



**Survival Minimum Expenditure Basket and
Multi-Purpose Cash Assistance Transfer Value for Iraq - 2022**
Technical Guidance Note



Contents

Introduction and background	2
Methodology.....	2
SMEB considerations	3
Currency used for calculations.....	3
Data sources.....	4
SMEB composition	5
Food Security	5
WASH NFI	5
Shelter	6
Water	7
Electricity, transportation and communication.....	8
Value of the SMEB	8
Transfer value for MPCA.....	8
Transfer value considerations.....	8
Recommended Transfer value.....	10
Next steps	11
List of acronyms	11

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This technical note has been facilitated and written by

Mireia Termes – CWG Co-lead (CashCap)

Mireia.termes@wfp.org

Introduction and background

The Cash Working Group (CWG) has facilitated a revision of the Survival Minimum Expenditure basket (SMEB) during the last quarter of 2021. The SMEB requires the identification and quantification of goods and services for ensuring that a household's minimum survival needs only are addressed. Items included in a SMEB are those which can be monetized and are accessible at adequate quality through local markets. A SMEB is inherently multisectoral and based on the average cost of the items composing the basket¹.

Since December 2020, the local currency experienced a devaluation which directly impacted the market prices. During the last quarter of 2021, the devaluation has been stabilized and the CWG identified the need for a revision of the existing SMEB.

The SMEB is a starting point and serves as benchmark to calculate transfer values for Cash and Voucher Assistance (CVA). In Iraq, the SMEB has been used in the past years to directly set the transfer value for Multi-Purpose Cash Assistance (MPCA). The SMEB also provides guidance to other CVA partners to set-up transfer values that cover sector specific or multi-sectorial needs.

The CWG facilitated the design of the first SMEB in Iraq in 2016. Since then, there have been three revisions to the SMEB, in 2018², 2019³ and 2020⁴, based on regular price and market monitoring and needs analyses. While the main components of each of the SMEBs remained generally consistent, there were minor modifications to prices and quantities of specific components. Despite the SMEB value evolving, the cash transfer value has remained the same over the past years at 480,000 IQD per household based on different considerations agreed at the time of the revisions.

This document outlines the methodology and process of the 2021 revision of the SMEB conducted during the last quarter of 2021. The aim is to document the revision process and to explain the recommended transfer value set for MPCA. The document also provides guidance to help other CVA partners in setting transfer values for sectorial assistance.

Methodology

The CashCap CWG co-lead facilitated the SMEB discussion with voluntary participants from MPCA partners. The process started in September 2021 with a desk review and data analysis from different data sources. Separate meetings took place in October and November to discuss the most suitable data sources and values for each component.

¹ Definition of SMEB in the Cash Learning Partnership (CaLP) Network Glossary

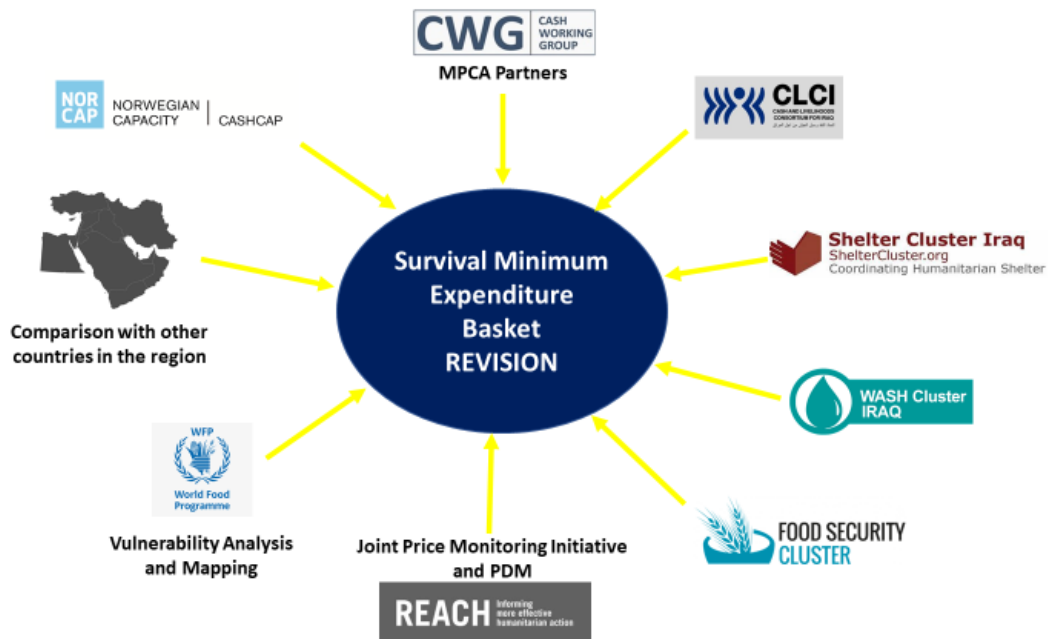
² SMEB guidance 2018:

