

# VALUE FOR MONEY REPORT - VENESPERANZA

PREPARED BY KEY AID CONSULTING – AUGUST 2022

## 1. Introduction

The VenEsperanza Emergency Response Consortium (VE) was established in 2019 to provide a joint response to the Venezuelan migrant crisis in Colombia. The consortium comprises the International Rescue Committee (IRC), Mercy Corps (MC), Save the Children (SC), and World Vision (WV), with MC acting as consortium lead. The program is financed by USAID's Bureau for Humanitarian Assistance (BHA) and the current phase runs from August 2019 until December 2022.

The VE program provides emergency multipurpose cash assistance (MPCA) to Venezuelan migrant families to cover their basic needs. Up to 30% of participants in each area of intervention can be vulnerable Colombians who are part of the host communities.

Between August 2019 and March 2022, the program provided MPCA to 100,407 households for a duration of six months (six transfers) in 12 departments. The total expenditures over that period reached \$70,419,721 (the total budget of the program is \$93,130,000), with \$45,131,469 of MPCA transferred to households. The details of the program are summarized in Table 1.

In addition to the MPCA, the program has a complementary nutrition component (implemented by SC and WV) and a registration component to support migrants in the pre-registration process for the Temporary Statute of Protection for Venezuelan Migrants (ETPV in Spanish), a temporary protection permit. Lastly, VE has implemented a *Caminantes* strategy to pre-register Venezuelan migrants that travel on foot to facilitate the application of the assistance once they arrive at their destination.

**Table 1. VE Summary**

Cost Category	IRC	Mercy Corps	Save the Children	World Vision	Total
Households receiving MPCA	21,877	23,940	31,908	22,682	100,407
Value of Cash Transferred	\$9,381,853	\$10,575,885	\$14,792,351	\$10,381,380	\$45,131,469
Departments	Cundinamarca, Norte de Santander (Villa del Rosario, Los Patios) and Antioquia	Bolivar, Antioquia and Cesar	Bogota DC, Arauca and La Guajira <sup>1</sup>	Atlántico, Norte de Santander (outside of Cucuta), Santander	
Cash Delivery Mechanism	Debit card (Banco de Occidente) & transfers (Efecty)	Debit card (Banco de Occidente) & transfers (Efecty)	Transfers (Efecty)	Debit card (Davivienda) & transfers (Efecty, Occired)	

<sup>1</sup> Save the Children also intervened in Valle del Cauca during the first year of the programme.

## Study Objectives

VE has commissioned a Value for Money (VfM) study to assess the programmatic value of the MPCA program in Colombia.

The report looks at three aspects of VfM:

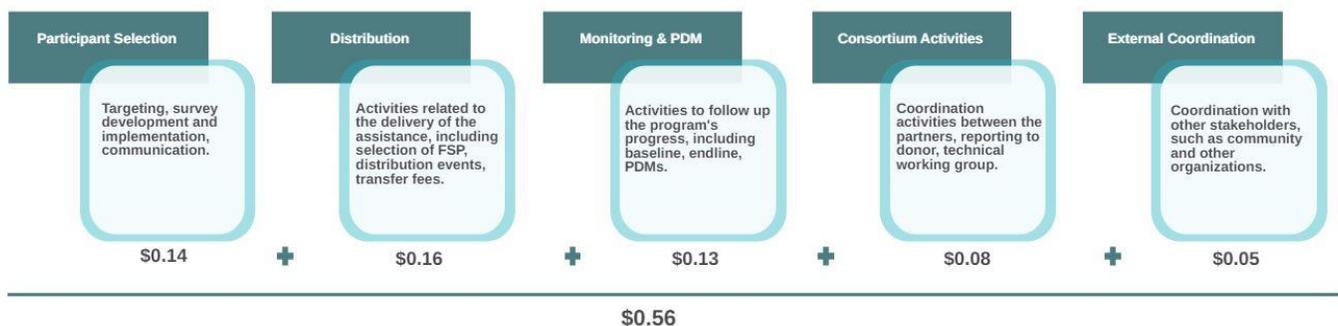
1. The cost-efficiency of the intervention, analyzing the performance of the program in terms of costs and the equitable allocation of resources;
2. The cost structure and drivers of the program;
3. The effectiveness and extent to which the program objectives have been attained equitably.

