

# Maximizing Impact with Cost Analysis



A web-based cost-efficiency analysis tool



Humanitarian and development needs are **increasing** while financial resources are **limited**



To meet the growing needs with limited resources, NGOs and IOs need to **optimize our spending** to deliver the most impactful assistance



Cost efficiency and effectiveness analysis can **help us to determine the value for money** of our programs interventions and make NGOs and IOs more competitive

## Introduction

# Value for Money: More Impact for More People (within limited time and money)



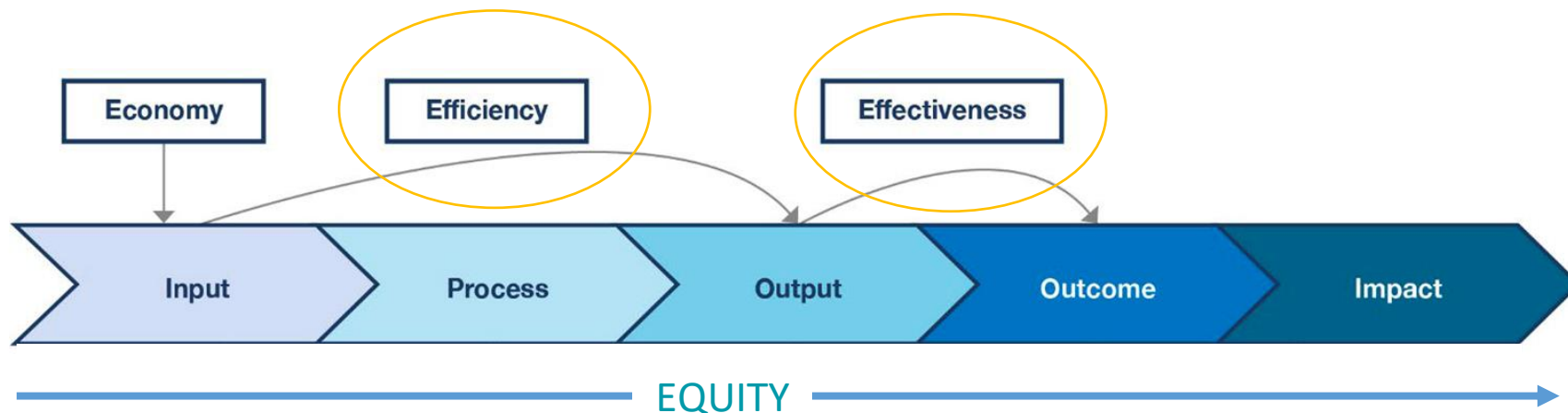
# Assessment Strategies

**Economy** Unit cost of inputs  
*Cost per ton of wheat or rice*

