



Shelter Cluster Iraq
ShelterCluster.org
Coordinating Humanitarian Shelter

2021 HRP SHELTER CLUSTER – COSTING OVERVIEW

v1 – December 2020

Abstract

The 2021 HRP costing overview is supposed to help partners and donors, explaining how the costs were established, what is included in the cost, what the cost ranges are and how monitoring and adaptations could be made.

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INTRODUCTION

The 2021 HRP costing overview is supposed to help partners and donors, explaining how the costs were established, what is included in the cost, what the cost ranges are and how monitoring and adaptations could be made.

This template captures the details that have determined the activity costing implemented by the Shelter and NFI Cluster.

PROCESS

Short overview of the consultation process leading to the establishment of the unit costs

Since the adoption of the Activity Based Costing (ABC) methodology at the end of 2019, the Shelter Cluster has developed, together with operational partners and the Cluster Strategic Advisory Group (SAG), clear unit costs for each activity. Ahead of the HRP 2021 preparation, but also based on very constructive feedback and suggestions from a range of operational partners, the Shelter Cluster has engaged with its SAG members and partners, to review the existing ABC document and determine most appropriate evidenced-based average unit costs for main shelter and NFI activities to be considered in the 2021 HRP.

1- DESCRIPTION OF COST DRIVERS

List of cost drivers (i.e. factors that contribute to the overall unit cost: salaries, procurement, transportation, warehousing, etc.) and how they impact the overall cost.

Due to the crucial drop in humanitarian funding in Iraq, partners are budgeting administration and operation cost into every single project. As such, their cost effectiveness depends on their limited capacity to co-fund that project.

Thus, the primary cost drivers beyond the costs of the interventions themselves include the costs for technical and vulnerability assessments, skilled staff/engineers, warehousing, transport and delivery costs, transfer costs for cash-based programs, monitoring & evaluation, and percentages (minor or average) of admin /office cost (equipment and communication).

The activity cost variations compared to last year are due to the recent developments in Iraq and across the world. First, due to the current pandemic, assistance modalities must take into consideration health and safety measures. Large gatherings must be avoided as much as possible, while use of Personal Protective Equipment (PPE), respect of physical distancing, hand and respiratory hygiene **must be strictly respected at all times** by everyone. Related movement restrictions also limit the capacity of partners to frequently and rapidly access areas and beneficiaries, reducing the time spent in the field for in-depth assessment (of beneficiaries, shelter conditions and markets), monitoring, and Communication with Communities (CwC). The current pandemic has also deepened socio-economic vulnerabilities, as reported by various independent assessments. Secondly, the current accelerated camp closure process is pushing people leaving camps into substandard shelter, if they cannot afford rent or return to their areas of origin.

2- ESTABLISHMENT OF COST RANGES AND AVERAGE UNIT COST

Description of which factors have determined the cost ranges (e.g. population group, geographic location, type of implementing partner, modality, timing of the response) and how these have played into the calculation of the average cost

The costs presented in [Annex I](#) are an indicative average, while each household's needs shall be assessed, and the relevant level of assistance provided. The Shelter Cluster HRP funding ask accounts for partners responding in areas

with different access constraints, as well as across modalities including both in-kind and Cash and Voucher Assistance (CVA).

For shelter-related assistance, exact costs are dependent on the status of the structure to be upgraded/repaired, the size of the household (hence the minimum living space that they are in need of), proximity to specialized markets, availability of skilled labour and what is necessary to attain minimum standards for adequate shelter¹.

Similarly, for NFI-related assistance, exact costs are dependent on the size of the household, including the presence of persons with specific needs², proximity to markets and availability of good quality items.

Indirect and support costs have been taken into consideration as well and fixed at an average of **30%** of the unit cost of each activity. Nonetheless, the Shelter Cluster acknowledges the need to adjust such value (+/-5%) to take into consideration access challenges, safety precautions, specific market and beneficiaries situations/locations, complexity of shelter repairs (e.g. use of heavy machineries for rubble removal, specialised structural and/or topographic surveys), etc.

All activities and related unit costs are meant to cover one family with an average of 6 persons. Hence, the cost per person shall be calculated by dividing the unit cost by 6.

For the detailed list of activities and related costs please refer to [Annex I](#).

3- MONITORING AND ADAPTATION

Description of the cost elements and developments that the Shelter Cluster will regularly monitor to ensure cost estimates remain relevant and are based on the latest available evidence (e.g. prices, access, availability of goods on local market, currency fluctuations).

Following in-depth consultations with SAG members and partners, revision of IHF programmes and monitoring of SNFI programs throughout 2020 in a transparent manner, the Shelter Cluster has decided to review the following activities:

- 1) **NON-FOOD ITEM (NFI) KITS:** until 2020, the recommended content of an NFI kit was based on 7 essential items³. Winter items had been distributed in large number for the past years, ahead of the winter season. In light of the continuous need for winter items detected by MCNA VIII (September 2020) and considering cost-inefficiencies if beneficiaries have to be reached multiple times during the year, the Shelter Cluster now recommends **including winter items as part of an extended NFI kit**⁴. This change in the NFI kit content explains the increase of the average value from 250 US\$ used till 2020, to **310 US\$** that shall be considered as of 2021.
- 2) **SEALING OFF KITS (SOK):** until 2020, the recommended cost for SOK was 210 US\$ to cover essential construction materials to repair those shelters in less critical conditions. As more and more buildings have been repaired, now those in need of critical repair are the ones more compromised/damaged. Hence, the cost for bringing them up to a minimum living standard are higher as the interventions needed are labour-intensive and require more materials. Furthermore, in light of the current

¹ For more details refer to our [Guidance Note: Defining Adequacy of Shelter](#)

² Such as: elderly, children, female-headed households, persons with disabilities, individuals at greater COVID19 risks due to health conditions.

