requires expenditure data from beneficiaries and the vendors from whom they purchase goods and services, such as traders, farmers, and health clinics. Identifying an appropriate set of vendors is critical to ensuring that the SAM represents the local economy. For this study, the vendors were identified through key informant interviews with partner agencies' program managers and field teams. Equally important is the location where beneficiaries purchased a good or collected a service, which is used to measure the value of transactions that occurred within and outside the local economy.[22]

The formulas used to calculate the multiplier effect using a SAM are shown below (equations 1-3). The SAM (*A*), also known as the technology matrix, is created by calculating the proportion of total expenditure, per-category, for recipient HHs and local vendors. To calculate the multiplier matrix (*M*), which results in the marginal propensity to consume[23] for each economic actor, *A* is subtracted from an identity matrix (*I*)[24] and then inverted.

[20] At any geographic scale, regional or national.
[21] Round, Jeffery. Social Accounting Matrices and SAM-based Multiplier Analysis The impact of economic policies on poverty and income distribution: Evaluation techniques and tools, 14 (2003): 261-276.
[22] Spending in the local market is defined on a per-case basis but includes the town or neighborhood where cash assistance was distributed and often the neighboring towns or villages where beneficiaries from the area of intervention frequently shop.
[23] The SAM approach to calculating the multiplier effect assumes that the marginal propensity to consume (MPC) is static; therefore, this analysis assumes that MPC is equal to the average propensity to consume (APC).
[24] The identity matrix (I) is the same dimension as the SAM with ones across the diagonal and zeroes elsewhere.

The total change in demand (*y*), known as the answer matrix, is the product of the multiplier matrix and the initial local gain (*x*), which is the total spending per-category by MPCA recipients.[25] The total economic activity generated by the cash injection, including the value of the injection, is calculated by summing all elements of *y*. The multiplier effect is calculated by dividing the total economic impact by the total cash injection (*c*).

1. M =(I-A)^(-1)
2. y=Mx
3. Multiplier effect=∑y/c

A simplified visual example of this calculation process is shown in Figure 1.

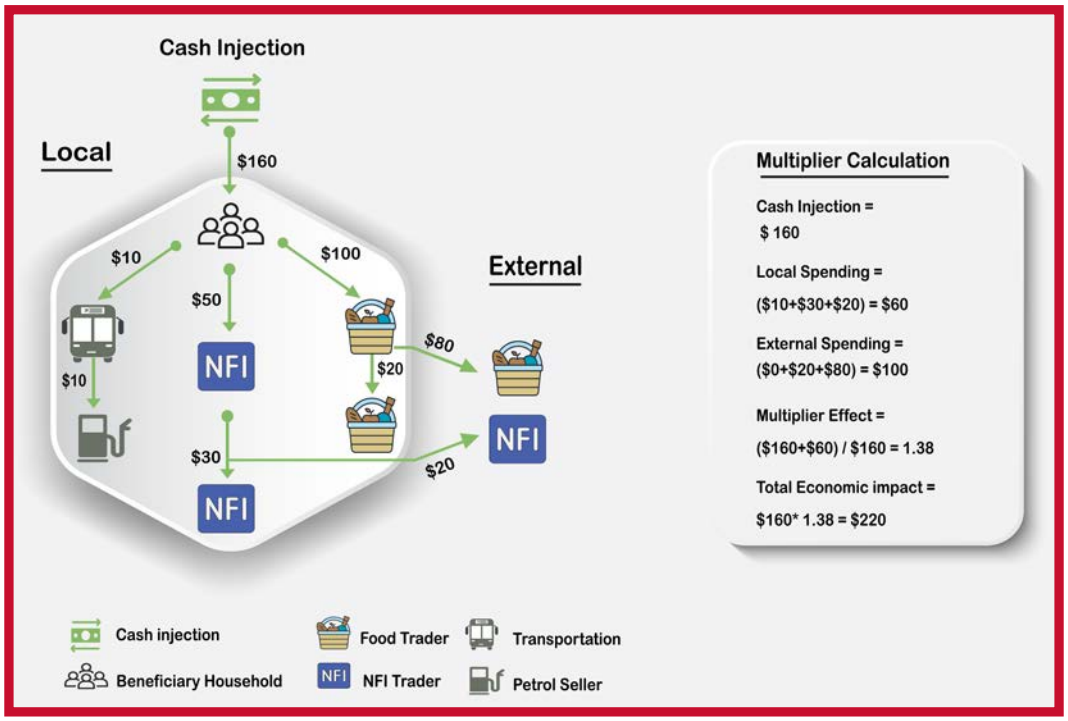


Figure 1: *Simplified calculation of the multiplier effect of MPCA in a hypothetical local economy. This diagram assumes that recipient HHs spend all the MPCA and includes seven economic actors: a recipient HH, Food Trader, Non-food Item Trader, Food Wholesaler, Non-Food Item Wholesaler, Transportation, and Petrol Seller*

When interpreting multiplier effect results, it is necessary to consider the assumptions and limitations that underlie SAM calculations. Most importantly, the results apply only to the specific time period and geographic area where date was collected[26] and cannot be generalized elsewhere. Multiplier theory[27] assumes that supply can expand to meet higher demand while prices remain stable despite changes in demand. This presents challenges in contexts with volatile currencies or unstable supply chains – such as Yemen – but survey questions asking about recent changes in item availability and affordability can be used to determine whether these assumptions are problematic.

[25] Practically, this is the total cash injection multiplied by the first row of the SAM.
[26] A SAM can be collected for any local economy at any point in time, and at any geographic scale defined and justified by the researcher. For example, the multiplier effect can be measured for an entire metropolitan area or individually for several neighborhoods within that metropolitan area, and at different points in time.
[27] Davies, S. and Davey, J. 2008. A Regional Multiplier Approach to Estimating the Impact of Cash Transfers on the Market: The Case of Cash Transfers in Rural Malawi, Development Policy Review, 26(1), 91-111.


Credit: UNV

Data Collection

In addition to working with the SAFER team at Mercy Corps, the LCAT team partnered with ACF, Save the Children, and WeWorld, who were implementing cash or cash plus programs in several Lebanese regions. Study areas were selected in collaboration with the partner organizations and the LCAT team and partners prioritized locations with a high number of recipients.

