

CBI TWG FACT SHEET – ECONOMIC SITUATION and CVA

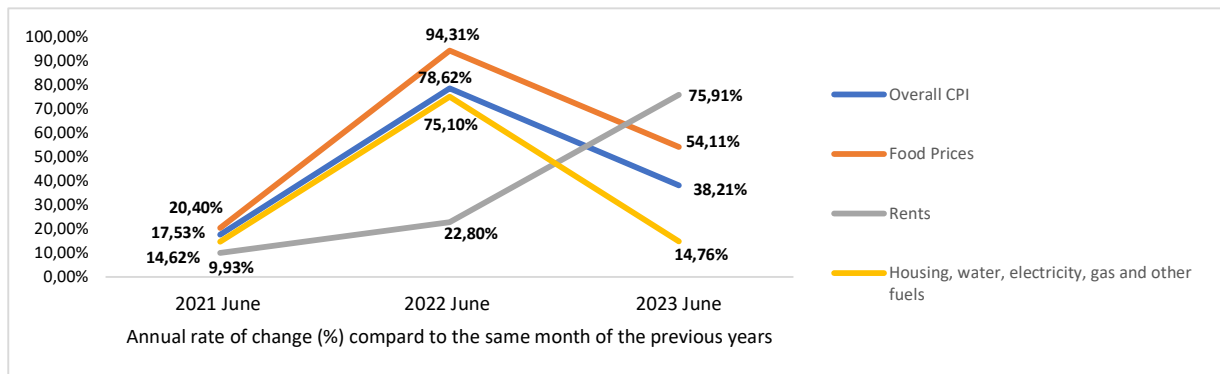
This fact sheet aims to compile most recent statistics and observations of partners regarding increasing need for new CVA schemes, as well as expansion and revision of existing ones. This document is established to support partners in their program development and program revision; and it does not provide guidance on targeting, transfer amounts and payment frequencies. Those are addressed in the cash coordination guidance document, which is designed to complement this advocacy note.

Highlights

- Turkstat data indicates that inflation and consumer prices have been increasing, which inevitably increased the cost of minimum expenditure basket.
- Due to several other factors including scarcity of house vacancy, increased population density in safer cities, rent prices increased disproportionately.
- Disruption of livelihoods opportunities and destruction of shelters increased vulnerabilities in the region; also increased house owners' dependency on rent for their livelihoods.
- CBI TWG advocates that new CVAs programs as well as horizontal and vertical expansion of existing schemes are necessary. It is crucial for partners to realign their existing CVA programmes considering the increasing costs.
- To prevent further decline of local industry and production, humanitarian assistance should shift from in-kind provision of goods (which are acquired through national or regional procurement processes) to CVA which would restore dignity of individuals and increase local economic activities.

Background

- On February 6, 2023, two major earthquakes with the epicentre of Kahramanmaraş happened in Türkiye's South-East Anatolia and Eastern Mediterranean region and 11 provinces are declared as earthquake affected zone.ⁱ Infrastructure, shelters, market conditions, financial service providers and livelihoods opportunities have been disrupted as a result of the earthquake, called for immediate action from humanitarian actors in support of the GoT to provide in-kind assistance and services. As situation evolved in these cities, partners observed that need for cash assistance has increased on the side residents and also local economy, especially in the current context in which the need for cash assistance has increased compared to the in-kind distribution needs, which were higher during the immediate aftermath of the earthquakes.
- The provinces affected by the earthquake had a share of **9.8% of the Gross Domestic Product (GDP) in 2021** and the earthquake affected provinces have an export rate of **5 billion USD and a 35% share in total textiles** exports.ⁱⁱ Along with institutionalized factories, small and medium-sized enterprises (SMEs) affected negatively from the EQ, resulting in lesser job and livelihoods opportunities.
- According to the latest figures, as of June 2023 the consumer price index (CPI) changed by 38.21% on to the same month of the previous year, marking a significant decrease compared to the June 2022 annual rate of change of 78.62%.ⁱⁱⁱ However, this decrease is most likely due to a base effect considering that the annual rate of CPI change for June 2021 was 17.53%, indicating that overall consumer prices continue to be significantly higher in the country. Changes in CPI as per various relevant expenditure groups can be seen below:



Source: Turkish Statistical Institute (TURKSTAT), *Consumer Price Index, June 2023*, 5 July 2023, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-June-2023-49658>



