



Technical Brief on Costing Multi-Sectoral Nutrition Activities

Costing is critical to achieve sustainability of nutrition investments and to strengthen local commitment, capacity, and leadership for multi-sectoral nutrition policy and programming.

This brief summarizes guidance for planning, tracking, and assessing costs of multi-sectoral nutrition activities. It highlights resources USAID missions and its implementing partners (IPs) may find useful for conceptualizing costing and presents resources providing detailed guidance on key phases. Costs are the value of all resources needed to produce the product, service or outcome of interest. Its component parts include expenditures, in-kind contributions of others (e.g., donated labor, donated space or equipment, etc.) and the opportunity cost of participants' time.

This brief aims to reduce potential barriers to costing nutrition activities by synthesizing resources produced to date, contextualizing these materials within the USAID Program Cycle, and flagging important considerations for programming to facilitate greater accountability, integration, and sustainability.

The Importance of Costing

Understanding the costs associated with conducting nutrition activities enables governments, donors, and IPs to make informed decisions about which investments are most appropriate given the context and resources available. This data can be used to—

- assess **best value** activities in a specific context
- clarify appropriate **decision-making** between competing priorities
- encourage **transparency and accountability** in programming
- support **policymaking, program design, and future investments**
- facilitate **sustainable financing** with domestic resources and implementation of cost-effective interventions **by governments beyond donor contributions**
- build the **global evidence base** on nutrition costing data.

Particularly for multi-sectoral nutrition activities with complex program impact pathways, costing is a challenging task. Because fewer prescriptive guidelines exist for the use of funds in nutrition than for programs in other sectors (e.g., HIV/AIDS), program design of nutrition activities is often less systematic, which makes conducting economic evaluations more nuanced and labor intensive. Gaps in resources also challenge programs' ability to cost accurately. These resource gaps include insufficient—

Purpose and Audience

This resource is intended for USAID Washington, USAID Missions and implementing partners.

The purpose of this brief is to provide a summary of existing guidance on costing for nutrition activities and highlight key resources for consideration when planning, tracking, or assessing costs in multi-sectoral nutrition activities.

This brief incorporates costing into the USAID Program Cycle to allow greater integration and alignment with programmatic needs and sustainable financing objectives.

- guidance for nutrition programs on how to obtain high-quality, detailed cost data, inclusive of expenditures, in-kind contributions, and opportunity cost for participants
- models to estimate costs and benefits of nutrition-sensitive activities
- benchmarks for comparison and for the global evidence base (R4D, 2019a)
- methods and case studies for quantifying and valuing multi-sectoral programs
- guidance on how to utilize results for decision-making and broader applicability.

This complex landscape of multi-sectoral programming creates a challenge for Missions and IPs to prioritize costing in their nutrition programs.

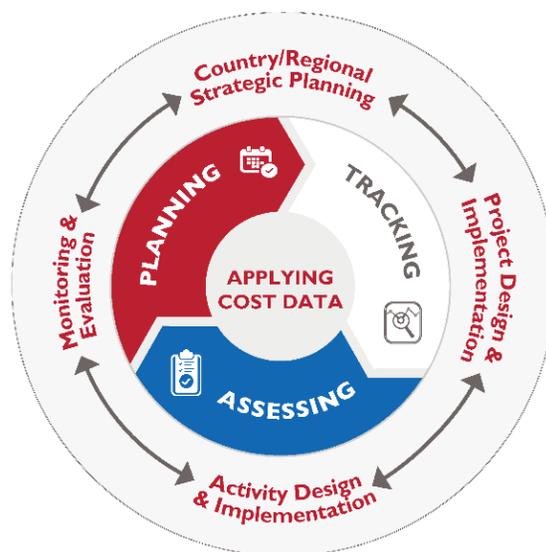
However, greater evidence and guidance is emerging, as this brief will highlight, and USAID has the opportunity to reinforce the importance of costing in multi-sectoral nutrition programming. Reviewing the literature is the first step for Missions and IPs to understand the distinct opportunities for and benefits of costing.

Costing in the USAID Program Cycle

The **four key stages** of costing in the USAID Program Cycle are—

1. **Planning for Costing:** Determining cost-related questions that stakeholders have at project ideation or activity design, to inform costing objectives and define necessary resources.
2. **Tracking Costs:** Establishing the systems and methods for collecting cost data in real time during activity implementation.
3. **Assessing Costs:** Analyzing captured data to understand the specific costing objective identified (e.g., efficiency, effectiveness, etc.) throughout implementation, monitoring and evaluation, and to inform future planning.
4. **Applying Cost Data:** Using the cost analysis to inform broader decision-making such as country research priorities, government policies, and priorities broader than the initial costing objectives.

