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Costing OVC in Ethiopia: Making sense of the numbers

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 - Conducted with the support of USAID Ethiopia and 20 Implementing Partners including national and international NGOs, Idirs and FBOs.

The Ethiopia OVC context in 2008

- 12% of Ethiopia's total child Population
- Over 80% live in rural areas
- ~900,000 children orphaned - HIV and AIDS
- 5% of households with OVC = receive free external support

The Costing Exercise: Objectives

- To assess the range of unit costs of PEPFAR supported OVC programs in Ethiopia
- To identify costs of key services such as educational support, health care, food support

The Costing Exercise in Ethiopia, 2009

- Two day costing training
 - To familiarize implementing partners with the planned costing approach
 - To identify key OVC service areas
- OVC costing survey of 20 PEPFAR-supported organizations
 - Scale, Magnitude and Location of services
 - Interviewed programme planners, budget officers
 - From budget reports, financial audits
 - Donated items – local market price

Costing Methodology

- Quantification of inputs
 - Labour, Materials, Equipment/furniture, Travel, Building/Land, Office Supplies & Utilities
- Costs apportioned
 - By proportion of direct costs consumed for each service
- Values for volunteer labour and other donations
- Major Capital items discounted at 5% p.a.
- Building/Land costs approximate market rental value
- Cost per OVC = Total costs per service/# receiving service

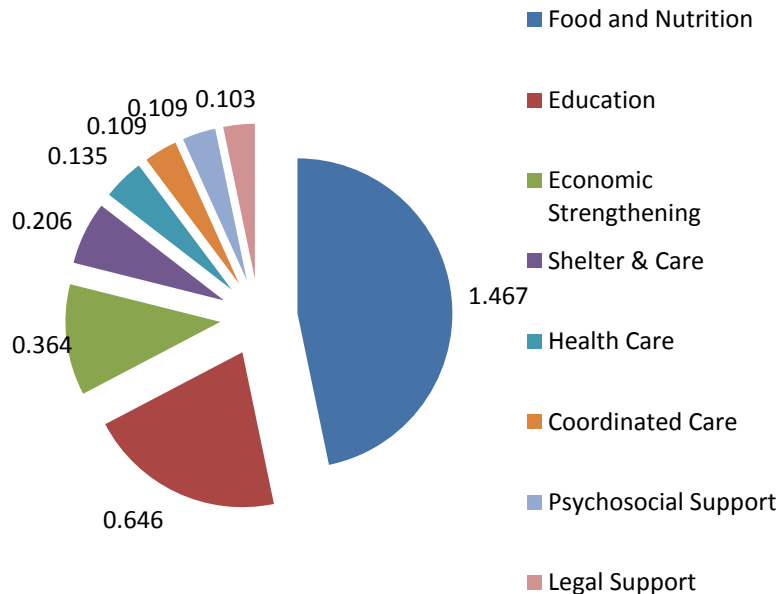
Economic and Financial Costing

Key Services Costed

- Education support
 - Scholastic material, school uniforms, tuition waivers, tuition, private school
- Food & Nutrition
 - Daily meals, Therapeutic feeding, Community Events, Information
- Economic Strengthening
 - Training, Vocational Skills, Start-up Capital for Guardians
- Shelter & Care
 - Home renovations, community mobilization, institutional
- Health Care – health education & linkages
- Psychosocial Support – Counseling, sensitization, targeted support
- Legal Support - Birth registration, Wills, Legal Education

In Ethiopia, Food Support is the key expenditure

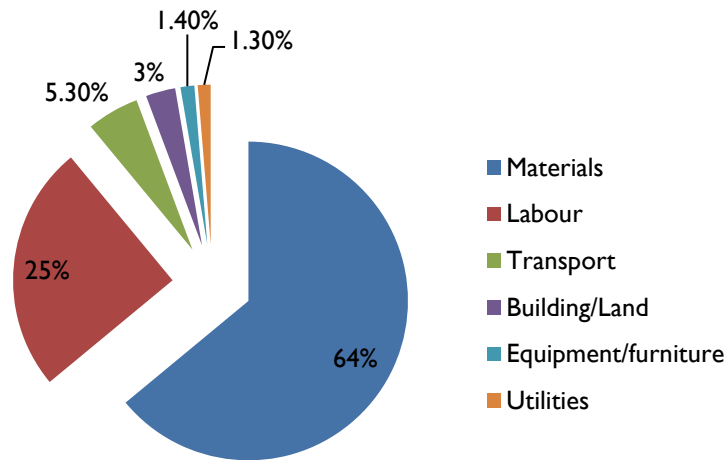
**Total Cost by Key Service Area
(USD millions)**



- Organizations offer a range of 4 to 8 services
- 38,743 clients supported
 - Services vary by intensity & frequency
 - 12 month period prior to July – Sept 2009
- *Food and nutrition services 47% of all expenditures*
- *Costs not differentiated by education levels or age of child or type of orphan*

