



Cash Assistance Needs and Efforts in the Context of the Earthquake Response in Türkiye

This summary note is a non-exhaustive compilation of the cash assistance related key findings of the needs assessments conducted so far with respect to the earthquake response in Türkiye and additional economic and emergency response analyses that may be relevant for cash assistance implementation in the emergency context. ⁱ

In the aftermath of the devastating earthquakes hitting the South-eastern provinces¹ of Türkiye in early February 2023, the support modality to be prioritised during the immediate live-saving response had to be mostly in-kind distributions due to the overall emergency situation. Also, the large-scale interruptions to the banking systems, market structures and supply chains practically hindered the effective utilisation of any cash assistance then. Nevertheless, with efforts to care for the affected individuals and start restructuring systems ongoing, the focus on cash assistance has increased as cash-based interventions (CBIs) are widely acknowledged as the most efficient and effective modality to support communities affected by diverse crises including conflicts and natural disasters whenever applicable and appropriate.²

Cash Assistance Needs

In-kind support to the affected populations has been ongoing since the inception of the crisis through comprehensive projects such as the Social Markets managed by the TRC.³ However, based on the expectation that market access conditions will be ameliorated in time, the anticipation of increasing needs for cash assistance in the **medium- and long-term** was emphasised by the relevant needs assessments.⁴ Some key findings and highlights are listed below:

- The majority of the respondents (**85%**) do not have the necessary financial means to address their fundamental needs because of the **interruption to and resulting lack of reliable income sources**, increasing the need for cash assistance.⁵
 - **Access to cash assistance** is indicated as one of the top priorities to be addressed in the upcoming two months along with access to adequate shelter solutions, basic needs materials including food items, NFIs and WASH items and access to medical services and psychosocial support.⁶
- The level of indebtedness of the affected population is expected to increase since households may need to **resort to debt as a coping mechanism** to address their further needs that cannot be met with the existing support (mostly in-kind), increasing their need for cash assistance.⁷
- Cash assistance is deemed a particularly viable option **to support those moving out of the earthquake affected region to other provinces**. As the one-off cash support initiative of the Government (worth of 10,000 TL) is slightly above the hunger threshold,⁸ complementary cash assistance will likely be needed at a greater scale in the upcoming months.
 - For instance, provinces such as Mersin, Mardin, Kayseri, Konya, Antalya, Ankara, and İstanbul have received many affected individuals and assessments emphasise that these groups are especially in need of suitable accommodation solutions through targeted rent and cash assistance considering the skyrocketing rents.⁹
 - Hence, although the Government will provide **rent assistance**, further needs for sustainable cash assistance in this area were observed in the field.¹⁰
- According to the relevant assessments, some **specific cash needs for different groups/contexts** include:
 - **Cash for protection** is greatly needed for the **youth in Hatay** as they have additional risks on top of their already existing vulnerabilities because they had to move to other provinces and stay in temporary shelters or in over-crowded accommodations, which is expected to spur the number of instances of GBV, unwanted pregnancies and sexually transmitted diseases.¹¹
 - The shock to food production is expected to decrease food supply, hinder internal trade of food items, and increase the need to rely more on imports, hence triggering further **food price increases**.¹²



- ✓ According to the latest field reports, **prices of some stable food items** such as rice and corn have **increased by up to 50%** in certain areas. Needs assessments suggest the continuance of in-kind support and utilisation price subsidies as tools to alleviate these challenges.
- The provision of **cash assistance to small and medium-sized enterprises (SMEs)** were highlighted as a great need as the relevant assessments found that around two-thirds of SMEs in the affected region cannot operate at their prior capacity, further curbing the ability to rebuild livelihoods and resilience of the affected individuals.¹³
- Considering that **gender inequalities** aggravate crisis impacts and vice versa, gender, age and disability aspects need to be considered when designing cash assistance programmes including for the provision of food assistance to render them as gender sensitive as possible.¹⁴

Market Access Challenges

Operational banking and market systems and supply chains, which are prerequisites for effective cash assistance provision, have not been fully functioning due to disrupting impacts of the earthquakes. Factors impeding access include disruption of the typical working of markets, shop closures and destructions, limited stocks and overall lack of basic needs items, increasing prices and hardships in accessing bank accounts/cash due to lack of ID or bank cards and other relevant documentation.¹⁵ Furthermore, complementary cash assistance will likely be needed by all affected individuals including those currently being sheltered in tent and container camps and others who moved out to other provinces in search of greater safety, increasing the number of possible beneficiaries to be targeted to nearly two million.¹⁶

