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Costing of ovc service delivery in South Africa and Zambia

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COSTING OF OVC SERVICE DELIVERY IN SOUTH AFRICA AND ZAMBIA

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List of Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
BPE	Basic Program Evaluation
BU	Boston University
CABA	Children Affected by HIV/AIDS
CGHD	Center for Global Health and Development
CHH	Child headed household
CIHD	Center for International Health and Development
CBCO	Community-Based Care for OVC
CBO	Community based organization
CSI	Child Status Index
COTR	Contracting Officer's Technical Representative
ECD	Early childhood development
FABRIC	Community Faith Based Initiative for OVC
FBO	Faith-based organization
FHI	Family Health International
HBC	Home-based care
HDA	Health and Development Africa
HIV	Human Immunodeficiency Virus
IGA	Income-generating activities
IP	Implementing Partner
IQC	Indefinite Quantity Contract
IRB	Institutional Review Board
M&E	Monitoring and Evaluation
MOH	Ministry of Health
NACO	National AIDS Control Organization
NGO	Non-Governmental Organization
OHA	Office of HIV/AIDS
OVC	Orphans and Vulnerable Children
OVC-CARE	Orphans and Vulnerable Children Comprehensive Action Research
PEPFAR	US President's Emergency Plan for AIDS Relief
PHE	Public Health Evaluation
PLHA	People living with HIV/AIDS
PSS	Psychosocial support
SACBC	South African Catholic Bishops' Conference
SCP	Sithand'izingane Care project
SEARCH	Supporting Evaluation and Research to Combat HIV/AIDS
SLA	Saving and Loan Associations
STIs	Sexual transmitted infections
TO	Task Order
TWG	Technical Work Group
USAID	United States Agency for International Development
USG	United States Government

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Costing Of OVC Service Delivery: South Africa, Zambia

1. Overview

The objective of the costing component of the FABRIC End of Project Evaluation (EoPE) was to estimate the full cost of inputs (goods and services) used to implement the FABRIC program at the level of FABRIC sub-recipient partner FBOs in Zambia and South Africa for 2009. A summary of the costing analysis is provided here. Complete costing reports for each site are found in sections 1 – 4.

2. Study sites and Methods

As with the overall EoPE¹, the three sites in Zambia were:

- Bethel Baptist – Samaritan Project in Kafue
- Evangel Oasis of Love Orphans Project in Chingola
- Mpatamatu Home-based Care Project in Luanshya

The three sites in South Africa were:

- Sithand'izingane Care Project in Gauteng Province
- Siyathokoza OVC Project in Free State Province
- Bophelong in Northwest Province

Approach. OVC programs or projects are similar to other types of projects, thus standard program costing methods were followed for this analysis. Data for the analysis were based on a review of program financial records, equipment inventories, and interviews with program staff. The purpose was to obtain information to estimate the full costs of goods and services used to implement the programs from the FBO's perspective. The study did not attempt to capture the costs of ERC, FHI, USAID or others to manage the project above the FBO/community level.

Types of costs. Costs are associated with different inputs used to implement a project. These include three basic categories:

1. Direct 'financial' expenses used to produce a service (\$) for one year. *These inputs are purchased and usually expended within the annual time period.*
2. Annual equivalent (\$) of the service provided by assets/equipment. *This is the additional calculation needed to account for the multiple-year lifespan of equipment/assets. Annualizing asset purchases or donations acknowledges that services were provided during the evaluation year even if purchased in previous years.*
3. Opportunity cost (\$) of unpaid inputs (labor, donations). *Because volunteer time and donations are not financial expenses incurred by the organization, one might assume that they were willing to contribute (for their own reasons), so any program payments to volunteers covered the opportunity cost of time*

¹ End of Project Evaluation Report. Faith-based Regional Initiative for Orphans and Vulnerable Children (FABRIC). Prepared by Nancy Scott, Melissa Pfaff, Katherine Semrau, JoAnna Leyenaar, Anna Soujanen, Thomas Mugala, and Jonathon Simon. August 2010

(otherwise they would not have volunteered). However, if this program were to be scaled up elsewhere, such goods and services may bear financial costs. Thus we include imputed costs for unpaid inputs based on local market rates that would be required to hire or purchase such inputs.

Data collection. Data collection at each site therefore aimed to collect information related to all three types of costs. As noted above, this process comprised of interviews with staff coordinating the respective projects in the study sites and review of financial reports and project implementation documents. Where documented information was missing, reasonable estimates based on available information were used (details provided later in the report). In sum, data were collected through the following steps that mirror the types of costs listed above:

Step 1. Review annual financial report and categorize expenses.

- Annual financial reports with itemized expenditures, which are produced by organizations generally for accounting, tax reporting, and/or donor reporting purposes, generally provide significant detail on program specific expenses.
- However, it is important to keep in mind that financial reports (and underlying electronic datasets) are organized for financial reporting, which is not the same as needed for understanding the structure of program costs.

Step 2. Review equipment inventory and annualize equipment costs.

- We obtained the organization's asset register (shows purchased equipment, buildings, purchase price, and purchase date). Such information is needed by an organization for insurance and inventory reasons, so organizations typically have it.
- Based on price, purchase date, expected working life, and a discount rate, we calculated the annual equivalent payment required to pay back a loan equal to the purchase price over the working with the discount rate. We then used consumer price index information for each country to inflate these annual values (at the time of purchase) to 2009 for the costing analysis.

Step 3. Add imputed costs for volunteer time and other donations.

- This information was estimated through a review of program records (on numbers of volunteers) and interviews with program staff and volunteers (on level of effort weekly or monthly).
- Based on this review, we identified categories of people who contributed time to the project (paid and unpaid) and estimated quantity of time (in days) contributed to project.
- For the Zambian sites, we used the Zambian "Gazetted Government Cost of rural casual labor per day", ZMK10,000, as the reasonable 'price' per day of volunteer services for the Zambia sites. For the South African sites, reasonable daily wages based on other types of labor paid by the site were used.
- Finally, we multiplied annual days, the daily wage, and the number of volunteers for each type of volunteer to calculate the total imputed personnel cost of volunteers. This provides an estimate of what it would cost to implement the project in the absence of volunteer labor.
- For other donations (in goods), the value of the item was estimated by program staff based on current market value.

Step 4. Add any other contributions from organization not included in program financial report.

- In general, this would include costs to the organization that are not included in the program financial report. For example, if an organization runs multiple programs (from multiple funders), with a shared Director not accounted for in the program budget, a portion of the Director’s salary would be added at this stage. For the FBOs included in the costing analysis, all organization costs were already included in the financial reports and were associated with the FABRIC program.

Sorting and classification of costs. Based on a review of the data, a ‘costing profile’ was developed for each country with a level of detail that would be useful for program management and planning.

For the Zambia sites, all costs were categorized into one of the following cost categories:

- Personnel costs, including program administrative staff and caregivers (i.e. volunteers who have direct contact with OVC and their households);
- Office costs, which includes rent, utilities, water and telephone, office supplies and materials, transport, project related meetings, costs of organizational project meetings, and so on;
- Equipment, which provide services to the program over multiple years;
- Training costs for personnel involved in project implementation; and
- Direct expenses on key program areas, which for the FBOs included in this costing analysis were divided into Education and Kids Clubs.

The costing data for each site in Zambia were then compiled into a summary costing profile table. The basic structure of the Zambia cost profile table is provided below. Because of large changes in the number of OVC served by the Zambia sites between 2008 and 2009 and the relatively small size of the programs, cost information for 2009 and 2008 (inflated to 2009 values) are presented.

Table 1 Summary Costing Profile

Zambian FBOs		Year 2008				Year 2009			
	OVC Project Cost Category	Financial	Imputed	Total	% of Total Costs	Financial	Imputed	Total	% of Total Costs
1	Personnel:								
	FBO Program Staff								
	Caregivers								
2	Office Administration								
3	Annualized Equipment/Asset Services								
4	Project Staff Training								
5	Direct Expenses on Education								
6	Direct Expenses on Kids Clubs								
	Total								

For the South Africa sites, costs were categorized into one of the following cost categories:

- Labor costs, including program administrative staff and caregivers;
- Materials for specific program areas such as education, food and nutrition, shelter, health, and psychosocial support;
- Office Utilities;
- Equipment;
- Transport;
- Buildings (office space); and
- Training (project staff training).

The costing data for each site in South Africa were then compiled into a summary costing profile table. The basic structure of the South Africa cost profile table is provided below

Table 2 Basic Structure of South Africa Cost Profile Table

	South Africa FBOs				Percent of Total Costs 2009
	Resource Type	Financial Costs 2009	Imputed Costs 2009	Total Costs 2009	
1	Labor				
2	Materials				
3	Utilities				
4	Equipment				
5	Transport/Vehicle				
6	Building/Land				
7	Training				
	Total				

Note that the training activities in both countries were intended to build capacity of the FBOs to implement more effectively the project activities during and beyond the FABRIC project. In this respect, expenditures on training are investment in human capital and could be annualized as with equipment.

3. Summary Results and Discussion

Zambian Sites

The completed cost profile for each site is provided at the end of this section. The details of the analysis are provided in section 1.

A few key points from completed cost profiles are highlighted here.

1. All three FBOs rely on volunteer labor for program administration and implementation. The imputed value of volunteer time, based on a modest daily wage rate, increases the full program costs by about 25-40% for Mpatamatu, 50% for Samaritan, and 65-90% for Evangel depending on the year.
2. Office administration and related costs were a relatively small share of overall program costs for Evangel and Samaritan, and between 15-21% of full program costs for Mpatamatu. Given that the office

administration category included transportation as well as all other office related costs, these shares are in line with information from other studies of OVC programs.

3. The annual value of equipment costs is a minor share of total costs. Each FBO obtained bicycles for their caregiver volunteers to reduce this transportation time for program implementation in 2009.
4. Expenditures on project staff training in each year were a relatively large share of program costs. If such expenses are considered investments in human capital, the training would provide services to the project over more than one year. If there is substantial staff turnover, prior investments in training would not provide services to the project in the future. The full costing report will include an additional costing profile for each FBO based on annualizing training costs.
5. Expenditures on education for OVC were a large share of overall program costs, while direct expenses on Kids Clubs were minor. Volunteer time was the key input for the Kids Clubs, which is included in the personnel line item under caregivers.

As a final summary, the table below provides the reported number of OVC supported by each FBO, the financial costs, the total cost (financial plus imputed), and the average cost per OVC (financial and total cost) in 2008 and 2009.

Table 3 OVC Costing Outcomes in Three FABRIC Sites in Zambia 2008 and 2009

	Samaritan	Evangel	Mpatamatu	Total/Average
# OVC 2008	308	308	550	1166
2008 Total Financial Expenses (ZMK)	60,442,915	55,103,024	111,787,206	227,333,145
2008 Average Financial Expense/Child (ZMK)	196,243	178,906	203,249	194,968
2008 Total Costs (ZMK)	90,866,998	92,159,347	141,710,064	324,736,409
2008 Average Total Cost/Child (ZMK)	295,023	299,219	257,655	278,505
2008 Average Total Cost/Child (\$ US at 5000 ZMK/USD)	59.00	59.84	51.53	55.70
# OVC 2009	500	405	1050	1955
2009 Total Financial Expenses (ZMK)	71,137,116	48,228,820	98,399,439	217,765,375
2009 Average Financial Expense/Child (ZMK)	142,274	119,084	93,714	111,389
2009 Total Costs (ZMK)	105,817,116	90,468,820	137,279,439	333,565,375
2009 Average Total Cost/Child (ZMK)	211,634	223,380	130,742	170,622
2009 Average Total Cost/Child (\$ US at 5000 ZMK/USD)	42.33	44.68	26.15	34.12

For 2008, the average financial cost per OVC across the three SRs was relatively similar, as was the total average costs. Across the three sites, the average financial cost was about ZMK 195,000 (close to \$40 US annually), while the total average cost was ZMK 279,000 (about \$56 US).

Because of the increase in numbers of OVC at each site between 2008 and 2009 without similar increases in financial resources, average financial and total costs per OVC in the programs fell over time. In 2009, average financial costs across the three SRs were between ZMK 142,274 to 93,714 (about \$22 US annually as an average across the three sites). In 2009, average total costs were between ZMK 211,634 to 130,742 (about \$26-44 US per child). We caution that this does not necessarily indicate the project became more efficient over time. We have no measures of quality of services received for 2008, and only the process and outcome measures presented earlier in this report for 2009. It is therefore impossible to draw any conclusions in terms of program efficiency or effectiveness from the cost per OVC data presented in Table 29.

South African Sites

The completed cost profile for each South African site is also provided at the end of this summary. The details of the analysis are provided in sections 2, 3, and 4.

A few key points from completed cost profiles are highlighted here.

1. The three programs varied substantially in terms of total financial expenses (rounded): R 2,448,000 million for Sithand'izingane; R 773,000 for Siyathokoza; and R 242,000 for Bophelong.
2. For all three sites, labor and materials for program implementation are the largest shares of financial and total program costs (68% for Sithand'izingane; 75% for Siyathokoza; and 70% for Bophelong).
3. Within the materials category, key sub-categories varied somewhat across the three sites. For Bophelong, the main sub-categories were food and nutrition, educational assistance, psychosocial support, and shelter (in descending order). For Siyathokoza, the main sub-categories were food and nutrition, educational assistance, medical costs, and psychosocial support activities. For Sithand'izingane, the main sub-categories were food and nutrition (about 77% of all materials) and educational assistance (about 11% of all materials).
4. Office administration, utilities, and annualized value of equipment/assets were a relatively small share of overall program costs.

As a final summary, Table 30 provides the reported number of OVC supported by each South African FBO, the financial costs, the total cost (financial plus imputed), and the average cost per OVC (financial and total cost) in 2009.

Table 4 OVC Costing Outcomes in Three FABRIC Sites in South Africa in 2009

	Sithand'izingane	Siyathokoza	Bophelong
# OVC 2009	645	622	729
2009 Total Financial Expenses (Rand)	2,448,770	773,549	242,146
2009 Average Financial/Child (Rand)	3,797	1,244	332
2009 Total Costs (Rand)	3,110,574	858,428	258,697
2009 Average Total Cost/Child (Rand)	4,823	1,380	355
2009 Average Total Cost/Child (\$ US, 7.5 R/USD)	643.01	184.01	47.32

The three sites included in this analysis for South Africa involve a range of locations, program structures, and different cost profiles, which are reflected in the differing estimates of total program costs per OVC. Please refer to the site-specific costing reports for further explanation and discussion of these issues.

Table 5 Costing profile for Samaritan: Zambia

OVC Project Cost Category	YEAR 2008				YEAR 2009			
	Financial	Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1. Personnel	0	30,424,083	30,424,083	33%	0	34,680,000	34,680,000	33%
FBO Program Staff	0	8,527,165	8,527,165	9%	0	9,720,000	9,720,000	9%
Caregivers	0	21,896,918	21,896,918	24%	0	24,960,000	24,960,000	24%
2. Office Administration	3,279,453		3,279,453	4%	7,591,721		7,591,721	7%
3. Equipment - Annualized service value	0		0	0%	5,220,025		5,220,025	5%
4. Project Staff Training	39,837,188		39,837,188	44%	28,178,370		28,178,370	27%
5. Direct Expenses on Education	17,326,274		17,326,274	19%	22,707,000		22,707,000	21%
6. Direct Expenses on Kids Clubs	0		0	0%	7,440,000		7,440,000	7%
Total	60,442,915	30,424,083	90,866,998	100%	71,137,116	34,680,000	105,817,116	100%

Table 6 Costing Profile for Evangel Oasis of Love: Zambia

OVC Project Cost Category	YEAR 2008				YEAR 2009			
	Financial	Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1. Personnel	0	37,056,323	37,056,323	40%	0	42,240,000	42,240,000	47%
FBO Program								
Staff	0	4,210,946	4,210,946	5%	0	4,800,000	4,800,000	5%
Caregivers	0	32,845,377	32,845,377	36%	0	37,440,000	37,440,000	41%
2. Office								
Administration	4,737,314		4,737,314	5%	5,400,000		5,400,000	6%
3. Equipment - Annualized service value	5,619,867		5,619,867	6%	8,997,530		8,997,530	10%
4. Project Staff Training	26,014,990		26,014,990	28%	17,584,990		17,584,990	19%
5. Direct Expenses on Education	18,498,886		18,498,886	20%	16,246,300		16,246,300	18%
6. Direct Expenses on Kids Clubs	231,967		231,967	0%	0		0	0%
Total	55,103,024	37,056,323	92,159,347	100%	48,228,820	42,240,000	90,468,820	100%

Table 7 Costing Profile for Mpatamatu: Zambia

OVC Project Cost Category	YEAR 2008				YEAR 2009			
	Financial	Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1. Personnel	0	29,922,858	29,922,858	21%	0	38,880,000	38,880,000	28%
FBO Program Staff	0	7,757,778	7,757,778	5%	0	10,080,000	10,080,000	7%
Caregivers	0	22,165,080	22,165,080	16%	0	28,800,000	28,800,000	21%
2. Office Administration	21,703,308		21,703,308	15%	28,200,000		28,200,000	21%
3. Equipment - Annualized service value	3,180,351		3,180,351	2%	7,172,134		7,172,134	5%
4. Project Staff Training	37,322,670		37,322,670	26%	25,822,305		25,822,305	19%
5. Direct Expenses on Education	41,409,966		41,409,966	29%	37,205,000		37,205,000	27%
6. Direct Expenses on Kids Clubs	8,170,911		8,170,911	6%	0		0	0%
Total	111,787,206	29,922,858	141,710,064	100%	98,399,439	38,880,000	137,279,439	100%