Partner	District	Selected town(s)	Type of Cash Program	HH sample size	Program Completion Date	Date of Previous Transfer ('25)	HH Data Collection Date ('25)
Mercy Corps	Baalbek	Arsal	MPCA[28]	327	Aug.'25	Jul. '25.	Aug.8-9
ACF	Baalbek	Bednayel, Temnine Fawqa, Temnine Tahta	Cash for work[29]	130	Nov.'25	Benacyel: May 2. Temnine Fawqa and Temnine Tahta: May 2.; (special payment May 14)	Aug.12-19
WeWorld	Akkar	Machta Hammoud	Cash Plus (livelihoods)[30]	140	Aug.'25	Jul. 15.	Aug.12-18
Save the Children	Akkar	Hrar	Cash Plus (livelihoods)[31]	141	Jan.'25	Jul. 2	Aug.26-29

Table 1: *Study areas and partners*

[28] The SAFER program, or "Services and Assistance for Enabling Recovery", is funded by European Union Humanitarian Aid.
[29] "ACF Employment-intensive Environmental Program, Phase III" is funded by BMZ and implemented by ACF and KfW. Cash for Work supports income-generation, greater social cohesion, and improved management of solid waste. Cash is provided for 40 working days at a rate of 15 USD/day for unskilled workers and 17 USD/day for skilled workers.
[30] Cash Plus assistance supports socio-economically vulnerable households in meeting their basic needs and withstanding future shocks in Akkar Governorate. It is implemented in partnership with Mada Association and funded by DG ECHO - European Civil Protection and Humanitarian Aid Operations.
[31] Save the Children's Cash Plus Livelihoods intervention combines cash assistance with tailored livelihood support such as vocational training, business coaching, and grants to help vulnerable households move from short-term relief to sustainable income generation.

Household Survey

The LCAT Team calculated the number of surveys needed for a statistically representative sample[32] of recipient HHs from each partner, and the partner organizations randomly selected that number of HHs. Each organization collected data separately, either in their regular post-distribution monitoring surveys or through an independent data collection survey. The program design, number of recipients, and dates of the cash distributions and data collection are summarized in Table 1.

The questionnaire focused on beneficiaries' income and expenditure patterns. The survey gathered detailed household expenditure breakdowns across categories (food, household items, medicine, and others) to calculate the multiplier effect. The survey tool also recorded the locations where a given HH purchased each good or service. Specifically, respondents were asked where they purchased each item,[33] along with the estimated proportion of spending in that category.[34]

Business Survey

Owners operating businesses in the main local economic sectors, shown in Table 2, were asked questions about the economics of their businesses and to provide a breakdown of their business-related expenditures. The LCAT team interviewed an indicative sample of business owners operating a range of business types in each study area. The business categories assessed in each location varied based on their availability and accessibility. A breakdown of these categories is shown in Table A1 in the Annex.

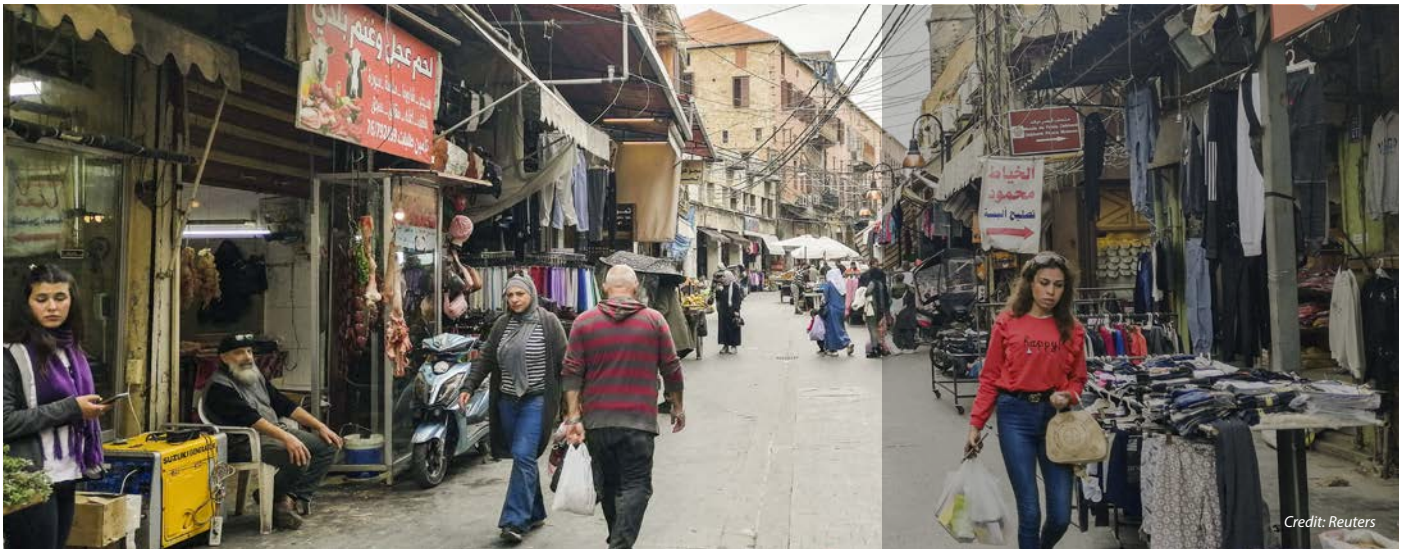
The survey tool features questions on business economics and business-related expenditures. The first half of the survey contains questions about the operation of the business, such as the proportion of customers receiving cash assistance, customer debt repayment, business debt, and investments in the business. These questions inform the "descriptive insights from business owners" section after the multiplier results.

The primary module of this survey tool collects a detailed monthly business expenditure breakdown across various categories such as rent, wages, inventory (of various types), and utilities. Like the HH survey tool, the key feature of this module is the ability to record the precise location where a purchase was made. Location-specific expenditure data substantially increases the accuracy of analysis on how cash assistance was spent, namely whether it was spent within or outside the local economy. It also enables multiple definitions of local and external markets to measure the multiplier effect with wider or narrower boundaries around the local economy.

[32] 95% Confidence Interval; 5% Margin of Error
[33] From a list of villages, towns, neighborhoods, and cities predefined after consultations with partners' field teams.
[34] All (100%); About three-quarters (75%); About half (50%); About a quarter (25%). Responses are required to sum to 100%.

SAM Category	Business type	HH Spending Equivalent	
		Regular	Irregular
Food Trader	Fruit and vegetable seller; food store owner	Fresh food; foodstuffs	
Non-Food Item Trader	Library or store that sells education materials; HH item store (e.g., clothing; shoes; kitchen items)	Small HH items; school supplies; hygiene items; drinking water	Large HH items (furniture, mattress, kitchenware); Clothing; productive assets; construction materials
Transportation	Taxi/bus driver (passenger transport); truck driver (drives a truck to deliver supplies/goods)	Transportation (taxi)	
Education	Schoolmaster, private tutor		Education fees
Health	Heath center, clinic/doctor/dentist, or pharmacy	Medication	Health care services (doctor visit, procedures)
Water	Water trucking company	Water trucking	
Electricity	Generator owner	Generator fees	
Fuel	Petrol seller	Fuel (diesel, petrol)	
Communications	Cell-phone shop owner	Phone credit	

Table 2: *Business owner key informant categories*



Multiplier Effect Results

Table 3 shows the multiplier effect results. Each location has two results: one for a more narrowly defined local economy ("smaller extent") and one for a broader geographic area ("larger extent"). Locations included in the definition of the local economy for each study are found in the Annex (Figures A1 to A4).

