Impact Collaborative – Measurement Framework

Measuring costs

Perspective!

Cost-Benefit: What is the ratio of the benefits of the intervention to the costs to deliver the program? (ROI)

How do we get there?

"Easy?"

Measure costs

Measure impacts

Compare!

We focus on measuring costs in this session, but big questions still persists on the benefit side, in particular how to aggregate benefits in different domains (.e.g income and psychological well-being),

Measuring Costs - What is Cost Analysis?

- A cost analysis, or 'costing', is a "disaggregated" estimate of the total or incremental financial cost or economic value of the resources required to implement a program or provide a service.

- Such resources may include transfers (including cash transfers, grants, asset/in-kind transfers), training/coaching provided to program beneficiaries, access to markets, local resources development, etc.

- Moreover, the cost analysis unpacks the cost of targeting, Monitoring & Evaluation Costs and other delivery and implementation expenses.

A Standardized Approach - PEI Quick Costing Tool

- Provide multicountry cost disaggregation for government- and NGO-led economic inclusion programs globally.

- Delivers improved understanding of basic cost structures and a vital starting point to assessing the cost-effectiveness of economic inclusion programs

- Field tested with 27 Government-led and 10 NGO-led Economic Inclusion programs globally.

Costing Tool

| Intervention Category (Click here to view description)	Interventions	Select Interventions (Yes/No):	Area (Rural/Urban-Peri Urban/Mix)	NGO/Private Sector (Yes/No)	Leveraged Government Capacity (Yes/No)	Leveraged Community Structures (Yes/No)
Cash/In-Kind Transfers	Cash Transfer	Yes	Rural	Yes	Yes	No
	Public Works					
	In-kind Transfers	Yes	Rural	Yes	No	No
	Near cash (e.g., vouchers, coupons, etc.)					
Business Capital	Lumpsum Cash Grant					
	Asset/Input Transfer	Yes	Rural	No	No	No
	Matching Grants					
	Loan					
	Investment Fund to SHGs/CBOs					
Insurance	Insurance Cover					
Other	Other Financial Support Intervention (*mention in the next cell*)					
Training/Coaching	Coaching/Mentoring	Yes	Rural	Yes	No	No
	Skills Training	Yes	Rural	Yes	Yes	Yes
	Vocational Training					
	On-the job training					
	Wage Employment					

Costing Tool

Intervention Category	Interventions	Beneficiary Unit	Transfer amount (per beneficiary unit per transfer/installment)	Number of Beneficiaries (In beneficiary units)	Number of Transfers/Installments	Total Cost	
Cash/In-Kind Transfers	Cash Transfer	Household	14	2000	12	513,175	N
	Public Works					0	
	In-kind Transfers	Community				32,555	
	Near cash (e.g., vouchers, coupons, etc.)					0	
Business Capital	Lumpsum Cash Grant					0	
	Asset Transfer	Household	90	2000	1	231,497	N
	Matching Grants					0	
	Loan					0	
	Investment Fund to SHGs/CBOs					0	
Insurance	Insurance Cover					0	
Other	N.A.					0	

	Interventions	Beneficiary Unit	Number of Beneficiaries (in beneficiary units)	Duration (Months)	Frequency	Total Cost
Training/Coaching	Coaching	Household	2000	18		1,118,756
	Skills Training	Community	6000			411,983
	Vocational Training					
	On-the job training					
Other Economic Inclusion Interventions	Wage Employment Facilitation/Intermediation					
	Market Integration/linkages	Household	2000			212,194
	Facilitate Access to Financial Services	Community	6000			208,868