Table 8 Costing Profile for Siyathokoza: South Africa

	Resource Type	Financial Costs 2009	Imputed Costs 2009	Total Costs 2009	Percent of Total Costs 2009
1	Labor	R 225,960.00	R 15,000.00	R 240,960.00	28.1%
2	Materials	R 394,337.81	R 0.00	R 394,337.81	46.0%
3	Utilities	R 44,685.67	R 0.00	R 44,685.67	5.2%
4	Equipment	R 14,044.85	R 18,595.41	R 32,640.26	3.8%
5	Transport/Vehicle	R 45,636.99	R 0.00	R 45,636.99	5.3%
6	Building/Land	R 22,145.67	R 49,283.92	R 71,429.59	8.3%
7	Training	R 26,738.39	R 0.00	R 26,738.39	3.1%
	Total	R 773,549.38	R 82,879.34	R 856,428.72	100.00%

Table 9 Costing Profile for Sithand'izingane: South Africa

	Resource Type	Financial Costs 2009	Imputed Costs 2009	Total Costs 2009	Percent of Total Costs 2009
1	Labor	R 713,184.00	R 216,000.00	R 929,184.00	30%
2	Materials	R 1,196,841.00	R 0.00	R 1,196,841.00	38%
3	Utilities	R 156,763.00	R 0.00	R 156,763.00	5%
4	Equipment	R64,523.94	R76,540.98	R141,064.92	5%
5	Transport/Vehicle	R 275,714.14	R 0.00	R 275,714.14	9%
6	Building/Land	R9,621.00	R 369,263.02	R 378,884.02	12%
7	Training	R 32,123.00	R 0.00	R 32,123.00	1%
	Total	R 2,448,770.08	R 661,804.00	R 3,110,574.08	100%

Table 10 Costing Profile for Bophelong: South Africa

	Resource Type	Financial Costs 2009	Imputed Costs 2009	Total Costs 2009	Percent of Total Costs 2009
1	Labor	R 77,280.00	R 0.00	R 77,280.00	29.87%
2	Materials	R 102,639.68	R 0.00	R 102,639.68	39.68%
3	Utilities	R 12,763.54	R 0.00	R 12,763.54	4.93%
4	Equipment	R 8,412.30	R 14,151.05	R 22,563.35	8.72%
5	Transport/Vehicle	R 34,683.08	R 0.00	R 34,683.08	13.41%
6	Building/Land	R 0.00	R 2,400.00	R 2,400.00	0.93%
7	Training	R 6,367.50	R 0.00	R 6,367.50	2.46%
	Total	R 242,146.10	R 16,551.05	R 258,697.15	100.00%

Section 1 - Costing of Programs for Orphaned and Vulnerable Children (OVC) in Zambia

*Case Studies of Three Organizations Implementing the
Faith-based Regional Initiative for
Orphans and Vulnerable Children (FABRIC) Program
of Family Health International*

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1. Introduction

From 2006–2010, Family Health International (FHI), with funding from the United States Agency for International Development (USAID) as part of the U.S. President’s Emergency Plan for AIDS Relief (PEPFAR) implemented the Faith-based Regional Initiative For Orphans and Vulnerable Children (FABRIC) in Zambia, South Africa, and Namibia. The FABRIC program in Zambia was managed by the Expanded Church Response (ECR) as an umbrella faith-based organization for the 15 local faith-based organizations (FBOs) receiving financial support to provide OVC services under FABRIC. The FABRIC project aimed to improve the quality of life for OVC by ensuring that essential services reached them and by developing the capacity of implementing partners to program and deliver services effectively.

In the final year of FABRIC activities (2010), an End of Project Evaluation (EoPE) was undertaken jointly by Boston University’s Center for Global Health and Development and Family Health International, with financial support from the United States Agency for International Development (USAID). The EoPE in Zambia consisted of three components: an organizational capacity assessment, an assessment of wellbeing of FABRIC beneficiary children and a community comparison group, and an assessment of the cost of implementing the program at the level of the project sub-recipient faith-based organization. See Scott et al. (2010) for the full EoPE report.

A key feature of the FABRIC project was to support local faith based organizations (FBOs) to supply materials and services to OVC in their communities. To complement the overall FABRIC EoPE activity in Zambia, BU in collaboration with FHI, ERC, and three specific FBOs completed three FBO-specific program costing case studies. The costing case studies were designed to estimate the full annual cost from the FBO’s perspective of implementing their OVC programs operating with FABRIC.

While the FABRIC project recorded the amount of financial support it provided to these FBOs during the project period, the FBOs contributed substantial amounts of other resources for project implementation. As a result, an evaluation of the full cost of program implementation, not just the FABRIC contribution, is needed to understand the costs of OVC program as actually implemented on the ground. Given the dearth of real information on the full costs of OVC program implementation (see, e.g., Larson (2009) for a recent literature review), information on the costing of OVC program implementation within the FABRIC program also contributes to a broader understanding of OVC program costs.

The remainder of this report is organized into five sections. Section 2 reviews the costing objective and study sites. Section 3 summarizes the methodological approach and steps followed for data collection and compilation. Analysis and results are presented in Section 4, and Section 5 contains the discussion and conclusions.

2. Objective and Study Sites

As noted above, the objective of the costing component of the EoPE was to estimate the full cost of inputs (goods and services) used to implement the FABRIC program in support of orphans and vulnerable children at the level of FABRIC sub-recipient partner FBOs in Zambia. The analysis was conducted for both 2008 and 2009.

The FABRIC program was implemented in Lusaka and in the Copperbelt provinces of Zambia through 15 FBOs. Three FABRIC program sites in Zambia were selected to participate in the costing analysis:

- Bethel Baptist – Samaritan Project;
- Evangel Oasis of Love Orphans Project;
- Mpatamatu Home-based Care Project.

The Bethel Baptist Church Samaritan OVC Project is located in Kafue Town about 45km south of Lusaka, the capital city of Zambia. The Project Coordinator is also the church pastor, and a total of 34 volunteers comprise the staff of this OVC program. By the end of 2009, the project provided services to 500 OVC living in the community, which was a 62% increase from 2008 numbers.

Evangel Oasis of Love is a church ministry in Chingola that falls under the Pentecostal Assemblies of God. The organization initiated OVC support work in 2002 targeting street kids, which is the reason why ECR identified Evangel Oasis of Love as a potential FBO to work with on the FABRIC project. At Evangel, the FABRIC-supported OVC project is set up as a department within the church and is run by the Overseer, who is a member of the Church Board. This project is being supported by 33 church members on a voluntary basis. This project provided services to 405 OVC in 2009, which was a 31% increase from 2008 numbers.

Mpatamatu Home Based Care is a church program started by Pastor Andrew Kayekesa in 1997 to support orphaned and vulnerable children. It is located in Mpatamatu township, about 15km from Luanshya town in the Copperbelt Province. The Mpatamatu Home Based Care OVC project under ECR had a volunteer staff of 34 members. The project provided services to 1,050 OVC in 2009, which was a 91% increase from 2008 numbers.

More information about the services provided by these programs is detailed in the Analysis and Results section.

3. Review of Methodological Approach

OVC programs or projects are similar to other types of projects, thus standard program costing methods were followed for this analysis. Data for the analysis were based on a review of program financial records, equipment inventories, and interviews with program staff. The purpose was to obtain information to estimate the full costs of goods and services used to implement the programs from the FBO's perspective. *The study did not attempt to capture the costs of ECR, FHI, USAID or others to manage the project above the FBO/community level.*

The basic procedures (methods/tools) for applied evaluation of OVC program costs are no different than costing analysis for other types of social interventions, such as agricultural projects, water supply projects, HIV treatment programs, air pollution control projects, or poverty alleviation projects. Furthermore, reasonable textbooks, guidelines, and "toolkits" exist for costing of actual projects (see Annex 1 for a list of such materials).

Types of costs:- Costs are associated with different inputs used to implement a project. These include three basic categories:

4. Direct 'financial' expenses used to produce a service (\$) for one year. These inputs are purchased and usually expended within the annual time period.
5. Annual equivalent (\$) of the service provided by assets/equipment. *This is the additional calculation needed to account for the multiple-year lifespan of equipment/assets. Annualizing asset purchases acknowledges that services were provided during the evaluation year even if purchased in previous years.*
6. Opportunity cost (\$) of unpaid or underpaid inputs (labor, donations). *Because volunteer time and donations (including subsidies) are not financial expenses incurred by the organization, one might assume that the suppliers were willing to contribute these inputs for their own reasons. So, for example, any perhaps minor program payments to volunteers covered the opportunity cost of their time (otherwise they would not have volunteered). However, if this program were to be replicated or scaled up elsewhere, the program might not be able to rely on continued donations in which case such goods and services would require larger financial support costs. Thus we include imputed costs for unpaid inputs based on local market rates that would be required to hire or purchase such inputs.*

All FBOs included in this analysis existed prior to the FABRIC project, so that project 'start up costs' are not relevant for this analysis.

Data collection. Data collection at each site therefore aimed to collect information related to all three types of costs. As noted above, this process comprised of interviews with staff coordinating the respective projects in the study sites and review of financial reports and project implementation documents. Where documented information was missing, reasonable estimates based on available information were used (details provided later in the report). In sum, data were collected and organized through the following steps that mirror the types of costs listed above:

Step 1. Review annual financial report and categorize expenses.

- Annual financial reports with itemized expenditures, which are produced by organizations generally for accounting, tax reporting, and/or donor reporting purposes, provided significant detail on program specific expenses.
- However, financial reports are organized for financial reporting, which is not the same as needed for understanding the structure of program costs. Therefore adjustments were made in the organization of these financial costs for program costing purposes (described below).
- Calculations and adjustments are shown in detail in the Analysis & Results section.

Step 2. Review equipment inventory and annualize equipment costs.

- We reviewed the FBOs asset register, which was used to identify the equipment purchased, the purchase price, and purchase date.
- Based on purchase price, purchase date, expected working life, and a discount rate, we calculated the annual equivalent payment required to pay back a loan equal to the purchase price over the working life with the discount rate. We then used the Zambia Consumer Price Index (CSO, 2010) to inflate these annual values (at the time of purchase) to 2009 for the costing analysis. With a zero discount rate, this approach is identical to simply dividing the purchase price by the working life.

Financial resources are scarce however, so a positive real discount is appropriate. Note for a costing analysis, depreciation of assets/equipment is not a relevant issue. Depreciation is relevant for tax accounting purposes (often) and to understand the level of services provided by an asset during a certain period. Neither of these topics is relevant for program costing.

- Discount rate assumptions and the calculations are shown in detail in the Analysis & Results section.

Step 3. Add imputed costs for volunteer time and other donations.

- This information was estimated through a review of program records (on numbers of volunteers) and interviews with program staff and volunteers (on level of effort weekly or monthly).
- Based on this review, we identified categories of people who contributed time to the project (paid and unpaid) and estimated quantity of time (in days) contributed to project.
- We then used the Zambian “Gazetted Government Cost of rural casual labour per day”, ZMK10,000, as a reasonable ‘price’ per day of volunteer services.
- Finally, we multiplied annual days, the daily wage, and the number of volunteers for each type of volunteer to calculate the total imputed personnel cost of volunteers. This provides an estimate of what it would cost to implement the project in the absence of volunteer labor.
- For other donations (in goods), the value of the item was estimated by program staff based on current market value.
- Calculations and adjustments are shown in detail in the Analysis & Results section.

Step 4. Add any other contributions from organization not included in program financial report.

- In general, this would include costs to the organization that are not included in the program financial report. For example, if an organization runs multiple programs (from multiple funders), with a shared Director not accounted for in the program budget, a portion of the Director’s salary would be added at this stage. For the FBOs included in the costing analysis, because of their relatively small organizational size, all organization costs were already included in the financial reports and were associated with the FABRIC program.

Sorting and classification of costs. Based on a review of the data, a ‘costing profile’ was developed with a level of detail that would be useful for program management and planning. All costs were categorized into one of the following cost categories:

- Personnel costs, including program administrative staff and caregivers (note that the term caregiver is used to denote the FBO volunteers who have direct contact with OVC and their households);
- Office costs, which includes rent, utilities, water and telephone, office supplies and materials, transport, project related meetings, costs of organizational project meetings, and so on (it is possible to disaggregate this category further if needed);
- Equipment, which provide services to the program over multiple years;
- Training costs for personnel involved in project implementation; and
- Direct expenses on key program areas which for the FBOs included in this costing analysis were education expenses and “Kids Clubs” expenses (such as school supplies, school fees paid by the project, educational materials used during the Kids Clubs activities based at schools, etc.).

Note that training activities were intended to build capacity of the FBOs to implement more effectively the project activities during and beyond the FABRIC project. In this respect, expenditures on training

could be considered investment in human capital (without labor turnover), which is similar to investment in other capital/equipment. We return briefly to this topic in the discussion section.

Compilation of data for analysis. The costing data were then compiled into the following table, which provides a cost profile of the program. As this evaluation looked at two years of FABRIC project cost data, 2008 and 2009, the table shows data broken down by year. (The 2008 data are inflated to 2009 for cost comparison across years.)

Details of how individual cells in this table were calculated are documented in the following section, including the quantity of volunteer time and donated items, unit costs attached to each, and details of which items are actually included in category.

FABRIC FBO Costing Profile

Table 11 Cost Categories broken down by year

	OVC Project Cost Category	Year 2008 (inflation adjusted to 2009)				Year 2009			
		Financial	Imputed	Total	% of Total Expenses	Financial	Imputed	Total	% of Total Expenses
1	Personnel:								
	FBO Program Staff								
	Caregivers								
2	Office Administration								
3	Annualized Equipment/Assets								
4	Project Staff Training								
5	Direct Expenses on Education								
6	Direct Expenses on Kids Clubs								
	Total								

4. Analysis and Results

We applied the costing approach described above to the three FBO selected sites implementing FABRIC projects at the community level. In this section, we present the results in a step-by-step way for each site, to show how the full cost results were built.

Step 1. Review annual financial report and categorize expenses.

At each project site, we reviewed the detailed, itemized, financial reports for 2008 and 2009. Each expense was categorized as personnel, office, equipment, training, or program direct expenses. All expenses in a category were added up and summarized below in Tables 12, 13, and 14.

This review and organization of financial expenses highlights four key features of these FBOs. First, the programs are implemented completely with volunteer labor. Second, equipment expenses can vary significantly from year to year, which emphasizes why annualization of equipment expenditures is important for a better picture of program implementation costs over time. Third, direct expenses on specific program areas, such as kids clubs, does not capture the cost of the program since FBO program staff organize and run the kids clubs at the schools. And fourth, office administration costs, which include all office-based costs (e.g. utilities, office space, office supplies, etc.) are a relatively small share of financial costs.

Table 12 Annual Costs (ZMK) - Samaritan FBO (Financial Expenses Only)

		Year 2008		Year 2009	
	OVC Project Cost Category	Financial	% of Total Expenses	Financial	% of Total Expenses
1	Personnel	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	3,279,453	5%	7,591,721	9%
3	Equipment	0	0%	19,788,000	23%
4	Project Staff Training	39,837,188	66%	28,178,370	33%
5	Direct Expenses on Education	17,326,274	29%	22,707,000	26%
6	Direct Expenses on Kids Clubs ³	0	0%	7,440,000	9%
	Total	60,442,915	100%	85,705,091	100%

Table 13 Annual Costs (ZMK) - Evangel Oasis FBO (Financial Expenses Only)

	OVC Project Cost Category	Year 2008		Year 2009	
		Financial Expenses	% of Total Financial Expenses	Financial Expenses	% of Total Financial Expenses
1	Personnel:	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	4,737,314	10%	5,400,000	10%
3	Equipment	0	0%	12,804,000	25%
4	Project Staff Training	26,014,990	53%	17,584,990	34%
5	Direct Expenses on Education	18,498,886	37%	16,246,300	31%
6	Direct Expenses on Kids Clubs	231,967	0%	0	0%
	Total	49,483,157	100%	52,035,290	100%

Table 14 Annual Costs (ZMK) - Mpatamatu FBO (Financial Expenses Only)

	OVC Project Cost Category	Year 2008		Year 2009	
		Financial Expenses	% of Total Expenses	Financial Expenses	% of Total Expenses
1	Personnel	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	21,703,308	20%	28,200,000	27%
3	Equipment	0	0%	15,132,000	14%
4	Project Staff Training	37,322,670	34%	25,822,305	24%
5	Direct Expenses on Education	41,409,966	38%	37,205,000	35%
6	Direct Expenses on Kids Clubs	8,170,911	8%	0	0%
	Total	108,606,855	100%	106,359,305	100%

Step 2. Review equipment inventory and annualize equipment costs.

We reviewed each FBO’s asset register and price paid (see “Equipment Purchase Cost” in Table 2). As typically would be the case, equipment purchased in early years continues to be used for program implementation in later years (e.g., 2006 purchases of bicycles, computers, printers, and flip chart stands).

In the era of computers and spreadsheet programs, analysts can simply use any standard annual payment calculator to pay back a purchase over a specific time period (e.g., working life, end of project) given a specific discount/interest rate. A 'scrape value' can be included if the item continues to have value at the end of the project (e.g. sell a used vehicle).

