

Minimum Expenditure Basket

Interim Guidance Document

Kenya

KENYA CASH WORKING GROUP
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Introduction.

The recent years of humanitarian responses in Kenya has seen the use of Cash and Voucher Assistance (CVA) increasingly being adopted in various interventions and across sectors by both the state and Non-state actors. This is because besides being cost effective, CVA enables recipients of humanitarian assistance to choose on how best to meet their needs thereby promoting dignity and choice when meeting these needs and priorities.¹

To ensure that CVA meets the needs of the people it serves it is critical that transfer values are based on the current market conditions in the areas served, that a transfer is of sufficient value to cover the needs it is intended to meet. This document is an interim guidance document to develop the Minimum Expenditure Basket and from it come up with the transfer value.

Minimum Expenditure Basket

A Minimum Expenditure Basket (MEB) requires the identification and quantification of basic needs items and services that can be monetized and are accessible through local markets and services. Items and services included in an MEB are those that households in a given context are likely to prioritize, on a regular or seasonal basis. An MEB is inherently multi-sectoral and based on the average cost of the items composing the basket. It can be calculated for various sizes of households.²

Background Information

Currently, different transfer values exist among some agencies responding in the same location with varying justifications. There has not been a standard model in place for coordinating cash transfer values, thereby risking limiting the benefits realized³. This has led to lack of consistency and coherence between agencies, and also inequity amongst communities that may be in the same market catchment area and subject to similar prices. Analyzing and defining the MEB is therefore an important decision making process that would enable responses to effectively and efficiently meet the most pressing needs of affected people across multiple sectors in a coherent manner.

A report released in May 2019 indicated that, according to the acute food insecurity IPC analysis and classification, the food security situation has worsened in May 2019 compared with February 2019. More households now face Stressed (IPC Phase 2) and crisis (IPC Phase 3) acute food insecurity levels. In the pastoral north-west (Turkana, Samburu & Marsabit) and north-east (Wajir, Garissa, Tana River & Isiolo) counties, more households are in both Crisis and Emergency (IPC Phase 3&4) food insecurity phase. In the south-eastern and coastal marginal agricultural areas, and agro-pastoral areas of West Pokot, Laikipia and Kajiado, populations are largely stressed (IPC phase 2) but have some households in crisis (IPC Phase 3). It is estimated that 1.6 million people are in Crisis and the number is expected to reach over 2 million by July 2019. The most affected counties are; Turkana, Marsabit, Baringo (East Pokot), Wajir, Garissa, Tana river and Isiolo⁴.

¹ <http://www.cashlearning.org/downloads/calp-sowc-report-exs-web.pdf>

² CVA Glossary- CaLP

³ [The State of the World's Cash Report: Cash Transfer Programming in Humanitarian Aid](#)

⁴ Kenya Food Security Steering Group (KFSSG) May 2019, Long Rains Mid-Season Food and Nutrition Security Review Report

Kenya is therefore facing a widespread and severe food and nutrition security crisis that – if not mitigated - could quickly escalate into an emergency., This has prompted humanitarian/development agencies and funding partners to make concerted efforts in preparation, for early response, to prevent escalation of the crisis conditions. It is on this premise that the Kenya Cash Technical Working Group through the Minimum Expenditure Basket (MEB) Work Stream aims at developing a harmonized Minimum Expenditure Basket (MEB) to improve coherence of cash transfer values in humanitarian cash-based responses/interventions.

Scope:

Cash and voucher assistance is expected to be the choice of modality for many in the current drought response. The Mid-season report indicates that markets are well provisioned with supplies and from previous responses beneficiaries prefer Cash. The KCWG tasked the MEB work stream to develop an interim MEB document that would guide partners for the impending drought response pending a finalized MEB Guidelines document.

The MEB work stream started off with a stakeholder's consultation process. The stakeholders helped in determining the objectives of harmonizing the MEB. The Sector leads were also consulted so that sector-specific recommendations would be consistent in the MEB.