## 2. Value for Money Results

### 1. Efficiency and Equity

At consortium level, the cost-transfer ratio (CTR) is \$0.56, meaning that transferring \$1 to a household requires \$0.56 in delivery costs.

Figure 1. CTR by Program Phases



In other words, for every \$1 spent on VE, \$0.36 cover the delivery of the program and the remaining \$0.64 are transferred to participants<sup>2</sup>. Out of the \$0.56 in delivery costs, \$0.43 are spent evenly on three program phases: distribution (\$0.16), selection of participants (\$0.14), and monitoring (\$0.13).

The bulk of the delivery costs comes from the resources needed to reach participants. This is especially the case for the identification and pre-registration steps. Staff members need to travel to remote areas, which not only involves transportation costs, but in some cases accommodation and food costs if the team is required to stay overnight. The eligibility survey process is particularly time consuming, as it takes from 40 minutes up to one hour to run the survey for one household. Once the survey is complete, the verification of duplication takes place. If the households have already received cash assistance from another USAID/BHA funded organization - VE, Cash for Urban Assistance Consortium (CUA), World Food Program (WFP - they would automatically be excluded from the selection process, hence the resources (time, staff, logistics) spent on pre-registering would be wasted. In early 2022, the Consortium developed a dashboard in Power BI with the ID of participants. This allows the MEAL teams to verifying some information before conducting the eligibility survey

<sup>2</sup> The formula here is  $0.56/(1+0.56) = 0.36$ ;  $1-0.36=0.64$ .

to check if the potential participants have already been part of VenEsperanza, thus avoiding conducting surveys without the actual transfer<sup>3</sup>.

Fewer resources are spent on consortium-level activities and external coordination (\$0.08 and \$0.05 respectively). The consultants lack a benchmark to compare the consortium costs with other consortia, but they expect there might be possible efficiency gains in a future second phase of the program, as some costs were required to set up the consortium, such as organizing meetings between partners, setting the consortium structure, planning, etc., that will not be required in a next phase.

## Efficiency Drivers

Working as a consortium has led to two main gains: a coordinated distribution of territories and the use of a shared data collection and management system (CommCare) that reduces the risk of duplication and therefore contributes to improving equity.<sup>4</sup> By defining different territories, the organizations avoid overlap and competition, and mitigate possible duplications within VE and between VE and the Consortium Cash for Urban Assistance (CUA) and the World Food Program (WFP). Nonetheless, the split of territories has implied higher costs and efforts for some of the partners. For example, WV had to move out from the urban area of Cúcuta (Norte de Santander) to avoid overlapping with IRC. This has led to higher transportation costs and has taken a higher toll on staff, who must travel greater distances to reach participants.

By sharing a common information system, the partners mitigate the risk of households getting cash assistance twice. CommCare is used by the four partners for data management and it is paid for at consortium level. For the three years of implementation, it has a cost \$137,307.<sup>5</sup> CommCare is used to identify potential cases of household duplication (both for VenEsperanza and the CUA consortiums<sup>6</sup>).<sup>7</sup> In addition, CommCare is also a data collection tool with standardized selection and monitoring processes. This saves up some costs in terms of set up and ensures consistency in the data collection and analysis, and in the delivery of the program across partners and territories.

Remote work during the COVID-19 pandemic led to efficiency gains, but these gains come at the cost of losing proximity to participants. During the peak of the pandemic, partners had to resort to remote working to keep the program running. Distribution records were done digitally and registration and monitoring over the phone. In addition, logistics costs, such as accommodation, transportation, food, and beverages were not required due to pandemic-related travel restrictions. This increased the efficiency of the program, as reaching out to participants by phone is less time consuming and involves fewer logistics. The organizations would contact potential participants through referrals, which lowered the effort involved in the identification process. The experience demonstrates that in complex emergencies with travel restrictions and program disruptions, multipurpose cash can be an efficient way to continue meeting people's basic needs remotely. Nonetheless, this came at the expense of losing closeness to participants (which is an aspect valued by participants) and having to gain their trust over the phone to share personal information can be difficult. Collecting information remotely is also more prone to fraud, like households putting different family members or friends on the phone

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3 This information was shared during the final learning workshop.