For example, the "pmt" function in Excel is easy to use to calculate the annual constant payment that would be required to pay back a loan to cover the equipment purchase over a specific time period with a specific interest rate (used to discount future values). Consider the following example. A project purchased a piece of equipment (e.g. 3 computers) in 2006 and used it for 5 years. With a 10% annual discount rate, the function =pmt(10%, 5, 10000) yields \$2637.97. With a 0% discount rate, the same pmt function yields \$2000 (simply the price divided by the number of years). The difference of \$637.97 represents the opportunity cost of funds used to purchase the equipment with a 10% discount rate. Financial capital for longer term investments is obviously scarce for most organizations in sub-Saharan Africa, private companies and NGOs alike, so a positive real discount rate is clearly appropriate to use for program costing activities. So, in this example, \$2637.97 is an appropriate annual cost of the equipment. Since the purchase occurred in 2006, but the costing analysis was conducted for 2009 and 2008 (inflated to 2009), the \$2637.97 figure for 2006 is then inflated using the Zambia CPI to 2009 levels. In general, analysts could also use CPI inflation figures published by the International Monetary Fund.

For the analysis presented here, we assumed a five year life span for all of the equipment in the registers, no resale value, and a 10% bank interest rate (see "Annual Value in Purchase Year" in Table 15). Finally, to make information comparable across years, we adjusted this number to a 2009 cost, using the Consumer Price Index (where price in 2009 = approximately 1.42 x price in 2006).

We replicated this calculation for each asset (see "Annual Value 2009 Equivalent" in Table 2 below).

Table 15 Value of Equipment Costs on Asset Registers for 3 FBOs

FBO	Asset Description	Year Purchased	Equipment Purchase Cost (ZMK)	Annual Value in Purchase Year	Annual Value 2009 Equivalent
Samaritan	Bicycles	2009	19,788,000	5,220,025	5,220,025
Evangel	Bicycles	2009	12,804,000	3,377,663	3,377,663
	Computer	2006	5,000,000	1,318,987	1,870,795
	Printer	2006	750,000	197,848	280,619
	Flip Chart Stands	2006	270,000	71,225	101,023
	Block Making Machine	2006	9,000,000	2,374,177	3,367,430
Mpatamatu	Bicycles	2009	15,132,000	3,991,783	3,991,783
	Computer	2006	7,000,000	1,846,582	2,619,113
	Printer	2006	1,500,000	395,696	561,238

Table 15 shows that each FBO operates with relatively little equipment that might typically be included in analyses of the costs of larger projects such as vehicles and buildings. For items purchased in 2006, we included the annualized cost for both 2008 and 2009 in Table 2. For items purchased in 2009, we included the annualized cost (based on the same 5 year annualization process) just to costs in 2009. For example, for Evangel, the annualized cost (always in 2009 equivalent ZMK) of computer, printer, flip chart stands and block making machine are included in the 2008 and 2009 costing table. The cost of bicycles is included only in 2009, as there were no bicycles in use in 2008.

The revised cost profiles (Tables 1a-1c) with annualized equipment costs are presented in Tables 16, 17 and 18 below. This adjustment substantially reduces program implementation costs for 2009 since each FBO acquired bicycles for program implementation (volunteer caregivers could use to ride to OVC households instead of walking).

As note earlier, training costs could be viewed as investments in human capital for project implementation. Since each FBO incurred regular training costs in each year (and in earlier program years), we have applied the full cost of training in the year it was incurred into Tables 3a-3c. We will return to this topic in the discussion section.

Table 16 Annual Costs (ZMK) - Samaritan FBO (Financial Expenses with Annualized Equipment)

	OVC Project Cost Category	Year 2008		Year 2009	
		Financial Expenses	% of Total Financial Expenses	Financial Expenses	% of Total Financial Expenses
1	Personnel:	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	3,279,453	5%	7,591,721	11%
3	Equipment – Annualized	0	0%	5,220,025	7%
4	Project Staff Training	39,837,188	66%	28,178,370	40%
5	Direct Expenses on Education	17,326,274	29%	22,707,000	32%
6	Direct Expenses on Kids Clubs	0	0%	7,440,000	10%
	Total	60,442,915	100%	71,137,116	100%

Table 17 Annual Costs (ZMK) - Evangel Oasis FBO (Financial Expenses with Annualized Equipment)

	OVC Project Cost Category	Year 2008		Year 2009	
		Financial Expenses	% of Total Financial Expenses	Financial Expenses	% of Total Financial Expenses
1	Personnel:	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	4,737,314	9%	5,400,000	11%
3	Equipment – <i>Annualized</i>	5,619,867	10%	8,997,530	19%
4	Project Staff Training	26,014,990	47%	17,584,990	36%
5	Direct Expenses on Education	18,498,886	34%	16,246,300	34%
6	Direct Expenses on Kids Clubs	231,967	0%	0	0%
	Total	55,103,024	100%	48,228,820	100%

Table 18 Annual Costs (ZMK) - Mpatamatu FBO (Financial Expenses with Annualized Equipment)

	OVC Project Cost Category	Year 2008		Year 2009	
		Financial Expenses	% of Total Financial Expenses	Financial Expenses	% of Total Financial Expenses
1	Personnel:	0	0%	0	0%
	FBO Program Staff	0	0%	0	0%
	Caregivers	0	0%	0	0%
2	Office Administration	21,703,308	19%	28,200,000	29%
3	Equipment – <i>Annualized</i>	3,180,351	3%	7,172,134	7%
4	Project Staff Training	37,322,670	33%	25,822,305	26%
5	Direct Expenses on Education	41,409,966	37%	37,205,000	38%
6	Direct Expenses on Kids Clubs	8,170,911	7%	0	0%
	Total	111,787,206	100%	98,399,439	100%

Step 3. Add imputed costs for volunteer time and other donations.

The Mpatamatu Home Based Care OVC project has a volunteer staff of 34 members. These volunteers included the Program Director, the OVC Project Coordinator, the Accountant, the Storesman (managed supplies). For direct contact with OVC and their households, the program relied on 30 Child Care Volunteers. At Evangel, the project is set up as a department within the church and is run by the Overseer, who is a member of the Church Board. This project is being supported by 33 church members categorized as follows: Project Overseer, Project Director, Accountant, Treasurer, 3 Committee members and 26 Care Givers. The Bethel Baptist Church Samaritan OVC Project has a staff of 34 working on a voluntary basis, including: a Project Coordinator who is also the church pastor, 2 Treasurers, 2 Secretaries, 3 Committee members and 26 Caregivers. Table 4 provides information on the number of volunteers by category for each FBO and estimates of the monthly levels of effort contributed to the project. For valuing this labor, we used the government official minimum wage for daily casual labor (ZMK 10,000 for 2008 and 2009).

The three FBOs received no other donated goods that were used by the project.

As outlined in Table 19 and Tables 20, 21, and 22, the projects rely on a substantial amount of volunteer time for management, administration, and service delivery directly to OVC. Using just a minimum daily wage for such labor, the imputed value of the volunteer personnel is a significant portion of the total budget (21-47% for financial and imputed costs from Table 5a-5c). While these FABRIC-associated FBOs were fortunate to have so many dedicated volunteers and not to have to expend cash for their human resources, if this project were to be replicated elsewhere, it is likely that the cost of staffing would need to be included in a budget.

Table 19 Imputed Labor Costs for Project Volunteer Staff

Mpatamatu					
Job position	Number of staff	Days spent on project/month	Daily Wage	Imputed Value Per Month	Imputed Value Per Year
Programme Director	1	22	10,000	220,000	2,640,000
Project Coordinator	1	26	10,000	260,000	3,120,000
Project Accountant	1	22	10,000	220,000	2,640,000
Stores Officer	1	14	10,000	140,000	1,680,000
Childcare Volunteers	30	8	10,000	2,400,000	28,800,000
TOTAL (ZMK)				3,240,000	38,880,000
Bethal Baptist					
Job position	Number of staff	Days spent on project/month	Daily Wage	Imputed Value Per Month	Imputed Value Per Year
Project Coordinator	1	20	10,000	200,000	2,400,000
Treasurer	2	10	10,000	200,000	2,400,000
Secretary	2	10	10,000	200,000	2,400,000
Committee members	3	7	10,000	210,000	2,520,000
Care Givers	26	8	10,000	2,080,000	24,960,000
TOTAL (ZMK)				2,890,000	34,680,000
Evangel Oasis of Love					
Job position	Number of staff	Days spent on project/month	Daily Wage	Imputed Value Per Month	Imputed Value Per Year
Overseer	1	4	10,000	40,000	480,000
Director	1	1	10,000	10,000	120,000
Accountant	1	12	10,000	120,000	1,440,000
Treasurer	1	12	10,000	120,000	1,440,000
Secretary	1	8	10,000	80,000	960,000
Committee members	3	1	10,000	30,000	360,000
Care Givers	26	12	10,000	3,120,000	37,440,000
Total				3,520,000	42,240,000

Table 20 Annual Costs (ZMK) - Samaritan FBO (Financial Expenses with Annualized Equipment and Imputed Costs)

	OVC Project Cost Category	Year 2008				Year 2009			
			Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1	Personnel:	0	30,424,083	30,424,083	33%	0	34,680,000	34,680,000	33%
	FBO Program Staff	0	8,527,165	8,527,165	9%	0	9,720,000	9,720,000	9%
	Caregivers	0	21,896,918	21,896,918	24%	0	24,960,000	24,960,000	24%
2	Office Administration	3,279,453		3,279,453	4%	7,591,721		7,591,721	7%
3	Equipment - Annualized service value	0		0	0%	5,220,025		5,220,025	5%
4	Project Staff Training	39,837,188		39,837,188	44%	28,178,370		28,178,370	27%
5	Direct Expenses on Education	17,326,274		17,326,274	19%	22,707,000		22,707,000	21%
6	Direct Expenses on Kids Clubs	0		0	0%	7,440,000		7,440,000	7%
	Total	60,442,915	30,424,083	90,866,998	100%	71,137,116	34,680,000	105,817,116	100%

Table 21 Annual Costs (ZMK) - Evangel Oasis FBO (Financial Expenses with Annualized Equipment and Imputed Costs)

	OVC Project Cost Category	Year 2008				Year 2009			
		Financial	Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1	Personnel:	0		37,056,323	40%	0		42,240,000	47%
	FBO Program Staff	0	4,210,946	4,210,946	5%	0	4,800,000	4,800,000	5%
	Caregivers	0	32,845,377	32,845,377	36%	0	37,440,000	37,440,000	41%
2	Office Administration	4,737,314		4,737,314	5%	5,400,000		5,400,000	6%
3	Equipment - Annualized service value	5,619,867		5,619,867	6%	8,997,530		8,997,530	10%
4	Project Staff Training	26,014,990		26,014,990	28%	17,584,990		17,584,990	19%
5	Direct Expenses on Education	18,498,886		18,498,886	20%	16,246,300		16,246,300	18%
6	Direct Expenses on Kids Clubs	231,967		231,967	0%	0		0	0%
	Total	55,103,024	37,056,323	92,159,347	100%	48,228,820	42,240,000	90,468,820	100%

Table 22 Annual Costs (ZMK) - Mpatamatu FBO (Financial Expenses with Annualized Equipment and Imputed Costs)

	OVC Project Cost Category	Year 2008				Year 2009			
		Financial	Imputed	Total	% of Total Program Implementation Costs	Financial	Imputed	Total	% of Total Program Implementation Costs
1	Personnel:	0	29,922,858	29,922,858	21%	0	38,880,000	38,880,000	28%
	FBO Program Staff	0	7,757,778	7,757,778	5%	0	10,080,000	10,080,000	7%
	Caregivers	0	22,165,080	22,165,080	16%	0	28,800,000	28,800,000	21%
2	Office Administration	21,703,308		21,703,308	15%	28,200,000		28,200,000	21%
3	Equipment - Annualized service value	3,180,351		3,180,351	2%	7,172,134		7,172,134	5%
4	Project Staff Training	37,322,670		37,322,670	26%	25,822,305		25,822,305	19%
5	Direct Expenses on Education	41,409,966		41,409,966	29%	37,205,000		37,205,000	27%
6	Direct Expenses on Kids Clubs	8,170,911		8,170,911	6%	0		0	0%
	Total	111,787,206	29,922,858	141,710,064	100%	98,399,439	38,880,000	137,279,439	100%

5. Conclusion

A few key points from the completed cost profiles provided in Tables 5a-5c are highlighted here.

1. All three FBOs rely on volunteer labor for program administration and implementation. The imputed value of volunteer time, based on a modest daily wage rate, increases the full program costs by about 25-40% for Mpatamatu, 50% for Samaritan, and 65-90% for Evangel depending on the year.
2. Office administration and related costs were relatively small shares of overall program costs for Evangel and Samaritan, and between 15-21% of full program costs for Mpatamatu. Given that the office administration category included transportation as well as all other office related costs, these shares are in line with information from other studies of OVC programs.
3. The annual value of equipment costs is a minor share of total costs. Each FBO obtained bicycles for their caregiver volunteers to reduce this transportation time for program implementation in 2009.
4. Expenditures on project staff training in each year were a relatively large share of program costs. If such expenses are considered investments in human capital, the training would provide services to the project over more than one year. If there is substantial staff turnover, prior investments in training would not provide services to the project in the future. The full costing report will include an additional costing profile for each FBO based on annualizing training costs.
5. Expenditures on education for OVC were a large share of overall program costs, while direct expenses on Kids Clubs were minor. Volunteer time was the key input for the Kids Clubs, which is included in the personnel line item under caregivers.

As a final summary, table 23 provides the reported number of OVC supported by each FBO, the financial costs, the total cost (financial plus imputed), and the average cost per OVC (financial and total cost) in 2008 and 2009.

For 2008, the average financial cost per OVC across the three FBOs was relatively similar, as was the total average costs. Across the three sites, the average financial cost was about ZMK 195,000 (close to \$40 US annually), while the total average cost was ZMK 279,000 (about \$56 US).

Because of the increase in numbers of OVC at each site between 2008 and 2009 without similar increases in financial resources, average financial and total costs per OVC in the programs fell over time. In 2009, average financial costs across the three FBOs were about ZMK 112,000 (about \$22 US annually), and average total costs were about ZMK 170,000 (about \$34 US).

Table 23 Average Costs per OVC

	Samaritan	Evangel	Mpatamatu	Total/Average
# OVC 2008	308	308	550	1166
2008 Total Financial Expenses (ZMK)	60,442,915	55,103,024	111,787,206	227,333,145
2008 Average Financial Expense/Child (ZMK)	196,243	178,906	203,249	194,968
2008 Total Costs (ZMK)	90,866,998	92,159,347	141,710,064	324,736,409
2008 Average Total Cost/Child (ZMK)	295,023	299,219	257,655	278,505
# OVC 2009	500	405	1050	1955
2009 Total Financial Expenses (ZMK)	71,137,116	48,228,820	98,399,439	217,765,375
2009 Average Financial Expense/Child (ZMK)	142,274	119,084	93,714	111,389
2009 Total Costs (ZMK)	105,817,116	90,468,820	137,279,439	333,565,375
2009 Average Total Cost/Child (ZMK)	211,634	223,380	130,742	170,622

6. References

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(UNAIDS) JUNPoHA. 08 Report on the Global AIDS Epidemic - Executive Summary. Geneva; 2008 July 2008.

Scott, 2010

Annex 1 Selected textbooks, guidelines, and “toolkits” for costing of actual projects

General:

See text by Boardman, A. Greenberg, D., Vining, A. and D. Weimer, Cost-Benefit Analysis: Concepts and Practice.