Organization	Study Area	Modality	Multiplier effect	
			Smaller extent	Larger extent
ACF	Baalbek (various)	Cash for work	1.33	1.46
Mercy Corps	Arsal	MPCA	1.37	1.37
Save the Children	Hrar	Cash Pus (livelihoods)	1.18	1.26
WeWorld	Matcha Hammoud	Cash Plus (livelihoods)	1.05	1.13

Table 3: *Multiplier effect results for the four study areas*

Multiplier effect results varied among study areas, ranging from 1.05 to 1.37 for the smaller extent, and from 1.13 to 1.46 for the larger extent. The magnitude of these multiplier effects are smaller than those produced in previous studies, which is primarily (if not entirely) the result of the large geographic area being defined as the local economy in those studies.[35]

[35] Concern Worldwide's multiplier effect studies in Malawi (2.02 to 2.45) and Zimbabwe (2.59) defined the local economy as administrative level 2 regions, and the Cash Consortium of Yemen's multiplier study (2.29; 2.56) defined the local economy as administrative level 3 regions.

This study defines the local economy as the primary market where the program was implemented and the nearest sizable locations (other studies consider an entire administrative region as the local economy). The definition of the local economy used in this research better captures the immediate economic impact of cash assistance, whereas previous studies likely overestimated the size of the local economy because the multiplier effect calculation only considered recipient spending and the supply chain of businesses from which recipients purchased goods and services.

The multiplier effect can also be used to calculate the total and additional economic activity generated by a cash assistance program. Partners provided information on the amount of cash distributed in each study area (see Table A2 in the Annex). The total economic activity generated by the cash program is the total cash distributed to recipients multiplied by the multiplier effect. Additional economic activity produced by the cash program is the total economic activity minus the value of the cash transfers.

Additional economic activity generated by a cash program is a better indicator of the broader impact of the intervention. Its value is proportional to the size of a cash injection and determined by the size of the multiplier effect. This is why cash programming in Machta Hammoud produced the lowest additional economic impact: a relatively small amount of cash was distributed in a local economy with the smallest multiplier effect. For example, if the largest multiplier effect size (1.37) were used to calculate the additional economic activity in Machta Hammoud instead of the actual multiplier effect (1.05), then additional economic activity would increase from USD 2,416 to USD 17,876. Conversely, the additional economic activity generated with the smallest multiplier effect (1.05) and the largest cash injection (USD 203,400) is USD 10,170, much higher than the actual additional economic activity generated by the program (USD 2,416).

Importantly, this study calculates the multiplier effect of the local economy at one point in time and does not measure the magnitude of the multiplier effect. Achieving the latter requires several data collection rounds and multiplier effect calculations over time: at least one before, during, and after the cash assistance program. The multiplier effects calculated in this study are indicative of the state of the local economy at the time of data collection and do not reflect the impact of the cash program.

Figure 2: *Total economic activity and additional economic activity generated by the cash programs in each study area*


Credit: Reuters

Expenditure Patterns

The proportion of spending on each item category within and outside the local economy essentially determines the magnitude of the multiplier effect. Figure 3 gives an overview of HH expenditures on food, non-food items (NFIs), and health services. HHs assessed in the three towns in southwestern Baalbek (ACF) and Machta Hammoud (WeWorld) reported spending a relatively lower proportion on food but a higher proportion on NFIs, compared to HHs in other study areas. While interesting to note, these findings do not have a significant influence on the size of the multiplier effect.

The most important difference in HH expenditure patterns is the large discrepancy in the proportion of total expenditures spent outside the local economy ("external spending") between Hrar and Machta Hammoud and the other two study areas. HHs assessed in Hrar and Machta Hammoud spent 12% and 13%, respectively, of their total expenditure outside the local economy, about 10 percentage points higher than the other two locations. HH spending outside the local economy reduces the multiplier effect because that portion of expenditure – about 12% to 13% of the cash transfer – immediately leaves the local economy, generating first or second-order revenue for businesses elsewhere.

The proportion of external spending by item category, shown in Figure 4, is central to understanding what types of businesses are less competitive or unavailable in the local economy of the study areas. This is particularly relevant in Hrar and Machta Hammoud, where HHs spent the highest proportion outside the local economy. In Hrar, about 88% of HHs' external expenditures were attributed to spending on state electricity[36] and approximately 6% on food items.

[36] 45/125 HHs (36%) in Hrar were completely reliant on state electricity.

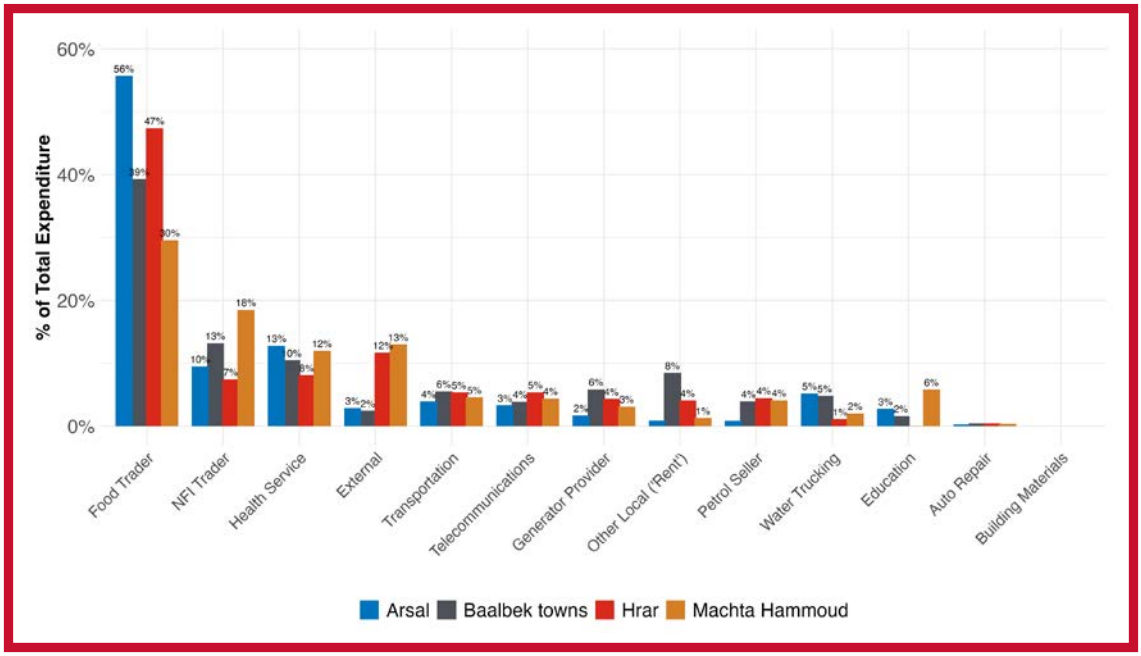


Figure 3: *HH expenditure breakdown in each study area. The graph shows the proportions of local and external spending under the "larger extent" definition of the local economy*

In Machta Hammoud, healthcare services and medication comprised about half of external spending. The lack of healthcare in Machta Hammoud is unsurprising given the small size of the village, but pharmacies there also apparently lack variety, competitive pricing, or both. Households in Hrar and Machta Hammoud purchased sizable proportions of food items outside the local economy, which perhaps similarly indicates a lack of variety or less favorable prices compared to larger, more distant markets.

