CALCULATING THE MINIMUM EXPENDITURE BASKET

A GUIDE TO BEST PRACTICE

CALP NETWORK
CHOICE & DIGNITY FOR PEOPLE IN CRISIS

A CALP NETWORK RESOURCE

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Cover photo caption

Lachmi, a World Food Programme beneficiary, walks with her 13-month-old son, Harichand, and buys groceries in a local market in Badin, Sindh, Pakistan. Lachmi and Harichand receive support from the Ehsas Nashonuma Programme, an innovative health and nutrition conditional cash transfer programme, aiming to prevent childhood stunting.

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LIST OF ACRONYMS

ACRONYM	IN FULL
BNA	Basic Needs Assessment
CBI	Cash-Based Interventions
CBR	Cash-Based Responses
CFSVA	Comprehensive Food Security and Vulnerability Analysis
CotD	Cost of the Diet
CPI	Consumer Price Index
CSI	Coping Strategies Index
CVA	Cash and Voucher Assistance
CWG	Cash Working Group
DRC	Democratic Republic of the Congo
EFSA	Emergency Food Security Assessments

LIST OF ACRONYMS

ACRONYM	IN FULL
EiE	Education in Emergencies
ENA	Essential Needs Assessment
ERC	Enhanced Response Capacity
EU	European Union
FGD	Focus Group Discussion
HEA	Household Economy Approach
HH	Household
HH_EXP	Household Expenditure
ICCG	Inter-Cluster Coordination Group
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Person
ILO	International Labour Organization
INGO	International Non-Governmental Organization
IRC	International Rescue Committee
MEB	Minimum Expenditure Basket
MESL	Minimum Expenditure Standard of Living
MPC	Multi-purpose Cash
NFI	Non-Food Items
NGO	Non-Governmental Organisation
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
PDM	Post Distribution Monitoring
ROAP	Response Options Analysis and Planning
SMEB	Survival Minimum Expenditure Basket
TWG	Technical Working Group
UN	United Nations
UNCHR	United Nations High Commissioner for Refugees
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VAM	Vulnerability Analysis and Mapping
WFP	World Food Programme

CONTENTS

1. THIS GUIDANCE: OBJECTIVES AND USE

THE OBJECTIVES OF THIS GUIDANCE ARE TO:

- Provide definitions of key concepts.
- Identify when an MEB is needed.
- Explain what an MEB may achieve.
- Outline what capacities and resources will be required for different types of MEB.
- Explore the most approporiate path to take in relation to a particular context.
- Guide practitioners and decision makers through the key decisions in the process of developing a minimum expenditure basket (MEB) and calculating the cost.
- Discuss how to incorporate basic needs under sectors / clusters.
- Share guidance on specific technical issues and help practitioners navigate and locate the growing literature on MEBs.

DEFINITION OF AN MEB

A minimum expenditure basket (MEB) is an operational tool. It is used to identify and calculate, in a particular context and for a specific moment in time, the average cost of a socioeconomically vulnerable household's multi-sectoral **basic needs** that can be monetized and accessed in adequate quality through the local market. Goods and services included in the MEB should enable households to meet basic needs and minimum living standards without resorting to negative coping strategies or compromising their health, dignity, and essential livelihood assets. An MEB can be calculated for different household sizes.

THERE ARE THREE MAIN APPROACHES TO MEB DEVELOPMENT

a) **A rights-based approach** uses assessed needs and standards (e.g., rights as protected by international human rights and humanitarian laws, Sphere Standards, national technical standards) to define the composition of the basket, and local market prices to define the cost.
b) **An expenditure-based approach** focuses on effective demand by using local consumption patterns to define the composition and cost of the basket.
c) **A hybrid approach** is a pragmatic option combining rights-based and expenditure-based elements.

Most MEBs are hybrid to some degree.

The CALP Glossary

DEFINITION OF BASIC NEEDS

Basic needs are defined as essential goods, utilities, services, or resources required on a regular or seasonal basis by households for ensuring long-term survival and maintaining minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihood assets. Basic needs may be defined on a regular basis (usually monthly or seasonally).

The minimum expenditure basket (MEB) has emerged as a key tool in humanitarian action where the use of cash and voucher assistance has been identified as an important response modality. This is because the actual process of developing an MEB helps all those involved in the response to understand for the people of concern, what their basic needs are, what needs people or households can meet for themselves, whether these needs may be met through existing markets and the cost of these needs.

The process of developing an MEB is, ideally, one that generates collaboration and support for the MEB tool and its use – as well as a critical set of data. The MEB can be used to agree what cash or voucher transfers will be worth – or will cover – and for a range of analytical or advocacy processes.

1.1 WHAT CAN AN MEB BE USED FOR?

A minimum expenditure basket has a range of functions, it can:

- Be used to support the calculation of the transfer value for a sector-based or multi-purpose cash (MPC) grant.
- Be used to create a baseline, and/or be monitored over time, for example, as part of regular market monitoring.
- Contribute to wider vulnerability analysis, supporting household profiling and identification of those households that cannot meet basic needs.
- Improve collaboration (e.g., to help agencies coordinate the values of the CVA they distribute).
- Be used for advocacy purposes – for government acceptance of the MEB and for CVA in general.
- Support alignment with safety net and social protection programming.
- Inform decisions on which goods and services to assess and regularly monitor in a market assessment and/or market monitoring.
- Establish a relevant basket against which to monitor market prices and the cost of living.
- Assist monitoring of immediate- and longer-term outcomes through analysis of expenditure trends against the MEB and understanding better economic capacity and consumption trends.
- Inform what other non-cash goods or services form part of people's basic needs and should be part of an integrated response or complementary interventions.

Further information can be found in: WFP's Minimum Expenditure Basket Guidance Note

1.2 WHAT MAKES AN EFFECTIVE MEB?

Learning from different contexts has shown that effective MEBs:

1. respond to multi-sectoral needs in a **particular context**, addressing specific humanitarian outcomes;
2. are relevant to a **specific period of time**, for a specific emergency phase;
3. are built on a **collectively agreed objective** that the MEB will be used for; and
4. are **regularly used** in programme design and are a validated and usable threshold for humanitarians to reference when negotiating the final selected transfer value.

Experience has shown that the **process behind the development of an MEB is key to its success or failure**. Successful MEBs tend to be those that have come from a relatively speedy process that involved, and therefore, gained the buy-in of principal stakeholders and delivered what affected people needed in a timely manner.

If an MEB fails to fulfil any of the above four characteristics, either the content or objectives should be updated (see section on 'When should an MEB be revised or updated?').

As a rule, an MEB is not effective if it cannot be used in a crisis, either because it took too long to develop or because there is no buy-in from key stakeholders.

1.3 WHAT DOES THIS GUIDANCE DO?

This guidance aims to support humanitarian practitioners in making key decisions in the MEB process by bringing together experiences and lessons from practitioners working across diverse contexts and presenting the advantages and disadvantages of different approaches. Such decisions include:

- **Do you need an MEB?** Developing an MEB can be time-consuming and resource-intensive, so it is essential to establish whether one is needed and whether the necessary time and resources can be made available.
- **How do you clarify the objective(s) of the MEB?** Different stakeholders may have differing objectives for an MEB. These will need to be discussed to find a compromise that works or to decide how to move forward.
- **What are the emerging best-practice approaches for developing an MEB?** Making a bad decision when designing an MEB may derail or delay the urgent delivery of assistance to people living in crisis.

WHAT THIS GUIDANCE DOES NOT DO

The guidance does not explain how to develop the MEB in a detailed step-by-step process. Instead, it refers and links to other guidance and tools that explain in more detail the technical steps required.

1.4 WHO IS THIS GUIDANCE FOR?

This guidance aims to support cash working groups and other practitioners who are:

- Considering starting **an MEB process for preparedness, in a slow or sudden-onset emergency or in a protracted crisis** and are looking for practical guidance and best practice.
- Already going through an MEB process and looking for **specific guidance and best practice on the challenges they are facing, whether technical, political or otherwise.**

1.5 HOW IS THIS GUIDANCE ORGANIZED?

The guidance is organized as follows

1. This guidance: objectives and use	The objectives of this guidance are to: • Identify when an MEB is needed. • Explain what an MEB may achieve. • Outline what capacities and resources will be required for different types of MEB. • Explore the most appropriate path to take in relation to a particular context. • Guide practitioners and decision makers through the key decisions in the process of developing an MEB and calculating the cost. • Discuss how to incorporate basic needs under sectors/clusters. • Share guidance on specific technical issues and help practitioners navigate and locate the growing literature on MEBs.

2. Deciding whether an MEB is needed and/or possible	This section focuses on the essential questions that should be asked at the start of any MEB process to decide if an MEB – full or light – is necessary and/or possible: • What are the objectives of the MEB (to deliver at speed, for preparedness, to enhance collaboration, to provide a threshold for vulnerability)? • Is an MEB needed at all or are there other thresholds available? • How urgent is the need for an MEB? • How long will the MEB be used for? • What human and financial resources are available? • How inclusive should the MEB process be? • What scale of MEB do humanitarians have the resources to manage?
3. Introduction to key concepts for minimum expenditure baskets	This section explores and defines the key MEB concepts: • What goods and services can and should be monetized? • Frequency of expenditure. • Availability and accessibility. • Food and non-food items. • Consumption and non-consumption. • What makes a household. • First thoughts on household size.
4. Accommodating difference: Individual needs, household size and geographical variation	This section takes a deeper dive into: • Designing an MEB for different household sizes. • How to accommodate individual vulnerabilities. • Adapting to regional or geographical variation. • How many MEBs might be needed per context.
5. Data sources and management	This section focuses on data needs – what do we need, what can we use and key requirements: • Data availability is the foundation of an MEB: what already exists and what must be collected? • The use of existing secondary data e.g., an existing MEB, can save time and resources but if it is not adequate, humanitarians will need to collect primary data. • Making sure that different data sets are compatible before using them together.
6. Choosing between different approaches to the MEB	This section explores: • The three main approaches – expenditure-based, rights-based and hybrid – to incorporating multi- and cross-sectoral needs into an MEB and shows how these are used for food and non-food items. • What we mean by hybrid approaches and how these are viewed as best practice because they allow pragmatic adaptation to different contexts. • The survival versus MEB debate.

7. Including sectoral and cross-sectoral needs	This section covers an overview of the possible types of sectoral and cross-sectoral needs expenditure we might consider in an MEB, guidance on what and how to include these and key resources.
8. Using an MEB process to identify the gap and transfer value	This section explains in more detail: • The gap between a household's needs and its own resources. • How an MEB can be used to help calculate the amount of money – the transfer value – that stakeholders will give to recipients.
9. Revising prices and the composition of the MEB	This section focuses on key changes that might need to be made to the MEB over time, and how to understand problems with the MEB and what to do about them: • Updating prices and thus the cost of an MEB. • Revising the composition of the basket. • Signs that something has gone wrong with an MEB and what to do about it.
Annex **MEB resources**	

1.6 HOW WAS THIS GUIDANCE PRODUCED?

This guidance and best practice builds on existing guidance produced by the World Food Programme (WFP) such as the Essential Needs Assessment Guidance Note, the World Bank's (WB) Guidance notes, tools such as the Enhanced Response Capacity (ERC) Consortium for the Uptake of MPG's 2018 Basic Needs Assessment (BNA) Guidance and Toolbox Parts 1 and 2 and their 2018 Response Options Analysis and Planning (ROAP), Ground Truth Solutions Cash Barometer, and contributions and learning from a series of CALP webinars conducted in 2020 (https://www.calpnetwork.org/event/webinar-series-on-the-minimum-expenditure-basket/). The guidance also incorporates contributions from a variety of CVA specialists and Cash Working Groups in different contexts including, among others, Uganda, Colombia, Peru, Haiti, Vietnam, Gaza, Mali, Lebanon and Yemen.

1.7 LIMITATIONS

MEBs have limitations in terms of precision, process, and relevance over time:

- **An MEB is not designed to cover individual household members with special needs, but those of the average affected typical socioeconomically vulnerable household.** The MEB can, however, be supplemented by top-ups designed to support household members with special needs such as those who are chronically ill, disabled, malnourished, pregnant and lactating, or otherwise have elevated needs (see Chapter 4 for an in-depth discussion)[1]. The cost of the MEB can also be calculated for various sizes of households (see Chapter 4).

- **The development of an MEB is not an exact science.** It involves compromise and subjective judgement when defining 'the minimum' in and across sectors (see section on 'What is a Minimum'). This makes it critical for the MEB to have a clear objective and to maintain consistency in methodology to ensure coherence in decision-making throughout the process.

- **An MEB process is iterative and highly contextual.** It is a non-linear process in which choices made at key stages shape the end product. There is no set process or single solution that will work every time.

- **Even the most effective MEBs can eventually become outdated** and lose relevance within a rapidly changing response. Once this happens, it is time to revise and update it (see section on Revising prices and composition of an MEB).

The scope of this guidance is also limited since the process of developing MEBs continues to evolve through trial, adaptation and learning from the challenges faced in different settings. Given this continuing evolution, this guidance is not an exhaustive compilation of all global learning on MEBs but a compilation of emerging best practice. It will continue to be updated as practice evolves.

The complexity of the MEB process, particularly around establishing agreement between differing stakeholders, contexts, and funding priorities, means that the best practice shared here cannot be a global prescription. The precise formulation of an MEB process is best made by the practitioners, stakeholders, communities and recipients in a particular context.

RESOURCES

- WFP (2020) Minimum Expenditure Basket Guidance Note[2]
- WFP (2020) Essential Needs Assessment Guidance Note
- Enhanced Response Capacity (ERC) Consortium for the Uptake of MPG's (2018) Basic Needs Assessment (BNA) Guidance and Toolbox Parts 1[2] and 2[3]
- ERC (2018) Response Options Analysis and Planning (ROAP)[5]
- Ground Truth Solutions Cash Barometer [6]
- CALP webinar series on MEB[7] (2020)

1. See also pp 14-18 of WFP's (2020) Setting the transfer value for CBT interventions: Transfer Value Interim Guidance https://docs.wfp.org/api/documents/WFP-0000117963/download/
2. https://docs.wfp.org/api/documents/WFP-0000074198/download/
3. https://www.calpnetwork.org/publication/basic-needs-assessment-guidance-and-toolbox-part-1-background-and-concepts/
4. https://www.calpnetwork.org/publication/basic-needs-assessment-guidance-toolbox-part-2-how-to-guide-tools/
5. https://www.calpnetwork.org/wp-content/uploads/2020/03/response-option-analysis-planning-guidefinal-1.pdf
6. https://groundtruthsolutions.org/our-work/cash-barometer/
7. https://www.calpnetwork.org/event/webinar-series-on-the-minimum-expenditure-basket/

2. DECIDING WHETHER AN MEB IS NEEDED AND/OR POSSIBLE

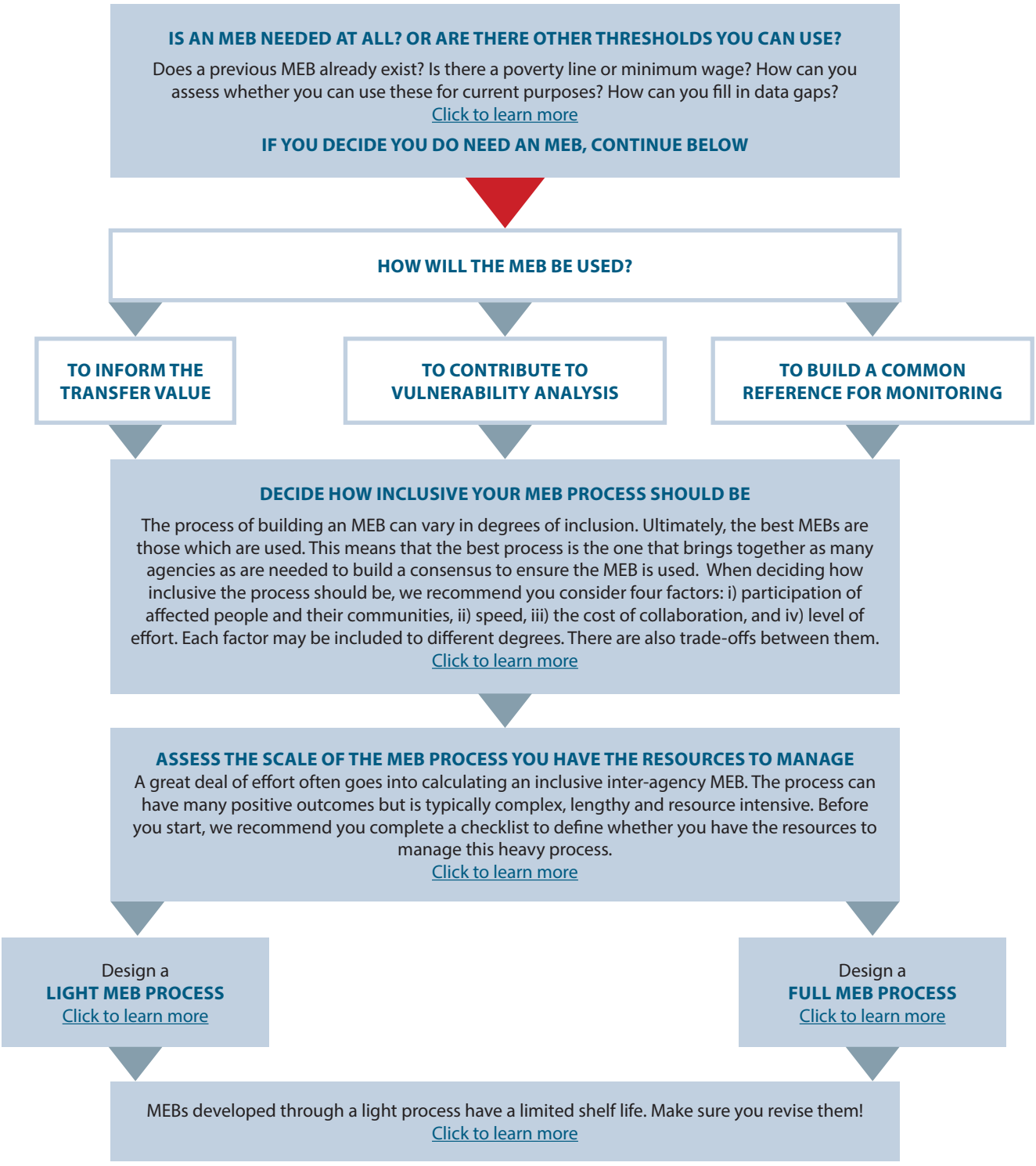
THIS SECTION FOCUSES ON THE ESSENTIAL QUESTIONS THAT SHOULD BE ASKED AT THE START OF ANY MEB PROCESS TO DECIDE IF AN MEB – FULL OR LIGHT – IN IS NECESSARY AND/OR POSSIBLE.