<https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/4.2. annex iv.ii survival minimum expenditure basket technical guidance note june 2018.pdf>

³ SMEB guidance 2019: <https://www.humanitarianresponse.info/en/operations/iraq/document/survival-minimum-expenditure-basket-technical-guidance-note-october-2019>

⁴ SMEB 2020: There is no guidance document because the recommendation was to use the value of the 2019 revision in USD and apply the new exchange rate to IQD.

The whole process has been supported by multiple actors, including MPCA partners, Clusters, other actors with relevant available data, and consultations with other country operations in the region.



SMEB considerations

The SMEB in Iraq is calculated at a national level. It is based on the average family size of six individuals, which is the national average for IDP living out of camps and returnees based on MCNA data. Therefore, there is one single value used as a reference.

The SMEB informs the MPCA transfer value. In the past years, the MPCA transfer value has been directly aligned to 100% of the value of the SMEB. However, in this last revision, the transfer value has been calculated differently, taking the base value of the SMEB and adding a top-up for specific components. The CWG recommends using the transfer value for MPCA instead of the value of the SMEB. For more information, please refer to the section on transfer value for MPCA.

Currency used for calculations

The SMEB calculation has been done in Iraqi Dinar (IQD) for the following reasons:

- The prices in the local market are in IQD and MPCA beneficiaries use this currency for their purchases.
- The main data sources including the Price Monitoring conducted to monitor some of the items in the SMEB collect the data in the local markets in IQD.
- Monitoring in IQD allows better identification of potential variation of prices in the local markets.

The current fluctuation of the exchange rate between IQD and USD is stable, although this should be continuously monitored to identify potential inflation of local prices.

Data sources

Several data sources have been used to inform the values of each of the SMEB components. The participatory approach during the process led to the agreement on which source is more suitable to be used for each of the components.

The data sources used during the process are:

Data source	Description	Data type	Data collection period	Geographical coverage
Joint Price Monitoring Initiative (JPMI)	The JPMI is the harmonized price monitoring tool developed by the CWG and REACH. Data collection occurs on a monthly basis by CWG partners in their project locations. Key findings are published in a Dashboard . This is district-level data aggregated to country level	Price data	January– September 2021	Areas where MPCA is implemented
Vulnerability Analysis Mapping (VAM)	VAM is a tool developed by the World Food Program (WFP) that analyses and monitors market prices. The data is collected on a monthly basis in the capital of each governorate in Iraq. This is monthly district-level data aggregated to country level	Price data	January – August 2021	Capitals of all governorates
Cash and Livelihoods Consortium for Iraq (CLCI) Post-Distribution Monitoring (PDM) data	The CLCI is one of the largest MPCA actors in Iraq with an extensive database of information collected from beneficiaries. The PDMs contain data on beneficiary expenditures, priority needs and incomes.	Beneficiary expenditure data	January – 22 nd September 2021	Anbar, Diyala, Kirkuk, Ninewa, Salah al-Din, Sulaymaniah
UNHCR PDM Data	UNHCR is one of the largest MPCA actors in Iraq with an extensive database of information collected from beneficiaries. The PDMs contain data on beneficiary expenditures, priority needs and incomes.	Beneficiary expenditure data	June-July 2021	Anbar, Duhok, Erbil, Kirkuk, Ninewa, Salah al-Din
Multi-Cluster Needs Assessment (MCNA) 2021	The MCNA is conducted on a yearly basis to inform the Humanitarian Needs Overview of the country. In 2021, the MCNA interviewed more than 11,000 HH. It contains data on needs, expenditure and other relevant indicators.	Expenditure data and relevant indicators for MPCA	June-August 2021	Country-wide

SMEB composition

It was agreed that this revision will not change the main SMEB components, as these remain the priority needs and gaps reported in data sources or address needs that are not covered by other types of assistance. However, some of the specific items within components have been updated.