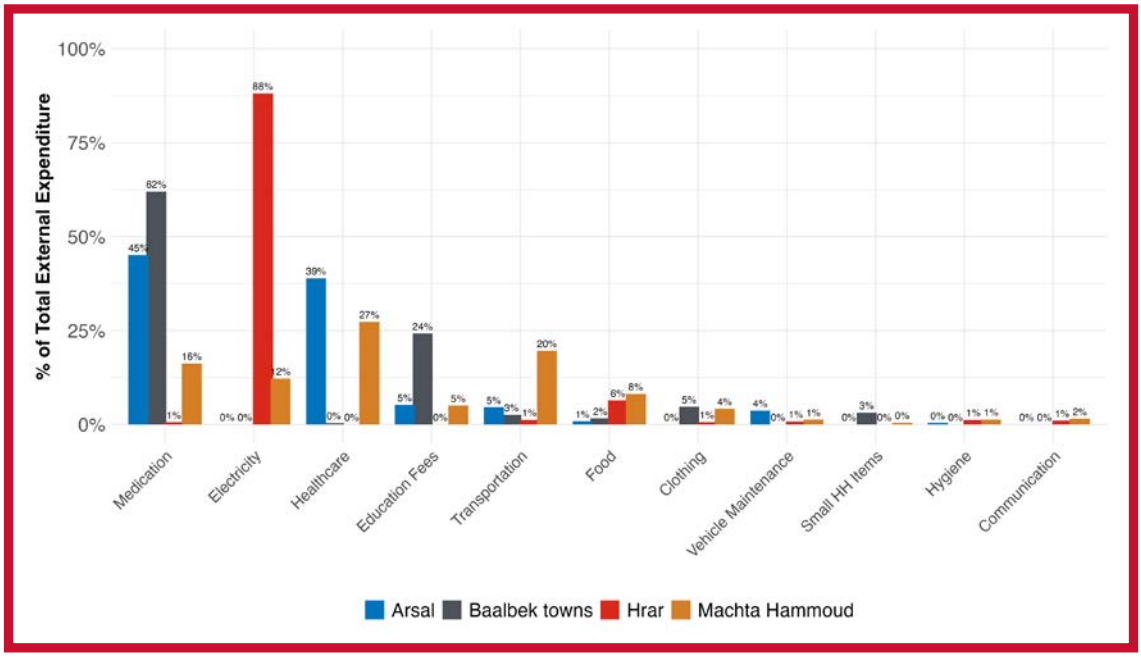


Figure 4: *The proportion of HH spending outside the local economy, by study area. The graph shows the proportions of local and external spending under the "larger extent" definition of the local economy*

The proportion of local spending by HHs is the strongest determinant of the magnitude of the multiplier effect because it represents the level of demand by recipient HHs in the local economy. However, the proportion of local and external spending by businesses is also influential. The multiplier effect is particularly sensitive to local versus external spending by businesses that supply goods most in demand by HHs, such as food, non-food items, and healthcare services (see Figure 5).

Overall, businesses' local and external spending proportions were largely comparable. One notable difference was the high rate of external spending among food traders in Matcha Hammoud (87%) – the largest expenditure category for HHs – which diminished the magnitude of the multiplier effect. Food traders in Arsal also spent a high proportion outside the local economy (79%), but the impact on the multiplier effect was dampened by local transportation providers and the much higher proportion of spending by HHs in the local economy overall. Food traders in the Baalbek towns and Arsal spent a much lower percentage of business-related expenditures outside the local economy, which contributed to the larger multiplier effect in those areas.

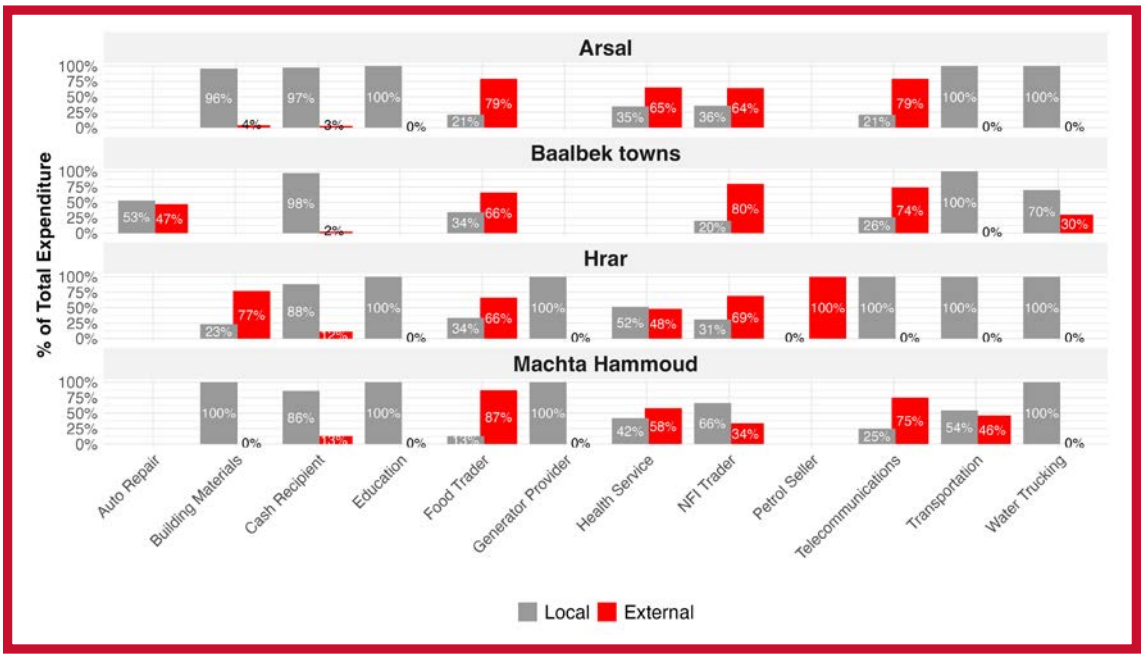


Figure 5: *Proportion of business spending within and outside the local economy in each study area. The graph shows the proportions of local and external spending under the "larger extent" definition of the local economy*

The population of the study areas serves as a proxy for local demand, the level of which influences the variety of goods and services offered in the market. The two locations with the largest multiplier effect sizes – the Baalbek towns and Arsal – have the largest populations, according to estimates shown in Figure 6. These study areas had the lowest proportion of HHs spending outside the local economy and the lowest proportion of external spending on food items. Conversely, Hrar and Machta Hammoud had substantially smaller populations and the highest proportions of external spending and spending on food items outside the local economy. This suggests that in local economies with relatively small populations, demand is not high enough for businesses to consistently offer a sufficient variety of products, forcing households to shop outside the local economy to meet all their needs.

