



Global Shelter Cluster
ShelterCluster.org
Coordinating Humanitarian Shelter

A woman in a blue patterned dress and brown headscarf is shown in profile, working on a woven basket. She is wearing a blue dress with yellow and red circular patterns and a brown headscarf. She is holding a piece of yellow thread and is weaving it into the basket. The basket is made of light-colored wood or bamboo. In the background, another person is visible, wearing a yellow and blue patterned dress. The scene is outdoors, with a blurred background.

Shelter Considerations for Minimum Expenditure Basket Development and Multi-Purpose Cash Assistance Program Design: A Guidance Note

Shelter Sector / June 2023

This Global Shelter Cluster (GSC) Tip Sheet is intended to support decision making about the suitability of including shelter components in a Minimum Expenditure Basket (MEB) and/or the transfer value for a Multi-Purpose Cash Assistance (MPCA) Programme

Background

This tip sheet was developed by the Global Shelter Cluster and CRS, co-facilitator of the [Shelter, Cash and Markets Community of Practice \(CoP\)](#), and was reviewed by various coordinators and several CoP members, for use by country-level Shelter Cluster Coordinators and other practitioners who are requested to provide input into the design of the shelter components of a Minimum Expenditure Basket (MEB), to provide information that can help them advocating for the most suitable option in their context. This tip sheet is intended to list some of the key considerations and questions that might help shelter practitioners engage in a) the MEB development process, and/or b) the MPCA transfer value calculation process. It is not intended to be a step by step guide on how to develop the shelter component of an MEB or to provide prescriptive guidance on what to do in all possible scenarios.

This tip sheet is a living document and detailed country examples on how shelter has been considered in MEB design and subsequently in MPCA program design will be included in the document as a next step.

Context

Adequately meeting the shelter-related needs of crisis-affected populations is a complex process that requires specific knowledge of the context, population groups, their shelter needs and capacities, identifying risks, and close monitoring of the impact of shelter responses to minimize risks and enable people to have safe and dignified shelter conditions. Shelter Cluster Coordinators are often asked to contribute to the design of MEBs by Cash Working Groups at country level. However, the decision on whether or not, and how, to include shelter needs in an MEB requires a number of factors to be considered, particularly as there are key particularities for shelter responses that may not be applicable for other basic needs included in an MEB, such as food, household Non-Food Items, etc. The following considerations are intended to help Shelter Cluster Coordinators and shelter practitioners to better decide and justify which elements of the shelter and settlements response could be a) included in the MEB, and b) covered through an MPCA programme, and which elements should be covered through a dedicated shelter programme either through cash or other modalities. Please note that there is currently no standardised process for MEB development, nor for MPCA transfer value determination.

Key Definitions



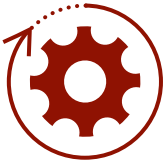
WHAT IS A MINIMUM EXPENDITURE BASKET (MEB)?

A Minimum Expenditure Basket (MEB) is an operational tool. It is used to identify and calculate, in a particular context and for a specific moment in time, the average cost of a socioeconomically vulnerable household's multisectoral basic needs that can be monetized and accessed in adequate quality through the local market. Goods and services included in the MEB should enable households to meet basic needs and minimum living standards without resorting to negative coping strategies or compromising their health, dignity, and essential livelihood assets. An MEB can be calculated for different household sizes. It is not the same as the transfer value but is an important tool to inform [its] calculation.

There are three main approaches to MEB development:

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

The CALP Network Glossary (2023): <https://www.calpnetwork.org/resources/glossary-of-terms/>



For the purposes of this guidance, the MEB on the key definitions from [The CALP Network Glossary](#) is considered. The contents of this guidance should be read in line with the following basic parameters and assumptions (acknowledging that there is no standard methodology for MEB development, and of MPCA transfer value determination):