Costing Tool

Overall Costing Stack

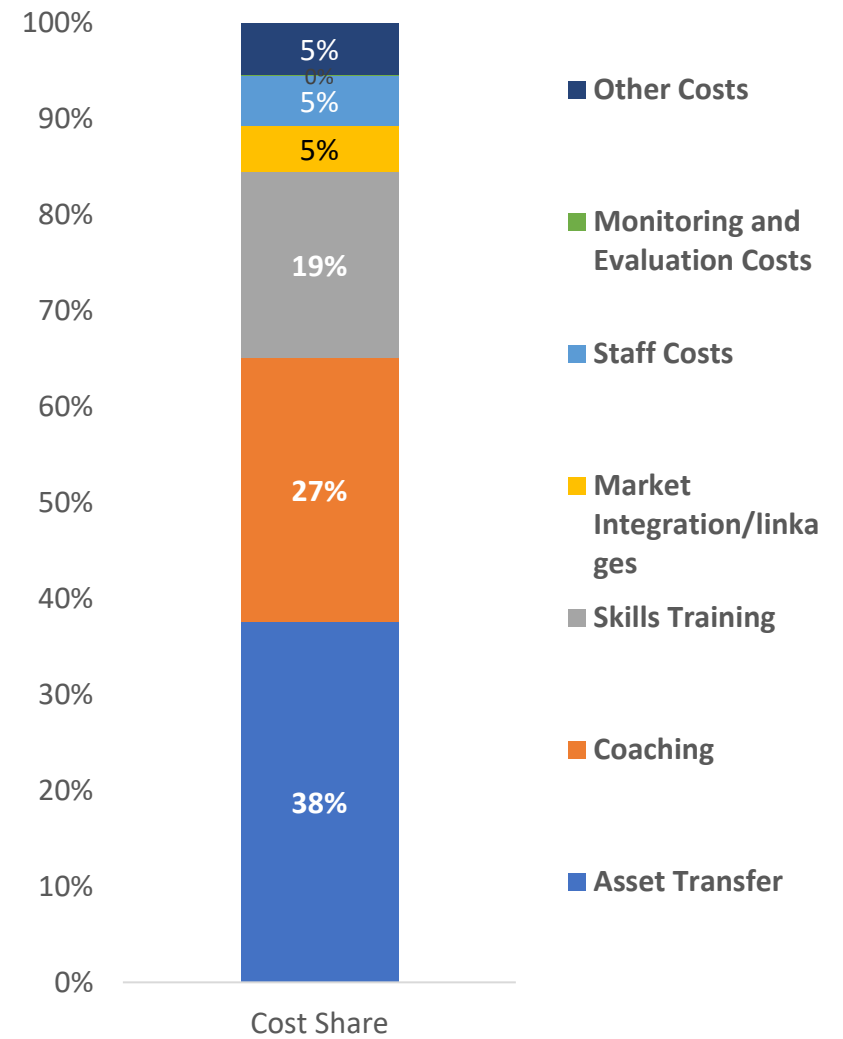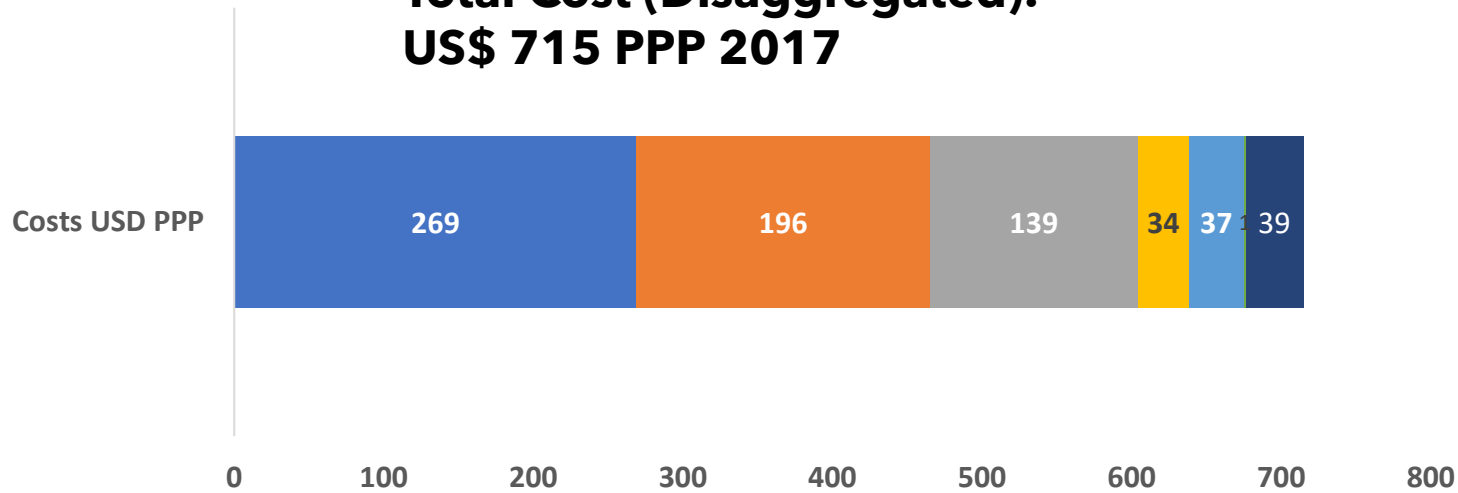|	Cost	Cost Share
Cash Transfers	€545,730	7%
Asset Transfer	€231,497	3%
Coaching	€1,118,756	14%
Skills Training	€411,983	5%
Market Integration/linkages	€212,194	3%
Facilitate Access to Financial Services	€208,868	3%