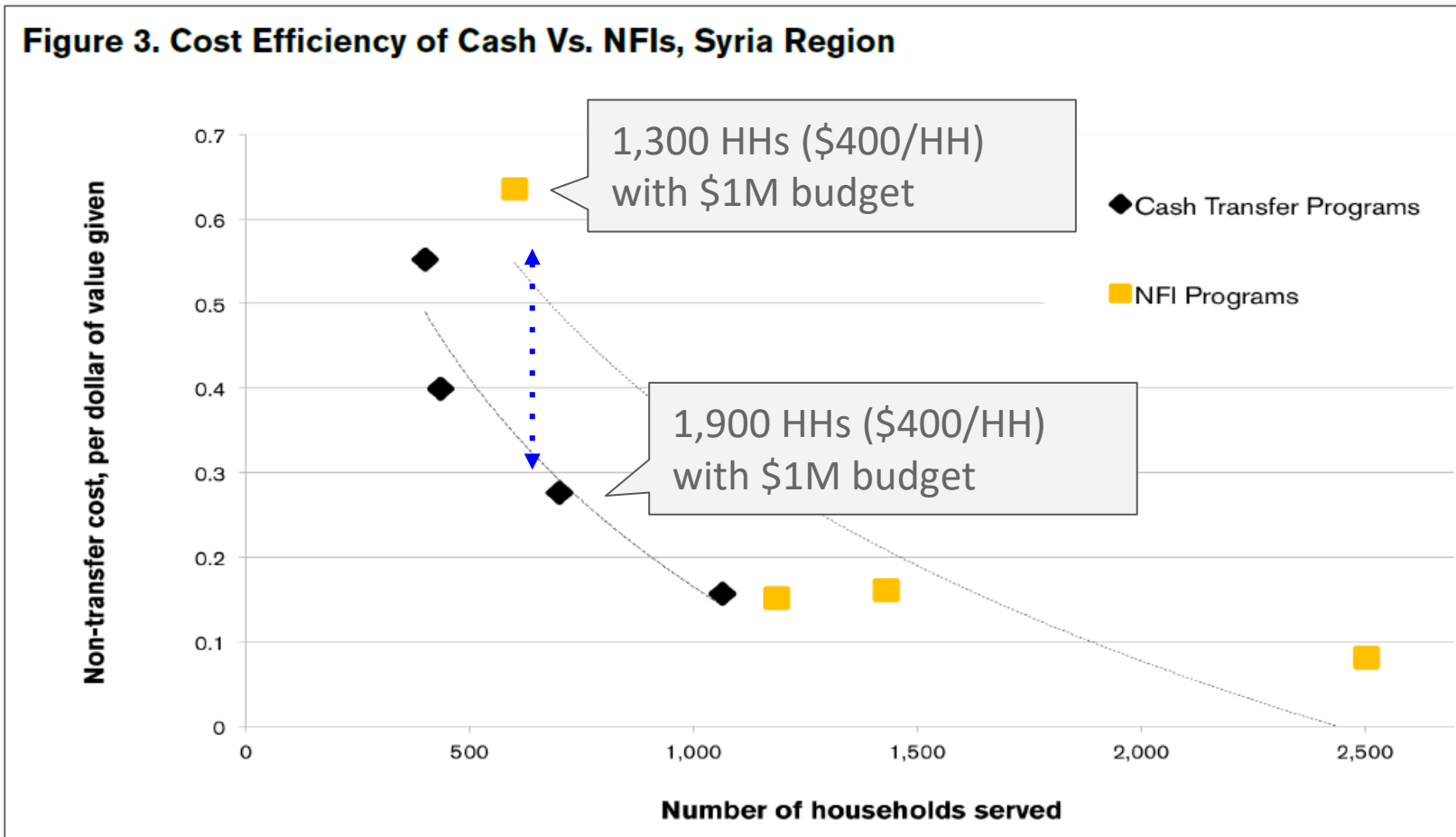
**Efficiency** How well we convert inputs into outputs  
*Cost per child treated for severe acute malnutrition*

**Effectiveness** How well the outputs achieved the desired outcome  
(qualitative/quantitative)  
*Cost per life saved, cost per death averted*

**Equity** Services are distributed fairly  
*% of clients who are female*



# Some interventions provide more impact to more people



# What for?

## Sectoral Learning

Exploring the typical cost-per-output of common interventions and analyzing how their cost-per-output is driven by differences in activity design or program context.