- What are the objectives of the exercice (e.g., to deliver at speed, for preparedness, to enhance collaboration, to provide a threshold for vunerability)?
- Is an MEB needed at all or are there other thresholds available?
- How urgent is the need for an MEB.
- How long will the MEB be used for?
- What human and financial resources are available?
- How inclusive should the MEB process be?
- What scale of MEB do humanitarian actors have the resources to manage?

2.1 DECIDING ON HOW LIGHT TOUCH OR IN DEPTH THE MEB PROCESS SHOULD BE

Figure 1 below offers a decision tree to help work through the key questions that need to be answered before deciding whether to undertake an MEB process and whether the resources are in place for a full MEB or a light touch approach.

Figure 1 Decision tree for full MEB versus a light MEB



2.2 ASSESS THE INVESTMENT REQUIRED FOR AN INCLUSIVE INTER-AGENCY MEB PROCESS

It is critical to assess if there are the resources required for a full, inclusive and inter-agency MEB. While this process may have many positive outcomes, it is typically long, complex and costly. If speed is critical or if human and financial resources are lacking, there are alternatives to the full MEB process.

2.2.1 FULL MEB PROCESS

If the MEB is being developed for preparedness or in a protracted crisis where there is less time pressure, and if the financial and political capital are available, leading an effective, inclusive and/or inter-agency MEB process has the following advantages:

- Allows humanitarians to use the MEB as a commonly agreed threshold for vulnerability.
- A strong basis for different actors to collaborate effectively, if conducted in an inclusive and transparent manner.
- Adds value by identifying duplication and gaps across sectors.
- Discussions that contribute to building an MEB can facilitate integrated approaches among different sectors, driven by recipients' demand.
- An effective MEB process can also build long-lasting collaboration behaviours and systems around market-based interventions.

Alternatively, humanitarians may develop a **light MEB process.**

2.2.2 A LIGHT MEB PROCESS

If this is a sudden-onset emergency where it is critical to act quickly and where the MEB will only be used for a maximum of six months, then a lower level of stakeholder inclusion at higher speed is recommended. We call this faster route a 'light' MEB process. It can be nearly as rigorous as a full MEB process but may involve fewer stakeholders to prioritise speed over collaboration. Once the situation evolves, humanitarians can build on these initial light-touch discussions to launch a more inclusive full MEB process.

2.2.3 SUPPORTING OTHERS IN EITHER A LIGHT OR FULL MEB PROCESS

The checklist below should help assess whether a full, light or support to the MEB process is the best option in a particular context.

Checklist to assess the need for and the availability of resources for conducting a full MEB process

Answer **yes or no** to the following questions.

1	**YES / NO**	**Do you have time?** On average it takes four months of work to deliver a full inter-agency MEB in a participatory way. Can the response wait long enough?
2	**YES / NO**	**Do you have someone to lead the process?** The MEB process is technically and politically complex. For effective leadership, the ideal is a qualified person who can dedicate all their time to facilitate the process, ensure buy-in from key stakeholders, and in some cases, build capacity. They will need to be familiar with MEBs, have strong facilitation skills and be a confident negotiator.
3	**YES / NO**	**Do you have funds for the process?** Do you have resources available to pay for personnel required to support the full MEB process, and for data collection (if required)? (Assume that human resources are covered under question 2.)
4	**YES / NO**	**Do you have the political capital to ensure buy-in?** Do key stakeholders in your context believe this is what you should be doing? Is there any preference for full versus light MEB process? Are they convinced enough to attend meetings and proactively engage with the content? Is this process being led by a coordination body or other entity that stakeholders consider legitimate?

If you answered 'yes' to all the questions, you are ready to engage in a full MEB process.

If you answered 'no' to some of the questions but still want to have an MEB process, here are some potential strategies.

	PROBLEM	**STRATEGIES**
1	**TIME**	There is no way to fix this. If you don't have time, explore doing a **light process MEB (a minimum of 4 weeks)** and then revise the MEB in a more collaborative way when things stabilise.
2	**HUMAN RESOURCES**	If you lack the people: Can you request a deployment from CashCap? Are there any other stakeholders that could fund an appropriate position? If you have a person but they lack the expertise: use the information and tips in this guide, or contact CashCap or your CALP regional office, who might be able to find someone that can coach you through the process.
3	**MONEY**	Ask stakeholders to share costs. If you still can't manage, then put together a budget and advocate for funding with donors and other stakeholders. It is in everyone's interest to make this happen**.**
4	**POLITICAL CAPITAL**	You can find some tips on how to build consensus later in this chapter 'Advantages of a collaborative MEB process'.

If your organization is unable to host an MEB process, lacking the resources or the political legitimacy, then you can help with or otherwise support the MEB process led, for example, by the Cash Working Group (CWG).

What can you do to help if you can't host the MEB process?

	PROBLEM	STRATEGIES
1	**DATA**	Contributions of any price or HH income/expenditure datasets to which your organization has access e.g., anonymized PDM datasets that may have previously been internal.
2	**HUMAN RESOURCES**	Contribution of data collection capacity for joint expenditure assessments or price monitoring. Share any appropriate data. Internal consultations with sectoral experts within their organizations to get perspective on how the MEB components for each sector should be constructed.
3	**MONEY**	Contribute funding if there is a shortfall.
4	**POLITICAL CAPITAL**	Join advocacy efforts, lobby partners or funders.

2.3 ADVANTAGES OF A COLLABORATIVE MEB PROCESS

An individual agency or through an inter-agency process can carry out an MEB.

Joint or single agency MEB process? It is possible for an MEB process to be carried out by a single agency, but as the development tends to be process-heavy and requires a degree of investment, a collaborative MEB process between agencies is to be preferred if the main objective is to inform a standard transfer value and encourage buy-in. However, MEBs are stronger and have multiple additional advantages when designed **and used by a group of agencies consulting and collaborating** to ensure accuracy, relevance, buy-in and to support the delivery of integrated and multi-sectoral programming in a more coordinated response.

Experience shows that a robust and effective MEB process requires consensus building across separate and often quite siloed sectors. These are usually governed by separate sectoral coordination bodies – a long-standing systemic weakness faced by cash and voucher assistance (CVA) and other CVA coordination mechanisms.

JOINT OR SINGLE AGENCY MEB PROCESS?

It is possible for an MEB process to be carried out by a single agency, but as the development tends to be process-heavy and requires a degree of investment, a collaborative MEB process between agencies is to be preferred if the main objective is to inform a standard transfer value and encourage buy-in.

While some responses might be so rapid-onset or so under-resourced that only one agency is able to drive the MEB forward, no agency is an island, and it is highly recommended that anyone designing an MEB should aim to gain buy-in from other cash actors through consultation, seeking data contributions and by making the MEB publicly available to others working on the humanitarian response. Others working on the same humanitarian response will often reject single agency MEBs by default due to the lack of proper consultation.

When different agencies coordinate to jointly develop an MEB, they can agree on some of the most complex and politically sensitive topics of humanitarian action including targeting, resource allocation and budget restrictions as well as advocate for the adoption of the MEB by others.

A collaboratively developed MEB is worthwhile because there is then considerable pressure from stakeholders such as donors, cluster coordinators and other contributing stakeholders to both adopt the MEB findings themselves and to put pressure on others to do so.

WHEN AN MEB IS DEVELOPED COLLABORATIVELY BY DIFFERENT ACTORS IT CAN:

- Increase quality, impartiality, and efficiency.
- Improve coordination among CVA actors.
- Provide a base for joint advocacy.
- Help prevent challenges and potential risks if agencies transfer different values.
- Contribute to improved monitoring and evaluation.

2.3.1 ENSURING RELEVANCE AND BUY-IN

Stakeholder inclusion means everything from including the views of affected people and their communities to bringing a diverse range of agencies and authorities into the process. This includes the UN, INGOs, local NGOs, donors, and sometimes private sector and local authorities. There are some proven ways to achieve relevance and stakeholder buy-in to the MEB:

- **Ensure a common basic understanding of MEBs among key stakeholders.** The person facilitating the MEB process should ensure that all stakeholders understand the basic concept and process underlying MEBs as well as what is required to engage in the process. In some contexts, the capacity of some to engage in MEB discussions will be low.

- **Involve clusters from the beginning** (note that the Cash Working Group might not have the legitimacy and authority to make cluster participation mandatory).
  - Explain to cluster leads that their participation will ensure that critical items from their sectoral basket of needs are included.
  - Assess the capacity of each cluster to engage in this process. The best way to engage may be through focused discussions with each cluster to understand their position, their knowledge and capacity to engage. Be flexible and try to find different ways of soliciting feedback even if cluster leads or members cannot be closely involved.
  - When available, use internationally agreed standards to inform MEB discussions, e.g., the Sphere standards, as well as resources produced at the Global Cluster level.
  - Be aware that some cluster leads may feel anxious about the MEB process in case the inclusion of critical cluster items in the MEB undermines previous plans to deliver them in-kind. The best way to deal with such anxieties is to encourage open discussion and transparency throughout the process.
  - Where possible, approach the Inter-Cluster Coordination Group (ICCG) at country level to obtain their endorsement of the MEB process, and the final basket.

- **Work with government partners, information sources and analysis.** In non-crisis settings, a country's poverty line represents its minimum standards for consumption of essential goods and services. If there is a national threshold available to use, humanitarians need to consider carefully whether developing an MEB is justified. Where it is not possible to use a national threshold, humanitarians should be clear and transparent about why this is so. There is more information on using national thresholds in chapter 5 'Which other datasets can be used to construct an MEB?'.

AN MEB DEVELOPMENT PROCESS FROM GAZA, 2020-21

The Gaza MEB process took six months and spanned two phases. In the first phase, which became a hybrid process, an MEB task force built on assessments by Mercy Corps, WFP and DanChurchAid and the CWG lead, using both price and expenditure data to identify potential components of the MEB. The resulting expenditure data was combined with national consumption survey data to capture more accurately the spending patterns of Gaza households. Stakeholders pushed back on the draft MEB as not representative of real locally idiosyncratic needs of socio-economically vulnerable households and a different approach was decided.

Stakeholders decided to develop an expenditure-based MEB using data from all of Gaza's governorates. As a result of this new process, the health component of the MEB increased significantly, from 2% to 13% of the total, bringing it into line with average household expenditure on healthcare. The new MEB was finalised in April 2020 and will be revised regularly. A monthly price monitoring system of roughly 200 items was subsequently established in partnership in May 2020 (first data set June 2020) with the Palestinian Central Bureau for Statistics which will inform the revision of the MEB.

2.3.2 DONOR AND HOST GOVERNMENT PRESSURES

Agencies involved in MEB development might strive to follow accepted standards for setting the MEB and to be neutral as possible in their calculations, but there are often political consequences of setting such a threshold. Indeed, government authorities have sometimes pushed back against the adoption of humanitarian MEBs, preferring the transfer amount to reflect other national-level figures such as the minimum wage or standard social protection transfers. There is need to understand the governments' reasoning and be prepared to do some advocacy if the MEB exceeds the local minimum wage, poverty lines, social protection programmes and social safety nets.

Governments may have other reasons to try and influence the MEB process that have nothing to do with the humanitarian response. For example, they may wish to limit the amount of CVA provided as they would prefer refugees to leave or because the government is a party to the conflict and does not want to see support to who they consider rivals or enemies.

AN EXAMPLE OF GOVERNMENTAL LIMITATION ON TRANSFER VALUES: GREECE, 2016

The Government of Greece imposed an upper limit on the value of CGA cash assistance to make sure that it did not exceed that of the Social Solidarity Income (SSI) national cash transfers. This decision was made against the background of the ongoing financial recession and austerity measures, and to avoid negative repercussions arising from providing cash assistance to persons of concern of higher value than the national SSI. 'The cash transfer value is based on and equals the minimum expenditure basket (MEB), developed by the CWG in 2016. The MEB calculation takes into consideration the national poverty line, the minimum wage, and the value of cash transfers delivered to Greek families assisted by the national SSI.' https://www.unhcr.org/5b2cfa1f7.pdf

The best way to mitigate the risk of pressures to amend the transfer value is to:

(a) Have a solid and well-documented rationale to support your calculation of the standard MPC transfer value based on sound data analysis and established standards.

(b) Have a clear strategy for donor and government involvement and buy-in from the beginning of the process.

The value of engaging all stakeholders in the MEB process can be defended even if people ultimately only receive a portion of the MEB due to a lack of agreement with government or a lack of funding. Pragmatism in policy and advocacy is valuable but it is important that any accommodations are grounded in people's real needs and living situations, as the thresholds set will have important consequences on people's lives. Donors can also be encouraged to advocate with governments to allow coverage of the needs of the most vulnerable and will be able to do so more convincingly when there is a well-reasoned and documented MEB process.

RESOURCES

- For short trainings on the basics of MEBs, please visit "MEB, gap analysis and calculating the transfer value[8]", CALP/Oxfam, 2020
- For further information on the steps in constructing an MEB, please refer to the Minimum Expenditure Basket Guidance Note, WFP, December 2020

Anastasiia and her family rely entirely on humanitarian assistance from WFP and her teaching job that she hopes to be able to resume online as the next academic year commences. They are using WFP's assistance for food and transportation.

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8. https://kayaconnect.org/course/info.php?id=2615

3. KEY CONCEPTS FOR MINIMUM EXPENDITURE BASKETS

THIS SECTION EXPLORES AND DEFINES THE KEY CONCEPTS IN THE MEB DEFINITION:

- What goods and services can and should be monetized.
- Frequency of expenditure.
- Availability and accessibility.
- Food and non-food items.
- Consumption and non-consumption.
- What makes a household.
- First thoughts on household size.

The first chapter of this guidance provided two key definitions:

1. A minimum expenditure basket (MEB) is defined as an operational tool, used to identify and calculate, in a particular context and for a specific moment in time, the average cost of a socio-economically vulnerable household's multi-sectoral basic needs that can be monetized and accessed in adequate quality through the local market. Goods and services included in the MEB should enable households to meet basic needs and minimum living standards without resorting to negative coping strategies or compromising their health, dignity, and essential livelihood assets. An MEB can be calculated for different household sizes.

2. Basic needs are defined as essential goods, utilities, services or resources that households require on a regular or seasonal basis to ensure long-term survival and maintain minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihood assets. Most basic needs are likely to recur on a regular basis (usually monthly or seasonally). However, not all basic needs can be monetized easily in all contexts and not all basic needs are predictable.

3.1 WHAT BASIC NEEDS SHOULD BE MONETIZED?

When calculating the MEB, the objective is not to monetize all of a household's needs. In-kind provision for some items is more appropriate when items or services are not available in local markets, when target groups are not used to paying for them (e.g., water purification tablets) or when the need for quality and price control means that supply side interventions are preferable (e.g., health services that are free at point of access). **An MEB process only monetizes goods and services that are readily available in local markets for which the target group is used to paying and where supply side quality controls are not essential.**

However, there is a debate about whether or not goods and services that can be considered as basic rights but which are not locally available should be monetized. CALP's viewpoint is that an equivalent should be sought.

CALP'S VIEWPOINT

While some goods and services, such as energy and safe drinking water, might not be available in all the places where humanitarian actors work, they should be considered as basic needs (and right) across all contexts. From a rights-based perspective, rights are universal, not necessarily contextual. So, as an example, even if there is no electricity or safe drinking water, the equivalent expenditure for any alternative source of energy or water should be included, as a basic right. Supply side interventions should be encouraged alongside this to ensure availibility of an unavailable good or service that people can actually access if that good or service is a right.

3.2 WHAT NEEDS CAN BE COVERED THROUGH THE LOCAL MARKET?

Whether needs can be covered through the local market depends on whether goods are, firstly, available locally and, secondly, accessible to those in need. These two important concepts are defined below.

Availability refers to the physical presence of goods and services in the area of concern in sufficient quantity and quality.

Accessibility refers to people's ability to travel, obtain (pay for) and benefit from goods and services. Market access is based on elements such as affordability of goods and services, and safe transportation options. Purchasing power, age, gender and disability all affect accessibility to goods and services.

Adapted from BNA, p. 19

3.3 ALLOCATING PROPORTIONS TO FOOD OR NON-FOOD ITEMS

There is no global agreement on the proportion that should be allocated to food and non-food items in an MEB; this proportion should be determined by the context and affected people's priorities. In some contexts, food makes up the larger part of the cost of the basket while, in others, it constitutes much less. For instance, in urban contexts, rent can play a very large part in the cost of living, and the MEBs in such places reflect that. There are also contexts where most recipients prioritize health expenditures over other needs.

3.4 DECIDING WHICH GOODS AND SERVICES TO INCLUDE AND ESTABLISHING THEIR MONETARY VALUE

When deciding which goods and services to consider as part of the MEB development process, there are several expenditure types to consider including consumption and non-consumption expenditures.

Household consumption expenditure is the total value of consumer goods and services that were acquired (used or paid for) by a household for the direct satisfaction of their needs:

- through direct monetary purchases in the market or credit purchases;
- through the marketplace but without using any money as means of payment (barter, in-kind exchange); and
- from production within the household.

Non-consumption expenditure represents those household expenses that do not always directly result in meeting their own needs:

(a) compulsory and partially compulsory payments and contributions to government, including taxes, fines and fees (for services that satisfy needs less directly or tangibly, such as government services, permits, visas, waste collection, fees for financial services, etc.);
(b) donations to non-profits, charities or religious bodies; and
(c) payments made to other households as social obligations, like remittances, gifts, and family-related payments, or legal obligations, such as alimony and child support.

3.5 FREQUENCY OF EXPENDITURES

Most MEBs only include recurrent costs (i.e., items bought daily, monthly or seasonally) along with a smaller number of items bought annually or biannually. One off or occasional items e.g., kitchen items, blankets, tools, mobile phones, and many other NFIs, are assumed to only need replacing every one or two years, so the expenditure is generally distributed over 12 or 24 months in the MEB cost calculations. One-off or occasional expenditures are often dealt with via seasonal top ups or additional programming.

Recurrent expenses are those that repeat over time, as the commodity or service is consumed or expires and must be repurchased on a regular basis. The most common recurrent expenditures within a household are those of food, water, hygiene items, rent, energy for cooking and heating, and transportation.

3.5.1 REFERENCE AND RECALL PERIODS – THE CHALLENGE OF TIMING AND PREDICTABILITY

Timing and predictability complicate the creation of different sectoral baskets since expenditures from different sectors have their own frequencies e.g., termly school fees or monthly rent. Other expenditures may be for unanticipated, or emergency needs and are hard to plan for.

In most contexts where an MEB has been developed for humanitarian purposes, the **reference period is the 12 months prior to the start of the MEB process**. This enables practitioners to capture the effects of seasonality on prices and consumption, as well as some expenditure components that can only be reflected annually or semi-annually (for example, school fees or purchases of expensive assets). Shorter reference periods may, at times, be appropriate, particularly in sudden-onset crises where consumption patterns may have recently changed radically and most expenditure may happen on a weekly or even daily basis.

