MINIMUM EXPENDITURE BASKET (MEB)
DECISION MAKING TOOLS
PRACTICAL SUPPORT TOOLS FOR MINIMUM EXPENDITURE BASKET (MEB) DECISION MAKING

A CASH LEARNING PARTNERSHIP (CaLP) RESOURCE

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Date: September 2019 (first edition)

These tools are developed from the collective knowledge of the sector. The authors would like to thank all of the experts (Andre Griekspoor, Dana Cristescu, Elodie Ho, Francesca Battistin, Jake Zarins, Jimena Peroni, Julia Grasset, Laurene Goublet-de Courtivron, Nynne Warring, Sara Murray, Tenzin Manell, Thomas Byrnes, William Martin, Yoann Tuzzolino) that have championed the development of Minimum Expenditure Baskets and those who continue to work in the field to fill in knowledge gaps and generate consensus. The time and expertise they have contributed have been invaluable to the development of these tools.

WHAT ARE THESE TOOLS?

Purpose
To accompany practitioners and decision makers through key stages in the process of calculating an MEB to: (a) identify what is the most appropriate path to take in relation to their particular context, identified objective, existing capacities and available resources; and (b) access guidance on specific technical issues.

Sources
These tools are built on the existing guidance produced by the World Food Programme (WFP), the World Bank, tools like the Basic Needs Assessment (BNA), Response Options Analysis and Planning (ROAP), Essential Needs Assessment (ENA) and learning from a variety of Cash Working Groups in different contexts including Uganda, Colombia, Peru, Haiti, Vietnam and Yemen, among others.

These tools contribute to new learning in a concept which is still emerging. They do not aim to be an exhaustive compilation of all learning generated globally on MEBs. The full universe of knowledge on MEBs can be accessed through links in the document.

Intended audience
Cash working group and cluster practitioners who are:
• considering an MEB process in preparedness, sudden onset emergency or a protracted crisis looking for decision making guidance.
• already going through an MEB process and looking for specific guidance on technical or political issues.
READ THIS FIRST
HOW TO USE THESE TOOLS

A Minimum Expenditure Basket (MEB) is a tool used by cash and vouchers assistance (CVA) actors to: support the calculation of the transfer amount of a multipurpose/multisectoral cash grant, contribute to better vulnerability analysis and monitoring, and improve collaboration. What makes an MEB unique and worthwhile is its binding power. When different agencies coordinate to jointly build an MEB they can agree on some of the most complex and politically sensitive topics of humanitarian action.

Different knowledge and skills are required for achieving the core objectives and the additional benefits of an MEB. CaLP has designed the following suite of tools to support practitioners to achieve all of those objectives. These tools have been designed to be practical and highly interactive aids whereby the user creates their own experience. They are modular, so can be used either as one progressive tool or separately. They also contain links to other resources.

You don’t need to read through the whole thing. Just choose what you need and go there:

### HOW TO USE IT?

<table>
<thead>
<tr>
<th>MEB BASICS</th>
<th>Print two-page printable handout summarising what is an MEB, why it is important and why we need to improve the way we calculate them.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEB WIZARD</td>
<td>Use the interactive decision tree with prompts at key decision-making points to define which type of MEB process suits them best.</td>
</tr>
<tr>
<td>MEB INSIGHTS</td>
<td>Read each section separately or use the search function (Ctrl + F) to look for specific topics in the whole text. 14 key topics with links to case studies and other related resources.</td>
</tr>
</tbody>
</table>

### USE IT IF…

- … you are looking to explain to a non-technical audience the basic concepts regarding MEBs in order to, for example, build consensus on its rationale or advocate for the calculation of an MEB.
- … you are a practitioner designing or participating in the design of an MEB process and would like to understand what your best option could be, depending on what you are trying to achieve.
- … you are a practitioner facilitating or contributing in an MEB process and need an overview of the main issues. Use it if you are a practitioner already engaged in an MEB process and needing guidance on a specific issue.
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WORD OF CAUTION FROM THE AUTHOR PAULA GIL BAIZAN

TO THE FIRST EDITION – SEPTEMBER 2019:

Word of caution from the author Paula Gil Baizan to the first edition – September 2019:
The discourse on Minimum Expenditure Baskets (MEBs) is nascent and convoluted. In the spirit of trial and adaptation, the application of poverty measures to humanitarian situations has not been very rigorous. We tend to confuse concepts and measures. Practitioners use different words to describe the same thing and the same words to describe different things. We have taken concepts which have different meanings in origin and selectively applied parts of them.

This confusion, coupled with the extreme sentiments that multisectoral programming creates as it challenges our current business model of fragmentation, has turned what should be a straightforward technical issue into a complicated knot of opinions. This set of tools aims to bring more clarity to the discussions by compiling existing knowledge on the subject. There are many disagreements in the world of MEBs, which the authors have tried to capture here as objectively as possible. This tool should be updated as the discussions on these topics evolve and certain agreements are reached.
WHAT IS AN MEB?

The concept of a Minimum Expenditure Basket (MEB) is not new, it broadly follows the notion of a ‘cost of basic needs approach’, as outlined in the World Bank Poverty Manual from 2005. What is fairly recent is its adaptation by humanitarians to establish a monetary threshold for basic needs by identifying and quantifying a household’s basic and essential needs to deliver multisectoral and/or multipurpose cash and voucher assistance (CVA).

An MEB is an operational tool to identify and quantify, in a particular context and for a specific moment in time, the average cost of the regular or seasonal basic/essential needs of a household that can be covered through the local market. Agencies can individually benefit from the analysis of an MEB to inform assessment, programme design and monitoring. If an MEB is developed through an interagency collaborative process involving different actors in the ecosystem, it not only supports the calculation of the transfer amount of a cash grant for multisectoral outcomes, it can also contribute to better vulnerability analysis, monitoring and improved coordination.

Learning from different contexts has shown that effective MEBs:
1 respond to multisectoral 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
4 are regularly used in programme design are a valid and usable threshold

If an MEB fails to fulfil any of these four characteristics, it is time to revise its content and/or objective.

Experience has shown that the process behind the calculation of an MEB is key to its success or failure. MEBs which are accepted and used by key stakeholders in a specific context have usually come out of a process that delivered according to the response’s needs. As a cardinal rule, an MEB is not effective if it can’t be used in an emergency because it took too long to develop, or if it isn’t used in a protracted crisis because there is no buy-in.

The calculation of an MEB is not an exact science. The decisions on what to include or leave out may involve heuristics, compromise and subjective judgements. This makes it critical to have a clear objective and maintain consistency in methodology to ensure coherence in decision making throughout the process.

The MEB is simply a threshold calculation and can serve as the foundation for a quality response, but the MEB can’t be critiqued for what is built on top and around it. There are many compromises to be made when defining what ‘the minimum’ is in and across sectors, but the trade-offs do not have to be on quality. The design elements that can accompany a multipurpose grant (also referred to as complementary activities, sector-specific interventions and ‘cash plus’) should enhance people’s ability to spend the money in a way that supports their own priorities and vision for the future.

Essential/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 minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihood assets.
WHY DO MEBS MATTER?

As global challenges affecting humanitarian needs become more complex, there is a growing impetus to move from fragmentation to integration in aid. Our business models and coordination structures are built for fragmentation. An MEB offers a different way of working.

A well designed and implemented MEB process should enable a particular response to be built around needs and not mandates. MEBs are useful to design integrated multisector CVA programmes that align holistically with the many ways that people use money. It is a concrete tool that contributes to wider vulnerability analysis and an understanding of needs in a multisectoral way to enable the sectors to operate in an integrated way. An MEB can be a holistic and demand-driven reflection of needs as perceived by vulnerable people, and as such provides a better understanding of their economic capacity, consumption and expenditure. MEBs also 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.

Fieldwork has shown that it is challenging to get MEBs right because the calculation converges with systematic weaknesses in CVA coordination mechanisms. MEBs challenge the core institutional incentives and power dynamics that impede coherence and foster fragmentation. What makes an MEB unique and worthwhile is its binding power. When different agencies collaborate, an MEB can enable them to agree on some of the most complex and politically sensitive topics of humanitarian action, including targeting, resource allocation and budget restrictions. Some experts think MEBs can serve as a threshold to evaluate the quality and appropriateness of a response that aims to cover basic needs.

WHY DO WE NEED TO IMPROVE THE WAY WE CALCULATE MEBS?

Calculating an MEB is not technically complicated per se. There are guidance and tools available that explain the technical steps needed for an MEB calculation, but there is no comprehensive overview of the practical and political aspects that intersect with the calculation of an MEB, nor guidance to ascertain whether an MEB is needed in the first place, and if so, to define its purpose. These tools aim to fill that gap.

Building an MEB is also highly contextual, so there is no single turnkey solution that works every time. It is a non-linear process in which choices made at key stages shape the end product. It requires consensus-building, in a technical area where there is only limited knowledge and high political stakes.

For all these reasons, the decision to develop an MEB can be resource intensive. Conducting an exhaustive MEB process without first establishing the need for one is not justifiable. Making a bad decision in the process of calculating an MEB can be costly, as it can derail or delay the delivery of assistance to vulnerable people who need it. Making sure practitioners are properly equipped to make the best possible decisions to define whether they need an MEB or not and what choices to make when they have decided to do one, is highly relevant for CaLP and its members.

If you’d like to know more about MEBs continue to MEB insights.
IN PREPAREDNESS
If kept up to date and actually used when needed, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA in the case of an emergency. A collectively agreed MEB developed in preparedness can also speed up the response (particularly for natural disasters) by helping to understand potential needs. It can also serve as a process to start defining collectively what could be covered through humanitarian assistance in the event of a crisis. An MEB could also prompt stakeholders to define what will need to be monitored ahead of time to set up appropriate systems.

IN THE EARLY DAYS OF A RESPONSE TO A SUDDEN ONSET EMERGENCY
If conducted in a timely manner, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA. An MEB calculated in the early stages of a sudden onset emergency can help define what can be covered through CVA, support discussions to determine the appropriateness of multipurpose cash, and aid understanding about what falls outside of CVA and what should be complemented with in-kind or services. An interagency MEB can set the foundations for effective collaboration between different stakeholders.

AT ANY STAGE OF A PROTRACTED CRISIS
If kept up to date, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA. An MEB developed at any stage of a protracted crisis can also contribute to ongoing vulnerability analysis by providing information on needs and people's ability to cope at a specific moment in time. It can provide a collective understanding of what constitutes basic/essential needs for a targeted group in a targeted area, and to build a common reference to monitor collective impact against coverage of needs. It can provide a framework by which to discuss what are the most appropriate modalities as the situation evolves. An interagency MEB can strengthen existing coordination mechanisms.

If none of these describe what you need according to the situation you are in, you shouldn’t build an MEB.
Access other CALP tools here.
YOU ARE IN THE EARLY DAYS OF A RESPONSE TO A SUDDEN ONSET EMERGENCY…

What do you want to use the MEB for?

- Inform the transfer amount
- Contribute to vulnerability analysis
- Build a common reference for monitoring impact against needs

Are there other thresholds you can use?

- Is there a poverty line or minimum wage in country? How can you assess whether you can use it? How can you fill in data gaps?

Define how inclusive your MEB process should be.