4 The Consortium has been using CommCare since the beginning of the program. The system assigns each applicant a unique identifier (UI) based on name, birthdate, and sex, and in case there is a duplicated UI, the organization that first did the registration revises the case.

5 Parts of the CommCare costs are shared with CUA.

6 VenEsperanza and the CUA consortium executed a data sharing agreement (DSA) in 2019 to mitigate the risk of duplication.

7 The cost of CommCare corresponds to the last amendment in October 2021.

(kickbacks). Moreover, this approach might have hampered equity, because it increased the chances of leaving potential participants out, such as those located in remote areas, newly arrived migrants, and those with poorer network connectivity, who are usually more vulnerable at the same time.

## Scaling

The consultants conducted a light scaling analysis to understand the extent to which the program’s reach could be scaled up with the current resources, and what resources would be required to increase the program’s reach by 5,000 households for each partner over the three years of the program. In addition, they looked at the cost implication if the transfer value were to match the one proposed by the Cash Working Group (CWG) in Colombia.

1. **Increasing scale with the current resources.** During the budget meetings, as a first approximation to the scaling question, the consultants discussed the current situation with the staff to see if it would be possible to reach more households with the current resources. All four organizations have topped their initial targets, stating that they were already working at full capacity and that it would not be possible to increase the reach of the program without additional resources. Indeed, the program already absorbed more participants than planned, mostly thanks to savings made from the exchange rate that resulted in additional resources to reach more participants.<sup>8</sup>

The key bottleneck identified in the four meetings, and during key informant interviews, is the personnel required to carry out outreach activities, especially conducting registration and eligibility surveys. Each enumerator can only conduct a limited number of surveys in a working day. Hence, increasing the caseload would require more enumerators. Another option would be to adjust the selection process to make it more accurate or to ensure that it identifies duplicates rapidly. Currently, enumerators must complete and submit the participants’ pre-registration forms, which are then verified for duplication, and if they are not eligible, that time was wasted.

2. **Increasing the number of households by 5,000.** During the budget meetings, participants were asked about the resources that would be required to increase the scale of the program by 5,000 households in three years. Based on the additional staff required, the consultants estimated the additional budget that would be needed by all four organizations to increase the scale. The results are summarized in Table 2.

**Table 2. Increasing the program by 5,000 households for each partner (20,000 in total)**

	<b>Additional budget to reach 5,000 more households</b>	<b>Comments</b>
<b>IRC</b>	\$94,928	Extra 2.5 months of work to reach 5,000 more households. The calculation is based on the number of households they are serving monthly at the moment (around 2,000). This time would mostly be needed for field staff, such as enumerators and community mobilizers, and also for transportation.

<sup>8</sup> The Colombian peso gain in value during the implementation period. In early 2020 a dollar equaled around 4.100 Colombian pesos, and in 2021 it reached around 3.200 Colombian pesos, before it started to devalue.

