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# OVC costing technical consultation meeting report

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SUPPORTING EVALUATION & RESEARCH TO COMBAT HIV/AIDS

# MEETING REPORT

## OVC Costing Technical Consultation 28 – 29 June 2010, Washington DC

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## **MEETING REPORT**

### **OVC Costing Technical Consultation**

**28 – 29 June 2010, Washington DC**

#### **SUMMARY**

The two day meeting explored the challenges and lessons learned from existing OVC program costing and outcome evaluation studies from various countries, and how these country and program specific models can lead to more robust methodologies to strengthen national OVC planning and programming.

#### **Key recommendations included:**

- Need to standardize budgeting formats for OVC projects and programs and where possible harmonize formats between donors to ensure more comparable costing and cost-effectiveness data.
- Continue to prioritize and to develop better defined outcome indicators of OVC interventions, including through the on-going UNGASS process of reviewing care and support indicators.
- Continue to support nationally defined minimum standards to ensure improved measurement of quality and impact.
- While some global guidance can be given on understanding child vulnerability within the context of HIV/AIDS, better vulnerability assessments need to be conducted at a national level to ensure optimal allocation and prioritization of resources to children most in need (PEPFAR and PL109-95 are already exploring work in this area).
- Establish a reference group to develop a multi-agency endorsed costing tool for costing national OVC responses. The reference group will address recommendations for better defined outcomes and indicators. The tool should be able to incorporate both community based civil society initiatives as well as national social protection initiatives reaching OVC (UNICEF will hire a consultant to help facilitate this).
- More investment is needed in programmatic evaluations and operational research so that we can ascertain which OVC interventions are working well, in which context, and why. This requires more systematic baseline information and empirical design of OVC programs to demonstrate the impact of the program on child well-being.
- Explore the potential for more performance-based approaches to fund allocation.
- Many National Plans of Action fail to attract adequate funding. There is a need for national OVC costing processes to engage proactively with Ministries of Finance, NACs, other key ministries, and donors. Fiscal space analyses could be useful to complement costing of NPAs to ensure more realistic costing projections.
- Better coordination between the organizations involved in OVC costing interventions is needed to ensure lessons learned and tools are shared.
- Explore the feasibility of conducting cost-effectiveness studies of OVC programs using sound and agreed-upon measures of quality of life for children.

### **Next Steps**

1. The Inter Agency Technical Team and UNICEF should examine the indicators currently being developed as part of the revised “Guide To Monitoring and Evaluation of The National Response for Children Orphaned and Made Vulnerable by HIV/AIDS” to provide clearer guidance to individual countries to determine the desired outcomes of OVC programs.
2. A reference group should be established consisting of UNAIDS, UNICEF, USAID, and the World Bank as well as representatives from technical agencies. This group will specifically address how to link indicators for improved outcomes and impact of programming to effective costing at the local level, and program projections and plans at the national level. The group will also draw together the parties to the current consultation on a regular basis to continue the OVC costing discussion.
3. The costing of OVC interventions and programs should become a theme for the planned conference “Orphans and Vulnerable Children – the Road to Washington, 2012.” This will set the stage for shaping research on OVC costing issues in the next two years and to bring the issues to forefront at the Global AIDS conference.

### **BACKGROUND**

After decades of delivering multiple comprehensive OVC programs worldwide, relatively little information exists to (1) document the costs of OVC program implementation; (2) prioritize among different outcome measures or indicators of child wellbeing; and (3) measure the impact of program interventions. While information on the number of OVC reached is included in many agencies’ reporting requirements, including PEPFAR, such information is not adequate for evaluating costs of program service delivery to OVC. Most agencies do not require reporting of outcome indicators. When proposed outcome indicators are recommended they are often numerous in order to reflect a broad spectrum of child wellbeing. The sheer number of outcome measures poses significant barriers to effective implementation of outcome-based evaluation.

Substantially more and better information is needed on program activities, number and characteristics of OVC served, program costs, intended program outcomes, and estimated impacts. Given that OVC programs are multiple-input, multiple-output activities, evaluation of such programs should focus on reporting costs and program impacts across multiple dimensions (cost-outcomes analysis).

In addition to concerns about project level costs and cost-effectiveness, there are also concerns about methodologies to cost the overall national response for OVC, which are needed to accurately plan and fund National Plans of Action (NPAs) for OVC, and help development partners prioritize interventions. Costing of NPAs are often developed in a top-down fashion based on unrealistic assumptions rather than being developed from the bottom up using real programmatic costing information. Lack of credible costing of NPAs could be a factor in their inability to attract adequate financing. Resource allocation by national governments to support implementation of National Plans of Action for OVC has been very limited, with only 4% of countries noting that the resources allocated are sufficient. Whilst over 92% of national action plans include estimates of costs, it is acknowledged that a majority of these plans are unrealistically costed (on the high side), limiting their utility as tools for resource mobilization and government budget allocation. (OPPEI 2007)

### **Objective of meeting**

The objective of the two day technical consultative meeting was to discuss the current knowledge base of cost-outcome methodologies for individual OVC projects and programs as well as reviewing approaches to costing broader national OVC priorities. Participants included health economists and researchers from academic institutions and bilateral and multilateral partners such as the World Bank, USAID and UNICEF. The attached Appendix 1 lists people who attended the meeting.