After these consultations the MEB work stream members agreed on two approaches:

- MEB work stream was formed to develop an interim MEB guidance document. This could be used to guide Cash based responses for the impending drought. Given the time constraints, the guidance note would primarily be developed based on desk reviews of secondary data relevant to the exercise. Hence the team undertook literature reviews and a number of meetings that culminated in a two-days' workshop that came up with a draft Interim MEB guidance document;
- As the interim guidance note would not have covered all the sectors, the MEB Work-stream through the Kenya Cash Working Group sought Technical Support from the Cash Cap to undertake a complete MEB guidance document that will also cover different disasters. These process will be intensive and would entail community engagement, multi-sector Market assessment and further sector-specific recommendations.

Objective:

The main objective of the Interim MEB guidelines document is identified as:

- To determine the items to be prioritised in the MEB for the current crisis response; and
- To determine the local monthly costs for survival by an average family of six and recommend applicable transfer rate to cover the shortfall of cost in meeting the survival cost.

Limitations:

This interim guidance note is the result of the first approach towards the journey of having an MEB guidance note. Therefore, it mainly aims to address the impending drought response, and has only what was considered as critical items for survival. Further, it is a guide for Cash based interventions.

Approach and Methodology:

In a two-day consultative workshop, various MEB documents from different countries were reviewed as secondary data. Other documents looked at included the Mid-season assessment report to guide on the situation as it was in May/June 2019. The team also did an analysis of the Kenyan context including possible emergency scenarios, the geographical, livelihoods, and regional zones; and the various contributing factors to food security, including performance of the 2019 long rains.

The main output was a draft of this interim MEB guidance document. Detailed below are the steps that were used⁵ to realize the main output:

1. Literature Reviews;

Through face-to-face consultative meetings, email communication, and desk reviews, the draft guidance was developed to determine cash transfer values on the interim that allow geographic, seasonal, economic and livelihood variations considering the pragmatic operational considerations in the context of Kenya. The documents which were analysed included:

- *the Kenya Integrated Household Basic Standards and the Poverty Index by the Kenya National Bureau of Statistics (KNBS),*
- *Food and Nutrition Security Mid-Season Assessment report by the KFSSG*
- *MEB Guidance documents from Somalia, Uganda, Malawi, Syria, Yemen, HEA Resilience Study, WFP interim MEB guidance document*
- *Post Distribution Monitoring reports*

2. Context analysis;

The drafting team agreed to adopt the Livelihoods zones clusters, as the basis of clustering the 24 generalized livelihood zones (figure 1) and grouping the 23 ASALs counties in the Kenya. This approach is widely accepted and used by the Kenya Food Security Steering Group KFSSG, including in the Long and Short Rains Food and Nutrition Security assessments. Moreover, WFP based their food basket on these clusters. In total, there exists 5 Livelihood clusters namely (i) Pastoral North-West (Turkana, Samburu and Marsabit Counties); (ii) Pastoral North-East (Wajir, Garissa, Isiolo, Tana River and Mandera); (iii) South-East Marginal Agriculture (Kitui, Makueni, the lower parts of Tharaka Nithi, part of Embu, and the northern parts of Meru); (iv) Coastal Marginal Agriculture (Kilifi, Kwale, Taita Taveta and Lamu); and (v) Agro-pastoral (Baringo, Narok, Kajiado, West Pokot, Laikipia and the northern part of Nyeri (Kieni)).

In regard to shocks, after scenario casting and deliberations, the team narrowed down to drought and likelihood of floods, leading to possible internal displacements. Thus, this interim guideline document is drafted envisioning the two types of shocks, and a possibility of displacements.