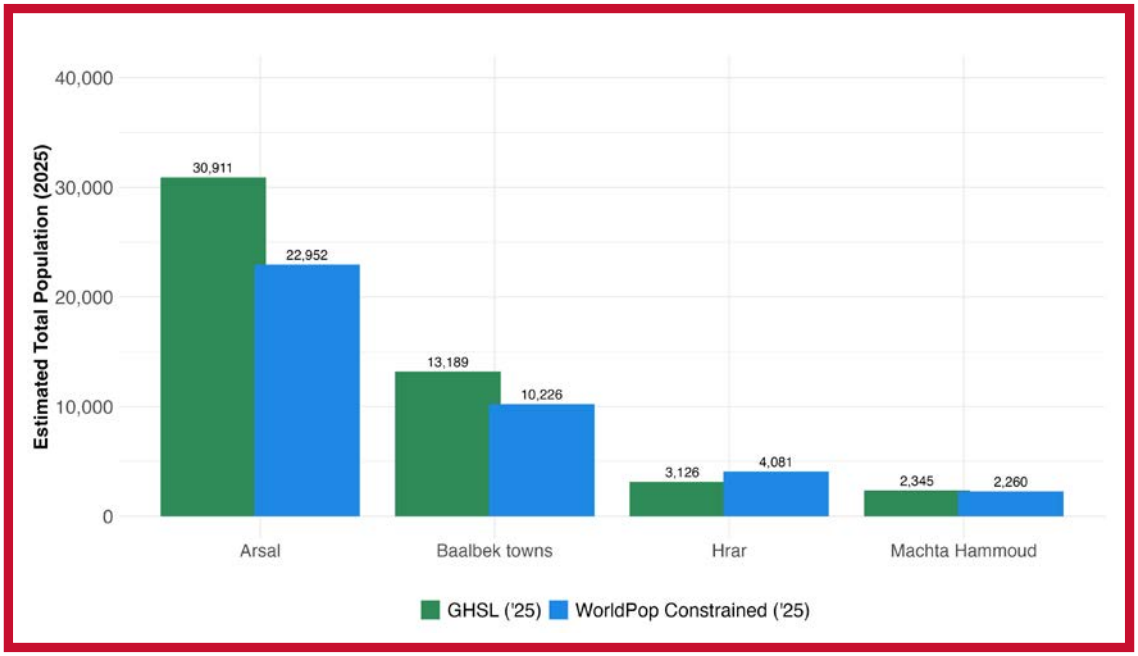


Figure 6: *The total population of the study areas, calculated using population estimates derived from satellite imagery sourced from Global Human Settlement Layer and WorldPop*

Trade between Lebanon and Syria, whether informal or formal, has become easier after the fall of the Assad regime in December 2024. The team tallied the number of HHs that purchased items in Syria across all four study areas, as well as the items they purchased there to measure the prevalence of cross-border transactions and ascertain which goods and services may be more competitively priced in Syria. In sum, only nine of the assessed HHs reported purchasing goods or services in Syria:

- One HH in Bednayel purchased medication
- Two HHs in Tamnine Fawqa purchased medication and health services
- One HH in Tamnine Fawqa purchased medication
- Two HHs in Arsal purchased health services
- In Machta Hammoud:
  - One HH purchased healthcare services
  - One HH purchased healthcare services and medication
  - One HH purchased healthcare services and clothing
- No recipient HHs assessed in Hrar reported spending money in Syria


Credit: AlAkhbar

Descriptive Insights from Business Owners

Knowledge about customers and clients being MPCA beneficiaries was more prevalent in some areas compared to others. Overall, 32% of businesses reported knowing whether their customers were MPCA beneficiaries or not. This was more prominent in Machta Hammoud (67%) and Arsal (36%) compared to the other towns.

MPCA beneficiaries purchased products and services that they would not have purchased otherwise. In Machta Hammoud, businesses mentioned MPCA beneficiaries enrolling in additional training courses, buying more fruits, going for health check-ups, and purchasing temporary cellphone plans.

Prices did not increase due to cash assistance programs. Eighty-five percent of interviewed businesses agreed that price levels did not change due to the presence of cash assistance programs in their area. Only in Machta Hammoud did 20% of business owners believe that businesses in their area increased their prices because of the cash assistance distribution.

MPCA supported modest growth in a small number of businesses. Six businesses in Machta Hammoud and one business in Bednayel reported investing to expand their inventories – both the amount and variety on offer – to respond to higher demand and increased sales.

MPCA contributed to managing both business and customer debt. Among enterprises that had taken out business loans, 34% reported making full or partial repayments in the past month, with an average payment of approximately USD 1,100. Furthermore, 4 out of 25 businesses that sold on credit indicated an improved capacity to offer credit to customers, which they attributed to increased liquidity resulting from debt repayments.

A minority of businesses reported increased revenues due to MPCA programs in their towns. Twenty-four percent of business owners in Machta Hammoud noted that the additional revenue allowed them to increase their personal income.

MPCA had a limited impact on wages. Four business owners (two in Bednayel, one in Machta Hammoud, and one in Temnine Fawqa) said they raised employee wages due to higher revenues from MPCA. No one reported hiring additional employees.

Conclusion and Potential Future Research

This study found that in four locations in Akkar and Baalbek district, every dollar of cash assistance generated between USD 1.05 and USD 1.45 of total economic activity. This means that the USD 203,400 total cash injection in the area that produced the largest multiplier effect – three small towns in southwest Baalbek – generated about USD 67,122 of additional economic activity. These results can be used to calculate the value of cash programming by taking into consideration the wider economic benefit beyond the value of the cash transfer and improvement in HH wellness.

The approach used to calculate the multiplier effect of cash assistance in this study is geographically precise and more realistically defines what constitutes a local economy compared to similar studies. The variation of the multiplier effect sizes is primarily attributed to the proportion of HH spending outside the local economy, which is largely a function of the population size of each study area. The proportion of business-related expenditures spent locally is also an important determinant of the size of the multiplier effect. Higher proportions of local spending by businesses that provide items most demanded by HHs – food traders, NFI traders, and healthcare services – noticeably increased the multiplier effect size.