See guidance from the U.S. Office of Management and Budget at:

www.whitehouse.gov/omb/rewrite/circulars/a094/a094.html

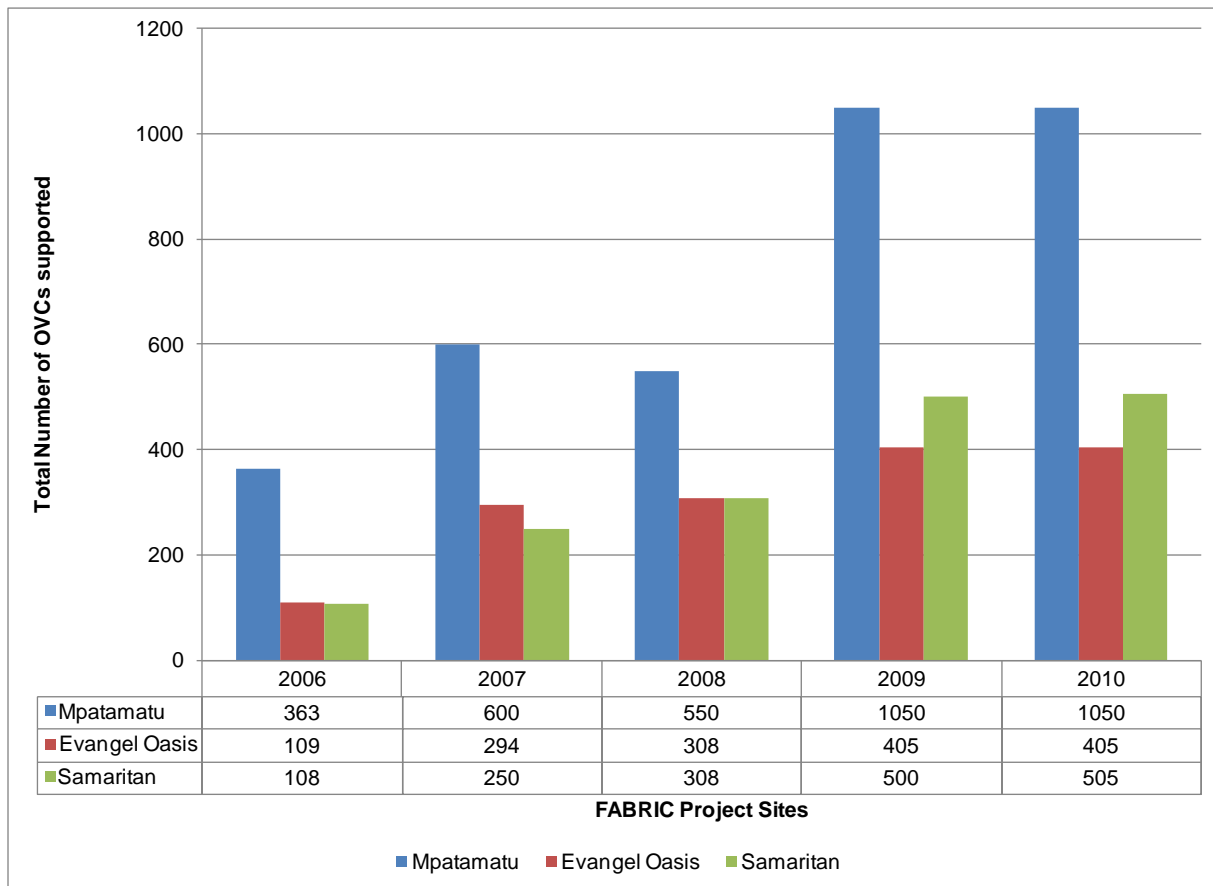
See Asian Development Bank’s Guidelines for Economic Analysis of Projects at:

www.adb.org/documents/guidelines/eco_analysis/default.asp

HIV/OVC:

- See “Costing Guidelines for HIV Prevention Strategies”, UNAIDS, 2000, UNAIDS/00.31E (English original, October 2000).
- See World Bank “OVC costing toolkit for SSA” at:
<http://info.worldbank.org/etools/docs/library/164047/index.htm>
- See “Costing of OVC Programs”, presentation by Melahi Pons, Family Health International, at a World Bank OVC Workshop in 2004
- See presentations from the OVC Costing Technical Consultation organized by Boston University, USAID, and UNICEF, 28 – 29 June 2010, Washington DC.

Annex 2: Number of OVC supported by each project site during the FABRIC project period, 2006-2010



Section 2 - Costing of Programs for Orphaned and Vulnerable Children (OVC) in Bophelong, South Africa

Estimating the Costs of Projects for Orphans and Vulnerable Children Implemented by Local Faith-Based Organisations in Collaboration with the South African Catholic Bishops' Conference:

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1. Introduction

The objective of the study was to analyse how much it costs the Bophelong Home-Based Care project in North West, South Africa to deliver services to orphans and vulnerable children (OVC). The project operates in the Jouberton area and provides a number of different services to more than 729 orphans and vulnerable children (OVC). Bophelong is one of the local faith based organisations (FBOs) supported by the South African Catholic Bishops' Conference (SACBC) in South Africa, which in turn receives funding and support from Family Health International (FHI) as part of the FABRIC project (a "track 1" PEPFAR support project).

After a brief overview of Bophelong project in Section 2, Section 3 summarises the basic costing approach used for the analysis. Section 4 presents the analysis and results of the study. Section 5 presents a discussion and concludes.

Description of the Bophelong Home-Based Care Project

The Bophelong Home-Based Care project is a small home-based care (HBC) and OVC programme situated in Jouberton, Klerksdorp. Bophelong was formed in February 1999, but only registered in 2003. This programme is funded by the Catholic Health Care Association and the South African Department of Health. The programme is also supported by the FABRIC project through SACBC. The FABRIC project supports the transfer of resources through local FBOs to OVCs and their caregivers.

The HBC programme is the main programme run by Bophelong Home-Based Care project. Chronically ill patients are identified through door-to-door campaigns by caregiversⁱⁱ from the HBC programme. These patients are then enrolled in the HBC programme and then referred to clinics/hospitals where necessary. Caregivers walk to patients' homes every Tuesday and Thursday in order to provide all basic care services including but not limited to; help with bathing, feeding, and providing psychosocial support. The patients receive food parcels four times a month. There is no age limit for patients enrolled in the HBC programme. There are currently 288 patients in the HBC programme, of which 20 are terminally ill and 31 are OVCs. There are 26 caregivers in this programme responsible for this work, including the administrative staff.

The Bophelong OVC programme started in 2005 with about 40 children. The programme defines an OVC as any child who has lost one or both parents or a child who is vulnerable (i.e. lacks basic care from one/both parents). The age group for OVC is 0 – 17 years. However, they also include some teenagers over 17 years (18/19 years) if they are orphaned or vulnerable and are still in school. Children are identified through field visits, reports from neighbours in the community and through teachers in schools. The programme currently has about 729 children receiving different services. Caregivers visit OVC in their homes from on Mondays and Wednesdays. During the visits, the caregivers perform various activities with the OVCs including helping them with homework, reading stories to them, and playing different games and activities with them. On average, a caregiver visits about three to four households per day.

Bophelong OVC programme organises different activities and events for OVC including:

ⁱⁱ The term caregiver in this case refers to Bophelong OVC staff

Kids Club

Bophelong OVC programme has a Kids Club that is run every Saturday from 10:00am to 12:00pm. It is targeted at OVCs aged 2 to 17 years. About 80 to 85 children attend the event. A meal is provided and the children are split into smaller groups where various activities are conducted with them in the hall or on the playground.

Education for Life

The older children aged 12 to 15 years attend an educational session called Education for Life. This is run during the same time as the kids club for younger children. They also receive a meal and have group sessions and discussions that focus on sexual transmitted infections (STIs), teenage pregnancy, practicing safe sex and life skills. A facilitator identified from the group leads the sessions.

The study analysed the financial costs of the OVC programme - which will be referred to as the Bophelong OVC programme throughout this report. *Table 24* provides a summary of Bophelong's OVC programme interventions.

Table 24: Interventions examined at Bophelong's OVC programme

Psychosocial support	<ul style="list-style-type: none">◆ Bophelong OVC programme provides psychosocial counselling and lifeskills for OVC◆ Caregiversⁱⁱⁱ provide the OVC with support in the form of physical, emotional, mental, social and spiritual wellbeing◆ Caregivers visit homes in communities and provide informal counselling and referrals◆ Caregivers provide the OVCs with fun activities such as dance, song, games and art activities
Education	<ul style="list-style-type: none">◆ Children receive assistance with homework◆ Children who are in need of uniforms, school fees assistance or stationary are identified and are provided for if funding is available◆ Children are taught traditional dance; educated on HIV prevention; participate in child protection discussions; and taught motivational type skills◆ The study analysed the financial costs of the OVC programme - which will be referred to as the Bophelong OVC programme follow up on OVCs identified by the schools within the area
Nutrition	

ⁱⁱⁱ The term caregiver in this case refers to Bophelong OVC staff

	<ul style="list-style-type: none"> ◆ Food parcels (4 packets per month per person) are given every month to 15 OVCs as well as those on antiretroviral therapy (ART) ◆ A meal is provided to the OVCs on a Wednesday after school and on a Saturday at St Patrick's Church ◆ Breakfast is taken to schools for certain OVCs on a Wednesday morning
Health care	<ul style="list-style-type: none"> ◆ Children are referred to the closest clinic with Bophelong OVC programme paying for the transport costs ◆ OVC are provided with HIV prevention education
Income-generating activities	<ul style="list-style-type: none"> ◆ The HBC programme has a garden, which patients use to plant vegetables. The vegetables are sold and the money is used to help them support their families. The vegetables are also used in the kitchen on Saturdays to provide a meal for OVCs
Child Protection	<ul style="list-style-type: none"> ◆ Caregivers identify OVCs in the communities and assist their guardians in obtaining the relevant legal documentation and social grants ◆ Caregivers do home checks to ensure the safety and security of OVCs ◆ Bophelong OVC programme provides assistance with regards to legal documentation and grants, referring cases to a social worker/ member of Justice and Peace, who then forwards requests to Home Affairs
Shelter	<ul style="list-style-type: none"> ◆ Shelter is classified as assisting OVCs with housing related issues, such as broken windows, fixing of doors or the fixing/ replacing of other household materials which are dilapidated

2. *The Costing Approach*

Standard methods for estimating project implementation costs from the provider's perspective were used to evaluate the quantities and unit costs of the goods and services supplied to OVCs (and/or caregivers and households). Information on quantities and costs of goods and services were extracted from programme records, reports and monitoring and evaluation (M&E) reports. As needed, information was supplemented with additional information obtained through informal discussions with programme staff (including management, fieldworkers, and so on whether paid or not). Items were also identified as either donated or purchased. Donated items were assessed at their current market prices when possible or based on reasonable estimates of opportunity costs when not.

Cost data for January – December 2009 were collected by reviewing programmatic reports and financial documents during site visits. Costs were categorised according to standard costing resource types (a typical project cost profile) as follows:

- ◆ Labour
- ◆ Materials
- ◆ Office Utilities
- ◆ Equipment
- ◆ Transport
- ◆ Buildings (office space)
- ◆ Training (project staff training)

Labour cost data were composed primarily of programmatic and administrative staff as well as the estimated cost of volunteer labour. Utility costs comprised communication, gas, and bank charges. Equipment costs included items such as fridges and computers. Transport costs were made up of fuel costs. The building costs comprised the cost of the rent. Material costs encompassed a wide range of items. At this site, items included school uniforms, food and cooking supplies as well as materials for repairing houses.

3. Analysis and results

Overview of the cost by resource type

The total cost of Bophelong OVC programme was **R273,097.15** for the year January to December 2009. The type of services a programme provides determines largely the differences in the total costs for the resource type.

Table 25 shows the financial, imputed and total costs of the programme activities for 2009 by each resource type. The *financial cost* of the project measured what the programme paid for salaries, goods and services. Donated goods, services and volunteer time represent the *imputed cost* of the project. Many FBOs serving OVC, such as Bophelong OVC programme, benefit from valuable voluntary labour not captured in the financial cost. Every attempt was made to capture the imputed costs of the various resources, however due to incomplete records it was not always possible to do so. It was not possible to get accurate information on which materials were bought and which were donated. As such the materials costs presented below are presented as financial costs only. Material costs made up the largest share of expenditure accounting for 38% of the total costs. Labour accounted for the next largest share of costs (34%).

Table 25: Cost by resource type in South African Rand, 2009 (the project's cost profile)

Resource Type	Financial Costs 2009	Imputed Costs 2009	Total Costs 2009	Percent of Total Costs 2009
Labour	R 77,280.00	R 14,400.00	R 91,680.00	33.57%
Materials	R 102,639.68	R 0.00	R 102,639.68	37.58%
Utilities	R 12,763.54	R 0.00	R 12,763.54	4.67%
Equipment	R 8,412.30	R 14,151.05	R 22,563.35	8.26%

Transport/Vehicle	R 34,683.08	R 0.00	R 34,683.08	12.70%
Building/Land	0.00	R 2,400.00	R 2,400.00	0.88%
Training	R 6,367.50	R 0.00	R 6,367.50	2.33%
Total	R 242,146.10	R 30,951.05	R 273,097.15	100.00%

During 2009, 729 OVC received services. The average cost per OVC was therefore **R374.62**. It is important to note that not all of the OVC received the same services.

Labour costs

There are a number of paid staff who work for the project as shown in *Table 26* below. The percentage of time (40% in most cases) the staff members worked on for the Bophelong OVC programme was multiplied by the staff member's annual salary/stipend in order to allocate the correct amount to the OVC programme. There are three board members who meet on a quarterly basis and their time was valued at 40% of R1,000 per month. This amount was included as an imputed cost to the project.

Table 26: Total Labour Costs, 2009

Designation	Number	Volunteer/Paid	Financial cost 2009	Imputed cost 2009	Total cost 2009
Project Manager	1	Paid	R 4,800.00	-	R 4,800.00
M&E Officer	1	Paid	R 3,840.00	-	R 3,840.00
Admin Officer	1	Paid	R 3,360.00	-	R 3,360.00
Finance	1	Paid	R 4,320.00	-	R 4,320.00
Caregivers	11	Paid	R 36,960.00	-	R 36,960.00
Caregivers	10	Paid	R 24,000.00	-	R 24,000.00
Board members	3	Volunteer	-	R14,400.00	R14,400.00
Total			R 77,280.00	R14,400.00	R 91,680.00

Material costs

Records of material donations made were difficult to find so material costs have been recorded as financial costs only. The material costs for Bophelong OVC programme account for a large share of total costs relative to other resource types because of the service interventions the programme provides. The materials cost covers a wide range of items such as food assistance and educational assistance that includes paying for school fees and uniforms (*Table 27*).

Table 27: Total Materials Costs, 2009

Materials	Financial cost 2009	Imputed cost 2009	Total cost 2009
Educational assistance	R 22,874.01	-	R 22,874.01
Food and nutrition	R 35,341.45	-	R 35,341.45
Psychosocial support	R 19,355.93	-	R 19,355.93
Shelter	R 14,195.84	-	R 14,195.84
Garden expenses	R 450.00	-	R 450.00
Stationery	R 10,422.45	-	R 10,422.45
Total	R102,639.68	-	R102,639.68

Educational assistance costs comprised assistance with school fees, school uniforms, and homework as well as the costs of education on HIV prevention; traditional dance; child protection and motivational type skills. Food and nutrition costs accounted for meals cooked on site for the OVC on a Wednesday and Saturday, food parcels that are handed out (four packets per month per person), as well as breakfast that is taken to schools on a Wednesday morning. Psychosocial support costs made up counselling and life skill training costs as well as fun activities provided to the OVC such as dance, song, games and art activities. The caregivers also visit homes within the community providing those in need with informal counselling and referrals. Shelter costs comprised the cost of materials with which to fix the home of OVCs, such as broken windows and doors. Garden expenses are the seeds needed in order for the fresh produce to grow as well as maintenance involved. Stationery costs cover the cost of stationery that is provided to the OVC for school and homework purposes.

Utilities

Bophelong OVC programmes's utility costs are made up of the amounts for communication, gas and bank charges. The utilities costs were financial costs incurred directly by the project (*Table 28*).

Table 28: Total Utilities Costs, 2009

Utilities	Financial cost 2009	Imputed cost 2009	Total cost 2009
Gas	R 2,400.00	-	R 2,400.00
Communication	R 5,921.54	-	R 5,921.54
Bank Charges	R 4,442.00	-	R 4,442.00
Total	R12,763.54	-	R12,763.54

Equipment costs

The equipment used by the Bophelong OVC programme was compiled into a complete inventory. The cost of the equipment was obtained from programme records and for some of the donated equipment the goods were valued by market reference.

The annual to purchase year of all items was calculated using a discount rate of 10% and a resale value of R0. The service life of the equipment items was as follows:

- ◆ 3 years for computers;
- ◆ 4 years for other electronic equipment; and
- ◆ 5 years for furniture.

The annual equivalent was calculated using the inflation index as provided by Statistics South Africa. The annual equivalent was calculated for equipment that was paid for by the Bophelong OVC programme as well as equipment which was donated. These amounts were then split according to whether they were financial or imputed costs.

Table 29 below shows a summary of the financial and imputed equipment costs. A detailed breakdown on the Bophelong OVC programme equipment can be found in *Appendix B*.

Table 29: Total Equipment Costs, 2009

Equipment	Financial cost 2009	Imputed cost 2009	Total cost 2009
Equipment	R8,412.30	R14,151.05	R22,563.35
Total	R8,412.30	R14,151.05	R22,563.35

It is worthwhile noting that during the time period examined, some of the equipment accounting for an annual equivalent of R 5,238.17 was stolen. This amount has been included in the total equipment cost above although it is no longer able to be used by the programme.

Transport costs

The Bophelong OVC programme hires a vehicle for transport. The total transport cost was calculated as per the actual expenditure provided in the income and expenditure report. The total transport cost was calculated and recorded as financial costs as reported in *Table 30* below.

Table 30: Total Transport Costs, 2009

Transport	Financial cost 2009	Imputed cost 2009	Total cost 2009
Fuel	R34,683.08	-	R34,683.08
Total	R34,683.08	-	R34,683.08

Building costs

The building costs for the Bophelong OVC programme are made up of the monthly rent that is paid for by a church member. The rent covers repairs and maintenance, electricity and water. Rent was therefore captured as an imputed cost.

Table 31 below shows the imputed building costs for the Bophelong OVC programme.

Table 31: Total Building Cost by Programmatic Area, 2009

Building	Financial cost 2009	Imputed cost 2009	Total cost 2009
Rent	-	R2,400.00	R2,400.00
Total	-	R2,400.00	R2,400.00

Training costs

Training costs recorded in the income and expenditure report include travel to and from the office to the training venue as well as accommodation costs (Table 32). Costs associated with externally provided capacity building and technical assistance were not included. That said, capacity building and technical assistance are necessary for achieving long-term accountability and sustainability of programmes for children affected by HIV and AIDS.

Table 32: Total Training Cost by Programmatic Area, 2009

Training	Financial cost 2009	Imputed cost 2009	Total cost 2009
Training	R6,367.50	-	R6,367.50
Total	R6,367.50	-	R6,367.50

4. Discussion

The type of services a programme provides determines largely the differences in the total costs by resource type. This site focuses mainly on nutrition, educational assistance and psychosocial support.

The largest share of total costs is made up of materials. Labour costs account for another large expenditure but this is not unexpected given that a greater capacity is needed to take care of OVC.