The main components of the SMEB are:

Food Security	WASH	Shelter	Water
Electricity	Transportation	Communication	

Food Security

The Food Security component has been calculated in coordination with the Food Security Cluster, and based on the recommended minimum consumption of 2,100Kcal per person per day. The items and quantities for this component remain the same as previous years, but the price for each item has been adjusted.

Prices are calculated based on averages between the JPMI and the VAM, from January to September 2021, and across the country. Using these two data sources combines the advantages of each, as the JPMI collects the prices in some of the project locations while VAM collects the prices in the capitals of each governorate. The combination of both allows a greater coverage of data and information. The prices have also been aggregated across the year to better incorporate the impact of seasonality.

Food Basket				
Item	Unit	Quantity	Average*	Total (IQD)
Bulgur	kg	5	1210	6052
Lentils	kg	10	1642	16421
Rice	kg	15	1522	22823
Salt	kg	0.75	584	438
Sugar	kg	5	1040	5200
Vegetable Oil	L.	4.55	2459	11187
Wheat Flour	kg	30	970	29098
Total				91218

*This is the average unit cost obtained in the JPMI and VAM

WASH NFI

NFI Items in the WASH component have been revised in coordination with the WASH Cluster. This component consists of consumable hygiene items, of which most items and quantities remain the same as previous years. However, prices for each item have been adjusted. Two new items have been added upon the WASH Cluster's recommendation. These two new items are disinfectant solution and hand sanitizer, considered necessary for following Covid19 precaution practices

Prices are calculated on the average collected in the JPMI from January to September 2021. The price of hand sanitizer was not previously included in the JPMI, so this is calculated on a recommendation by the WASH cluster.

WASH NFI				
Item	Unit	Quantity	Unit cost	Total (IQD)
Bath soap	125ml	6	255	1530
Detergent	1 kg	1	1020	1020
Garbage bags	Pack of 20	1	1000	1000
Sanitary napkins	1 napkin	32	156	4992
Shampoo	500ml	1	1566	1566
Toothbrush adults	1 brush	3	536	2964
Toothbrush children	1 brush	3	536	1608
Toothpaste	75ml	1	988	988
Disinfectant solution	500ml	1	633	633
Hand sanitizer	100ml	2	1200	2400
TOTAL				18701

Shelter

The discussion on the Shelter component was informed by the Shelter Cluster, expenditure data collected by CWG partners and MPCA actor's field experience. The Shelter component has previously included the cost of rent, based on beneficiary expenditure data. However, based on PDM data collected in 2021, 81% of the returnees report not spending money on rent anymore. Therefore, it was agreed to use two different approaches under this component to calculate the value:

Shelter			
	Analysis	Item	Value (IQD)
IDP	IDPs are paying rent and have high shelter needs. Shelter Cluster partners recommended keeping the rent item.	Rent	150,000
Returnee	<p>Most returnees are not paying rent but based on PDM data, Shelter is still one of their priority needs; Data in MCNA shows that:</p> <ul style="list-style-type: none"> - 72% of returnees need shelter NFI; - 65% of returnees need shelter improvement; - 69% of returnees' shelter/housing needs are unmet or not completely met. 	Shelter lumpsum to support shelter needs	150,000

The value has been calculated based on:

- Cost of the rent: Median weighted of IDP expenditure in the MCNA.
- Shelter lumpsum: Based on the MCNA, returnees and IDPs have similar monthly expenditure. The shelter lumpsum has thus been aligned to the same value as the cost of rent.

Water

The water component has been designed in collaboration with the WASH cluster. The calculations for quantity of water are based on 7 litres per person per day for consumption and 43 litres per person per day for domestic use.

Based on MCNA data, an analysis has been done to identify the different water sources that populations are using. This determined the quantities of water that require purchasing (e.g. bottled or trucked water) and the ones that are freely available (e.g. well or municipal piped water). The cost of bottled water and water trucking are calculated using the JPMI data from January to September 2021.