⁵ Reference was made to the HEA Resilience Study

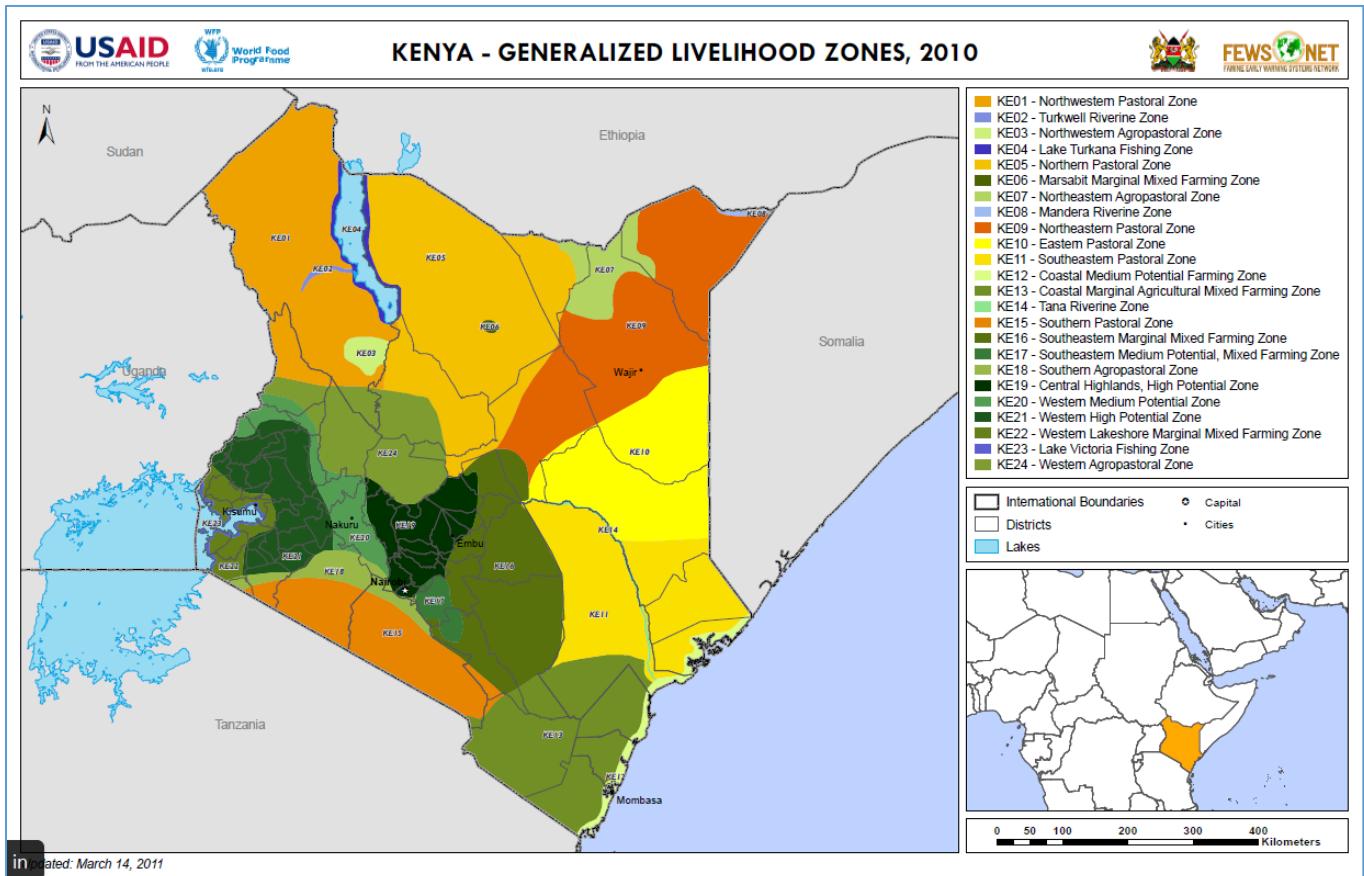


Figure 1⁶

3. Defining Composition of the MEB;

To define the composition, the work stream used the 24 generalized livelihoods zones as a unit of analysis and specifically clustered them into five clusters of livelihood zones. It would be difficult to determine different approaches within the short time. The team recommended that this could be pursued further while developing the finalized MEB document. In the interim, the Livelihood clusters will help to determine the different staple food used by the different clusters. See [Figure 2⁷](#) below

⁶ Source of the map is FEWSNET: <http://fews.net/east-africa/kenya/livelihood-zone-map/march-2011>

