

Multi-Donor Trust Fund Program: *Building the Evidence on Protracted Forced Displacement: A Multi-Stakeholder Partnership*

# IMPACT EVALUATION POLICY BRIEF

## IRAQ'S UNIVERSAL PUBLIC DISTRIBUTION SYSTEM: ACCESS AND IMPACT DURING DISPLACEMENT

### Context for the evaluation

In the context of the longstanding “cash versus food” debate that sees governments’ interest increasingly moving towards cheaper and easier to implement unconditional and conditional cash transfer programs<sup>1</sup>, subsidized food programs remain the mainstay of social assistance programs to improve food security in low- and middle-income countries that have weak markets or limited food availability<sup>2</sup>. This study adds to this debate by generating rigorous evidence on the effectiveness of a food transfer program in mitigating the loss of welfare induced by forced displacement in Iraq.

### The Public Distribution System

The Public Distribution System (PDS) is a universal food distribution program instituted in Iraq in 1990, in response to food shortages engendered by the UN-imposed sanctions. Presently, the PDS includes free distribution of four food items (wheat flour, rice, sugar, and vegetable oil) and it is one of the largest food distribution programs in the world. Unlike other big food distribution programs such as India’s *Targeted Public Distribution System* or Indonesia’s recently reformed flagship food subsidy program *Rastra*, the Iraqi program is universal and in 2018 accounted for 2.3% of the total government budget spending. World Bank studies (2010<sup>3</sup>, 2014<sup>4</sup>) find that the PDS represents an important source of sustenance for the poorest households, both by assuring a considerable share of household calories’ intake and by allowing households to allocate their budgets to other needs.

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<sup>1</sup> Blattman, et al. 2017

<sup>2</sup> Gentilini 2016, Blattman, et al. 2017 and Alderman, Gentilini and Yemtsov 2018

### Motivation for the impact evaluation

In 2014, Iraq was buffeted by two severe security and economic crises that led to the displacement of as many as 6 million people in total. This impact evaluation examines access to PDS rations for displaced households during the crisis and, by comparing outcomes for displaced households who had access to the PDS to displaced households that didn’t have access, quantifies how effectively the program helped households cope with the adverse effects of displacement.

### Data and sample

The evaluation leverages data from the 2017-18 Rapid Welfare Monitoring Survey (SWIFT) conducted by the Central Statistical Organization (CSO) and Kurdistan Regional Statistics Office (KRSO). The survey covered 106 out of 120 districts in Iraq and a sample of 8,615 households.<sup>5</sup> All households participated in a short-form questionnaire that collected information on household demography, education, employment, and core wellbeing indicators. 1,500 households participated in a long-form survey that additionally collected information household consumption and expenditures. 1,849 households in the sample are displaced households (defined as households that have at least one displaced or refugee household member). The outcomes considered for the analysis are subjective well-being, food security, calorie intake from ration and non-ration food, food and non-food expenditure (including expenditure on education), poverty, and vulnerability of falling into poverty.

<sup>3</sup> World Bank. 2010. *Confronting Poverty in Iraq*.

<sup>4</sup> World Bank. 2014. *The Unfulfilled Promise of Oil and Growth: Poverty, Inclusion and Welfare in Iraq, 2007-2012*.

<sup>5</sup> 14 districts could not be surveyed due to insecurity.

## Impact evaluation method

The impact evaluation uses propensity score matching technique. Displaced households that don't receive any PDS benefits are matched to similar households with access to PDS benefits. Given that the two groups of displaced households matched across a set of observable characteristics (household size, number of children between 7 and 14, age of household head, current place of residence is rural, education, date living in current governorate, number of shocks since 2014), any statistical difference in average outcomes between the two groups can be attributed to the PDS program assuming there are no unobservable differences.

## Findings

- **14% of displaced households could not access any PDS food rations in the 12 months preceding the survey.** Only 86% of displaced households received any PDS food rations in the 12 months preceding the survey, while 97% of non-displaced households had access. Additionally, households that received the PDS benefits received smaller quantities than intended. Non-displaced households received on average 8 months' worth of wheat flour and displaced households receive on average 4 months' worth. A similar pattern holds for the other food items. This finding suggests that the program doesn't work as intended, both for non-displaced and displaced households.
- **Compared to non-displaced households, displaced households fare poorly across all outcomes analyzed.** IDPs score lower on the subjective wellbeing index, are more food insecure, are more likely to be poor, are more vulnerable to falling into poverty and have lower daily calorie intake.
- **Among displaced households, access to PDS plays an important role in mitigating – but only partially – the welfare loss due to displacement.** Displaced households with access to PDS rations have higher food and non-food expenditures, spend 20% more on education, have higher calorie intake, and lower levels of vulnerability to poverty. Additionally, those that retained access to PDS benefits consume significantly fewer calories from non-ration food and spend more on non-food items. This suggests that the supply of food rations may ease the strain of fulfilling households' calorie requirement and free up

resources that can be diverted to other needs. However, displaced households with access to PDS were nonetheless still twice as likely to be highly vulnerable to poverty than non-displaced households.

- Among displaced households, access to PDS does not seem to affect households' overall perspective on their current economic outlook. While the study finds statistically significant differences in all other outcomes, the pattern doesn't hold as strongly for households perceived economic outlook. This may convey that while the program did succeed as a mean of temporary sustainment for displaced households with access to it, it did not entirely offset the adverse welfare effects of displacement.

## Implications for policy

Findings show that while the PDS program in Iraq is effective in fulfilling households' basic calorie and food requirements during the time of crisis for both displaced and non-displaced households, its access remains elusive for many displaced Iraqis, which makes the program not fully effective as an emergency assistance tool. Additionally, even when households access the program, they receive on average only 4-months' worth of food rations, half the quantity received by non-displaced households. Considering that displaced households are on average bigger in size than non-displaced and have a higher dependency ratio, this considerably limits the program effectiveness as an emergency assistance tool. Additionally, based on households' perception of their own economic outlook, access to the program alone does not manage to offset the negative welfare effects of displacement. Given the significant budgetary demands of this universal food assistance program and the implementation difficulties that impede its reach when households most need it, policy makers should consider alternative social protection approaches, such as targeted cash transfers, which may be cheaper and easier to implement.

## SOURCE STUDY

Phadera, Lokendra; Sharma, Dhiraj; Wai-Poi, Matthew Grant. 2020. *Iraq's Universal Public Distribution System: Utilization and Impacts During Displacement (English)*. Policy Research working paper; no. WPS 9155; Impact Evaluation series. Washington, D.C.: World Bank Group. [Link to full study.](#)