## Resource Mobilization

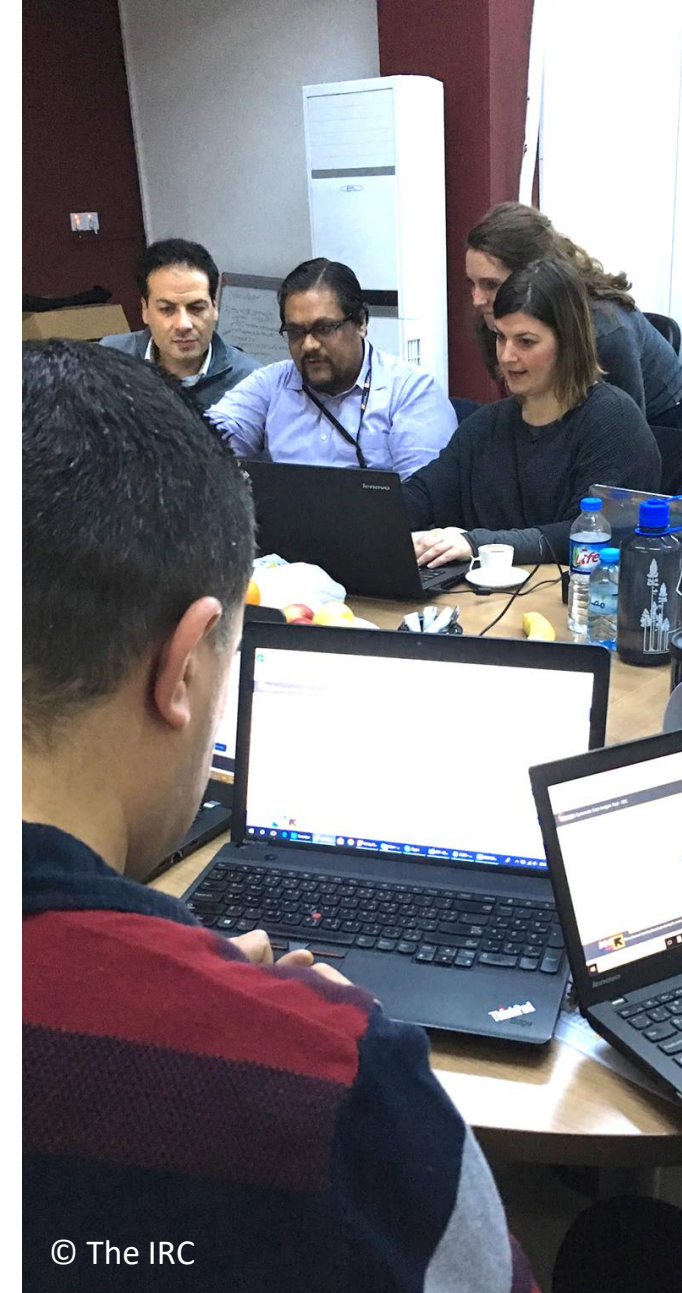
Value for Money is growing in importance to donors including USAID's BHA, who now routinely asks for cost-effectiveness analysis for many livelihoods, WASH and water supply awards. The UK's FCDO, Open Philanthropy, GiveWell and others reflect the larger "Effective Altruism" movement that challenges donors and implementers to demonstrate good use of money.

## Performance Management

Analysing the cost-efficiency of an intervention periodically, comparing to benchmarks for that intervention, and assessing whether greater reach might be possible if the program design were adapted.



# Rapid, rigorous cost-per-output analysis



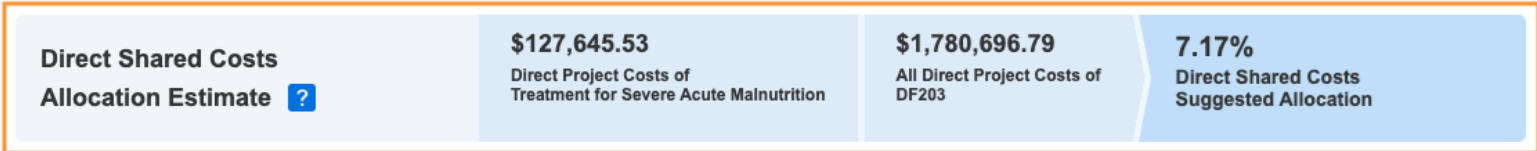
© The IRC





▶ Procurement of water stor 1 transactions	GA	WATR	Program Supplies & Material	\$14,760.00	<input type="text"/>	Add note
▶ Procurement of water stor 3 transactions	GW	WATR	Program Supplies & Material	\$7,806.00	<input type="text"/>	Add note
▶ Program outreach activiti 37 transactions	DH	HEAL	Program Supplies & Material	\$9,888.44	40	Add note
▶ Program outreach activiti 15 transactions	GA	HEAL	Program Supplies & Material	\$9,373.27	<input type="text"/>	Add note
▶ Program outreach activiti 37 transactions	GW	HEAL	Program Supplies & Material	\$23,269.10	<input type="text"/>	Add note

## How much did each cost item contribute to Treatment for Severe Acute Malnutrition? ? [Show Guidance](#)






### Direct Shared Cost ? 383 Cost Items to allocate

<b>International Staff</b> <span>?</span>	14 Cost Items	\$29,267.71	+
<b>National Staff</b> <span>?</span>	153 Cost Items	\$242,099.87	+
<b>Travel &amp; Transport</b> <span>?</span>	93 Cost Items	\$36,463.51	+
<b>Materials &amp; Activities</b> <span>?</span>	1 Cost Items	\$210.00	+

