



# Multi-Purpose Cash Assistance (2020-2022)

COST-EFFICIENCY ANALYSIS, NOVEMBER 2023

## Summary

Catholic Relief Services (CRS) analysed the cost-efficiency of Multi-Purpose Cash Assistance (MPCA) provided to households affected by Hurricanes Eta and Iota in Izabal and Alta Verapaz departments in Guatemala. The analysis revealed the following findings:

- It cost \$0.40 to deliver each \$1 of cash transferred, which is in line with other cash programs implemented by NGOs in Central and South America.
- Some strategies to provide more cash to many people at low cost included optimizing financial service providers, collaborating with local partners, and leveraging staff funded by other projects.
- The cash transferred enabled recipient households to meet basic needs, achieve food security, and access non-food items and shelter. Given that a small proportion (10.4%) of households were still not able to fully meet their basic needs, the cash transferred was not too large.
- Using the Dioptra tool for cost-efficiency analysis enabled country program staff to focus on recalling and providing crucial estimates of how different resources were used across activities within a program, which are not captured in any current data system, instead of having to learn a complex costing methodology and assemble data manually in spreadsheets.

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## Introduction

Catholic Relief Services (CRS) implemented the ‘Emergency Response to Eta and Iota in Guatemala’ project in December of 2020. The project aimed to ensure that vulnerable families affected by Hurricanes Eta and Iota in Izabal and Alta Verapaz departments were able to cover their basic needs and live in safety and dignity through Multi-Purpose Cash Assistance (MPCA).

Three rounds of cash transfers were conducted during the life of the project. Initially, CRS planned for two rounds of cash transfers to cover the basic needs of targeted households for four months (i.e., two months of cash in each round of transfer). Due to savings generated from transfer fees, administrative costs, and beneficial exchange rate fluctuations, a third transfer to continue meeting the critical needs of participants was made possible.

Round	Months (2021)	Value (GTQ)	Value (USD)	Households Reached
1	March, April	Q1,650	\$215	4,974
2	May, June	Q1,650	\$215	4,984
3	August	Q550	\$70	4,918
<b>Total</b>	<b>5 months</b>	<b>Q3,850</b>	<b>\$500</b>	<b>4,918 unique households received all 5 months of cash</b>

Table 1: The number of transfer rounds, months, value, and households reached through Multi-Purpose Case Assistance.

Transfer values were calculated to meet basic needs and established at Q825 GTQ per month. In the project proposal, CRS budgeted \$220 USD per transfer, at an exchange rate of Q7.5 GTQ = \$1 USD. Based on the actual exchange rate at the time of transfers (Q7.71 GTQ = \$1 USD), the USD value of the transfers was \$215 USD. The third transfer value was set at Q550 GTQ (\$70 USD) based on budget availability.

Prior to the transfers, CRS conducted short (45 minutes) information sessions that included basic financial education, suggested uses for the cash transfers, and promoted joint decision-making between men and women to support more equitable relationships and prevent gender-based violence related to the use of cash. At the time of the transfers, flyers were used with examples of products that could be purchased as well as information related to protection issues and community feedback channels.

## Analysis Approach and Methodology

This analysis focuses on estimating the cost-efficiency of MPCA provided through the Eta Iota Response project and identifying lessons on maximizing cost-efficiency.

Cost-efficiency analysis estimates the ratio of program costs to outputs created, enabling comparison of cost-per-output for programs which all produced the same output. For MPCA, the cost-efficiency metric of **Cost Transfer Ratio (CTR)** was utilized. This is the ratio of all delivery costs, such as staffing, targeting, and transfer fees, to the total value of the cash transferred. The cost-transfer ratio is an intuitive measure because it shows how much was spent on delivery costs for every dollar transferred to beneficiaries.

In October 2023, CRS conducted the cost-efficiency analysis using the Dioptre tool over the course of four two-hour sessions.

### Data

For the analysis, the main data needed were the project expenditure and output data. Expenditure data were sourced from CRS Insight finance database (including Direct Project Costs, Direct Shared Costs, and Indirect Costs for the project implementation period of December 4<sup>th</sup>, 2020 – January 31<sup>st</sup>, 2022) and output data were sourced from project reports.

### The Dioptre Tool

Dioptre is a web-based cost analysis software that allows program staff in country offices, who are most familiar with day-to-day program implementation, to rapidly estimate the cost-efficiency of program interventions. It guides users through a standardized costing methodology, ensuring that all analysis results are methodologically consistent and can be meaningfully compared across different contexts and organizations.

By using the Dioptre tool, rather than having to learn a complex costing methodology and assemble data manually in spreadsheets, staff can focus on providing crucial estimates of how different resources were used across activities within a program, which are not captured in any current data system. For more information, see [www.dioptretool.org/how-does-dioptre-work](http://www.dioptretool.org/how-does-dioptre-work).