### **What this report covers**

This report covers the main discussion points of the two day meeting, and emerging recommendations for taking this work forward. Full copies of the presentations are available from the following website: <http://www.bu.edu/cghd/projects/ovc-care/>  
*Please note that this site is undergoing a major upgrade and this URL will change early fall 2010.*

### **DAY ONE: MEASURING THE COST AND IMPACTS OF OVC PROGRAMS**

Examples from Kenya, Tanzania and Zambia, confirmed that standard methods for evaluating costs and impacts of programs do already exist and can be applied directly to OVC programs. A general overview of key costing concepts were given to ensure all participants had a foundational understanding of costing. While a number of methods exist for calculating the cost of OVC programs, these are not standardized. Discussions centered on the challenges of determining effective outcomes for OVC programs and how to effectively cost these outcomes.

## Key discussion points

### Costing OVC Programs

- Costing of OVC programs is the “cost” part of the benefit-cost analysis. Many tools are available and the methodologies for costing OVC programs are similar to the costing of other social development interventions. However, OVC costing is more complicated (than HIV treatment costing for example) due to multiple inputs contributing to broad and multi-dimensional outcomes, thus making it challenging to apportion costs to particular outcomes.
- The rules for apportioning costs need to be consistent across various OVC programs because how the costs are apportioned affects the unit cost calculations of interventions.
- It is difficult to identify a standardized package of services for OVC as child well-being is multi-dimensional and interventions are very context dependent. USAID’s work on evaluating programmatic components-- such as block grants to keep children in school and economic strengthening interventions – will help to determine which interventions have most impact. [These studies will shed light on successful interventions but assessments of well-being will still by nature be multi-dimensional – that is these findings won’t resolve the challenge of complexity.]
- Unit cost data does not tell us about cost-effectiveness and should be analyzed cautiously.
- There is a need to be cautious of the dangers of only using a cost-benefit argument as more effective interventions may have lower cost/impact ratios yet may be essential services for children (eg. child protection and reunification).
- In many of the country case-studies presented, where interventions were delivered through community-based initiatives, direct OVC expenditures formed a relatively low proportion of project costs – in many cases less than 25%. At the same time there were high operational costs. While it is desirable to maximize the value of programs reaching children, this needs to be balanced with the implicit or explicit objective of institutional capacity building of partner organizations to ensure long term sustainability. However if this is an explicit objective – these organizational development objectives also need to be measured.
- Many of the costing exercises presented had calculated the full economic costs as well as financial costs. The former included a value for the cost of volunteer labour – to understand the opportunity cost of labor using minimum wage or some other proxy. Costing volunteer labor considerably increased the cost of many interventions but gave an indication of what the real cost of the project might be if replicated nationwide.

- Costing the time of volunteers may be important where matching funding is sought in order to quantify the real contribution of communities to a particular intervention.
- Recommendations were made for a synthesis report of what program costing tools are currently available and a review of costing studies done so far.
- **Donors should consider harmonizing budgeting information on OVC interventions to enable more comparative analysis of cost/impact of interventions** and discussions with national stakeholders on opportunity costs of different types of intervention.

#### Need for standardization of approaches, outcomes, and assumptions

- Need to define outcomes and quality standards for each program component/category before the program is implemented.
- Normative programmatic guidance is currently being updated by UNICEF and the Inter-Agency Technical Team (IATT) to further refine and clarify good practice in relation to the OVC interventions including a greater focus on systems strengthening and child sensitive social protection.
- Whilst program outcomes and outcome indicators need to be better defined and measured, service delivery methods or program activities will still need to remain flexible according to the country context and needs.
- Developing a standardized format for classifying project costs up-front (both financial and economic costs) may enable development partners to undertake economic appraisals earlier in the project cycle to enable easier comparisons of unit costs of interventions and consider opportunity costs of different interventions.
- It is important to have clearly defined assumptions when inputting data into the costing models and analyzing the costed data. Different assumptions underlying the models have given to high variance in terms of program costs per child (e.g. whether school uniforms or large food components are necessary parts of the package).

#### Measuring impact of OVC Programs

Information is often available on what certain activities cost but in order to have a cost effective analysis we need to be able to measure impact.