- ✓ Define Analysis
- ✓ Load Data
- ✓ Assign Sector & Category
- ✓ Confirm Categories
- ✓ Set Contribution
- Allocate Costs
- Health
- Direct Shared Cost
- ICR



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- View Insights



# Get top-line results

**\$47.98**

Cost per Teacher per Day of Training  
(Direct Project Costs only)



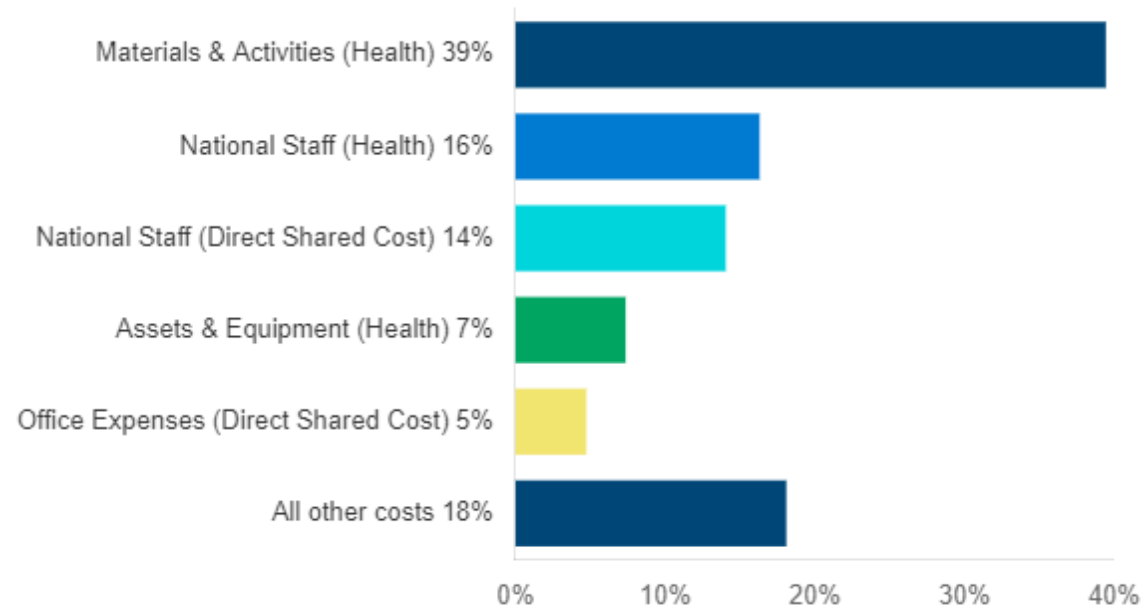
**\$129.64**

Cost per Teacher per Day of Training  
(including Direct Project Costs, Direct Shared Costs, Indirect Costs)

