Q&A document

WFP / CaLP webinar series

Webinar #4: Using the MEB to set transfer values for multipurpose cash (MPC)

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1. **Could the MEB be a useful tool in other types of programmes, like multidimensional poverty programme for instance?**

The MEB sets a monetary threshold for households to be able to cover their basic/essential needs. When we use the MEB to do a gap analysis, we hence only capture monetary deprivation. However, analyses done to construct the MEB can contribute to identify barriers causing multidimensional poverty. The key point here is to combine the information from the MEB with information on market conditions and service provided, for instance assessments of access to basic services through multi sector market assessments that collect information on availability, quality and access, beyond financial barriers. MEB analysis can also trigger discussion around poverty levels/minimum salary defined at country level.

2. **What is the main difference between emergency intervention and development one regarding MEB?**

As the MEB only captures basic/essential needs, it does not aim at informing the needs to strengthen resilience per se. For instance, investments e.g. in livelihood activities are typically not included in the MEB. But the MEB and associated analysis on vulnerability and transfer values can be a basis for discussions on livelihoods. For instance, it can inform an understanding of household debt levels/repayments, and what is needed as a minimum level of income as a platform for then investing in livelihoods. The transfer value for a MPC aiming at strengthening resilience could hence use the MEB and gap analysis as a starting point - showing us the gap in basic needs - but possibly adding on tiered or layered transfers or interventions (top-ups, or livelihood inputs or other complements) . Complementary interventions (whether in CVA or other modalities) or connection with social safety nets could further ensure transition to development.

3. **How do we reconcile the way in which humanitarian cash transfers are designed (and the objectives which they are designed around) with that of social safety net programs which generally do not align on either of those parameters?**

Not an easy question to answer! Below, we offer some thoughts.

The first important part of any transfer value setting is to make clear the objective of the programme that the transfers are part of. Often, humanitarian cash transfers are done with different objectives and hence often have different design parameters than social safety nets. It is the role of the humanitarian cash community (including donors) when working closely with government counterparts to explain this and to advocate collectively for differentiated approaches for different population groups and needs (crisis-related vs chronic) as necessary to achieve programme outcomes.

There may not necessarily have to be a push to align/harmonize/reconcile when this is not in the best interest of the population we serve. This includes discussion on transfer values as well as any other critical design parameter. It is always essential to define clearly and unpack together with the programme participants the eligibility criteria, entitlements, duration and all the other differences between different interventions, particularly if these serve similar or adjacent populations and even if the interventions have different objectives (this might not be so obvious to them). Ultimately if we put people and their basic/essential needs at the center, it helps to serve them better and to get out of humanitarian and development siloes while maintaining a “saving lives in crisis” approach and focus.

On the other side, humanitarian cash actors are also increasingly supporting, working with (and sometimes through) government social protection systems. Ultimately humanitarian cash actors and people affected by any type of shock or stress can only benefit if the national safety net is more inclusive, more agile and more adaptive to respond to increased needs of vulnerable populations during crisis. Humanitarian cash interventions can also piggyback on a number of sub-systems and be more efficient and effective. Again, this doesn’t mean reconciling or aligning on all fronts humanitarian and safety nets interventions.

Indeed, alignment between “saving lives” and “reducing poverty” programmes can be tricky when it comes to thresholds and transfer value. The MEB captures essential needs, but typically not the cost of investing in livelihoods to break the poverty cycle. However, often, safety net transfer values also do not allow livelihood investment and long-term impacts on structural poverty. Engaging with the government during the MEB construction process, including on its purpose and construction approach, is important from the onset to facilitate future articulation between programmes and support acceptance of specific humanitarian programming. One way to facilitate this articulation can be by including people who are targeted by humanitarian assistance into the national social registers that are used to deliver the social safety nets.

This context-specific, tailored articulation requests a lot of conversations, progressively building mutual understanding on technical details between humanitarian and social protection actors, and time, space and resources to have these conversations.

4. **In contexts in which the state offers multitudes of social protection/government vouchers (for food, transport, health, etc.) but with different frequencies and amounts in different parts of the national territory, how can we consider them in a NATIONAL gap analysis? Moreover, if the value of these government vouchers is daily and strongly influenced by hyperinflation and a fluctuating exchange rate, how can we consider them in the gap analysis ?**

The gap analysis does not necessarily have to be a national-level analysis. The MEB itself might take on different values between different regions, if needs or cost of needs differ significantly. Even if the MEB threshold is uniform across the country, when subtracting households’ own economic capacity in a gap analysis and further considering what assistance they might already have access to, we can still arrive at gaps that are different in size between regions.

If the package offered by national protection measures is different from one region to another one, it is important to understand the rationale for those discrepancies: are the needs different or are the resources allocated to regions different? Specific geographic gap analysis can be undertaken and different transfer values can be set depending on the level of needs and depth of gaps to cover, and the profiles of the population groups targeted. Remember that the goal of setting an MPC transfer value is not necessarily that all households receive the same amount, but rather that households receive an appropriate amount in accordance with programme objectives.

In very volatile price environments, care of course needs to be taken both when deciding on cash as a transfer modality, and when setting the transfer value. It may be an option to build in a small 'buffer' in the transfer value, to protect the real value of the transfer. Close monitoring of prices and markets are key.

