



Minimum Expenditure Basket

FSS Meeting
17th March 2020

How to construct a MEB: generic steps

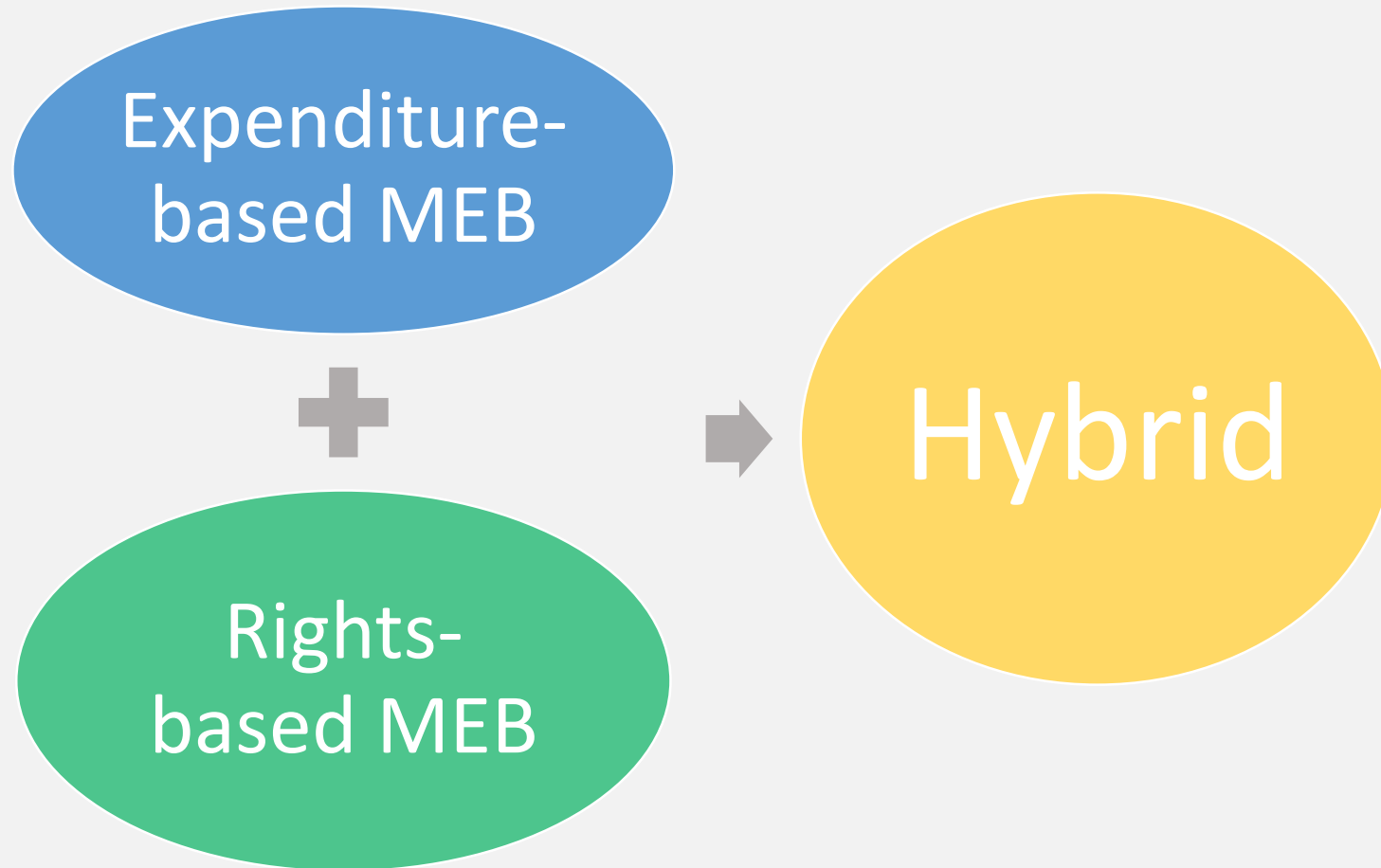
Main steps

1. Clarify the objective of the MEB and decide on approach
2. Identify the food basket
3. Identify the non-food basket
4. Reality check and validate results with stakeholders (sectors and CWG)

Also consider

- Seasonality
- Regional or urban/rural preference and price differences
- Accounting for household sizes and compositions

How to construct a MEB: approaches



WFP experience shows, in most cases a hybrid approach is most successful

How to construct a MEB: approaches

EXPENDITURE BASED

Relies on detailed household-level expenditure data.