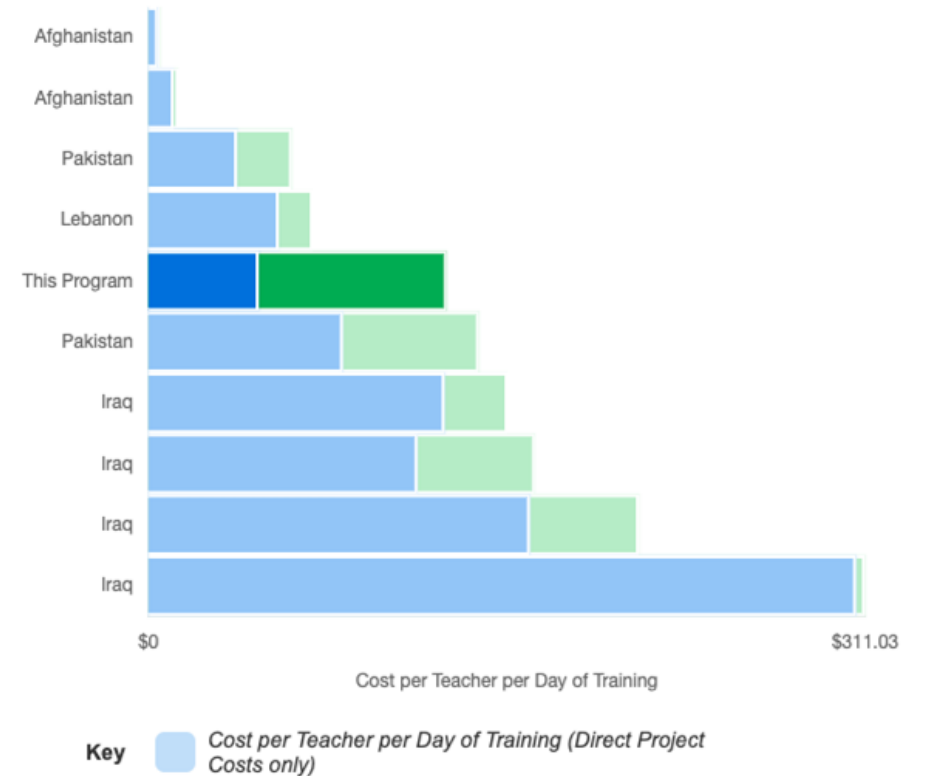


## Dig into cost categories

### Top Cost Categories ?



## Compare to similar programs



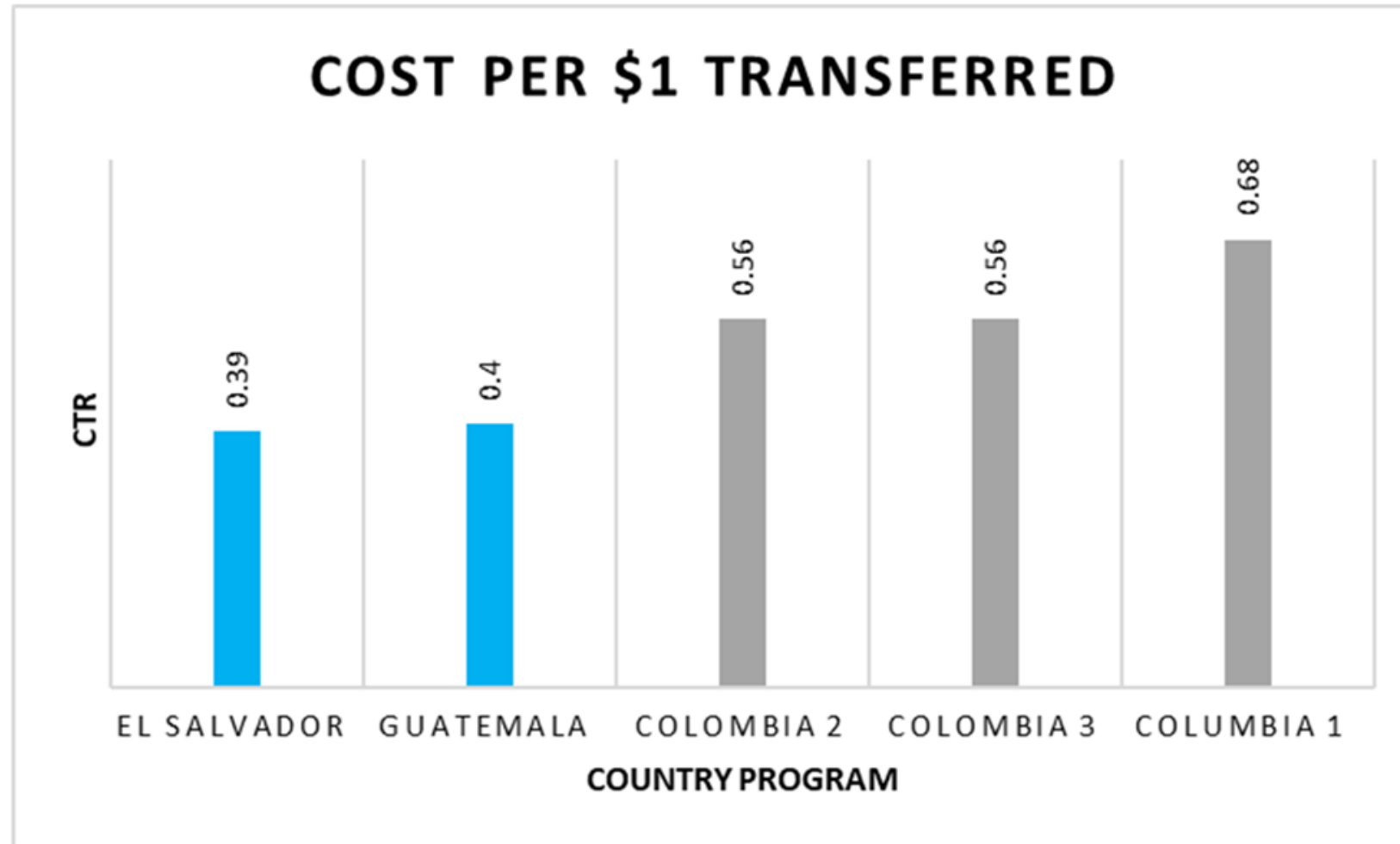
# CRS Guatemala & El Salvador Cost EFFICIENCY Analysis

