



Grand Bargain Cash Workstream

Webinar Series

20-24 July, 2020

Cost Efficiency & Cost Effectiveness of
Humanitarian Assistance (CE2HA):

SCAN Tool Pilots for CVA

Agenda

| Topic | Presenter | Time |
|---------------------------|--|------------|
| Introduction & Background | Ruco van der Merwe, USAID BHA | 5 minutes |
| Iraq Case Study | Lotti Douglas, Mercy Corps | 10 minutes |
| Indonesia Case Study | Emanuele Brancati, (former) Save the Children | 10 minutes |
| Somalia Case Study | Mohammed Hussein Nasib, International Rescue Committee | 10 minutes |
| Future of the SCAN Tool | Caitlin Tulloch, IRC/Systematic Cost Analysis Consortium | 5 minutes |
| Q&A | | 20 minutes |

Introduction



Cost-Efficiency Analysis of Basic Needs Programs: Best Practice Guidance for Humanitarian Agencies

Produced as a contribution to the Grand Bargain Cash workstream
August 2019

Analysis of CCI Efficiency, Full Span of the Award | Unconditional Cash Transfer

Define the details of this analysis [Show Guidance](#)

Title [?](#)
Analysis of CCI Efficiency, Full Span of the Award

Description [?](#) OPTIONAL
IRC costs only, no other partner costs included

Analysis Type [?](#)
Ex-post analysis

Start Date [?](#)
27-Jun-2017

End Date
31-May-2019

Country [?](#)
Iraq

T1 [?](#)
DF186

Activity Being Analyzed [?](#)
Unconditional Cash Transfer

Value of Cash Transferred
2740614.34

You will flag this value on the Identify Output Value step.

[Save](#) [Next >](#)

[Exit Analysis](#)

[Define Analysis](#)

[Load Data](#)

[Assign Sector & Category](#)

[Confirm Categories](#)

[Set Contribution](#)

[Allocate Costs](#)

[Identify Output Value](#)

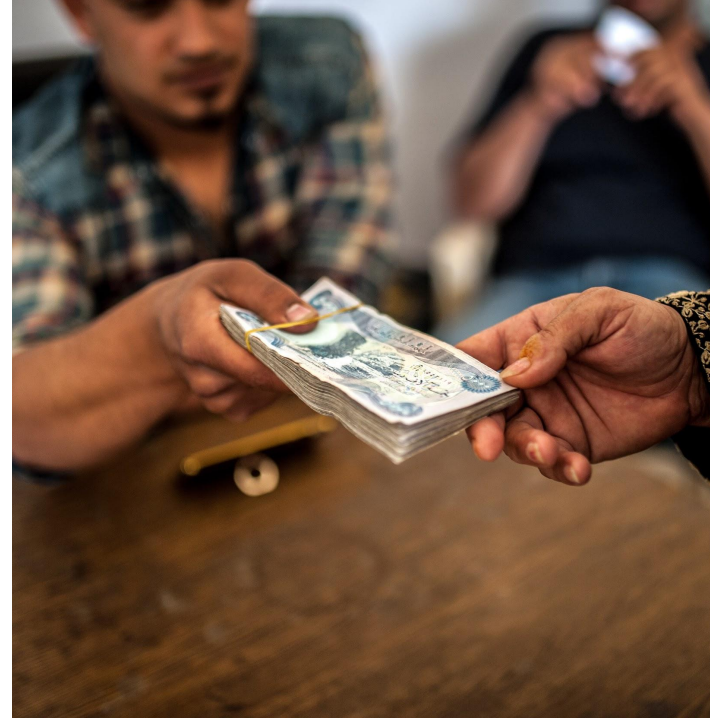
[View Insights](#)

Iraq Case Study



Cash Consortium for Iraq: Background

- What is the CCI?
 - Norwegian Refugee Council (NRC) Danish Refugee Council (DRC), Oxfam, the International Rescue Committee (IRC), and Mercy Corps as lead.
- Why did the CCI explore its value for money?
- How?
 - Design
 - Q. What does it cost for the CCI to effectively deliver multi-purpose cash assistance (MPCA)?



Cost efficiency: top line findings

Efficiency in one number: What is the cost for CCI to deliver £1 of MPCA?