Examines the expenditures of households 'just able to meet their essential needs' to reveal the minimum cost of covering essential food and non-food.

This is similar to the approach chosen to construct many national poverty lines (World Bank Approach)

RIGHTS BASED (CURRENT MEB)

The Sphere Standards outlines minimum standards in food security and nutrition, shelter and settlement, health and WASH

The 'rights-based MEB' comes from this thinking: How much would a household need to spend on the local market to meet these needs?

Done through a sectorial approach and added up to the full MEB in the end.

MEB approaches: the hybrid –what does it mean?

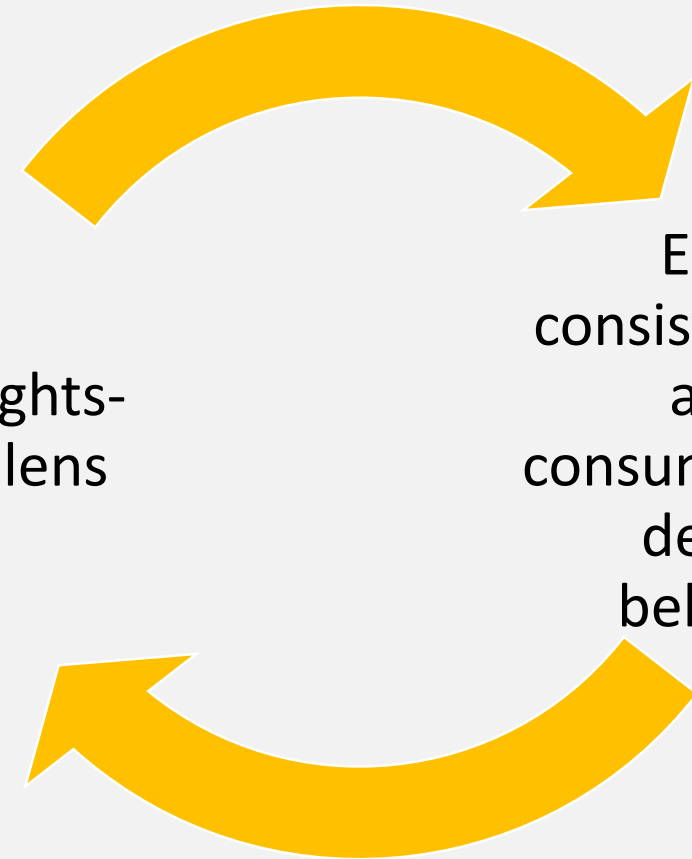
Neither the expenditure-based or rights-based approaches are perfect... but each can inform the other

This often means **triangulating information**:

1. Use the different analyses to find a consistent picture of needs
2. Sometimes, simply use one approach to confirm results of the other
3. Sometimes, combine rights-based and expenditure-based elements into the final MEB