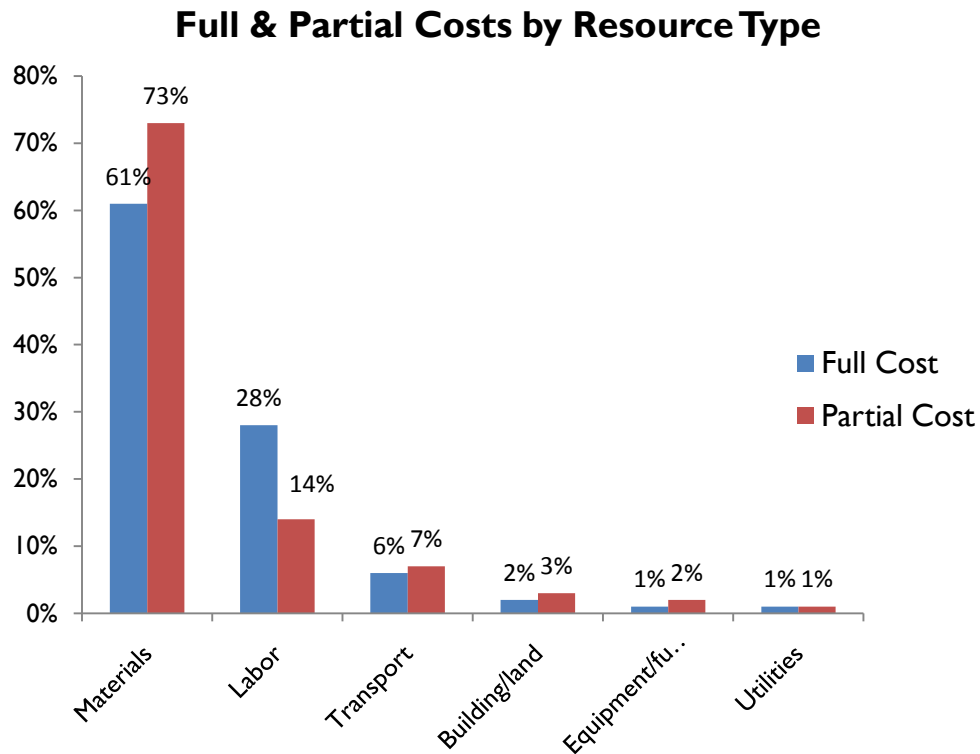
Materials and Labour use largest share of Resources

Costs by Resource Type



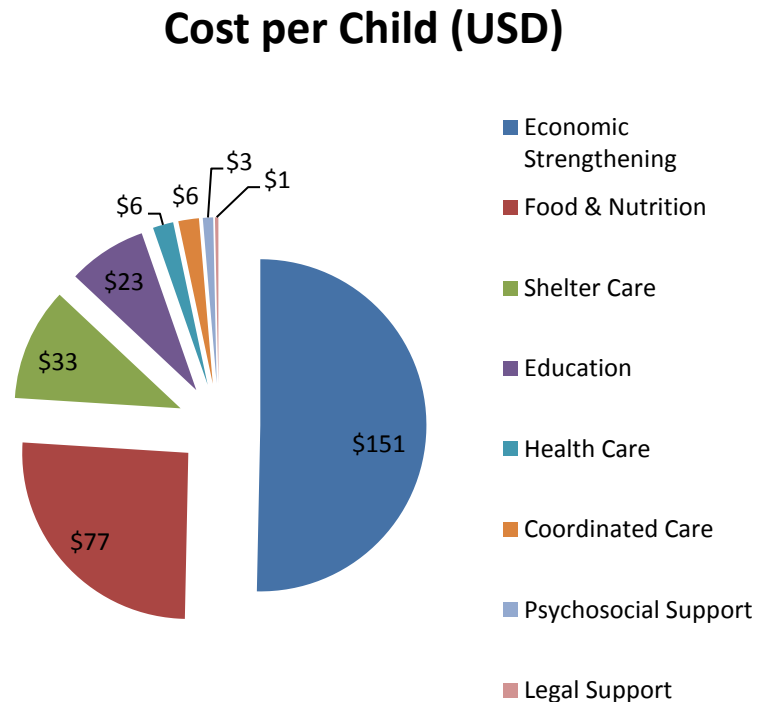
- Materials represent $\frac{2}{3}$ rds of Total Costs
 - Food
 - Uniforms
 - School supplies
- Labour & Materials combined are $\frac{4}{5}$ ths of Total Costs
- Cost findings similar to studies in Rwanda and Zambia

Volunteer Labour may mask future costs




- Excluding Volunteer Labour Costs
 - Key resource costs Material, Labour & Transport
 - 50% Reduction in Labour Costs
 - Labour represents 58% of Total Costs

Cost per child varies considerably



- Unit cost differences
 - Range from \$36-\$423/ OVC
 - Target size
 - # of Service Areas
- Lower costs associated with
 - Geographic concentration
 - Bulk purchase of food
 - Tuition waivers
 - Non-Institutional Care
- Economic Strengthening, Food & Nutrition, Shelter Care key drivers of cost per child

\$80 Per OVC served?

- Services provided are not comparable in terms of type, intensity or quality
- Cost of service high while numbers served low for some services  high unit costs
- Scale and location matter
 - Inverse relationship between numbers served and unit cost
 - Urban vs. Rural populations

Recommendations

- Important to consider quality and effectiveness of services in scale up
 - Use of 2008 QAI standards
- Availability of volunteer labour and donated items key considerations for Scale Up in Ethiopia