The process of building an MEB can have varying degrees of inclusion. Keep in mind that, ultimately, the best MEBs are those which are used. Therefore, the best process is the one that includes as many agencies as needed to build consensus so the MEB is actually used after it is produced. When defining how inclusive the process should be, we recommend you consider three elements that are related to inclusivity, such as speed, collaboration and level of effort. Each element has different gradations. There are also trade-offs between them.

Define how inclusive your MEB process can be.

There is often a lot of effort that goes into calculating an inclusive interagency MEB. The process can have many positive outcomes but is typically complex, lengthy and resource intensive. Before you engage in such a process, we recommend you complete a checklist to define whether you have the resources to host a process.

Design a light MEB process

MEBs developed through a light process have a limited shelf life. Make sure you revise it!
YOU ARE IN ANY STAGE OF A PROTRACTED CRISIS OR IN PREPAREDNESS…

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Inform the transfer amount
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Design a light MEB process
MEBs developed through a light process have a limited shelf life. Make sure you revise it!

Design a full MEB process

Click to know more
ARE MEB AND TRANSFER AMOUNT THE SAME THING?

The MEB is not the transfer amount. An MEB can be a useful foundation to calculate the amount, but it is a mistake to think they always need to coincide.

An MEB is most useful when used as a threshold for collective reference to support the calculation of the transfer value of multisectoral and/or multipurpose CVA. Multipurpose cash is usually calculated as a contribution to an MEB, while in some countries, like Greece, the value of some multipurpose grants equals the MEB.

There is significant additional work required to move from MEB to transfer amount, usually balancing the population’s needs with budgetary and political constraints. Transfer values are closely dependent on the capacity of the household to cover needs with their own resources, other assistance received, what the programme aims to achieve, local acceptance of the proposed amount, and budget constraints, among others.

The content of the MEB is meant to be fixed for a specific humanitarian outcome unless there are significant changes in needs (because the situation has evolved, for example). The cost of the MEB should be adjusted to changes in market prices. In contrast, the transfer value may change based on other factors, such as: coverage of other humanitarian assistance, including social protection and other government interventions; the targeting criteria (coverage vs grant amount); programme objectives; and availability of funding.

The insistence, for political reasons, on equating the MEB to the transfer value amount has given rise to much confusion. To avoid this, it is advisable that humanitarian actors are transparent about all factors that contributed to the decision rather than artificially pegging the value to an MEB.
WHAT CAN MEBS BE USED FOR?

One of the most important steps in the process of calculating an MEB is defining its purpose. **Understanding what you’ll produce should help define whether an MEB is even necessary, and if it is, what pathway should be followed to produce the expected result.**

**In the early days of a response to a sudden onset emergency**

If done in a timely manner, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA. An MEB calculated in the early stages of a sudden onset emergency can help define what can be covered through CVA, support discussions to determine the appropriateness of multipurpose cash, and aid understanding about what falls outside of CVA and what should be complemented with in-kind or services. An interagency MEB can set the foundations for effective collaboration between different stakeholders.

**At any stage of a protracted crisis**

If kept up to date, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA. An MEB developed at any stage of a protracted crisis can also contribute to ongoing vulnerability analysis by providing information on needs and people’s ability to cope at a specific moment in time. It can provide a collective understanding of what constitutes basic/essential needs for a targeted group in a targeted area, and to build a common reference to monitor collective impact against coverage of needs. It can provide a framework by which to discuss what are the most appropriate modalities as the situation evolves. An interagency MEB can strengthen existing coordination mechanisms.

**In preparedness**

If kept up to date and actually used when needed, an MEB can inform what the average transfer amount should be for multisector and/or multipurpose CVA in the case of an emergency. A collectively agreed MEB developed in preparedness can also help understand potential needs. It can also serve as a process to start defining collectively what could be covered through humanitarian assistance in the event of a crisis. An MEB could also prompt stakeholders to define what will need to be monitored ahead of time to set up appropriate systems.

If this doesn’t describe what you need according to the situation you are in, you shouldn’t build an MEB.

Access other CALP tools here.
Depending on the objectives and the context, an MEB can be carried out by an individual agency or through an interagency process.

The analysis of an MEB in humanitarian contexts can be used by individual agencies to support assessments or programme design and monitoring. A MEB may be established and measured by a single agency in a one-off exercise to support decisions on transfer value amounts, create a baseline, or may be monitored over time, for example, as part of regular market price monitoring.

According to WFP Guidance on MEBs, the MEB can help to achieve the following:

- support decisions on transfer value amounts for food and non-food needs, including supporting multisector coordination (government, partners and donors);
- support population profiling, and in some cases targeting, for multisector/multipurpose cash interventions by identifying the characteristics of those who cannot meet their essential needs;
- inform decisions on which goods and services to assess in a supply assessment;
- monitor immediate and longer-term food security and resilience outcomes by analysing expenditure trends relative to the MEB; and
- establish a relevant basket against which to monitor market prices and the cost of living.
MEBs can also be used by a group of agencies collaborating to deliver multipurpose or multisectoral programming in a response. In this case, interagency MEBs can have two main outputs:

(A) DATA
When used in an interagency context, some experts think that the core purpose of MEBs should be to inform the transfer amount of a multisectoral and/or multipurpose cash grant. It is an important tool to achieve consensus on the value of people’s expenditures. An MEB is useful to support the calculations of the value of a regular transfer and the one-off costs that need to be added to those grants at certain moments in time. However, the MEB does not equal the transfer value.

(B) IMPROVED COLLABORATION
When used in an interagency context, if an MEB is developed through an inclusive and collaborative process, it can serve additional functions. MEBs can become a holistic and demand-driven reflection of needs as perceived by vulnerable people providing a better understanding of their economic capacity, consumption and expenditure. Some experts think an MEB can serve as a threshold to evaluate the quality and appropriateness of a response that aims to cover basic needs. If the MEB forms part the need analysis thinking of a response, it can be a powerful baseline to monitor immediate and longer-term outcomes by analysing expenditure and market prices against it.

MEBs can also be useful for setting up appropriate systems and procedures for monitoring and learning. By determining which markets for goods and services should be included in the MEB, we know which markets should be included in multisector market assessments and monitoring.

When conducted at a national level and as part of a broader vulnerability analysis, some experts think MEBs can also be used to contribute to defining vulnerability thresholds and in some cases contribute to targeting. By establishing a monetary threshold on household expenditure, an MEB can identify those whose expenditures fall below this, and thereby contribute to targeting decisions by categorising households who cannot meet their essential needs. This type of targeting has proven useful at smaller scales and in contexts where digital survey instruments can be used. On the other hand, there are several challenges for this type of targeting, and it might not be appropriate if you have a limited timeframe, staff or budget for household surveys.

An MEB can be correlated with other tools, such as vulnerability scores from an assessment, to inform how much to give to whom and who should be prioritised. In this case, the MEB is not the targeting threshold but supports it.
Be aware that if the MEB is being used as a threshold to define who gets to receive humanitarian assistance, the calculation can move from being technical to political. On the plus side, by providing a clear measure of different levels of vulnerability according to the basic/essential cost of living, MEBs can be used to support the design of programmes according to the needs of different populations instead of political priorities.

It is possible to define multiple objectives for the MEB, but as the calculation tends to be process-heavy and require a degree of investment some experts think it is usually a good idea to engage in a collaborative MEB process between agencies if the main objective is to inform the transfer value.

AN MEB IS MORE THAN A NUMBER: LEARNING FROM NORTHERN SYRIA (2014)

As organisations move towards providing cash-based assistance in order to support local markets and minimise the pipeline, access and security concerns of providing in-kind assistance, it has become apparent that a common methodological approach to cash-based programming is needed. As such, the Survival Minimum Expenditure Basket (SMEB) was developed by members of the cross-border Cash Based Responses-Technical Working Group (CBR-TWG) based in Turkey as a step towards developing common guidelines to harmonise cash-based programming in Syria. What is different about this is that because there is no set standard value for the SMEB, a standardised methodology is recommended to ensure value of the basket is calculated as accurately as possibly for differing programme areas across Northern Syria. Given that price and availability of both food and non-food commodities are subject to fluctuation due to both supply, demand and currency factors, a standardised process for determining the value of the SMEB is used rather than setting a standard transfer. Agencies use the SMEB guidance to establish location-specific transfer value and to adjust the transfer value appropriately for differing household sizes based on the agreed items and quantities. The result of this method will ensure SMEB values will more accurately represent the monetary requirement to meet basic needs by location.

COMMON INDICATORS FOR CONTINUOUS (POVERTY, ECONOMIC SECURITY, VULNERABILITY) TARGETING

- Income (compared to the locally determined poverty line, or compared to minimum wage)
- Expenditure (compared to a minimum expenditure basket)
- Other proxy indicators:
  - Access to goods (includes assets such as bicycles, land, livestock)
  - Access to services (includes water, healthcare, government services)
  - Coping strategies index (CSI)

Adapted from: CaLP, UNHCR, 2016. Operational Guidance and Toolkit for Multi-purpose Cash Grants
WHAT ARE THE DIFFERENT APPROACHES TO CALCULATING AN MEB?

MEBs cover needs from different sectors.

There are two main approaches to calculating an MEB and a hybrid version that takes elements from both of them. These approaches can be used to define the composition and cost of the basket.

**AN EXPENDITURE-BASED APPROACH** focuses on effective demand to define the composition and cost of the basket.

It is an approach widely used for defining national poverty lines, based on defining needs according to monthly household expenditures of the poor. 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.

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.

See WFP MEB Guidance p. 10 for more information on how to do this.

**A RIGHTS-BASED APPROACH** uses assessed needs and standards to define the composition of the basket, and direct market costs to define the cost of the basket.

This approach implies access to full rights as defined by international humanitarian law and Human Rights Law that protect the right of crisis-affected persons to food, drinking water, soap, clothing, shelter and life-saving medical care. Humanitarian Sphere Standards build on this definition, adding basic sanitation, contagious disease prevention and education. National-level sector standards should also be considered. In some cases, international and national sector standards have not been defined. Community standards may be used in these cases.

A rights-based MEB is usually hosted by the Cash Working Group (CWG) in country and starts with sectors providing itemised lists.

**A HYBRID APPROACH** for both food and non-food components is also possible. The mix of approaches is decided on a case by case basis depending on the information available in the context. A hybrid MEB can describe, for example, the content of the basket composed by sector-itemised lists that fulfil Sphere minimum standards triangulated with needs assessment, and the cost of the basket calculated through household expenditure information.
The table below shows how expenditure and rights-based approaches are used to form the food and non-food baskets, as proposed in the WFP’s and the World Bank’s guidance. Hybrid approaches are discussed in further detail below.