Keep rights-based lens

Ensure consistency with actual consumption and demand behaviour



MEB approaches: pros and cons

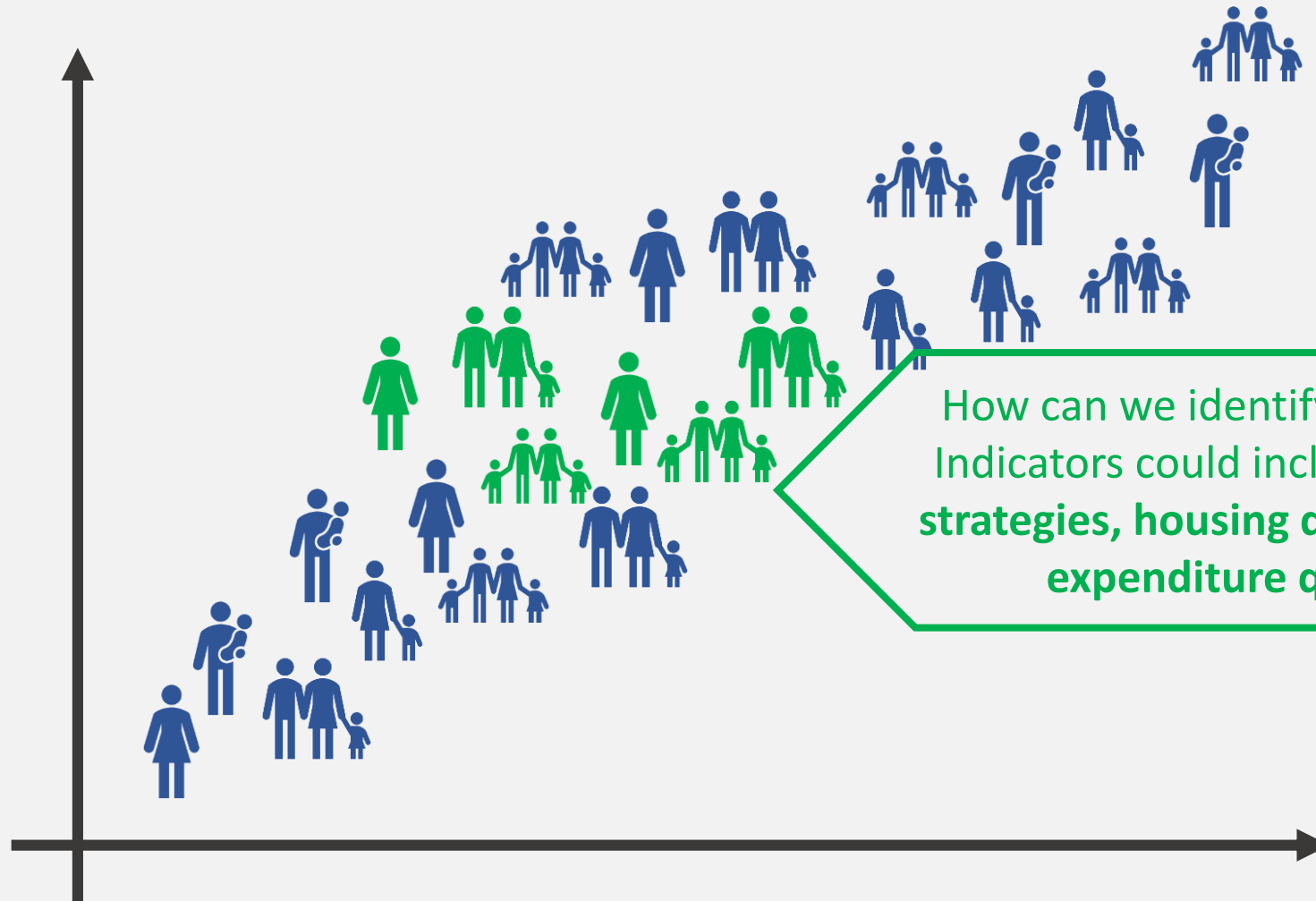
Approach	Pros and cons
Expenditure-based	<ul style="list-style-type: none">+ straightforward to carry out if data is good+ reveals actual consumption patterns- difficult to identify reference cohort when everybody is poor- may not capture all essential needs fully
Rights-based	<ul style="list-style-type: none">+ survey data is not needed- does not necessarily reflect how people actually chose to spend their resources, which can make the MEB unrealistic and comparison with monitoring data tricky- incentives for to inflate sector-specific needs

Expenditure-based MEB: reference cohort

- We now examine how people ‘just able to meet their essential needs’ spend their money – we refer to this group as our **reference cohort**
- **The key is to identify one or several criteria that provide good proxies for whether households are just able to meet their essential needs, and that can be observed in our data**

Be careful on the selection of criteria if people already receive assistance!

Expenditure-based MEB: reference cohort



How can we identify these people?
Indicators could include **FCS**, **coping strategies**, **housing quality**, removing **expenditure quintiles....**

Does the 'WFP MEB approach' differ from others?

Not necessarily... but we emphasise...

1. data-driven approaches and particularly using household data to understand consumption behaviour
2. combining an expenditure-analysis perspective with a rights-based, sectoral perspective
3. operational relevance and the need for 'reality checking'

=> we promote hybrid approaches

Expenditure-based MEB: food basket

Step 3: Establish food basket

1. Compute mean (median) food expenditures
2. You can check food consumption by constructing the **food reference basket**

=> Is food consumption and composition sufficient and realistic?