- After 10 months of programming, CTR of **£0.48**
- This means **for every £1** of assistance delivered, the delivery costs £0.48 (or, a TCTR of 1.48)

Cost efficiency: further analysis

CCI MPCA Programme Activity Groups

Pre-distribution Assessments

Preparing for Distributions

Distributions

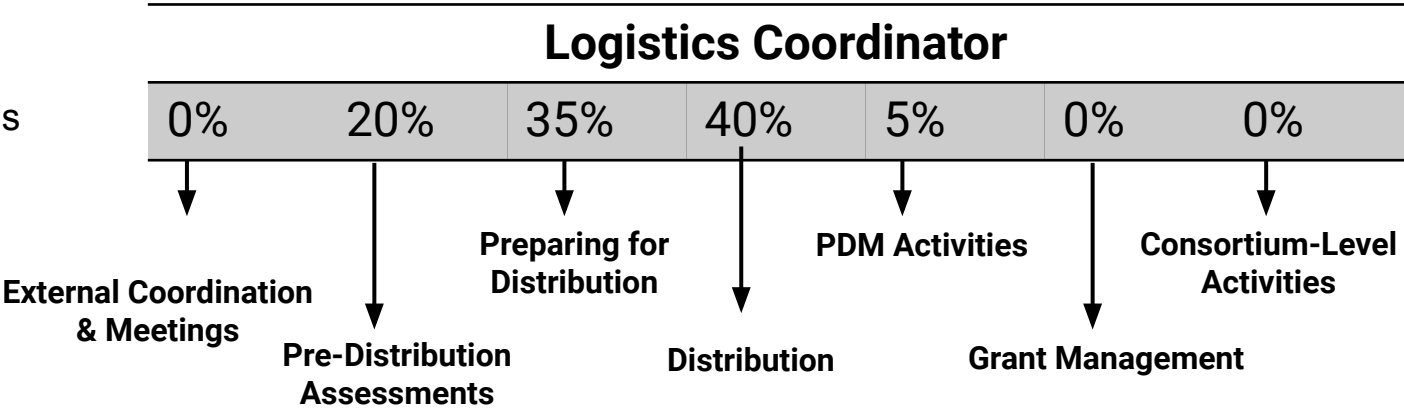
Post-distribution Activities

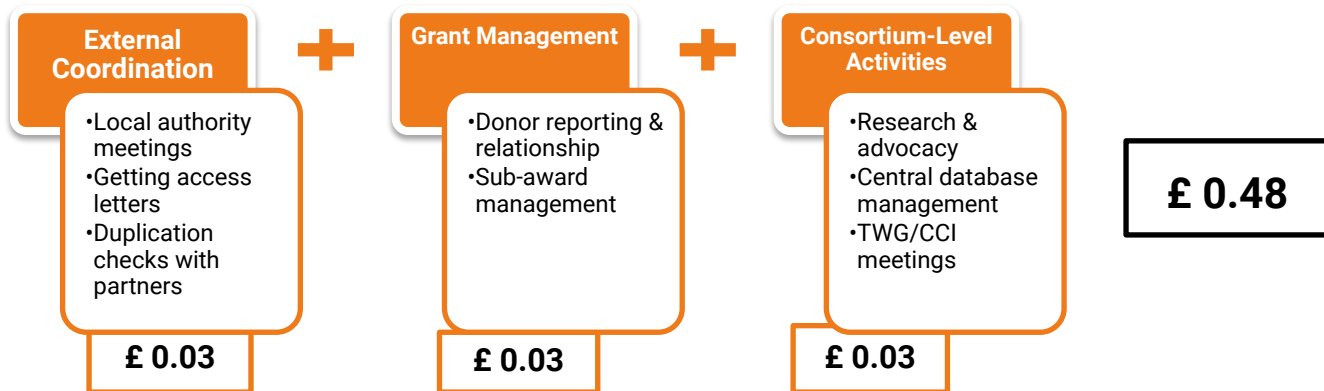
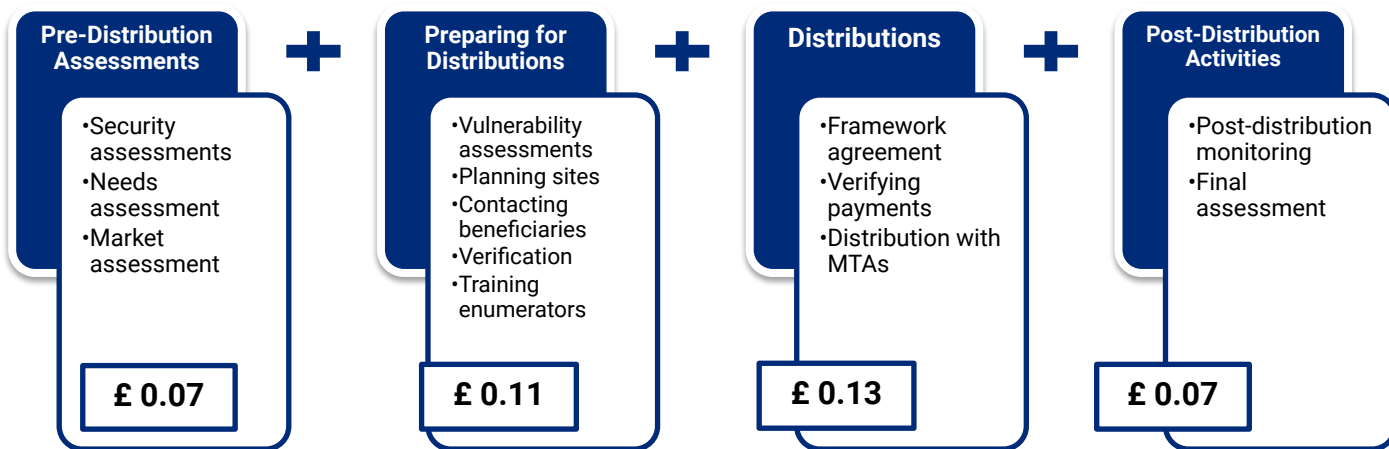
External Coordination