- Needs assessments indicate that **73%** of the respondents were facing **hardships in accessing their bank accounts** and **90%** said that the markets in their area have been negatively impacted by the earthquake either in relation to physical destruction and or lack of items.¹⁷
- The level of **access to markets** varies by province depending on the specific impacts of the earthquakes.
 - For example, according to field observations, markets are functional and accessible in general in **Gaziantep** and individuals were able to shop via both credit cards and cash and in **Kahramanmaraş**, individuals can access markets to purchase basic items such as food.¹⁸
 - However, in **Hatay**, it was reported that only **Arsuz** district was in a comparatively good position in terms of access to markets whereas **Antakya and Samandağ** experienced harsher conditions.¹⁹
- Challenges in terms of access to financial services including **access to cash/liquidity** are observed at the field as well.
 - According to reports, difficulties pertaining to access to cash were observed in the municipalities of **Hatay and Gaziantep**.²⁰
 - Although it was reported that banks were mobilising their resources to restructure their banking facilities in the affected region²¹ and most **ATMs/banks** were either fully or partially functional, it was noted that there were additional problems in terms of operability of ATMs in the districts of **Antakya, Samandağ (Hatay), Islahiye (Gaziantep) and Battalgazi (Malatya)**.²² Nevertheless, despite the fact that branches/ATMs of some Financial Service Providers (FSPs) have been affected severely, most of them started to recover rather quickly after the earthquakes.²³
- As per the field observations, even though the Ministry of Commerce has been issuing fines to opportunistic vendors selling fundamental need items at extreme prices,²⁴ there have been observations regarding some instances of **black markets** emerging where regular market access has been hampered.²⁵
- Since there were many affected individuals **moving to rural areas** with little to no functional market networks, needs arising in these contexts require further attention as well.²⁶
- Needs assessments foresee that **access to cash** will become an even more **urgent need** in the coming weeks considering that a great number of households have lost their livelihoods and/or access to their bank accounts/documentation.²⁷



Examples of Planned/Ongoing Cash Assistance Schemes under the Earthquake Response

Emergency cash assistance implementation has been ongoing since the beginning of the crisis, focusing on cash for protection and cash for recovery under the leadership of the Government of Türkiye via the strategic lead of Ministry of Interior and AFAD with the complementary support with all the stakeholders experienced in cash assistance including TRC and IFRC.²⁸

CBIs by the Government of Türkiye

- Cash supports provided to the earthquake survivors under the leadership of the GoT government are paid from the AFAD emergency response budget, hence coordinated by the Ministry of Interior/AFAD.
- Currently, there is no official confirmation regarding whether TP and IP beneficiaries would be able to access the cash supports listed below given that they fit to eligibility requirements. Further details can be found [here](#).
 - Hardship/basic needs to households: 10,000 TRY, outright, one-off.
 - ✓ Around 1.1 million families so far have been supported through this assistance.²⁹
 - Relocation support to households: 15,000 TRY, outright, one-off.
 - ✓ This support has been started to be distributed since 1 March 2023.³⁰
 - Rental support to households: 5,000 TRY to owners, an amount up to 3,500 TRY depending on the province to renters, outright, monthly for 12 months.³¹
 - ✓ The rental support has been increased from 1,500 TL to 3,500 TL in İstanbul and to 3,000 TL in Ankara, Bursa, Antalya and İzmir, whereas it has been raised to 2,500 TL in other big provinces. The support has become 2,000 TL in the remaining provinces.
 - ✓ The rental supports are expected to be distributed starting from April.³²