You can arrive at a food reference basket in different ways:

- Typical case: Expenditures at *food group level* – **reference basket approximation using food group expenditures** (next slide)
- If you have expenditures at *item level* or *consumed quantities*, you can use these for a more detailed estimation (see MEB guidance)

A food reference basket is a list of food items and their quantities

Item	Quant
Rice	50 kg
Wheat	27 kg
Veg. oil	15 L
Tomato	10 kg
Milk	12 L

How can we adjust the MEB to HH size?

Always start by examining your data and consider if there is evidence of economies of scale.

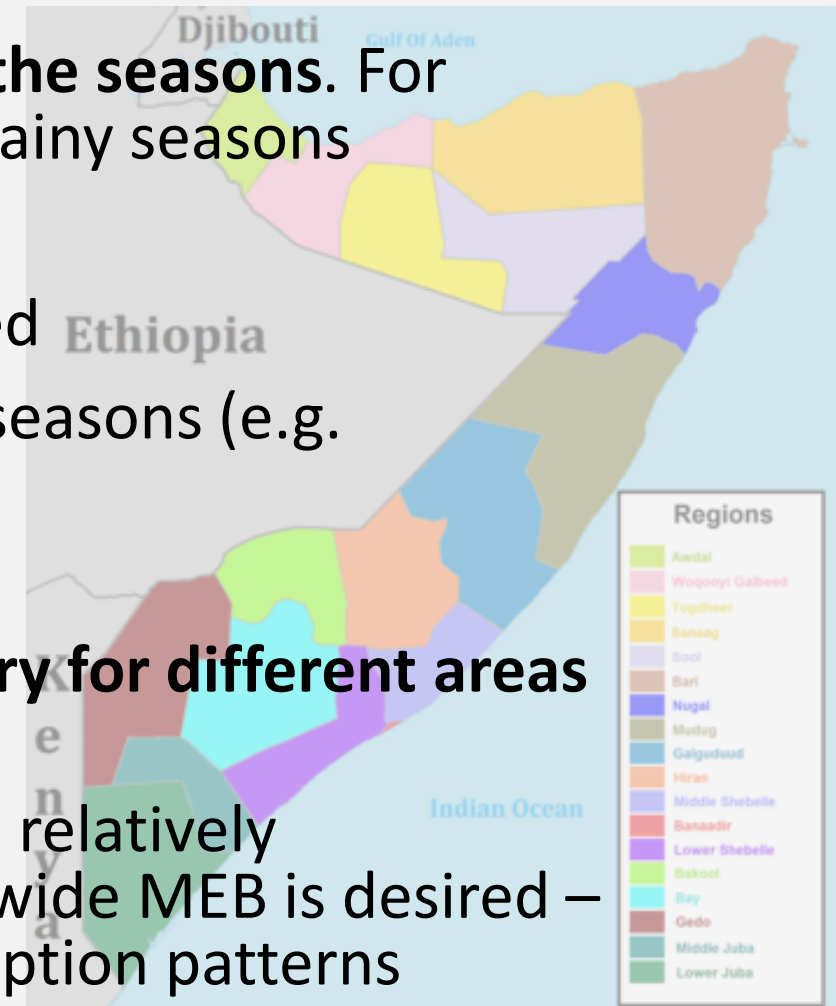
You can do this by **analyzing expenditures by HH size**

- give particular attention to ‘bulky’ expenditures like rent, utilities or other similar expenditures that could cause large economies of scale
- if expenditures are fairly proportional to HH size, you may use a simple scaling of per-capita needs
- if there are economies of scale, you may opt to have a both proportional and a non-proportional element of the MEB, depending on expenditure type
- The result is a MEB specific to household size

An alternative method is to use so-called **adult equivalence scales**, which are scales used to convert per-capita needs into household-size specific needs.