The magnitude of the multiplier effect does not indicate the degree to which the cash program changed the structure of the local economy, but rather how much additional economic activity was generated by the cash injection through the local economy's current level of economic interconnectedness. A potentially beneficial Cash Plus program would provide business development support to relatively weak but potentially viable business categories in the local economy – identified through the proportion of HH spending conducted externally – in conjunction with the distribution cash programming after the completion of the program. Such an intervention would expand the local economy, improve household wellness, and leverage an inevitably larger multiplier effect within that local economy.

The degree that cash programming amplifies the multiplier effect can be assessed by measuring the multiplier effect within specialized study designs. One potentially useful research design measures the multiplier effect before, during, and after the cash program, which would provide evidence of the structural economic changes over the life of a cash program. This design could be enhanced by measuring the multiplier effect in locations where no cash assistance had been distributed (for comparison) to more robustly ascertain whether and how cash assistance structurally changes local economics. However, quasi-experimental comparative studies such as this design are challenging to conduct. For example, a comparison of the multiplier effect dynamics in locations receiving different cash modalities would provide valuable evidence on the relative economic benefits of each type of cash assistance, but would require a careful selection of program areas with similar local economies in terms of size and self-sufficiency.

In addition to more advanced research designs, future studies measuring the multiplier effect should collect additional information from business owners to create a more robust model of the local economy. Specifically, the authors recommend that a wider range of business owners be included, particularly by disaggregating the NFI Trader category because it covers a wide range of specialized merchants selling distinct items (e.g., hardware supplies, shoes; paper products). This would require a significant increase in data collection, assuming this study's sampling rule of thumb of three business owner interviews for each SAM category is followed.

Annex :

Business Category	Number of Business Owners Interviewed			
	Baalbek towns	Arsal	Hrar	Machta Hammoud
Food Trader	5	2	7	5
NFI Trader	2	5	5	3
Transportation	3	2	2	4
Education	-	5	2	3
Health	3	7	3	2
Auto Repair	3	-	-	-
Water	2	2	3	3
Electricity	-	-	2	2
Construction and Repair Services	-	2	3	2
Telecommunication	3	-	1	3
Petrol Seller	-	-	1	-
Total	**21**	**27**	**29**	**27**

Table A1: *Number of business owners interviewed in each study area, by SAM category*

	ACF	Mercy Corps	Save the Children	WeWorld
Location(s)	Tamnine Fawqa; Tamnine Tahta; Bednayel	Arsal	Hrar	Machta Hammoud
Type of Cash Program	Cash for work	MPCA	Cash Plus Livelihoods	Cash Plus
Total Recipients	678 HHs	1102 HHs	750 families	203 HHs
Average Transfer Value	300 per-HH	USD 100 per-HH	USD 60 per-family	Jan.-Feb. 2025: USD 138 per-HH; Mar.-Jul. 2025: USD 100 per-HH
Total Cash Injected	**USD 203,400**	**USD 110,200**	**USD 45,000**	**USD 48,314**

Table A2: *Total cash injected by each partner in the study locations*

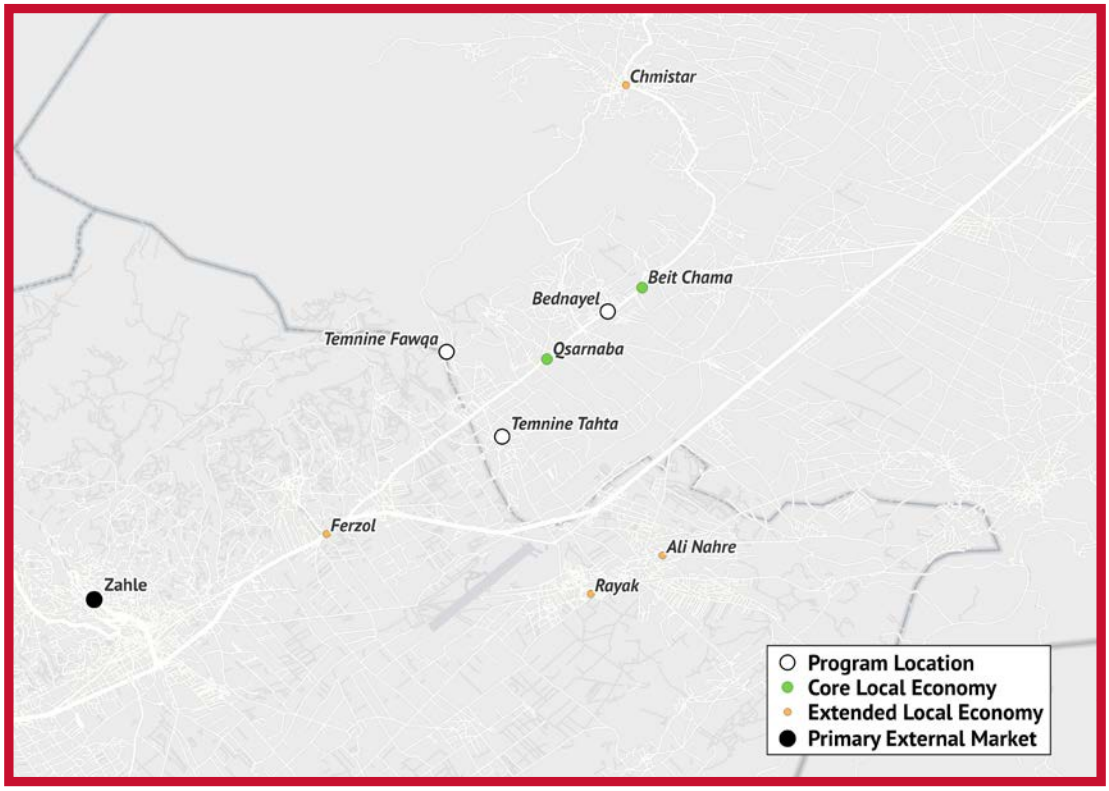


Figure A1: *The local economy of Bednayel, Temnine Fawqa, and Temnine Tahta (ACF). The location(s) labeled "Core Local Economy" comprise the "smaller extent" definition of the local economy, and those locations plus the locations labeled "Extended Local Economy" comprise the "larger extent" definition of the local economy*