³ For NFI items up to 2020: [NFI Technical Guidance v 13 2018](#)

Kerosene for cooking and heating is also an essential item, and in Iraq the humanitarian community has always been relying on Government' distribution to cover fuel needs.

⁴ For more details refer to our [NON-FOOD ITEMS \(NFI\) TECHNICAL GUIDANCE v14 – December 2020](#)

pandemic, the creation of safe spaces within an accommodation⁵ and enhanced ventilation are crucial to reduce the risks of transmitting respiratory diseases and especially COVID-19 among family members. While the international standard for minimum living space has not changed⁶, it is strongly recommended to provide more partitions within the same shelter to allow more physical distancing and especially for the ones at greater risk⁷. It is also strongly recommended to include more accessories that could improve air circulation and decrease suffering for those with limited mobility and/or disabled that might not be able to leave the home, especially during summer season. Hence, items such as ceiling fans and/or air-water coolers shall also be considered. The revised average unit cost for SOK for 2021 stands at **500 US\$**.

- 3) **CRITICAL SHELTER UPGRADES⁸ (CSU) - FOR NON-HOUSE OWNERS:** until 2020, the recommended cost for CSU was 1,000 US\$ to cover skilled labour and essential construction materials to repair those shelters in critical conditions. For the same reasons illustrated under the SOK above, more and more buildings have been repaired, hence those in need of critical repair are the ones more compromised/damaged, with higher costs for bringing them to a minimum living standard. Furthermore, in light of the current pandemic, the creation of safe spaces within an accommodation⁹ and enhanced ventilation are crucial to reduce the risks of transmitting respiratory diseases and especially COVID19 among family members. While the international standard for minimum living space has not changed¹⁰, it is strongly recommended to provide more partitions within the same shelter to allow more physical distancing and especially for the ones at greater risk¹¹. It is also strongly recommended to include more accessories that could improve air circulation, especially during summer season. Hence, items such as ceiling fans and/or air-water coolers shall also be considered. The revised average unit cost for CSU for 2021 stands at 1,200 US\$.
- 4) **CASH FOR RENT:** This cost is based on a Cluster-set average of \$200 per month for 6 months, also in line with the most recent assessment of the SMEB run by the Cash WG. Rental cost covers as well utility costs (water, electricity). However, this should be understood to be an upper value and likely to cost less per month especially in non-urban areas. For a rapid response, shorter rental periods can also be considered (e.g. 2 to 3 months).

⁵ For instance, to allow a family member to self-quarantine/isolate in full safety while the rest of the family shares the same accommodation

⁶ Sphere standards have not been revised, hence the minimum recommended stands at 3.5 sqm/person

⁷ Older persons, those with chronic, cardiovascular and lung diseases, cancer, etc.

⁸ Many buildings used by IDPs and returnees as temporary accommodation will require longer implementation period and higher costs by partners to bring them up to minimum standard. The scope of works for Critical Shelter Upgrade may be very similar to those for War-Damaged Shelter Cat 1 to 2, but the difference is the tenure security & ownership. Critical Shelter Upgrade is for non-house owners, while War-Damaged Shelter Cat 1 to 4 is meant for house owners.

⁹ For instance, to allow a family member to self-quarantine/isolate in full safety while the rest of the family shares the same accommodation

¹⁰ Sphere standards have not been revised, hence the minimum recommended stands at 3.5 sqm/person

¹¹ Older persons, those with chronic, cardiovascular and lung diseases, cancer, etc.

ANNEX 1

No.	Activity	Min Unit Cost	Max Unit Cost	Most commonly found Unit Cost	Total Cost	Remarks
1	Non-Food Item (NFI) Kit Distribution	\$250	\$517	\$310	\$403	The unit cost includes the cost of the NFI + winter kit. The value of the NFI kit is 250 US\$, the value of the winter kit ranges from 63 US\$ to 200 US\$, plus children winter clothing at 67\$. The total cost includes the cost of the items as well for the staff required to assess needs and distribute the kits, plus the relevant support costs. This can include both in-kind and cash-based modalities.
2	Sealing-Off Kit (SOK) Distribution	\$210	\$500	\$500	\$650	The total cost includes the cost of the kit as well as the staff required to assess needs and distribute the kits, plus the relevant support costs. This can include both in-kind and cash-based modalities.
3	Critical Shelter Upgrades	\$1,000	\$1,500	\$1,200	\$1,560	This cost is variable, with a Cluster-set average of \$1,200. However, the exact cost is dependent on the status of the structure to be upgraded/repared, the size of the HH, proximity to specialized markets, availability of skilled labour and what is necessary to reach minimum standards . The total cost includes the staffing necessary to conduct detailed technical assessments and Bills of Quantity preparation, as well as the relevant support costs for the program.
4	Cash for Rent	\$300	\$1,200	\$1,200	\$1,560	This cost is based on a Cluster-set average of \$200 per month for 6 months, also in line with the most recent assessment of the SMEB run by the Cash WG. Rental cost covers as well utility costs (water, electricity). However, this should be understood to be an average, as exact prices will depend on the area, the HH size, the quality of the structure, and the length of the program. Total costs include the staff necessary to conduct detailed vulnerability assessments and provide support to HHs and landowners, as well as the necessary support costs.
5	In-camp shelter maintenance	\$120	\$200	\$140	\$182	This cost is based on a Cluster-set guideline and the total cost includes the costs for transport, installation and necessary support costs. It does NOT include the cost of tent procurement (both for tent covers &/or metal frames) or slab replacement, which would require additional costs.
6	Indirect and Support Cost	25%	35%	30%	30%	A higher cost may be considered for stand-alone projects, and/or to establish partners' presence in new locations