The reference period is distinct from the **recall periods** used in the consumption and expenditure surveys that inform the MEB. Most expenditure surveys use a mix of recall periods:

- **Food expenditures** are often collected using a 7- or 30-day recall period.

One-off or occasional expenditures are non-frequent expenditures and include **seasonal expenditures** (such as seeds and other agricultural or livestock inputs, regular medical check-ups, school fees, winter fuel costs, etc.) or **exceptional expenditures** (such as tool purchase or replacement, unpredictable medical expenses, house repair or rehabilitation, purchase of furniture or household appliances, etc.).

- **Non-food expenditures** often use different recall periods:
  - Water and energy expenditures might be assessed using a 30-day recall period
  - Expenditures on shelter maintenance and communications may use a 3- or 6-month recall period
  - Healthcare and education expenditures often use a 6- or 12-month recall period.

Data collected for periods longer than a month will be typically transformed into 30-day expenditures for the purposes of analysis; for example, by dividing a 6-month estimate of healthcare expenditures by 6 to obtain a monthly average. As a rule, longer recall periods increase the likelihood of recall errors in the collection of primary data, as respondents tend to struggle more to remember their expenditures from months ago. That said, longer recall periods are often necessary, particularly in sectors or areas where expenditures are expected to be unpredictable or unevenly distributed across the months.

CHALLENGES WITH TIMING	MITIGATION STRATEGIES
Frequency and timing of expenditure patterns for different sectors. Some expenditures are weekly, monthly, seasonal, or one-off (such as annual school fees or house repairs).	MEBs should **capture needs on a regular and seasonal basis** and aim to capture one-off or other expenditures by calculating different MEB costs as needed for different seasons. Strong communication with aid recipients and stakeholders is necessary to help understand how expenditure patterns vary over time.
Unplanned, exceptional and emergency expenditures. An MEB captures recurrent needs of the household, while acknowledging that emergency situations present different dynamics and *unplanned* needs.	**Different amounts can be calculated at different points in time,** meaning households could receive regular transfers plus some top-ups for different situations.
According to its definition, an MEB should account for regular and one-off or exceptional costs. This requires identifying basic needs a household must meet on a regular or seasonal basis. Sometimes this is taken as a basis to exclude from the MEB one-off expenditures of an exceptional nature like shelter repair, the purchase of furniture, or the medical costs to treat an injury.	**The Basic Needs Assessment** (BNA) tool defines recurrent and one-off expenditures as variations of normal monthly expenses. Although this may help our calculations, it may not correspond to how people need to pay for the expenditure. For example, if a household needs to pay for house repair, they may need this amount up front, and so providing the equivalent amount divided over 12 months will not enable them to meet this need. 'Top-ups' for one-off expenditures along with technical support (where necessary) are a possible solution to this challenge.

3.6 DO WE CALCULATE THE MEB COST PER PERSON OR PER HOUSEHOLD?

There are some complexities in defining the basic unit of an MEB. It is possible to use either **a single person or a household** as the basic unit. A household can also be composed of more than one family (related by blood, marriage or adoption). All approaches have their complications but selecting the right unit for calculation or the right blend of units for different items is a key step in designing an MEB.

The first step is to define what counts as a household unit, according to the OECD[9]:

> 'The concept of household is based on the arrangements made by persons, individually or in groups, for providing themselves with food or other essentials for living. A household may be either: (a) a one-person household, that is to say, a person who makes provision for his or her own food or other essentials for living without combining with any other person to form part of a multi-person household; or (b) a multi-person household, that is to say, a group of two or more persons living together who make common provision for food or other essentials for living. The persons in the group may pool their incomes and may, to a greater or lesser extent, have a common budget; they may be related or unrelated persons or constitute a combination of persons both related and unrelated.' (OECD Glossary of Statistics, 2002)

Creating an MEB at a household level makes sense from a theoretical point of view, as many decisions are taken within the household, and to some extent, resources are shared among household members. This makes the household a natural reference point to understand the well-being of individuals. Costing at household level reflects economies of scale for shared utilities such as electricity or shelter which are normally quantified at the household level. While there are single person households in all contexts, they are more prevalent in migration contexts where persons of concern may be travelling without the rest of their households.

The household level approach **may mask individual specific needs** arising from e.g., age, gender, disability, or other specific vulnerabilities. Costs differ for people of different ages: food for a toddler, for example, is less expensive than food for a growing teenager, and education costs for a secondary school student are typically higher than for a primary school student.

From a practical point of view, household-level design may be easier, as data is often generated at household level rather than at an individual level. If data is available, household-based calculations should aim to factor in considerations related to such vulnerabilities and their likely prevalence in households (see 'Adapting or disaggregating the MEB according to different vulnerability needs'). Experience suggests that in most contexts, MEBs are usually calculated based on an "average" household and the individual-level data that would enable any other sort of calculation is rare. Sometimes a mixture of both approaches is a practical solution: in Ukraine, for example, the ICRC estimated utilities per household and other expenditure was estimated per person.

RESOURCES

The Enhanced Response Capacity (ERC) Consortium for the Uptake of MPG's 2018 Basic Needs Assessment (BNA) Guidance and Toolbox Part 1[10] has specific questions about frequency and timing of expenditures.

9. https://stats.oecd.org/glossary/detail.asp?ID=1255
10. https://www.calpnetwork.org/publication/basic-needs-assessment-guidance-and-toolbox-part-1-background-and-concepts/

4. ACCOMMODATING DIFFERENCE: INDIVIDUAL NEEDS, HOUSEHOLD SIZE AND GEOGRAPHICAL VARIATION

THIS SECTION TAKES A DEEPER DIVE INTO:

- Designing an MEB for different household sizes.
- How to accommodate individual vulnerabilities.
- Adapting to regional or geographical variation.
- How many MEBs might be needed per context.

4.1 DESIGNING AN MEB FOR DIFFERENT HOUSEHOLD SIZES

The majority of MEBs, particularly in the early phase of a crisis, are constructed for a set number of people per household because it is easier and quicker. This approach makes sense where most of the cost of the MEB will be taken up by goods and services are consumed on a per-person basis. The household size used is usually the average household size for the country or locality.

In some contexts, the adjustment for household sizes is done by calculating the cost of the MEB per person and then dividing the total value of the MEB by the number of persons in what has been agreed to be the average household. This is practical and easy but not entirely accurate, as household members' consumption patterns may differ by age or other characteristics as highlighted in the previous section. Examining the expenditure patterns of differently sized households can address this inaccuracy to some extent.

COMMON WAYS OF DESIGNING AN MEB FOR DIFFERENT HOUSEHOLD SIZES	ADVANTAGES	DISADVANTAGES
Uniform national average HH size	• Quick and potentially easier to calculate costs. • Tends to favour smaller households, which tend to have higher per-person costs.	• Tends to mean larger households may not be able to cover their needs adequately (note that this might accentuate social divisions if larger households tend to belong to certain groups). • Needs good communication, as it is easy for larger households to perceive unequal treatment.
Locally calculated HH sizes	Helps to adjust payments to better adapt to local family size differences.	Local averages may mask differences among majority and minority groups in the same areas.
Allocating for small/medium and large family sizes (e.g., less than 3 people, 4–6 people, more than 7 people)	• Tends to be a fairer distribution that leaves households more satisfied. • Tends not to accentuate social divisions.	• Can take more time to achieve. • Requires up-to-date information on patterns in household size and usually a more resource intensive registration and verification process (unless there is a national registry or dataset that can be used for this information). • More complicated to understand and communicate.
Offering separate allocations for single-person households	• Helps to account for the high costs of single-person households.	• Can take more time to achieve. • Requires up-to-date information on patterns in household size and usually a more resource intensive registration and verification process (unless there is a national registry or dataset that can be used for this information). • More complicated to understand and communicate.

Equivalence scales	• Different types of household members are assigned a value in proportion to their needs. E.g.:
	  • The OECD equivalence scale assigns a weight of 1 to the household head, 0.7 to all additional adults, and 0.5 to all children. A household with five people, e.g., two adults and three children, consists of 3.2 adult equivalents (1 + 0.7 + 0.5 + 0.5 + 0.5).
	  • Some give a weight of 1 to each adult and different weights to children depending on their age. E.g., the official poverty line in Zambia gives the following weights to children: 0–3 years: 0.36; 4–6 years: 0.62; 7–9 years: 0.76; and 10–12 years: 0.78.	

Decisions about how differences in household size are dealt with should be based on the following:

- the overall objective of the MEB;
- the speed at which the MEB is required;
- details of the specific context;
- the type of data available for the calculations; and
- the degree of difference in household size, and how that may align with local social divisions.

If there is sufficient data and time, and humanitarians plan to use the MEB to design a programme that can accommodate more complex registration, verification and payment procedures, CALP recommends that efforts should be made to try to calculate separate MEB costs for various household sizes or compositions. If humanitarians are dealing with a response where the driving factor is to act quickly to save lives, the recommendation is to calculate for an average household size and revise the MEB later when there is more time.

A WORD OF ADVICE FROM THE RED CROSS TOOLKIT[11]:

It is simpler to give a fixed transfer regardless of household size but more equitable to give more money to households with more people. However, making the transfer dependent on household size may be challenging, especially in emergencies, because it requires updated and reliable information on household size and more complex registration and payment procedures. Eventually, you will need to make a compromise between what is fair and what is feasible.

11. IFRC Cash in Emergencies Toolkit 2018 https://cash-hub.org/guidance-and-tools/cash-in-emergencies-toolkit

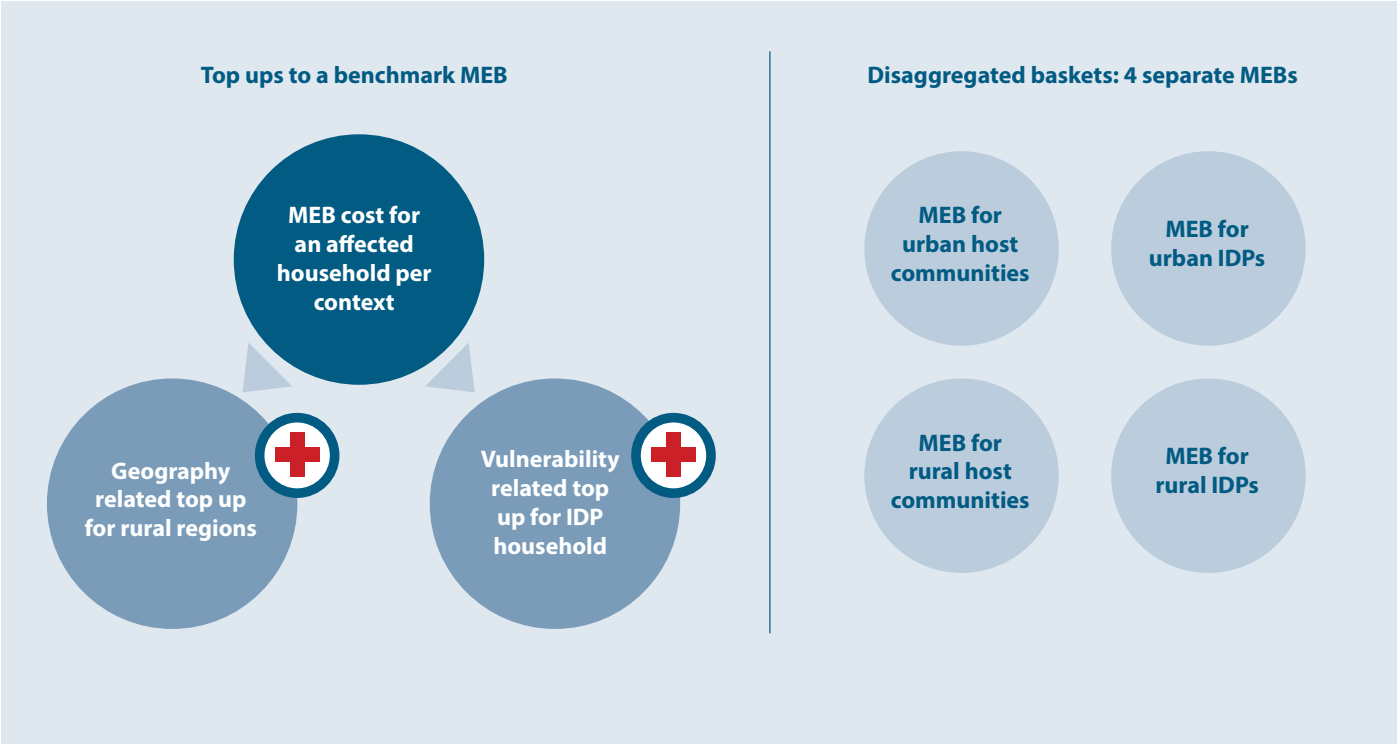
4.2 ADAPTING OR DISAGGREGATING THE MEB ACCORDING TO DIFFERENT VULNERABILITY NEEDS

The MEB usually aims to capture the minimum essential needs for an average socio-economically vulnerable household affected by a humanitarian crisis, and therefore does not account for the additional requirements of distinct groups such as pregnant women, older people, people living with disabilities/chronic disease, etc. In some cases, though, there may be a need to disaggregate the MEB or provide top-ups according to the different types of need these groups face.

Such adjustments mean that the MEB becomes a more realistic threshold to calculate transfer values.

There are ongoing discussions on the best way to reflect these differences. Some advocate setting **benchmarks** that can be used as a reference point against which top-ups to the MEB can be calculated. Others think that **disaggregated baskets** where two or more separate MEBs are developed for different types of vulnerability needs (or geographies – see next section) can be formulated. There are important risks to consider when developing different baskets for different people or geographies, particularly in tense, or insecure environments. Whichever strategy is chosen, it is important to communicate the rationale for and details of this approach clearly to communities.

Figure 7: Two approaches to adapt MEBs to different needs



COMMON CRITERIA FOR CATEGORICAL TARGETING

- Presence of older people
- Condition (pregnant/lactating women; people with disabilities)
- Household size
- Dependency ratio (number of youths, older people, disabled or ill, compared with the number of able-bodied adults)
- Presence of children (child under the age of two)
- Single-parent household

Source: R. Goodman (Feb. 2013). *Haiti: Building National Safety Nets.*

Disaggregating the MEB according to different types of vulnerability can be useful for responses which plan to use categorical targeting. The age and gender of household members affects the price of items from clothes to school fees to healthcare costs. People with disabilities often also incur extra expenditures in their daily living costs. **It is recommended, where possible, to disaggregate these expenditures in the MEB cost calculations to increase accuracy.** Below are some important considerations to keep in mind:

- **Calculating children's** needs as a percentage of adult's needs to be carefully assessed in each context as it may not accurately reflect the needs of children e.g., children may have education related expenses that adults do not.

- **Older people** tend to have higher health-related expenses. They also tend to have lower capacities and mobility and thus incur additional costs, including those related to transport to access markets, healthcare or pharmacies. Older people may also have less familiarity with or ability to use information or mobile technologies, which may also increase their costs (for example, if they need to visit a bank branch due to a lack of familiarity with ATMs or mobile money). An MEB should either be adjusted to cover additional costs (such as increased use of health or transport) or this specific vulnerability should be registered as part of a wider process (with relevant agencies or authorities, for example) to ensure that these additional needs are met in other ways. Learn more about cash and older people in 'Food Security and Livelihoods for Older People in Emergencies'[12] and 'Cash Transfers in Emergencies: The Case of Indonesia and Vietnam'[13]; see also CBM et al.'s Humanitarian inclusion standards for older people and people with disabilities.[14]

- **Gender** may influence patterns or norms in expenditure. Sometimes, male heads of households spend more on issues relating to residency permits, communication and transportation, whereas female heads of households have greater responsibilities for expenditure associated with children e.g., education, clothing and food. When developing MEBs, gender analysis should help identify a more accurate understanding of existing gender patterns in expenditure as well as the reasons for this. When conducting an expenditure survey, it is critical to collect data from both men and women in the household, or to sample different genders in different households, to ensure that the data does not reproduce a bias towards male-driven expenditures, reinforce ideas of male ownership of household finances, or fail to cover expenditures for which women take more responsibility.

In the Far North region of Cameroon, the International Rescue Committee (IRC) decided to incorporate a gender focus into its SMEB. It worked with an average of 2,300 kCals per person per day (instead of 2,100) to accommodate pregnant and lactating women's food needs. The recommended daily energy requirements for pregnant and lactating women is 2,500 kCal/person/day.

- **Disability** creates extra costs. Many people with disabilities experience higher costs in their daily living expenses. Firstly, they may be required to purchase items and services that are specific to their disabilities (e.g., assistive devices, rehabilitation services and medicines). Secondly, when purchasing goods and services which are also purchased by persons without disabilities, persons with disabilities can incur extra access costs (e.g., transport). Guidance on calculating disability-related expenses is available in this report by Development Pathways.[15]

Most of the MEB efforts known to date have implemented a single basket composition for every household with, at most, some geographical disaggregation of MEB composition/costs. In very rigorous examples, a mechanism for increasing or decreasing the MEB cost based on household size has been included. The ability to disaggregate into different baskets will depend greatly on the information available. Every new benchmark or basket is a whole new process which requires time, effort, consultations, and buy-in. Consequently, adjusting to specific needs and vulnerabilities is most often done via top ups or other services rather than via the MEB.

12. Collodel, A. (2012) *Food Security and Livelihoods Interventions for Older People in Emergencies* HelpAge
13. Narayann, U. (2009) *Cash transfer in emergencies: The case of Indonesia and Vietnam* HelpAge
14. Christian Blind Mission, Handicap International-Humanity & Inclusion, HelpAge International (2018) *Humanitarian inclusion standards for older people and people with disabilities* https://reliefweb.int/report/world/humanitarian-inclusion-standards-older-people-and-people-disabilities
15. Kidd, S. et al. (2019) Leaving No-one Behind: Building Inclusive Social Protection Systems for Persons with Disabilities. Disability-overview-report-2019April07.pdf (developmentpathways.co.uk)

4.3 ADAPTATION TO DIFFERENT GEOGRAPHIES

If assessments being used to develop an MEB do not include analysis of the different conditions and costs in different regions of the country (such as rural, urban or peri urban, highland or lowland, coastal or inland, etc.), the MEB may not reflect the fact that costs, expenditures and income opportunities often differ across these diverse geographies. Urban and rural populations are most likely to face different costs due to market price variations, but also due to additional or differing expenditures on items and services such as housing and utilities.

The 2018 Sphere Handbook contains new guidance for working in urban settings, including:

- In out-of-camp and urban contexts, it is important to ensure that the MEB accounts for domestic water provision costs.
- In urban settings, humanitarians should contextualise household food expenditure indicators, particularly in dense low-income settlements where opportunities for own production may be non-existent and reliance on markets complete.
- Do not assume that food is always a household's largest expenditure. In urban settings non-food expenses, such as rent and heating, may be relatively higher. Thus, in the Iraq MEB (2018), for example, the highest percentage of the cost is allocated for rent (37 percent) while food accounts for 32 percent.