Grant Management

CCI-level Activities

Example resource-activity allocation





Using the results: Evidence-based decision making

Activity: Distributions

Cost: 28% / £0.13

- **Conduct larger distributions** while maintaining safety and accountability

Activity: Post Distribution Activities

Cost: 15% / £0.07

- **Reduce frequency of PDM:** gains to be made by conducting PDM after 1st and 3rd transfers – maintaining longitudinal approach, but saving on staff time

Using the results: Explain trade-offs, and advocate

Activity: Preparing for Distributions **Cost:** 22% / £0.11

- **Maintain targeting methodology:** time intensive & costly, but needed for quality
- **Where appropriate and relevant to needs, inform adjustments to multi-month cash assistance:** which cost less, than one-off transfers.

Indonesia Case Study



Save the Children Indonesia: Background

September 28th, 2018

A series of strong earthquakes, and following tsunami, struck Indonesia's Central Sulawesi province

- ❑ *79,000 people displaced from their homes*
- ❑ *Relocation to evacuation sites, overcrowded, with limited access to latrines and water*
- ❑ *Significant reduction in the use of private toilets due to their damage*



Save the Children Indonesia: Analysis



Cost-Transfer Ratio

How much did the program spend to transfer one dollar to beneficiaries?



Person-Years of Latrine Access

How much did the program spend to ensure access to latrines for one year to one person?



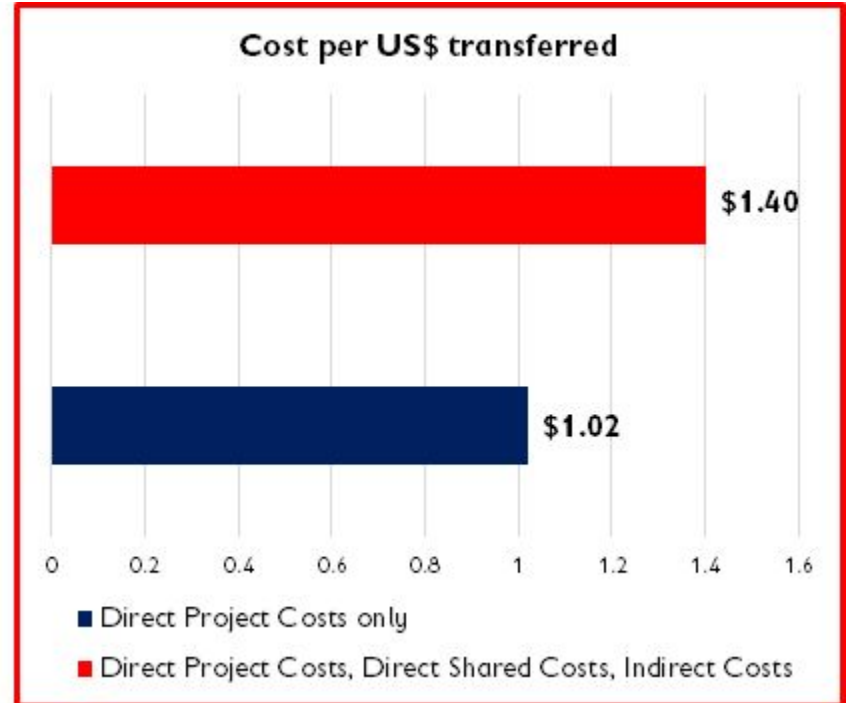
Business Skills Training – Cost per Person Trained

How much did the program spend to provide business skills training to each worker?