<table>
<thead>
<tr>
<th>EXPENDITURE BASED</th>
<th>RIGHTS BASED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food</strong></td>
<td></td>
</tr>
<tr>
<td>Food basket composed by analysing consumption patterns of the poor.</td>
<td>Food basket composed from agreed (Sphere) standards.</td>
</tr>
<tr>
<td>Note that 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 calculated at an average of 2,100 kcal per person per day.</td>
<td>Note that the healthy diet food basket, which is commonly used in this approach, is not the same as the Cost of Diet (CotD), which addresses food diversity and nutrient diversity. However, the MEB food basket is meant to represent a healthy diet in terms of reasonable dietary diversity, drawing from food items available locally. If a CotD has been completed in the area under study, the results can be substituted for the food basket in the sector MEB. Bear in mind that the cost of a diet that meets all nutrient needs of a household’s different members costs typically 50–100 percent more than a diet that meets energy needs, and hence might not correspond to actual consumption patterns of people just able to meet their essential needs.</td>
</tr>
<tr>
<td>If measured alone – i.e. without any other items in a MEB – the food basket may also include the energy required to transform any raw food products into something digestible.</td>
<td></td>
</tr>
<tr>
<td>For more detailed information on different approaches to calculating the food component of the MEB see WFP MEB Guidance (pp. 9–12)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Food</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-food basket composed by (1) using the share of food in total expenditure to calculate the non-food component (sometimes called the indirect method – using economic data to determine the proportional importance of food costs to total expenditures), or by (2) using the actual value of non-food consumption expenditures of the poor household according to survey data.</td>
<td>Non-food basket composed of goods and services selected from an itemised list by sector provided by the clusters for one-off and recurrent goods and services needed to fulfil minimum rights identified through standards.</td>
</tr>
<tr>
<td>There are different items for emergency and transition type needs. The cost of the basket is calculated from capturing the cost of the goods and services required to fulfil the identified need in the local market. Sometimes household expenditure data can also be used if it is available. Sometimes household expenditure data can also be used if it is available.</td>
<td></td>
</tr>
<tr>
<td>More detailed information on expenditure and MEBs can be found here.</td>
<td></td>
</tr>
</tbody>
</table>
Here is another way of understanding the different approaches:

There is a difference between what a household spends to cover a need, and what it costs in the market to adequately cover an identified need in the market. Expenditure and market cost for the same need don’t always match, as people engage in bartering, self-production and other coping strategies to access goods and services.

Some experts think that we should calculate the expenditure to cover needs by using directly reported expenditures through household surveys and focus group discussions. In this view, real expenditure is a pragmatic and objective way to define the composition of the basket and set the amount. This has been useful to estimate healthcare costs in Ukraine, for example, where actual household expenditure was assessed and reflected in the MEB. Focusing on actual expenditure is practical as it is easier to measure, it is easier to explain to people, it is considered objective (as it is made on actual payments made by households) and is recommended by the reference literature for income compensation programmes.

Some experts think this approach provides an accurate reflection of people’s overall expenditures including all the strategies they use to consume. This is only accurate if the data collection method selected allows for people to report on self-consumption, bartering and other goods and services that are available through the marketplace but are not accessed through money. This approach should also allow humanitarians to consider goods and services vulnerable people have access to through credit, which is usually an important coping mechanism.

Other experts think the composition and value of the MEB should not be calculated using people’s expenditure. In an emergency situation, where the target population is generally poor, the number of households who have sufficient expenditures to be just above the poverty line is very small and therefore not representative, even if it can be measured. Also, by only assessing people’s consumption patterns, this will reflect the poor choices of goods and services people sometimes make as a result of their vulnerable situation. Some experts think people’s consumption will be less than the definition of ‘basic needs’.

In this view, the basket configuration should be created from standards and the cost should be calculated based on market costs. One way of identifying the market costs of covering a need is to conduct a price monitoring mission to build the basket amount, as was done in Iraq. In this way, the MEB will capture costs not expenditure. In Lebanon, for example, an estimate of healthcare costs of refugees was included in the MEB by calculating the market cost of two medical visits per year and the cost of drugs and medical tests.

AN EXAMPLE FROM CARE ZIMBABWE FROM THE IMPACT OF CASH TRANSFERS ON RESILIENCE, 2017

‘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 suggests that because of the manner in which transfer values were calculated in Zimbabwe – using average household expenditure on food (from the demand side) during the first phase of the programme, and not real food prices through market assessments (the supply side) – the effect on per capita 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.’
HOW TO CHOOSE AN APPROACH?

There is much contention in selecting the MEB approach. In theory, the approach selected should depend on the objective you are trying to fulfil through an MEB, the type of crisis, the status of the population and the type of primary and secondary data you have available. In practice, it is a decision that is sometimes driven by the opinions that individuals and agencies hold on MEBs and basic needs.

Learn more about the intersection of ‘basic needs’ and MEBs here.

In general, rights-based and itemised approaches have proven useful for contexts of urgent need, allowing no time to collect primary data and very little secondary information on expenditure (for example: there is no poverty line, no statistical data, or no national data for a specific group). Its speed makes it suited for the first few weeks of a response, but it is also less sophisticated and adapted to the context, so less sustainable for recovery and resilience. Rights-based approaches can also be relevant in contexts where there is a specific geographic delimitation to a population’s needs. Just keep in mind that, in practice, using this approach might not be so straightforward.

Some standards, such as the shelter standard which requires ‘a well-ventilated, well-lit, low fire-risk home with a shady area for cooking’, are not easy to convert into specific items.

When secondary data is available, some experts believe that conducting an expenditure-based MEB is more culturally appropriate and sustainable. On the other hand, some experts think that using only expenditure data presents the risk of not meeting the humanitarian standard, as poverty makes people restrict their consumption on certain items and services. This can be mitigated by defining the cohort as those slightly above the poverty line to avoid the use of expenditure patterns of those who do not have sufficient resources to live a dignified life. Note that if the expenditures of the cohort just above the poverty line are still considered to be inadequate from a rights perspective, the alternative is to use an hybrid approach, detailed below.

If the right secondary data is available, an expenditure-based approach can also be a suitable approach for the first weeks of a response. The expenditure-based approach can also be a sustainable option for transition to recovery and resilience as long as it is linked to ongoing needs assessment and market monitoring.

### Figure 5:
Approaches to establishing MEBs, data requirements, pros and cons, and when to use which approach adapted from WFP Guidance on MEBs
USING A HYBRID APPROACH

The worst MEBs are those that can’t be used because of defects in the calculation or lack of buy-in. One way to ease some of the concerns and make the MEB operationally useful is to combine the two approaches, by using the rights-based lens but also making sure that the MEB is consistent with demand behaviour.

A hybrid approach for both food and non-food components is not only possible but, in many cases, even desirable. Most experts consulted for this project recommend using a hybrid approach, taking the best of each method and applying it to suit the particular context.

A hybrid MEB can take many forms because, ultimately, we work with the information we have access to.

The process can start with an itemised list derived from clusters and/or standards that is then priced. Costs can be estimated using a mixture of sources. Some can be calculated using market price monitoring data (usually more available for food, hygiene and transport), data from key informants (usually more practical for the cost of utilities and rent) or averages from household survey data (usually a compromise for hard to calculate categories like transport 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 can also start with expenditure data (actual consumption) that is complemented with information form a rights-based approach. For example, as mentioned above, if information collected from the reference cohort in the expenditure-based approach is considered insufficient from a right-based perspective, identify those expenditures that are ‘too low’ and consider if they should be supplemented with rights-based MEB elements.

One important thing to keep in mind when combining expenditure and rights-based approaches is the level of detail of the data we are comparing or using to complement the different approaches. For example, if the level of detail of the itemised lists used to configure the basket is higher than the level of detail of the household survey used to collect expenditure data, regardless of how much political will there is, it will be difficult to marry both datasets.

Another thing to bear in mind is that some sectors might not have detailed standards to merge with household expenditure data. Standards are available for several key sectors. However, other sectors, such as transport and communication, or community development, do not have similar standards in terms of what constitutes a minimum acceptable level of transport to facilitate access to essential services, or what constitutes a minimum acceptable level of community participation to ensure social inclusion and resilience. For these sectors, it is recommended that average household expenditures of the cohort just above the poverty line be added to the sector MEB. This data is collected during Household Economy Approach (HEA) baseline assessments and will be available if the sector MEB is conducted alongside an HEA baseline.

\[\text{The Basic Needs Assessment (BNA) and the Response Options Analysis and Planning (ROAP). Learn more about it here.}\]

\[\text{Regardless of the approach selected it is key to triangulate with primary data collected from focus group discussions with vulnerable people to ensure their preferences are at the centre of the design of the MEB. Learn more about it here.}\]

‘You decide what you put in the basket – but the household decides how to spend it. There has to be a triangulation between Sphere and the household’s priorities, otherwise there will be an important disconnect.’
A HYBRID APPROACH – EXPERIENCE FROM UGANDA 2019

The MEB was mainly constructed on a rights-based approach, building upon humanitarian standards. The basket was built with goods and services based on humanitarian standards and priority needs from the perspective of refugees. Items were sorted according to the Consensual Approach to needs, which identifies if lack of income is one of the main barriers to satisfy needs. 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 is consistent with demand behaviour. This was achieved through triangulation with data collected from host communities and the use of national statistical data, like national poverty assessment report, to ensure harmonisation.

FINDING A COMMON APPROACH IN WEST AFRICA (2019)

In 2017–18, several countries in West and Central Africa engaged in calculating MEBs. Weak coordination mechanisms, lack of dedicated resources, and low capacities and understanding of this new concept were major challenges to lead processes across the different countries.

Most countries designed the MEB process following a rights-based approach. They set up a dedicated task force convening representatives of sectors reflecting beneficiaries' priority needs. Some countries managed to access ad hoc support, either through CaLP's punctual deployments, experts deployed from headquarters and regional offices, or a Cash Cap expert deployment. Unfortunately, without strong leadership at country level, most of the expertise provided by those ad hoc deployments was lost in the process, resulting in a low uptake of MEBs.

To increase uptake and ensure their use in programmatic decisions, some MEBs have been reviewed using a hybrid approach, with variations according to the context (acute and located, or protracted crisis). This has facilitated governments and donors’ acceptance.

Overall, the MEB processes in West and Central Africa have had a positive outcome by contributing to:

- new ways of working, encouraging collaboration and putting vulnerable groups’ needs closer to the heart of response analysis;
- strengthening engagement from all sectors in CVA;
- highlighting needs for more resources on CVA coordination; and
- building capacities in each country.
HOW TO INCLUDE PEOPLE’S PRIORITIES INTO AN MEB?

The items and services included in a MEB should be those that: (A) can be found through local markets and (B) that households are likely to prioritise on a regular or seasonal basis to ensure survival and minimum living standards. While the approach selected (rights, expenditure, hybrid) will determine the type of goods and services upon which the basket will be built, it should ultimately be the affected populations themselves that define what is a priority need. Understanding people’s expenditure patterns are key to calculating an MEB.

If we fail to follow this logic, we risk creating an important disconnect between people’s expenditure patterns and the agency’s operational objectives. How people use the money and the agency’s own operational requirements regarding expected outcomes and timing don’t always correspond. Agencies might give unconditional and unrestricted transfers designed to achieve certain outcomes that people don’t prioritise in their expenditure. Agencies might give regular transfers with a standard amount, which people might spend in a completely different way. Understanding people’s expenditure priorities and patterns matters for calculating an MEB, as it will influence the design of better programmes to actually respond to people’s needs.

During the Christmas Day Tsunami, for example, heavily indebted households used grants destined for asset rebuilding to repay debts. Our analysis can often be flawed; recipient’s priorities rarely are.

Experts recommend understanding people’s priorities and expenditure patterns through primary and secondary data as available. Primary data can be collected through focus group discussions (FGD) to better understand household’s essential needs, expenditure patterns and access to markets. It is recommended to run one FGD with women and a separate one with men from the affected community. Learn more about that here.

