



LIVELIHOODS IN PROTRACTED CRISES

Using savings and small business grants to build resilience in conflict-affected communities in Iraq

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The Kurdistan region of Iraq has played host to a large population of internally displaced people seeking refuge from armed conflicts within Iraq, as well as Syrian refugees, since 2014. The population pressure and ongoing conflicts have severely affected the economy, resulting in a sharp decline in household income, as well as contributing to ethnic tensions. Oxfam has been working with the community to find solutions, and the results of the research have led to piloting a savings project, which aims to encourage both economic resilience and social cohesion.

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Cover photo: Renas, a Syrian refugee in Iraq, in his motorcycle repair shop, which he established thanks to the saving and grants initiative. Photo: Noor Tahir/Oxfam.

1 BACKGROUND AND INTRODUCTION

Iraq has faced multiple crises over the past few years. Since 2014, ISIS militants have been taking control of large swathes of territory, culminating in the capture and subsequent recapture of Iraq's second largest city, Mosul. Widespread internal displacement and the continuing influx of refugees from neighbouring Syria has contributed to economic instability and put pressure on public services in the Kurdistan Region of Iraq (KRI), where the population has increased by approximately 30%.¹ Increased violence in the aftermath of conflict disrupts peaceful coexistence in communities and can cause family breakdowns, often leading to further poverty and insecurity.²

In addition to the current conflict, ongoing political disputes between the Kurdish Regional Government and Iraq's central government have resulted in a sharp drop in foreign investment and oil revenue. This has had a devastating impact on household income.

With the support of the United Nations Development Programme's (UNDP) Iraq Crisis Response and Resilience Programme (ICRRP) with funding from the Government of Germany, Oxfam launched a savings and small grants initiative to the value of just over \$400,000 (47 million Iraqi dinar). The pilot project covered the three governorates in the KRI – Dohuk, Erbil and Sulimaniyah – and reached 125 direct beneficiaries. The objective of this project was to pioneer an approach that could be adopted by affected communities to sustainably meet their essential food and non-food needs, which could be replicated in other parts of the country and beyond. A financial savings system was established, which would potentially allow the humanitarian response to evolve into resilience building. The lessons learned from this intervention will be shared with relevant stakeholders among government, donors and civil society organizations.

2 ROTATIONAL SAVINGS AND CREDIT ASSOCIATIONS

The principal activity was the formation of Rotational Savings and Credit Associations (ROSCA), with the overall objective being to encourage a savings culture among members and discover the dynamics and practices that make ROSCA groups work most effectively.