Save the Children Indonesia: Results

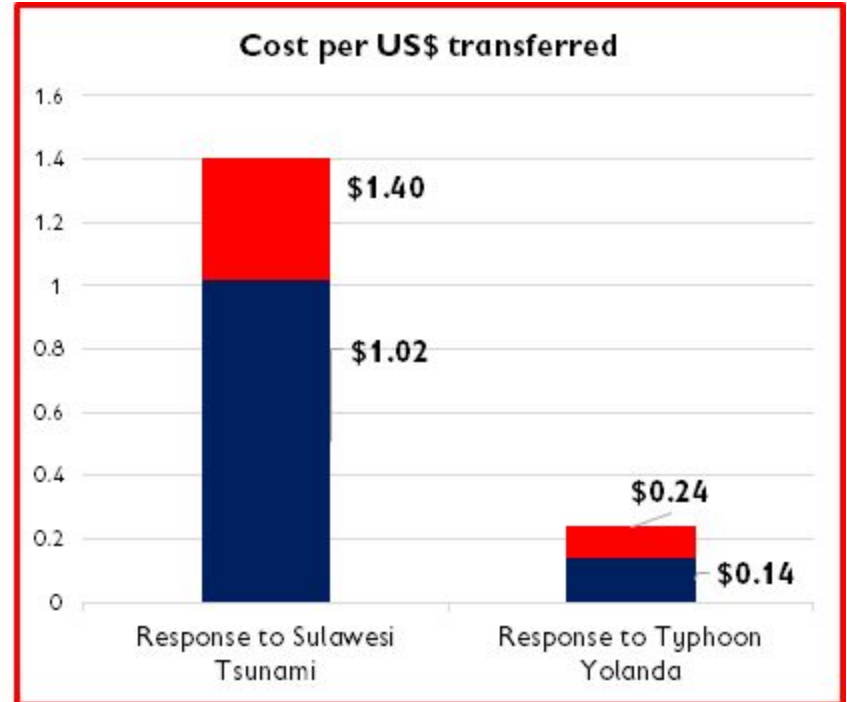
Admin cost per dollar

*The program spent in total **\$2.40** to have a beneficiary receiving \$1*



Save the Children Indonesia: Results

- i. *Response to Typhoon Yolanda is an unconditional cash transfer intervention, and not conditional*
- ii. *The small sample of our program (523 vs 3,814 HHs) limited opportunity for economies of scale*
- iii. *Locations and years of implementation are different*



Save the Children Indonesia: Lessons



Need to think about the whole process (timeframe, questions, use, etc.) before starting an analysis



Analysis will not tell you what worked or not, and what to change – it will rather support its assessment



Importance of having the tool run by people familiar with the program AND its finance



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

Save the Children Indonesia: Use of Results



Performance Assessment & Reporting

Unique characteristics limit the use of evidence generated



Internal Learning

Results, in addition to internal targets, objectives and comparative data, help understand what worked best and what needed to be improved



Development of Evidence Base

Results can inform design and roll-out of similar activities across the sector

Somalia Case Study



IRC in Somalia: Background

- 2019-2020
- Cash transfers (more than \$900,000 in mobile money) were provided to households affected by acute food insecurity, drought, floods, and locust plagues
- Nugal, Mudug, Galguduud, and Hiran regions



Unconditional Cash Transfer

| Grant | Period | Households, Transfers | Amount Transferred | Cost-Transfer Ratio |
|--------------------------|---------------------------|--|--------------------|---------------------|
| ES143 | 22 May 2019 – 22 Nov 2019 | 195 HHs in 1 location received 3 transfers of \$70/HH/transfer | \$40,950 | \$1.41 |
| ES150 | 26 Nov 2019 – 25 May 2020 | 640 HHs in 1 location received 3 transfers of \$65/HH/transfer | \$124,800 | \$0.67 |
| DF203 (Crisis Modifier) | 01 Jul 2019 – 09 Jan 2020 | 2,316 HHs in 4 locations received 2-3 transfers of \$70-85/HH/transfer | \$483,860 | \$0.32 |
| DF213 (IRF) | 01 Aug 2019 – 31 Mar 2020 | 1,620 HHs in 3 locations received 2-3 transfers of \$70-85/HH/transfer | \$287,200 | \$0.46 |
| DF203 + DF213 (combined) | 01 Jul 2019 – 31 Mar 2020 | 2,316 HHs in 4 locations received up to 6 transfers of \$70-85/HH/transfer | \$771,060 | \$0.37 |

same beneficiaries

Takeaways

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.