CASE STUDY EXAMPLES OF DIFFERENT APPROACHES

- In Somalia, the Food Security and Nutrition Analysis Unit developed four sub-baskets for minimum expenditures: two cover rural and urban towns in Somaliland and the other two cover the rural and urban towns in the rest of the country.
- In some cases, like Lebanon, the MEB applies at a national level, but selected components, like shelter, can reflect regional differences in cost.
- In the Democratic Republic of the Congo, there is a basket amount per province.
- In Iraq, the final output is a single basket. However, the final figures are a weighted average based on the total number of people in need (host community, internal displaced persons and Syrian refugees) in each of the governorates.

GUIDANCE FROM WFP MEB GUIDANCE ON CONSTRUCTING DIFFERENT MEBS FOR DIFFERENT REGIONS

Price the baskets based on available price data in different regions or urban/rural areas. For the food basket, this is possible using the WFP Vulnerability Analysis and Mapping (VAM) price database[16] or other similar price series. For non-food items, housing, utilities and services, this can be more challenging and may rely on price data collection by partners or require new data collection.

For some countries, price data provided by the national statistical office are useful. In the case of Turkey, [government-calculated] regional purchasing power parity indices were used to provide price estimates for components of the MEB for which direct price information was not available.

Use approximations from expenditure data. If the household survey has sufficient regional coverage, the expenditure levels in different regions can be explored, using the cohort of households just above the poverty line. Care should be taken in using this method, particularly if the sample size is very small by region.

16. https://dataviz.vam.wfp.org/economic_explorer/prices

4.4 HOW MANY MEBS DO WE NEED?

There is usually one MEB basket per context, designed to apply nationally. Sometimes, the cost of the MEB may be made specific to regions or population groups. Different costs can be justified if there is a degree of similarity in the needs and consumption patterns between regions or groups, alongside a significant difference in cost for one region or group compared to the rest of the population that justifies a separate threshold. Such a difference might come from markedly higher or lower prices in different regions; in Yemen in 2019, for example, separate MEB costs were calculated for the north and south of the country due to a near-complete lack of market integration among different areas of control and abnormal price fluctuations in the south. Consequently, the cost of the South Yemen MEB was made 15% higher to accommodate this difference. However, host communities and displaced populations might have different expenditure patterns and so there might be different MEB baskets for a range of reasons (e.g., for cultural reasons, because their access to markets is different, or because some goods and services are already provided in camps).

RESOURCES

For more information on how to ensure equitable access to CVA for older people and people with disabilities, check the Age and Disability Consortium's (2018) Humanitarian inclusion standards for older people and people with disabilities.[17]

With financial contributions from donors including the European Union, WFP is able to provide a hybrid model of cash and in-kind food assistance, permitting refugees to buy the food of their choice. Cash assistance to refugees boosts incomes in local economies through added demand for goods and supplies from host communities and refugees.

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17. https://reliefweb.int/sites/reliefweb.int/files/resources/Humanitarian_inclusion_standards_for_older_people_and_people_with_disabi....pdf

5. DATA SOURCES AND MANAGEMENT

THIS SECTION FOCUSES ON DATA NEEDS – WHAT DO WE NEED, WHAT CAN WE USE AND KEY REQUIREMENTS:

- Data availability is the foundation of an MEB: what already exists and what must be collected.
- The use of existing secondary data e.g., an existing MEB, can save time and resources but if it is not adequate, humanitarians will need to collect primary data.
- Making sure that different data sets are compatible before using them together.

The first step should always be to establish whether an MEB has already been developed in or near your context. Has another locally present agency, or one in a neighbouring area, developed an MEB at any point that can be localized and/or updated? In sudden-onset emergencies where time is of the essence, MEBs developed in neighbouring countries can be adapted to local norms and costs.

Decisions about what is included in the MEB as well as what counts as a minimum will determine the type of goods and services upon which the basket will be built, but it should ultimately be the affected people themselves that define what is a priority need. Thus, the items and services included in an MEB should be those that:

(a) can be found through **local markets or service providers;** and

(b) **households are likely to prioritize** on a regular or seasonal basis to ensure their survival and maintain minimum living standards.

Where using an existing MEB as a secondary data source, check the following:

- Have specific foods, non-food items, and services been included in the composition of the basket?
- Does the composition of the basket account for needs that have arisen because of the current emergency?
- Does the calculation of the basket cost reflect prices and expenditures that are accurate for this moment in time, or can these prices and expenditures be updated easily?
- Does the composition of the basket align with IHL, IHRL and Sphere standards?

If the answer to **some** of these questions is 'no', use what you can to complement your MEB methodology and explore different ways of filling the gaps. Consider searching for more secondary data or, if resources and context permit, collect primary data to fill the gap.

Basic needs assessments – In most cases, while the MEB value is being determined, there will be one or more assessments taking place to estimate the effect of the crisis on affected communities and the level of their needs. This includes a Multi-Sector Needs Assessment (MSNA), or a Household Economic Analysis (HEA). Such assessments may also estimate (on average for a typical household) what resources people have and may therefore be used to inform the MEB design.

If the answer to the **majority or all** of the questions was 'no', then it will be necessary to build an MEB from scratch.

5.1 HOW TO INCLUDE AFFECTED PEOPLE'S PRIORITIES IN AN MEB

An MEB that does not accurately represent people's basic needs or priorities will not be useful for MPC programming or transfer value determination. During the 2004 Asian tsunami, for example, heavily indebted households repaid debts with grants that were intended for asset rebuilding. This behaviour indicates that, for these households, debt repayment was a priority, yet this critical piece of information had not emerged from post-crisis assessments.

Together with the Uganda Assessment Technical Working Group, REACH developed a questionnaire for focus group discussions (FGDs) with refugees in Uganda to validate and adjust proposed MEB components according to affected communities' realities and priorities. You can access the FGD tool online.

Where available, people's basic needs, priorities, expenditure patterns and access to markets should be understood through existing primary and secondary data. Where secondary data is not available or adequate, you might consider collecting primary data, and/or consulting with members of the target group to validate a draft MEB. The scope and scale of data collection will vary by context and will largely depend on the nature of the MEB process (full or light), the time you have available, resources and the availability of secondary data. It is best practice to coordinate data collection across agencies, and to ensure that you opt for a 'good enough' approach to data collection, rather than over-collecting data that may not necessarily be used. Other NGOs or UN agencies may have existing assessment data they can contribute, or you may decide to conduct data collection, either through household-level surveys, interviews or FGDs; and/or collecting prices from local markets to fill critical information gaps when constructing the MEB.

Primary data can be collected through different means (household interviews, key informant interviews, focus group discussions, etc.). If collecting primary data, wherever possible, ensure that interviews are conducted with both men and women separately and that people who are traditionally less outspoken due to social norms are able to contribute their views in a safe space.

WHAT NEEDS TO BE DOCUMENTED WHEN TALKING TO PEOPLE? LEARNING FROM UGANDA, 2019

- Systematically document needs, priorities, expenditures, preferred modalities of assistance and preferred delivery mechanisms, as well as understanding refugees' interactions with markets and trade patterns with host communities.
- Understand aid recipients' plans to achieve self-reliance by facilitating community problem-mapping and solutions discussions.

There is more information available about the 2019 MEB process in Uganda.

5.2 DO SECTOR STANDARDS EXIST?

Another challenge is that some sectors might not have detailed rights-based standards to merge with household expenditure data. Standards are available for several key sectors but other expenditure categories, such as transport, communication, or community development, do not have defined standards for what constitutes a minimum acceptable level. For these categories, it is recommended that average household expenditures on these goods and services of the reference cohort be used for the MEB. Such data can be collected during HEA baseline assessments, Multi-Sector Needs Assessments (MSNAs), or other household assessments into which expenditure indicators can also be incorporated.

RESOURCES

Construction of an MEB is part of WFP's Essential Needs Approach Guidance[18] and is also included in the ERC's Basic Needs Assessment (BNA).[19]

18. Husain, A., et al. (2020) *Essential Needs Assessment Guidance Note* WFP's Research, Assessment and Monitoring (RAM) Division and the Cash-Based Transfers (CBT) Division
19. Enhanced Response Capacity (ERC) Consortium for the Uptake of MPG's (2018) *Basic Needs Assessment (BNA) Guidance and Toolbox Parts 1 and 2*

5.3 WHICH OTHER DATASETS CAN BE USED TO CONSTRUCT AN MEB?

If expenditure surveys and the detailed cluster/sector information described above are unavailable, then the following national data sources can be considered to construct an MEB.

POVERTY LINE	CONSUMER PRICE INDEX (CPI)	MINIMUM WAGE
A nationally agreed threshold under which an individual is considered to be living in poverty. **NOTE**: Poverty is not a uniquely defined concept, so different countries have different ways of quantifying it (absolute vs. relative, income poverty vs. relative deprivation, consumption vs. capabilities). There is an inevitable arbitrariness in choosing any poverty line, no matter how carefully it is constructed; just make sure you understand it.	According to the International Monetary Fund, the CPI is an index that measures changes in the process of goods and services purchased or otherwise acquired by households, to satisfy their needs. Most CPIs are calculated as weighted averages of the price change percentages for a specific basket of consumer products, the weights reflecting their relative importance in household consumption in some period. You can find every CPI by nation here on the IMF website.	According to the ILO, this is the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract. Read more from the ILO here. **NOTE:** Some critics argue that minimum wage tends not to be an accurate representation of the true costs of living because it is set by law, not determined by costs. The minimum wage can have a planned increase or be indexed to the CPI to keep up with the true cost of living.

Using a government-defined basket can be particularly important in countries where humanitarians plan to align their programming with government-led social safety net programmes based on a national consumption basket.

A NOTE FROM WFP MEB GUIDANCE ON MINIMUM WAGE[20]

Consider using the minimum wage as a proxy. Bear in mind that while the MEB captures household-level needs, the minimum wage is individual-level income, so an assessment of how many minimum wages are needed per household depending on the household size is required. It is also advisable to find out how the minimum wage has been constructed. The advantage with this approach is that it is aligned with government approaches.

20. Husain, A. et al. (2020) Minimum Expenditure Baskets Guidance Note https://docs.wfp.org/api/documents/WFP-0000074198/download/

5.4 WHAT IF HOUSEHOLD ECONOMY APPROACH DATA IS AVAILABLE?

The Household Economy Approach (HEA) is an approach for analyzing food security and livelihoods. It is based on understanding how households normally access income, food and other items/services required for survival, established through a baseline analysis. As part of the baseline, the HEA defines livelihood zones where households share similar strategies for obtaining food and income. It also divides households within these livelihood zones into wealth groups (3–4 or more). The HEA baseline quantifies the sources of food and income and the expenditure patterns for each wealth group and livelihood zone.

The information collected on expenditures as part of the HEA can be used as a data source for developing an MEB. However, due to the nature of the wealth cut-off points used, there is no set standard regarding which group should be the reference for the MEB. If HEA data is utilized, it is important to understand how it was collected; the HEA is simply an analytical framework, not a set method for data collection. While HEAs are often conducted through qualitative methods (e.g., focus group discussions), they may also be based on quantitative modules in household surveys. The latter yields more rigorous information; qualitative data can still be used but should be cross-checked or triangulated with other sources.[21] For more detail, see the HEA Resilience Study.

5.5 IS THE SECONDARY DATA THAT IS AVAILABLE ADEQUATE FOR MEB CALCULATIONS?

Before deciding to use available secondary data, take the threshold you are planning to use (for example, the poverty line) and run through this checklist:

ADEQUACY OF SECONDARY DATA FOR CURRENT USE

Answer **yes or no** to the following questions to assess the adequacy of any reference/secondary data you use to inform the MEB design.

- Is the dataset **constructed on expenditure?** Most countries use median income, not expenditure, to set their national poverty lines.
- Is the dataset built against the **consumption habits of the target population**, particularly in terms of adequate nutrition and minimum living standards? Household consumption habits could be culturally appropriate but substandard, particularly in food-insecure contexts. Host and refugee/displaced populations might have different habits.
- Does the dataset reflect the needs of **socio-economically vulnerable households** who would be eligible for CVA? Some consumer price indexes are built around the consumption habits of an 'average' household, in some cases including upmarket and luxury items, which generally do not match those of households targeted by humanitarian aid.
- Does the dataset consider **potential differences** in consumption patterns and prices that exist across regions?

If you answered 'no' to **some** of these questions, use what you can to complement your MEB methodology and explore different ways of filling the gaps. Consider searching for more secondary data or, if resources and context permit, collect primary data to fill the gap.

If you answered 'no' to the **majority or all** of the questions, you need to build an MEB from scratch.

21. Husain, A. et al. (2020) *Minimum Expenditure Baskets Guidance Note* https://docs.wfp.org/api/documents/WFP-0000074198/download/ (pp24)

5.6 DATA USE IN HYBRID APPROACHES

There are different ways to begin data collection for this approach. It is possible to start with an itemized rights-based list derived from clusters and/or bodies of standards that is then priced. Costs can be estimated using a mixture of sources. Some can be calculated using price monitoring data (usually more available for food, hygiene and fuel), data from key informants (usually more practical for the cost of utilities and rent), or average expenditures of socio-economically vulnerable households from household survey data (usually a compromise for hard-to-calculate categories like transport, energy, protection and health). It is important that the cost of each component is triangulated with household survey data and other secondary data available in-country to ensure the calculations are realistic.

The process may also begin with expenditure data (actual consumption) that is complemented with information from a rights-based approach. For example, as mentioned above, if information collected from the reference cohort in the expenditure-based approach is considered to show insufficient consumption from a rights-based perspective, humanitarians should identify expenditures that are 'too low' and consider if these should be supplemented with rights-based MEB elements.

A HYBRID APPROACH: UGANDA, 2019

The Ugandan MEB was mainly constructed on a **rights-based approach**, building upon internationally endorsed humanitarian standards. The basket was built with goods and services based on these standards and priority needs from the perspective of refugees. Then, items for which a lack of income was one of the main barriers to satisfying needs were prioritized. A market lens was applied to ensure the different items were available in the market and costed at actual local prices. The MEB process also **included expenditure-based analysis** to ensure the MEB was consistent with demand behaviour. This was achieved through triangulation with data collected from host communities and the use of national statistical data, including a national poverty assessment report, to ensure harmonisation. For more information, see the Uganda MEB Harmonisation Guidance.

5.7 PRIMARY DATA COLLECTION

Should secondary data be not available or adequate, humanitarians may consider collecting primary data, and/or consulting with members of the target group to validate the draft MEB. The scope and scale of data collection will vary by context and will largely depend on the nature of the MEB process (full or light), the time available, resources and the availability of secondary data. Other NGOs or UN agencies may have existing assessment data they can contribute, or those constructing the MEB may decide to conduct data collection, either through household-level surveys, interviews or FGDs; consultation with clusters, and/or collecting prices from local markets to fill critical information gaps. It is best practice to coordinate data collection across agencies, and to ensure that you opt for a 'good enough' approach to data collection, rather than over-collecting data that will not necessarily be used.

5.8 MAKING SURE THAT DIFFERENT DATA SETS ARE COMPATIBLE

Is the data compatible enough for different MEB approaches to be aligned? One important thing to keep in mind when combining expenditure-based and rights-based approaches is the level of detail of the different datasets being used to determine the value of each. The datasets need to be compatible or there is no point in comparing them. For example, if you have developed an itemized rights-based list of market commodities to incorporate into your MEB, but the only source of household expenditure data divides expenditures by category rather than by item then, regardless of how much political will there is, it will be difficult to bring the two datasets together.

Similarly, if other poverty line data is available and relevant, it is critical to ensure that the secondary and primary data sets are comparable. This means that if planning to undertake primary data collection, the data collection methodology must be adjusted to make it as consistent as possible with the secondary data collection methodology. If the poverty line is constructed using detailed data but the assessment of household needs you produce is less detailed, errors are likely to occur.

RESOURCES

For a comprehensive list of the data required to develop an MEB, see the WFP (2020) Minimum Expenditure Baskets Guidance Note p.24

6. CHOOSING BETWEEN DIFFERENT APPROACHES TO THE MEB

THIS SECTION EXPLORES:

- The three main approaches – expenditure-based, rights-based and hybrid – to incorporating multi- and cross-sectoral needs into an MEB and shows how these are used with regard to food and non-food items.
- What we mean by hybrid approaches and how these are viewed as best practice because they allow pragmatic adaptation to different contexts.
- The survival versus minimum expenditure basket debate.

6.1 THREE DIFFERENT APPROACHES

There are three main approaches to incorporating multi-sectoral and cross-sectoral needs into an MEB as defined in Chapter 1.

A **rights-based approach** uses assessed needs and standards (e.g., rights as protected by international human rights and humanitarian laws, Sphere standards, national technical standards) to define the composition of the basket, and local market prices to define the cost.

An **expenditure-based approach** focuses on effective demand by using local consumption patterns to define the composition and cost of the basket.

A **hybrid approach** is a pragmatic option combining rights-based and expenditure-based elements.

Each approach has advantages and disadvantages, often dependent on the realities of a particular context such as data limitations, funding constraints, and political issues. Most practitioners recommend using a **hybrid approach**, taking the best of each methodology and applying it to suit the particular context. The hybrid approach permits the use of differing data sources and more flexible adaptation to different situations.

AN EXPENDITURE-BASED APPROACH focuses on effective demand to define the composition and cost of the basket.	**A RIGHTS-BASED APPROACH uses assessed needs and standards to define the composition of the basket, and local market prices to define the cost of the basket.**
An expenditure-based MEB describes real costs based on consumption patterns identified through household surveys, market assessments, household expenditure profiles, and other household economic data. This is an approach widely used for defining national poverty lines, based on defining needs according to monthly household expenditures of the poor. **NOTE –** Most of the success of an expenditure-based approach relies on the ability to identify the cohort of households who are just able to meet their survival needs. If the MEB is designed to capture the expenditure needs of the poorest households, it will very likely not be adequate to meet minimum needs. Refer to the WFP MEB Guidance, pp. 10–14, for more information on how to identify this cohort.	This approach implies access to full rights as defined by international humanitarian law (IHL) and international human rights law (IHRL) that protect the right of crisis-affected persons to food, drinking water, hygiene items, clothing, shelter, and life-saving medical care. The Sphere standards build on this definition, adding basic sanitation, contagious disease prevention and education. National-level sectoral standards should also be considered. In some cases, international and national sectoral standards have not been defined. Community or technical standards may be used in these cases. **NOTE –** A rights-based MEB is usually driven by the Cash Working Group (CWG) in-country and starts with sectors providing itemized lists. See the Sphere Handbook for more information.