5. **Are there any recommendations on when to use MEB and SMEB transfer values? / It seems we need harmonization of SMEB concept: some agencies include Food only, and other what they think is multi-sector survival. Why not use MEB only ?**

There are indeed debates around the relevance and use of SMEB, as discussed in the webinar. The MEB being the "minimum" to ensure basic needs and dignity, there are ethical questions about the relevance of having lower thresholds. However, as raised by different participants, defining "minimum" is difficult and always subject to some amount of subjectivity. When resources are limited, this can influence the transfer value and exacerbate the tension between "covering less needs for more people" or "more needs to fewer people". However, resource constraints in themselves should not dictate the MEB analysis and how we establish the minimum.

There is an overall consensus that "survival" needs are not limited to food (if this is the case, the SMEB could simply be the food MEB). Hence, the SMEB typically contains both a food and a non-food part.

A benefit we can find in using a SMEB sits with its ability to transparently disclose when only survival can be expected from the programme. A MPC based on SMEB will not cover all basic needs, it will maximally bring recipients to a survival threshold. But a MPC based on MEB is expected to cover *all* basic needs, even when we know it is not always possible, either because of the way the transfer value was set based on the MEB, or because of the approach used to calculate the MEB.

As discussed in the webinar, there isn't full consensus on the value added of having a SMEB or its usages. Its popularity might have been a result of some MEBs having been constructed in ways that led to quite high MEB values, and at a time when solid gap analysis frameworks to define transfer values were not in place. Consequently, SMEB was previously often defined as a kind of transfer value to be given in a context where it was not possible to support a full MEB.

6. **How can the MEB help harmonize transfer values in an area (with different actors' programmes), when many other factors that might vary per programme influence setting the transfer value ? / How can the MEB also play a role in setting and harmonising transfer values for sectoral cash assistance (beyond food security programmes)?**

As presented in the webinar, programme objectives and other factors influence the transfer value. Transfer values do not necessarily have to be harmonized. However, if the programmes are aligned on objectives and are targeting the same level of vulnerability, there is a good case for harmonisation.

It is worth noting, that most sector-specific outcomes can not be separated from meeting basic/essential needs in the sense that as long as households' basic/essential needs are not covered, it will be difficult to achieve sector specific outcomes through CVA: if households do not receive a transfer that will allow them to adequately cover the full gap in their needs, they will prioritise their resources in the way that suits them best, and not necessarily how the transfer was intended. In that sense, the MEB can help inform the design of interagency MPC and contribute to improving overall well-being of households, on top of which sector specific interventions of various types could be added.

7. **What is the role of income for calculating transfer value? How do you measure it ?**

Income is used in the MEB gap analysis - in the gap analysis, *household economic capacity* is subtracted from the MEB to measure the gap that households face. However, household income is in fact very often measured through household *expenditures* (in particular in poorer countries, this is a better and more reliable measure than household income). Hence, survey data on household expenditures is a useful source of data for the gap analysis.

When household expenditures are calculated for the purposes of a gap analysis, households' own production is taken into account, as this contributes towards their own economic capacity. Assistance received is also considered.

Overall, the analysis may rely on existing data from the government or partners, or on data from fresh household needs assessments.

8. **How much do we add as a contingency (+) if there is a highly fluctuating market ? Is there any systematic guidance for that to calculate ?**

A harmonized guidance to deal with fluctuating markets has still to be developed, but generally CWGs are providing support to partners to agree on key factors to be considered to adjust transfer values. This might include a monitoring of the cost of the MEB, of exchange rates, of currency evolution and all other aspects to ensure appropriate analysis of the changing context and related programmes implications.

9. **Are there any recommendations in regards to managing price fluctuations and significant geographic variation of prices / availability. e.g. Having an absolute value set by a coordination body (re evaluated every X number of months as in Yemen) vs having a floating transfer value informed by local prices (based on a standardized underlying basket)?**

There are pros and cons to having a centrally set transfer value versus a value that fluctuates with local prices. CWGs are often providing recommendations. Whatever the option selected, it should be the most suitable for our recipients to ensure reaching expected outcomes while remaining feasible from both programmatic and financial point of view (and in line with market environment and regulations). There are several examples on how the response can be adjusted (i.e Haiti, Nigeria…).

One argument for a centrally determined value may be the perception of fairness, and the avoidance of potential pull effects across areas. On the other hand, if prices differ significantly across areas, adapting to local prices can help ensure equal purchasing power. Regardless of whether transfer values are uniform across the country or adapted to local prices, a reasonable frequency for monitoring of prices and review of transfer values should be agreed upon from the outset. Remember that price monitoring and updating the cost of the MEB does not automatically have to lead to an adjustment of the transfer value.

10. **Do the panelists believe the SMEB is based on the original Household Economy Approach, where the survival threshold is the monetary value of the equivalent of the minimum daily food Kcals and water requirement per person? or has the SMEB become more than that, and if so, why call it "survival" ?**

It is quite unlikely that SMEB is based on the HEA approach that is mostly dealing with the coverage of food needs only. We encourage you to have a look at previous Q&A documents from previous webinars where this question has been tackled. Overall, we think that the HEA is a useful method to inform the construction of MEB but would not be sufficient and that the transfer value would be again another calculation.

11. **What is the position of ECHO regarding funding the ENA/MEB analysis by NGO or UN agencies?**

ECHO partners are expected to carry out a sound needs assessment along their response proposal that is analysed before funding decision. In a specific context where it is deemed strategic and necessary, ECHO can consider funding ENA as an inter-agency initiative. This is notably envisaged where ECHO is interested in supporting joint processes that bring together socioeconomic vulnerability targeting with protection concerns (i.e WFP-UNHCR targeting hub). ECHO is also supporting CWGs (where they exist and/or where there is an interest to set it up) that is involved in MEB design and monitoring. This may also include some capacity strengthening depending on contexts.