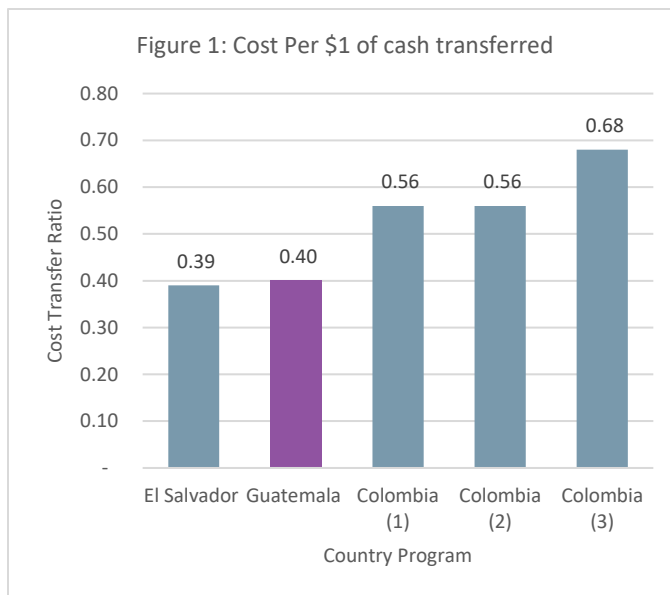
## Results

**It cost \$0.40 to deliver each \$1 of cash transferred, which is in line with other cash programs in Central and South America implemented by NGOs.**

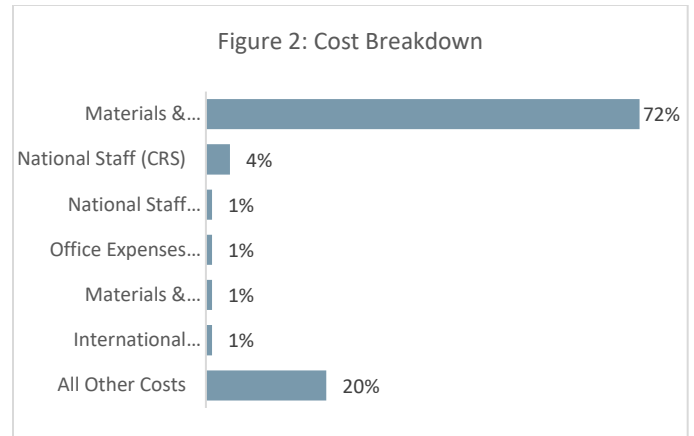
The CTR for the MPCA was **\$0.40** per **\$1** transferred. This is in line with other unconditional cash transfer programs in Central and South America implemented by NGOs (Figure 1). For a total of 4,918 households reached, CRS spent on average \$698 per household, out of which \$500 was the amount of cash transferred, and \$198 was the delivery cost to transfer that cash.

<b>Program total cost</b>	<b>\$3,431,092</b>
<b>Total amount of cash transferred</b>	<b>\$2,456,543</b>
<b>Households reached</b>	<b>4,918</b>
<b>Average transfer value per household</b>	<b>\$500</b>
<b>Average delivery cost per household</b>	<b>\$198</b>
<b>Average total cost per household</b>	<b>\$698</b>
<b>Cost Transfer Ratio</b>	<b>0.40</b>

*Table 2: The cost-efficiency results of Multi-Purpose Case Assistance.*



Most of the costs were spent on material and activities (72%), which included the value of cash transferred. This was followed by staffing (6%), which included international, national, and partner staffing (Figure 2).

