

A Standardized Approach to Estimating the Cost of Economic Inclusion Programs

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- for -
Volume

6

Economic inclusion programs have become a key feature of national social protection systems around the world, with many actors scaling up and adapting approaches to match local contexts and reach different population groups.


In order to make informed decisions about which programs to invest in, policy and decision makers want evidence that a program works and, if so, at what cost. Without a robust understanding of the drivers of program costs, policymakers lack the information required to make decisions about which interventions to pursue, replicate, or scale up. Yet experience analyzing the costs of economic inclusion (EI) programming is limited.

Cost analysis can be an important instrument for making the case for scaling up EI programs. Government-led programs are normally subject to budget and capacity constraints, with competing priorities to fund other human development interventions. As EI programs move to scale and are integrated into national social protection systems, reliable cost data and analysis can provide information that supports cost optimization and improves cost-effectiveness. Furthermore, cost analysis can reveal opportunities to improve efficiency by avoiding duplication when layering new interventions on existing programs or implementing a multipronged EI program.

Economic inclusion programs are a bundle of coordinated, multidimensional interventions that support poor individuals, households, and communities to increase incomes and assets while working toward the long-term goal of economic self-sufficiency. Its design recognizes that the poorest and most vulnerable people face multiple constraints.

PEI'S QUICK COSTING TOOL

PEI developed a first-of-its-kind costing tool to demystify the cost of EI programs in order to help teams optimize program costs and move interventions to scale. The tool does the following:



Provides an understanding of the range of costs and the cost drivers of EI programs, including program complexity, delivery modality, the costs of delivering interventions, and the dosage



Utilizes a simplified cost-analysis framework to guide program teams on optimizing program costs



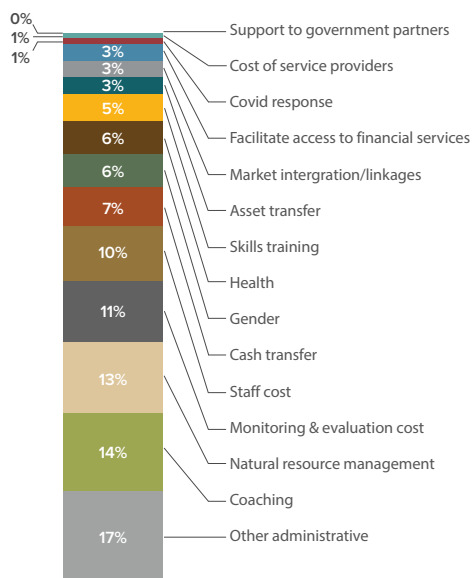
Helps practitioners and policy makers understand key cost drivers in EI programs

As more operational teams adopt the quick costing tool, more cost data will be collected and analyzed across countries, thereby increasing the understanding of the costs of EI programs. This publicly available, rich information can then be used to better understand how to optimize program costs as EI programs move to scale. Accurate costing is also a first step in conducting cost-effectiveness analysis. Program teams frequently conduct impact evaluations, but cost data are often not available or not in a format that is conducive to cost-benefit analysis. The costing tool, along with technical assistance provided by PEI, can provide the cost information needed for cost-effectiveness analysis, especially at the household level.

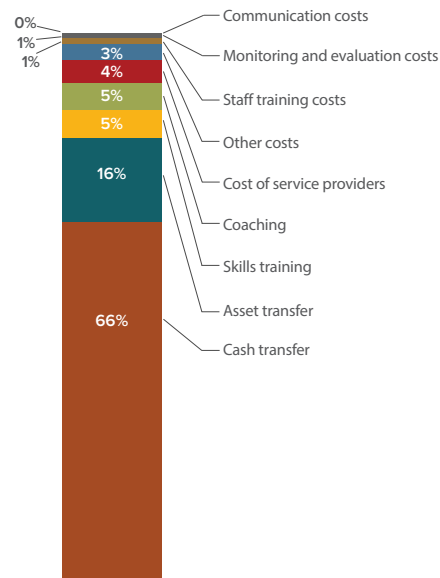
COST BREAKDOWNS OF EI PROGRAMS IN MALAWI, PANAMA, AND PERU

The following disaggregated program cost structures for three distinct EI programs implemented across diverse contexts and by different institutions highlight the dynamic nature of the quick costing tool.

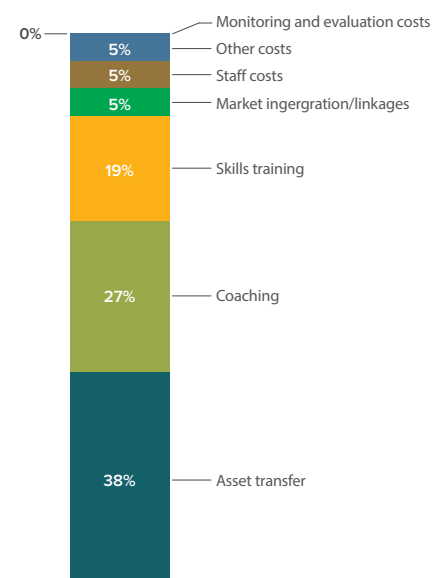
Malawi's Tiwoloke graduation program (percent of total)



Panama's Strengthening the National Social Protection and Inclusion System Program (percent of total)



Peru's Haku Wiñay Program (percent of total)



Note: Some beneficiaries in Peru's Haku Wiñay Program received a Conditional Cash Transfer as part of the "Juntos" program. Since the overlap does not necessarily respond to an intentional design, it is therefore not included in the final cost.



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