A HYBRID APPROACH is a pragmatic option and most MEB processes are ultimately hybrid to some degree (for example, a food component based on local consumption patterns, but with quantities modified to better match Sphere standards for nutritional balance). A hybrid approach to constructing the MEB is, in many cases, the best practice.

This mix of approaches is decided on a case-by-case basis depending on the information available in the context. A hybrid MEB can, for example, consist of sectoral item lists that fulfil Sphere minimum standards and are triangulated with needs assessments, and the cost of the basket can be calculated using household expenditure information.

A hybrid approach combining the expenditure and rights-based approaches can make the MEB more pragmatic and operationally useful i.e., using the rights-based lens but also making sure that the MEB is consistent with demand behaviour (the expenditure approach).

Hüseyin and his family fled to Türkiye in 2014. When they first arrived, local people helped him and his family, especially the local authorities of the neighbourbood provided support for the family. Local people usually assist them with their needs, and they have not any regular income other than the Red Crescent card (Kızılaykart). Thanks to Emergency Social Safety Net (ESSN) monthly cash assistance provided by IFRC and Turkish Red Crescent via debit card to 1.5 million refugees and funded by the European Union, Hüseyin and his family were able to meet some part of the rent.

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The table below shows how expenditure and rights-based approaches are used (food and non-food), as proposed in the WFP's Minimum Expenditure Basket Guidance Note and the World Bank's guidance. Hybrid approaches are discussed in further detail below.

FOOD
The MEB is meant to provide a **'healthy long-term diet'** that offers **'reasonable dietary diversity'** based on locally available foods. The food basket, referred to as the healthy diet food basket, contains food items and nutrients required for a diverse and adequate quantity, and is designed to cover an average of 2,100 kcal per person per day.

EXPENDITURE-BASED APPROACH	RIGHTS-BASED APPROACH
The food basket is assembled by calculating the mean (and/or median) expenditures on key food items for the reference cohort. This requires analysing consumption patterns of households just able to meet their survival needs, taking into account cash expenditures, credit expenditures, the value of any food produced by the household, and the value of other assistance that is consumed. If measured without any other items in an MEB then the food basket may also include other commodities required to process raw food products into something digestible (i.e. cost of water or cooking fuel). For more detailed information on different approaches to the food component of the MEB, see the WFP MEB Guidance (pp. 15-18).	The food basket is compiled from a list of locally consumed food items and their quantities that meet an individual's **survival energy needs** in the short term (2,100 kcal). **The Cost of Diet (CoD)[22] standard includes food and nutrient diversity** and can be used for the MEB design for an average household if it has already been calculated in the area. The CoD is a gold standard approach but is not widely used due to how resource intensive it is to calculate. It is more common to use the Nutval tool with locally contextualized food items as a lighter-touch approach that can produce similar results or draw from existing nutritionally balanced FSL food baskets that are already being used for in-kind assistance. The MEB aims to capture an average socio-economically vulnerable household and top ups are often the best way to address special needs. Note too that the Cost of Diet costs typically 50–100 percent more than a diet that meets just the survival energy needs of an average household. For more information, please see the Sphere Handbook, and refer to the Nutval and Cost of Diet links above.

NON-FOOD
Non-food global standards do not exist in the same way as for food standards. This means that the non-food basket must compile global and local standards based on consultations with different in-country sectors.

22. The Cost of the Diet is an innovative method and software developed by Save the Children UK to estimate the amount and combination of local foods that are needed to provide a typical family with a diet that meets their average needs for energy and their recommended intakes of protein, fat and micronutrients

The non-food basket can be established with different levels of detail, depending on the available data and the level of granularity desired. Begin by calculating the mean (and/or median) expenditures on key non-food items for the reference cohort.

If the non-food expenditure data is sufficiently detailed in some or all categories, it can be used to identify specific non-food items that can be incorporated into the basket and monitored consistently; this should be considered best practice. For categories where data is insufficient, as well as those that are difficult to break into specific items (e.g., health, transport, rent, etc.), expenditures can be analyzed by category and the categorical expenditures can be incorporated into the MEB as lumpsums.

The precise non-food components can vary by context but would generally include the components discussed in the section on the rights-based MEB. For more detailed information, please see the WFP MEB guidance, pp. 19-20.[23]

More detailed information on expenditure and MEBs can be found in Chapter 7 'Including sectoral and cross-sectoral needs'.

Some Global Clusters are now developing guidance to include sector-specific needs in MEBs for both one-off and recurrent use. These are needed to fulfil minimum rights identified through standards. Different items may be relevant in emergency and recovery contexts.

The cost of the basket is calculated based on the cost of the goods and services required to fulfil the identified needs in the local market.

Please refer to the section on developing sectoral baskets with details on various cluster and other guidance.

6.2 ADVANTAGES AND DISADVANTAGES OF THE DIFFERENT APPROACHES

The three differing approaches have advantages and disadvantages. This is partly because there is a difference between what a household currently spends to cover a need and what it would cost to cover that need through the market alone. People engage in bartering, own production, and a range of positive and negative coping strategies to access goods and services and may, in some cases, have to go without certain needs to ensure that others are adequately covered.

EXPENDITURE-BASED APPROACH	
PROS	**CONS**
• Seen as a **more pragmatic and easier** way to define the composition of the basket and set the amount. • Considered to fill an information gap that is otherwise difficult to fill and to be more **objective** and **accurate**. • When secondary expenditure data is available, the MEB can be more grounded in local reality and thus be more appropriate and sustainable.	• Using only expenditure data risks not meeting the humanitarian standard, as poverty forces people to restrict their consumption of certain items and services. Such reduced expenditures may not adequately meet their basic needs *(Note: This can be mitigated by defining a reference cohort of households slightly above the poverty line, which avoids reproducing the expenditure patterns of those who do not have sufficient resources to live a dignified life. If the expenditures of the cohort just above the poverty line are still considered inadequate from a rights perspective, the alternative is to use a hybrid approach, detailed below.)*

23. Husain, A. et al. (2020) Minimum Expenditure Baskets Guidance Note https://docs.wfp.org/api/documents/WFP-0000074198/download/

RIGHTS-BASED APPROACH	
PROS	**CONS**
• Seen as **representative** of actual needs in all their diversity and the actual costs of fulfilling them. • Directly aligned with **agreed global and local standards**. • A potential **advocacy tool** when actual consumption is below levels recommended by the MEB. • Useful for contexts where access is restricted (due to e.g., insecurity or an epidemic) or where good needs or expenditure data does not already exist.	• The list of ideal market items may be correct by the Sphere standards but unrealistic in the local context due to patterns of use by local people, availability, etc. • There is the risk of a disconnect with local standards and consumption habits. Many non-food needs are often more contextual and are not easy to anchor in a specific, universal threshold (e.g., Sphere standards of 2,100 kcal per person per day). • The Sphere standards offer very helpful global standards for the composition of food baskets, hygiene baskets, and shelter kits that can be translated directly into a rights-based MEB. For other sectors, though, they are more general and do not provide such instantly usable guidance for MEB assembly. • Some standards are not easy to convert into specific market items or services that can be incorporated into an MEB (such as the shelter standard which requires 'a well-ventilated, well-lit, low-fire-risk home with a shady area for cooking').

(Table content adapted from WFP's (2020) Essential Needs Assessment Guidance[24]

AN EXAMPLE FROM CARE ZIMBABWE FROM THE IMPACT OF CASH TRANSFERS ON RESILIENCE, 2017, P.9. [25]

How designing an MEB or transfer value based on expenditures can poorly reflect actual household costs and needs

'The Zimbabwe case study demonstrated that the transfer values did not initially reflect the real market prices of basic, key consumer goods; therefore, there was the risk of greatly diminished impact. Our analysis suggested that because of the way transfer values were calculated in Zimbabwe – using average household expenditure on food (from the demand side) and not real food prices through market assessments (the supply side) – the effect on per-person expenditures, food consumption levels and in turn, negative coping strategy use, remained modest and uneven. As such, the transfer likely failed to strengthen absorptive and adaptive capacity to the extent that it could have if it had been calculated using a different, more robust method grounded in real market prices.'

24. Husain, A. et al. (2020) *Essential Needs Assessment Guidance* https://docs.wfp.org/api/documents/WFP-0000074197/download/
25. Jovanovic, V. (2017) *The impact of cash transfer on resilience: A multi-country study* https://insights.careinternational.org.uk/media/k2/attachments/CARE_The-impact-of-cash-transfers-on-resilience_2017.pdf CARE International, UK.

6.3 A DEBATE: SURVIVAL MINIMUM EXPENDITURE BASKET VS MINIMUM EXPENDITURE BASKET

*A **survival minimum expenditure basket (SMEB)** is a lower value subset of the **minimum expenditure basket (MEB)**. A **SMEB** requires the identification and quantification of goods and services that ensure a household's short-term minimum basic survival needs only. Delineating the threshold for survival and differentiating a SMEB from a MEB is not currently a standardized process. While a SMEB might be used for various political, technical and/or funding reasons, arguably it is better practice (including for advocacy purposes) to develop a full MEB that enables people to meet all **basic needs** and minimum living standards. Then, if necessary due to a funding or other constraints, develop a final **transfer value** that covers only part of the gap.*

CALP Network Glossary, 2022

One of the most complex and divisive issues in developing a MEB is the definition of what constitutes the 'minimum' or 'basic needs'. All the factors discussed above will affect the decision as to which products or services should be included in the MEB and the final decision will vary across different contexts and emergencies. In some cases, for technical, political and/or funding reasons, humanitarians have defined a **survival minimum expenditure basket (SMEB)**, this is a basket with a lower value than that calculated using the MEB. There has been much debate over the last decade around the use and validity of SMEBs. It is, therefore, important in any MEB process for stakeholders to understand the difference between SMEBs and MEBs, as well as the reasons why both may be proposed and used. The two are defined as follows:

- **The MEB**: Goods and services to meet **basic needs and minimum living standards without resorting to negative coping strategies** or compromising people's health, dignity and essential livelihood assets in the long term.
- **The SMEB**: Goods and services to satisfy **basic survival needs** in the short term.

CALP'S VIEWPOINT

SMEBs do not represent best practice. The term itself was removed from the CALP glossary in 2017 for this reason. It was reinstated in 2018 in recognition of the fact that the use of SMEBs was continuing in many responses and it was necessary to reflect this reality. It is better practice to develop a MEB that enables aid recipients to meet all basic needs and minimum living standards without resorting to negative coping strategies, and then, if necessary due to a funding shortfall, to develop a final transfer value that covers only part of the calculated gap. Those in this situation must be transparent and document clearly the rationale for why it is impossible to cover the full gap with the resources available. Tying these gap and transfer value calculations to an accepted global definition of the MEB may enable Cash Working Groups to continue using this MEB for advocacy purposes to show the seriousness of the situation.

RESOURCES

WFP's (2020) Essential Needs Assessment Guidance[26]

26. Husain, A. et al. (2020) Essential Needs Assessment Guidance https://docs.wfp.org/api/documents/WFP-0000074197/download/.

7. INCLUDING SECTORAL AND CROSS-SECTORAL NEEDS

THIS SECTION COVERS:

- An overview of the possible types of sectoral and cross-sectoral needs expenditure we might consider in an MEB.
- Guidance on what and how to include these and key resources.

7.1 INCLUDING SECTORAL AND CROSS-SECTORAL NEEDS

'CVA can by no means address all barriers to adequate food, feeding and healthy environment. CVA is much better suited to address economic demand side barriers to adequate nutrition and relies upon functioning and accessible systems (e.g., food markets or health services) on the supply side to be effective.'

(Durr, 2020) [27]

Because humanitarian architecture is structured into sectors and clusters and humanitarians are usually governed by sector or group-specific mandates, there is a tendency to focus on sector-based expenditures and assume that the sum of these is the total of basic needs. However, as most MEB processes are undertaken to inform the selection of transfer values for multi-purpose cash (MPC) assistance programmes, it is important to go beyond the usual sector-based approach to include cross-sectoral needs.

If households' basic needs are not covered, it will be difficult to achieve sector-specific outcomes. This is an important reason why it is so important to consult with, and listen to, affected communities and to include the needs they mention in an MEB. Crisis-affected people do not conceptualize the entirety of their needs in terms of sectoral baskets so if an MPC transfer is not sufficient to cover necessary expenditures, they will use the funds to meet their most urgent needs rather than sector priorities.

When truly multi-purpose, an MEB can help inform the design of inter-agency MPC and contribute to improving the overall well-being of households. On top of this, sector-specific complementary or 'top-up' interventions can be added. CVA actors should always be aware that when it comes to sectoral needs, **CVA must support sectoral outcomes**. Consequently, there are often occasions when MPC is not the best response because of the nature of sectoral needs. Health needs, for example, may fall into this category as they are often unpredictable, unaffordable and require quality control of the supply of healthcare; here vouchers have been found to be a useful bridging mechanism between individual health needs and quality healthcare, often accompanied by cash for indirect health costs.

In theory, the challenges around MPC and sector-specific outcomes can be addressed using several tools, including:

- The Basic Needs Assessment Guidance and Toolbox (BNA)[28] has a practical and comprehensive list of recurrent and one-off needs broken down by sector (BNA, pp. 16 and 17).
- The Enhanced Response Capacity (ERC) Consortium 2018 Response Options Analysis and Planning (ROAP) has helpful calculation sheets per sector.
- WFP (2020) Minimum Expenditure Basket Guidance Note, p19-20.[29]

The potential solutions that have been tested to overcome the challenges of designing sectoral baskets include:

27. Durr, A. 2020 *Case study: Documentation of experiences using CVA for nutrition outcomes in Nigeria* https://reliefweb.int/sites/reliefweb.int/files/resources/Case%20study%20-%20Documentation%20of%20experiences%20using%20CVA%20for%20nutrition%20outcomes%20in%20Nigeria.pdf
28. Enhanced Response Capacity (ERC) Consortium for the Uptake of MPG's. (2018) *Response Options Analysis and Planning (ROAP)* https://www.calpnetwork.org/wp-content/uploads/2020/03/response-option-analysis-planning-guidefinal-1.pdf
29. Husain, A. et al. (2020) Minimum Expenditure Baskets Guidance Note. WFP https://docs.wfp.org/api/documents/WFP-0000074198/download/ https://docs.wfp.org/api/documents/WFP-0000074198/download/

ISSUE	DESCRIPTION	PROS	CONS
Minimum package of support	To reflect a limited set of services and related commodities for an average household and estimates of their costs.	Defines a minimum threshold for every sector equivalent to food security's 2,100 kcals per person per day. Needs that are identified but cannot be included in the MEB should be covered as part of cash plus (services & in-kind).	Does not align with some needs and expenditures not being average. It mixes one-off large and frequent expenditures with more frequently occurring expenditures.
Minimum package of support disaggregated by specific target groups	To reflect a limited set of services and related commodities for specific target groups and estimates of their costs, linked to the needs of an average household.	Differentiates between one-off and recurrent expenditures. It provides entry points to link payments with the moment that certain people need to use a service, and the amount linked to what they need.	Estimate unit costs to translate the proportion of the MEB into MPC transfer values remains a challenge.
Poverty threshold alignment	Uses government's data on minimum expenditure based on government-approved basket composition as a benchmark. Data on average income is used to determine the recommended transfer value.	Ensures complementarity and minimizes any disruption in the long-term as the government is the primary duty-bearer for its own citizens, including Internally Displaced Persons (IDPs).	Government data might not be reliable or applicable for marginalised populations. If the MEB exceeds the local minimum wage, government might be concerned about how the local population unaffected by crisis will perceive this.
Percentage of expenditure allocation	Based on analysis of people's evaluation, define a percentage for sectoral baskets from the total MEB.	The basis of the calculation is demand-driven, ensuring it is realistic. It can be triangulated with rights-based standards.	Reflecting current expenditures only, risks not leaving enough space for resilience-building expenditures.

Adapted from Health Cluster draft paper on MEBs

7.2 BRIEF GUIDANCE AND KEY RESOURCES FOR THE DIFFERENT BASIC NEEDS CATEGORIES OF EXPENDITURES

The section below includes brief guidance and key resources for the different categories of expenditures to be considered for inclusion in an MEB. What is presented is only a summary of more detailed ongoing discussions and has been developed with oversight from the relevant cluster or lead and key resources for particular basic needs.

BASIC NEED

WHAT WE HAVE

COMMUNICATIONS

Communication costs can be critical in many emergencies as a means for people to receive crucial information and stay in touch with their families when displaced. The costs of communication are estimated using a generally accepted means of determining average monthly household needs and costing them.

COMMUNICATION IN THE NORTHERN SYRIA SMEB, 2016

Communication can be a feature of some MEBs as many crisis-affected people consider it a survival need. In Northern Syria, communication was added as a critical need during the MEB review process because of the high number of families who were displaced from their homes and/or reliant on relatives in other locations, within or outside of Syria. Smartphone data cards are widely available and, given the interruption of normal phone networks, WhatsApp and other internet messaging services are most used. A card for one gigabyte is easy to purchase and sufficient to cover minimum communication needs for a month.

BASIC NEED

WHAT WE HAVE

CREDIT / DEBT REPAYMENT AND REMITTANCES

One of the learnings from the 2004 Asian Tsunami was that credit, and the debt repayment that comes with it, tends to be an important coping mechanism in humanitarian crises. Heavily indebted households may use CVA to repay debts rather than to buy the goods intended by the agency, this is perfectly acceptable.
When developing an MEB for humanitarian purposes, it is advised that purchases and payments on credit are considered as expenditures, particularly if indebtedness is very prominent in the target population. This inclusion should not be sectorally-specific but incorporated into the MEB as ordinary sectoral/cross-sectoral expenditures.
However, savings and debt repayment and usually remittances should not be incorporated into the MEB, they should have already been considered as ordinary sectoral/cross-sectoral expenditures regardless of payment modality.

KEY RESOURCES

WFP's Essential Needs Assessment Guidance Note discusses how to deal with questions on debts in household surveys.

When a remittance is received by a household, it is incorporated into the household's total pool of income or assets. The remittance can usually be used to pay any kind of expenditure, in just the same way as any other income.

Including remittances in MEB calculations is far from straightforward yet counting remittances as expenditures may sometimes make sense. These are the cases where socio-economically vulnerable refugee/migrant populations are systematically sending money back to other households and are prioritizing this over meeting basic household needs. If this last part were not true, humanitarians could not justify providing extra money.

BASIC NEED

EDUCATION

KEY RESOURCES

Cristescu, D.T. (2019) Cash and Voucher Assistance for Education in Emergencies. Synthesis Report and Guidelines

WHAT WE HAVE

Guidance from the Global Education Cluster on the inclusion of education costs in the MEB is not available. Nevertheless, some key issues are discussed below.

Complementing supply side needs with targeted demand side support. Education is much like health – the provision of supply side educational services is critical and needs vary substantially between households making it hard to average. There will need to be an agreement in building the MEB as to how to adjust to variation between households in meeting these demand side costs. It is likely that the education component of the MEB needs to be radically rethought to be of use to EiE and also that the needs of EiE programs are often so distinct from those of an MPC response that we should be thinking in terms of EiE top-ups rather than full-on inclusion in the MEB.