Humanitarian Response

# Projects' summary

	Guatemala	El Salvador
<b>Project period</b>	14 months	12 months
<b>Transfer modality</b>	Financial Service Provider	Financial Service Provider
<b>FSP Fee per Transfer</b>	\$7.50 - 1st transfer;\$1 in 2nd and 3rd	\$0.95 per transfer
<b>Number of HH</b>	4,918	3,200
<b>Total project cost</b>	\$3,431,092.00	\$1,709,039.00
<b>Total amount MPCA transferred to HH</b>	\$2,456,543.00	\$1,232,400.00
<b>Total project delivery amount</b>	\$974,549.00	\$476,639.00
<b>CTR</b>	<b>0.40</b>	<b>0.39</b>
<b>Delivery Cost per HH</b>	<b>\$198.16</b>	<b>\$148.95</b>

## Cost Per \$ transferred



## Key messages

- Program design approaches such as **selecting financial service providers** with **wide coverage** and **low transfer charges**, reaching high numbers of households through experienced local partners with **strong community relationships**, and **leveraging the support of existing technical specialists** can maximize efficiency.
- Partnering with local partners increase efficiency and **precision to the targeted** individuals.



# DRC Uganda- Cost Efficiency Considerations

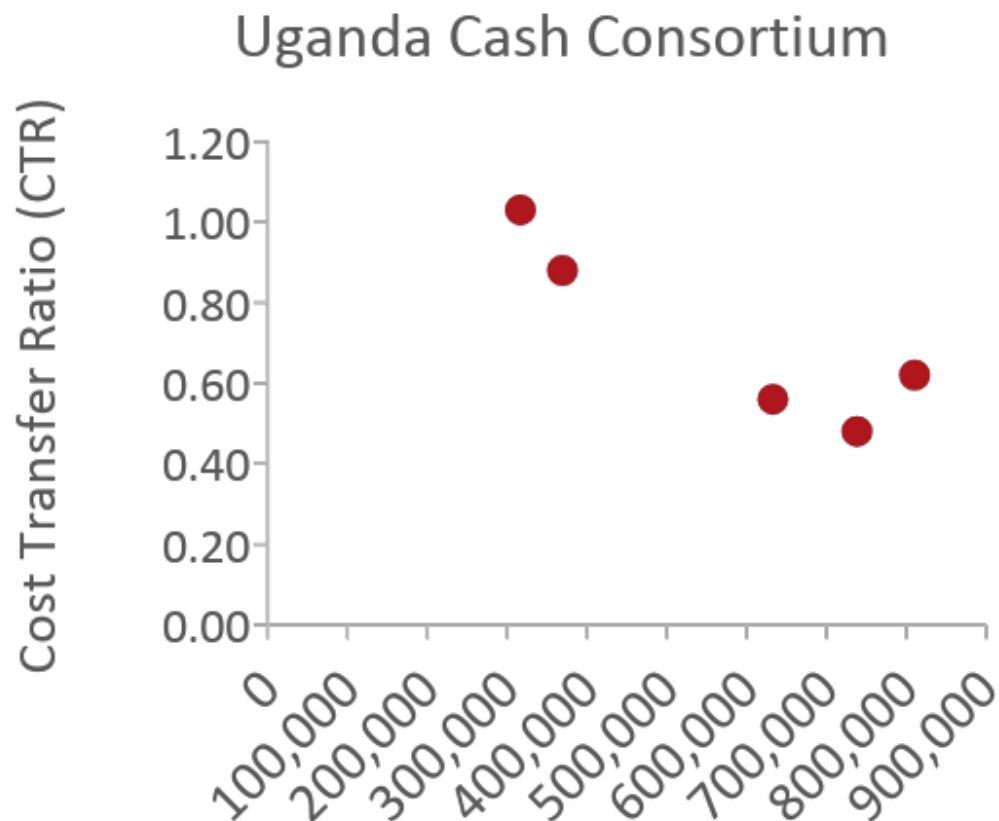
ICT4D Conference

**DRC** DANISH  
REFUGEE  
COUNCIL

# Summary of the UCC Analysis

- Aim of the analysis was to explore the extent to which we could demonstrate Cost-efficiency in the delivery of the programme
- Lead organisation, working with partners who were working across different settlements and evidence of their efficiency