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

- Systematically document needs, priorities, expenditures and preferred modalities of assistance, interactions with markets and trading with host communities.
- Understand recipients’ plans to achieve self-reliance in Uganda or assisting community problem-mapping and solutions discussions.

Learn more about the process in Uganda here.

Please note that the way we collect primary or secondary data for analysis might be influenced by our own bias. Collecting data on all types of expenditure – even expenditure we don’t want to include in the MEB basket like tobacco and alcohol – will allow us to come up with a more precise calculation to design better programmes for people.

The timing of collection of primary data matters. If you are collecting data during the summer, make sure to consider a rise in the cost of utilities during the winter because of heating costs. Subsequent programme additions or top-ups should also be considered to the basic basket according to seasonal price changes of staple food items and utilities.

Together with the National Technical Working Group, REACH developed this fantastic questionnaire for focus group discussions (FGD) in Uganda to validate and adjust proposed MEB references according to the realities and priorities of refugees. Available here.
HOW DO WE DEFINE WHAT ‘THE MINIMUM’ IS IN AN MEB?

One of the most complicated questions around developing an MEB is the definition of the boundaries of what constitutes ‘basic needs’. Defining what is ‘the minimum’ is an issue that tends to bring out passionate arguments in the process because it touches upon foundational issues the sector has been struggling with since the 1970s.

According to the CaLP Glossary, WFP Guidance on MEBs and the Basic Needs Assessment (BNA):

The concept of basic needs refers to the essential goods, utilities, services or resources required on a regular or seasonal basis by households for ensuring long term survival AND minimum living standards, without resorting to negative coping mechanisms or compromising their health, dignity and essential livelihood assets.

This definition contains elements from International Humanitarian Law (IHL) and International Human Rights Law (IHRL) as well as humanitarian Sphere Standards. It is originally adapted from the ILO’s 1976 Basic Needs approach which originally included two elements:

First, they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing, as well as certain household equipment and furniture. Second, they include essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport, and health, education, and cultural facilities.

The ILO definition of basic needs is based on a consumption approach and has been criticised for not connecting with the other aspect of poverty that relates to the deprivation of capabilities/opportunities. A holistic measure would be to look not only at how much people consume but to also include all other aspects related to well-being as well as dignity and development capacities. The above CaLP and BNA definition of basic needs aims to do just that. In theory, this definition of basic needs that includes survival and goes beyond it has significant buy-in and has been included in a number of MEB guidance documents. In practice, experts have different views, as MEB focuses on monetary vulnerability only to inform CVA design and does not necessarily equate to all the universal basic/essential needs of a household.

Indeed, some experts think that an MEB is an indication of the basic/essential needs of a particular population in a specific moment in time that can be covered through increased purchasing power. When defining the basic needs to be covered through an MEB, the type of needs included will depend on what the priority needs are in that specific context. This might translate into some sectors not being included in the MEB analysis, or not all needs in one sector being part of the calculation.

- If certain items or services to cover people’s needs are not available to the target population in that context, they shouldn’t be part of the MEB, even if they might be important needs in other contexts.
- If certain goods or services to cover people’s needs are being covered through the response, they shouldn’t be included in the MEB either (for example: supplementary feeding, vaccination, shelter in a refugee camp and bed nets).
- If the need cannot be monetised in some way it cannot be quantified into an MEB. (For example, protection needs)

In this approach, an MEB only includes the basic consumption needs of the household that can be monetised. Needs that fall outside of the MEB because they are either not a priority, are not available or cannot be monetised, should be part of a larger vulnerability analysis and potentially be covered by other types of interventions, but not included in an MEB.

While fuel, power and lighting might not be available in all the places where we work, experts think they should be considered as basic needs (and rights) across all contexts.

In this view, an MEB can’t solve problems of availability (supply), it can only solve problems of accessibility (demand). If electricity is not available for the target population, including it in the MEB is not going to change that. The need should be flagged to be covered as part of an integrated response that should include in-kind and services to complement the cash grants. In this sense, the MEB process can aid understanding of what the market can supply.
In this view, an MEB aims to capture minimum essential/basic needs for survival; any other recovery and resilience type needs can be built on top of the MEB but shouldn’t be part of it. An MEB covers actual demand and is used to address problems of financial accessibility not desirability or progression of needs. Consequently, an MEB should not change over time in adjusting to changes in the general standard of living, it should only be adjusted for price changes. This approach resembles the use of absolute poverty lines and can be particularly useful for MEBs which are designed as a threshold for acute need during a sudden onset emergency and which are then concluded once the population needs transition into development. When developed with this intention, the MEB can serve as a threshold to evaluate the performance of the response. Protracted needs, the humanitarian development nexus and working in middle-income countries makes the use of this approach potentially less suitable.

Other experts think that an MEB can be built to cover a progression of needs that range from lifesaving to recovery and building resilience. In this view, the MEB should capture everything people require to meet priority needs on a monthly basis, including needs that cannot be currently covered through the local market. Some experts think this approach should enable humanitarians to develop a better understanding of needs and their progression, which makes it better suited for protracted crisis.

In this case, the MEB can also serve as an overall threshold to evaluate the performance of a response that lasts for more than a year as it moves from response to recovery and resilience. The MEB should therefore be adapted over time as the standard of living in an emergency progresses. This view addresses some of the current dilemmas that humanitarians face working in protracted crisis, in the nexus and through spikes of vulnerability in middle income countries.

The main risk with this approach is that it requires ideological buy-in from the government who, in some cases, might not be interested in projecting a long-term situation for certain vulnerable populations in-country, such as refugees. Governments might also not be too keen to show an MEB for a refugee population that is higher to the poverty line of the host population.

Generating consensus is a key aspect of a successful MEB process that involves different stakeholders. Find out more about it here.

Another risk is that if used in a sudden onset emergency, the MEB can risk becoming so big that it can lose its main purpose of capturing the minimum expenditure people need to meet basic/essential needs. In one application of this approach, items and services that are not accessed through the market can be part of the basket content but not contribute towards the basket amount. In the Democratic Republic of the Congo (DRC), for example, UNICEF added an extra step in the construction of the expenditure basket: the minimum need basket capturing everything a household needs, and then the commodities and services that the target group access through the market were extracted from these needs in order to end up with the MEB.
LIVELIHOODS AND THE MEB

In Somalia, the MEB includes enough to invest in livelihoods to avoid creating dependency on aid. This has translated into stronger linkages between humanitarian and development financing.

LEARNING FROM YEMEN – CARE: THE GENDERED DIMENSION OF MULTIPURPOSE CASH SUPPORTING DISASTER RESILIENCE

Basic needs support is not ‘solved’ once families and communities begin to invest in common resources or livelihoods strategies. It only means that the Multipurpose Cash (MPCs) have been effective in assisting with meeting basic needs, allowing minimal space for other work and investment. If MPC ends, that space contracts and the resilience activities are less effective or end all together. Therefore, to protect gains, it may be necessary to continue the MPC during continued resilience programming. If there is an expectation of investment in livelihoods or improvements in household resilience, this would need to be factored into a MPC amount as part of the MEB process. In the case of Yemen, one possible conclusion to draw would be that because the MPC was calculated as a percentage based on the MEB, without specific amounts added for livelihood investments, households did not have other sources of income sufficient to make significant livelihoods and savings investments outside of the MPC amounts. As MPC amounts are often set as part of a cluster-based agreement process, this could also be a separate top-up transfer amount as part of a resilience support effort.

A DEEP DIVE INTO EXPENDITURE CONCEPTS FOR MEB

When defining which goods and services to consider as part of the MEB calculation, household expenditure is understood as the sum of household consumption and non-consumption expenditure.

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: a) through direct monetary purchases in the market; b) through the marketplace but without using any money as means of payment (barter, in-kind exchange); or c) from production within the household (own-account production).

Households also incur expenditures that do not result in the acquisition of any goods or services for the direct satisfaction of their own needs. This is referred to as non-consumption expenditure and includes: a) compulsory and quasi-compulsory transfers made to government, including taxes, fees (for permits, visas, garbage collection), fines and other form of contributions; b) donations to non-profit, charities or religious bodies; and c) transfers made to other households like remittances, gifts, alimony and child support.

Households also benefit from goods and services through social transfers in-kind from government and non-profit institutions such as education, health, transportation and social welfare. These goods and services form part of the total consumption of a household but are excluded from this MEB expenditure definition due to the technical difficulty of assigning monetary values to them.
Traditionally, investment expenditures including savings and debt repayment are excluded from poverty calculations of consumption and non-consumption expenditures. This is because these capital and investment expenditures are not actually ‘consumed’ and constitute a repository of savings. When calculating an MEB for humanitarian purposes it is advised that purchase/payment on credit is taken into account, particularly if indebtedness is very prominent in the target population.

One of the learnings from the Christmas Day Tsunami is that credit, and the debt repayment that comes with it, tends to be an important coping mechanism in humanitarian crisis. Heavily indebted households may use grants to repay debts rather than to buy the goods intended by the agency, which is perfectly acceptable. In Lebanon (2016) the SMEB represents the monthly expenditures for a family to cover basic expenses required to survive, including an element of debt repayment.

WFP’s Essential Needs guidance discusses in more detail how to deal with questions on debts in household surveys.

This broader definition of household expenditures follows an acquisition approach, as recommended by the reference literature (ILO, 2003), which considers goods and services that were acquired during the reference period, irrespective of when they were wholly paid or used. By using this approach, humanitarians can truly capture not only out-of-pocket expenditures but also goods and services acquired through the market without money as a means of payment, and also production from within the household (particularly key for populations engaged in subsistence farming). Assessing goods and services entirely from a payments lens (i.e., only taking into account what the household has actually paid for) doesn’t allow humanitarians to consider good and services that vulnerable people have access to through credit, which is usually an important coping mechanism.

THINGS TO KEEP IN MIND

In the majority of contexts where an MEB has been developed for humanitarian purposes, the reference period to capture data is 12 months. This has its pros and cons. An accounting period of 12 months enables practitioners to capture seasonality and some expenditure components that can only be reflected annually (for example, purchases of expensive assets). Some secondary data will be collected on an annual basis.

On the other hand, longer reference periods increase the likelihood of recall errors in the collection of primary data (most people struggle to remember their expenditures in detail from a very long time ago). The composition of the household that those expenditures relate to might have changed over such a long period, so data collected will not reflect the actual characteristics of the survey household. When most of the expenditure of the target population happens on a daily, weekly and monthly basis (as happens during an emergency) a shorter reference period can give a better picture of current economic well-being. Using a shorter reference period than 12 months might improve the quality of data collected. Most expenditure surveys use a mix of recall periods. Food expenditure is often collected on a 7- or 30-day recall, non-food often uses a mix of 30 days, sometimes 3 months, often also 6 months and for some, bulky items 12 months. The recall period is adapted to reflect the occurrence of the spending of particular items, and data is then typically transformed into 30-day expenditures for the purposes of analysis.

The BNA questionnaires have specific questions about frequency and timing of expenditures. You can access them here.