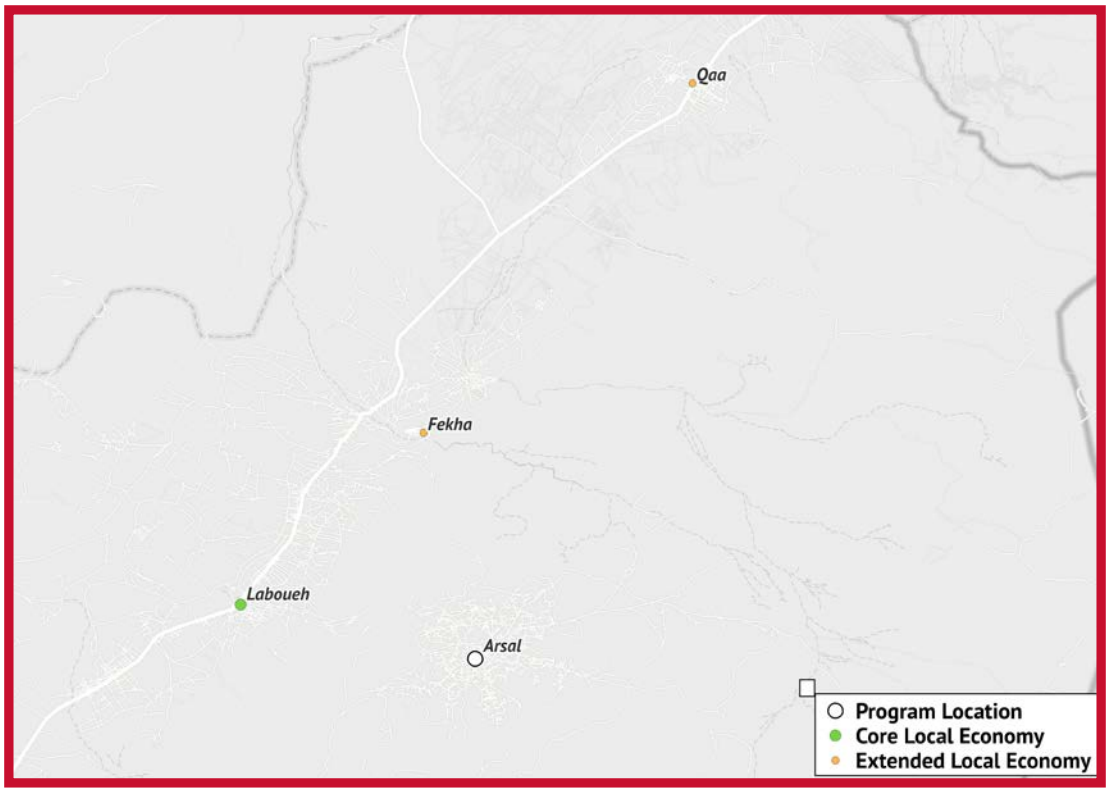


Figure A2: *The local economy of Arsal (Mercy Corps). The location(s) labeled "Core Local Economy" comprise the "smaller extent" definition of the local economy, and those locations plus the locations labeled "Extended Local Economy" comprise the "larger extent" definition of the local economy*

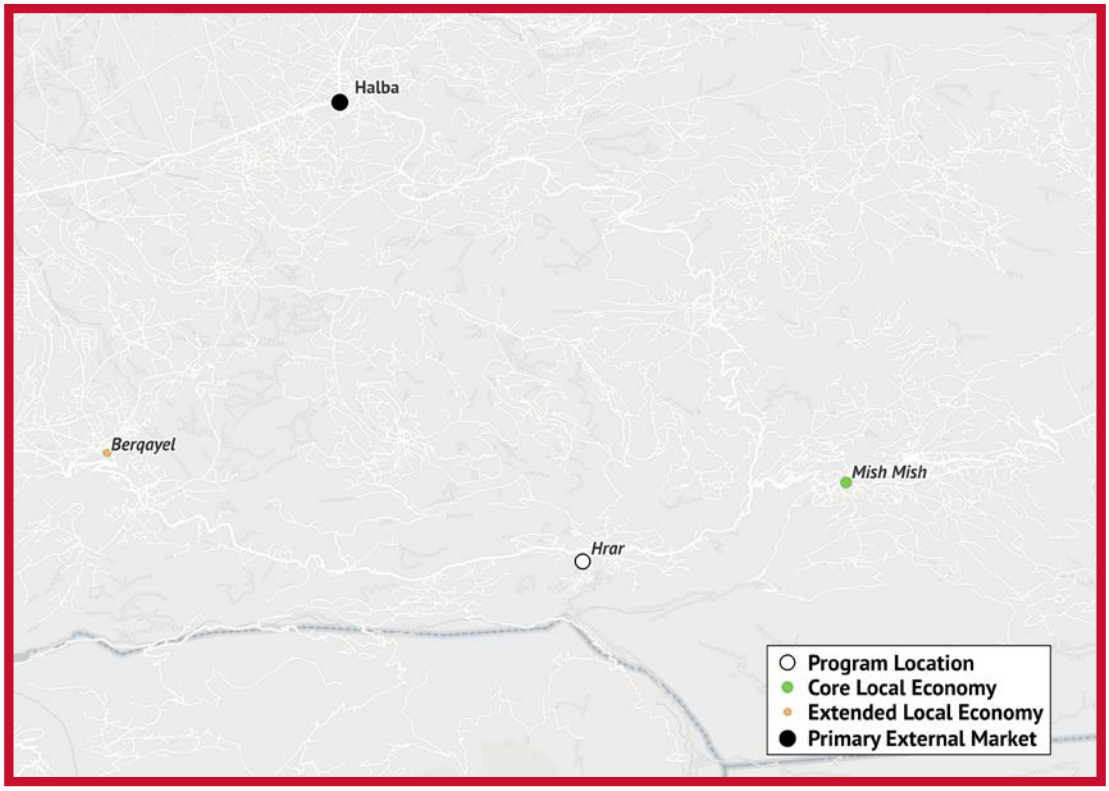


Figure A3: *The local economy of Hrar (Save the Children). The location(s) labeled "Core Local Economy" comprise the "smaller extent" definition of the local economy, and those locations plus the locations labeled "Extended Local Economy" comprise the "larger extent" definition of the local economy*