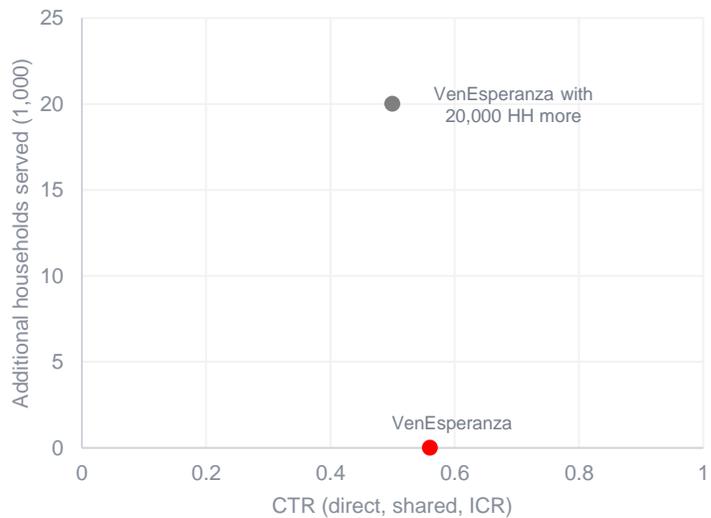
<b>MC</b>	\$122,519 <sup>9</sup>	To reach 5,000 more households, MC would need to increase the teams in the field by three enumerators, three technicians for data analysis and three officials to manage the logistics during implementation.  There are concerns that such an increase would hamper the quality of the program, since the work would mostly have to be absorbed by the staff working in the field, who are lower paid staff.
<b>SC</b>	\$86,091	To reach an additional 5,000 households, SC would approximately need two extra community mobilizers, three enumerators, one finance assistant, one teleoperator, and more transportation costs.
<b>WV</b>	\$122,639	For WV, in each department, the teams would need to add three facilitators, one teleoperator and one MEAL specialist. Staff acknowledge that doing part of the registration remotely could free up some time for staff in the field.
<b>Total</b>	<b>\$426,177</b>	

The scaling exercise was difficult for the budget meeting participants to gauge the resources needed, and, as reflected in the table above, each organization approached the question differently. Nonetheless, in all cases, an increase in the scale would mostly be absorbed by staff working in the field. The central teams work with information that is already processed. For them, an increase in the number of participants is less of a burden, thanks to the digitalization of processes.

Table 3 summarizes the cost implication of increasing the scale of the response by 20,000 households over three years:

**Table 3. Increase of 20,000 households over 3 years**

	<b>Current caseload</b>	<b>+20,000 households<sup>10</sup></b>
<b>Number of households</b>	100,407	120,407
<b>Value of MPCA transferred</b>	\$45,131,045	\$54,121,175
<b>Total expenses</b>	\$70,419,721	\$81,371,157
<b>Total cost per household</b>	\$701	\$676
<b>CTR</b>	0.56	0.50



<sup>9</sup> There is a margin of error

<sup>10</sup> Calculation done using the same average transfer value as VenEsperanza

As shown in Table 3, the program expenses would increase by about 15%, reaching the 80 million dollars mark. The total cost per household would decrease from \$701 to \$676, while the CTR would decrease from 0.56 to 0.50, evidencing economies of scale. Further increasing the reach of the program can reduce the cost of delivering assistance to each household.

3. **Scaling the transfer value to match the one proposed by the Cash Working Group (CWG).** Lastly, the consultants analyzed how costly it would be to match the transfer value to the one proposed by the CWG (60% of the gap between the Minimum Expenditure Basket (MEB) and the average salary of a Venezuelan migrant) and the one negotiated with the Government of Colombia (GoC) (40% of the gap).<sup>12</sup> Table 4 shows the two proposed transfer values and the one used by VE for households with one to four members. The amount proposed by the CWG is about two times the one given by VE.

**Table 4. Maximum Transfer Value proposed by the CWG by household size<sup>11</sup>**

Household size	Transfer Value VE	Transfer Value CWG	Transfer Value negotiated with GoC
1	\$51	\$82	\$54
2	\$76	\$137	\$91
3	\$89	\$185	\$123
4	\$100	\$226	\$150

Table 7 shows the difference between the program with its current transfer value, and what would happen if the transfer value negotiated with the government were to be applied. The value of the MPCA transferred would have to increase by 70%, whereas the total budget would increase by 53%. Nonetheless, the CTR does decrease from 0.56 to 0.4, meaning that it becomes more efficient to give \$1 to a household.

**Table 5. Transfer Value proposed by the CWG**

	Current Transfer Value	CWG Transfer Value	Transfer Value negotiated with GoC
Number of households	100,407	100,407	100,407
Value of MPCA transferred	\$45,131,045	\$115,069,629	\$76,713,086
Total expenses	\$70,419,721	\$152,448,044	\$107,461,104



11 Grupo de Transferencias Monetarias (GTM) Colombia, “Canasta Básica De Gastos Mínimos - Humanitaria (Para Población Migrante Proveniente De Venezuela Con Vocación De Permanencia).”