In the process of defining the needs to be included in an MEB you might encounter some recurring non-consumption expenditures that relate to protection like visa or work permit renewals, garbage collection, telephone costs to contact families and other, culturally important one-off costs like burials. Some countries consider these payments so important that they count them as consumption expenses in the development of their national poverty line. In the Lebanon MEB (2006), for example, the cost of renewing a residency permit for Syrian refugees was included.

The costs of communication or transport tend to be hard to calculate and are often misrepresented. Experience from different contexts has shown it is important to factor in transport costs in both education and health in particular. When people may have multiple preferences for items or services or it might be hard to calculate, experts advise to select the most popular and least expensive option. In the case of transportation, there may be an option to take a taxi or a bus,
in which case the least expensive option should be selected, as long as it doesn’t pose a protection issue. In some cases, the cost of certain items or services may be difficult to measure and a certain percentage of the total cost of the basket is added on to simply account for any of these ‘additional costs’. This happens for both MEBs and SMEBs, as can be seen here.

Building **social capital** is an integral part of recovery. While some items may not be absolutely necessary for someone’s physical health or nutrition, they can be important for the social lives of individuals and households. For example, it may be important for a family to be able to offer tea to visitors or incur expenditure to partake in ceremonies and holidays. Tea, for example, was included in the first MEB calculated in York, United Kingdom in 1899. Depending on the culture, these items may play a notable role in overall expenditure and should be considered.

Different countries have different approaches on the statistical treatment of **remittances** in their national poverty lines. In general, they are recorded as non-consumption expenditure for the recipient household. For the donor household, these expenditures are recorded as non-consumption expenditure as well.

**In Latin American, where remittances play an important role in people’s expenditure, agencies have been pressured not to include them in MEB calculations due to political issues. Here are some tips to deal with these sorts of challenges.**

**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 come from the use of a humanitarian cash grant and won’t be covered by the agency.

To the extent that households acquire illegal and undesirable goods and services to satisfy the personal needs and wants of their members, they should be included as consumption expenditures irrespective of their nature and the methods used to produce, distribute or consume them. As this characterisation of these goods and services tends to be subjective and/or depends on legislation and accepted national practices, excluding them could affect comparisons of consumption expenditure across space and time. However, information on them could be unreliable or non-existent, in which case they would be excluded in practice. More information on this can be found [here](#).

### HOW DO WE CALCULATE SECTORAL BASKETS?

Some experts think that putting together the different sectoral baskets is the most complicated and time-consuming part of developing an MEB, as this is where there is the least agreement. Each sector has nuances that are hard to reflect in an overall calculation.

In theory, this can be solved by using a number of tools including:

- The Basic Needs Assessment Guidance and Toolbox (BNA) has a practical and comprehensive list of recurrent and one-off needs broken down by sector ([BNA, pp. 16 and 17](#)).
- The ROAP has great calculation sheets per sector. Available [here](#).

In practice, there are several issues that complicate the calculation of the different sectoral baskets. Here is a summary of the challenges and potential solutions to explore:

There is an issue with reflecting the **timing of expenditure patterns for different sectors**. Some services are consumed on a monthly basis, other expenditures are seasonal, others are just one-off expenditures depending on the profile of the household (e.g. catastrophic expenditures for health).
A key consideration is the frequency of expenditures. An MEB captures recurrent needs of the household, while acknowledging that emergency situations present different dynamics and ad hoc needs. Different amounts can be calculated at different points in time, meaning there could be regular transfers plus some top-ups for different situations.

According to its definition, an MEB should identify 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 the costs related to the repair of a house or purchase of furniture; or the medical costs to treat an injury. The Basic Needs Assessment (BNA) tool gets around this problem by defining recurrent and one-off expenditures as variations of normal monthly expenses.

**Recurrence expenses as those that repeat over time, as the commodity or service is consumed and must be repurchased on a regular basis. The most common recurring expenditures within a household are those of food, water, and hygiene items. One-off expenditures are non-frequent expenditures and include seasonal or exceptional costs.**

Find out more about this on the BNA.

Some standards require larger one-off investments or ad hoc costs. The cooking standard, for example, requires an energy-efficient stove in a well-ventilated area. In some cases, like Niger, it was decided not to include large, one-off costs in the sector basket. Most MEBs only include recurrent costs (i.e., items bought daily, monthly or seasonally) and smaller items bought annually or biannually. For other items, like kitchen items and tools and mobile phones, when they are included in the MEB it is assumed that their replacement is every one or two years, so the cost has been distributed pro rata in the MEB calculations.

In some countries’ poverty line methodologies, housing decorations, repairs and maintenance are considered as consumption expenditures and therefore included in their poverty line. Major repairs and home improvements (extensions, modernisation, rebuilding) are, however, capital expenditures and are normally excluded.

Some sectors struggle with the definition of an MEB as a threshold that divides people who can cope from those who can’t. For example, while it might be easier to define the food survival needs of a person, it is more complicated to define the education needs for survival, as they vary greatly across contexts and even households. Some expenditures are predictable due to individual characteristics (e.g. pregnancy, children in school); others are highly unpredictable.

Another complication comes from including an average of those items and services that can be monetised and are available through local markets. While some expenditures can be represented at the household level (e.g. food and shelter), others need to be calculated on an individual basis (e.g. communications and health). For some sectors, this might pose a serious challenge. Health needs, for example, are related to an individual’s condition and therefore not average. Some people may need to pay for expensive treatment for chronic illnesses. Others might need to pay large sums of money for other serious health events which are often unpredictable and one-off.
In some cases, this challenge has been surmounted by calculating different baskets for different types of households. In other cases the MEB resorts to heuristics to get around this problem. In Lebanon, the cost of one critical medical event (based on the statistic that 5 percent of the population will have at least one such event in a year) was included in the MEB. In the case of communication, we see the inclusion of one card for data/phone per household and the cost of a cheap phone split over the year in several MEBs and SMEBs.

Additionally, there are some other philosophical issues of whether certain needs should be included in an MEB at all. The core challenge for some sectors has been to check its standards and approaches against people's real expenditures to develop a response that is truly demand driven.

For example, for health there is a need to balance the idea that basic health services for the most vulnerable should be provided free of charge with the significant health expenditures people incur in reality. While access to healthcare comes with indirect expenditures that can be included in an MEB, it is harder to conceptualise the direct expenditures people incur because health needs are unpredictable, not equally distributed between families and not average over time. Another example is shelter.

Shelter also proves a complex component to calculate in MEBs. Some experts believe the amount allocated for shelter in MEBs is never enough to meet people's basic shelter needs, as it is difficult to define which elements can be included in an MEB (particularly for construction) without additional support or guidance, even if they can be monetised. It is crucial to ensure that shelter expenses are realistically reflected in MEBs, as is defining which needs should not be monetised and therefore fulfilled through other means including specific shelter technical support.

Using a hybrid approach to calculate an MEB might be a way to get around some of these challenges. Learn more about that here.

Below are other potential solutions that have been tested to overcome the challenges of calculating sectoral baskets:

<table>
<thead>
<tr>
<th>SOLUTION</th>
<th>DESCRIPTION</th>
<th>PROS</th>
<th>CONS</th>
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<tbody>
<tr>
<td>Minimum package of support</td>
<td>To reflect a limited set of services and related commodities for an average household and estimates of their costs.</td>
<td>Defines a minimum threshold for every sector equivalent to food security's 2,100 calories per person per day. Needs that are identified but cannot be included in the MEB should be covered as part of cash plus (services &amp; in-kind).</td>
<td>Not in line with the fact that some needs and expenditures are not average. It mixes one-off large and frequent expenditures with more frequently occurring expenditures.</td>
</tr>
<tr>
<td>Minimum package of support disaggregated by specific target groups</td>
<td>To reflect a limited set of services and related commodities for specific target groups and estimates of their costs, linked to the calculation for an average household.</td>
<td>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.</td>
<td>Estimating unit costs to translate the proportion of the MEB into MPC transfer amounts remains a challenge.</td>
</tr>
<tr>
<td>Poverty threshold alignment</td>
<td>Use 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.</td>
<td>Ensures complementarity and minimises any disruption in the long term as the government is the primary duty-bearer for its own citizens, including Internally Displaced Persons (IDPs).</td>
<td>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.</td>
</tr>
<tr>
<td>Percentage of expenditure allocation</td>
<td>Based on analysis of people’s evaluation, define a percentage for sectoral baskets from the total MEB.</td>
<td>The basis of the calculation is demand driven, ensuring it is realistic. It can be triangulated with rights-based standards.</td>
<td>Reflecting current expenditures only, risks not leaving enough space for resilience-building expenditures.</td>
</tr>
</tbody>
</table>

Adapted from Health Cluster draft paper on MEBs
SOME CLUSTERS HAVE COME UP WITH GUIDANCE, WHICH CAN BE ACCESSED HERE:

- **FOOD SECURITY:**
  - Essential Needs Assessment, WFP VAM, Food Security Analysis, [July 2018 WFP Essential Needs Approach](#).
  - Minimum Expenditure Baskets, WFP VAM, Food Security Analysis, [July 2018 WFP MEB guidance note](#).

- **SHELTER: GLOBAL GUIDANCE:**
  - UNHCR Rental Assistance Guidelines (how to calculate MEB portion for housing and rental market), currently being piloted in the field.
  - 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](#).

- **EDUCATION:**

- **WASH:**
  - Guidance on Market Based Programming for Humanitarian Practitioners.

- **HEALTH:**
  - Global Health Cluster: [http://www.who.int/health-cluster/about/work/task-teams/cash/en/](#).
  - 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](#).

COMMUNICATION IN SMEB IN NORTHERN SYRIA

Communication tends to feature in most MEBs as some experts consider it a survival need. Even in some cases where an SMEB doesn’t include a specific line for ‘communication’, it is considered in the total cost of the basket as a percentage dedicated for other expenditures. 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 on other locations (within or outside of Syria). Internet data cards are available and, given the interruption of normal phone networks, WhatsApp and other internet messaging services are most commonly used. The amount of 1GB is easy to purchase and sufficient for the minimum communication needs for a month.

MEBS AND EDUCATION IN EMERGENCIES (EIE) – LEARNING FROM THE GLOBAL EDUCATION CLUSTER

Literature shows that there are important gaps and inconsistencies in the way the transfer value is calculated for CVA for EiE. In some the cases MEBs don’t include education costs. When they are included, they are considered as an average cost per household, which limits its use for EiE programming since this usually targets individually school-aged children. ‘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](#).
ADDING A PERCENTAGE FOR ‘OTHERS’ IN NORTHERN SYRIA

Some MEBs add a percentage for ‘other’ expenditures. There is no set criteria to define which types are considered as ‘other’ or how much of the basket it should constitute, so it varies greatly per context. In some cases, a sim card and transportation costs are added as ‘other’. In Northern Syria for example, the basket contains 7.5 percent ‘float’ for other household expenses. This float covers medical care, rent, transportation, and education. It was calculated multiplying the average percentage of money spent on these items by the average percentage of households that reported spending on these items. The total came to 7.5 percent, and this was adopted as the ‘float’ amount.

IF WE ARE ONLY INCLUDING ELEMENTS FROM ONE SECTOR IN THE BASKET, CAN WE STILL CALL IT AN MEB?

A sector-specific basket is a solid starting point, but it is not a fully formed MEB.