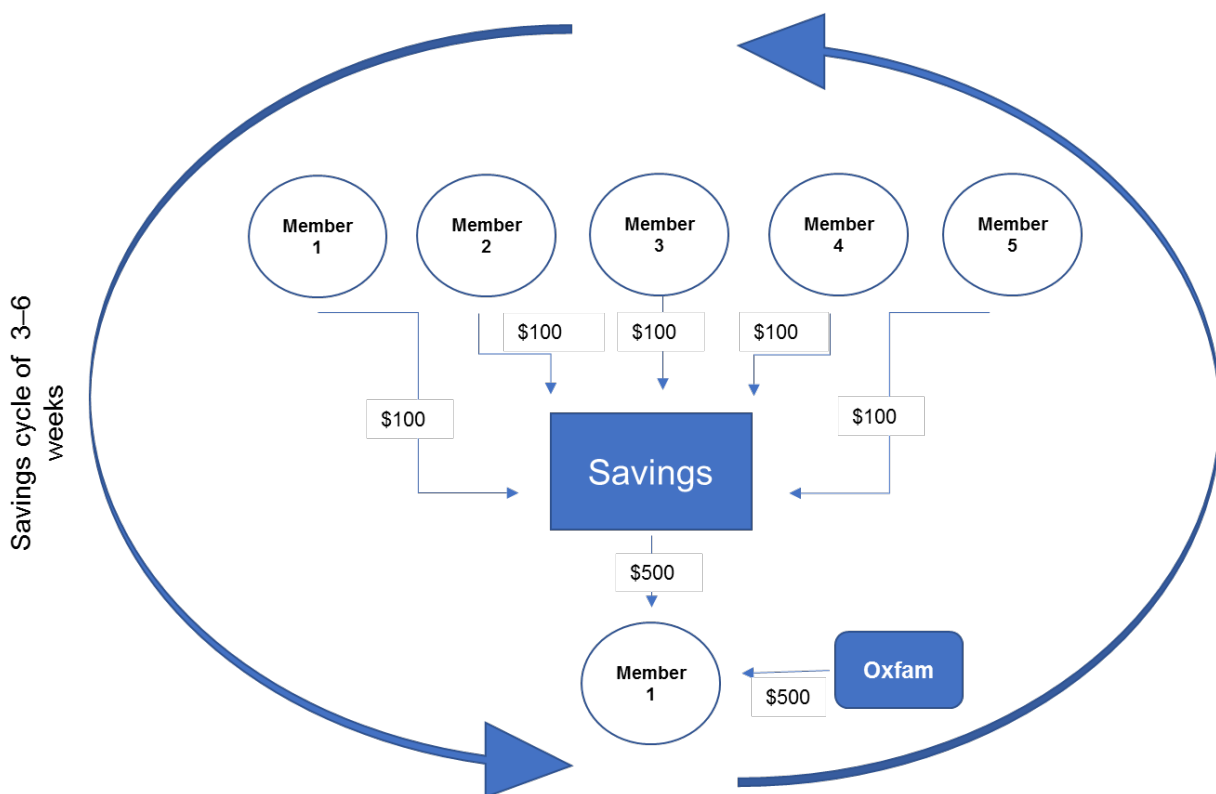
Each group comprised five members from the local community. All members were required to contribute \$100–200 each savings cycle, which would last between three to six weeks. Every savings cycle, one member would be able to collect the total sum, plus a matching grant of between \$500 and \$1,000, supplied by Oxfam with the support of UNDP.

By the end of the project, each member would have had access to a relatively large amount of money that they could put towards their small businesses.

All of the groups have group leaders and their own rules agreed upon by members. For example, one group may decide to meet and make savings every 15 days and another group may agree to hold regular meetings monthly, and the same applies to the money contributions. Each member of the group contributes the same amount every meeting, and one member takes the whole sum once.

The saving allocation for each member is either determined at the formation of the groups or by casting lots at each meeting, so the group members did not know who would receive the savings in advance.

Figure 1: The ROSCA savings cycle for a group of five members



2.1 PROGRAMME DEVELOPMENT: RESEARCH AND ANALYSIS

Robust assessment and analysis was needed to understand the context, community structure, opportunities and challenges before an appropriate programme could be designed.

Oxfam therefore contracted a team of consultants to conduct research into financial mechanisms and saving behaviours in the KRI. Their findings allowed the team to make use of existing behaviours when establishing the pilot project. For example, markets were functioning across the region, but were only meeting the basic needs of people with

purchasing power. Those without the ability to earn income were stuck in a cycle of hand-to-mouth subsistence. The findings also revealed that there was a savings culture in the KRI, particularly within families; however, it had become dormant during the crisis. The idea of reintroducing this savings culture was explored through community consultation.

Oxfam also contracted a team of local consultants to undertake research into social cohesion, i.e. the behaviours that existed within the communities that influenced group dynamics, such as racial or religious barriers. These would need to be taken into account when working within diverse communities.

Using their findings, the team tried as much as possible to form groups from traders pursuing different lines of business and with different ethnic or religious backgrounds. The success of this project was therefore measured in terms of improvements in social cohesion, as well as household income.

2.2 ENGAGING THE COMMUNITY

The next step was introducing the project to the target communities. It was critical to form a relationship with local NGOs that could constructively engage with and mobilize beneficiaries. Therefore, Oxfam enlisted the help of Rehabilitation, Education and Community Health (REACH), Peace Generation Network (PGN) and Zakho Small Village Project (ZSVP). An inception workshop brought together key stakeholders, including community representatives, relevant government agencies, financial institutions, UNDP representatives and Oxfam to develop plans and launch the project.