- ▶ MEBs should (only) include needs that can be monetized. This entails some exploration and decision making at the point of MEB design to understand if particular needs can be addressed through cash assistance (via goods/services which can be made available by cash assistance) and therefore can be included in the MEB.
- ▶ MEBs should include needs that can be accessed in adequate quality through the local market. Again, this entails considering what items are available and accessible in local markets, these markets are accessible to the population, and at what quality when making a decision about what to include in the MEB.
- ▶ The components of an MEB can either be defined based on a 'rights-based', 'expenditure-based' or 'hybrid' approach. The approach that is most appropriate will depend on context, and also discussion and consensus-building with stakeholders involved in MEB design. Most commonly a 'hybrid' approach is used for MEB design, but it may be up to the Shelter Cluster Coordinator in a particular context to determine which approach is most appropriate for meeting shelter needs (i.e. including shelter needs in the MEB based on standards such as Sphere and what these cost in the local market (rights-based) OR including shelter needs in the MEB based on household expenditure patterns (expenditure-based) OR a mix).
- ▶ The costs included in an MEB can either be regular and recurring, one-off, or seasonal. For the purposes of shelter, monthly costs might include monthly rental and utility payments, one-off costs may include shelter items, and seasonal costs may include fuel for winter, or blankets (as an example).

MEBs should reflect total needs of the household (not a %), however when the MPCA transfer value is developed this will determine what portion or % of needs in the MEB are intended to be covered.

- ▶ The MEB and MPCA transfer value are two distinct things. The MEB is intended to capture a household's needs (based on the definition in Box 1) and can be used for a number of purposes¹, but most commonly is used to determine the transfer value for MPCA recipients. The MPCA transfer value can be designed based on a number of different methodologies, one of which is to utilise the MEB, then understand what resources households have available, and then base the transfer value on the gap or the difference between the household's needs (the MEB), and their available resources. Where the MEB is not used for MPCA transfer value calculation, other alternatives such as aligning with government-social assistance values, or poverty lines may be considered. Considerations in this document may relate to either a) MEB design, b) MPCA transfer value decisions, or both, depending on the methodology used in a particular context.

¹ See <https://www.calpnetwork.org/publication/calculating-the-minimum-expenditure-basket-a-guide-to-best-practice/> for more information and guidance on MEB design, and how MEBs can be used.

- ▶ MPCA programs can provide one-off transfers, or multiple transfers over time to recipient households.
 - ▶ This tip sheet tries to differentiate between a) shelter 'top-ups' to MPCA programs, which would be a shelter-specific cash transfer that covers shelter specific needs accompanied by the requisite technical support and accompaniment, likely targeted at a sub-set of MPCA recipients based on need, and coordinated by and reported to the Shelter Cluster, and b) increasing the transfer value of an MPCA program to cover seasonal needs, such as winter fuel (for example), that would be likely targeted across all MPCA recipients, and not require technical accompaniment or complementary shelter-related activities. 'Top-up' is not well defined, and is often used interchangeably for the above scenarios, however this note tries to make this distinction.
 - ▶ The guidance note is intended to focus on considerations that are specific to shelter and MEB design, not to the use of cash for shelter programming or of general MPCA program design (though some points may be relevant for both).
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GENERAL CONSIDERATIONS FOR INCLUDING SHELTER ACTIVITIES IN AN MEB, AND IN MPCA PROGRAM TRANSFER VALUE DESIGN

- 1 Define clearly the scope of the shelter outcome that is intended, particularly if it is expected that the target population accesses adequate shelter or whether it is just intended to contribute to shelter outcomes by addressing some of the financial barriers to having adequate shelter.**

If the former, then a shelter-specific programme will be more effective than including shelter needs in an MPCA programme. In addition, some challenges for people accessing adequate shelter may be structural and linked to the larger scale living environment (settlement, neighbourhood or location within a city), rather than an individual or their individual shelter – in this case, household-level MPCA programming will not be relevant to address these challenges.

Available evidence and trends indicate that MPC alone will not guarantee people have adequate shelter. MPC can, however, contribute to shelter outcomes by addressing some of the financial barriers to having adequate shelter, for example by enabling people to pay for rental and/or utility costs, or contribute towards house repairs. However, minimum standards of quality shelter cannot be guaranteed with MPC alone. If the objective of the programme is to provide adequate shelter this must be addressed through shelter-specific programming and/or complementary interventions. MPCA Outcome Indicators. [The CALP Network, 2022.p.32.](#)

How can sector-specific cash (by design), whether conditional or unconditional, contribute to sectoral outcomes? (...) Conditional cash instalments may be appropriate to construct, rebuild, repair or retrofit a shelter, enabling households to procure materials (and pay for their transport to and from suppliers) or pay for labour directly. Each instalment should be released upon reaching the agreed stage of the construction and to the agreed technical standard. Costs incurred for the use of utilities, services, land or accommodation may be in conditional instalments or paid in advance (either to the final recipient or the landlord, depending on context). Terms and conditions may require deposits or other costs, which may be agreed through verbal or written agreement. [ECHO policy on cash transfers, 2022.p.83.](#)



2

Understand the objective of the planned, or ongoing, MPCA programme: who is it targeting, and how is it intended to be implemented?

