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# COST-EFFECTIVENESS ANALYSIS

## FOOD FOR PEACE

### **Overview of the Assessment**

The Learning Evaluation and Analysis Project (LEAP) III team conducted a comparative cost-effectiveness analysis (CEA) for the Office of Food for Peace (FFP) of their emergency food assistance transfer modalities. The objective of this study was to better understand the cost-effectiveness of different types of transfers employed by emergency food security programs (EFSP).

When alternative interventions aim to deliver a comparable service, cost-effectiveness analysis can provide insight and guidance on what approaches provide the most value for beneficiaries at the least cost. This study aimed to improve FFP's ability to determine under what circumstances various food assistance modalities are likely to be the most cost-effective.

This study was comprised of three components:

1. A review of a subset of 51 FFP projects that was used to develop the expandable model, as well as calculate cost effectiveness for those projects where data was available.
2. An expandable model that can be used to continue to build a database for all relevant FFP projects on their cost effectiveness.
3. A guidance document for using the expandable model to continue to input project data as it becomes available.

## **Methodology**

The methodology consisted of reviewing 51 FFP emergency projects for their evaluability, which encompassed nine countries and several transfer modalities, including food vouchers, conditional and unconditional cash transfers, cash for work, and local or regional purchase (in-kind food assistance procured from within the country or region where the assistance is provided) and then comparing 17 of these projects based on their cost-effectiveness. The resulting model compared the cost of delivering the transfer to the transfer's ability to improve the Food Consumption Score (FCS) of the targeted population.

## **Assessment Findings**

The number of projects with appropriate and comparable reporting data (17 out of 51) was not large enough to provide a sufficient sample for precise results. The findings were highly sensitive to model specifications and therefore were inconclusive about the relative cost effectiveness of transfer modalities.

However, the exercise demonstrated how improved reporting practices could support a more rigorous estimation of comparative cost-effectiveness. As a result, the team provided an expandable version of the CEA model and a guideline for its use, so that it can be continuously updated with new project data. The model can then be used as a tool for analysis and decision-making for future FFP emergency humanitarian assistance programming.

Additionally, the team made the following recommendations to improve the monitoring and evaluation of FFP projects for greater rigor and robust conclusions in future analyses:

1. Require the reporting of the mean FCS of beneficiaries in addition to the portion of households with poor, borderline and acceptable FCS. Data on portions of population that fall below a threshold is a good static measure. However, the mean FCS score can allow for a more accurate measurement of changes over time.
2. Strengthen the monitoring and evaluation requirements for FFP emergency programming to promote improved data collection and reporting quality. This will facilitate comparative analysis across projects.
3. Consider extending the analytical approach to capture additional benefits, such as the alternative uses of cash (to buy medical supplies, service debt, pay for education), time-savings benefits, and/or security benefits of transfers for future analyses by using cost-benefit analysis (CBA). CBA could provide more utility when comparing the effects of different transfer modalities that are disproportionately associated with non-food security benefits.