Bophelong OVC programme is a multi-faceted programme of activities providing a different range of services – many of which are provided simultaneously. As such it is a little artificial to separate out overall programme costs into the different USAID programmatic areas.

This study reports on how the cost of the various resource types was apportioned by programmatic areas (Appendix A). Nutrition accounted for the largest cost share, followed by education and psychosocial support. However, it is important to bear in mind that cost

comparisons between different programmatic areas are difficult because it is not certain whether less costly interventions provide effective care and services than more costly interventions.

Appendix A: Apportioning cost by programmatic area

Apportioning labour costs

Staff time was apportioned across the seven programmatic areas. Discussions were held with each paid staff member and a percentage of their time was allocated to the programmatic areas they worked on. For each staff member the percentage of time spent on each area was then multiplied by the annual salary. This was done for both paid and volunteer labour. The amounts per programmatic area were then added up to give a total per labour cost per programmatic area (*Table 33*).

Table 33 Total Labour Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R11 779.20	12.8%
Health	R7 896.00	8.6%
Nutrition	R32 784.00	35.8%
Child Protection	R12 340.80	13.5%
Shelter	R7 348.80	8.0%
Psychosocial support	R19 531.20	21.3%
Economic	R 0	0%
Total	R 91,680.00	100%

Apportioning material costs

Discussions were held with programme managers at the sites to understand what the materials accounted for in the financial statements were used for. Following the discussions, the materials were distributed as depicted in *Table 34* below.

Table 34 Total Materials Cost by Programmatic Area, 2009

Programmatic area						
Material	Total	Nutrition	Education	Psychosocial support	Shelter	Economic
Education	R 22,874.01		R 22,874.01			
Nutrition	R 35,341.45	R 35,341.45				
Psychosocial support	R 19,355.93			R 19,355.93		
Shelter	R 14,195.84				R 14,195.84	
Garden expenses	R 450.00	R 225.00				R225.00
Stationery	R 10,422.45		R 10,422.45			
Totals	R 102,639.68	R 35,566.45	R 33,296.46	R 19,355.93	R 14,195.84	R225.00
Percent	100.00%	34.65%	32.44%	18.86%	13.83%	0.22%

Educational assistance was allocated towards education in that it provides for school fees assistance and uniforms for the OVC attending school. Food and nutrition were allocated to nutrition, as these expenses were used to provide food/nutritional support to the OVC. Psychosocial support was allocated to psychosocial support as this amount was used for art supplies provided to the OVC as well as counselling and life skill training. Shelter costs were allocated fully to shelter as this amount was used for the repairs and maintenance needed at some OVC households. Garden expenses were allocated equally between nutrition and economic as the fresh fruit and vegetables are grown for nutritional support as well as being sold as an income-generating activity. Stationery costs were also allocated to education as the stationary is largely provided to the OVC for school and homework purposes.

Apportioning utility costs

All of the utilities costs other than communication were distributed evenly across the programmatic areas. Given that only the project manager, admin officer, M&E officer and financial manager use the telephone for communication purposes, the annual cost for communication was distributed across the programme areas according to how these staff members spent their time. *Table 35* below shows the distribution of utilities by programmatic area.

Table 35 Total Utilities Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 1,344.83	10.54%
Health	R 1,300.42	10.19%
Nutrition	R 4,946.20	38.75%
Child Protection	R 1,640.91	12.86%
Shelter	R 1,137.58	8.91%
Psychosocial support	R 1,759.34	13.78%
Economic	R 634.25	4.97%
Total	R12,763.54	100%

Apportioning equipment costs

Apportioning of the equipment costs was complicated. Through discussions with staff, it was determined what each piece of equipment was used for. In some cases, the equipment would only be used for one service and the full cost of that item would be allocated to that programmatic area only, for example the full cost of the stove plate was allocated to nutrition. In other instances, an item may be used for some or all-programmatic areas. In this case, the cost was allocated across the programmatic areas according to how often it was used for each service. The total equipment cost for each programmatic area is shown in *Table 36* below.

Table 36 Total Equipment Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 3,062.85	13.6%
Health	R 1,496.56	6.6%
Nutrition	R 8,349.29	37.0%
Child Protection	R 3,598.68	15.9%
Shelter	R 1,496.56	6.6%
Psychosocial support	R 3,062.85	13.6%
Economic	R 1,496.56	6.6%
Total	R 22,563.35	100%

Apportioning transport costs

Transport costs were distributed evenly across all programmatic areas. Transport costs were therefore R4, 954.73 (14%) per programmatic area.

Table 37: Total Transport Cost by Programmatic Area

Programmatic area	Total	Percent
Education	R4, 954.73	14%
Health	R4, 954.73	14%
Nutrition	R4, 954.73	14%
Child Protection	R4, 954.73	14%
Shelter	R4, 954.73	14%
Psychosocial support	R4, 954.73	14%
Economic	R4, 954.73	14%
Total	R 34,683.08	100%

Apportioning building costs

As the building is used for all programmatic areas, the costs were distributed evenly. Building costs were therefore R 342.86 (14%) per programmatic area.

Table 38: Total Building Cost by Programmatic Area

Programmatic area	Total	Percent
Education	R 342.86	14%
Health	R 342.86	14%
Nutrition	R 342.86	14%
Child Protection	R 342.86	14%
Shelter	R 342.86	14%
Psychosocial support	R 342.86	14%
Economic	R 342.86	14%
Total	R 2,400.00	100%

Apportioning training costs

The trainings ranged across all programmatic areas and the total cost thereof was thus distributed evenly across all programmatic areas. Training costs were R909.64 (14%) per programmatic area.

Table 39: Total Training Cost by Programmatic Area

Programmatic area	Total	Percent
Education	R909.64	14%
Health	R909.64	14%
Nutrition	R909.64	14%
Child Protection	R909.64	14%
Shelter	R909.64	14%
Psychosocial support	R909.64	14%
Economic	R909.64	14%
Total	R 6,367.50	100%

Apportioning costs by programmatic area

The cost analysis demonstrated that the programmatic area with the highest cost was nutritional support, accounting for 32% of the total costs. Nutritional support consists largely of food assistance in terms of meals and food parcels provided to OVC. Education and psychosocial support accounted for next largest cost-shares at 20% and 18% respectively. This is likely to be an accurate reflection given that these are the core focus areas of Bophelong OVC programme.

Cost per child served was calculated by dividing total costs by the number of children served as documented in the Bophelong OVC programme's M&E reports^{iv}. On the advice of the M&E officer, the number of children receiving a particular service was taken as the highest number of OVC reached by a particular service in any month during the time period examined. This method avoids double-counting of OVC reached but may result in an under-estimate of the total number of OVC reached with a particular service.

Table 40 Costs by programmatic area in South African Rand, 2009

Programmatic Area	Costs	Percent	Number of OVC receiving service	Cost per OVC served
Education	R 55,690.57	20.39%	65	R 856.78
Health	R 16,900.21	6.19%	101	R 167.33
Nutrition	R 87,853.16	32.17%	230	R 381.97
Child Protection	R 23,787.62	8.71%	32	R 743.36
Shelter	R 30,386.01	11.13%	15	R 2,025.73
Economic	R 8,563.04	3.14%	20	R 428.15
Psychosocial support	R 49,916.55	18.28%	185	R 269.82
Total	R 273,097.15	100.00%	729	R 374.62

^{iv} Children provided with HIV prevention education were classified as being reached with a health service

Appendix B: Detailed list of equipment

Table 41: List of equipment, January-December 2009

Equipment	Year bought/ donated	Paid/ Donated
Green Chairs	2006	paid
Table tennis	2009	paid
Green Tables	2006	paid
Stove 2 plate	2009	donated
Gas stove	2009	donated
Stove 4 plate	2009	donated
Soccer table	2009	paid
30 small chairs &10 tables	2008	paid
Cups and glasses	2008	donated
Fridge	2009	paid
Fridge	2006	donated
Deep freezer	2006	donated
Big Pots	2008	paid
Plastic boiler	2009	paid
17 / Tedelex Manual Microwave	2009	paid
Boiler	2009	donated
Computers	2008	donated
Printers	2008	paid
Once -off equipment	2009	paid
Storage cabinet	2006	paid
Filing cabinet	2006	paid
Microwave	2008	paid
Kettle	2008	paid
Computers	2008	donated
Printers	2008	donated
Pots	2008	paid

Section 3 - Costing of Programs for Orphaned and Vulnerable Children (OVC) in Sithand'izingane Care Project, South Africa

Estimating the Costs of Projects for Orphans and Vulnerable Children Implemented by Local Faith-Based Organisations in Collaboration with the South African Catholic Bishops' Conference:

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1. *Introduction*

The objective of the study was to analyse how much it costs Sithand'izingane Care project (SCP) in Gauteng, South Africa to deliver services to orphans and vulnerable children (OVC). The project operates in the greater Brakpan area and provides a number of different services to 645 OVC. SCP is one of the local faith based organisations (FBOs) supported by the South African Catholic Bishops' Conference (SACBC) in South Africa, which in turn receives funding and support from Family Health International (FHI) as part of the FABRIC project (a "track 1" PEPFAR support project).

After a brief overview of the SCP project in Section 2, Section 3 summarises the basic costing approach used for the analysis. Section 4 presents the analysis and results of the study. Section 5 presents a discussion and concludes.

Description of the Sithand'izingane Care Project

Two Dominican nuns, Sister Sheila Flynn and Sister Mary Tuck, established the Sithand'izingane Care Project in March 2000. The FBO has been working in the greater Brakpan area, Gauteng Province since then addressing HIV and AIDS through programmes that provide services to OVC and their caregivers. Sithand'izingane targets OVC, people living with HIV and AIDS (PLWHA), families affected by HIV and AIDS and child-headed households (CHH).

SCP offers a wide range of services at the centre itself and in the communities of Tsakane, Geluksdal, and Langaville. OVC are identified through home visits by fieldworkers^v and are then assisted in a number of ways. Services at the SCP centre (project office) include an early childhood development (ECD) programme for children aged 0-5 years, OVC after-school care for children 6-18 years (although there are some children who are over 18 years), psychosocial support (PSS), educational support including computer training, meals and school holiday programmes and a small sick bay. In addition, income-generating activities (IGA) for caregivers of OVC are provided through training in sewing and gardening activities. Some of the older OVC are also taught about gardening.

For younger OVC, who are identified by the fieldworkers during their home visits, there is the ECD programme. Drivers from SCP collect the children from the communities and bring them to SCP in busses. When the OVC arrive, they are provided with a meal before class starts.

Older OVC who attend schools in the communities served by SCP are provided with a meal over lunch through the project's feeding scheme. Only OVCs identified by the fieldworkers are provided with a meal at school.

^v The term fieldworker refers to SCP project staff

SCP provides PSS interventions to both caregivers of OVC and OVC themselves. The interventions include counselling, therapy and support groups.

The SCP also has a skills development programme for women, some of whom are mothers of the OVC. The women are taught sewing for a year and they receive a certificate at the end of the training. A coordinator trains a trainer who then trains the other participants. The garments the women sew are sold and the money comes back to the sewing department. Other garments are given to the children needing school uniforms.

Fieldworkers also compile case reports for the OVC and assist in accessing important documentation such as birth certificates as well as facilitating access to social grants.

SCP is implemented with financial support from several organisations, including the South African Department of Social Development, First National Bank and Lotto. The programme is also supported by the FABRIC project through SACBC. The FABRIC project supports the transfer of resources through local FBOs to OVCs and their caregivers.

Table 42 provides a summary of the SCP's main interventions.

Table 42: Interventions examined at Sithand'izingane Care Project

<p>Psycho-social support</p>	<ul style="list-style-type: none"> ◆ SCP provides psychosocial counselling and lifeskills for OVC ◆ Fieldworkers visit homes in communities served and provide informal counselling and referrals ◆ A bi-weekly therapy programme for children of CHH is provided ◆ Support groups for PLWHA are facilitated
<p>Education</p>	<ul style="list-style-type: none"> ◆ SCP runs an ECD centre for young OVC ◆ There is also an OVC after-school care programme and holiday programme for older OVC ◆ Children receive assistance with homework ◆ Library and computer services are available
<p>Nutrition</p>	<ul style="list-style-type: none"> ◆ SCP provides meals to OVC in the after-school and ECD programmes ◆ In addition, a feeding scheme is administered in five sites in two townships four times a week

	<ul style="list-style-type: none"> ◆ A large organic farm training programme provides fresh vegetables for the feeding scheme
Health care	<ul style="list-style-type: none"> ◆ SCP has a sick bay. Basic health services are provided and referrals made. ◆ Home-based care is provided by fieldworkers where needed
Income-generating activities	<ul style="list-style-type: none"> ◆ Caregivers generate income for project-related activities through selling clothing and produce from the food garden ◆ Female caregivers received skills training in sewing ◆ Older OVC and caregivers receive skills training in gardening and healing plants
Child protection	<ul style="list-style-type: none"> ◆ SCP staff identify OVC in the communities served and assist their caregivers in obtaining the relevant documentation and social grants ◆ Child safety and protection issues are addressed in home visits ◆ SCP provides assistance in obtaining social documentation and social grants ◆ OVC are taught their rights
Shelter	<ul style="list-style-type: none"> ◆ SCP refers OVC in need of shelter to relevant places where they can receive assistance

2. Costing Approach

Standard methods for estimating project implementation costs from the provider's perspective were used to evaluate the quantities and unit costs of the goods and services supplied to OVCs (and/or caregivers and households). Information on quantities and costs of goods and services were extracted from programme records, reports and monitoring and evaluation (M&E) reports. As needed, information was supplemented with additional information obtained through informal discussions with programme staff (including board members, management, fieldworkers, and so on whether paid or not). Items were also identified as either donated or purchased. Donated items were assessed at their current market prices when possible or based on reasonable estimates of opportunity costs when not.

Cost data for March 2009- February 2010 were collected by reviewing programmatic reports and financial documents during sites visits. Costs were categorised according to standard costing resource types (a typical project cost profile) as follows:

- ◆ Labour
- ◆ Materials
- ◆ Office Utilities
- ◆ Equipment
- ◆ Transport
- ◆ Buildings (office space)
- ◆ Training (project staff training)

Labour cost data were composed primarily of programmatic and administrative staff as well as the estimated cost of volunteer labour including the time for board members. Utility costs comprised costs incurred for communication, insurance, security, electricity and water. Equipment costs included items such as desks, chairs, tables, stoves, fridges and computers. Transport costs included the cost of the vehicles, fuel and vehicle maintenance. The building costs were based on the donated cost of the building as well as repairs and maintenance. Material costs encompassed a wide range of items. At this site, items included school uniforms, books, food and cooking supplies as well as sewing materials. SCP has a greater emphasis on nutritional and educational assistance (and these made up the majority of materials).

3. Analysis and results

The total cost of the services SCP provides was **R3,198,574.07** for the year March 2009 – February 2010.

Table 43 shows the financial, imputed and total costs of the programme activities for March 2009 - February 2010 by each resource type. The *financial cost* of the project measured what the programme paid for salaries, goods and services. Donated goods, services and volunteer time represent the *imputed cost* of the project. Many FBOs serving OVC, such as SCP, benefit from valuable voluntary labour not captured in the financial cost. Every attempt was made to capture the imputed costs of the various resources, however due to incomplete records it was not always possible to do so. It was not possible to get accurate information on which materials were bought and which were donated. As such the materials costs presented below are presented as financial costs only.

Material made up the largest share of expenditure accounting for 37% of the total costs. Labour accounted for the next largest share of costs (32%).

Table 43: Cost by resource type in South African Rand, March 2009- February 2010 (the project's cost profile)

Resource Type	Financial Costs March 2009- February 2010	Imputed Costs March 2009- February 2010	Total Costs March 2009- February 2010	Percent of Total Costs March 2009- February 2010
Labour	R 701,184.00	R 315,999.98	R 1,017,183.98	32%
Materials	R 1,196,841.00	R 0.00	R 1,196,841.00	37%
Utilities	R 156,763.00	R 0.00	R 156,763.00	5%
Equipment	R 64,523.94	R 76,540.98	R 141,064.92	4%
Transport/Vehicle	R 275,714.14	R 0.00	R 275,714.14	9%
Building/Land	9,621.00	R 369,263.02	R 378,884.02	12%
Training	R 32,123.00	R 0.00	R 32,123.00	1%
Total	R 2,436,770.08	R 761,803.98	R 3,198,574.07	100%

During this time period, 645 OVC received services. The average cost per OVC was therefore **R4,959.03** It is important to note that not all of the OVC received the same services.

Labour costs

SCP has a number of paid staff as shown in *Table 44* below. Staff work full-time at the SCP. The monthly salary was multiplied by 12 to calculate the annual salary per member of staff. The SCP has 10 board members. Four of the board members assist SCP on a regular basis. Their time was valued at the same rate as that of the finance manager (R3500.00 per month). The other board members attend board meetings on a quarterly basis and their time was valued at R1,500 per meeting or R500 per month. Another volunteer assists in the kitchen. His time has been valued at R1,000 per month, which is the same as many of the other staff members working in the kitchen. The psychologist is a masters student who needs to undertake community work in order to receive her qualification. She works one day a week at SCP. The psychologist's time was valued at 2.5 months worth of the current market related salary for an entry-level psychologist working in the public sector (R250, 000.00 p.a). This amounted to R99,999.98.