# Amount of cash transferred is a major factor for cost-efficiency.

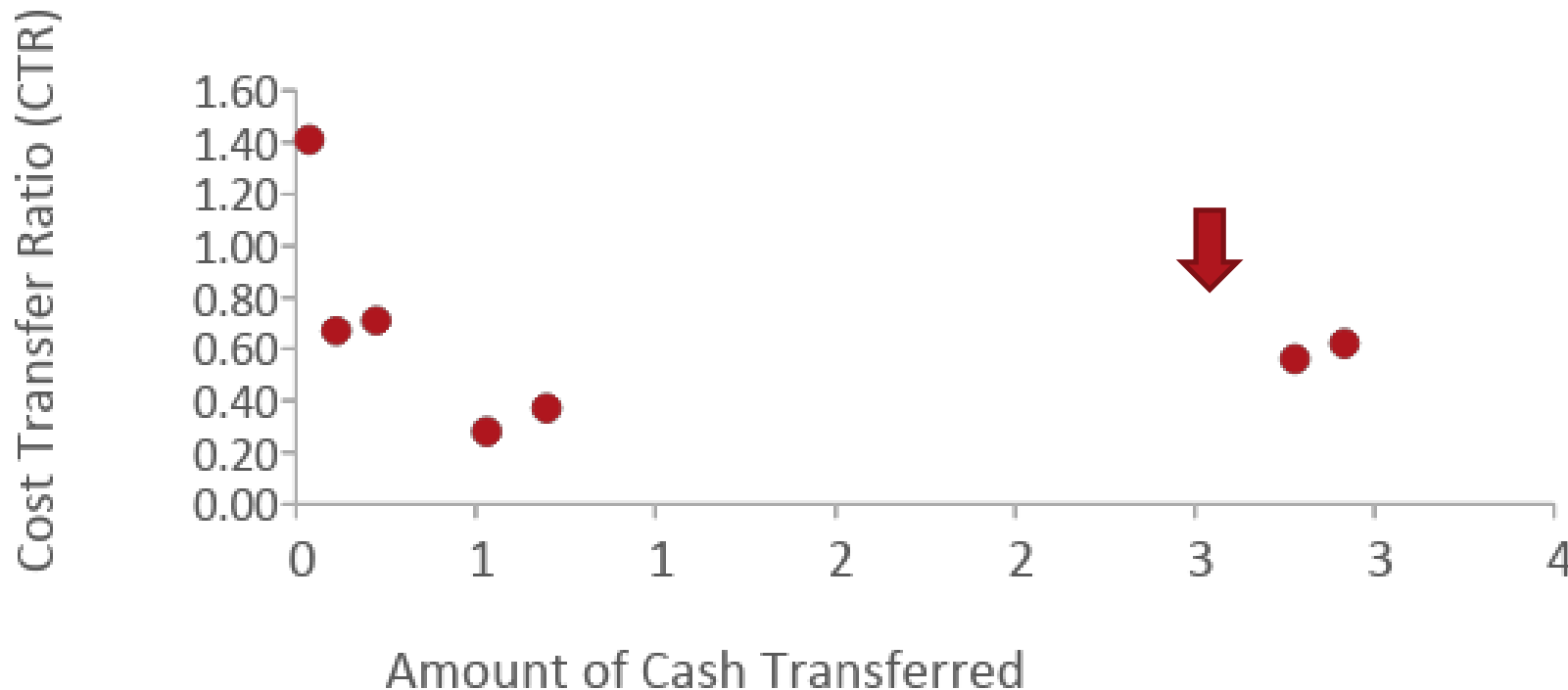


	1	2	3	4	5
Settlement	Imvepi	Kyaka	Rhino Camp	Nakivale	Kyangwali
Region	West Nile	Southwest	West Nile	Southwest	Southwest
People	6,113 people (1,528 HHs)	6,113 people (1,528 HHs)	12,225 people (3,056 HHs)	12,225 people (3,056 HHs)	12,489 people (3,122 HHs)
Amount of Cash	€316,382	€369,080	€632,794	€738,159	€810,422
MEB per Person	UGX 30K (€6)	UGX 35K (€8)	UGX 30K (€6)	UGX 35K (€8)	UGX 35K (€8)
CTR	€1.03	€0.88	€0.56	€0.48	€0.62