MEBs and Education in Emergencies (EiE) – Learning from the Global Education Cluster

There are important gaps and inconsistencies in the way the transfer value is calculated for CVA-for-EiE programmes. In some cases, MEBs do not include education costs at all, and when they are included, they often consist of an average cost per household. This limits the MEB's use for EiE programming, which usually targets individual school-aged children. According to Cristescu (2019), 'Recurrence of expenses, programme objectives broader than education and including addressing protection concerns such as child labour or acceptability further influence transfer value calculation and should be considered.' Learn more about this here.

Possible education costs that may be incorporated into the MEB include school fees, uniforms, textbooks and notebooks, school supplies, transport, meal costs, and others. Some of these items, such as notebooks and school supplies, can be easily monitored; however, it is generally not considered best practice for the education component of the MEB to focus only on these items.

There can be difficulties in estimating the monetary values of other educational costs, as fees and costs can vary substantially between schools (even in the same locality) and from one child to another (depending on age). Some students or schools may have access to free materials or free meals, and schools in some countries may charge no fees at all. In addition, some students may live within walking distance of their school, while others may have higher transportation costs.

BASIC NEED

ENERGY

KEY RESOURCES

For further information, research, toolkits and learning on energy in humanitarian programs, please refer to the Moving Energy Initiative, and for support and to access tools on conducting energy assessments please refer to the Mercy Corps and Women's Refugee Commission Inclusive-Energy-Access-Handbook-2020.pdf (pcdn.co), p. 35.

WHAT WE HAVE

It is imperative to include energy in the MEB. Energy is a basic need and critical to people's daily lives and it is also a precondition for several sectoral outcomes such as food preparation, heating, lighting, health and education. Excluding energy may lead to people selling aid or reprioritising cash expenditure for energy purchase, to the use of unsustainable and unclean sources of energy collection and may result in protection risks to women and children since they are most often responsible for collecting fuel. Including energy in MEB calculations frees up considerable amounts of time for those responsible for collecting fuel.

To incorporate energy into the MEB:

- Conduct a needs analysis and expenditure survey to check consumption habits and energy needs and costs associated with lighting, cooking, heating, phone charging, etc.;
- check with Sphere standards (rights-based approach); and
- check secondary data and estimate energy costs.

BASIC NEED

FINANCIAL SERVICES

WHAT WE HAVE

Financial services expenditures, like bank service charges and card service fees, should be included in household consumption expenditure, as they are charges for consumption of services. This is particularly important if those fees are necessary to access humanitarian CVA and will not be covered by the agency.

BASIC NEED

FOOD

KEY RESOURCES

World Food Programme (WFP), 2020, *Minimum Expenditure Baskets: Guidance Note* https://docs.wfp.org/api/documents/WFP-0000074198/download/

World Food Programme (WFP), 2020, *Essential Needs Assessment: Guidance Note*, https://docs.wfp.org/api/documents/WFP-0000074197/download/?a=2.185096623.705675073.1648214255-1588569487.1646259108

The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response (2018) [30]

FSC Cluster/Cash and Markets Working Group (2020) Examples and good practices on the use of multi-purpose cash in the food security sector [31]

WHAT WE HAVE

Food is the largest component of most MEBs and there are Sphere standards governing the nutritional composition of food baskets that can and should be applied to the food component of the MEB. Thanks to the efforts of WFP, food security is the sector that has developed the most comprehensive global MEB guidance of all.

WFP's guidance suggests defining the food basket in these steps:

1. Calculate mean (median) food expenditures by food group or item. If an explicit reference basket with quantities is not needed, stop here and simply use the expenditures as the food basket.

2. Estimate consumed quantities (by dividing expenditures by prices, or directly from data if it contains consumed quantities).

3. Check the resulting quantities and consider scaling to meet Sphere standards.

4. Price the basket using market prices, or prices derived from the household data.

For more detailed information on different approaches to designing the food component of the MEB and calculating its cost, see the WFP MEB Guidance (pp. 15-18).

30. https://handbook.spherestandards.org/en/sphere/#ch001
31. https://fscluster.org/cash-and-markets-working-group/document/examples-and-good-practices-use-multi

BASIC NEED

HEALTH

KEY RESOURCES

Global Health Cluster website: http://www.who.int/health-cluster/about/work/task-teams/cash/en/

Global Health Cluster Cash Task Team and WHO. (2020) Inclusion of Health Expenditures in the MEB | Cash Learning Partnership (calpnetwork.org)

Global Health Cluster Cash Task Team and WHO. (2022) Response Options Analysis?

UNHCR. (2015) CBI for health in refugee settings: a review

ODI. (2011) Rethinking cash transfers to promote maternal health

UNDP. (2014) Cash transfers and HIV prevention

WHAT WE HAVE

Households will always have some level of health expenditures, even when policies are in place for health services to be provided free of charge in public facilities. As the ability to use a health service when needed is a basic need, and households frequently report having related expenditures, **health expenditures should always be reflected in an MEB.**

Calculating health needs for an MEB is complicated even though households always have some health-related expenditure and monitoring surveys show health is an important household expense.

Access to healthcare comes with both **direct expenditures** (e.g. costs for consultations, admission, diagnostics, medicines, etc.) and **indirect expenditures** (e.g. costs for transport or caretakers) which could be included in an MEB as average at population levels. However, it is much harder to conceptualise these expenditures at **household level** because health needs are: a) individual, b) mostly unpredictable, c) not equally distributed between individuals or households, and d) not constant over time. **Poverty**, along with **different types of service providers**, public and private, further complicate attempts to calculate. We should not try to extrapolate health costs for inclusion in an MEB (i.e. health needs) from the expenditure patterns of vulnerable people because poor individuals and households often cannot afford quality healthcare so either go without treatment or delay treatment until a problem is advanced and therefore harder and costlier to treat – so **actual expenditure does not reflect their health needs or appropriate costs**. The cost of services vary considerably from treatment to treatment as well as according to where people seek the service, as public health providers will often be subsided or supported to prove essential services for free, whereas private providers will always charge the full costs plus a profit margin. Current expenditures also usually miss catastrophic expenditures (those a household really cannot afford – usually estimated to be 10% and 25% of monthly expenditures – which lead to negative coping mechanisms for health and other needs) caused by e.g. accidents or sudden and serious health crises. Health expenditures are also made on treatments that should not be supported in the MEB, such as buying potentially substandard medicines from the market, or getting services from traditional healers or unregulated providers.

The objective should be to **first design mechanisms to pay healthcare providers for a package of prioritized health services**. Sector-specific CVA, targeted at patients for their remaining costs of services from qualified providers, including indirect costs, may be a useful complement to paying health providers. In other words, we should aim to reduce and minimise the health expenditures in the MEB and focus on approaches above that reduce direct 'out of pocket' expenditures.

When it comes to MEB calculations, how should humanitarians proceed with including costs given these challenges?

Different ways to calculate health expenditures according to the Global Health Cluster:

- Include household health insurance premiums in the MEB where they exist, cover additional expenditures for costs excluded from the insurance e.g. transport. This is the best approach and is equivalent to the rights-based method for constructing an MEB, because it is based on access to a package of prioritised services from preselected qualified providers when needed, including related to hospitalisation.
- If there is no health insurance, use household expenditure surveys to assess current household spending on health, to understand what the expenditure was on and learn from which provider services or goods were bought. Showing the proportion of households that spend more than 10% or more than 25% of their total household expenditures on health (the thresholds for catastrophic expenditures).
- If there is little or no data available and a rough estimate on health expenditures is needed, estimate that between 5% and 10% of total household expenditures are devoted to health, and then adapt toward the lower or higher estimate based on PDM data and feedback from health partners on the extent to which services and indirect costs are progressively subsidised.

Top tips on conducting health expenditure surveys:

- Check what data is already available from health actors, including health needs, behaviours and expenditure patterns.
- Be specific in order to uncover financial barriers to accessing quality essential services; disaggregate expenditures by direct and indirect costs, and type of provider.
- Duration and recall are important – health expenditures tend to have very irregular patterns.
- Take account of size and composition of the household; these affect the percentage of total expenditure on health.
- Calculate the proportion of HHs spending more than 10% and 25% of their income on health.
- When possible, reported health expenditures should also be disaggregated as specified above to help to choose the most appropriate option to reduce reliance on user fees (i.e. reduce out of pocket health expenditures and thus reduce HH health expenditures), through provider payment mechanisms, complemented by health-specific CVA. The remaining gap would inform the transfer value for MPC (see Inclusion of Health Expenditures in MEB).

Avoiding common mistakes and challenges in the design of the health component of the MEB

- Avoid interpreting basic needs for health using a bottom-up approach. MEB designers may, for example, find out the average 'market price' of 3–5 common drugs, of treatment for the top 5 diseases, and/or of priority services such as deliveries, and then use this to calculate average household needs, stating that every family has a need for these items and services X times per month. This does not reflect the fact that not all households will incur these costs every month, nor the fact that in most contexts people can access services supported and subsisted by MoH and/or humanitarian partners.

Note: When using health expenditure data in the MEB to design a transfer value for an MPC programme or a response to reduce out-of-pocket payments for health, please see the Inclusion of Health Expenditures in MEB paper and Health Response Options Analysis. p.18

BASIC NEED

WHAT WE HAVE

LIVELIHOODS RECOVERY

KEY RESOURCES

There is no precise available guidance but see:

Emily Sloane. (2019) Beyond Basic Needs: Using Cash and Voucher Assistance to Support the Transition from Basic Survival to Livelihoods Recovery in a Resource-Strapped World International Rescue Committee

Livelihoods and resilience are frequently not included in the MEB or only included seasonally or as a top up unless the MEB includes a focus on livelihoods and resilience as a specific objective. This is because in most cases, the MEB only captures essential needs in humanitarian contexts, and does not normally aim to inform efforts to strengthen resilience. Thus, if livelihoods are included in the MEB, this tends to be for essential livelihoods recovery rather than for development-related 'investments in livelihoods'. However, the debate about the inclusion of any livelihood aspects continues.

MEBs can be built to cover a progression of needs ranging from lifesaving to livelihoods recovery and resilience-building. An MEB aiming for livelihoods recovery or resilience-building should go beyond capturing everything people require to meet monthly priority needs to include needs that are essential to maintaining the household's ability to continue its usual livelihood strategies and remain resilient in the long term. Livelihood and resilience related needs may cover investments such as asset purchases but may also include intangible items such as goods and services that cannot be sourced through physical marketplaces, e.g., healthcare, vendor fees, fees for documentation and/or business registration. This broader approach to an MEB can help humanitarians to develop a better understanding of needs and their progression and is particularly useful in protracted crises.

In locations where agriculture is an important livelihood activity for the target group, and has been impacted by a shock or emergency, practitioners could consider inclusion of one-off seed-related costs in their MEB design. This is a particularly important consideration where access to seed is an immediate priority among affected households. Although seed should not be considered in the MEB as a recurring monthly need, access to seed is essential for early recovery and therefore should be considered, based on context, as a seasonal addition to recurring needs. In such situations, seed needs would only be considered in the calculation of an MPCA transfer value or for a sectoral 'top-up' at relevant times of the year. The decision to include seed related costs should consider several factors, including the availability of appropriate seed for affected households to purchase locally[32], usual agricultural practices among the target group (in terms of seed type, land size etc.), and whether seed access is a priority for affected households. Humanitarians should consult with agricultural specialists in their organizations or go through the Food Security and Agricultural Cluster or equivalent Working Group to inform an appropriate calculation.

32. Seed or "potential seed" of locally adapted varieties is often available through the informal seed system, from other farmers or from informal traders. Certified seed of improved varieties may also be available through the formal seed system, from agro-input dealers.

BASIC NEED

NUTRITION

KEY RESOURCES

Durr, A. (2020) *Evidence and Guidance Note on the Use of Cash and Voucher Assistance for Nutrition Outcomes in Emergencies, Global Nutrition Cluster*

WHAT WE HAVE

There is currently no Nutrition Cluster guidance for MEB programming but quite substantial concerns regarding the quality of the MEB food element from the nutrition point of view. *This section draws on Durr, A. (2020).*

As harmonized MEBs, minimum food baskets (MFBs) and transfer amounts for household cash transfers exist in most humanitarian settings, nutrition practitioners should work with existing contextualized MEB/MFB and transfer amounts. They should adjust these as required in accordance with programme objectives, and if necessary, advocate for adjustments to reflect a stronger nutrition lens. Noting that the MFB can be a standalone expenditure basket or considered as the food component of an MEB, nutrition practitioners may be most concerned to ensure (Durr, 2020, p.43) that both are designed to meet the macro- and micro-nutrient needs of households or individuals. 'In addition to staple foods, the MFB should also contain locally appropriate fruits, vegetables and animal source products.'

Nutrition considerations are often inadequately reflected. An analysis of the MEBs for Somalia and Nigeria conducted as part of the case studies [for the Guidance Note, Durr, 2020] revealed that the proposed food components fall short of covering most micro-nutrients based on average population requirements (Durr, 2020, p. 43). Consequently, the Nutrition Cluster in Somalia set up a working group to review the food component of the MEB to ensure that it better reflects micro-nutrient requirements.

'In reality, the MFB is often based on the caloric requirements of average households and falls short of providing access to a nutritious diet.' (Durr, 2020, p. 43) is a key problem identified by nutrition practitioners. It falls into the discussion about how to respond to individual (rather than household) needs. How can this problem be dealt with? The nutrition sector recommends that, 'The CotD and NutVal tools can inform the composition of a nutritious MFB. It can further consider the household composition and specific nutritional needs of vulnerable household members such as PLW, children or adolescent girls.'

BASIC NEED

OTHER EXPENDITURES

WHAT WE HAVE

Some MEBs add a percentage for 'other' expenditures, which can cover a range of basic needs. There is no set criteria to define which types are considered as 'other' or how much of the basket this element should constitute, so it varies greatly per context. In some cases, a SIM card (which could be perceived as a communication or a financial cost, if used for accessing payments) and transportation costs are added as 'other'.

BASIC NEED

PROTECTION

KEY RESOURCES

See various resources on the CALP website at Protection and Cash and Voucher Assistance | Cash Learning Partnership [33] (calpnetwork.org)

ERC/UNHCR. (2015) Guide for Protection in Cash Based Interventions [34] and within this document the

Tips for Protection in Cash Based Interventions [35]

Protection Risks and Benefits Analysis Tool [36]

WHAT WE HAVE

Protection-related expenditures will significantly differ by context and by cases and will ultimately need to be analysed locally. They can be very hard to define because protection includes ensuring adequate access to **protection assistance** (which is a very broad set of activities and services) and **individually based assistance**. When working on factoring protection considerations in MEB design, it is important to look at:

- **Key protection risks** (as identified through a context-specific protection/risk assessment) and associated economic root causes (ex: risk of child labour is caused by economic poverty, amongst other drivers/causes) that require regular assistance in order to be addressed.
- **Key protection costs/expenditures** (such as access to services) that might be punctual (ex: surgery or birth certificate) or recurrent (ex: counselling).

Addressing the root causes of protection risks through CVA

- The results of the protection/ risk assessment will indicate which protection risks – such as child labour/exploitation, family separation, sexual exploitation-are partly/ entirely associated to one or more economic causes (root causes). For example, in the case of child labour/exploitation, the economic root cause is that families lack financial means to meet their basic needs and rely on child labour as a negative coping strategy to generate income.

- The provision of a regular CVA designed to meet households' basic needs can contribute to reducing some protection risks and cases. So, in the case of the child labour/exploitation example, CVA should mean that a family no longer has to send their children to work to meet basic needs.

- CVA can be provided in a **preventative** manner (ex: to reduce the presence and harm of protection risks as in the example of child labour/exploitation above) or in a **responsive** manner (ex: to respond to a protection risk/case) as, for example, when CVA is provided to a survivor of violence in the household to allow them to stop being economically dependent on the perpetrator.

- Protection often works best with **complementary activities** ("+") alongside the provision of CVA. These include non-protection related activities (such as livelihoods services) and protection activities (such as psychosocial or legal support, mental health services).

33. https://www.calpnetwork.org/themes/sector-specific-cva/protection-and-cash-and-voucher-assistance/
34. https://www.calpnetwork.org/publication/guide-for-protection-in-cash-based-interventions/
35. https://www.calpnetwork.org/publication/tips-for-protection-in-cash-based-interventions/
36. https://www.calpnetwork.org/publication/protection-risks-and-benefits-analysis-tool/

There may be some additional **emergency, one off ('punctual') or recurring non-consumption expenditures relevant to protection** that should be included in the MEB. These include:

- Transportation costs to enable access to protection services.
- Communications costs (telephone/internet) to receive information and stay in contact with family members.
- Costs related to obtaining legal documentation such as replacement documentation, work permits, birth registration, etc.
- Rent/shelter is also important from a protection standpoint. In some cases, costs of rent will be factored into standard MEBs, in others it will need to be included as a top up to either mitigate or address protection risks. For example a survivor of sexual violence who has to flee their home: in this case it is essential to consider both temporary and longer-term shelter options (as without longer term options, survivors might not always accept to leave their house, even if the perpetrator is still there).

Decisions on whether to include protection costs in an MEB should involve the following:

- Discuss how to flag and monitor protection-related expenditures with protection specialists, and affected communities, and gather trends from existing protection assessments. Determine whether these expenditures are recurring or one-off.
- Involve local organisations working on protection (women-led organizations, specialist GBV organizations, etc.) as these are often under-represented in clusters.
- Some protection-related expenditures may overlap with the concerns of other sectors (e.g. Health or WASH). Coordinate with these groups to ensure non-duplication.