FIGURE 1. Longer-term programme in Somalia cost 44% less in delivery for every dollar transferred

TRANSFER AMOUNT



DELIVERY COST

Long-term funding

37 cents

Short-term funding

67 cents

Saving potential

30 cents

Takeaways

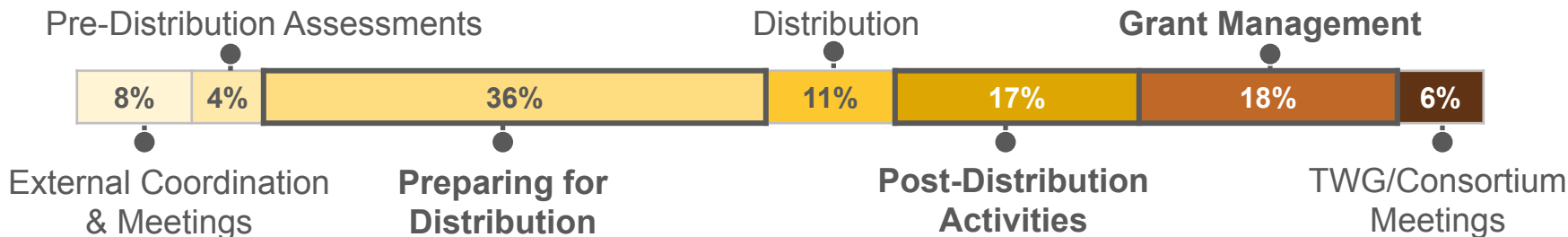
2 Total amount transferred is a major factor for cost-efficiency.

- Any cash programs that transfer a significant amount of money is going to be more efficient. 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.
- Even if there were cost savings on registration and post-distribution monitoring costs for DF213, its scale and reach and therefore efficiency was not as high as DF203.
- The long-term, large, and flexible BRCIS consortium project allowed IRC to greatly enhance our scale and reach and transfer to more clients in more locations, increasing our efficiency.

Takeaways

3 Transfer costs were driven by preparations for distribution.*

- In particular, registration and baseline survey had the highest costs. While household targeting and registration are important in delivering appropriate and high-quality programming, there is potential to improve cost-efficiency if existing registration lists for locations/communities where IRC or BRCIS partners have been working in can be used.



24 *DF203 only. Preparing for Distribution includes community mobilization, registration, verification, baseline survey, technical trainings, procurement, introduction to feedback mechanism.

Agenda

| Topic | Presenter | Time |
|---------------------------|--|------------|
| Introduction & Background | Ruco van der Merwe, USAID BHA | 5 minutes |
| Iraq Case Study | Lotti Douglas, Mercy Corps | 10 minutes |
| Indonesia Case Study | Emanuele Brancati, former Save the Children | 10 minutes |
| Somalia Case Study | Mohammed Nasib, International Rescue Committee | 10 minutes |
| Future of the SCAN Tool | Caitlin Tulloch, IRC/Systematic Cost Analysis Consortium | 5 minutes |
| Q&A | Moderated by Caitlin Tulloch | 20 minutes |

Use Cases for Cost-Efficiency Analysis

- **Performance Management: Establish target and measure project relative to it**
 - Iraq case study, we compared performance to benchmark cash programs in the region, and explored what factors were driving costs higher or lower
- **Learning: Compare many programs, see what factors drive cost-efficiency**
 - Somalia case study, we saw how program strategy or design features influence cost-efficiency, which yields wider lessons about how new funding rounds or programs should be structured
- **Planning: Take data from previous programs and model different scale/context**
 - Mercy Corps example (not shared), took a prospective budget for a cash program, and estimated how much efficiency would change if a larger tranche of cash assistance was made available

Lessons for Wider Roll-Out

- **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 quantity rather than quality
- **When cost-efficiency analysis is conducted universally rather than strategically, it detracts from the focus on activities and how improvements can be made.**
 - 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.

What's Next?

- The tool is managed by the Systematic Cost Analysis Consortium, currently includes ACH, CARE, IRC, Mercy Corps, and Save the Children
- 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

Installation & New Development

Supporting installation at new NGOs, and developing user-prioritized new features

SCAN Board & Ongoing Support


High-level governance and planning, plus routine TA for


Advisory Group




Clarifying desired reporting and use of SCAN data

Discussion

Generating More Efficiency Data

What does Dioptra do? How does Dioptra work? How do I get Dioptra?





WHAT DOES DIOPTRA DO? HOW DOES DIOPTRA WORK? HOW DO I GET DIOPTRA?

www.dioptratool.org

Sharing Lessons & Drawing Conclusions

Should CE2HA be the ongoing forum?

Are there other structures (e.g. clusters, CaLP) that we could use?