Grand Bargain Cash Workstream Webinar Series
SCAN Tool Pilots for CVA

Date & Time: July 22, 2020 at 15:30-16:30 UK time

Panelists:
- Ruco van der Merwe, USAID BHA (RM)
- Lotti Douglas, Mercy Corps (LD)
- Emanuele Brancati, (former) Save the Children (EB)
- Mohammed Hussein Nasib, International Rescue Committee (MN)
- Caitlin Tulloch, International Rescue Committee (CT)

Materials: Slide deck

Introduction & Background (RM)
- The sub-workstream on Cost-Efficiency and Cost-Effectiveness in Humanitarian Assistance (CE2HA) was formed to synthesize existing metrics for measuring cost-efficiency and cost-effectiveness of cash assistance, develop and improve standard metrics, and understand knowledge gaps in cost evidence.
- In 2018, we consolidated the learning and developed the best practice guidance for humanitarian agencies on how to conduct cost-efficiency analysis of basic needs programs.
- IRC, Mercy Corps, and Save the Children will share findings on how they operationalized and applied this best practice guidance in the Systematic Cost Analysis (SCAN) tool.

Iraq Case Study (LD)
- Cash Consortium for Iraq (CCI) is a consortium of five NGOs delivering cash assistance in Iraq, with Mercy Corps as lead.
- CCI wanted to explore its value for money and generate evidence that its operational model is cost-efficient and cost-effective.
- It had a strong and trusted partnership with DFID, which allowed them to make programmatic and budgetary changes based on evidence and learning.
- The top-line findings from cost-efficiency analyses in SCAN were:
    - After 10 months of programming, the Cost-Transfer Ratio (CTR) was £0.48. In other words, it cost £0.48 for every £1 of assistance delivered.
    - From the SCAN results, they further broke down the MPCA delivery into several activity groups, and found that *distributions* (28% / £0.13) and *preparing for distributions* (22% / £0.11) were the largest drivers of the costs.
- Using the results: Evidence-based decision making
    - Distributions
        - During internal discussions on why some agencies were more or less cost-efficient than others, they discovered that agencies that conducted larger distributions each time were more cost-efficient.
        - Recommendation: Conduct larger distributions while maintaining safety and accountability.

- Post Distribution Activities
    - Conducting PDM after the 1st and 3rd transfers could produce cost savings, save on staff time, and maintain longitudinal approach. Dropping the 2nd PDM survey could promote cost-efficiency without compromising effectiveness of the cash transfers.
    - Recommendation: Reduce frequency of PDM.
- Using the results: Explain trade-offs, and advocate
  - Preparing for Distributions
    - The CCI targeting methodology is to go door-to-door to conduct household assessments of all recipients in a given area, however this is labor-intensive and costly. This approach to targeting was important as it piggy-backed on legal assistance programs, allowing the consortium to be cost-efficient beyond cash assistance and ensure program quality. Therefore, they decided to maintain their targeting methodology. SCAN analysis enabled them to better explain their costs and trade-offs.
    - inform adjustments to multi-month transfers (which cost less than one-off transfers) where appropriate and relevant to needs.
    - As the context changed, more households became eligible for multi-month cash transfers. SCAN analysis enabled them to show that multi-month transfers were more relevant and more cost-efficient than one-off transfers. Therefore, they could be more intentional about how they use cost savings and advocate for multi-month transfers.

Indonesia Case Study (EB)

- Save the Children led an emergency program in Indonesia's Central Sulawesi province, which was affected by earthquakes and tsunami in 2018. They provided conditional cash transfers for clients to construct shelters.
- They found that it cost $1.40 for every $1 transferred to clients, including direct shared costs and indirect costs.
- They compared the results of this program with IRC's response to Typhoon Yolanda in the same region, and found that there were three reasons for the differences between cost-efficiencies:
  - The response to Typhoon Yolanda was an unconditional cash transfer intervention, not conditional.
  - The small program scale (523 HHs compared to 3,814 HHs in Typhoon Yolanda response) may have limited the opportunity for economies of scale.
  - The location and years of implementation were different.
- Lessons learned:
  - It was important to plan in advance when is the best time to conduct the analysis, what are the timeframe and objectives of the analysis, and what they are going to do with the results.
  - Importance of having the tool run by people familiar with the program AND its finance.
  - The analysis will not tell you what worked or not, if it was a good program or not, and what to change. Rather, it will support its assessment.

- The SCAN tool is particularly useful for humanitarian responses and all programs that require immediate action over a short(er) period.

- The main uses of the results:
    - Performance assessment and reporting internally and externally, however the unique characteristics of their program limited the immediate use of evidence generated.
    - Internal learning: The results should be paired with targets, objectives, and comparative data to help understand what worked best and what needed to be improved.
    - Development of evidence base: The results can support the creation of evidence base and inform the design of similar activities in future.