- In some contexts, the MPCA programme may be planned as a one-off response (for example in many rapid response mechanisms to sudden displacement), which may enable some initial shelter needs to be covered and then a secondary sectoral specific response to address the remaining shelter needs would be required.
- In other contexts, MPCA programmes can be designed as a recurring response provided to the affected population through multiple tranches. Evaluate how this will impact meeting the shelter needs, and whether it will cover all or partial shelter needs. If there will still be unmet shelter needs, a sector specific response is still needed.
- In some cases, MPCA programmes will not cover any of the shelter needs. That is acceptable as long as shelter actors have available funding to complement MPCA programmes with shelter specific programming when there are specific shelter needs.
- If the MPCA programme is designed to mirror government-led social safety nets that are focused on poverty alleviation rather than address humanitarian vulnerability, then it is unlikely the transfer value provided will cover the shelter needs of crisis affected populations who have lost their home and all household items. Cash may then only be partially used for meeting shelter needs, and if these persist, and if these persist, a sectoral specific response will still be required.

3

Confirm that it is appropriate to monetize a particular shelter need in a particular context before including it in an MEB and in an MPCA transfer value calculation.

This requires exploring the following questions:

- Are the shelter-related goods and services² that the affected populations need readily available in adequate **quantities** in local markets? (For example, are there sufficient rental properties available to absorb the displaced population? Are shelter-related NFIs available in adequate quantities in markets accessible to the target population?)
 - Are the shelter-related goods and services available in local markets of adequate **quality**? (For example, tarpaulins that meet quality standards can be difficult to procure in local markets.)
 - Do the target group normally pay for shelter-related goods and services? (Consider that there may be some situations in which some displaced populations do not pay for their accommodation, for example staying at collective sites and collective centres or as part of arrangements with hosting families.)
 - What are the behaviours and practices of the target group related to shelter? Are there significant³ concerns and risks related to the safety and quality of accommodation that people typically access in the context (i.e. overcrowding, poor building conditions, location, physical accessibility, access to services and livelihood opportunities, vulnerability to future disasters etc.) considering Age, Gender and Diversity (AGD)? Can these risks be addressed through accompanying programming from the shelter sector or other sectors?
- Are financial barriers the main or only reason that the affected population are not able to access adequate shelter? (For example, non-financial barriers to accessing adequate shelter may include unavailability of housing stock either due to destruction or demand from displaced populations that cannot be absorbed; or legal barriers for people to access the rental market; or discrimination faced by populations to access shelter; or poor construction practices that increase risks to natural disasters)
 - Does MPCA allow Shelter needs to be met on a scale that sectoral Shelter assistance (either cash, or in-kind) cannot in order to save lives immediately?
 - Are there significant environmental risks with local sourcing of materials that would be exacerbated by providing cash assistance? Can these risks be mitigated with accompanying sensitization and awareness raising for participants? (Example: deforestation, or low quality tarpaulin purchased in local markets that needs to be replaced more frequently.)
 - Are there government cash programs in operation, and to what extent are they designed to cover shelter needs?



An MEB process only monetizes goods and services that are readily available in local markets for which the target group is used to paying and where supply side quality controls are not essential.

[Calculating the MEB: A Guide to Best Practice. The CALP Network, 2021. P.22.](#)

² Shelter-related goods and services may include rent, utilities such as gas and electricity, construction materials and tools, construction labour, shelter-related NFIs etc.

³ What is classed as a 'significant' concern and risk will vary based on the context, and something that each Shelter Cluster will define at country level.

4 | Understand the variety and type of shelter needs across groups targeted for MPCA.

