

1 Costing the MDGs

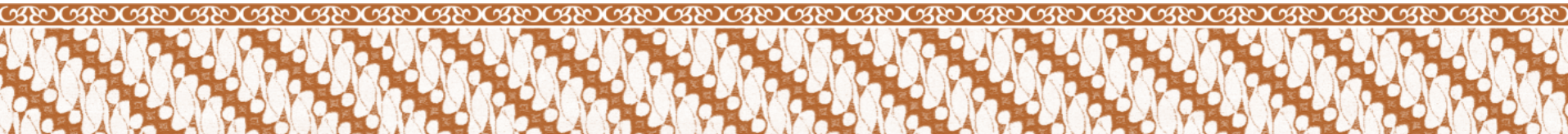
- **Global Cost:** US \$50-\$76 billion per year
- Achieving **2/3 decline in Child Mortality rates:** \$20-\$25 billion / year
- Achieving **Universal Primary Education** between \$6.5 and \$30 billion per year world-wide

RogerDMontgomery@yahoo.com



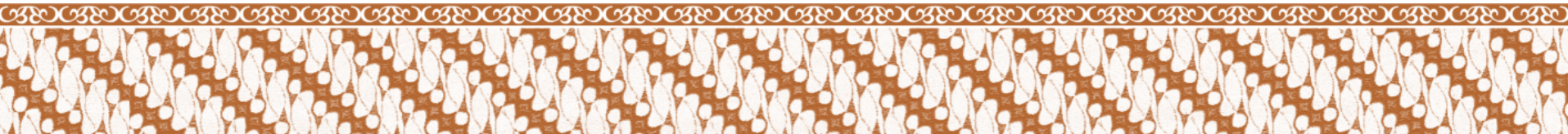
2 Limits to Use of Economic Models

- Modelling method limited because of:
- Generalization of data (esp. on primary education);
- Unit Costs vary enormously from country to country
- Cost of reaching last 5% of population might be $>$ than first 20% of pop'n



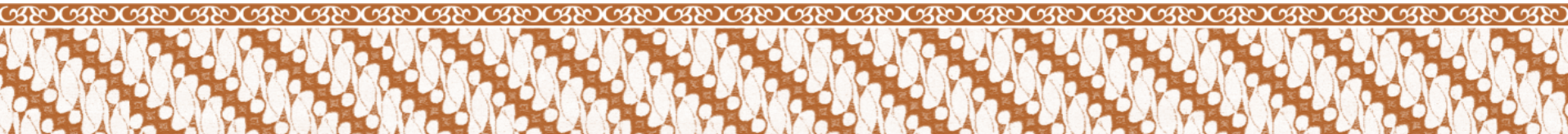
3 Complementarities cloud the issues

- There may be complementarities between goals: dollar spent on water or sanitation ... improves health status ... may lower school drop-out rates
- Reversing spread of HIV/AIDS most complex MDG to cost: limits to understanding of what works, what doesn't



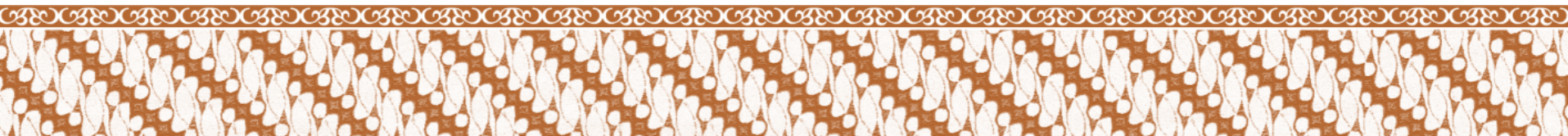
4 Method, Approach for Costing

- Identify Key Interventions
- Specify and quantify targets
- Calculate resource requirements
- No need for over-sophistication; rough estimates acceptable for purpose of awareness-raising