According to the World Bank’s and WFP’s guidance, an MEB is usually built upon a calorific basket, but that on its own is not enough – there are other basic material needs which should be taken into account, such as housing, clothing and heating. The World Bank recommends building a comprehensive MEB on top of a basic food basket of 2,100 calories per person per day. In establishing an MEB, the starting point is to value an explicit bundle of foods typically consumed by vulnerable people living just above the poverty line at local prices (i.e. the WFP’s reference basket) and then add a specific allowance for non-food expenditures, consistent with the spending by the reference cohort. In Somalia, for example, the MEB calculation was based on a survival basket of food and non-food items where the former accounts for 70–80 percent of the total MEB, but it also includes a non-food component.

In the context of national poverty lines, there is a difference between full and food poverty lines, which has created confusion when applied erroneously in an MEB calculation. It should be remembered that one is based on the cost of living and the other is based on needs.

HOW CAN WE DEAL WITH DONOR AND HOST GOVERNMENT PRESSURES?

MEBs set a monetary threshold for humanitarian needs in-country. While agencies involved in MEB calculation might strive to be as scientific as possible in their calculations, it is hard to deny the political consequences of setting such a threshold. This is not uncommon for other poverty thresholds. For example, the $1 dollar a day threshold set by the World Bank in 1990 became the basis of the first Millennium Development Goal. Experts have long since recognised the frugality with which that was established as a measure of poverty that could be applicable globally, and have noted it was used less as a poverty threshold in the scientific sense and more as an advocacy tool to bring international attention to efforts to tackle poverty. In other instances, some governments have been criticised for fixing the poverty line too low to enable them to show that millions have moved out of poverty.

While recognising the value of heuristics in policy and advocacy, it is important not to step away from the science, as the thresholds we set will have important consequences on people’s lives.

We have seen there has been donor pressure in certain contexts to add or remove certain goods or services from the MEB calculation depending on their political views and operational objectives. There are two strong tools to mitigate this risk: (a) have a solid reasoning to support your findings based on sound data analysis and standards; and (b) a clear strategy for donor and government buy-in from the beginning of the process. Find out more about how you can do that here.
HOW MANY MEBS SHOULD WE HAVE PER CONTEXT?

There is usually one MEB per context. This can result in one MEB that applies nationally. Some experts believe that MEBs are specific to regions or refugee settings as long as there is a degree of homogeneity in the needs and the market, and significant difference with the rest of the population that justifies a specific threshold.

The MEB is usually built on an average household, as it aims to capture the minimum essential needs for an average family, and therefore doesn't account for additional requirements of distinct groups. Some experts believe that MEBs don't need to be disaggregated according to specific needs (pregnant women, the elderly, people living with disabilities, people with chronic disease) as expenditure baskets should be based on average needs, and other tools are better suited to capture those specific needs and design assistance for specific groups.

Other experts think that because the needs of households vary greatly depending on their special circumstances, while an average is used for convenience, it can fail to capture other additional individual expenditures for distinct groups. Host communities and populations in camps and on the move might have different costs not only for cultural reasons, but because access to markets might be different. Some experts think there is a need to disaggregate the MEB according to different types of need to be able to use the MEB as a more realistic threshold to calculate the transfer value of a cash grant. The additional expenditures for people such as pregnant and lactating women, infants, young children, adolescents, the elderly, people living with disabilities and people with chronic diseases should be considered.

There is currently no agreement on which of these different views should prevail. In any case, decisions should be made according to each specific context.

IF YOU ARE INTERESTED IN DISAGGREGATING THE MEB ACCORDING TO DIFFERENT TYPES OF NEED…

There are ongoing discussions on what could be the best way to reflect these differences. Some experts think it would be useful to set benchmarks that can be used as a reference point against which top-ups to the MEB can be calculated. Other experts think that disaggregated baskets for different types of

DIFFERENT GEOGRAPHIES (REGIONS OR URBAN/RURAL POPULATIONS)

If distinctions are not drawn between rural and urban populations, the MEB will not reflect the fact that costs and income opportunities are different across large urban centres and rural and peri-urban areas. Urban populations face different costs due to market price advantages but also due to additional expenditures, such as housing/rent and utilities. The 2018 Sphere Handbook contains new guidance for working in urban settings. Some issues to keep in mind:

- In out-of-camp and urban contexts for example, it is important to ensure that the MEB accounts for domestic water provision costs.
In urban settings, take steps to contextualise household food expenditure indicators, particularly in dense low-income settlements.

In urban settings, food might not be the most important basic expenditure. The Food Expenditure Share and its established thresholds may be less accurate in urban contexts, because non-food expenses, such as rent and heating, are relatively higher. Thus, the assumption that food is more important than shelter is questionable in these urban contexts. In the Iraq MEB (2018), for example, the highest percentage is allocated for rent (37 percent) while food accounts for 32 percent.

**DIFFERENT APPROACHES**

In Somalia, the Food Security Analysis Unit developed four sub-baskets for minimum expenditures: two cover rural and urban towns in the North West 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 some parts of it, like shelter, can reflect regional differences in cost. In the DRC, 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.

**A FEW APPROACHES 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 Vulnerability Analysis and Mapping (VAM) price database 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, 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.

Some experts believe that creating different MEBs by region could create pull factors for different areas, particularly in small countries. This could pose an additional challenge for people on the move, as refugee households may be registered at one address but often change location, so it may be difficult to verify which MEB their grant should be calculated against.
DIFFERENT TYPES OF POPULATIONS

Disaggregating the MEB according to different types of vulnerability can be useful for responses which plan to use categorical targeting.

**COMMON CRITERIA FOR CATEGORICAL TARGETING**

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


The age and gender of household members affects the price of items from clothes, to school level, to healthcare costs. People’s different abilities also incur substantial differences in their daily living costs. It is recommended to disaggregate these costs in the MEB calculations to increase accuracy. Below are some important issues to keep in mind:

- Avoid calculating children’s needs as a percentage of adult’s needs, as this does not accurately reflect the needs of children. For example, in 2010 the Federal Constitutional Court of Germany declared unconstitutional the fact that the needs of children are calculated as a percentage of those of adults for its national social protection system.

- The elderly tend to have higher health-related costs. They also sometimes struggle to get to the bank. Make sure you either adjust your MEB calculations for transport or register this specific vulnerability as part of a wider process. Learn more about cash and the elderly here and here.

- In some contexts, there are differences in expenditure according to gender. Sometimes, male heads of household tend to focus more on issues relating to residency permits, communication and transportation, whereas female heads of household focus more on education and children’s needs. When developing MEBs, an ad hoc gender analysis should help identify more accurate expenditures for the aforementioned items.

In the Far North Region of Cameroon, the International Rescue Committee (IRC) decided to use a gender focus and worked with an average of 2,300 kcal per day instead of 2,100 when calculating the SMEB to accommodate pregnant and lactating women’s food needs (the recommended daily energy requirements for pregnant and lactating women is 2,500 kcal/day).

- May people with disabilities experience higher costs in their daily living expenses than persons without disabilities. First, persons with disabilities are required to purchase items and services that are specific to their disabilities (e.g. assistive devices, rehabilitation and medicines). Second, when purchasing goods and services which are also purchased by persons without disabilities, persons with disabilities can incur extra costs (e.g. transport). You can find guidance on calculating disability-related expenses in this report by Development Pathways.

**IMPORTANT:**

Keep in mind that your 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 effort. The MEB process is full of compromises, and harmonisation and operational feasibility play a big role in what can actually be achieved. While it is our duty to deliver aid that is relevant and appropriate, remember that the MEB is an operational tool at the service of operational agencies, not an academic piece of research.

Did you know there is guidance on how to ensure equitable access to CVA for older people and people with disabilities? Check the Humanitarian inclusion standards for older people and people with disabilities for more information.
DO WE CALCULATE THE MEB PER PERSON OR PER HOUSEHOLD?

There are some complexities in defining the basic unit for calculation. While some expenditures like food might be easily quantifiable per capita, others like electricity or shelter might be better quantified at the household level. Selecting the right unit for calculation is a key step in calculating an MEB. Below are some tips on how to do that effectively.

We can use either a single person or a household as the basic unit of calculation for an MEB. Both approaches have their complications.

According to the reference literature (ILO, 2003), households can be defined as the unit 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. A household can be composed of a number of families (related by blood, marriage or adoption). Households can also be composed of one 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.

When an MEB is calculated per household it is usually based on an average number of people within it.

MEBs can also be calculated using an individual person as the basic unit. Per person calculations are typically based on a single working adult.

The main unit of calculation for MEBs can be as varied as the context to which it is applied. In most contexts an average household size is used as a basis for calculation. In other contexts, like Jordan, the MEB was calculated for a set range of households of different sizes. In other contexts, the MEB has been calculated per person.

Calculating an MEB at a household level makes sense from a theoretical point of view, as many decisions are taken within the household and because, to some extent, resources are shared among household members. This makes the household a natural reference point to understand the well-being of individuals. From a practical point of view, household-level calculation can also be easier, as data is often generated at household level.

The risk with using the household as the main unit of calculation is that if it is not done properly the household can erase individual specificities. Household-based calculations need to consider the age and gender of people in the household. 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. Calculating the health costs for a household is problematic unless we disaggregate the individual needs of its members. Make sure the composition of the household in your MEB calculations is chosen with care to avoid using averages that don’t represent individual needs.

Ultimately, we work with the information we have available. Sometimes a mixture of both approaches is needed. In Ukraine, for example, the ICRC could only estimate utilities per household, while everything else was estimated per person.
Calculating health needs into an MEB is complicated. Health needs are not only context-specific, but mostly individual and hard to predict. Using population averages at household level is not equitable, as the cost of services is not average either. Even though cash monitoring surveys show that health is often one of the top expenses for households, extrapolating health costs to be included in an MEB from expenditure patterns of vulnerable people just able to meet their needs is not accurate either, as it doesn’t consider catastrophic expenditures and doesn’t ensure access to quality healthcare and medicines. Even if the spirit was to consider individual needs as a basis for MEB calculations, it can be difficult to access medical records. The discussion is ongoing within the Health Cluster, but some experts believe that focusing on including a minimum package to cover out-of-pocket payments for predictable health needs at primary and secondary levels – including indirect costs, and a threshold for catastrophic expenditures linked to age and health status – is a possible way forward. Top-ups and reimbursements should also be considered as an addition to MEB health calculations for one-off expenditures.

When dealing with different household sizes, some of the costs are static (i.e. non-rival goods such as electricity and housing space do not necessarily change proportionally with the family size, see below), while others depend on the number of the members in the family (e.g. food).

In some contexts, the advice given to adjust for different household sizes has been to calculate the value of the MEB per capita by dividing the total value of the MEB by the number of persons in the average household used for calculation. This is practical and easy but not entirely accurate.

While we know that the needs of a household grow with each additional member, due to economies of scale in consumption, those needs don’t grow in a proportional way. This can be solved by examining the expenditure patterns of differently sized households or with the help of equivalence scales where different household types in the population are assigned a value in proportion to their needs.

One common equivalence scale is the OECD scale: it assigns the weight 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). This is a common scale used in many developing and developed countries. Another common scale is to give weight 1 to each adult and different weights to children depending on their age. For the official poverty line in Zambia, the following weights are given to children: 0–3 years: 0.36; 4–6 years: 0.62; 7–9 years: 0.76; and 10–12 years: 0.78.