Different needs by season or area

- In many countries, **household needs change with the seasons**. For instance, needs could be very different in dry and rainy seasons
- This shouldn't affect *how* you construct the MEB
- But you need to know *when* your data was collected
- In some countries, 'top-ups' are added for certain seasons (e.g. 'winterisation' in Turkey)
- In other cases, **different baskets might be necessary for different areas of the country**
- We should always strive to construct the MEB for a relatively homogenous population, but sometimes a nation-wide MEB is desired – in that case, be aware of different regional consumption patterns



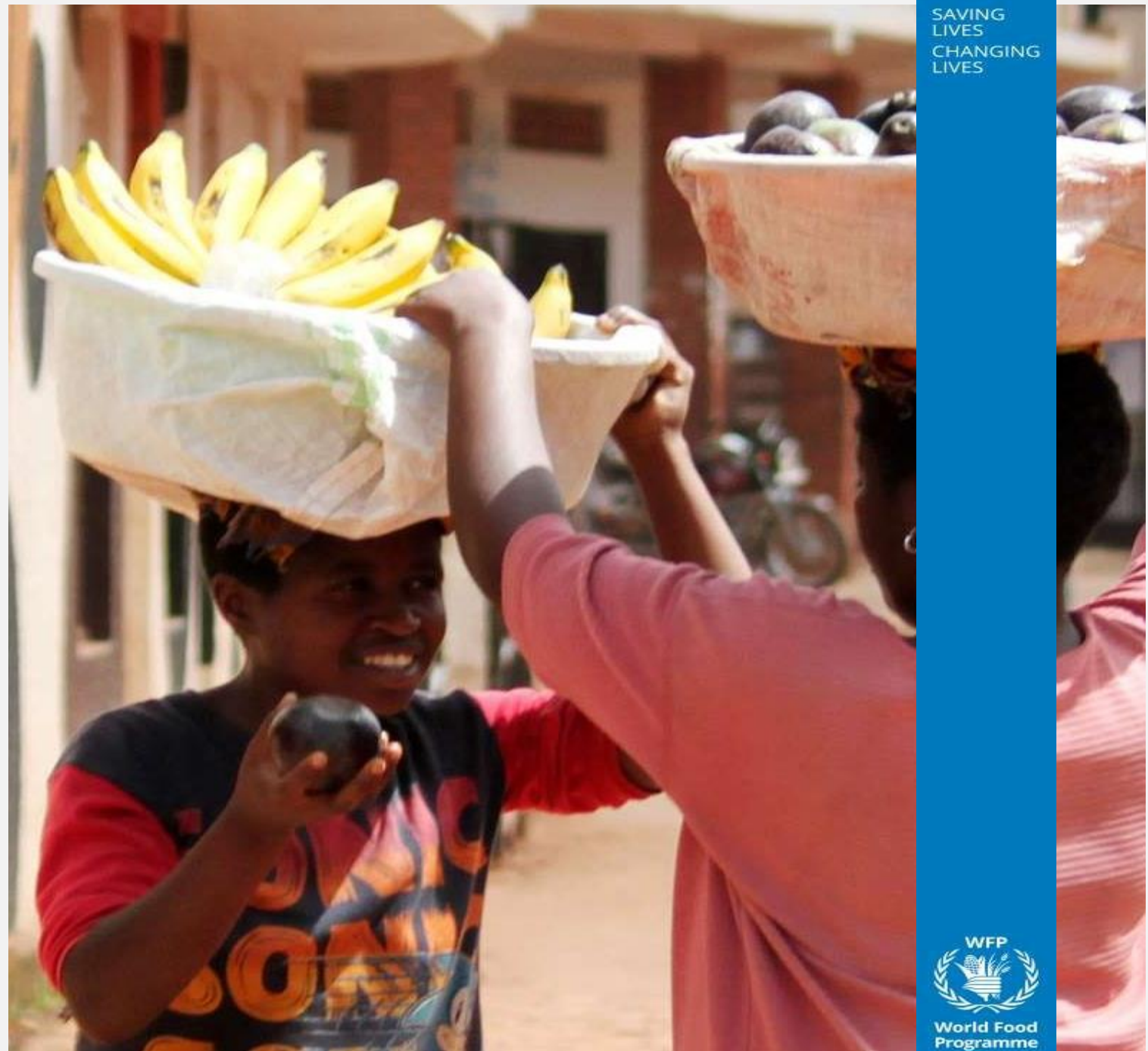
Adjustment for price differences

- If the MEB is applied in an area where prices are homogenous, you may not need to adjust for price differences
- However, if the MEB is used across different areas (e.g. urban/peri-urban/rural areas), adjusting can be crucial

⇒ Adjust by applying regional prices to the reference basket, or use price indices if available*

**this also works without a reference basket, simply adjust MEB amount by price indices*

THANK YOU!



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