12 The CWG transfer value comes from a working document and is not final yet.

Total cost per household	\$701	\$1,518	\$1,070
CTR	0.56	0.32	0.40

With the existing resources, if priority were given to the quality of assistance (a transfer value closer to the one proposed by the CWG), the overall coverage of the program would have to be reduced to reach fewer households, but the assistance would be more effective in meeting the basic needs of the target population. The consortium is constrained by government guidelines and donor requirements that set a limit on cash transfers. In a context of limited funding, VE should discuss collectively the trade-offs between the quality of the assistance provided and the coverage of needs.

## Equity

To assess the equity of the program, the consultants analyzed the costs involved in the *Caminantes* strategy to reach Venezuelan migrants traveling on foot (see box). To date, more than 4,200 *Caminantes* have been preregistered and 1,340 of them have received cash assistance. To estimate the extra resources invested in this strategy, the consultants, in discussion with each of the partner organizations, identified the budget lines that corresponded to the *Caminantes* strategy and assigned them a level of effort in the strategy. Table 6 summarizes the result of that analysis.

### CAMINANTES STRATEGY

*Since March 2021, the consortium has been implementing the Caminantes strategy. Caminantes are Venezuelan migrants traveling on foot either to Colombia or to another country. They are a highly vulnerable group, lacking economic resources and exposed to protection risks.*

*VE identifies Caminantes along the walking route and near the border in Arauca, La Guajira, Norte de Santander and Santander. If they arrive in a location where the partners intervene, they can report their arrival to the organization working in that department, which then applies the eligibility survey.*

**Table 6. Cost per *Caminantes* household**

Extra Cost of the <i>Caminantes</i> strategy	\$179,275
Number of <i>Caminantes</i> that received cash assistance	1,340 households
Average extra cost per <i>Caminantes</i> that received cash assistance	\$134
Average cost per household excluding the <i>Caminantes</i> cost	\$700
Average total cost per <i>Caminantes</i> that received cash assistance	\$834

The *Caminantes* strategy has a cost of \$179,257 and, with that investment, it has so far included 1,340 households in the VE program. This can also be interpreted as an average extra cost per *Caminantes* of \$134. If the *Caminantes* costs were taken out of the program, the average cost per household would be \$700. Hence, on average, the total cost per *Caminantes* household is \$834 (26% more than reaching a non *Caminantes* household).

When analyzing the extra costs to reach *Caminantes*, one should consider that the strategy provides additional benefits to them. Although not all pre-registered *Caminantes* end up receiving the assistance, more than 4,200

households that have been identified also received information about VenEsperanza through brochures, and in some cases, are referred to other services within the organizations. Furthermore, although it is 26% more costly to reach the *Caminantes* household, it represents less than 0.5% of the overall budget.

The main challenge encountered by the *Caminantes* strategy is keeping track of the migrants' whereabouts. Some might change their destination, be in transit to another country, or plan to go to places where there are fewer migrants, especially if they have entered the country illegally. Although some organizations, like IRC, SC and WV, have tried to support the *Caminantes* by providing them with SIM cards, they usually lose track of them, and the same happens with the phone numbers of the organizations given to them.<sup>13</sup> Another explanation is that most *Caminantes* go to other departments or that the possibility of receiving cash assistance is not enough of an incentive for them to reach out to the partners. Due to the physical and emotional hardship that *Caminantes* face, they might forget or lose the information that they received along the route. VE has shared lists of *Caminantes* households with the CUA consortium and is in talks with WFP to share similar lists with them too.

All staff interviewed agree that this strategy is beneficial and that it promotes equity by ensuring that a particularly vulnerable group can be assisted. Nonetheless, all partners agreed that it needs to be strengthened to make it more effective and reach a greater proportion of the *Caminantes* identified.

## Additional Equity Considerations

Equity in the selection of participants benefits from internal and external referrals.<sup>14</sup> Moreover, it is promoted by giving vulnerable populations, such as pregnant and lactating women, single mothers, and the elderly, a higher score in the eligibility survey. However, these vulnerabilities do not have a bearing on the amount of assistance, which, by the government requirement, is only based on household size. This is detrimental to the equity of VE, because households with pregnant and lactating women and the elderly may lack the full capacity to earn a living income to attend the needs of all their members, compared to larger households that may have multiple working adults with multiple income sources.