Table 44: Total Labour Costs, March 2009- February 2010

Designation	Number	Volunteer /Paid	Financial cost March 2009-February 2010	Imputed cost March 2009-February 2010	Total cost March 2009- February 2010
Project Manager	1	Paid	R 60,000.00	-	R60,000.00
M& E person /Admin	1	Paid	R24,000.00	-	R24,000.00
Finance manager/general office	1	Paid	R42,000.00	-	R42,000.00
Social Auxiliary worker	1	Paid	R 69,984.00	-	R69,984.00
Cleaner	1	Paid	R12,000.00	-	R12,000.00
Psychologist	1	Volunteer	-	R 99,999.98	R 99,999.98
OVC coordinator	1	Paid	R24,000.00	-	R24,000.00
Outreach-activity coordinator	1	Paid	R24,000.00	-	R24,000.00
Orphan Programme coordinator	1	Paid	R18,000.00	-	R18,000.00
Caregivers/Fieldworkers (OVC)	9	Paid	R108,000.00	-	R108,000.00
Board members	10	Volunteer	-	R204,000.00	R204,00.00
ECD Centre	4	Paid	R120,000.00	-	R120,000.00
Garden	7	Paid	R84,000.00	-	R84,000.00
Kitchen Staff	7	Paid	R75,600.00	-	R75,600.00
Kitchen Staff	1	Volunteer	-	R12,000.00	R12,000.00
Drivers	3	Paid	R39,600.00	-	R39,600.00
Total			R 701,184.00	R 315,999.98	R 1,017,183.98

Material costs

The cost of the materials bought by SCP was recorded. As records of material donations made were difficult to find, these costs have been recorded as financial costs only. The material costs for SCP account for a large share of total costs relative to other resource types because of the service interventions the programme provides. The material costs covers a wide range of items such as food and nutrition, educational assistance, health expenses, general expenses, psychosocial support and child headed households (*Table 45*).

Table 45: Total Materials Costs, March 2009- February 2010

Materials	Financial cost March 2009- February 2010 to the project	Imputed cost March 2009- February 2010	Total cost March 2009- February 2010
Educational assistance	R 191,051.00	-	R 191,051.00
Food and nutrition	R 930,507.00	-	R 930,507.00
Health expenses	R 32,819.00	-	R 32,819.00
Garden expenses	R 1,959.00	-	R 1,959.00
General expenses	R 6,179.00	-	R 6,179.00
Psychosocial support	R 31,006.00	-	R 31,006.00
Child headed households	R 3,320.00	-	R 3,320.00
Total	R 1,196,841.00	-	R 1,196,841.00

Educational assistance is comprised of school fees assistance, school uniforms, printing and stationary, as well as crèche fees and summer and winter camps. Food and nutrition costs consist of food for the feeding scheme; food parcels that are distributed; meals provided to the OVC at SCP; and the poultry costs such as chicken feed. Health expenses are made up of the costs for the medication given to the OVC for health related issues as well as the costs for medical and dental visits. Garden expenses include the seeds for the fresh produce, the maintenance thereof and the seeds for the herb garden (which are then used for medicinal purposes). General expenses include taxi transport, faxing of documents as well as unexpected things the OVC may need such as school donations. Psychosocial support costs include: art supplies, counselling and life skill costs and activities provided to the OVC. Child headed household costs cover the costs of food parcels as well as other materials that are provided for the OVC to take home.

Utilities

SCP's utility costs include the following costs: communication, insurance, security, electricity and water, bank charges, bad debts, gas and fuel expenditures. The utilities costs were financial costs incurred by the project (*Table 46*).

Table 46: Total Utilities Costs, March 2009- February 2010

Utilities	Financial cost March 2009- February 2010 to the project	Imputed cost March 2009- February 2010	Total cost March 2009-February 2010
Communications	R 44,336.00	-	R 44,336.00
Security	R 1,186.00	-	R 1,186.00
Insurance	R 2,613.00	-	R 2,613.00
Electricity and water	R 34,850.00	-	R 34,850.00
Bank charges	R 16,128.00	-	R 16,128.00
Bad debts	R 8,400.00	-	R 8,400.00
Gas & Fuel	R 49,250.00	-	R 49,250.00
Total	R156,763.00	-	R156,763.00

Equipment costs

The equipment used by SCP was compiled into a complete inventory. The cost of the equipment was obtained from programme records and for some of the donated equipment the goods were valued by market reference.

The annual to purchase year of all items was calculated using a discount rate of 10% and a resale value of R0. The service life of the equipment items was as follows:

- ◆ 3 years for computers;
- ◆ 4 years for other electronic equipment; and
- ◆ 5 years for furniture.

The annual equivalent was calculated using the inflation index as provided by Statistics South Africa. The annual equivalent was calculated for equipment, which was paid for by SCP as well as equipment that was donated. These amounts were then split according to whether they were financial or imputed costs.

Table 47 below shows a summary of the financial and imputed equipment costs. As the amount of equipment at this site is substantial, a detailed breakdown on the SCP equipment can be found in *Appendix B*.

Table 47: Total Equipment Costs, March 2009- February 2010

Equipment	Financial cost March 2009- February 2010 to the project	Imputed cost March 2009- February 2010	Total cost March 2009- February 2010
Equipment	R64,523.94	R76,540.98	R141,064.92
Total	R64,523.94	R76,540.98	R141,064.92

Transport costs

SCP own five vehicles which they use for delivering services. The annual equivalent for each of these vehicles was calculated as described above and using a service life of 10 years. SCP also pay for the vehicles' maintenance, repairs, service costs and expenses. The total transport cost was calculated and recorded as financial costs as reported in *Table 48* below.

Table 48: Total Transport Costs, March 2009- February 2010

Transport	Financial cost March 2009- February 2010 to the project	Imputed cost March 2009- February 2010	Total cost March 2009- February 2010
Transport expenses	R47,519.00	-	R47,519.00
Motor vehicle expenses	R 204,316.00	-	R204,316.00
Vehicles	R 23,879.14	-	R23,879.14
Total	R 275,714.14	-	R275,714.14

Building costs

The building costs for the SCP are made up of two different costs.

The first cost is that of the buildings itself. In 2002, First National Bank donated the buildings, from which SCP operates. In 2002, the building cost R 2,430,962.75. The annual to purchase year of the building was calculated using a discount rate of 10%, a resale value of R0 and a service life of 40 years. The annual equivalent was calculated using the inflation index as provided by Statistics South Africa. The annual equivalent for the building was calculated as R 369,263.02 and recorded as an imputed cost.

The second cost is that of repairs and maintenance to the buildings. This amount was a financial cost.

Table 49 below shows the financial and imputed building costs for the SHC OVC centre.

Table 49: Total Building Costs, March 2009- February 2010

Building	Financial cost March 2009- February 2010 to the project	Imputed cost March 2009- February 2010	Total cost March 2009- February 2010
Repairs and maintenance	R 9,621.00	-	R9,621.00
Building cost	-	R 369,263.02	R369,263.02
Total	R 9,621.00	R 369,263.02	R 378,884.02

Training costs

Training costs were recorded as reported and included travel to and from the centre to the training venue as well as accommodation costs (*Table 50*). Costs associated with externally provided capacity building and technical assistance were not included. That said capacity building and technical assistance are necessary for achieving long-term accountability and sustainability of programmes for children affected by HIV and AIDS.

Table 50: Total Training Costs, March 2009- February 2010

Training	Financial cost 2009 to the project	Imputed cost 2009	Total cost 2009
Training	R 32,123.00	-	R 32,123.00
Total	R 32,123.00	-	R 32,123.00

4. Discussion

The type of services a programme provides determines largely the differences in the total costs by resource type. This site focuses mainly on nutrition, psychosocial support and educational assistance.

The largest share of total costs is made up of materials. Labour costs account for another large expenditure but this is not unexpected given that a greater capacity is needed to take care of OVC.

SCP is a multi-faceted programme of activities providing a different range of services – many of which are provided simultaneously. For example, during the after-school activities, children are provided with nutrition, educational assistance and psychosocial support. As such it is a little artificial to separate out overall programme costs into the different USAID programmatic areas.

This study reports on how the cost of the various resource types was apportioned by programmatic areas (*Appendix A*). Nutrition accounted for the largest cost share, followed by psychosocial support and education. However, it is important to bear in mind that cost comparisons between different programmatic areas are difficult because it is not certain whether less costly interventions provide effective care and services than more costly interventions.

Appendix A: Apportioning cost by programmatic area

Apportioning labour costs

Staff time was apportioned across the seven programmatic areas. Discussions were held with staff members and a percentage of their time was allocated to the programmatic areas they worked on. For each staff member the percentage time spent on each area was then multiplied by the annual salary. This was done for both paid and volunteer labour. The amounts per programmatic area were then added up to give a total per labour cost per programmatic area (*Table 51*).

Table 51: Total Labour Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 145,998.24	14.4%
Health	R 133,097.28	13.1%
Nutrition	R 256,598.40	25.2%
Child Protection	R 118,093.44	11.61%
Shelter	R 36,000.00	3.5%
Psychosocial support	R 291,396.62	28.7%
Economic	R 36,000.00	3.5%
Total	R 1,017,183.98	100%

Apportioning material costs

Discussions were held with programme managers at the site to understand what the materials accounted for in the financial statements were used for. Following the discussions, the materials were distributed as depicted in *Table 52* below.

Table 52: Total Materials Cost by Programmatic Area, March 2009- February 2010

Materials	Education	Health	Nutrition	Child protection	Shelter	Psychosocial support	Economic	Total
Educational assistance	R 136,468.00							R 136,468.00
Food and nutrition			R 924,659.00					R 924,659.00
Cleaning expenses		R 20,570.00						R 20,570.00
Garden expenses		R 653.00	R 653.00				R 653.00	R 1,959.00
Medical costs		R 12,249.00						R 12,249.00
General expenses	R 882.71	R 882.71	R 882.71	R 882.71	R 882.71	R 882.71	R 882.71	R 6,179.00
Poultry costs			R 5,848.00					R 5,848.00
Psycho social support						R 11,504.00		R 11,504.00
Printing and stationery	R 10,773.00					R 980.00		R 11,753.00
After School Activities	R 980.00							R 980.00
Child Headed Households				R 3,320.00				R 3,320.00
Counselling Fees						R 19,502.00		R 19,502.00
Creche Fees	R 12,000.00							R 12,000.00
Summer & Winter Camps	R 11,940.00			R 5,970.00	R 11,940.00			R 29,850.00
Total	R 173,043.71	R 34,354.71	R 932,042.71	R 10,172.71	R 12,822.71	R 32,868.71	R 1,535.71	R 1,196,841.00
Percent	14.5%	2.9%	77.9%	0.8%	1.1%	2.7%	0.1%	100.%

Educational assistance was allocated towards education because this money is used for assistance with school fees, stationary and uniforms for the OVC attending school. Food and nutrition were allocated to nutrition as this cost was for food and nutritional support for the OVC. Cleaning expenses were allocated to health, as the cleaning products are used to ensure the health and safety of all OVC. Garden expenses were allocated equally between nutrition, health and economic support as the fresh fruit and vegetables are grown for the feeding scheme, to generate income and the herbs are grown for medicinal purposes. Medical costs were allocated to health as these costs comprised medicinal products. General expenses were allocated equally across all programmatic areas as they include a number of things accounted for in each area. Poultry costs were allocated to nutrition as this amount covered the costs of raising and feeding the chickens – whose eggs are used for the feeding scheme. Psychosocial support costs were fully allocated to psychosocial support. Printing and stationary were allocated to education as this amount is used for the printing and stationary for educational purposes. After-school activities were distributed equally between education and psychosocial support as these are the two main activities undertaken in the after-school programme. The total amount for CHHs was allocated to child protection as CHH materials are used to ensure the safety and well-being of vulnerable families. The counselling fees is a psychosocial activity that is provided to the OVC and the amount was therefore allocated as such. Crèche fees are a form of education (ECD) and were therefore allocated accordingly. The amount spent on summer and winter camps was allocated across education, psychosocial support and shelter as these three areas are the main focal points of these camps.

Apportioning utilities costs

All of the utilities costs other than communication were distributed across the programmatic areas. The financial manager, project manager, social auxiliary worker, OVC coordinator and orphan programme coordinator use the phones at SCP so the annual cost for communication was distributed across the programme areas according to how these staff members spent their time. *Table 53* below shows the distribution of utilities by programmatic area.

Table 53: Total Utilities Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 17,860.69	11%
Health	R 12,185.68	8%
Nutrition	R 66,494.21	42%
Child Protection	R 18,112.81	12%
Shelter	R 10,678.26	7%
Psychosocial support	R 20,753.09	13%
Economic	R 10,678.26	7%
Total	R 156,763.00	100%

Apportioning equipment costs

Apportioning of the equipment costs was complicated. Through discussions with staff, it was determined what each piece of equipment was used for. In some cases, the equipment would

only be used for one service and the full cost of that item would be allocated to that programmatic area only, for example, the full cost of the bed in the sick bay was allocated to health. In other instances, an item may be used for some or all programmatic areas. In this case, the cost was allocated across the programmatic areas according to how often it was used for each service. For example, the photocopier was used for all seven programmatic areas and 14% of the total cost was allocated to each area. The total equipment cost for each programmatic area is shown in *Table 54* below.

Table 54: Total Equipment Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 24,197.22	17%
Health	R 11,736.53	8%
Nutrition	R 32,632.86	23%
Child Protection	R 10,693.94	8%
Shelter	R 2,356.44	2%
Psychosocial support	R 50,294.59	36%
Economic	R 9,153.35	6%
Total	R 141,064.92	100%

Apportioning transport costs

Transport costs were distributed according to usage across all programmatic areas. Transport costs were therefore R73,523.77 for nutrition, education and psychosocial support (27%) per programmatic area and were R13,785.71 for health, child Protection, shelter and economic (5%) per programmatic area.

Table 55: Total Transport Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 73,523.77	27%
Health	R 13,785.71	5%
Nutrition	R 73,523.77	27%
Child Protection	R 13,785.71	5%
Shelter	R 13,785.71	5%
Psychosocial support	R 73,523.77	27%
Economic	R 13,785.71	5%
Total	R 275,714.14	100%

Apportioning building costs

As the building is used for all programmatic areas, the costs were distributed evenly. Building costs were therefore R54,126.29 (14%) per programmatic area.

Table 56: Total Building Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 54,126.29	14%
Health	R 54,126.29	14%
Nutrition	R 54,126.29	14%
Child Protection	R 54,126.29	14%
Shelter	R 54,126.29	14%
Psychosocial support	R 54,126.29	14%
Economic	R 54,126.29	14%
Total	R 378,884.02	100%

Apportioning training costs

The trainings ranged across all programmatic areas and the total cost thereof was thus distributed evenly across all programmatic areas. Training costs were R4, 589.00 (14%) per programmatic area.

Table 57: Total Training Cost by Programmatic Area, March 2009- February 2010

Programmatic area	Total	Percent
Education	R 4,589.00	14%
Health	R 4,589.00	14%
Nutrition	R 4,589.00	14%
Child Protection	R 4,589.00	14%
Shelter	R 4,589.00	14%
Psychosocial support	R 4,589.00	14%
Economic	R 4,589.00	14%
Total	R 32,123.00	100%

Apportioning costs by programmatic area

The cost analysis demonstrated that the programmatic area with the highest cost was nutritional support, accounting for 44% of the total costs. Psychosocial support and education accounted for next largest cost-shares at 16.9% and 15.4% respectively. This is likely to be an accurate reflection given that these are the core focus areas of SCP.

Cost per child served was calculated by dividing total costs by the number of children served as documented in SCP centre's M&E reports^{vi}. On the advice of SCP's M&E officer, the number of children receiving a particular service was taken as the highest number of OVC reached by a particular service in any month during the time period examined. This method avoids double-counting of OVC reached but may result in an under-estimate of the total number of OVC reached with a particular service.