Natural Resource Management	€1,007,240	13%
Gender	€467,141	6%
Health	€506,317	6%
COVID Response	€40,479	1%
Support to Government Partners	€14,276	0%
Staff Cost	€788,012	10%
Monitoring and Evaluation Costs	€895,956	11%
Cost of Service Providers	€109,825	1%
Other Administrative	€1,359,990	17%
Total	€7,918,264	
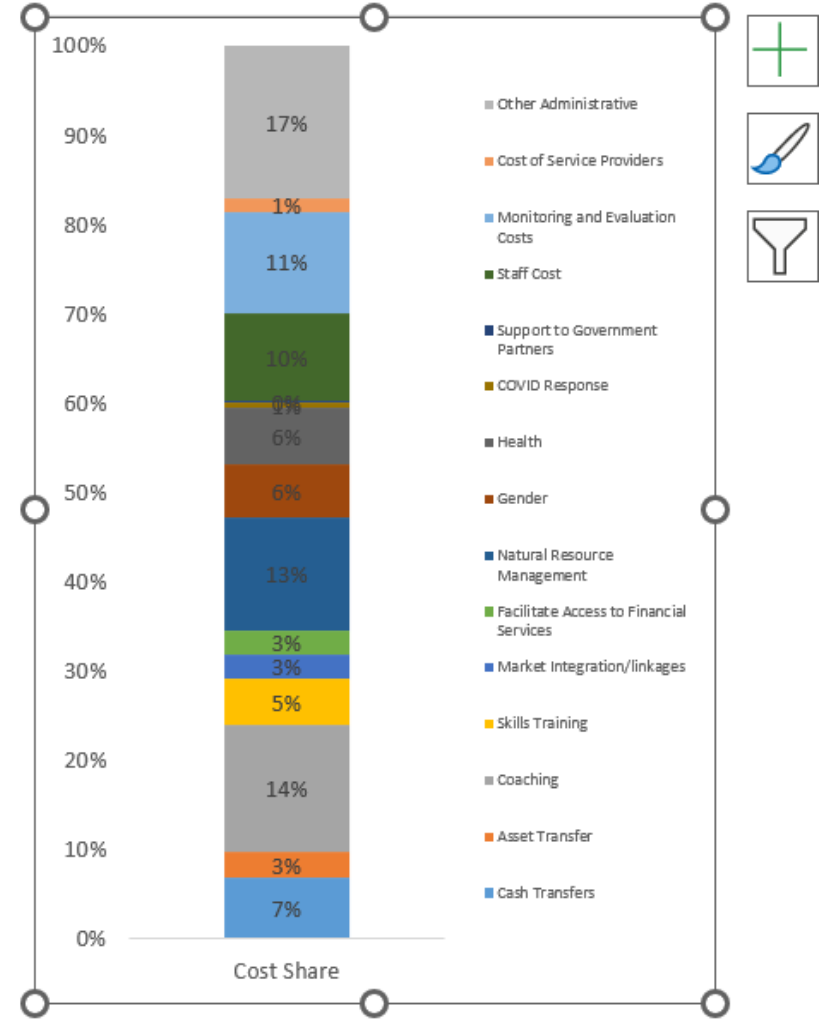
Cost Analysis - Steps