CBIs by Other Partners

- STL's strategy includes food assistance support through both the in-kind and CBI modalities.³³
- Under the In-Camp Programme of TRC and WFP, 2,500 TL will be provided in Adana Sarıçam, Osmaniye Cevdetiye, Kahramanmaraş, Kilis Elbeyli, Hatay Boynuyolu and Yayladağı TACs. Families who have been resettled in these TACs after the earthquake will receive the assistance along with the former residents.
- TRC and IFRC are distributing A101 vouchers worth of 500 TL (the maximum number of vouchers per household can be three) via TRC branches, aiming to reach 180,000 beneficiaries in the eight affected provinces (Hatay, Kahramanmaraş and Adıyaman are not included) and the remaining 70 provinces. This assistance is planned to continue for three months.
- TRC, IFRC, WFP, UNICEF, and Save the Children are collaborating for a coordinated CVA response under a joint cash consortium. Discussions and planning are ongoing to finalise the targeting criteria, MEB and transfer values etc.
 - WFP increased its funding ask to \$80 million to reach both the affected host community members and refugees through relevant response activities including multi-purpose cash assistance (MPCA).³⁴
 - USAID's Bureau for Humanitarian Assistance expressed support for the stakeholders including WFP, IFRC and TRC in the endeavour of providing MPCA as emergency food support in Türkiye.³⁵
- UNHCR is coordinating with the Presidency for Turks Abroad and Related Communities (YTB) to discuss possible support mechanisms to assist via a cash grant programme higher education students affected by the earthquakes.³⁶

Economic Context

According to the estimates of the World Bank rapid damage assessment, the earthquakes of 6 February 2023 caused \$34.2 billion in *direct physical damages*, which is equivalent to 4% Türkiye's GDP in 2021. It is expected that recovery and reconstruction costs may be potentially twice or even thrice as large of this amount and that GDP losses caused by the economic disruptions in the aftermath of the disaster would add on top of the overall cost as well.³⁷ The amount of *total costs* estimated can be as high as \$84 billion as per Turkish Enterprise and Business Confederation's (TURKONFED) assessment.³⁸



Agricultural and industrial sectors of Türkiye are under a risk of contracting given that the affected provinces account for approximately 15% and 9% of the agricultural and industrial output of the country.³⁹ Also, considering that the affected region was a key industrial area for exports⁴⁰ and the great capital stock losses recorded in the affected provinces (in Hatay, the losses in the capital stock was estimated to be around 40%⁴¹), it is expected that the economic growth of the country likely will slow down for the foreseeable future, bringing forward the possibilities of increasing unemployment, lesser livelihood opportunities and decreasing self-reliance of the affected communities and regions.

In this context, certain assessments including that of the European Bank for Reconstruction and Development (EBRD) estimate that the net impact can be up to 1% of the GDP of the country in 2023,⁴² depending on the condition of significantly enhanced fiscal expenditures.⁴³ All in all, the actual impact of earthquakes on the economy depends on the pre-existing economic circumstances and the capacity of the economy to reallocate resources towards reconstruction along with the level of response spending and strength of institutional structures.⁴⁴

In addition to the impact on the overall economic growth, there are also adverse impacts on inflation. After reaching the record high of 85.5% in October 2022,⁴⁵ ⁴⁶ consumer price inflation has been slowing down in the last couple of months through the base effect⁴⁷ as expected and was reported as 55.2% in February 2023.⁴⁸ However, this trend of decrease may come to a halt since due to the possible inflationary impacts of a fiscal stimulus package of \$5.3 billion to offset the damages brought about by the earthquakes.⁴⁹ In addition, the recent lowering of the interest rates are expected to fuel the upward movement of prices along with a possibility of further currency depreciation against the dollar.⁵⁰ In this context, inflation rate is expected to be in the range of 40-50% (which is more on the side of rather conservative calculations) for some time due to the impacts of the earthquakes, according to some officials.⁵¹

Way-forward

In consequence, based on these risks of further economic vulnerabilities, increasing needs for cash assistance of the affected population should be focused on more to be able to provide cross-sectoral and harmonised response with all relevant stakeholders in a coordinated and effective manner to restructure resilience and self-reliance of the affected populations through their inclusion by respecting the commitment of 'doing no harm'. In this sense, possible efforts that can be considered may include:

- restructuring and strengthening of supply chains and the provision of financial/banking services to enable effective access to markets and financial capabilities to ensure that the conditions for successful CBI programmes are in place,
- initiating relevant cash assistance programmes (sector specific and multi-purpose) in a coordinated and collaborative manner with all stakeholders under the lead of the GoT for the earthquake response,
- including the affected populations in the relevant processes to ensure accountability as much as possible and to be able to address their needs as effectively as possible, and
- undertaking advocacy efforts with relevant stakeholders to ensure the most favourable conditions for the provision of cash assistance to affected populations with an aim to strengthen the livelihoods opportunities by rebuilding self-reliance and resilience of systems, institutions, and affected populations.