COSTING IN THE USAID PROGRAM CYCLE



Key Terms in Cost Analysis

- **Cost:** the value of all resources needed to produce the product, service or outcome of interest. Its component parts include expenditures, in-kind contributions of others (e.g., donated labor, donated space or equipment, etc.) and the opportunity cost of participants' time.
- **Expenditure:** Funds actually spent on planned activities
- **Cost analysis:** Cost analyses, or economic evaluations, are analyses that measure costs or resources used and the resulting outcomes or benefits obtained. There are many approaches to understanding the economic costs and impact of activities.
 - cost-efficiency: monetary cost to achieve program output (e.g. dollars per beneficiary reached)
 - cost-effectiveness (CEA): monetary cost per unit of each outcome (e.g. dollars per life saved, or avoided years of life lost). CEA compares the costs and outcomes of two or more activities OR compares a new intervention with the status quo. In the health sector, this is the most common type of cost analysis.
 - cost-benefit: costs relative to value of multiple outcomes, all added up in terms of monetary value. Results may be shown as a unit-free cost/benefit ratio, or as a value of benefits minus costs.
- **Fixed cost:** a cost that does not change in relation to production of an item or number of people targeted (e.g. office space)
- **Variable cost:** a cost that changes in relation to production of an item or number of people targeted (e.g. printing fees)
- **Unit costs:** the total cost of a single item being measured (e.g. unit cost per person of expanding nutrition treatment)
- **Shared costs:** sometimes considered indirect costs, these are shared across multiple activities and a percent or portion of the whole cost is allocated to a given activity (e.g. a resource used across other areas of the health system beyond just the nutrition sector)
- **Incremental cost:** compares a change of scale to an intervention to the current provision
- **Opportunity costs:** non-budgeted costs faced by caregivers and others who volunteer their time, calculated in terms of foregone earnings from alternative economic activities

(ANH Academy 2019; USAID SPRING 2018; MQSUN+ 2020)

Key Resources for an Overview of Costing of Nutrition Activities

- [Nutrition Costing: Technical Guidance Brief](#) (USAID 2016): Provides a high-level introduction to multi-sectoral nutrition costing, key terminology, and connections to USAID's Multi-Sectoral Nutrition Strategy (2014-2025) and programmatic considerations.
- [Emerging Findings on Areas of Opportunity to Support Greater Use of Economic Evidence for Multi-Sectoral Nutrition Strategies](#) (SEEMS-Nutrition 2020): This synthesis of costing for multi-sectoral nutrition programming includes a table highlighting types of economic evaluations with illustrative case studies, and details challenges and opportunities in cost evaluations.
- [Economic Evaluation of Multi-sectoral Actions for Health and Nutrition](#) (ANH Academy 2019): Explores costing for multi-sectoral nutrition programming based on current approaches, gaps, and challenges. Visuals showcase types of economic evaluations and the process for measuring costs along the impact pathway.

- [Approaches for Nutrition Costing and Financial Tracking in SUN Countries](#) (MQSUN+ 2020): Provides costing and financial-tracking methods and tools, as well as budget analysis at the country/government level. Contains guidance and examples of costing variations by country needs.
- [A Guide to the Fundamentals of Economic Evaluation in Public Health](#) (USAID MEASURE Evaluation 2019): Reviews how to conduct economic evaluations to understand the cost of a program and assess its ability to improve public health outcomes. This document provides a foundation for costing in health that can be applied to nutrition programming.
- [Reference Case for Estimating the Costs of Global Health Services and Interventions](#) (GHCC 2017): Guides those implementing economic evaluations to improve their consistency and usefulness for decision-making. Includes a set of principles to standardize the process.



Planning for Costing

Planning for costing is expected to take place during activity design, award, start-up, and work planning. Adaptive management principles support the ongoing collection and use of data to inform program decision-making and direction; plans made at the beginning of a project may evolve, and this approach incorporates flexibility so newly acquired information continually supports learning.

Donors often do not require or incentivize costing activities but early prioritization of cost measurement (e.g., data collection, analysis, the application of findings) is pivotal for the success and sustainability of nutrition programming investments. Therefore, this action should be planned, budgeted for, and integrated early in collaboration with local entities, USAID, IPs, and other key stakeholders.