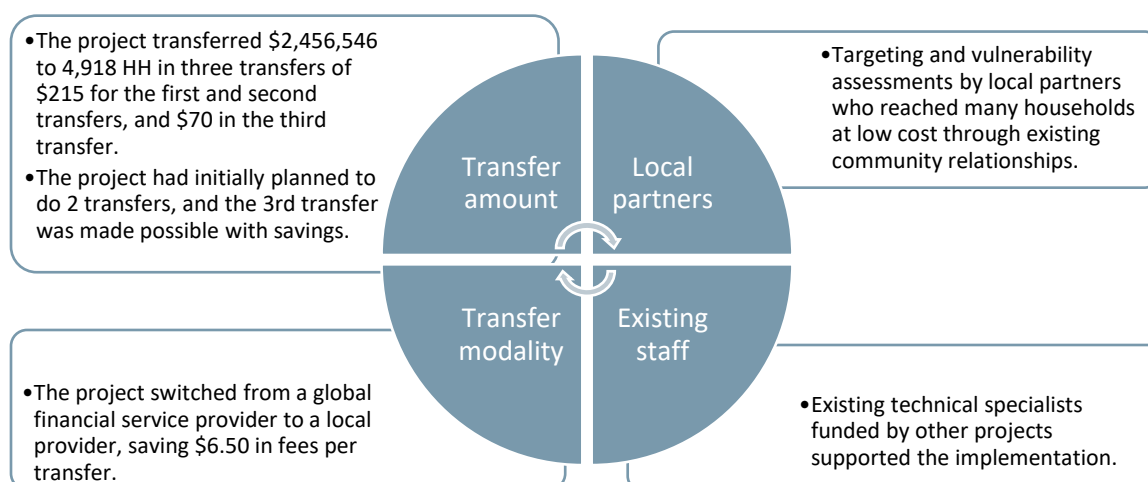


**Some strategies to provide more cash to a high number of people at low cost included optimizing financial service providers, collaborating with local partners, and leveraging staff funded by other projects.**

Several program design choices affected the cost-efficiency of MPCA:

- After the first round of cash transfers, CRS switched the financial service provider (FSP) from Western Union (which cost \$7.50 per transfer) to a local provider, Banrural (which cost \$1.00 per transfer). This saved \$6.50 in fees per transfer, generating at least \$32,400 of savings that were reallocated to the third round of cash transfer.
- Local partners Caritas Alta Verapaz and Vicariato Apostolico de Izabal were able to reach a high number of vulnerable households at low cost through their existing community relationships.
- Lower than anticipated labor and material costs from partner spending generated \$49,000 of savings that were reallocated to the third round of cash transfer.
- CRS leveraged the support of existing technical specialists who were already funded by other projects, generating staff cost savings of \$262,860.

By reallocating funds to enable the third round of cash transfer, the cost-efficiency improved by 35% (from planned \$0.62 to actual \$0.40).



The cash transferred enabled recipient households to meet basic needs, achieve food security, and access non-food items and shelter. Given that a small proportion of households were still not able to fully meet their basic needs, the cash transferred was not too large.

Through post distribution monitoring, the project team measured the extent the intended outcomes were met by MPCA using several indicators (Table 3). By the end of the project:

- **The cash transferred enabled 81% of households to meet all or most of their basic needs:** The share of households meeting all or most of their basic needs increased from 22.3% to 81.3% (an increase of 59 percentage points), while the share of households meeting some or none of their basic needs decreased from 77.8% to 18.7%.
- **The cash transferred enabled 92% of households to achieve an acceptable food security:** The share of households with “acceptable” Food Consumption Score (FCS) increased from 52.3% to 92.5% (an increase of 40 percentage points), while the share of households with “borderline” or “poor” FCS decreased from 47.7% to 7.5% altogether.
- **The cash transferred enabled 90% of households to access non-food items and shelter:** The share of households with adequate access to non-food items increased from 20.3% to 89.6% (an increase of 69 percentage points), while the share of households living in safe and dignified shelters increased from 60% to 90.8% (an increase of 30 percentage points).

Indicator	Baseline	Endline
<b>Basic Needs Met</b>		
Percent of households who report being able to meet the basic needs of their households (all or most/some/none), according to their priorities		
<b>All or most</b>	22.3%	81.3%
<b>Some</b>	64.8%	18.3%
<b>None</b>	13%	0.4%
<b>Food Consumption</b>		
Percent of households with poor, borderline, and acceptable Food Consumption Score (FCS).		
Acceptable	52.3%	92.5%
Borderline	33.9%	7.1%
Poor	13.8%	0.4%
<b>Non-Food Items</b>		
Percent of (beneficiary) households reporting adequate access to household non-food items.	20.3%	89.6%
<b>Shelter</b>		
Percent of target (beneficiary households) population living in safe and dignified shelters.	60%	90.8%

Table 3: The post distribution monitoring indicators of Multi-Purpose Case Assistance on basic needs, food consumption, non-food items, and shelter. These findings were corroborated by the spending patterns of recipient households using the cash received. The biggest areas of spending reported were on food (32%) and shelter (27%). Spending on non-food items included medicine, clothing, household items, and hygiene supplies (Table 4), which were in line with the suggested uses for the cash transfers during the information sessions conducted prior to the transfers.

Table 4: Average household cash transfer expenditures by spending category.

Spending category	Average expenditure per household for two months (USD)	Percentage of the total expenditure
<b>Food</b>	\$ 91.73	32%
<b>Home repair materials</b>	\$ 76.29	27%
<b>Medicine</b>	\$ 33.62	12%
<b>Clothing</b>	\$ 30.23	11%
<b>Household items (plates, frying pans, pots)</b>	\$ 29.59	10%
<b>Hygiene supplies</b>	\$ 21.50	8%

*Note that the total expenditure per household for two months across all spending categories exceeds the amount of cash transferred for two months, because the expenditure in each spending category is an average across all respondent households.*