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- Hence, in the context of the increasing prices of commodities, utilities and rents, and the disruption of the income sources of the affected populations and their related economic challenges based on the observations of various field assessments of the relevant stakeholders^{iv} have the possibility to render the transfer amounts calculated in 2022 and before the EQ inadequate vis-à-vis the current needs.
- WFP, TRC and IFRC collaboratively conducted a MEB calculation to reflect current needs in the EQ zone. The total basket including Food, Non-food, Rent, Utilities, Health, Education, Transportation and Communication expenses has been calculated as 7,696 TRY for a HH of 5 and 1,539 TRY per person for February 2023 in the immediate aftermath of the earthquake.^v The amount of the per capita MEB calculated by TRC and IFRC in the context of the ESSN programme was 674 TL as of May 2022,^{vi} showing that the February 2023 per capita MEB amount more than doubled the previous one. For June 2023, the per person MEB was calculated as 1,653 TRY and 8,265 TRY for a HH of 5.^{vii}
- **Rents have skyrocketed in the EQ zone** and other provinces after the arrival of earthquake victims during the months following the earthquakes. When compared to last year, the rents increased drastically in Adana with 870%. Adana is followed by Mersin (494%), Hatay (367%), İzmir (353%) and Ankara (258%), respectively.^{viii}
- The annual rate of increase in the average rental price per square meter throughout the country was 110.8% as of June 2023. Annual rent increase rate was 109.7% in Istanbul, 187.5% in Ankara and 146.6% in Izmir. Adjusted for inflation (real) rent prices also increased both throughout the country and in these three provinces.^{ix}

Conclusion:

- After the earthquake, many CVAs of current funding are aimed to be repurposed by changing the coverage, scaling up some interventions and adjusting the transfer amounts to meet the newly emerging and deepening needs.
- Considering the increasing prices of commodities, utilities, and rents in the context of the additional economic challenges resulting from the earthquakes, CBI TWG urges that transfer amounts calculated in 2022 and before the EQ should be revised as they may be inadequate.
- CBI TWG will publish a guidance document to ensure harmonisation of MPC programs in FA and aim to continue harmonisation of CVAs after the flash appeal coordination.

ⁱ The 11 most affected provinces include the 10 provinces where a state of emergency of three months has been declared (Adıyaman, Gaziantep, Kilis, Hatay, Malatya, Diyarbakır, Adana, Osmaniye, Kahramanmaraş and Şanlıurfa) and Elazığ. *Flash Appeal: Türkiye Earthquake* (February - April 2023), 21 March 2023, <https://data.unhcr.org/en/documents/details/98890>

ⁱⁱ According to data from 2021, there are 3.8 million employed persons in the disaster region and the share of regional employment in national employment is 13.3%. 2.3 million people are in formal and 1.5 million people are in informal employment. Informal employment across the disaster region is around 39%. *Presidency of Republic of Türkiye Strategy and Budget Office 2023 Kahramanmaraş and Hatay Earthquakes Report*, 21 March 2023, <https://www.sbb.gov.tr/wp-content/uploads/2023/03/2023-Kahramanmaraş-and-Hatay-Earthquakes-Report.pdf>

ⁱⁱⁱ Turkish Statistical Institute (TURKSTAT), *Consumer Price Index, June 2023*, 5 July 2023, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-June-2023-49658>

^{iv} *Cash Assistance Needs and Efforts in the Context of the Earthquake Response in Türkiye*, 9 March 2023, <https://data.unhcr.org/en/documents/details/99424>

^v At an international level emergency, UN World Food Programme (WFP), Turkish Red Crescent (TRC) and International Federation of Red Cross and Red Crescent (IFRC) collaboratively designed a Minimum Expenditure Basket (MEB) and calculated monthly cost to suggest guidance for programs providing cash assistance to the affected population when determining transfer value. *Minimum Expenditure Basket Methodology and Analysis for Türkiye Earthquake Emergency*, 21 March 2023, <https://reliefweb.int/report/turkiye/minimum-expenditure-basket-methodology-and-analysis-turkiye-earthquake-emergency>

^{vi} TRC & IFRC, *Emergency Social Safety Net (ESSN) Monthly Report: May 2022*, 16 June 2022, <https://www.ifrc.org/document/emergency-social-safety-net-essn-monthly-report-may-2022>

^{vii} WFP, IFRC & TRC, *Minimum Expenditure Basket After the Earthquake Disaster in Türkiye-June 2023*, 17 July 2023, <https://data.unhcr.org/en/documents/details/102003>

^{viii} IFRC Shelter Sector has conducted an initial analysis on rent increases compared to last year. Rental prices were scraped from *hepsimlak.com*. Analysis was done for provinces with at least 25 listings in the last 10 days of the time of this analysis. Historical rental prices from *endeksa.com* were discounted for 50% inflation.

^{ix} Bahçeşehir University Center for Economic and Social Research (BETAM), *sahibindex Housing Rental Market Outlook: July 2023*, July 2023, <https://betam.bahcesehir.edu.tr/2023/07/sahibindex-kiralik-konut-piyasasi-gorunumu-temmuz-2023/>