Somalia Case Study (MN)

- The IRC is prioritizing cash assistance for more and more of its programs. In Somalia, they wanted to know if long-term projects were more cost-efficient than short-term projects.
- Takeaway 1: Long-term funding could be more cost-efficient than short-term funding.
    - Long-term funding achieved cost savings per dollar transferred by almost half compared to short-term funding.
    - As part of a large and flexible consortium project, the long-term funding solidified trust among consortium partners, enabled an existing financial relationship with the donor, and allowed long-term engagement with the communities. This allowed IRC to reach more households and respond to the crisis quickly and efficiently instead of having to initiate new proposals every few months.
- Takeaway 2: The total amount transferred is a major factor for cost-efficiency.
    - Programs that transferred more cash tend to be more cost-efficient than programs that transferred less.
    - Since the Minimum Expenditure Basket ($/HH/transfer) is usually fixed, this means efficiency can be gained by increasing the number of households and/or number of transfers per household.
- Takeaway 3: Transfer costs were driven by *preparations for distribution*.
    - They realized that *preparations for distribution*, including community mobilization, registration, verification, and surveys had the highest costs than any other activity groups.
    - While targeting and registration are important in delivering appropriate and high-quality programming, there is potential to improve cost-efficiency by using existing registration lists (from internal or external sources) in areas where there is longer term engagement with communities.

Future of the SCAN Tool (CT)

- Use cases for cost-efficiency analyses
    - Performance management: Establish a target and measure the project relative to it.
    - Learning: Compare many programs, see what factors drive cost-efficiency.
    - Planning: Take data from previous programs and model it at a different scale/context.
- Lessons for wider roll-out of cost-efficiency analyses:
    - Cost-efficiency analysis should only be conducted at a point when there is actually flexibility to make changes to project budgets or log frames.

        - Most of the factors which drive cost-efficiency are locked into budgets and log frames.
        - Facilitators are needed to help identify which activities should be analyzed, better to focus on quality rather than quantity.
    - When cost-efficiency analysis is conducted universally rather than strategically, it detracts from the focus on activities and how improvements can be made, and becomes just a box-ticking exercise.
        - Project staff can only deal with so many changes at once, and some program changes have much bigger efficiency gains than others.
    - It's hard to make efficiency analysis worthwhile for an individual project if they analyze an activity that doesn't yet have any comparative data.
        - Donors or sector interest groups might make investments in generating data points for one activity (with one metric), before pushing analysis as part of routine management.
        - E.g. We have some data on cash for basic needs, but very few results on cash for protection. We need to continue coordination and sharing of results for the benefit of the wider sector.
- What's next?
    - In the next two years, we have several objectives:
        - Support new implementing agencies through the process of installing SCAN.
        - Providing technical assistance for applying SCAN and using results in decision-making.
        - Continuing advocacy with other actors to align SCAN with other initiatives and ensure appropriate use for value-for-money data
        - We are changing the name of SCAN to Dioptra: visit https://www.dioptratool.org/ for more information.

<u>Q&A</u>

- **[<u>Iraq Case Study</u>] Q:** What drove the cost-efficiency of multi-month transfers? Why was a multi-month cash transfer less expensive than a one-off?
    - **A:** It was the relevance of multi-month transfers that influenced the program modification: people that we assessed had a higher vulnerability score, which made them eligible for all three transfers. SCAN analysis allowed us to put a stronger case forward -- we had to reduce the overall number of households served and reduce targeting costs, but we could shift those costs and allocate more of our budget to the cash transferred.
- **[<u>Iraq Case Study</u>] Q:** Do you mean that the household number decreased and the transfer values were increased? If so, there is a risk of having too high transfer values in comparison to the ones who don't receive the transfer?
    - **A:** No -- the total amount of cash we were delivering increased since we shifted support costs into the cash transfer line. The transfer value itself remained the same. We delivered more transfers, of the same transfer value.
- **Q:** I am wondering to what extent any of the studies have been able to parse out participant experience and cost-efficiency? As we balance our people-centered and cost-efficient…

    - **[Iraq Case Study] A:** For teams that held larger distributions, we checked if people were less satisfied with receiving larger but less frequent transfers in the PDM surveys and feedback mechanisms, but they were not.
- **Q:** Good point around publically available data, Caitlin. Is there more the workstream as a whole could do to convene this learning using available resources?
    - **A:** We would like to pose this question to the wider group. Should CE2HA be the ongoing forum? Are there other structures (e.g. clusters, CaLP) that we could use to share results and lessons?
- **Q:** What was the level of effort to conduct a SCAN analysis? Did it require TAs or external consultants?
    - **[Indonesia Case Study] A:** The program was implemented by the Indonesia country office. As the focal point, I (EB) worked directly with the country office for four days to analyze three activities. We had some general Value for Money training sessions and SCAN-specific training sessions. We first had everyone conduct an analysis together, then conduct one on their own. It was a guided analysis, but it's important for people to understand how to do it themselves. It did not require TAs or external consultants, because I provided the training and allowed internal champions to take the lead and conduct analyses on their own moving forward.
- **Q:** Is SCAN a tool that we should advocate for government agencies to use, given that they are increasingly leading emergency programs?
    - **A:** SCAN analysis relies on the in-depth knowledge of the program staff and how they used their time. Any cost analysis has to be done by the agency that implemented the activities. The role of other stakeholders e.g. local governments and donors is to provide incentives to nudge people towards appropriate use of the tool and results.
- **Q:** How much could other actors such as national government Social Protection Cash or the UN use it in scale up and complementary programmes?
    - **A:** We are excited to partner with more stakeholders to use the SCAN tool including some UN agencies, but less so in social protection programs since we don't yet have comparative data.