BASIC NEED

SHELTER

KEY RESOURCES

ECHO. (2016) Thematic Policy Document Shelter and Settlements: https://www.humanitarianlibrary.org/resource/dg-echo-thematic-policy-document-shelter-and-settlements-0

Markets in Crises Community of Practice/ Global Shelter Cluster's Shelter, Cash and Markets Community of Practice. (2022) A Market-Based Programming (MBP) and Shelter

IFRC. (2020) Step-By-Step Guide for Rental Assistance to People Affected by Crises. see pages 103-4

IFRC Shelter, Settlements, and Cash: https://www.sheltercluster.org/shelter-and-cash-working-group/documents/international-federation-red-cross-shelter-and-settlements

Save the Children/Shelter Cluster Labour Market Assessment (labour costs associated with construction): https://www.sheltercluster.org/shelter-and-cash-working-group/documents/draft-consultation-labour-market-analysis-support

Global Shelter Cash webpage for country specific examples https://www.sheltercluster.org/shelter-and-cash-working-group/library/guidance

For Exchanging Ideas and Learning: https://sheltercluster.org/community-practice/shelter-cash-and-markets-community-practice

Guidance on Monetization in the Shelter/NFI Humanitarian Response in Ukraine https://www.sheltercluster.org/ukraine/documents/guidance-monetization-shelternfi-humanitarian-response-ukraine

https://handbook.spherestandards.org/en/sphere/#ch001

For other resources, see the Shelter, Cash and Markets CoP page? https://sheltercluster.org/community-practice/shelter-cash-and-markets-community-practice

WHAT WE HAVE

Shelter is a complex component to incorporate into MEBs. Not only do crisis-affected households typically rely on many types of shelter, not all of which will be of adequate quality, but they also obtain their shelter through different means. Each can potentially incur different expenses—from receiving tents from humanitarians to renting existing spaces to repairing or reconstructing their own houses. Without strong knowledge of local shelter needs, it is difficult to define which elements should be included in an MEB or whether they can be monetized. In addition, shelter-related needs may be regular (e.g., rental payments, utility payments) or irregular (e.g., repairs, construction, upgrades); depending on local dynamics, it may not be appropriate to incorporate these irregular costs as a recurring expenditure type in an MEB.

Including shelter and rent costs in some contexts, particularly in middle-income and developed countries, can make the shelter component of the MEB very large in relation to other costs. In some emergency or disaster contexts, such as floods, tsunamis, or conflict-related damage that destroys some houses and does not affect others, the need for shelter assistance can be very location- or household-specific; in cases such as these, top-ups can be considered for eligible households in lieu of incorporating repair or construction costs into the MEB. No matter the situation, it is crucial to ensure that shelter expenses are realistically reflected in MEBs. This process includes defining which needs should be fulfilled through other means, e.g., in-kind aid or specific technical support for repair, reconstruction, or construction, to ensure safe and dignified shelter solutions. It is essential to collaborate closely with shelter technical experts when determining if, and how, shelter-related expenditures should be included in an MEB in a particular context.

BASIC NEED

WHAT WE HAVE

TRANSPORT

The costs of **transport** are estimated by determining average monthly household needs for all purposes. There are challenges in estimating average costs for different household members, but transport is often an important component of the costs of accessing employment, seeking healthcare, accessing education, income-generating activities, or markets for goods and services, all of which can increase considerably after a crisis.

Best practice suggests including a separate transport component in the MEB to cover, approximately, all cross-sectoral needs because the many reasons that people use transport do not fit neatly into sectoral buckets. Experience from different contexts has shown it is often easier to factor transport costs into expenditures for both education and health because these are more regular and/or easy to identify.

When people may have multiple preferences for items or services, MEB developers usually select the least expensive option considered commonly used and safe. In the case of transportation, local residents may have options such as taking a taxi or a bus, in this case the least expensive option should be selected, as long as it does not pose a protection issue. Safety considerations mean that in some emergencies (such as Ebola or COVID-19), shared public transport may begin to pose an unacceptable risk and require a revision of the assessment of transport needs. In some contexts, humanitarians may need to decide whether the transport component of an MEB should include private transport, i.e. the cost of vehicle fuel, to access workplaces, marketplaces, hospitals, or schools.

BASIC NEED

WATER, SANITATION AND HYGIENE (WASH)

KEY RESOURCES

Global WASH Cluster Technical Working Group. (2021) Guidance on Market Based Programming for Humanitarian WASH Practitioners

Barbiche, J.C. and Collins, O.F. (2020). Evidence Building for Cash and Markets for WASH in Emergencies. esp pp 34 & 117

Global WASH Cluster https://www.washcluster.net/node/30281

Wash Cluster. (2016) Cash and Markets in The WASH Sector: A Global Wash Cluster Position Paper

MPC Outcome Indicators and Guidance[2] (WASH section) Grand Bargain Cash Workstream).

See also the Sphere Standards https://handbook.spherestandards.org/en/sphere/#ch001

WHAT WE HAVE

MPC can contribute to achieving WASH outcomes for recipient households in emergency response for the water, sanitation and hygiene subsectors by increasing households' overall income and thereby enabling the purchase of WASH goods and services. However, the Global WASH Cluster (GWC) considers it critical for certain conditions to be met for MPC to be effective in responding to basic needs for water, sanitation and hygiene (WASH) at humanitarian standards[1]. MPC is likely to contribute to WASH outcomes when:

1. WASH technical experts are involved during the phases of assessments for MPC, response analysis, design and monitoring.

2. The minimum expenditure basket (MEB) is sufficiently resourced.

3. Recipients are accustomed to purchasing WASH related goods and services in sufficient quantity and quality from local markets (which may vary greatly between subsectors and relevant goods and services) and no other negative coping mechanisms are foreseen (using river water to save money, practicing open defecation, washing hands without soap).

4. WASH markets are accessible, including for women, girls, and vulnerable groups.

5. WASH markets are functioning and can adequately respond to an increased demand of WASH goods and services.

There are a number of risks and limitations to using MPC to meet WASH needs. If the environment is not conducive, the stand-alone use of MPC is unlikely to be sufficient to achieve WASH outcomes, potentially leading to public health issues. While MPC can cover the regular and predictable purchase of water and hygiene items or pay for utility bills, it is unlikely to be used for purchasing Household Water Treatment (HHWT) unless recipient households are already accustomed to doing so. Note that where the housing market is inadequate and tenants' rights are not protected, beneficiaries are understandably reluctant to invest in WASH infrastructure, such as improving water supply infrastructure or toilet facilities, for fear of rental prices increasing or even being evicted from their accommodation.

In many contexts there is also a lack of demand for improved sanitation facilities and services; therefore MPC is not the most relevant modality for improving access to quality sanitation. Finally, not all beneficiaries in a certain region – or even town – will have the same level of financial, physical or social access to WASH goods and services. Flexibility in terms of assistance modality, and potentially combining different modalities, is therefore required to maximize coverage and the likelihood of achieving WASH outcomes.

8. USING AN MEB PROCESS TO IDENTIFY THE GAP AND TRANSFER VALUE

THIS SECTION EXPLAINS IN MORE DETAIL:

- The gap between a household's needs and its own resources.
- How an MEB can be used to help calculate the amount of money – the transfer value – that stakeholders will give to recipients.

8.1 EXPLAINING THE GAP

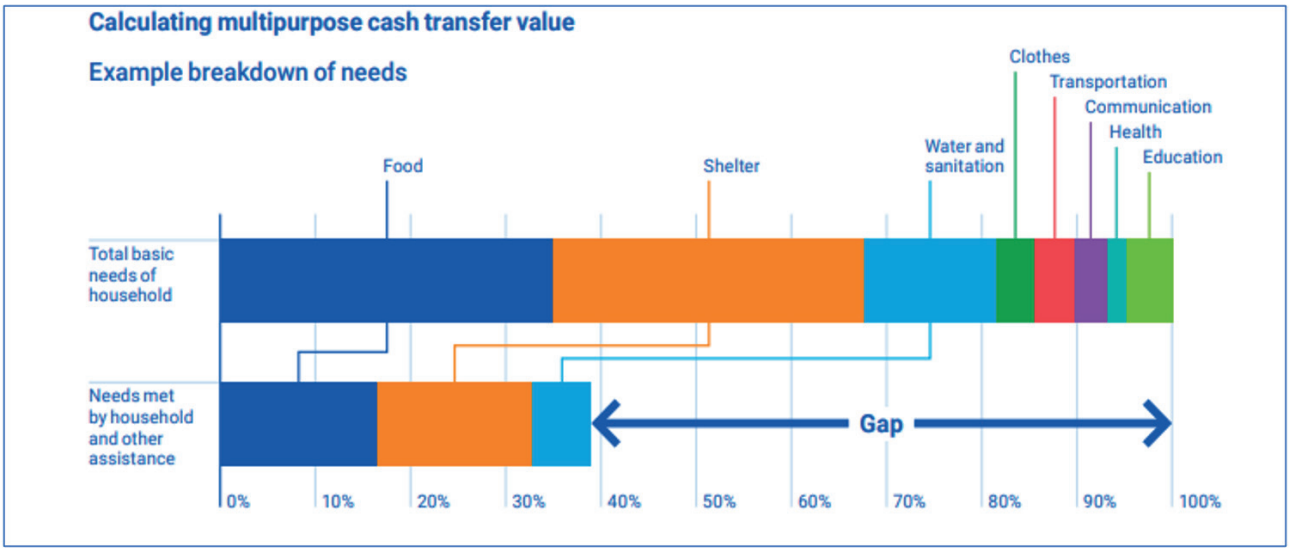
The MEB process estimates the overall basic needs, including multi-sectoral and cross-sectoral expenditures, of an average socio-economically vulnerable household. The **gap** between own resources and basic needs is equivalent to unmet needs – those goods and services that the household cannot afford with the resources available to it. Or, in other words, the gap is the shortfall between the average socio-economically vulnerable household's own resources from production, income and other assistance and its full unmet basic needs (as calculated using the MEB). This gap should be the basis of the transfer value calculation which is usually made via cash and voucher assistance.

Gap analysis focuses on this shortfall and is defined as follows:

Gap analysis *is the process of calculating the* ***gap (i.e., unmet needs)*** *in household and/or individual needs relative to total needs (e.g., the value of a* ***Minimum Expenditure Basket****). The gap in needs is usually calculated as: Total needs – (Needs met by affected population + Needs met by other actors) = Gap. Gap analysis is used to inform* ***transfer value****(s), ideally with the transfer value being equal to the gap to enable all relevant needs to be met.*

CALP Glossary, 2022

Figure 2 An example of the breakdown of household basic needs to show the unmet needs gap



Cristescu, D.T. (2019)
Cash and Voucher Assistance for Education in Emergencies. Synthesis Report and Guidelines[37] GEC

37. https://www.calpnetwork.org/publication/cash-and-voucher-assistance-for-education-in-emergencies-synthesis-report-and-guidelines/

8.2 WHAT RESOURCES ARE AVAILABLE TO THE HOUSEHOLD?

As Chapter 5 outlines, humanitarians draw on various assessments to estimate what resources are already available to a household to meet its basic needs. Sometimes the trickiest component of estimating the gap in needs comes at the design stage of assessments[38] that aim to establish the average value of a household's own resources. When exploring what is already 'available' to an average socio-economically vulnerable household and for the purposes of gap analysis, these resources may include:

- **Food and other production**, such as crops, livestock, fishing, timber, fuel, wood, etc.
- **Sources of income**, including employment, small business profits, remittances, etc.
- **Other humanitarian or government assistance**, whether in-kind, CVA, service provision, payments from social protection programmes and social safety nets, etc.

8.3 DECIDING ON THE TRANSFER VALUE

The final stages of the MEB process involve decisions around how much of the remaining gap in unmet needs is to be met. The MEB process is carried out with the intention of filling all or some of the gaps with cash and voucher assistance.[39]

Decisions must be made around whether the transfer value should be set at the same value as the MEB or not. A key influencing factor is whether there is existing or previous **standard MPC Transfer Value** among humanitarians, often resulting from an earlier MEB process. Where a standard CTV exists due to a previous MEB, humanitarians should acknowledge this and adhere to it where this is appropriate. Other contextual factors and programmatic objectives also influence the setting of the transfer value:

- **Duration and frequency of the transfer.**
- **The objective of an MPC program.** Is it an MPCA program designed to meet general basic needs, or do you have sector-specific objectives?
- **Adjustment for household size** (discussed in section 4.1).
- **Local acceptance of the proposed value by all stakeholders** (including the affected community, likely target recipients).
- **Political acceptance of the proposed transfer value** with local and national authorities (see sub-section on alignment with social protection programmes and social safety nets).
- **Amount of funding available**. If funding is limited, cash actors must choose whether to provide a higher transfer value to fewer households to fill the full gap or a lower transfer value to a larger number of households which does not fill the whole gap between households' own resources and their basic needs (see funding examples in box below).
- **Donor requirements**. Donors may have specific mandates or technical requirements that do not allow certain sectoral needs to be included in an MPC transfer value.

An MEB is most useful when used as an amount or a 'threshold' for humanitarians to reference when negotiating the final transfer value, and when used to support the calculation of a standard transfer value for MPC programmes. This is because MPC transfer values are usually calculated as a contribution to or a 'percentage of' an MEB (see examples below).

EXAMPLES OF TRANSFER VALUES

In Greece (2020) a transfer value equal to the full cost of the MEB was given as recipients were estimated to have no livelihood or income, assistance or coping strategies.

In Kenya (2020) during the COVID-19 response, some organizations preferred to only address food needs and therefore non-food items were removed from the overall household MEB and the transfer value was set at a 'Minimum Food Basket' (MFB).

38. There are a range of high quality assessment tools in https://www.calpnetwork.org/resources/programme-quality-toolbox/
39. Based on local market prices of the commodities listed in the MEB.

8.4 ALIGNMENT OF TRANSFER VALUE WITH SOCIAL PROTECTION PROGRAMMES AND SOCIAL SAFETY NETS

Humanitarian cash actors are increasingly supportive of working with, and sometimes through, government social protection systems. People affected by shocks and stresses will benefit if their national social safety net can be made more inclusive, more agile, and more adaptive to the increased needs of vulnerable populations during crises. However, this does not always mean reconciling or aligning humanitarian and social protection interventions completely. Achieving alignment between lifesaving and poverty-reduction programmes can be tricky when it comes to setting thresholds and transfer values.

It is critical to engage from the outset of the MEB construction process with the stakeholders most involved in social safety nets (such as governments, the World Bank, WFP, UNICEF, relevant donors, affected peoples and their representatives). This will allow all stakeholders to understand the purpose, construction, and approach of the MEB, and will help facilitate future coordination among programmes and, as well as to support acceptance of specific humanitarian programming.

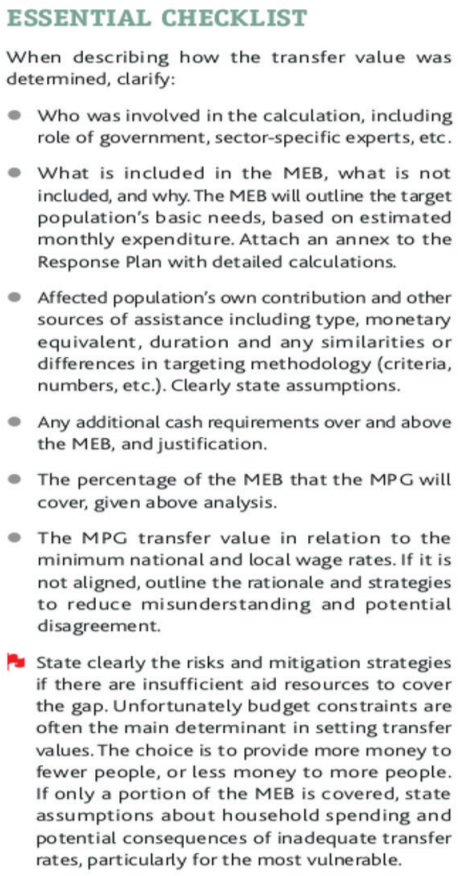
CHALLENGES IN CONSIDERING SOCIAL PROTECTION PROGRAMMES AND SOCIAL SAFETY NETS PAYMENT WHEN DEVELOPING MPC TRANSFER VALUES:

- Ensure that income coming from social assistance programmes/social safety nets is not forgotten when estimating the gap for the transfer.
- Ensure the transfer value is clearly linked to the objective of the humanitarian programme or, if it is not, be transparent about why it is not.
- Work with government counterparts to explain the objective of the humanitarian programme and the rationale for the proposed transfer value, particularly where this differs from existing social safety net transfer amounts.
- Where relevant, advocate collectively for differentiated approaches to transfer value for different population groups and needs (e.g., crisis-related transfers vs those addressing chronic poverty), and thoroughly explore potential challenges from the adoption of different values for different groups.
- Focus on the best interest of the target population to determine if alignment with social assistance transfer values is appropriate.

8.5 DOCUMENT DECISION-MAKING ON MEB AND TRANSFER VALUE ALIGNMENT

It is always important to carefully document the reasons for decisions around the setting of the transfer value. Where these decisions have been contentious in any way, it is even more important to be as transparent as possible about why a decision has been made, while presenting a clear rationale for all factors that contributed to the initial and any re-calculation.

The Top Tips and Essential Checklist from the Enhanced Response Capacity (ERC) toolkit for MPCs (December 2015)[40] on fully documenting the MEB and transfer value calculation process' outlines a checklist of matters to consider:



ESSENTIAL CHECKLIST

When describing how the transfer value was determined, clarify:

- Who was involved in the calculation, including role of government, sector-specific experts, etc.
- What is included in the MEB, what is not included, and why. The MEB will outline the target population's basic needs, based on estimated monthly expenditure. Attach an annex to the Response Plan with detailed calculations.
- Affected population's own contribution and other sources of assistance including type, monetary equivalent, duration and any similarities or differences in targeting methodology (criteria, numbers, etc.). Clearly state assumptions.
- Any additional cash requirements over and above the MEB, and justification.
- The percentage of the MEB that the MPG will cover, given above analysis.
- The MPG transfer value in relation to the minimum national and local wage rates. If it is not aligned, outline the rationale and strategies to reduce misunderstanding and potential disagreement.
- State clearly the risks and mitigation strategies if there are insufficient aid resources to cover the gap. Unfortunately budget constraints are often the main determinant in setting transfer values. The choice is to provide more money to fewer people, or less money to more people. If only a portion of the MEB is covered, state assumptions about household spending and potential consequences of inadequate transfer rates, particularly for the most vulnerable.

Figure 3 ERC Toolkit for MPCs

38. https://www.calpnetwork.org/wp-content/uploads/2020/01/operational-guidance-and-toolkit-for-multipurpose-cash-grants-web.pdf

8.5.1 CHANGING THE TRANSFER VALUE

The goal, in a perfect world, should be for the transfer value to match the gap. If there is a need for frequent, pre-planned revisions to the standard CTVs, humanitarians should build in a proper regular revision mechanism so that changes to the transfer value are not unannounced or unexpected. Changing the transfer value requires substantial consultation and communication with recipients, so this is only advised if it is certain that there have been major price shifts and not temporary rises or falls. Some responses, e.g., Somalia and Libya, have had a positive experience with frequent, pre-planned revisions to the standard CTVs such as a recalculation every 3 months with which all CWG members harmonize.

TOP TIPS FOR DEVELOPING MEBS AND CALCULATING TRANSFER VALUES

GENERALLY:

- Account for assistance that is being provided in-kind as part of the gap analysis.
- Document the rationale for the transfer value well.