There is also a trade-off between the equity and efficiency of the program because of a change in the methodology used for the selection of participants through the eligibility survey. In 2021, the consortium introduced a new methodology to calculate eligibility with stricter selection criteria to reduce the number of inclusion and exclusion errors.<sup>15</sup> Since the new survey is more restrictive, the teams in the field must make additional efforts to attain the targets of the program. This leads to a trade-off between equity and efficiency, because ensuring that the program reaches the most vulnerable is also more resource intensive. Similarly, in the interviews, staff from the four organizations mentioned that identifying potential participants is getting more difficult, as the eligibility survey has been applied to an important part of the population in the different departments, and because of a decrease in migration (fewer migrants entering, but also, some leaving to escape the conflicts at the border). Lastly, in some locations, the partners have made additional efforts to

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13 The provision of SIM cards to the *Caminantes* was first piloted by IRC and at the moment of writing IRC and WV are still implementing it.

14 Some organizations such as SC refer participants from other programs to VenEsperanza. The partners also benefit from referrals from local and national institutions about vulnerable people.

15 The targeting was initially based on an Índice Total de Vulnerabilidad (ITV), taking into consideration seven dimensions. Since March 2021, VenEsperanza has been using Proxy-Mean Testing (PMT) for targeting participants. The model is based on indicators in the areas of housing, water, sanitation, demographics, food consumption, education, and access to legal documents. The ITV and PMT are relatively similar in operational terms, because both rely on the Eligibility Survey of VE. In that sense, the change of methodologies did not imply a redesign of the survey, nor the inclusion of new questions. The consultant team that introduced the PMT decided which variables were most significantly associated with the indicator for vulnerability. For each variable, the team assigned a value, finally the sum of all the values resulted in a total. The selection happens when a Household obtains a value lower than \$53,167 (percentile 73).

reach indigenous populations. In La Guajira, where SC intervenes, about 40-50% of the assistance goes to indigenous households (Wayuú).<sup>16</sup> They tend to speak limited Spanish, hence some material had to be translated. Their technology literacy is low, and it is difficult for them to use ATMs.

Lastly, by government and donor requirements, the program can only have a maximum of 30% of participants from the host communities (Colombians), and the rest must be Venezuelan migrants. According to key informants, most of the Colombians that live in the same communities as migrants experience similar vulnerabilities. Although VenEsperanza is an emergency program for migrants, the effects on host communities must be carefully monitored to avoid friction between the two groups.

## 2. Cost Categorization

The program had a total cost of \$70,419,721, and 64% of it (\$45,131,045) corresponds to the transfer value.<sup>17</sup> For a total of 100,407 households reached, the average value transferred is \$449, whereas the average total cost per household (including the MPCA and delivery costs) is \$701.

**Table 7. Main Program Costs**

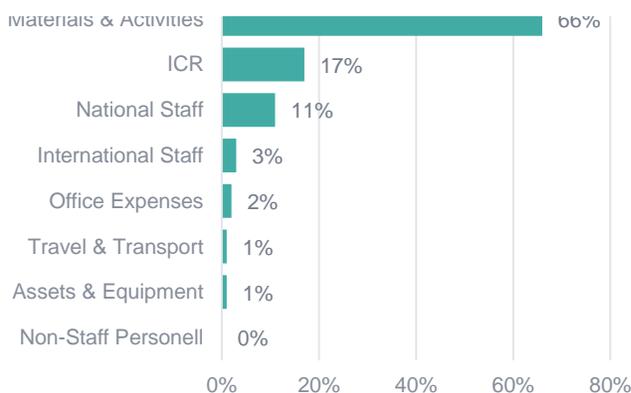
Category	Value
Program total cost	\$70,419,721
Program transfer value	\$45,131,045
Households assisted	100,407
Average transfer value per household	\$449
Average total cost per household	\$701

To analyze the cost structure of the program, the consultants categorized the budget according to the Dioptra categories, as captured in Table 8.