Please note that while the use of the OECD scale is widespread, it contradicts recommendations against calculating children’s needs as a percentage of adults needs.
A way of circumventing the equivalency complication is by calculating the MEB for various household types. In Ireland, the Minimum Expenditure Standard of Living (MESL) defines the cost of a basket of goods for different household types based on an analysis of costs by gender and age. Their system includes six different household types. Learn more about MEB per household type here.

SHOULD WE CALCULATE AN MEB FOR VARIOUS HOUSEHOLD SIZES?

The majority of MEBs are constructed for a set number of people in the household because it is easier and potentially quicker. The MEB in Lebanon for Syrian refugees, for example, was calculated for an average household size.

MEBs can be calculated for various sizes of households. This makes particular sense where the majority of the cost of the MEB will be taken up by goods and services that are consumed on a per person basis, like food. The MEB in Jordan for Syrian refugees was calculated for different types of household. In the DRC, baskets are tailored as per the family size, with three different basket compositions and amounts: for families with three people or less, for families of between four and six people, and for families with more than seven members.

The decision should be based on the type of data available for the calculations, the speed at which you need to calculate the MEB, and the objective of the MEB. So, if you have data and time and will use the MEB to design a programme that will be possible to engage with complex registration and payment procedures, try to calculate for various household sizes. If you are dealing with a response where you need to act quickly to save lives, calculate for an average household size and revise your MEB later on.

A WORD OF ADVICE FROM THE RED CROSS TOOLKIT:

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.
WHAT IS THE DIFFERENCE BETWEEN AN MEB AND A SMEB?

According to the World Bank’s Poverty Manual, it may make sense to define more than one threshold (e.g. ‘poor’ and ‘extremely poor’) to reflect the fact that well-being follows a continuum, and there is no real turning point that is reached through the arbitrary establishment of a threshold. So, the idea of having different thresholds, namely an MEB and an SMEB, is not problematic per se. The problem stems from the lack of agreement over what constitutes the different thresholds.

In some cases, for technical and political reasons, humanitarian actors have needed to define a level of vulnerability below the MEB. This has been called a Survival Minimum Expenditure Basket (SMEB) and represents a basket that is more restrictive than an MEB. In theory, it should be straightforward to define what survival means. The foreword to the 2018 Sphere Standard notes that ‘the immediate survival needs of people in conflict and disasters remain largely the same wherever crisis strikes.’ In practice, while most of the SMEBs focus on the concept of survival, the rationale, definition and content of the basket varies per context.

In Lebanon and Turkey, the MEB covered the basic needs of a household in order to ‘live with dignity’ and ‘meet their basic needs and rights’, while the SMEB covered a subset of these needs covering only the requirements to ‘exist and meet lifesaving needs’. In Yemen and Libya, the SMEB was defined as the basket of items and services needed by a household in ‘acute need’. According to a WFP study from Turkey (2016), an SMEB ‘implies the deprivation of a series of rights’. In other cases, like Iraq, the SMEB has been defined as a percentage of the MEB (80 percent) by excluding the value of items and services that were considered as recurring expenditures. In some cases, the MEB used the average cost of goods and services, while the SMEB was based on the minimum amount.

In Northern Syria (2014), ‘rather than developing a full minimum expenditure basket including rent, utilities, and a more extensive list of items; it was agreed that the MEB should focus on strictly survival needs.’ For the purpose of the SMEB the term ‘survival’ was defined by the Technical Working Group as providing the necessary items for a household to ‘continue existence in spite of a specific shock or difficult circumstances’. The IRC in Cameroon used the same definition of survival when calculating their SMEB.

In Lebanon (2016), the SMEB represents the monthly expenditures for a family to cover basic expenses required to survive, including a minimum caloric intake of 2,100kcal, rent for an informal tented settlement, minimum water consumption and an element of debt repayment. The MEB includes expenditure included in the SMEB, plus more nutritious food, rent, hygiene items, cooking fuel, basic clothes, transport and communication costs, and debt repayment. In some other contexts, like the Far North Region of Cameroon, the SMEB produced by IRC doesn’t include rent, education, health and utilities, as they were not considered ‘essential’ to the emergency situation, but it includes an additional 10 percent of the total SMEB value for ‘other’ items based on post-distribution monitoring data that showed people spent an average of 7 percent on other items that included health, transport, education and communications. In Northern Syria (2014), the SMEB includes food, hygiene consumables, water and cooking fuel. It also includes an additional 6 percent for other needs including health, communications or transport. At the time of writing this report (2019), there is no MEB in Northern Syria, and guidance recommends that seasonal needs like heating and clothing be covered through additional top-ups.

There is much confusion in the use of these terms, in part due to their use in conjunction with an agency’s mandate and political constraints, the reality of balancing budgets with assessed needs, and conflicting technical views regarding the basic needs approach.

As needs are contextual, the best recommendations that can be made are:

- Ensure the content of the SMEB truly represents people’s priorities and needs, not an agency’s mandate or perceptions of them.
- Ensure you have a well-defined rationale for setting an MEB or SMEB threshold that other stakeholders in your ecosystem agree with.
- If there are political issues that have influenced your decision in contradiction to people’s priorities, be transparent, spell them out and advocate to change them.

As a rule of thumb, if for some reason, the situation changes dramatically and the SMEB/MEB distinction no longer works in your context, go ahead and revise the MEB. You can learn more about revising MEBs here.
WHAT IS THE BEST WAY TO DESIGN AN MEB PROCESS?

Learning from a variety of contexts has shown that the process of designing an MEB can be as important as the outcome of the tool, so it is crucial to agree on both process and outcome.

The process that interagency MEBs follow is as unique as the context and has to be reinvented every time because there is currently no defined place within the humanitarian sector and related coordination architecture for the construction and revision of an interagency MEB.

As a 2017 scoping study for Lebanon notes, experience shows that the construction and revision process is led by the stakeholders that are the most invested in the results:

- The Cash working group in Northern Syria, Iraq and Nepal;
- An ad hoc intersectoral task force in Jordan and Lebanon;
- A consortium implementing CVA in Ukraine;
- A specific UN agency or NGO like UNICEF in DRC, Danish Refugee Council in Libya or the International Rescue Committee in Southern Syria;
- A specific project like the Food Security and Nutrition Analysis Unit in Somalia.

The process of building an MEB can incorporate varying degrees of inclusion. A ‘light’ MEB process has lower levels of inclusion in comparison to a ‘full’ MEB process. Keep in mind that, ultimately, the best MEBs are those which are used. Therefore, the best process is the one that includes as many agencies as needed to build consensus, so that the MEB is actually used after it is produced. This can include agencies that provide assistance, including the UN, INGOs and local NGOs, and sometimes the private sector, as well as donors and most importantly the local government.

When defining how inclusive the process will be, it is important to consider three elements that are interrelated to inclusivity: speed, collaboration and level of effort. Each element has different gradations. There are also trade-offs between them.

In general, the more inclusive an MEB process is, the bigger the gains it can have in terms of improved collaboration. A more inclusive MEB process will take more time and effort to deliver. The less inclusive interagency MEB process is faster and requires a lower level of effort, but the gains in terms of collaboration decrease.

It is important to note that while the process might be different, the MEB as the end product should be of the same quality. What differs is not the data produced but the steps taken, level of consultation and depth of information collected to arrive at the MEB.

When designing your MEB process, the key to establishing where you set the balance across these four elements depends on your circumstances and the use you will actually give it.
In general terms, if you are doing an MEB in preparedness or in a protracted crisis and have the financial and political capital, doing an interagency, highly inclusive process is worthwhile as it will allow you to use the MEB not only to inform the transfer but also as a commonly agreed threshold for vulnerability. When conducted in an inclusive and transparent manner, the interagency MEB process can be a powerful way for different actors to collaborate effectively. An effective MEB process can add value by identifying duplication and gaps across sectors. The discussions that contribute to building an MEB can facilitate integrated approaches between different sectors driven by beneficiary demand. An effective process can build effective collaboration behaviours and systems around market-based interventions.

Interagency MEBs take time and resources. On average it takes four months of work to be able to deliver an interagency MEB in a participatory way. If you are in a sudden onset emergency where you need to act quickly and you will only use the MEB for a maximum of six months, then a lower level of stakeholder inclusion with higher speed is recommended. We call this faster route a light MEB process. It can be rigorous but only involve a couple of stakeholders to prioritise speed over collaboration. When the situation evolves you can revise your approach to be more inclusive.

MEBs developed through a light process have a limited shelf life. Make sure you agree on a set period of time for its revision. You can find more information on how to do this here.

WHAT ARE THE STEPS TO CALCULATE AN MEB?

Don’t reinvent the wheel when there are good resources out there:

- General guidance on developing a light MEB process and a full MEB process can be found in Part 1.2 of the MPC tool kit. You can access this here.
- The Response Options Analysis Planning guide has an excellent step-by-step guide and accompanying materials on how to develop an intersectoral basic needs basket. See page 92 to 113 here.
- The Red Cross Cash in Emergencies toolkit has an Excel template to quantify the MEB, including one-off expenditures. You can access it here.
- For general guidance on how to build an MEB you can also refer to the WFP’s MEB Guidance note.
- For guidance on which approach to select (rights based, expenditure, etc.) go here.
- For any other specific questions on the process, you can use the search function to find answers in this document.
HOW TO CHECK IF WE MADE THE RIGHT CHOICE?

Sometimes, we misjudge our circumstances. Below is a bulleted list of some signs that something is going wrong with the type of process you have selected. If you identify any of these in your context it might be worth revisiting the type of interagency MEB process you have chosen to follow.

- MEB is not endorsed by the Inter-Cluster Coordination Group (ICCG).
- There is duplication of assistance between the MPC and other cash transfers as a result 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 where you could replace with cash and Non Food Items (NFIs) you should be able to see that everything that could be captured in an MPC and other transfers are captured. If MPC and in-kind exist alongside each other in functioning markets, something is wrong.
- Key needs have been left out of the MEB because of lack of participation from a specific sector.

Regardless of how we decide to balance these four elements, building a minimum level of consensus around the purpose and process for an interagency MEB is key. Experience from different contexts has shown that the main challenge is convincing stakeholders of why this is relevant to them. Here are some tips on how to achieve that:

- **Equalise stakeholder knowledge of MEBs.**
  - Depending on the context, the capacity to engage in MEB discussions can be low. The person facilitating the MEB process might need to equalise stakeholder knowledge before they engage. You can do that by sharing the MEB BASICS, relevant parts of the MEB INSIGHTS and by encouraging them to explore the MEB WIZARD tool before you start the conversations.

- **Involve clusters from the beginning of the process.**
  - Understand the real capacity of the cluster to engage in this process. Share the MEB BASICS resource to showcase the importance of the process. Be flexible and try to find different ways of engaging them if they lack capacity.
  - Recognising that the CWG might not have the legitimacy and authority to make cluster participation mandatory, it is important to explain to cluster leads that their participation is key for the proper inclusion of key items from their sectoral baskets.
  - When available, make sure you use the resources produced at the Global Cluster level to inform your conversations.