	L/P/D	Monthly quantity per HH	Median price	Maximum cost/month/HH
Bottled water	7	7 x 6 (average family size) x 30.5 (days) = 1,281 litres	250 IQD / litre	320,250 IQD
Water trucking	43	43 x 6 (average family size) x 30.5 (days) = 7,869 litres	3,625 IQD / 500 litres	57,050 IQD

Primary Sources	
Piped Water (to compound)	51%
Piped Water (to public tap)	16%
Borehole	7%
Protected Well	1%
Bottled Water*	18%
Water Trucking	5%
Surface Water Without Treatment	1%

* Of this 18%, 54% reported drinking bottled water for personal preference, while 46% reported that it was because of lack of alternative sources

Water			
	% Purchased	Maximum HH Cost/Month	HH Cost/Month (IQD)
Bottled Water*	8.28%	320,250	26,517
Water Trucking	5%	57,050	2,853
Average Cost/HH/Month			29,369

*Based only on the 46% reporting their primary source of drinking water was bottled water due to lack of alternative sources, which is in line with SMEB/JPMI methodology to account for the cheapest available source

Electricity, transportation and communication

Electricity is intended to cover regular house expenditures for the purposes of lighting, communication devices, water coolers or water pumps. Transport is intended to cover basic needs related to access to education, health facilities, markets and livelihood opportunities. Communication is intended to cover the cost of phone credit/bills and other essential communication channels.

The electricity, transportation and communication components have been calculated based on expenditure data collected during PDM, averaged between data provided by the CLCI and UNHCR.

The value calculated by the median of IDP and returnees spending is:

Component	Electricity	Transportation	Communication
Value (IQD)	33,753	31,659	19,290

Value of the SMEB

The total value of the SMEB is the sum of all the components, which is the following:

SMEB 2022	
Components	Value (IQD)
Food Security	91,218
WASH	18,701
Shelter	150,000
Water	29,369
Electricity	33,753
Transportation	31,659
Communication	19,290
TOTAL	373,991

Transfer value for MPCA

The transfer value for MPCA often takes the total SMEB value as the main benchmark and it is calculated for a family size of 6 individuals, which is the average family size for IDP out of camp and returnees based on the MCNA data.

The SMEB value obtained in this revision is 373,991 IQD, which represents 22% less than the transfer value set at 480,000 IQD until now. Knowing that there has been a devaluation of the local currency with direct impact on local prices equating to an estimated 6% inflation, additional considerations were required to agree on an appropriate final MPCA transfer value.

Transfer value considerations

Calculations of the previous SMEB:

- The first SMEB designed in 2016 and the first revision in 2018 calculated the SMEB value at 480,000 IQD.
- At the end of 2019, the SMEB was revised with the aim to use the new value starting in 2020. The revision was done in USD and the value was set at \$320, using the exchange rate at that

time of 1 USD = 1,200 IQD, the SMEB value in IQD was then 384,000 IQD. However, this value was never used for MPCA activities due to the onset of the Covid19 global pandemic. It was agreed to not decrease the transfer value in a moment when beneficiaries were coping with additional shocks and more financial barriers to access their basic needs.

- At the end of 2020, a new revision took place at the same time that the local currency started being devalued. Since it was at the very beginning of the devaluation, there was no available data reflecting the impact of the inflation yet. It was agreed to use the SMEB value calculated in 2019 in USD and apply the new exchange rate at 1 USD = 1,470 IQD. The new transfer value was set at 480,000 IQD.

The last revision in 2020 used a different methodology than the current one, since it was calculated using an exchange rate from USD to IQD to predict possible inflation rather than reflecting actual prices. This is the reason why the current value is lower than the previous one because the exchange rate did not directly translate into the actual inflation rate. In this revision, the SMEB has been calculated in IQD, considering the reasons stated in the section “Currency used for calculations”.

However, the new SMEB IQD value for 2022 is still a bit lower than in 2019. Knowing that there may also have been an impact from inflation, it was decided to factor in certain considerations in the use of expenditure data for specific components.

Expenditure data:

Expenditure data is used as a proxy to estimate the minimum cost of the specific components of shelter, electricity, transportation and communication. In this case, expenditure represents the minimum level of spending on these components by beneficiaries.

The major difference between the values in 2021 and this new revision are in these components. Using expenditure data shows what a household can afford but this sometimes is not directly translated to the minimum standards.