Most of the costs are related to material and activities, which include the value transferred (96,7% of material and activities, \$45,131,045). It is followed by ICR

and national staff. Although national staff is one of the main drivers of the program, making savings by cutting on personnel should not be considered. During the budget meetings with the four organizations, and during key informant interviews, most staff believed that the teams were working at maximum capacity and that if anything, more personnel was needed (refer to [section 1](#) for a discussion on scaling possibilities). Staff is overstretched, and this was confirmed in all budget meetings, in which staff stated they were already working at maximum capacity. International staff only accounts for 3% of the overall costs, indicating that it is not a major cost driver. Total staff costs (national

**Figure 2 Budget Breakdown Dioptra Categories**



<sup>16</sup> Key informant interview with SC staff.

<sup>17</sup> Likewise, running the program costs \$25,288,676.

and international) were slightly lower for SC and MC, but otherwise the four partners have a relatively similar budget distribution. The savings made from the exchange rate have allowed for an increase in the number of participants.

### 3. Effectiveness and Equity

One of the indicators that VE uses for measuring the extent the intended outcomes are met is: “Percentage of households who report being able to meet the basic needs of their households (all/most/some/none), according to their priorities”. This indicator is measured through PDMs.

As captured in Table 8, all categories improved between baseline and endline. The share of households meeting none or some of their basic needs decreased (from 85.9% to 68.8% together), whereas the share of households meeting most or all of their basic needs increased (from 14.1% to 31.2%, a difference of 17.1%).

**Table 8. Percentage of Households that can meet their Basic Needs at Baseline and Endline**

Basic needs met	Baseline (N = 1161)	Endline (N = 1161)
None	4.2%	0.6%
Some	81.1%	68.2%
Most	13.1%	26.2%
All	1.6%	5.0%

**Table 9. Effectiveness Indicators**

Basic Needs	
% of households that improved their capacity to meet their basic needs <sup>18</sup>	28.9%
% of households that lowered their capacity to meet their basic needs	9.6%
% of households whose capacity to meet their basic needs stayed the same between baseline and endline	61.5%
Food Consumption	
% of households that improved their nutritional status	25.8%
% of households that lowered their nutritional status	13.3%
% of households whose nutritional status stayed the same between baseline and endline	60.9%

When analyzing the outcome data *vis-à-vis* the program costs, the analysis shows different results. The consultants have considered two effectiveness indicators: the share of households that improved their capacity to meet their basic needs between baseline and endline (N=1161); and the share of households that improved their food consumption.

In the first case, the share of households that improved their capacity to meet their basic needs between baseline and endline is 28,9%, or 335 households.<sup>19</sup> In this case, the estimated average cost of a household improving their capacity to meet their basic needs is \$2,427.

This cost is high relative to the average cost per household presented in the cost categorization section (\$701). A possible explanation is that the transfer value is not sufficient to cover “basic needs”. Indeed, according to PDM data, most of

18 This is households that moved from any category to a higher ranked one.

19 This corresponds to the share of households that improve their status between the “none”, “some”, “most”, and “all” categories. The improvement is independent of how much their status improved. That is, a household that improved from “none” to “all” and a household that improved from “some” to “most” are given the same weight.

the assistance is used for food (37.7%) and rent (32.2%), whereas much less is destined to other needs such as electricity (4.4%), water (3.3%), and health (2.3%).

Regarding the second case, acknowledging that the transfer value is not sufficient to cover basic needs, the consultants looked at the improvement in households' food security status. More than one quarter, or 25.8% of households, improved their nutritional status, whereas 13.3% worsened, and for 60.9% of them, it remained the same.<sup>20</sup> In this case, the estimated average cost of improving a household's nutritional status is \$2,714. This suggests that households are not able to cover all their food needs, as they have to cover multiple needs.

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<sup>20</sup> To calculate the change, the consultants used the adjusted thresholds for populations with high consumption of oil and sugar: "poor" (0-28), "borderline" (28.5 – 42), and "acceptable" (>42).

### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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