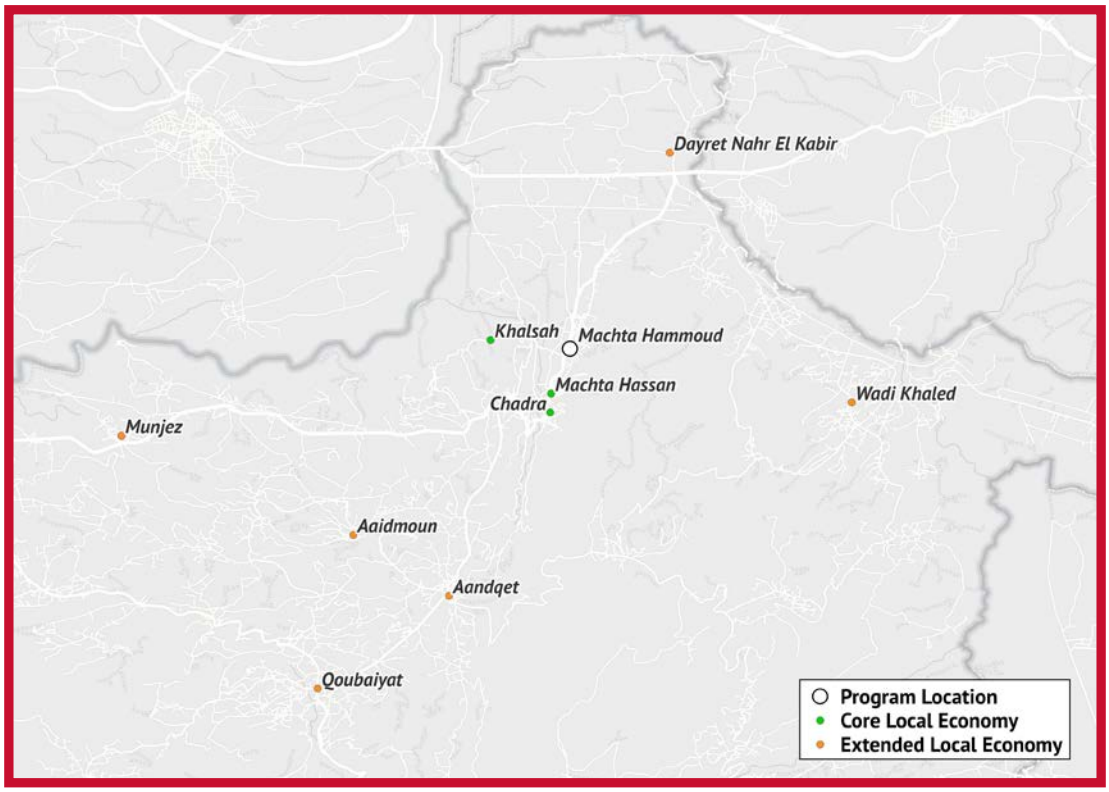


Figure A4: *The local economy of Machta Hammoud (WeWorld). The location(s) labeled "Core Local Economy" comprise the "smaller extent" definition of the local economy, and those locations plus the locations labeled "Extended Local Economy" comprise the "larger extent" definition of the local economy*

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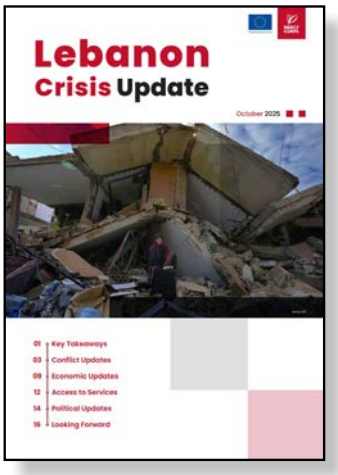

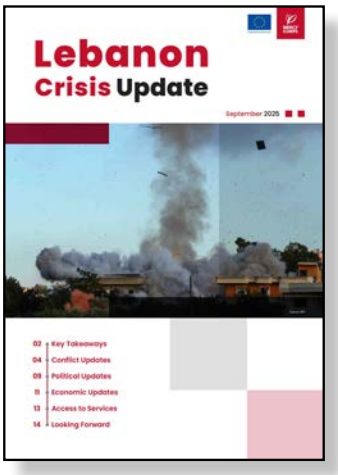

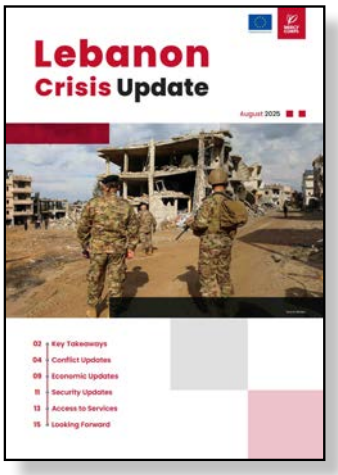

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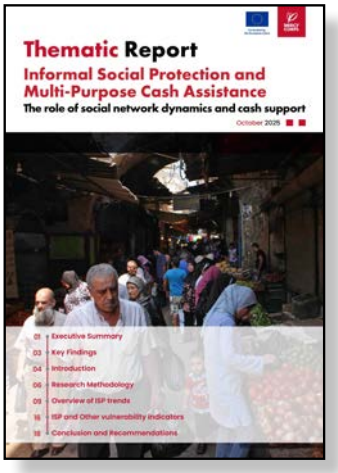

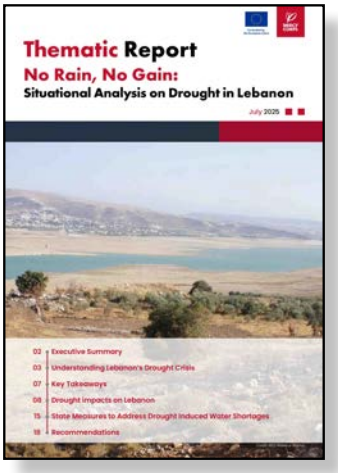

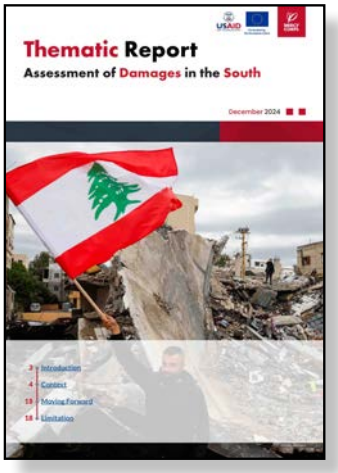

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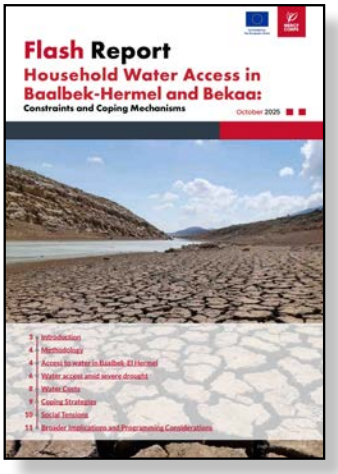

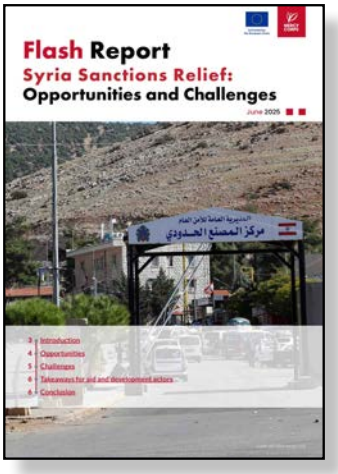

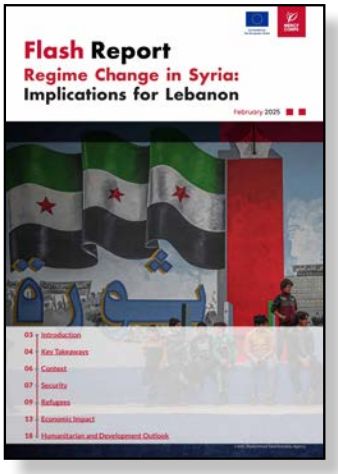

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Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.