Table 58: Costs by programmatic area in South African Rand, March 2009- February 2010

Programmatic Area	Costs	Percent	Number of OVC receiving service	Cost per OVC served
Education	R 493,338.92	15.42%	1,064	R 463.66
Health	R 263,875.21	8.25%	322	R 819.49
Nutrition	R 1,420,007.24	44.40%	609	R 2,331.70
Child Protection	R 229,573.90	7.18%	7	R 32,796.27
Shelter	R 122,418.41	3.83%	1	R 122,418.41
Economic	129,868.32	4.06%	451	R 287.96
Psychosocial support	R 539,492.07	16.87%	532	R 1,014.08
Total	R 3,198,574.07	100.00%	645	R 4,959.03

^{vi} Children provided with HIV prevention education were classified as being reached with a health service

Appendix B: Detailed list of equipment

Table 59: List of equipment, March 2009- February 2010

Equipment	Year bought/ donated	Paid/ Donated
<u>After Care</u>		
Cream chairs	2007	Paid
Black chairs	2007	Paid
White chairs	2008	Paid
Green chairs	2008	Paid
Steel table	2007	Paid
Desk + chair (2)	2008	Paid
Whiteboard	2007	Paid
Rubbish bin	2009	Paid
Fire Extinguisher	2006	Paid
Cupboard fancy	2009	Paid
Sofa chair	2009	Donated
Cupboard	2006	Donated
Bicycle	2006	Donated
Computer cabinets (fitted)	2006	Donated
Computer complete set	2009	Donated
Book shelf	2006	Donated
Side board	2006	Donated
Rackets (Play sets)	2006	Donated
Cricket bat	2008	Donated
Hockey stick	2009	Donated
In complete computers	2009	Donated
<u>Creche</u>		
TV cupboard	2006	Donated
Wall cupboard	2006	Donated
Fitted shelves for bags	2006	Donated
Desk	2006	Donated
Big chair	2006	Donated
Toy box	2006	Donated
Blankets	2005	Donated
Fitted boards	2006	Donated
Floor carpet	2008	Donated
Big table	2006	Donated
Small table	2006	Donated

Free stand computer	2009	Donated
Toy box	2005	Donated
Blanket box	2005	Donated
Eiderdown blanket	2004	Donated
Fitted board	2006	Donated
Floor carpet	2008	Donated
Small chairs	2002	Paid
Small tables	2002	Paid
Sponges	2009	Paid
Dustbin	2009	Paid
Six fin heater	2009	Paid
Fire Extinguisher	2006	Paid
Big chair	2009	Paid
Mounted heater	2007	Paid
Dustbin	2009	Paid
<u>Bambino's division</u>		
Cots with sponges	2002	Donated
Pillows	2002	Donated
Floor carpet	2008	Donated
Fitted board	2006	Donated
Toy box	2004	Donated
Desk	2006	Donated
Chairs	2008	Donated
Double file cabinet	2006	Donated
Wooden 2 door cabinet	2006	Donated
Desk tray	2009	Donated
Rag carpet	2008	Donated
Pen & pencil holder	2009	Paid
Mounted heater	2006	Paid
Mounted heater	2006	Paid
Computer with box	2008	Paid
Printer	2009	Paid
Digital stereo radio	2008	Paid
Dustbin	2009	Paid
<u>Play Therapy</u>		
Couch	2001	Donated
Round table	2001	Donated
Free stand bookshelf	2001	Donated
Sand pits	2003	Donated
Stands & wooden blocks	2002	Donated
Dish cupboard	2002	Donated

Toy tray	2003	Donated
Children wooden beds	2004	Donated
Dressing table + (2 stools)	2004	Donated
Stove 3 in 1	2004	Donated
Sofa	2004	Donated
Wall book shelves (fitted)	2006	Donated
Six fin heater	2004	Paid
<u>Bathroom</u>		
Medicine cabinet + mirror	2004	Paid
Long mirror	2006	Paid
Toilet brusher	2006	Paid
Face cloths	2009	Paid
Baby compaction	2006	Paid
Dustbin	2009	Paid
Fitted mirror + cabinet	2003	Paid
Dustbin	2009	Paid
<u>Dining Hall</u>		
Multi colour chairs	2002	Paid
Fire Extinguisher	2006	Paid
DIY bin	2009	Paid
Electric kettle	2009	Paid
Teaspoons	2009	Paid
Table multi colour	2002	Donated
Notice board	2006	Donated
Fitted dustbin	2006	Donated
Chairs	2007	Donated
Washing machine	2001	Donated
<u>Gardening</u>		
Free stand cupboard	2006	Donated
Weed eater	2008	Paid
Spades	2008	Paid
Small forks	2008	Paid
Big forks	2008	Paid
Plastic rakes	2008	Paid
Hose	2008	Paid
Rubber rakes	2008	Paid
Brooms	2008	Paid
Watering cans	2008	Paid
Grass cutter/ pangs	2008	Paid
Axes (big & small)	2008	Paid
Saw	2008	Paid

Pikes	2007	Paid
Sprinklers	2007	Paid
Wheel barrows	2007	Paid
Rakes (steel)	2009	Donated
Scales	2007	Donated
<u>Garage</u>		
Music stand	2006	Donated
Stationary cabinet	2009	Donated
Wooden chairs	2009	Donated
Small wooden table	2009	Donated
Green toolbox	2007	Donated
Marimba set	2008	Paid
Mighty lawn mower	2009	Paid
Steel table	2009	Paid
<u>Cleaning equipment</u>		
Drawer desk	2007	Donated
Sick bed	2006	Donated
Wooden table	2006	Donated
Leather chair	2006	Donated
Office chair	2008	Paid
Plastic basin	2009	Paid
Big blue basin	2009	Paid
Dryers Seaf	2009	Paid
Mops big	2009	Paid
Brooms 610mm	2009	Paid
Small brooms	2009	Paid
Feather dusters	2009	Paid
Dustpans small	2009	Paid
Dustpans big	2009	Paid
Floor scrubbing container	2009	Paid
Container big	2009	Paid
Container small	2009	Paid
Dustbin big	2009	Paid
Dustbin small	2009	Paid
<u>Kitchen</u>		
Water bottles (big)	2005	Paid
Water bottles (medium)	2005	Paid
Extra large cooking steel pots	2005	Paid
Large size cooking pots	2005	Paid
Small serving pots	2005	Paid
Sauce bottles	2004	Paid

Long glass	2004	Paid
Forks	2004	Paid
Knives	2004	Paid
Teaspoons	2004	Paid
Desert spoons	2004	Paid
Tea pots	2004	Paid
Cereal bowls	2004	Paid
Plastic table cloths	2004	Paid
Desert bowls (small plastic)	2003	Paid
Glass jugs	2003	Paid
Wooden spoons and forks	2009	Paid
Wooden tray	2008	Paid
Plastic serving tray (40 cm)	2006	Paid
Plastic cups (medium)	2006	Paid
Plastic cups (small)	2006	Paid
Plastic plates	2007	Paid
Soup plates (grey)	2005	Paid
Coffee mugs (small)	2007	Paid
Side plates	2007	Paid
Cups & saucers (white)	2008	Paid
Big stainless steel dishes	2009	Paid
Med stainless steel dishes	2006	Paid
Electric kettle small	2009	Paid
Electric urn large	2009	Paid
Food containers big	2009	Paid
Food containers big large	2009	Paid
Strainer stainless steel lrg	2008	Paid
Strainer plastic steel large	2009	Paid
Strainer stainless spoons lrg	2008	Paid
Bread bin	2008	Paid
Serving trolley	2008	Paid
Toasters	2006	Paid
Frying pans large	2004	Paid
Frying pans small	2004	Paid
Fridge double door	2007	Paid
Deep freeze large	2007	Paid
Deep freeze small	2004	Paid
Steam cuisine	2004	Paid
Electric pot big	2009	Paid
Gas stove	2005	Paid
Chairs with handles	2008	Paid

Electric steam iron	2009	Paid
Ironing board	2009	Paid
Sugar bowls	2009	Donated
Cutting boards big	2003	Donated
Cutting boards small	2003	Donated
Table kitchen	2006	Donated
Dining room tables	2006	Donated
Chairs dining room	2006	Donated
Egg beater	2009	Donated
Egg lifters + plastic	2006	Donated
Cake roller	2009	Donated
Masher	2006	Donated
Grater	2009	Donated
<u>Library</u>		
Desk (green)	2008	Donated
Chair	2008	Donated
Bookshelves	2006	Donated
Colour stamp	2009	Donated
Notice board	2006	Donated
Fire Extinguisher	2006	Paid
Curtains	2007	Paid
<u>Play therapy</u>		
Cabinet	2008	Donated
Computer + box	2008	Donated
Computer stand	2009	Donated
Pedestals	2009	Donated
Bed with sheets	2009	Donated
Wardrobe	2007	Paid
Curtains	2007	Paid
<u>Counselling room</u>		
Wooden chairs	2007	Donated
Table	2007	Donated
Small book shelf	2007	Donated
Curtains	2007	Paid
<u>Front office</u>		
Copier machine	2009	Paid
Filing drawer steel (4)	2006	Paid
Chair (with wheels)	2007	Paid
Radio system	2007	Paid
Microwave	2009	Paid
DVD machine	2008	Paid

Video machine	2008	Paid
Table cloths	2007	Paid
Telephone + stand	2009	Paid
Dustbin	2009	Paid
Fire Extinguisher	2006	Paid
Curtains	2007	Paid
Notice board	2006	Donated
New computer + box	2009	Donated
File shelf (books)	2007	Donated
Sharp calculator	2006	Donated
Flower stand	2006	Donated
Sleep couch	2007	Donated
Filing drawer steel (2)	2006	Donated
Desk	2006	Donated
Desk with drawers	2002	Donated
Chair	2002	Donated
Dustbin	2009	Paid
Toilet set mats	2007	Paid
Towels	2008	Paid
<u>Social service office</u>		
New computer + box	2008	Donated
Copier machine	2008	Donated
Chair (with wheels)	2007	Donated
Chair	2007	Donated
Carpet round	2006	Donated
Notice board	2006	Donated
TV screen 74cm	2004	Paid
Fire Extinguisher	2006	Paid
Curtains	2007	Paid
Filing drawer steel (4)	2008	Paid
Desk	2008	Paid
<u>Sick Bay</u>		
Chair	2007	Donated
Shelves self stand	2006	Donated
Shelves half stand	2006	Donated
Pedestals	2007	Donated
Bed with sheets	2006	Donated
Dustbin	2009	Paid
Curtains	2007	Paid
Scales	2009	Paid
Notice board	2006	Paid

Desk with drawers	2004	Paid
Table	2006	Donated
Carpet half round	2006	Donated
Notice board	2006	Donated
Fire Extinguisher	2006	Paid
Curtain	2007	Paid
<u>Sewing division</u>		
Trainer's table	2007	Paid
Steel table	2007	Paid
Kitchen cabinets	2007	Paid
Chest drawer	2009	Paid
Chairs	2007	Paid
Mirror	2009	Paid
Curtains	2007	Paid
Ironing board	2009	Paid
Electric iron	2009	Paid
Electric cords	2009	Paid
Steel cabinets	2009	Paid
Fire Extinguisher	2006	Paid
Wardrobe	2008	Paid
Wooden table	2006	Donated
Sewing machines	2006	Donated
Elna over lockers	2006	Donated
Sideboard table	2006	Donated

Section 4 - Costing of Programs for Orphaned and Vulnerable Children (OVC) in the Siyathokoza OVC Project, South Africa

Estimating the Costs of Projects for Orphans and Vulnerable Children Implemented by Local Faith-Based Organisations in Collaboration with the South African Catholic Bishops' Conference:

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1. Introduction

The objective of the study was to analyse how much it costs the Siyathokoza Health Care (SHC) project in Free State, South Africa to deliver services to orphans and vulnerable children (OVC). The project operates in the Botshabelo resettlement area and provides a number of different services to more than 622 OVC. The SHC is one of the local faith based organisations (FBOs) supported by the South African Catholic Bishops' Conference (SACBC) in South Africa, which in turn receives funding and support from Family Health International (FHI) as part of the FABRIC project (a "track 1" PEPFAR support project).

After a brief overview of SHC OVC centre in Section 2, Section 3 summarises the basic costing approach used for the analysis. Section 4 presents the analysis and results of the study. Section 5 presents a discussion and concludes.

Description of the Siyathokoza Health Care OVC Centre

Botshabelo is the third largest city in the Free State. It was started as a resettlement area in 1979 during the apartheid era, for people removed from their homes in areas declared 'white' only. It is about 55 km from Bloemfontein and currently has a population of more than 400 000 people, making it the largest township in the Free State (Nagle, G. 2000). The Holy Cross Sisters and Holy Family Sisters started SHC in Botshabelo resettlement area in February 2002. SHC has three different programmes, which operate separately: these are the antiretroviral therapy (ART) clinic, polyclinic and Siyathokoza OVC Centre. The study analysed the costs of the OVC centre only which will be referred to as SHC OVC centre throughout this report.

SHC OVC centre started in 2002 as a result of the HIV and AIDS pandemic in the community. Many children used to attend school without food, creating the need for a feeding scheme, which was soon recognised and implemented. Children in the feeding scheme are identified through home visits and through referrals from the schools they attend. While doing home visits the caregivers^{vii} also recognised that there were a number of children with special needs within the community, many of whom were housebound. The Boitumelo Day Care Centre for special needs children was then established, providing needed help to the community and children. The Boitumelo Day Care Centre and SHC OVC centre both focus on orphans and vulnerable children. The Boitumelo day care centre provides care and support to vulnerable children with special needs while SHC OVC centre provides an aftercare centre for children between the ages of 0-18 years. The children come to the centre at different times for meals, help with their homework and psychosocial support. The Boitumelo Day Care Centre provides care to children with special

^{vii} The term caregiver in this case refers to SHC OVC centre staff

needs from Monday-Friday. The centres operate in the M, N, and parts L, T, E and D sections in Botshabelo.

SHC implements its OVC programme with financial support Holy Cross Sisters, Department of Social Development and donations received from overseas friends, family. The programme is also supported by the FABRIC project through SACBC, which supports the transfer of resources through local FBOs to OVCs and their caregivers. *Table 60* provides a summary of the SHC OVC centre’s main interventions.

Table 60: Interventions examined at SHC OVC centre

Psycho-social support	<ul style="list-style-type: none"> ◆ SHC OVC centre provides psychosocial counselling and lifeskills to OVC by visiting homes and school based programmes. ◆ Caregivers^{viii} provide the OVC with support for five needs: physical, emotional, mental, social and spiritual through home visits and when the children come to the centre. ◆ Caregivers^{ix} visit homes in communities served and provide informal counselling and referrals to children in need of support.
Education	<ul style="list-style-type: none"> ◆ SHC OVC centre has an OVC after-school care programme and holiday programme. ◆ The aftercare centre helps the children with their homework after lunch. ◆ Children who need uniforms are identified and uniforms are bought if there is funding. The children are identified during home visits and when they come to the centre for after school activities. ◆ Children are taught traditional dance. ◆ Library services are available.
Nutrition	<ul style="list-style-type: none"> ◆ Food parcels are provided every month to child headed households which are identified during home visits. ◆ A meal is provided to the OVC after school at the centre.
Health care	<ul style="list-style-type: none"> ◆ Basic health services are provided and some OVC are referred to the clinic for treatment. ◆ SHC OVC centre pays for the cost of health care for the

^{viii} The term caregiver in this case refers to SHC OVC centre staff

^{ix} The term caregiver in this case refers to SHC OVC centre staff

	<p>children referred to the clinic</p> <ul style="list-style-type: none"> ◆ HIV prevention education is provided through workshops that are held at the centre. They focus on issues such as transmission of HIV, prevention and treatment.
Economic	<ul style="list-style-type: none"> ◆ Carers^x plant vegetables, which are used for the feeding scheme. SHC OVC centre provides them with knowledge and skills around planting of vegetables.
Child Protection	<ul style="list-style-type: none"> ◆ Caregivers identify OVC in the communities served and assist their guardians in obtaining the relevant documentation and social grants. ◆ Child safety and protection issues are addressed in home visits. ◆ Child protection is discussed during after-school care sessions.
Shelter	<ul style="list-style-type: none"> ◆ SHC OVC centre classifies shelter as buying toiletries, putting up fences and anything that is not food but used for the household.

2. *The Costing Approach*

Standard methods for estimating programme/project implementation costs from the provider's perspective were used to evaluate the quantities and unit costs of the goods and services supplied to OVCs (and/or carers^{xi} and households). Information on quantities and costs of goods and services were extracted from programme records, reports and monitoring and evaluation (M&E) reports. As needed, information was supplemented with additional information obtained through informal discussions with programme staff (including board members, management, caregivers, and so on whether paid or not). Items were also identified as either donated or purchased. Donated items were assessed at their current market prices when possible or based on reasonable estimates of opportunity costs when not.

Cost data for January – December 2009 were collected by reviewing programmatic reports and financial documents during site visits. Costs were categorised according to standard costing resource types (a typical project cost profile) as follows:

- ◆ Labour;
- ◆ Materials;
- ◆ Office Utilities;
- ◆ Equipment;

^x The term carer in this case refers to the guardians of the OVC

^{xi} The term carer in this case refers to the guardians of the OVC

- ◆ Transport;
- ◆ Buildings (office space); and
- ◆ Training (project staff training).

Labour cost data were composed primarily of programmatic and administrative staff as well as the estimated cost of volunteer labour including the time for board members. Labour costs were allocated to programmatic areas by the time spent on the various areas. Utility costs comprised communication, insurance, electricity and water expenditures. Equipment costs included items such as desks, chairs, tables, stoves, fridges and computers. Transport costs included fuel and vehicle maintenance. The building costs were based on the donated cost of the building as well as repairs and maintenance. Material costs encompassed a wide range of items. At this site, items included school uniforms, books, food and cooking supplies as well as sewing materials. SHC OVC centre has a greater emphasis on nutritional and educational assistance (and these made up the majority of materials).

3. Analysis and Results

Overview of the cost by resource type

The total cost of the SHC OVC centre was **R 856,428.72** for the year January to December 2009.

Table 61 shows the financial, imputed and total costs of the programme activities for 2009 by each resource type. The *financial cost* of the project measured what the programme paid for salaries, goods and services. Donated goods, services and volunteer time represent the *imputed cost* of the project. Many FBOs serving OVC, such as SHC OVC centre, benefit from valuable voluntary labour not captured in the financial cost. Every attempt was made to capture the imputed costs of the various resources, however due to incomplete records it was not always possible to do so, for example, it was not possible to get accurate information on which materials were bought and which were donated. As such the materials costs presented below are presented as financial costs only.

Materials costs were the largest share of expenditure accounting for 46% of the total costs. Labour constituted the second largest share of the costs at 28%. This is not surprising as greater capacity is needed to take care of OVC.