- **Involving government partners, information sources and analysis.**
  - The value of engaging in an MEB process will be questionable if people can ultimately only receive a portion of the MEB due to a lack of agreement with the government. Be prepared to do some advocacy, if the MEB goes over the local minimum wage and government is concerned about how the local population unaffected by crisis will perceive this.
  - When involving different parts of government, be mindful of the different roles the host government plays in natural disasters and in conflict. Pay special attention in urban settings where there are diverse stakeholders to engage with.
  - In non-crisis settings, a country’s poverty line represents its minimum consumption standards of essential goods and services. Try to use national thresholds as much as possible. Be clear when you can’t. Learn more about how to do that here.
WHEN SHOULD WE REVISE AN EXISTING MEB?

There is a difference between updating an MEB and revising it.

- **Updating:** the basket composition remains intact; only the cost is updated to reflect changes in prices.
- **Revising:** a review of the relevance of the basket composition which may result in changes to the goods and services that are included in the basket.

**UPDATING AN MEB:**

As a cardinal rule, MEBs must be updated over time to reflect changes in prices faced by the target group.

If the MEB is connected to market price monitoring, you should be able to capture the change in prices without having to revise the MEB completely.

**REVISING AN MEB:**

If you are planning to use the consumer price index (CPI) to update the MEB, verify that:

a) it reflects the consumption pattern of the reference population used in determining the MEB (‘the poor’ vs. the middle class, for example); and

b) the basket of goods used for the CPI doesn’t vary significantly from the one used to construct the MEB.

As a rule of thumb, MEBs respond to needs identified at a specific point in time. The needs of a population and the ability to cope will differ before and after an emergency. In the same way, those needs and capacities will change as people begin to recover from the shock. Having an MEB that is an accurate measure for that specific period is crucial.

An MEB should be built to reflect the needs of a specific population at a particular moment, so the MEB needs to be revised as the situation evolves. For example, in Jordan, changes to healthcare meant that Syrians no longer received free healthcare and had to pay the subsidised Jordanian rate. Changes like this affect the composition of the MEB and should prompt a revision.

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

- there is no longer consensus regarding how representative the MEB is of actual needs of the targeted group;
- there is documented decreasing impact of MEB-based interventions;
- there are significant changes in supply and demand of goods and services.

According to the MPC toolkit, the MEB and transfer value review go hand in hand. The MPC transfer value will change if there are changes to complementary assistance, such as food assistance, or 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.

HOW DO YOU DO IT? A LOOK AT THE SMEB REVIEW PROCESS IN NORTHERN SYRIA

Starting in 2016, the CBR-TWG began a review of the existing SMEB, using a committee made up of working group member NGOs. 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 to not 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, 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 have been integrated into this guidance document. Overall, the value of the SMEB is expected to increase by ~5–6 percent.
WHAT OTHER THRESHOLDS CAN BE USED TO CALCULATE AN MEB?

‘The most important question in any MEB process is: Is there data available we can use?’

Regardless of whether it is done by a single agency or through an interagency process, one of the first steps is to define the data needs for the calculation of an MEB. The use of existing secondary data can save time and resources. The decision on whether to use this data will depend on:

1. its availability;
2. relevance for your objectives; and
3. comparability with your primary data.

1. Availability: Is there secondary data we could use?

Most countries have their own poverty lines, consumer price index and minimum wage.

<table>
<thead>
<tr>
<th>POVERTY LINE</th>
<th>CONSUMER PRICE INDEX (CPI)</th>
<th>MINIMUM WAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A nationally agreed threshold under which an individual is considered to be living in poverty.</td>
<td>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 percentage price changes for a specific basket of consumer products, the weights reflecting their relative importance in household consumption in some period.</td>
<td>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. 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.</td>
</tr>
</tbody>
</table>

Using a government-defined basket can be particularly important in countries where the government has social programmes that humanitarians are planning to align with that are based on a national consumption basket.

It could be that another agency in your context has developed an MEB that can be used. In sudden onset emergencies where time is of the essence, MEBs developed in neighbouring countries can also be adapted. You may need to revise the composition and cost of the basket before you use it. You can find more information on how to do that here.

Household Economy Approach (HEA) data can be used to build an MEB – see HEA Resilience Study and WFP MEB Guidance (p. 9).

Relevance: Can we use the secondary data that is available?

Whenever possible, the first choice should be to align with government practices. Before the decision is made to use available secondary data, take the threshold you are planning to use (for example poverty line) and run through this checklist:
MEB SECONDARY DATA RELEVANCE CHECKLIST

Answer **yes or no** to the following questions to assess relevance of any reference/secondary data you use to inform the MEB calculation:

▶ Is the threshold **constructed on expenditure** (most national poverty lines use median income not expenditure to set the threshold)?
▶ Is the threshold built against the **consumption habits of the reference cohort** (some consumer price indexes are built against an ‘average’ household)?
▶ Does the composition of the basket fit with the **consumption habits** of the target population (host and refugee/displaced populations might have different habits)?
▶ Does the composition of the basket fit the **consumption needs** of the local population – particularly in terms of adequate nutrition and minimum living standards (it could be culturally appropriate but substandard)?
▶ Does the calculation take into account **potential differences** in consumption patterns and prices that exist across regions?
▶ Does the composition take into account the differing basic needs requirements of different household members – young versus old, male versus female?
▶ Have both food and non-food items been included in the composition of the basket? Does the composition of the basket account for needs that have arisen as a result of the current emergency?
▶ Does the calculation of the basket reflect costs that are accurate for this particular moment in time?
▶ Does the composition of the basket align with IHL, IHRL and Sphere Standards?

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 (perhaps use other sources of data or try collecting primary data to fill the gap).

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

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A NOTE FROM WFP MEB GUIDANCE ON MINIMUM WAGE:

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.

**Comparability:** Is the secondary data we have compatible with our primary data?

If other poverty line data is available and relevant, and you are considering using it, you should ensure that secondary and primary data are comparable. This means you must adjust the primary data collection methodology you are planning to use, making 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 will produce is less detailed, errors are likely to occur.

**For a comprehensive list of the data you will need to develop an MEB, see the WFP guidance (p. 8)**
WHAT IS THE INVESTMENT NEEDED TO ENGAGE IN AN INCLUSIVE INTERAGENCY MEB PROCESS?

There is often a lot of effort that goes into calculating an inclusive interagency MEB. The process can have many positive outcomes but is typically complex, long and resource intensive. Before you engage in such a process, we recommend you go through this checklist to define whether you have the resources required to host a process.

INTERAGENCY MEB INVESTMENT CHECKLIST

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

<table>
<thead>
<tr>
<th></th>
<th>YES / NO</th>
<th>Do you have time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td></td>
<td>On average it takes four months of work to be able to deliver an interagency MEB in a participatory way. Can the response wait long enough?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>YES / NO</th>
<th>Do you have someone to lead the process?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2)</td>
<td></td>
<td>The MEB process is technically and politically complex. You'll need a qualified person who can dedicate all their time to facilitate this 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.</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>YES / NO</th>
<th>Do you have money to pay for the process?</th>
</tr>
</thead>
<tbody>
<tr>
<td>3)</td>
<td></td>
<td>Consider meeting space for four months on average. Assuming human resources are covered in question 2).</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>YES / NO</th>
<th>Do you have the political capital to ensure buy-in?</th>
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</thead>
<tbody>
<tr>
<td>4)</td>
<td></td>
<td>Do key stakeholders in your context believe this is what you should be doing? Are they convinced enough to attend meetings and proactively engage with the content? Is this process being led from an entity that other stakeholders consider legitimate?</td>
</tr>
</tbody>
</table>

If you answered ‘yes’ to all of the questions you are ready to engage in a Full MEB Process.
If you answered ‘no’ to some of the questions, here are some potential strategies:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>1) Time</strong></td>
<td>There is no way to fix this. If you don’t have time, explore doing a light process MEB and then revise the MEB in a more collaborative way when things stabilise.</td>
<td></td>
</tr>
<tr>
<td><strong>2) Human Resources</strong></td>
<td>If you lack the human resource: Can you request a deployment from CashCap? Are there any other stakeholders that could fund a position? If you have the person but lack the expertise: Use this tip sheet, or contact CashCap or your CaLP regional office, who might be able to find someone that can coach you through the process. Bottom line: In some cases like Cameroon, the MEB was not led by a single dedicated person and it succeeded. What you need is effective leadership, and that can be achieved in different ways.</td>
<td></td>
</tr>
<tr>
<td><strong>3) Money</strong></td>
<td>Ask stakeholders to share costs. If you still can’t manage, then put together a budget and advocate with donors and other stakeholders. It is in everyone’s interest to make this happen.</td>
<td></td>
</tr>
<tr>
<td><strong>4) Political capital</strong></td>
<td>You can find some tips on how to build consensus here.</td>
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</tbody>
</table>

If you are still unable to answer yes to all of the questions after applying these strategies, you should try a Light MEB Process.
### LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>IN FULL</th>
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<tbody>
<tr>
<td>BNA</td>
<td>Basic Needs Assessment</td>
</tr>
<tr>
<td>CaLP</td>
<td>Cash Learning Partnership</td>
</tr>
<tr>
<td>CBI</td>
<td>Cash-Based Interventions</td>
</tr>
<tr>
<td>CBR</td>
<td>Cash-Based Responses</td>
</tr>
<tr>
<td>CFSVA</td>
<td>Comprehensive Food Security and Vulnerability Analysis</td>
</tr>
<tr>
<td>CotD</td>
<td>Cost of the Diet</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>CSI</td>
<td>Coping Strategies Index</td>
</tr>
<tr>
<td>CVA</td>
<td>Cash and Voucher Assistance</td>
</tr>
<tr>
<td>CWG</td>
<td>Cash Working Group</td>
</tr>
<tr>
<td>DRC</td>
<td>Democratic Republic of the Congo</td>
</tr>
<tr>
<td>EFSA</td>
<td>Emergency Food Security Assessments</td>
</tr>
<tr>
<td>EiE</td>
<td>Education in Emergencies</td>
</tr>
<tr>
<td>ENA</td>
<td>Essential Needs Assessment</td>
</tr>
<tr>
<td>ERC</td>
<td>Enhanced Response Capacity</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
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<tr>
<td>HEA</td>
<td>Household Economy Approach</td>
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<tr>
<td>HH</td>
<td>Household</td>
</tr>
<tr>
<td>HH_EXP</td>
<td>Household Expenditure</td>
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<tr>
<td>ICCG</td>
<td>Inter-Cluster Coordination Group</td>
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<tr>
<td>ICRC</td>
<td>International Committee of the Red Cross</td>
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<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
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<tr>
<td>IHL</td>
<td>International Humanitarian Law</td>
</tr>
<tr>
<td>IHRL</td>
<td>International Human Rights Law</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-Governmental Organization</td>
</tr>
<tr>
<td>IRC</td>
<td>International Rescue Committee</td>
</tr>
<tr>
<td>MEB</td>
<td>Minimum Expenditure Basket</td>
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<tr>
<td>MESL</td>
<td>Minimum Expenditure Standard of Living</td>
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<tr>
<td>MPC</td>
<td>Multipurpose Cash</td>
</tr>
<tr>
<td>NFI</td>
<td>Non-Food Items</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
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</tbody>
</table>
### MEB RESOURCES

2. Guidance and Toolbox for the Basic Needs Analysis (BNA).