⁷ Composition of the Interim MEB Items, KCWG July 2019

Specific areas		Items	QTYS	Energy (Kcal)
Minimum Food Basket		Cereals (maize grain, maize meal, wheat flour and rice)	440 gms/person/day	1606
		Pulses- Beans, cowpeas and pigeon peas)	60 gms/person/day	204
		Cooking Oil-Veg oil	20 gms/person/day	177
		Salt (Iodized)	5 gms/person/day	0
		Milk; (Cow)	100 gms/person/day	61
		Dark green vegetables (Spinach, kales, traditional vegetables)	100 gms/person/day	23
		Sugar	5 gms/person/day	19
				2090
Minimum Non-Food Items	Water	(Drinking, cooking, washing)	7.5 ltrs /person/day	<i>As per the sphere standards</i>
	Energy	Kerosene	1.5 litres	*adopted from the Somalia Context on the interim ⁸
		Firewood	Bundle- according to the 5 livelihood clusters	*adopted from the Somalia Context on the interim
	Hygiene	Bar Soap (Multipurpose)	12 bar soaps per HH/month	*for both bathing and laundry purposes
		Sanitary Pads(Disposable)	2 pkts (15pcs per/HH per month)	<i>As per the sphere standards</i>
		2 Jeri cans	2-20ltr Jeri cans/HH	
		2 Buckets	2- 20 ltrs buckets/HH	
		Education-related expenditure specifically on:	To cover 2 Children per HH.	*based on guidance from the UNICEF's 'school in a box' costs, Exercise books and pencils/pens/rubber to be allocated Kshs 120/- Per Child.
	Transport	round-trip transport costs to the market to access essential commodities and services.	To be set according to the 5 livelihood clusters	*rough estimate based on expert knowledge

⁸ FSNAU_CMB_CPI_report for Somalia

- The food items in the basket represent both dietary diversity and local preferences. (*As stated above these are designed as price indicators for setting voucher or cash transfer values, not items recommended for distribution or purchase⁹*).
- **Cereals grains and derivatives** - are different for different cluster regions – mostly maize, maize meal, wheat flour or rice. Because the products can be used as substitutes, their average prices can be used for price monitoring.
- **Pulses** are grouped together, as different types of lentils and beans are all common, though for price monitoring it is recommended to choose one type (beans, cowpeas, pigeon peas and green grams are currently used for ongoing price monitoring). Because the products can be used as substitutes, their average prices can be used for price monitoring.
- **Vegetable oil** is represented by an average of vegetable oil, which is commonly used and widely available.
- **Dark green vegetables** are included as these are also part of the staple in some cluster diet, but because of seasonal changes in prices and availability (spinach, kales, *Managu*, and other local traditional vegetables will be monitored and used as per the cluster preferences and seasonal availability).
- **Animal protein** this being a survival minimum expenditure basket, cow milk is recommended to cater for the animal protein.
- **Salt-iodized and Sugar** - sugar and salt, which were included in the original basket based on the most common diet, and data from the review indicated these were still important items.

4. Quantification of the MEB items;

After identifying the MEB items, the next step was to get the quantities of each. Quantities on the Minimum Acceptable Healthy Food Basket (MAHFB) were derived from the *WFP ration for food MEB*, using the Nutval to calculate the recommended minimum Kilocalories required per person per day for survival. The basket items for other sectors were quantified as guided by and consistent with the SPHERE standards. In some instances, where there were no clear guidelines and standards on quantities, the team opted to apply *expert knowledge on what is the common practice contextually*. For instance, there was no sufficient secondary data to help the team make evidence-based decisions on quantifying energy needs like kerosene and firewood, as well as transport costs, etc., in the Kenyan Context, for an average household size is 6.

In summary:

- Each standard was converted into an item (or items);
- The quantity for each item was recorded (Per person or per household per month, wherever applicable, using the average household size of the poor as the unit measure);
- Items that can be accessed for free (both because they are supplied as in-kind by the state or non-state actors and meet the quality standards) were not included in the MEB; for instance, household level water treatment tabs.