1. **Identify the objective**: Define the scope and identify the objective of the costing exercise. CBA and to illustrate how much it will cost to replicate/scale a program

2. **In-country Data Gathering:** Identify the data sources and submit the costing data using the Costing tool.

3. **Sensitivity Analysis:** Conduct sensitivity analysis and/or account for uncertainty in estimates

4. **Data Harmonization:** Harmonize costs i.e., conversions from local currency to US$ 2017 Purchasing Power Parity (PPP)
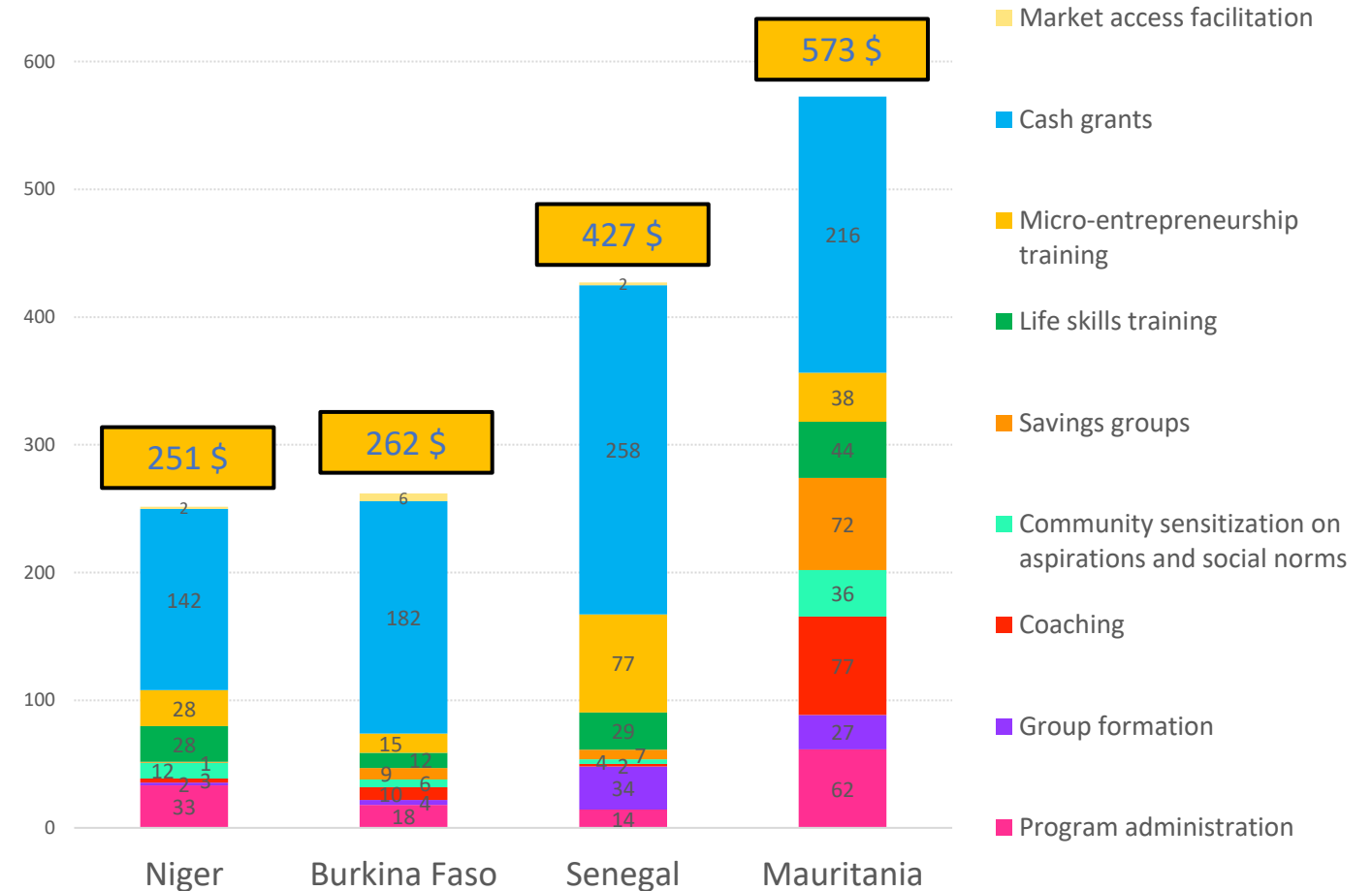
Recent Cost Analysis
Peru – Haku Winay