It is important to point out that USAID (2021, page 106) now requires cost analysis in impact evaluations, which facilitates a greater evidence base for assessing both cost efficiency (cost of achieving a certain output) and cost effectiveness (cost of achieving outcomes and impacts).

Key Resources

[Reference Case for Estimating the Costs of Global Health Services and Interventions](#) (GHCC 2017): Refer to the methodological principles for planning for detailed guidance on how to address objectives and costing direction.

Key Recommendations

- **Early planning** for costing objectives and understanding program and funding priorities determines what data should be collected and the type of cost analysis to conduct. One method involves examining an activity's program impact pathway before implementation to ensure methods and tools chosen meet the overall objectives; the impact pathway can be adapted as necessary throughout the course of the activity (ANH Academy 2019; R4D 2019b).
- **Coordinating early with key stakeholders** ensures alignment with government, USAID, and activity objectives.
- The type of costing methodology (determined early with stakeholders) has implications for budget, timing, and costs tracked throughout the activity. **Allocating sufficient budget to meet all components** throughout the project and aligning costing efforts with the government cycle and budget can facilitate uptake, buy-in, and sustainable financing beyond the life of the project (USAID 2020c).
- Given the need to meet contractual requirements, **in order for IPs to prioritize costing activities, cost analyses should be required by the donor.** Integrating these activities into the

formal contract mechanism would make execution easier and allow for cost action through planning, tracking and assessing.



Tracking Costs

Collecting cost data occurs throughout activity implementation in different ways. Expenditures are tracked via existing accounting systems, which are set up to collect data along specified dimensions. Contributions can be tracked using set procedures and processes by the project management team. Participant opportunity costs can be derived based on data from a monitoring, evaluation, and learning system. Additionally, tracking costs can be different depending on the level of costing targeted.

Costing at Different Levels

- **Activity level:** May include all costs to operate a single activity. This involves—
 - Recording and documenting costs of inputs and processes, including staff, trainings, meetings, consultants, supplies, etc.;
 - Linking these to specific outputs and outcomes (e.g., the number of people trained, the proportion of the population that increased dietary diversity, etc.); and
 - If interventions are linked to multiple outcomes, dividing the costs according to staff level of effort and other major expenses related to each outcome.
- **Country level:** May include costing government investments in nutrition (and related sectors') policies and programs, linking money spent to nutrition outcomes. Policy makers can assist with identifying and tracking programs and activities and then aggregate the costs. May include additional fixed and indirect costs related to multiple sector operational costs.
- **Mission Level:** May include costing the Mission's investments in nutrition activities, as linked to outcomes. This information may be obtained from individual activity costs and then aggregated.

Key Resources

- [Nutrition Costing: Technical Guidance Brief](#) (USAID 2016): The Commonly Used Costing Approaches section provides a general description of tracking costs.
- [SEEMS-Nutrition Costing Tools](#) (SEEMS-Nutrition 2020): Provides steps and guidance on **activity-level** costing, including the following tools: economic evaluation matrix, study protocol, activity tracking sheet, data collection form, discussion guides and time allocation form, project expense template, expense codebook, and an excel sheet for combining economic and financial costs.
- [Approaches for Nutrition Costing and Financial Tracking in SUN Countries](#) (MQSUN+ 2020): This resource includes **country-level** financial tracking, including key steps in costing and a list of common costing tools.
- [USAID Cost Measurement](#) (USAID 2020b): Provides guidance on collecting and measuring the cost of interventions and an example of how to disaggregate data and frame it to be intervention-specific to estimate activity costs accurately. Can be used for **mission and activity-level** costing.

Key Recommendations

- **Choose an approach appropriate for the resources and experiences in the specific country and portfolio.** Countries with limited experience in tracking costs may start with simple costing-and-budget analyses, while greater experience and resources can facilitate more complex and detailed exercises and tracking (MQ SUN+ 2020).

- **Establish detailed activity and input codes that can differentiate between major budget categories and activity types** at the project’s onset to streamline data collection and analysis, particularly when multiple sectors and government cycles are implicated (ANH Academy 2019).
- Early planning that considers **national funding and planning cycles** facilitates uptake by government actors and reinforces opportunities for sustainability and increased integration, particular for integrating tracking costs methods with the government’s existing operational structure.



Assessing Costs

Assessing costs involves capturing and analyzing data to advance **specific costing objectives** (e.g., to measure efficiency or cost-effectiveness of comparable interventions so the most appropriate intervention can be scaled up). This may happen at different points in the project life cycle, depending on the type of intervention and cost analysis objectives.