- It was noted that measuring the impact of OVC activities and programs would be ideal but even having the ability to measure outcomes (e.g., children educated, children fed, etc.) of many OVC activities and programs would move us ahead.
- Considerable debate exists on what outcomes should be measured at a program level. However, a multi-agency endorsed common set of indicators does exist - *Guide to monitoring and evaluation of the national response for children orphaned and made vulnerable by HIV/AIDS 2005* – which already has suggested OVC outcome indicators to be measured. These indicators are being reviewed and updated as part of a review of UNGASS care and support indicators during 2010.
- Impact evaluations should measure both short-term and long term outcomes. For example the impact of abuse or neglect may not manifest itself until adulthood. There still appear to be challenges in quantifying outputs and outcomes in the OVC response. While measurable indicators are easier to find in some areas, (e.g. access of orphans compared to non-orphans to education), in certain areas, such as psychosocial support, it still is proving difficult to quantify outcomes and come up with meaningful measures of success.
- There was considerable discussion on the variable quality of programs which may explain difference in unit costs and program outcomes. The quality of interventions tends to vary despite similar service delivery mechanisms and training to implementers. USAID and UNICEF are keen to promote nationally-led standard setting exercises for different program interventions, taking into account the need to not be over-prescriptive about outcomes from a global level where interventions needed to be defined and developed at a community level.
- Greater investments are needed in robust impact evaluations, particularly baseline data. Experimental design with control groups (e.g. through matching methods, instrumental variables, panel data) are needed to demonstrate the counterfactual and the extent to which change can be attributed to program inputs.

## **DAY 2: Approaches to Costing National OVC Plans**

Building on momentum from the first day, the second day of presentations and discussions centered on how to develop better OVC costing models for costing national responses. Different costing examples were presented from Uganda and Georgia (focusing both on community-based NGO approaches and up-stream systems strengthening) highlighted the complexities and challenges of costing at the national level. The group also discussed the challenges in ensuring greater cost effectiveness and sustainability in national OVC plans and budgets, and the next steps required to arrive at consensus on practical costing approaches.

**Key discussion points:**

*Macro level national costing*

- The importance of costed National OVC Plans of Action was discussed as well as the need for these plans to be reflected in broader developmental plans and budgets (National AIDS plans and PRSPS) to attract both domestic and external funding.
- To ensure robust and realistic costing of national OVC plans, it is important to clarify which children need the support. Unlike other aspects of the HIV response, determining the denominator for OVC programming is challenging and in different countries the population under consideration includes single and double orphans, children below a poverty line, children affected by AIDS and other vulnerable children who may not be AIDS affected (eg. children with disability and street children). In addition, different interventions may be targeted at different populations (for example psychosocial support is more likely to be targeted at orphans and near orphans while economic strengthening programs more likely to be targeted on the basis of household income).
- While development agencies can provide broad guidance on targeting OVC, national authorities, along with their development partners, should lead the process in determining vulnerability in the context of HIV and AIDS. Agencies can assist national authorities to do a vulnerability assessment, but at the end of the day, the government has to make the decision on where to allocate their limited resources.
- Important to consider how to incorporate AIDS and child sensitive social protection components and systems strengthening (community and health systems) as part of scaled-up approach to complement civil society and community based initiatives.
- More information is needed on how to reduce unit costs through greater economies of scale e.g. through bulk purchase of inputs, as well as the comparative advantage of delivering through NGO and public systems. This provides opportunities to look at how better to integrate OVC interventions with other key interventions. However, the potential to reduce unit costs is related to the scalability of particular interventions. Many community-based initiatives are limited in their ability to scale up and thus their ability to reduce cost per beneficiary.
- Many costing estimates have come up with high cost per child several times greater than GNI per capita which suggest the need for greater prioritization and realism if they are to be viewed as credible by donors and Finance Ministries, particularly in the current economic situation.
- Need to harmonize the various macro costing methods and tools already in existence, so that costing exercises of national OVC responses can be done in a more standardized way.

It was recommended to form a multi-agency reference group to decide on how best to refine existing costing models

- Need to consider who is going to use the costing data and which key stakeholders should be involved in national costing exercises (e.g. Ministry of Finance, NACs, ministry of Health) to ensure better leverage of domestic support and resources
- Recommendation to undertake fiscal space analysis to assess levels of available financing for OVC work in conjunction with costing exercises, and to engage finance and other government ministries to incorporate OVC programming costs into national budgets and plans

## **CONCLUSION**

The two day OVC costing technical consultation proved productive in highlighting current challenges in the costing and impact evaluation of OVC programs. The meeting showed linkages between better micro level analysis of interventions and broader macro level costing of national plans of action and global resource need estimates. The consultation provided the basis to further discuss the highlighted key action points around the clarification and standardization of indicators and interventions. The need to better understand current practice and standardize tools, approaches and assumptions also emerged as key themes. The meeting reinforced the need to improve national ownership of planning and costing exercises, with support from global development partners in developing robust and harmonized methodologies to ensure more realistic assessments of need and associated costs. As was pointed out in regards to PEPFAR, it is likely that interventions which have not been costed which are most likely to be scaled-back. Therefore it is critical to have both better cost data and to be able to demonstrate the cost-effectiveness of “value for money” of specific OVC interventions.