Table 61: Cost by resource type in South African Rand, 2009 (the project's cost profile)

Resource Type	Financial Costs 2009 to the project	Imputed Costs 2009	Total Costs 2009	Percent of Total Costs 2009
Labour	R 225,960.00	R 15,000.00	R 240,960.00	28.1%
Materials	R 394,337.81	R 0.00	R 394,337.81	46.0%
Utilities	R 44,685.67	R 0.00	R 44,685.67	5.2%
Equipment	R 14,044.85	R 18,595.41	R 32,640.26	3.8%
Transport/Vehicle	R 45,636.99	R 0.00	R 45,636.99	5.3%
Building/Land	22,145.67	R 49,283.92	R 71,429.59	8.3%
Training	R 26,738.39	R 0.00	R 26,738.39	3.1%
Total	R 773,549.38	R 82,879.34	R 856,428.72	100.00%

During 2009, 622 OVC received services. The average cost per OVC was therefore **R 1,376.90**. It is important to note that not all of the OVC received the same services.

Labour costs

The SHC OVC centre has a number of paid staff as shown in *Table 62* below. Some of these staff members work full-time at the SHC OVC centre while others work both at the centre and on the other programmes at SHC. The percentage of time spent working at the SHC OVC centre was multiplied by the staff member's annual salary/stipend in order to allocate the correct amount to SHC OVC centre. The SHC OVC centre has five, unpaid board members who meet to discuss the project three times a year. The imputed cost of SHC unpaid board members was valued at the R1, 000 per meeting.

Table 62: Total Labour Costs, 2009

Designation	Number	Volunteer/ Paid	Financial cost 2009 to the project	Imputed cost 2009	Total cost 2009
Coordinator	1	Paid	R 12,000.00	-	R 12,000.00
Financial Manager	1	Paid	R 12,000.00	-	R 12,000.00
M&E	1	Paid	R 12,000.00	-	R 12,000.00
Persons responsible for after school programme	3	Paid	R 36,000.00	-	R 36,000.00
School Care programme for services delivery & Home visits	4	Paid	R 48,000.00	-	R 48,000.00
Cooks	4	Paid	R 48,000.00	-	R 48,000.00
Driver	1	Paid	R 3,960.00	-	R 3,960.00
Caregivers – Day Care Centre	4	Paid	R 48,000.00	-	R 48,000.00
Caregivers – Day Care Centre	1	Paid	R 3,600.00	-	R 3,600.00
Gardener	1	Paid	R 2,400.00	-	R 2,400.00
Board members	5	Volunteer	-	R 15,000.00	R 15,000.00
Total			R225,960.00	R15,000.00	R 240,960.00

Materials costs

The costs of the materials reflect those in the SHC OVC centre’s financial reports. As records of material donations made were difficult to find, the material costs have been recorded as financial costs only. The material costs for SHC OVC centre account for a large share of total costs relative to other resource types because of the service interventions the programme provides. The materials cost covers a wide range of items such as food assistance, educational assistance which including paying for school fees, uniforms, and books (*Table 63*).

Table 63: Total Materials Costs, 2009

Materials	Financial cost 2009	Imputed cost 2009	Total cost 2009
Food and nutrition	R 148,238.04	-	R 148,238.04
Educational assistance	R 67,114.95	-	R 67,114.95
Psychosocial support	R 34,405.53	-	R 34,405.53
Shelter	R 9,476.12	-	R 9,476.12
Medical costs	R 37,741.23	-	R 37,741.23
Once-off expenses	R 91,570.40	-	R 91,570.40
Printing and stationery	R 5,791.54	-	R 5,791.54
Total	R 394,337.81	R 0.00	R 394,337.81

Food and nutrition is comprised of food for the feeding scheme, and meals provided to the OVC at SHC OVC centre. Educational assistance is comprised of school fees assistance, school uniforms, printing and stationery, as well as fees for school trips and camps. Medical costs cover medication given to the OVC for health related issues, as well as clinical visits. Once-off expenses include taxi transport, faxing of documents as well as once-off things the OVC may need such as school donations. Psychosocial support costs are made up of counselling and life skill costs and activities provided to the OVC. Shelter costs comprise the cost of food parcels as well as other materials that are provided for the OVC to take home.

Utilities costs

The total utility cost was made up of communication, insurance, security, electricity and water expenditures. Communication, insurance, security and electricity costs were obtained from the income and expenditure report, whereas water expenses were estimated at a value of R100 per month as suggested by project staff (*Table 64*).

Table 64: Total Utilities Costs, 2009

Utilities	Financial cost 2009	Imputed cost 2009	Total cost 2009
Gas and electricity	R 9,620.19	-	R 9,620.19
Security system	R 7,762.91	-	R 7,762.91
Water	R 1,200.00	-	R 1,200.00
Communication	R 10,055.78	-	R 10,055.78
Bank charges	R 12,950.79	-	R 12,950.79
Insurance	R 3,096.00	-	R 3,096.00
Total	R44,685.67	-	R44,685.67

Equipment costs

The equipment used by the SHC OVC centre was compiled into a complete inventory. The cost of the equipment was obtained from programme records and for some of the donated equipment the goods were valued by market reference.

The annual to purchase year of all items was calculated using a discount rate of 10% and a resale value of R0. The service life of the equipment items was as follows:

- ◆ 3 years for computers;
- ◆ 4 years for other electronic equipment; and
- ◆ 5 years for furniture.

The annual equivalent was calculated using the inflation index as provided by Statistics South Africa. The annual equivalent was calculated for equipment which was paid for by the SHC OVC centre as well as for donated equipment. These amounts were then split according to whether they were financial or imputed costs.

Table 65 below shows a summary of the financial and imputed equipment costs. A detailed breakdown on the SHC OVC centre equipment can be found in Appendix B.

Table 65: Total Equipment Costs, 2009

Equipment	Financial cost 2009	Imputed cost 2009	Total cost 2009
Equipment	R14,044.85	R18,595.41	R32,640.26
Total	R14,044.85	R18,595.41	R32,640.26

Transport costs

The SHC OVC centre rent a combi from SHC ART site. The ART site invoices the SHC OVC centre at the end of each month for use of the vehicle and they are charged a rate of R2.50 per kilometre travelled. The SHC OVC pays for vehicle maintenance, repairs and service costs.

The total transport cost was calculated as per the actuals provided in the income and expenditure report (Table 66).

Table 66: Total Transport Costs, 2009

Transport	Financial cost 2009	Imputed cost 2009	Total cost 2009
Mirror	R2,000.00	-	R2,000.00
Fuel	R23,636.99	-	R23,636.99
Repairs	R20,000.00	-	R20,000.00
Total	R45,636.99	-	R45,636.99

Building costs

The building costs for the SHC OVC centre are made up of two different costs.

The first cost is that of the building itself. In 2008, Sun International donated the building from which SHC OVC centre operates. In 2008, the building cost R450, 000.00. The annual to purchase year of the building was calculated using a discount rate of 10%, a resale value of R0 and a service life of 40 years. The annual equivalent was calculated using the inflation index as provided by Statistics South Africa. The annual equivalent for the building was calculated as R49, 283.92 and recorded as an imputed cost.

The second cost is that of repairs and maintenance to the building. This amount was a financial cost as reflected in the income and expenditure statement.

Table 67 below shows the financial and imputed building costs for the SHC OVC centre.

Table 67: Total Building Cost, 2009

Building	Financial cost 2009	Imputed cost 2009	Total cost 2009
Repairs and maintenance	R22,145.67	-	R22,145.67
Building cost	-	R49,283.92	R49,283.92
Total	R22,145.67	R49,283.92	R71,429.59

Training costs

Training costs recorded in the income and expenditure report included travel to and from the office to the training venue as well as accommodation costs (Table 68). Costs associated with externally provided capacity building and technical assistance were not included. That said, capacity building and technical assistance are necessary for achieving long-term accountability and sustainability of programmes for children affected by HIV and AIDS.

Table 68: Total Training Cost, 2009

Training	Financial cost 2009	Imputed cost 2009	Total cost 2009
Training	R26,738.39	-	R26,738.39
Total	R26,738.39	-	R26,738.39

4. Discussion

The type of services a programme provides determines largely the differences in the total costs by resource type. This site focuses mainly on nutrition and educational assistance, both of which have large material costs. As such the largest percentage of total costs is made up of materials. Labour costs account for another large expenditure but this is not unexpected given that a greater capacity is needed to take care of OVC.

SHC OVC centre is a multi-faceted programme of activities providing a different range of services – many of which are provided simultaneously. For example, during the after-school activities, children are provided with nutrition, educational assistance and psychosocial support. As such it is a little artificial to separate out overall programme costs into the different USAID programmatic areas.

This study reports on how the cost of the various resource types was apportioned by programmatic areas (*Appendix A*). Nutrition accounted for the largest cost share, followed by psycho-social support and education. However, it is important to bear in mind that cost comparisons between different programmatic areas are difficult because it is not certain whether less costly interventions provide effective care and services than more costly interventions.

Appendix A: Apportioning cost by programmatic area

Apportioning labour costs

Staff time was apportioned across the seven programmatic areas. Discussions were held with each paid staff member and a percentage of their time was allocated to the programmatic areas they worked on. The board members' time was distributed evenly across seven programmatic areas. For each staff member the percentage time spent on each area was then multiplied by the annual salary. The amounts per programmatic area were then added up to give a total per labour cost per programmatic area (*Table 69*)

Table 69: Total Labour Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 46,628.86	19.4%
Health	R 16,868.86	7.0%
Nutrition	R 91,148.57	37.8%
Child Protection	R 13,508.86	5.6%
Shelter	R 9,668.86	4.0%
Psychosocial support	R 60,429	25.1%
Economic	R 2,709	1.1%
Total	R 240,960.00	100%

Apportioning material costs

Discussions were held with programme managers at the sites to understand what the materials accounted for in the financial statements were used for. Following the discussions, the materials were distributed as depicted in *Table 70* below.

Table 70: Total Materials Cost by Programmatic Area, 2009

Materials								
Programmatic area	Educational assistance	Food and nutrition	Psychosocial support	Shelter	Medical costs	Once-off expenses	Printing and stationery	Total (Percent)
Education	R 53,691.96					R 13,081.49	R 5,791.54	R 72,564.99 (18%)
Health					R 37,741.23	R 13,081.49		R 50,822.72 (13%)
Nutrition		R 148,238.04				R 13,081.49		R 161,319.53 (41%)
Child Protection						R 13,081.49		R 13,081.49 (3%)
Shelter				R 9,476.12		R 13,081.49		R 22,557.61 (6%)
Psychosocial support	R 13,422.99		R 34,405.53			R 13,081.49		R 60,910.01 (15%)
Economic						R 13,081.49		R 13,081.49 (3%)
Total	R 67,114.95	R 148,238.04	R 34,405.53	R 9,476.12	R 37,741.23	R 91,570.40	R 5,791.54	R 394,337.81

Eighty percent of the educational assistance costs was allocated towards education because these costs help to pay for school fees, stationary and uniforms for the OVC attending school. Some 20% was allocated to psychosocial support as during the after-school care programme OVC also receive psychosocial support. All food and nutrition costs were allocated to nutrition as these materials are used to provide food/ nutritional support to the OVC. Once-off expenses were allocated equally across all programmatic areas as they include a number of things accounted for in each area. Psychosocial support was allocated to psychosocial support as this amount constituted the materials for counselling and life skill trainings provided to the OVC. Printing and stationary were allocated to education as these costs were for the printing and stationary needed and provided to the OVC for educational purposes

Apportioning utilities costs

All of the utilities costs other than communication were distributed evenly across the programmatic areas. Given that SHC OVC centre only has two cellphones, which are used by the financial manager and coordinator for communication purposes, the annual cost for communication was distributed across the programme areas according to how these staff members spent their time. *Table 71* below shows the distribution of utilities by programmatic area.

Table 71: Total Utilities Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R6,958.28	16%
Health	R6,706.89	15%
Nutrition	R6,706.89	15%
Child Protection	R5,952.71	13%
Shelter	R5,701.31	13%
Psychosocial support	R7,712.47	17%
Economic	R4,947.13	11%
Total	R44,685.67	100%

Apportioning equipment costs

Apportioning of the equipment costs was fairly complicated. Through discussions with staff, it was determined what each piece of equipment was used for. In some cases the equipment would only be used for one service and the full cost of that item would be allocated to that programmatic area only, for example the full cost of the deep freezer was allocated to nutrition. In other instances, an item may be used for some or all programmatic areas. In this case, the cost was allocated across the programmatic areas according to how often it was used for each service. For example, the computer was used for six of the seven programmatic areas and 10-20% of the total cost was allocated to each area depending on how often it was used for that service. The total equipment cost for each programmatic area is shown in *Table 72* below.

Table 72: Total Equipment Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 5,401.09	17%
Health	R 3,549.47	11%
Nutrition	R 12,128.10	37%
Child Protection	R 2,427.50	7%
Shelter	R 2,427.50	7%
Psychosocial support	R 5,401.09	17%
Economic	R 1,305.52	4%
Total	R 32,640.26	100%

Apportioning transport costs

Transport costs were distributed evenly across all programmatic areas. Transport costs were therefore R6, 519.57 (14%) per programmatic area.

Table 73: Total Transport Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 6,519.57	14%
Health	R 6,519.57	14%
Nutrition	R 6,519.57	14%
Child Protection	R 6,519.57	14%
Shelter	R 6,519.57	14%
Psychosocial support	R 6,519.57	14%
Economic	R 6,519.57	14%
Total	R 45,636.99	100%

Apportioning building costs

As the building is used for all programmatic areas, the costs were distributed evenly. Building costs were therefore R 10,204.23 (14%) per programmatic area.

Table 74: Total Building Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 10,204.23	14%
Health	R 10,204.23	14%
Nutrition	R 10,204.23	14%
Child Protection	R 10,204.23	14%
Shelter	R 10,204.23	14%
Psychosocial support	R 10,204.23	14%
Economic	R 10,204.23	14%
Total	R 71,429.59	100%

Apportioning training costs

The trainings ranged from monitoring and evaluation, financial management, child rights and protection to mention a few. The total cost was then distributed evenly across all programmatic areas. Training costs were therefore R3, 819.77 (14%) per programmatic area.

Table 75: Total Training Cost by Programmatic Area, 2009

Programmatic area	Total	Percent
Education	R 3,819.77	14%
Health	R 3,819.77	14%
Nutrition	R 3,819.77	14%
Child Protection	R 3,819.77	14%
Shelter	R 3,819.77	14%
Psychosocial support	R 3,819.77	14%
Economic	R 3,819.77	14%
Total	R 26,738.39	100%

Apportioning cost by programmatic area

The cost analysis demonstrated that the programmatic area with the highest cost was nutritional support, accounting for 34% of the total costs. Nutritional support consists largely of food assistance in terms of meals provided to OVC. Psychosocial support and education accounted for next largest cost-shares at 18.1% and 17.8% respectively. This is likely to be an accurate reflection given that these are the core focus areas of SHC OVC centre.

Cost per child served was calculated by dividing total costs by the number of children served as documented in SHC OVC centre's M&E reports^{xii}. It is imperative to note that the cost per child per service was difficult to calculate because of the likelihood of double counting of OVC under each service provided by the programme. The number of OVC receiving services shown in the table below reflects the largest number of children served by programmatic area in any month of the year studied. Despite the challenges in allocating a cost per OVC served by programmatic areas, it still seemed useful to attempt to do so.

Table 76: Costs by programmatic area in South African Rand, 2009

Programmatic Area	Costs	Percent	Number of OVC receiving service	Cost per OVC served
Education	R 152,096.78	17.76%	235	R 647.22
Health	R 98,491.50	11.50%	198	R 497.43
Nutrition	R 291,846.66	34.08%	625	R 466.95
Child Protection	R 55,514.11	6.48%	25	R 2,220.56
Shelter	R 60,898.84	7.11%	551	R 110.52
Economic	42,586.56	4.97%	0	-
Psychosocial support	R 154,995.98	18.10%	513	R 302.14
Total	R 856,430.43	100.00%	622	R 1,376.90

^{xii} Children provided with HIV prevention education were classified as being reached with a health service

Appendix B: Detailed list of equipment

Table 77: List of equipment, 2009

Equipment	Paid / Donated	Year Purchased/Donated
<u>Office</u>		
Computer	donated	2006
Laptop	donated	2009
Office desk	paid	2005
Office chair	donated	2008
Office chair	paid	2006
Chair	donated	2009
Office Cabinet	donated	2004
Filling cabinet	donated	2004
Bookshelf	donated	2008
Black table	donated	2008
Computer stand	paid	2006
Printer	donated	2007
<u>Kitchen OVC</u>		
Deep Freezer	donated	2004
Fridges	donated	2002
Fridges	paid	2007
Tables	donated	2007
small tables	donated	2007
Chairs	donated	2007
Small gas stove	donated	2004
Big gas stove	donated	2007
warmer	donated	2004
kettle	donated	2008
heater	donated	2005
Dishwasher	paid	2009
Frying pan	donated	2007
clock	paid	2007
Kitchen utensils	paid	2009
electric stove	paid	2002
<u>Multi-purpose room</u>		

carpets	paid	2009
woods big cases	donated	2004
<u>Store room</u>		
Shelves	donated	2007
Black board	donated	2006
Big basins	donated	2007
Black dust bin	paid	2008
Buckets	donated	2006
pots	paid	2006
<u>Store room</u>		
Wheel chairs	paid	2008
Corts	paid	2008
washing machine	donated	2008
Heaters	paid	2009
big basins	paid	2007
<u>Staff Room</u>		
Television	donated	2003
Radio	donated	2007
Table	donated	2007
Chairs	donated	2006
<u>OVC Room</u>		
Small gas stove	paid	2008
Basin (sink)	paid	2007
Chairs	paid	2007
shelves	donated	2007
small chairs small tables (green)	donated	2007