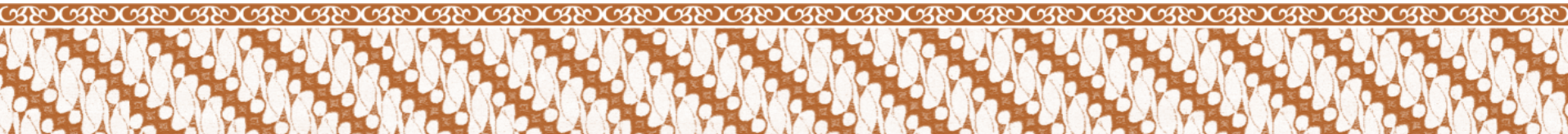
5 Health: Cause and Effect

- **Improvement in health indicators (infant mortality, maternal mortality) depend upon interventions.**
- **These include: immunization, family planning, diagnosis and detection, control infectious diseases, numbers of health facilities but most importantly:**
- **Trained personnel**



6 Education: Key Interventions

- Not **only** more schools, more teachers, but also: end to fees, free uniforms, free books. School meals ? Water and sanitation at the school ? Alternative methods such as distance learning, extending use of existing teachers ?
- Specify targets (quantify, locate)
- Calculate resource requirements: unit costs, capital and recurring costs, time
- Coherent, well-costed, well-timed plan for pro-poor public investments

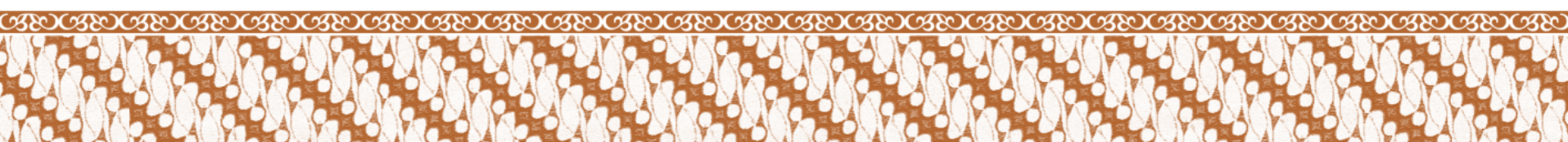


7 *An Example: Country 16 joins the PSRC*

Let's help them make an MDG plan + budget

MDG Scores for the new country of PSRC 16:

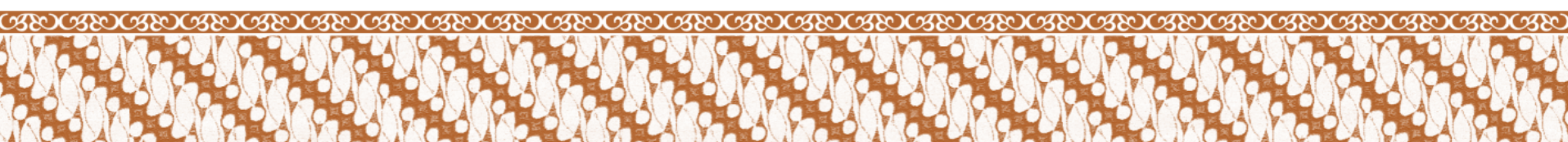
■ Poverty rate (national poverty line)	Goal 1, Target 1:	7%
■ Child (< age 5) malnutrition rate	Goal 1, Target 2:	20%
■ Net enrolment rate in primary schools	Goal 2, Target 3:	80%
■ Number of girls per 100 boys, primary	Goal 3, Target 4:	90
■ Infant mortality rate, under age 1	Goal 4, Target 5:	75
■ Maternal mortality rate (per 100,000)	Goal 5, Target 6:	160
■ % births attended by skilled health personnel,	Goal 5, Target 6:	95%
■ Tuberculosis prevalence rate (per 100,000)	Goal 6, Target 8	25
■ % of people with access to safe drinking water	Goal 7, Target 10:	55%
■ % of people with access to sanitation	Goal 7, Target 10:	53%



8 MDG Objectives for Country 16



- The child malnutrition goal: decrease from 20% to _____[i] ?
- The net enrolment goal: rise from 80% to _____[ii] ?
- Gender balance goal (/100 boys) from 90 girls to _____[iii]?
- The infant mortality goal: cut rate from 75 to _____[iv] ?
- The maternal mortality goal: drop from 160 to just _____[v] ?