¹ A non-exhaustive list of up to 90 needs assessments related to the earthquake response in Türkiye submitted to the Inter-Agency Assessment Survey Registry Tool were reviewed in search of cash assistance related findings. *Türkiye Earthquake Response: Inter-Agency Assessment Survey Registry Tool*, 15 February 2023, <https://data.unhcr.org/en/dataviz/275?sv=4&geo=113>

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⁴ TRC, *Türkiye Earthquakes Situation Report III*, 7 March 2023, <https://reliefweb.int/report/turkiye/turkiye-earthquakes-situation-report-iii-07032023>

⁵ TRC & IFRC, *Shaken to the Core: Assessing the Impact of the Earthquake on ESSN and C-ESSN Recipients*, 18 February 2023, <https://data.unhcr.org/en/documents/details/98934>

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⁴⁶ The inflation rate was recorded as 84.4%, 64.3% and 57.7% respectively in November and December 2022 and January 2023. TURKSTAT, *Consumer Price Index, November 2022*, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-November-2022-45800&dil=2#:~:text=TURKSTAT%20Corporate&text=A%20change%20in%20general%20index,by%2070.36%25%20in%20November%202022.> ; *December 2022*, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-December-2022-49651&dil=2#:~:text=TURKSTAT%20Corporate&text=A%20change%20in%20general%20index,by%2072.31%25%20in%20December%202022.> ; *January 2023*, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-January-2023-49655&dil=2#:~:text=TURKSTAT%20Corporate&text=A%20change%20in%20general%20index,by%2072.45%25%20in%20January%202023.>

⁴⁷ The monthly inflation rate is calculated as the change in the consumer price index (CPI) compared to the same month of the previous year; hence, the base effect is the "contribution to the change in the year-on-year inflation rate in a particular month that stems from a deviation of the month-on-month rate of change in the base month (i.e. the same month one year earlier) from the usual seasonal pattern." Thus, considering that the inflation rate increased in a distinctively exceptional way in 2022, it was expected to decelerate in 2023 based on these high base effects. In this respect, the decrease in the inflation rate observed in the recent months and culminating in February 2023 can be partly explained with the base effect even though the current inflation rate is more than 10 times the 5% target rate. European Central Bank (ECB), *Economic and Monetary Developments: Prices and Costs, The Role of Base Effects in Driving Recent and Prospective Developments in Harmonised Index of Consumer Prices (HICP) Inflation*, ECB Monthly Bulletin 33, January 2007, https://www.ecb.europa.eu/pub/pdf/other/mb200701_focus03.en.pdf ; Bloomberg, *Türkiye's Quake Response Risks Returning Inflation to Upward Path*, 3 March 2023, <https://www.bloomberg.com/news/articles/2023-03-03/turkey-s-quake-response-risks-returning-inflation-to-upward-path?leadSource=uverify%20wall>

⁴⁸ TURKSTAT, *Consumer Price Index, February 2023*, <https://data.tuik.gov.tr/Bulten/Index?p=Consumer-Price-Index-February-2023-49656>

⁴⁹ Bloomberg, *Türkiye's Quake Response Risks Returning Inflation to Upward Path*, 3 March 2023, <https://www.bloomberg.com/news/articles/2023-03-03/turkey-s-quake-response-risks-returning-inflation-to-upward-path?leadSource=uverify%20wall>

⁵⁰ Wall Street Journal (WSJ), *Türkiye Cuts Rates Despite Risk of Stoking Post-Earthquake Inflation*, 23 February 2023, <https://www.wsj.com/articles/turkey-cuts-rates-despite-risk-of-stoking-post-earthquake-inflation-9b079385>

⁵¹ Reuters, *Earthquake will keep Turkish inflation above 40%, additional budget needed -official*, 24 February 2023, <https://www.reuters.com/world/middle-east/earthquake-will-keep-turkish-inflation-above-40-additional-budget-needed-2023-02-23/>