The idea of association for collective saving and credit was introduced to project beneficiaries through a series of meetings. Following this, selected beneficiaries were trained in business management skills and saving structures, in order to ensure that the project's outcomes were sustainable.

REACH had the bulk of the responsibility for mobilizing the community; they supervised the registration and selection process of interested group members, as well as the formation of groups, ensuring that they were representative of their diverse communities.



'It was hard for people to trust each other in the beginning because they didn't know each other, but with the presence of two organizations to supervise things, they started to think they had a good opportunity to make a difference in their lives.' Hassan Jaffar Abdul Rahman, REACH Project Manager. Photo: Noor Tahir/Oxfam.

2.3 OPERATION

Before launch, the operational aspects of the project needed to be in good order. Oxfam and its partners established that the cash transfer modalities should be either community collection points or third-party agents, depending on the location.

The partner organizations helped to spread the word within the communities, encouraging all interested participants who could contribute small amounts of money to register at the appropriate community centres. Participants were then free to form their own groups, but the criteria demanded that they include displaced Iraqis, Syrian refugees and members of the host community. Twenty-five groups were formed in total.

Those involved in the project received basic business management and financial training from Oxfam. The groups would then determine a time and place to meet (usually weekly) and begin contributing. They received regular support from Oxfam through mentoring and coaching and a representative from either Oxfam or a partner NGO was present at all group meetings to oversee transactions; a mid-term review was used to monitor outcomes using information collected from the post-distribution data.

As the project drew to a close, Oxfam, donors and partner organizations met to discuss the lessons learned and ideas of best practice based on their experience with the ROSCA groups.

2.4 KEY ACHIEVEMENTS



'I laugh when I remember how I wanted to have my own business but couldn't; I came here as a refugee and had to work as a daily worker in a factory to support my family and now I have my own business. I still can't believe that my dream came true.' Yasmin Muhammed Ali in her bakery in Dohuk. Photo: Noor Tahir/Oxfam.

Sustainably meeting needs

Participants were surveyed about the affordability of different goods and services after receiving support. Out of the 90 households surveyed, 100% stated that they were able to meet their basic food needs; 99% that they were able to meet their water and hygiene needs; 92% were able to meet their clothing needs; and 90% were able to meet their health needs without having to resort to negative coping mechanisms.

Savings behaviour

Renas, a Syrian refugee with a motorcycle repair business, immediately started another savings group with ten members once the project came to an end. He and his fellow members felt that their livelihoods benefited and were confident enough to carry on without the support of Oxfam. Renas is one of many who has chosen to continue with the savings group; 94% of the 90 households surveyed reported that they also would like to continue. As saving money can improve individuals' credit ratings, continued membership of savings groups gives individuals a greater likelihood of being able to take out a business loan with a bank.

Social cohesion

Survey respondents were asked about the impact of the project on their relationship with other social groups. 86% responded that it has had a positive impact. Rahim, a displaced Iraqi person with a TV repair shop in Ashti refugee camp, was put into a group with five others, all from different backgrounds and lines of work. At the end of the project he remarked: *'I didn't notice a difference with my financial income only, I noticed that I have become closer with the people in my group as well; the project has helped us to build friendships and trust among us.'*

Participation of women

43% of all the groups were exclusively female, about 5% were mixed and the rest were exclusively male. Good participation by women from all affected communities has helped empower women to manage their own incomes, develop their social capital and become more confident moving into public spaces to develop their businesses.

Yasmin, a Syrian refugee, benefited from the project to set up a bakery. Yasmin reported that it not only increased her confidence, but that she built positive working relationships with the other members of the group. They continue to support each other's businesses not only through saving but through recommendations to friends and family.

3 WHAT DID WE LEARN?

3.1 WHAT WORKED WELL

Flexibility in savings amount and duration

The original design required beneficiaries to save \$200 per savings cycle; however, many people would not have qualified if this had been rigid. In order to benefit more people, the amount was reduced to \$100 and there was flexibility on the number of days per cycle. Making this decision enabled the team to recruit 125 members instead of the planned 80, which benefited more families.

