Introducing a template for Costing ECD Interventions

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Advocacy: what wins the day?

- Better information on:
  - Options
  - Beneficiaries
  - Costs
  - Implementation

- Constitutionality
  - Rights arguments
  - The moral high ground
  - Guilt and embarrassment

- Strength of numbers
  - Capacity to cause disruption
  - Capacity to commit violence

Cornerstone ECONOMIC RESEARCH
Uses of costing information

• Research and lobbying
  – Evaluating the benefits and costs of ECDN interventions
  – Evaluating the cost-effectiveness of different ECDN interventions
    • centre-based ECD versus home-based visiting
    • structural quality of centres versus process quality of teaching
  – Comparing costs across programmes and countries

• Government policy, planning and budgeting
  – Evaluating the fiscal cost of proposed ECDN policies
  – Evaluating the cost of scaling up existing interventions
  – Developing budgets for implementing ECDN programs
  – Designing approaches to managing disbursements / subsidies

• Private funding of ECDN
  – Determining funding requirements – for funding applications to donors or gov.
  – Determining sustainable prices to charge caregivers
Steps in Costing

Step 1: **Decide on purpose for which costing is required**
- choose appropriate approach to costing

Step 2: **Gather information relevant to costing**
- norms and standards
- inputs and prices
- demand variables

Step 3: **Develop ‘model’ and possible scenarios**
- define all the activities or items to be costed
- identify who is responsible for different costs

Step 4: **Calculate the costs using spreadsheets**

Step 5: **Test the robustness of the costing outcome**

Step 6: **Write up costing being completely transparent about critical assumptions made in the costing process**
Calculating Costs

Cost = Quantity \times Input \times Price

A very simple formula that gets applied in many complicated ways
Costing template: things to standardize

- The naming and description of ECDN interventions
- The definition of beneficiaries
- The definition of ECDN outputs (dose) and outcomes
  - and the period over which they are measured
  - (would not try to monetize benefits – as in cost-benefit analysis)
- The inputs that are to be costed
  - and how they are counted (e.g. staff time)
  - and classified into categories (start-up costs and fixed vs variable costs)
- Treatment of donated items and volunteers’ time
- Discount rates used in relation to training and capital inputs
- Exchange rates or PPP (purchasing power parity)
- Baseline years to ensure comparability over time
Introducing a ECDN Costing Template

The ECDN Costing template can be downloaded from: [http://dropcanvas.com/j6a5k](http://dropcanvas.com/j6a5k)
Aim of the ECDN costing template

• The ECDN costing template is designed to bring methodological consistency to the costing of ECDN programs so as to ensure that the results of such exercises are comparable across countries, currencies and time periods.

Focus of the costing

• The ECDN costing template focusses on enabling the costing of the direct costs incurred by the implementors (government or other implementing organisations) of the relevant programs.
Main outputs of the costing template

• The ECDN costing template is designed to facilitate the production of the following costing outputs:

1. Total nominal cost of program by standard cost items in local currency and USD
2. Total nominal cost of program by main activity in local currency and USD
3. Total real cost of program by standard cost items in local currency and USD
4. Total real cost of program by main activity in local currency and USD
5. The total amortised cost of program by standard item in local currency and USD
6. The total amortised cost of the program by main activity in local currency and USD
7. Enable unit cost analysis using the above total cost outputs and information on demand, outputs and beneficiaries. Note that the template has not setup any of the unit cost analyses, because these will vary depending on the program.
Structure of the ECDN costing model
QUESTIONS AND DISCUSSION

The End