Key Resources

- [Decision-Making in Nutrition: Areas of Opportunity to Support Greater Use of Economic Evidence](#) (SEEMS-Nutrition 2020): Describes the types of decisions informed by different economic evaluation approaches and how costing teams can frame their objectives and cost actions.
- [A Guide to the Fundamentals of Economic Evaluation in Public Health](#) (USAID MEASURE Evaluation 2019): Reviews how to conduct economic evaluations to understand the cost of a program and assess its ability to improve public health outcomes.
- [Conducting a Cost-Effectiveness Analysis \(CEA\)](#) (Poverty Action Lab 2020): Provides an overview of the most common type of costing method, basic calculations and assumptions, and two examples from which to learn.
- [Comprehensive Costing in Micronutrient Supplementation](#) (SPRING 2020): Shares findings from a cost-efficiency study of a pilot program as well as guidance for conducting a study and assessing the results.
- [USAID Cost Measurement](#) (USAID 2020b): Lays the foundation for routine cost measurement in efforts to improve the evidence base in the education sector. The overarching objective is to improve sustainability, planning and management, and the overall value for money of USAID investments.
- [iDSI Reference Case for Economic Evaluation](#) (2020): Guides those implementing economic evaluations to improve their consistency and usefulness for decision-making. Includes a set of principles to standardize the process.

Key Recommendations

- **Use context-specific cost analysis** to foster greater support of activities and results, build upon local research and systems, and foster government ownership, particularly across multi-sectoral programming (R4D 2019b).
- Projects may also wish to provide the **opportunity cost of a budgetary decision**, particularly if it diverts funds from other activities (iDSI 2020; R4D 2019b).

- **Assessing the cost of inaction** may be just as valuable as assessing the cost of an activity and can highlight long-term importance of an activity beyond the immediate budgetary implications (Alive & Thrive, 2019).
- **Communicate data** in a way that is useful to the audience and for decision-making (i.e., translating findings into the language of the intended audience, interpreting highly quantitative results to common use language, and tying analyses to policy priorities). For example, rather than reporting only expenditures, the cost could be framed around the budgetary impact of scaling up an activity (if that is the objective).
- **USAID’s strategic and operational objectives** can be considered when assessing costs. For example, comparing cost assessments against USAID’s investment priorities and CDCS (USAID 2020a) for a given country.



Applying Cost Data

This stage is closely tied to assessing costs but expands **beyond the specific objectives of the costing to research, policy, and decision-making** as well as regional learning and efforts to build the global evidence base.

Key Resources

- [Comprehensive Costing in Micronutrient Supplementation](#) (SPRING 2020): Research recommendations and policy implications can help link the costing data collected to real world considerations.
- [How Evidence Informs Decision-Making: The Scale-Up of Nutrition Actions through an Early Childhood Development Platform in Malawi](#) (R4D 2019b): Details how evidence (such as costing data) can drive decision-making.

Costing in Practice: USAID Nigeria’s Livelihood Project

The USAID Nigeria Livelihood Project conducted a cost-effectiveness analysis of their water, sanitation and hygiene (WASH) and nutrition component (Intermediate Result 3). The objective of IR3 was to promote optimal nutrition and WASH practices through comprehensive behavior change communication packages of interventions, with an emphasis on the first 1,000 days.

Initially, the project planned to conduct a cost-benefit analysis for the agricultural activities, however further discussion revealed that the implementing partner wished to include the WASH and nutrition component in the costing activity, which made a CEA more appropriate. The CEA aimed to understand how much better off the project participants are compared to what their livelihood might have been in the absence of the project.

The CEA found a substantial case for integrating interventions—and that the project had a significant impact on the target states. The CEA recommended additional services and programs to further improve WASH outcomes in the target areas, including imperatives for the government to consider implementing.

The full evaluation report (USAID/Nigeria 2018) provides a rich narrative on the project, the CEA methodology and its limitations, the process for tracking and assessing costs, and the broader analysis of the results.

Key Recommendations

- **Identify the sectoral objectives** for cost data use and establish a plan for advancing the likely multiple sectors' interest.
- Time and effort should be invested up front **to integrate government actors** into the communication of results and apply a bigger picture policy lens to the dissemination.
- While costs will be initially analyzed to understand the objectives originally identified (see [Assessing Costs](#) above), **framing cost results in relation to research, programmatic, or policy decisions** facilitates a greater understanding of and use of activities beyond the life of the project.
- **Regional sharing** of results can support greater global learning and undertaking of costing activities to improve multi-sectoral nutrition programming and the global evidence base.

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