Community mobilization

Intensive community mobilization and sensitization activities were jointly undertaken by Oxfam and partners. Stakeholders discussed the details of projects and beneficiary targeting criteria, and ensured consensus about those identified to form the ROSCA groups. Trust is typically easier to establish in transaction services when members can easily see that their financial status can be improved through shared interests, so transparency was key to this project's success.

Strong national partners with community goodwill

Oxfam partnered with local organizations that enjoyed very good community goodwill, which facilitated a smooth rollout. There was ease of access to usually restricted IDP camps, and the local partners supported Oxfam with *hawala* cash transfer, a traditional system of transferring money through an agent.

3.2 WHAT DID NOT WORK WELL

Lack of management skills and weak governance

ROSCAs need willing leaders with governance and management skills. However, it was difficult to find such people in the groups that formed, which meant that Oxfam and partner staff had to do a lot of coaching during meetings. This limited the transfer of relevant financial management knowledge and group dynamics skills. Refining the selection process to include skilled group leaders or developing the introductory training to include management and leadership skills could help to overcome this.

Monitoring, evaluation and learning (MEAL)

Savings and small business grants were a new concept for the Oxfam team in Iraq, so MEAL was a key component of the project. Unfortunately, the MEAL team were not engaged at the proposal design stage and as the team were carrying out standard budget reviews they became aware that too small a budget was allocated for evaluation. The team therefore had to make budget revisions to accommodate more MEAL actions, such as the mid-project review, post-distribution monitoring (PDM) and end-of project review, as well as lessons learned and models of best practice. If the project were to be rolled out more widely, then MEAL should be prioritized in the proposal stage to ensure that budget revisions are not required later.

Possibility to link with the formal financial sector

The targeted communities were mostly made up of refugees and displaced persons, who are not attractive customers for the formal financial sector. It is likely that without deep involvement by Oxfam and partners, many of the ROSCA groups may not have been able to maintain their savings and loaning activities. The savings culture research conducted by Oxfam uncovered microfinance institutions – such as small banks, businesses and cooperatives – that could potentially offer loans to participants. Therefore, it could be possible to link ROSCA groups with existing financial institutions right from the beginning, which

would improve their sustainability. For this to be viable, more research and mapping of the microfinance institutions would need to take place.

4 CONCLUSION

The primary objectives of the pilot were sustainability in meeting basic needs, improved savings behaviour and improved social cohesion. In total, 25 groups were formed, benefiting 125 small businesses. Survey results indicated positive results for all participants in being able to meet food and non-food needs for the duration of the pilot, with a majority reporting they were likely to continue with savings and that they felt improved social cohesion within their communities. We also saw a rise in female participation and confidence.

There were two aspects that were pivotal to the success of the project – research and the intensive community mobilization that took place before the launch. Conducting research into savings behaviour allowed the Iraq team to work within the parameters of an existing culture and select a sustainable process based on established practices. Building and maintaining relationships with established and trusted local partner organizations was the main reason for the successful community mobilization, which ensured enthusiasm and commitment from participants.

Savings are useful as a transitional measure between humanitarian response and resilience building, but they are not enough. For a holistic response, we need to consider complementary initiatives. The impact assessment and PDM report that have been produced at the end of the pilot should facilitate the smooth roll-out of similar projects in future.

NOTES

1 World Bank. (2015). *The Kurdistan Region of Iraq: Assessing the Economic and Social Impact of the Syrian Conflict and ISIS*.
<http://documents.worldbank.org/curated/en/579451468305943474/The-Kurdistan-region-of-Iraq-assessing-the-economic-and-social-impact-of-the-Syrian-conflict-and-ISIS>

2 UNDP. (2009). *Community Security and Social Cohesion: Towards a UNDP Approach*.
<http://www.undp.org/content/dam/thailand/docs/CommSecandSocialCohesion.pdf>

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