INVOLVE AFFECTED PEOPLE IN PROGRAM DESIGN:

- Understand people's expenditure priorities and spending patterns and make sure these are reflected in the MEB. This will allow the design of transfer values and programmes that respond to people's needs.
- Ensure there is adequate participation in how the MEB is constructed and that there is good communication of how this is done and who is targeted. This includes clarifying how transfer values are calculated, explaining the eligibility criteria, and making sure that recipients understand that transfer values may change according to price fluctuations in the local market.
- Ensure recipients are informed of the amount, frequency and duration of cash transfers. Having such information enables people to plan their expenditure to respond to their own needs.
- Communicate fully with local communities and involve them in MEB design and transfer value calculations. A failure to do so can lead to power disparity and lack of accountability and can limit the ability of affected people to plan according to their needs.

8.6 ADJUSTING THE VALUE OF THE MEB (OR 'NEEDS') AND THE CONSEQUENT TRANSFER VALUE

This topic is discussed at length in Chapter 9. The contents of the MEB are meant to be fixed for the duration of a specific humanitarian crisis unless there are significant changes in needs. Such changes may be a result of:

- **A worsening or evolving** crisis which has created new target groups (with potentially different needs) or changed the needs of the current target group for whom the MEB was developed.
- **Changes in prices** so that the cost of the MEB needs to be adjusted periodically to reflect changes in market prices.
- **Changes in the coverage and/or value of other humanitarian assistance**, including safety nets, social protection and other government interventions.

RESOURCES

- For further information on the steps in constructing a MEB, please refer to the WFP (2020) Minimum Expenditure Basket Guidance Note[41]
- For further information on setting transfer values, refer to WFP (2020) Setting the Transfer Value for CBT Interventions (Transfer Value Interim Guidance) [42]
- For support on how to do a gap analysis, refer to the quick course by Oxfam/CALP on MEB, gap analysis and calculating the transfer value course [43]
- For a more thorough understanding of people's essential needs and associated analytical tools, refer to the WFP (2020) Essential Needs Assessment Guidance Note [44]
- To understand more about concerns affected people have about the CVA they have received, and how their perspectives can help inform a more effective roll-out of cash-based assistance, refer to the Cash Barometer [45] by Ground Truth Solutions.

41. https://docs.wfp.org/api/documents/WFP-0000074198/download/
42. https://docs.wfp.org/api/documents/WFP-0000117963/download/
43. https://kayaconnect.org/course/info.php?id=2615
44. https://docs.wfp.org/api/documents/WFP-0000074197/download/
45. https://groundtruthsolutions.org/our-work/cash-barometer/#:~:text=The%20Cash%20Barometer%20is%20an%20independent%20accountability%20mechanism,and%20voucher%20assistance,%20and%20participate%20in%20decision%20making.

9. REVISING PRICES AND COMPOSITION OF THE MEB

THIS SECTION FOCUSES ON KEY CHANGES THAT MIGHT NEED TO BE MADE TO THE MEB OVER TIME, AND HOW TO UNDERSTAND PROBLEMS WITH THE MEB AND WHAT TO DO ABOUT THEM:

- Updating prices and thus the cost of an MEB.
- Revising the composition of the basket.
- Signs that something has gone wrong with an MEB and what to do about it.

There is a difference between **updating the prices that make up the cost** of an MEB and **revising the composition**:

- **Updating the prices and thus the cost.** The basket composition remains unchanged; only the cost is updated to reflect changes in prices.
- **Revising the composition.** A review of the relevance of the basket composition to changing circumstances or levels of needs, which may result in changes to the goods and services that are included in the basket.

9.1 UPDATING PRICES AND COST OF AN MEB

As a rule, all MEB costs must be updated over time to **reflect changes in prices** that target groups face. This is to make sure that the standard MPC transfer value derived from the MEB does not lose value because it is based on out-of-date prices. There may be normal levels of price change due to inflation or deflation in the national economy to which an MEB should be adjusted for periodically. Inflation has become an ever more important issue of late and is addressed in a recent publication from the CALP Network and Space (2021) Good Practice Review on Cash Assistance in Contexts of High Inflation and Depreciation.[46] There may also be considerable increases in prices soon after an emergency, so only the most up-to-date prices should be used and price trends should be factored in where possible. Equally, prices may change at different rates in different places as the emergency develops and recovery rates differ.

Where prices fluctuate significantly across seasons (food prices may increase before and then decrease after the harvest, food, fuel or transport prices may increase in winter when journeys may take longer, etc.). Such regular fluctuations can be factored into the MEB from the start. Alternatively, the MEB can include a seasonal top-up, often for winterisation, to cover these price rises. We need to take care not to mistake these temporary changes in prices, whether due to seasonality or short-lived shocks, for inflation that might trigger a full re-costing of the MEB.

The cost of an MEB should always be monitored via regular collection of the prices of MEB commodities and services in diverse, relevant local markets. If the MEB is connected to a market monitoring system, it should be possible to capture changes in prices without having to revise the MEB completely. Regular monitoring, whether of all items in the MEB or a subset, is necessary to meet that goal. Humanitarian or non-humanitarian actors can do this, and it can happen as often as weekly (in highly volatile situations) or as little as quarterly (in highly stable situations). There should be a system in place to directly translate any price changes into changes in the MEB cost, and from there into changes in the standard MPC transfer value.

Humanitarian actors can collect these prices either directly from markets (primary data) or from external sources (secondary data). A common source of secondary data is the national CPI or official inflation rates. Challenges arise in several instances: where these are national and not disaggregated down to the level of a specific region or working area; where high inflation levels mean that national figures go out of date quickly; or where a government's desire to hide inflation or economic difficulties influences figures.

TIPS ON MAKING REVISIONS BASED ON PRICE CHANGES

- MEB price updates should be done regularly and not on an impromptu basis. If monitoring is only done when price changes are expected, you risk missing unexpected market dynamics that might be affecting local populations, some of which might serve as early warning of more extensive problems.
- Whether to have different transfer values for different geographic areas from the outset of a crisis depends on context (there is more information on making this decision in Chapter 4, 'Adaptation to different geographies'). You may need to re-visit the initial decision if local prices continue to diverge.
- Remember that price monitoring and updating the prices of the MEB does not automatically lead to an adjustment of the transfer value. Try to identify a threshold for price changes that would trigger a review of the transfer value.
- It may make sense to build a small 'buffer' into the transfer value to protect against rapid price rises or volatility.
- Make sure that there is a way to monitor prices and markets closely.

46. https://www.calpnetwork.org/publication/good-practice-review-on-cash-assistance-in-contextsof-high-inflation-and-depreciation/

The CPI should be used when:

- humanitarians have access to the CPI calculation methodology and are satisfied that it is constructed in a way that reflects the needs of vulnerable populations; or
- there is a sub-index within the CPI that does the same (for example, if they have separate baskets for all five income quintiles, including one for the bottom 20%).

If the CPI is not appropriate for the needs of vulnerable populations, but the Bureau of Statistics (BoS) or another government agency publishes disaggregated data on the changes in price for each item in the CPI, then this data may be used directly for MEB cost calculations. However, it is likely that neither the CPI nor BoS data are appropriate for the humanitarian community's needs and humanitarians need to consider doing the monitoring themselves.

A price index for key consumption items can be constructed using price data collection for food items and basic non-food items; this can then be used to update the cost of the MEB. In contexts where shelter is a major part of household expenditures, changes in shelter costs should also be captured. The rate of monitoring may differ based on the context; most often, monthly monitoring is appropriate, but this can be changed to quarterly monitoring in economically stable contexts or even weekly monitoring in highly volatile situations.

CWGs often have trigger points for updating the costs of MEBs based on inflation. For example, if there has been a 10% increase in the cost of the MEB since its last update, this may trigger a review of standard MPC transfer values.

RESOURCES

In many humanitarian responses, REACH partners with national Cash Working Groups to launch Joint Market Monitoring Initiatives that aim to provide price and market data to inform MEB development and CVA programming.
For outputs, visit the REACH Resource Centre's cash and markets page at https://www.reachresourcecentre.info/search/?search=1&ptheme[]=cash

WFP Vulnerability Analysis and Mapping (VAM) price database [48]

The CALP Network and Space (2021) Good Practice Review on Cash Assistance in Contexts of High Inflation and Depreciation [49]

DIFFERENT WAYS TO UPDATE THE MEB COST WITH PRICE CHANGES
(From WFP's Minimum Expenditure Basket Guidance Note)

- If a reference basket is adequately defined (for food and for non-food items), and prices are collected for the individual items in the basket, the MEB can be priced anew, using the updated prices for each item and multiplying them by the quantities in the reference basket.

- A possible solution is to adjust the MEB cost using the national/sub-national CPI or its components. This simply involves updating the cost of the MEB with the percentage increase (or decrease) in the CPI for the period in question. However, in some contexts, CPIs are not updated or relevant for the target population. Urban areas are often over-represented in the national CPI; on the other hand, prices and costs faced by, for example, displaced populations can be very different from national price levels. In contexts of poverty where food constitutes a large part of household expenditures, the evolution of food and fuel prices is central when it comes to capturing price changes.[47]

If planning to use the CPI to update the MEB, verify that:
a) It reflects real prices in the locations where people of concern live;
b) It reflects the consumption pattern of the reference population used in determining the MEB ('the poor' vs. the middle class, for example); and
c) The basket of goods used for the CPI does not vary significantly from the one used to construct the MEB.

Note that CPIs are usually built around 'average' rather than vulnerable populations so their baskets cover everything from basic commodities to luxury goods. This means that even if a), b) and c) above are all true, the CPI is only useful if there are similar items to those included in the MEB along with data for the individual components.

47. WFP Minimum Expenditure Basket Guidance Note, p.38
48. https://dataviz.vam.wfp.org/economic_explorer/prices
49. https://www.calpnetwork.org/publication/good-practice-review-on-cash-assistance-in-contextsof-high-inflation-and-depreciation/

9.2 REVISING THE COMPOSITION OF AN MEB

There are several situations which demand a revision of the composition – what goods or services are included in the basket – of the MEB. While some seasonal price changes in services and commodities are normal and generally predictable, a crisis may cause high rates of inflation or price spikes for goods and services. Long lasting price spikes and/or high rates of inflation may lead to long-term changes in expenditure patterns as people reprioritize. Such changes are likely to mean that it is necessary to **revise the MEB's composition** rather than simply update the prices that make up its cost.

You may need to reconsider your response analysis in the face of high and long-term inflation – updating prices may well be needed, but the overall programme design may also need to be revised more broadly to adopt updated objectives and ways of meeting them (See the CALP Network and SPACE (2021) Good Practice Review on Cash Assistance in Contexts of High Inflation and Depreciation for more information).

Similarly, humanitarian needs can change relatively quickly, not to mention at a different pace for different locations and different target groups in the aftermath of an emergency and as people begin to recover. **An MEB should reflect the needs of a specific population at a particular moment and so needs to be revised as the situation evolves**. For example, in Jordan, changes to national healthcare policy meant that Syrians no longer received free healthcare and had to pay the subsidized Jordanian rate, increasing their household healthcare expenditures. Changes like this should encourage a **revision of the composition** of the MEB.

In broad terms, it may be time to revise an MEB if:

- a shock has created different or additional needs;
- there is documented decreasing impact of MEB-based interventions;
- there are significant changes in supply and demand of goods and services, leading to a change in people's consumption;
- there has been a change in population profiles (e.g., a displacement);
- there is no longer a consensus regarding how representative the MEB is of actual needs of the targeted group; or
- M&E data reveals that intended outcomes for affected people are not being met.

REVISING THE MALI MEB DUE TO COVID-19

The COVID-19 pandemic had a major impact in Mali. Food supply chains were disrupted due to government measures to mitigate the spread of the pandemic, including closure of the northern border with Algeria. The lack of food imports led to a 5–10% increase in prices for cereals and pulses. This drop in purchasing power led to a significant increase (+20%) in the proportion of households unable to meet their basic food needs (which was 37% before the pandemic). The gap in coverage of basic needs increased from 36% to 53%.

To track the impact of the pandemic on local markets, the CWG set up a monitoring system which used February 2020 data from the Mali National Food Security Survey (ENSAN) as its baseline. As a result of the data collected, the cost of the MEB was increased by 5%, the caseload was expanded to include people in urban areas and those affected by COVID-19, and the duration of cash assistance was increased from six to nine months for vulnerable categories, including IDPs.

BUILDING ON AN EXISTING SMEB FOR AN ACUTE SHOCK: LEARNING FROM THE BEIRUT PORT EXPLOSION

After the Beirut port explosion in 2020, ICRC and the Lebanese Red Cross revised an existing SMEB (developed for Syrian refugees in Lebanon) to reflect the needs of affected Lebanese citizens. Many of the components were kept the same, but some were amended and new ones added to reflect specific needs. For example, the blast has made many Beirut residents homeless, and so the rental component of the MEB was significantly increased. Allocations for health and medication were increased to reflect the immediate needs of affected people. Household items such as blankets and kitchenware were added. It should be noted that due to the very high inflation prevailing in Lebanon at the time of the port explosion, CVA was offered in United States dollars instead of Lebanese pounds and it was delivered to both Lebanese and Syrians affected by the blast.

According to the ERC's Operational Guidance and Toolkit for Multipurpose Cash Grants [50], updating or revising the MEB should go hand in hand with a review of standard cash transfer values. The MPC transfer value should be reviewed and possibly adjusted not only when the cost of the MEB changes, but also when there are changes to complementary assistance, such as in-kind food baskets, or to households' typical sources of income (e.g., a change in policy allowing refugees to work, seasonal changes in income or expenditures, etc.).

Consulting vulnerable people is key when revising an MEB. You can find an example of a focus group discussion protocol used for an MEB revision on page 35 of this Lebanon Cash Consortium report. [51]

HOW TO REVIEW THE COMPOSITION: THE SMEB REVIEW PROCESS IN NORTHERN SYRIA IN 2016

Starting in 2016, the Northern Syria Cash-Based Responses Technical Working Group (CBR-TWG) began a review of its existing SMEB using a committee made up of working group member organizations. The purpose of the review was to assess the ongoing relevance and availability of the items in the basket and recommend any changes to the basket that were deemed appropriate, balancing humanitarian standards, clusters' recommendations and preferences of people in Northern Syria. In addition, the review ensured that the updated basket continued to reflect 'survival minimum' needs, and the committee was careful not to significantly exceed minimum humanitarian standards for the Northern Syria context.

The review process included a review of data shared by NGOs (assessments and post-distribution monitoring) on household spending, feedback and interviews with NGO staff working in Northern Syria. It also included a short household survey to assess preferences and habits of people in the area, and a review of the cluster guidance and Sphere standards related to each item. The recommended changes were shared with the full CBR-TWG and with the relevant clusters, and their inputs were integrated into the official SMEB guidance document.

9.3 SIGNS THAT SOMETHING HAS GONE WRONG WITH THE MEB AND WHAT TO DO ABOUT IT

Sometimes, we misjudge our circumstances. Below is a table that lists signs that something is going wrong with the type of MEB process selected. If you identify any of these issues in your context, it might be worth revisiting the type of MEB process followed (one agency, several agencies, CWG-led, or any other type of process) and checking whether a different process should be adopted.

50. ERC. (2015) Operational Guidance and Toolkit for Multipurpose Cash Grants https://www.calpnetwork.org/wp-content/uploads/2020/01/operational-guidance-and-toolkit-for-multipurpose-cash-grants-web.pdf
51. Lebanon Cash Consortium. (2016) MEB and SMEB Revision: Community Consultation https://reliefweb.int/sites/reliefweb.int/files/resources/smeb-fgd-report-final-1.pdf

COMMON SIGNS THAT SOMETHING IS GOING WRONG
The MEB is not endorsed by the Inter-Cluster Coordination Group (ICCG).
There is duplication of assistance between the MPC and other cash transfers because of the way the MEB has been constructed.
MPC and in-kind assistance for the same outcomes exist alongside each other in functioning markets. In functioning markets with no availability issues, there should be no reason why all expenditures cannot be captured within the MEB and any resulting multi-purpose cash transfer. If in-kind distributions are ongoing for goods that are amply supplied by local markets and have been included in the MEB, then humanitarians need to explore why this is and for what reasons.
Key needs have been left out of the MEB. This may be because assessments were not of high enough quality, because all types of affected people were not consulted or because of lack of participation from a specific sector.
The MEB is not being used. This may be because: • Stakeholders disagree with what was included in or excluded from the MEB. • Stakeholders disagree on the way the MEB process was conducted and/or the degree of input requested. • Agencies have difficulty understanding how to use the MEB due to complexity or difficulty of operationalization. • Agencies lack agreement on the need for MPC. • The government will not permit humanitarians to use the MEB to set MPC transfer values, due to a lack of parity between proposed MPC transfer values and the national poverty line or other similar concerns.

Specific ways of overcoming these challenges may vary from context to context, but the base approach is often similar: **take a step back, re-evaluate the process, and determine what further consultations or modifications** to the process would be needed to remove the barriers faced.

Regardless of how humanitarians choose to resolve these challenges, it should be clear that building a minimum level of consensus around the purpose and process for an inter-agency MEB is essential. Experience from different contexts has shown that it is key to find the right balance between speed, simplicity, and extensive consultation with all relevant stakeholders, which can include humanitarian agencies, cluster coordinators, affected people, governments, and others.

RESOURCES

General guidance on developing a light MEB process and a full MEB process can be found in Part 1.2 of the ERC (2015) Operational Guidance and Toolkit for Multipurpose Cash Grants [52]

The ERC (2019) Response Options Analysis Planning guide[53] has an excellent step-by-step guide and accompanying materials on how to develop an intersectoral basic needs basket. See pages 92 to 113

The Red Cross Cash in Emergencies toolkit[54] has an Excel template to quantify the MEB, including one-off expenditures.

For general guidance on how to build an MEB, the WFP (2020) MEB Guidance Note[55] is a comprehensive source.

52. https://www.calpnetwork.org/publication/operational-guidance-and-toolkit-for-multipurpose-cash-grants/
53. Developed in 2019 by Save the Children, The Cash Learning Partnership, Danish Refugee Council, Mercy Corps and United Nations Office for the Coordination of Humanitarian Affairs. https://www.calpnetwork.org/publication/response-options-analysis-planning-guide/
54. Toolkit can be accessed at https://cash-hub.org/guidance-and-tools/cash-in-emergencies-toolkit/ and the spreadsheet is at http://webviz.redcross.org/ctp/docs/en/1. toolkit/Module 3 Response Analysis/M3_2 Transfer value/M3_2_1 Set the value/M3_2_1_1 Transfer value calculation template.xlsx
55. https://docs.wfp.org/api/documents/WFP-0000074198/download/

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25. World Bank. 2018. Piecing Together the Poverty Puzzle.

CALCULATING THE MINIMUM EXPENDITURE BASKET

A GUIDE TO BEST PRACTICE

Rosiane buys meat to feed her son, with her e-voucher card. Rosiane has taken the free bus provided by the Vanuatu Business Resilience Council (VBRC) from Pango to town. VBRC is an organization that makes a unique and significant contribution to the future of the country by providing effective business development services across the country.

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CALP NETWORK

CHOICE & DIGNITY FOR PEOPLE IN CRISIS