9 Magnitude of Problem, Primary Education

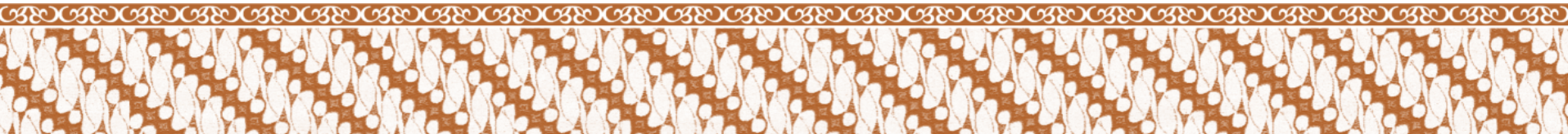
- What is the **school age band** for primary school? Ages: ____ - ____ [i] ?
- What % of **population** are children in this band: _____ [ii] ?
- **How many children** not now in school, **to be enrolled**: _____ [iii] ?
- How many girls and how many boys need to be enrolled?

- **Girls:** _____ [iv] ?
- **Boys:** _____ ?



10 Choice of method, approach for Primary Education

- What methods ? _____
- _____
- Quantities: numbers of teachers?
- cost per month / teacher?
- transport equipment ____?
- class rooms to be built?
- Numbers of teachers and cost?



11 Responsibilities (who will do what?)



What will be the division of responsibilities?

Government force account: _____?

Contractors (through competition) _____?

Villagers themselves _____?

How will entire activity be organised?

Who will give instructions, handle the budget ?

Who will monitor independently ?

And to whom will they report findings ?

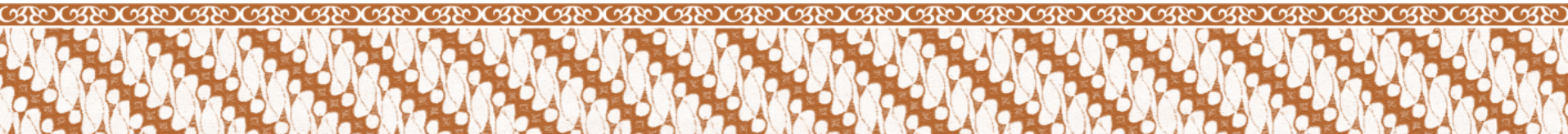
How will grievances resolved (accusations, misunderstandings, other kinds of unhappiness)?

How will quality be evaluated?



12 Building the Budget

- Quantities (Q), Unit Costs (P), Expenditure Estimates (P×Q)
- Timing of expenditures
- Investment vs. Recurring Costs
- Procurement Method
- Responsibilities for Action



13 Building a budget: Cost of Universal Primary Education in PSRC 16

	year	1	2	3	4	Unit cost	1	2	3	4	Total	Procurement method	Responsibility
Item		Quantities				US\$ '000	Expenditure requirements (in '000 US dollars)						
INVESTMENT COSTS													
motorcycles	Bikes	160				\$1.50	\$240				<u>\$240.0</u>	Tender, shopping	Dept Educ.
Class rooms constructed	Rooms		50	60	70	\$2.55		\$127.5	\$153	\$178.5	<u>\$459.0</u>	Local competitive bidding	Dept Educ.
Teachers trained	Persons		50	60	70	\$2.33		\$116.5	\$139.8	\$163.1	<u>\$419.4</u>	Force account	Dept Educ.
Total Investment Costs											<u>\$1,118.4</u>		
RECURRING COSTS													
Fuel for motor-bikes	Lump sum per year	160	160	160	160	\$0.30	\$48	\$48	\$48	\$48	<u>\$192</u>	Contribution from villages	Villages supply
Teacher salaries	Staff year		50	110	180	\$0.65		\$32.5	\$71.5	\$117	<u>\$221</u>	Force account	Dept Educ.
Books, Supplies	Per classroom		50	110	180	\$0.25		\$12.5	\$27.5	\$45	<u>\$85</u>	Competitive bidding	Dept Educ.
Assisted passages Atolls	child	80	81	82	84	\$0.040	\$3.20	\$3.24	\$3.28	\$3.36	<u>\$13</u>		
Total Recurring											<u>\$511</u>		
Total Investment+ Recurring Costs, by year (rounded)							\$291.2	\$340.2	\$443.1	\$555	<u>\$1,630</u>		

The average cost per child to be educated is \$339. This is composed of investment \$233/child and recurring \$106 per child.

14 Making the Budget part of Overall Plan