# Overall Cost Transfer Ratio (€0.62) is in line with other cash programs in East Africa implemented by NGOs.

Multi-Purpose Cash Transfer Programs in East Africa



CTR=€0.62 translates to:

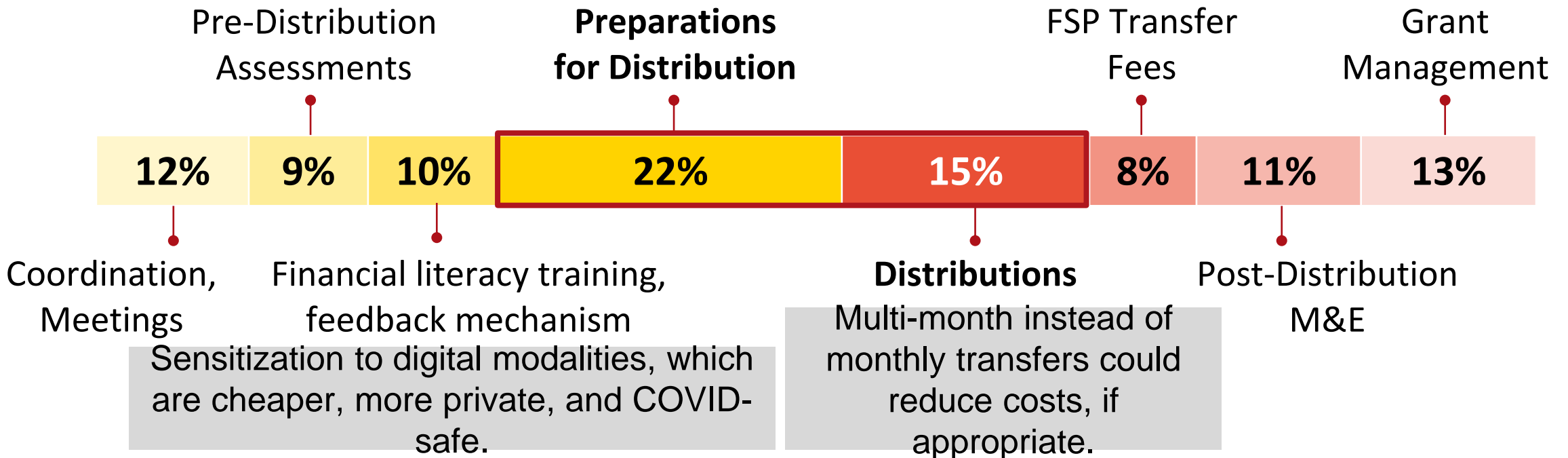
TCTR=€1.62

Cash : non-cash transfer costs =  
62%:38%

- 1: Somalia
- 2: Somalia
- 3: Yemen
- 4: Yemen
- 5: Somalia
- 6: Ethiopia

# Delivery costs are driven by preparations for distribution and the multiple distribution rounds.

Lighter touch verification could reduce costs, if overall needs are high and targeting error is acceptable.



# A critical mass of cost data to develop insights