Total Cost (Disaggregated):
US$ 715 PPP 2017

Costs USD PPP: 269 | 196 | 139 | 34 | 37 | 39

Cost Share:
- Other Costs — 5%
- Monitoring and Evaluation Costs — 0%
- Staff Costs — 5%
- Market Integration/linkages — 5%
- Skills Training — 19%
- Coaching — 27%
- Asset Transfer — 38%

Costs of Productive Inclusion Measures in Sahel

Per capita cost of the program, by measure

- Costs ($250-$575) are lower than the average cost of similar NGO-delivered programs (often > $1000)
- Cash grants represent about 60% of the cost. **Integration into social safety nets allows efficiency gains.**
- The costs also depend a lot on the choice of implementation modalities.
- Larger scale programs that rely more on less skilled field staff and community volunteers (Niger, Burkina) have lower costs.

Legend:
- Market access facilitation
- Cash grants
- Micro-entrepreneurship training
- Life skills training
- Savings groups
- Community sensitization on aspirations and social norms
- Coaching
- Group formation
- Program administration

Rates of Return by Treatment Arms

Cost of package

Capital	$ 531 PPP
Psychosocial	$ 290 PPP
Full	$ 644 PPP

**Measuring costs by treatment arms adds more complexity!**
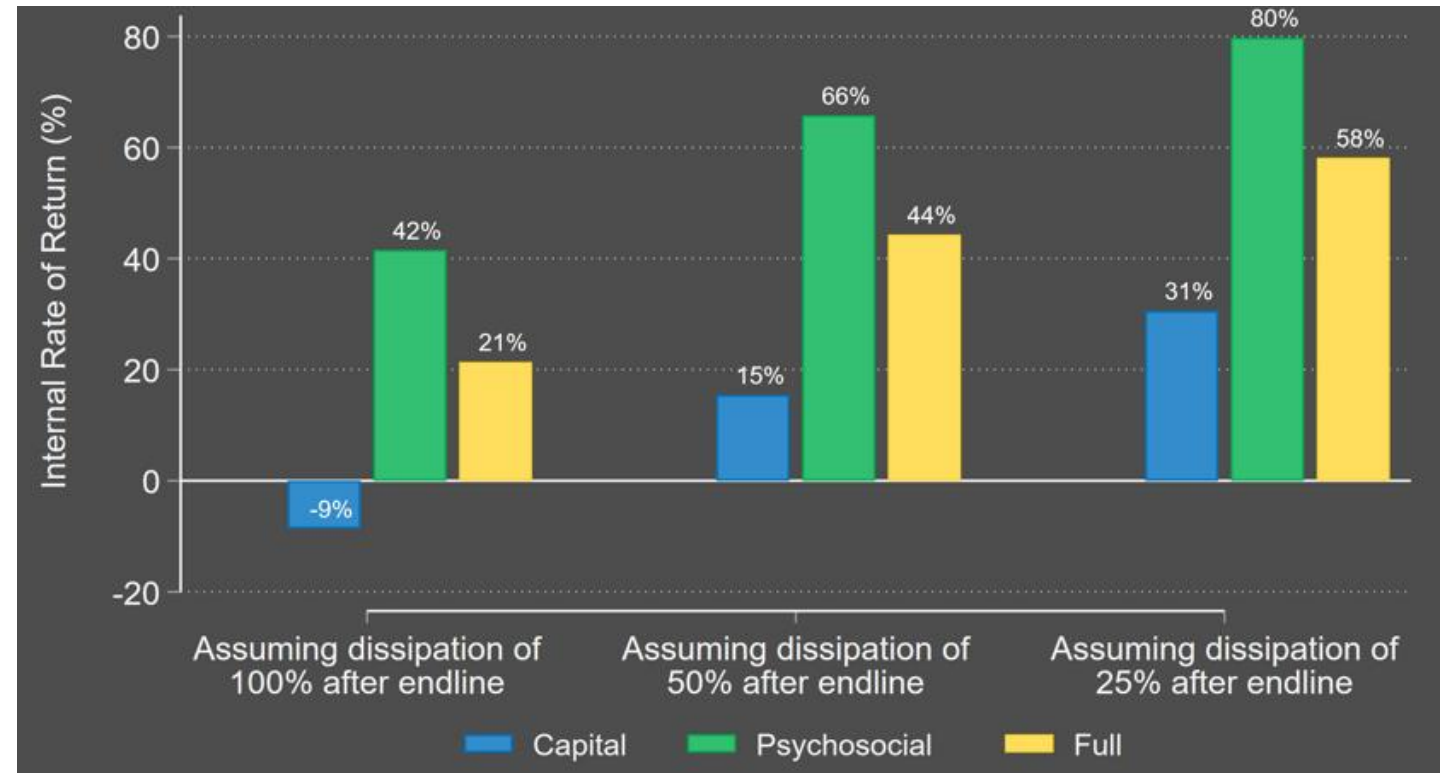
Timing – Right time to collect cost data?

In Real -Time

Challenges and Discussion Points

Big Question to Task Teams: How are you planning to collect detailed cost data in your respective evaluations?

- Variations in cost-accounting standards, and in levels of data disaggregation across countries. Costing tool can help, but how to ensure standardization?

- There are complications with assigning overlapping costs such as staff expenses across different components. What assumptions should we make?

- Another big challenge is measuring costs by treatment arms!

- Should we include costs imposed on beneficiaries,
  - for instance, beneficiary time i.e., time involved in traveling to and attending program meetings?
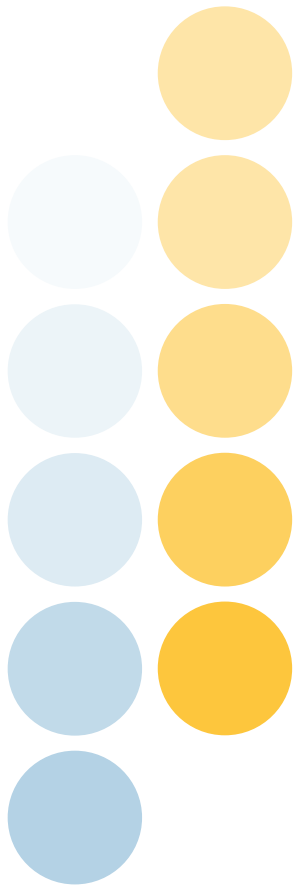
Thank you!

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