This requires understanding the following aspects:

- Are shelter needs typical and commonplace across the group(s) targeted with MPCA interventions, or are shelter needs most relevant among a subset of the target group of MPCA interventions or among groups not targeted through MPCA? Are shelter needs varied among the group targeted (for example, diversity in shelter solutions used across the population, including ownership, rental, hosting etc.) or fairly similar across the group targeted with MPCA? Are particular needs of the most vulnerable groups considered (in terms of protection and gender, age etc for example) ?
- Special attention should be paid to the realistic options the target population have to cover their specific shelter needs with a universal approach (such as MPCA). Depending on the type of crisis, shelter assistance can be very location- or even household-specific; in such cases, top-ups to address the shelter needs of specific groups can be considered for eligible households. Given that addressing shelter needs tend to be of high cost (for example for repair, construction or rent/utilities), it can be more cost effective to provide shelter support by prioritising those who need it most (rather than covering all MPCA participants with the same package of support).
- Are shelter needs related to construction of housing or significant repairs?
Given the importance of quality control, whenever cash assistance is intended to enable people to engage in (re)construction, accompanying technical supervision is essential to ensure no risks for inhabitants are created and formerly existing risks are mitigated and that safety is central. This also includes 'building back better' approaches to

mitigate the risks of future disasters. **Therefore, the Global Shelter Cluster strongly discourages the inclusion of any repair or reconstruction needs in an MEB, and in any MPCA programme** (for example construction materials and labour), but rather these needs should be addressed through a shelter program with the appropriate technical accompaniment. In urban areas or contexts where people reside in multi-storey housing complexes, repairs may also not be able to be conducted by individuals as this requires a building-level approach.

- Is there monitoring data available for MPCA programs that reflects the shelter conditions of the target group? If not, is it possible to put this in place?

The absence of direct monitoring of the response, including the MPCA response, can have an impact on the identification of gaps in the shelter response. Using the shelter indicators from the [MPCA outcome indicators](#) can help MPCA and shelter practitioners understand if MPCA is contributing to addressing shelter needs, and what gaps still remain in addressing shelter needs among subsets of the target group (and therefore can be addressed through a shelter-specific program or intervention).



Whenever S&S programmes are supported through MPC, technical expertise, capacity building and monitoring need to be provided for [ECHO policy on cash transfers, 2022. p.83.](#)

5 | Identify the nature of shelter needs in terms of frequency.

Shelter needs may be regular and consistent over time (example: monthly rental payments, utility payments), or shelter needs may be one-off, irregular in frequency and highly variable (example: repairs, construction upgrades, rental costs that have to be paid upfront or a year in advance, winter fuel costs). Note: one-off needs could still be addressed through a shelter top-up delivered alongside an MPCA transfer if appropriate, or through increasing the MPCA transfer value at the relevant times of year to cover these needs, for example in the case of winterisation costs.

6 | Understand the realistic costs required for target groups to access safe and dignified shelter and consider if this can be adequately reflected in the MEB, and subsequently adequately covered through the MPCA transfer value.

- Assess the current costs for securing safe and dignified shelter in the context. Consider available price data for different types of housing in different geographic areas (for example, different sizes of rental units, condition of rental units, variety in cost among urban and rural areas and within cities).
- Costs for Shelter represents a significant household investment, however the MEB should always endeavour to reflect realistic costs of what people need to meet these needs (even if these are perceived as 'high' from a funding or political perspective). The MPCA transfer value will determine what needs from the MEB will be covered by MPCA, and this is where financial or political factors may come into play. If the MPCA transfer value cannot adequately account for realistic shelter costs in your context (if appropriate to include given the

considerations highlighted so far), then it will likely be most appropriate to cover these needs through a shelter-specific top up / intervention. This approach may be more cost-effective (as 'higher cost' shelter interventions can be more targeted based on need). If an inadequate amount for shelter is included in the MEB, and subsequently the MPCA transfer value, this may pose challenges in mobilizing adequate resources for shelter interventions that are able to ensure safe and dignified solutions.

- Consider that there may also be other costs associated with Housing Land and Property Rights (HLP) for example settling disputes or in the absence of having papers or documents demonstrating ownership.



Shelter is a complex component to incorporate into MEBs (...) It is essential to ensure that shelter expenses are realistically reflected in MEBs' and 'It is essential to collaborate closely with shelter technical experts when determining if, and how, shelter-related expenditures should be included in an MEB in a particular context.

[Calculating the MEB: A Guide to Best Practice. The CALP Network, 2021.p.59.](#)



SPECIFIC CONSIDERATIONS FOR INCLUDING RENTAL SUPPORT IN MEBs AND MPCA PROGRAMMING

Rental and utility costs are more likely to be included in an MEB compared with other shelter needs, if appropriate in a particular context, given that these costs are regular, recurring, fairly consistent, and may be ‘typical’ across the majority of households in some contexts (i.e. urban context). MEBs should reflect the total costs (not a %) and then the subsequent MPCA transfer value calculation should determine what proportion of needs in the MEB should be covered by MPCA. If considering the inclusion of rental costs in an MEB and/or MPCA transfer value, then it is important to consider the following in particular:

1 | Ensure you have a clear understanding of the rental market situation.