The discussion considered different reasons or assumptions to explain this decrease:

- Households have less income available and therefore less ability to spend, since Covid19 has had an impact to the economy, jobs and income sources.
- MPCA has been targeting households with higher level of vulnerabilities that might have less access to different sources of income and therefore, spend less.
- There is no specific data available, but it can be questioned if the 4 previously mentioned components are expenses that have a particular decrease of their cost, especially in this context with an inflation.

It was agreed that expenditure data is not enough to determine the cost of these components and additional data needs to be collected in the future to better inform these components. Since there is a large difference between the data compared to the previous revision, it was considered appropriate to add a top-up to each of the components to ensure that the target population can meet these needs.

Programmatic reasons:

A considerable decrease in MPCA transfer value may cause other unintended negative programmatic impacts, especially considering the context is susceptible to inflation and the effects that the global pandemic is having on the economy and the lower possibilities to generate income. The main objective of MPCA is to support extremely vulnerable people to meet their basic needs and the transfer value should ensure that the population can afford these needs.

For this reason, it has been agreed that the new transfer value is calculated as follows:

- The SMEB value is used as a reference to calculate the foundation of the transfer value.
- An additional top-up of 30%⁵ has been added to the components calculated using expenditure data in order to ensure that beneficiaries can afford goods and services to meet these needs. With the addition of this top-up, the values of these components are a bit less than the expenditure data in the previous SMEB but more similar to them.

Recommended Transfer value

The final transfer value for 2022 has taken as a reference the SMEB value but added a top-up in the specific components that are calculated using expenditure data from beneficiary reporting in PDMs.

Components	SMEB 2022	Transfer Value 2022*
Food Security	91,239	91,218
WASH	18,701	18,701
Shelter	150,000	195,000
Water	29,369	29,369
Electricity	33,753	43,879
Transportation	31,659	41,157
Communication	19,290	25,078
TOTAL	373,991	444,401

*The transfer value 2022 includes the 30% of top-up to shelter, electricity, transportation and communication values in the SMEB and has been rounded for a better delivery of cash.

The transfer value for MPCA is 440,000 IQD

The CWG recommends using this transfer value for MPCA and distributing the cash assistance in IQD. For the purpose of internal budgeting when partners design financial proposals, this amount needs to be converted to a foreign currency. With the current exchange rate of 1USD = 1,470 IQD, the transfer value is estimated to be \$300.

The new transfer value will take effect from January 2022.

⁵ This top-up was agreed by the MPCA partners but there is no data supporting this specific percentage. The top-up serves to mitigate the lack of additional data sources to inform better these components and this percentage gives closer values to the previous SMEB.

Next steps

The CWG has agreed on the following next steps:

- Develop a communication strategy targeting affected communities, authorities and other stakeholders to explain the new transfer value. This is particularly critical, since the transfer value has always been the same and this is the first time it will be modified.
- The CWG co-leads will work together with all partners to develop a transition strategy, which will adjust the ongoing projects and activities and support a smooth process.
- The CWG will inform the main MPCA donors about the new transfer value.
- In 2022, additional market and price assessments will be conducted to better inform the shelter, electricity, transportation and communication components.
- A new SMEB revision will take place in the second half of 2022 or earlier in case the SMEB value, monitored in the JPMI, varies more than 20%.

List of acronyms

CALP Network	Cash Learning Partnership Network
CLCI	Cash and Livelihoods Consortium for Iraq
CVA	Cash and Voucher Assistance
CWG	Cash Working Group
IDP	Internal Displaced Population
IQD	Iraqi Dinar
JPMI	Joint Price Monitoring Initiative
MCNA	Multi-Cluster Needs Assessment
MPCA	Multi-Purpose Cash Assistance
PDM	Post-Distribution Monitoring
SMEB	Survival Minimum Expenditure Basket
VAM	Vulnerability Analysis Mapping
WFP	World Food Program

Photo front page: © Ezra Millstein/Mercy Corps. July 2017, Mosul, Iraq: Cash is ready for distribution at a Mercy Corps cash distribution in East Mosul. With the cash, families are buying food and household essentials to help set themselves up. Mercy Corps as part of the Cash and Livelihoods Consortium for Iraq (CLCI) which includes the five largest organizations working in the country, have reached over 90,000 families with cash assistance