⁹ Borrowed from Northern Syrian Guidance of MEB, 2017

- Items that are difficult to standardize (e.g. communication) were not included in the MEB but will be recommended to be captured in the finalized MEB guideline notes.

5. Commodity prices:

Given the time constraints and limitations, the MEB work stream leveraged on the on-going - government (NDMA- Ministry of Devolution) led - Long Rains Assessments (LRA) for 2019 by the Kenya Food Security Steering group (KFSSG) field teams - who were headed to the field at the time of drafting this guidelines - to collect commodity prices from sampled Markets in all the 23 ASAL Counties. Additionally, WFP had collected prices of commodities from markets in Isiolo in the month of May 2019. Reference was also made to the KNBS data, since they collect prices of commodities across the country on a monthly basis, albeit mostly from urban settings.

6. Calculation of the Cost of the MEB

Calculating the cost of the food basket follows the same process as calculating the cost of the non-food baskets. First, standards for a healthy diet were established by determining what proportion of the diet are filled by the basic food groups (cereals; protein foods; Cooking oil; and vegetables and fruit). The interim MEB food basket is meant to represent a minimum acceptable healthy diet in terms of reasonable dietary diversity, drawing from food items available locally. A spreadsheet tool by Nutval (version 4.1) helps to calculate the kilocalorie contribution of each food item per person per day, culminating the standard requirement of 2100 k/cals per person per day and thus, the kilograms required per month. Once the price per kilo is entered in the spreadsheet, the total cost per household per month is calculated. A provision on inflation was made on the total interim MEB cost at 5%. This was based on trending analysis on an average for the past 6 months inflation rates (Jan to June 2019), as reported by the KNBS¹⁰.

The estimation of the total interim MEB value involves a simple multiplication of the number of each item needed per household per month by the price of the item. The monthly cost of each item (per household) are then added to reach a sum for each sector basket. The total value of the MEB is the sum of the Food and Non-food items costs.

Recommendations (Proposed Cash Transfer Ranges)

1. Transfer value recommendations

Calculating the recommended Transfer Value is a two-step process (gap analysis and price assessment) of identifying the percentage of the MEB items that a household in acute need in Kenya will require, and then undertake a market assessment to determine the average price of the items in the respective context or county

¹⁰ <https://www.knbs.or.ke/consumer-price-indices-and-inflation-rates-for-june-2019/>

2. Transfer Value Logic Model

The transfer value recommendation for the Survival food expenditure basket is determined by the percentage of needs to be covered based on the food gap. While determining this, It would be important to understand and envision the fact that there is what the household can do for itself in terms of their total income or coping strategies, including what other in-kind items that intervening state and non-state actors could be providing besides the intended Cash and Voucher Assistance. This will really call for coordination and dialogue between agencies so as to ensure coverage of all needs without duplications or gaps.

As different levels of vulnerability need different levels of support, transfer value recommendations should be aligned with specific IPC household classification phases. The food gap is to be determined for each phase based on the IPC description of that phase. The Household Economic Approach(HEA) and Reduced Coping Strategy Index (rCSI) is used to determine food and total expenditure gaps. FCS assesses the diversity of food consumed and diet quality, while the rCSI enumerates context specific coping behaviors that household members rely on whenever they do not have adequate food to consume. The household percentage expenditure allows us to understand the ease with which households meet food needs. Thus, food secure households have a lower percentage expenditure on food, a varied diet (high FCS) and a low rCSI. Conversely insecure households have a high percentage. Borrowing from the WFP conventional practice, which has also been adopted by the government through the Kenya Food Security Steering Group, the table below outlines the phase and respective percentage range of food gap needs to be covered based on the context:

Figure 3

IPC Phase	Estimate of percentage needs to be covered by food assistance (food gap)
Minimal	no need for transfer
Stressed	provide at least 25 - 50% of food basket (average price)
Crisis	provide at least 50 - 75% of food basket
Emergency	provide at least 75 - 100% of food basket
Famine	provide 100% of food basket