Do not only ensure you use updated costs after the shock, but also the availability and adequacy of the rental accommodation and if it is accessible to the target groups (or if additional support is needed to find suitable rental accommodation for all or some of the target groups, considering AGD). This is particularly important if there are protection concerns or barriers for particular groups to renting safe accommodation. For “do no harm” considerations and to ensure security of tenure and minimize eviction risks, a standalone rental assistance program with complementary support alongside cash assistance might be required (rather than covering these needs through MPCA).

If rent or shelter costs are included in the MEB, pay particular attention to rental markets.

[BHA Technical Guidance, p.147](#)

In many situations, such as immediately after a crisis, MPC may be given for a short period. (...) With MPC it should not be expected that rental assistance programme objectives will be met by all households, this will particularly be the case when only a proportion of the cost of rent is included in the transfer value. Even if the full amount is included, rental payments alone do not guarantee security of tenure or that accommodation will meet minimum adequacy standards. It is therefore unlikely that MPC will allow the objectives of a rental assistance programme to be fully met.

[IFRC Rental Programming Guidance, p.62-63](#)



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2 | Understand the differences in the affected population's situation who will be targeted for MPCA.

- Including rental costs in an MEB, and subsequently in an MPCA transfer value, might be an adequate modality for people who were previously renting and are no longer able to cover their rental expenses due to the crisis, especially at the beginning of the emergency response; at the same time, it might not be appropriate for displaced populations who may face barriers to accessing the rental market (i.e. discrimination, lack of legal documentation required for rental, limited availability or high cost of renting, difficulties finding properties to rent) and who require additional support to find safe and dignified rental accommodation.
- Assess if rental is the main housing solution used by the population targeted by MPCA. If that is the case, and all the considerations mentioned above are in place, then MPCA should be coupled with technical assistance on HLP and access to adequate housing (see the IFRC Rental Programming Guidance). If not, and housing solutions are more varied, then a rental assistance 'top-up' as part of a rental assistance program targeted at those who need it may be more relevant.
- Rental and utility costs can be a significant share of a household's monthly expenditures, particularly when considering accommodation that ensures safety, dignity and good accessibility. When a targeted rental assistance program is required, the program should be coordinated with existing MPCA programs, particularly if they include a contribution towards rental needs.



SUMMARY

- **Independent of the decision on the modality of implementation of the response, in displacement contexts always consider the impact of the activity on the social cohesion among the affected and host communities and take into account the most vulnerable/marginalised part of the hosting community and how best to support them.** For example, hosting families might have been hosting and feeding displaced populations for some time already and that providing cash to the displaced only might impact social cohesion.
- **Understand the difference between MPCA and shelter-specific programming.** In most cases, MPCA intends to cover basic emergency needs, providing flexibility to the recipients to use cash assistance to fit their specific needs. In that case MPCA intends to cover partial sectoral outcomes, or contribute to the achievement of shelter outcomes, but it cannot guarantee the achievement of sectoral outcomes. In the case of shelter-specific programming, the cash assistance distributed intends to fully cover the sectoral outcomes identified and is just one component of a shelter intervention.
- **In some cases, even if the MEB includes shelter needs, it may not be appropriate to include shelter needs in the MPCA transfer value.** In this situation, it should be clarified to Shelter Cluster partners and other stakeholders that the MPCA programme does not intend to cover any shelter needs so that shelter actors can fundraise and cover these needs independently through a shelter-specific programme response.
- **The extent to which MPCA could contribute to meeting shelter needs is entirely context dependent, therefore this guidance is not intended to provide prescriptive direction on exactly when and how to include shelter needs in an MEB, and subsequently in an MPCA program design.** However, the following considerations can help practitioners make that determination and advocate for the best solutions for shelter response: 1) understanding the scope of shelter outcomes that could be addressed through MPCA vs shelter-specific programming; 2) understanding the objective of MPCA programming in a given context and who it is targeting; 3) confirming it's appropriate to monetize shelter needs; 4) understanding the variety of shelter needs across targeted groups; 5) understanding the frequency and occurrence of shelter needs; 6) understanding the realistic costs of shelter needs.

