



School Meals Investment Case

Cost-Benefit Analysis & National Cost Assessment

Governments are increasingly interested in conducting assessments of the costs and benefits of their safety net programmes. WFP is supporting them by providing technical assistance and has developed a School Meals Investment Case. It includes a cost/benefit analysis (CBA) and a national cost assessment (NCA) of school meals programmes. It is a useful tool in showing the extent to which school meals programmes are valuable **in the long run** and how they are advantageous to the country's overall development.

Cost Benefit Analysis

The Cost-Benefit Analysis (CBA) provides concrete evidence proving that school meals are not a cost but **an investment in human capital development**. This tool has proven to be very powerful when advocating for school meals and when providing evidence to governments that scaling up school meals programmes will benefit them both in the short and longer term. This includes the additional benefits for local markets and economies gained from home-grown school meals programmes.

The results of a CBA can be used for **advocacy** to illustrate to donors and governments the costs and benefits of a school meals programme in the long run. This tool also represents an **economic model** that is supported by academic literature, country-specific indicators on nutrition, health and education and information collected by WFP.

Data is collected at local level and processed by comparing schools enrolled in the programme with a **control group** of similar schools that do not participate in the programme.

National Cost Assessment

While the Cost-Benefit Analysis (CBA) focuses more on the benefits of school meals, expressed as value created throughout the life of the beneficiary, the National Cost Assessment (NCA) is an **analysis of all the costs incurred by a given school meals programme** for its regular operations.

It provides a clear picture of the total cost of a programme and the relative weight of its components, providing a reliable basis and recommendations for any major intervention such as **cost optimization, scaling up** or to help **re-design its operating model** for greater cost-efficiency.

It can also be leveraged as a data source, setting the ground for various research and documentation purposes, including the **Cost-Benefit Analysis** or impact analyses of home-grown school meals.

As a **descriptive tool**, the National Cost Assessment is aimed at gathering in a single document information coming from various sources, to provide to all stakeholders a **unified picture of the programme** from a financial point of view.

Return for each dollar invested

A sample of ten countries where school meals, take-home rations or biscuits are provided shows that every single dollar invested gave an **economic return of 3 to 10 USD from improved health and education among schoolchildren and increased productivity** when they become working adults.



The studies are carried out with support from the WFP-MasterCard partnership and the MasterCard Employees Engagement Programme.

The Cost-Benefit Analysis

Methodology

Key Benefit Drivers

For the School Meals Investment Case, five key benefit drivers are taken into account.

Value Transfer to the Household

The studies carried out so far show that, on average, *21% of the overall benefit* consists in the transfer of additional income to the household, including the value of the food received and the healthcare expenditures avoided due to the children's better health.

Return on Investment on Saved Assets

The value transferred to the households represents an alleviation of their charges of an equivalent amount. The sum thereby released can be invested in other assets, which will benefit the family. The value generated by these assets corresponds to *4% of the overall benefit* on average.

Increased Productivity of the Beneficiary

The studies show that most of the benefits of school meals programmes derive from the increased productivity of the beneficiaries when they become adults. On average, the lifetime Net

Present Value due to improved productivity represents *67% of the overall benefit*. Two thirds of this is attributable to increased wages due to better cognition, and one third to increased wages due to better education.

In fact, compared to a control group, schools that are part of school meals programmes show higher enrollment rates (+8%), higher attendance rates (+6%), and lower dropout rates (-4%), leading to better results on tests (between 0.06 and 0.25 standard deviations).

Healthier and Longer Life

The studies reveal that, on average, *8% of the overall benefit* is due to a longer life thanks to additional education and income as well as to reduced Disability Adjusted Life Years (DALYs). The health results were valued according to WHO methodology.

The main outputs of the study are the **Net Present Value** of all the benefits during the lifetime of the beneficiary. The **Cost-Benefit Ratio** compares this Net Present Value to all the expenditures incurred by the programme.

Benefits
<p>Value Transfer Direct transfer of resources to beneficiaries' households</p>
<p>Return on Investment Return on Assets created or protected from financial distress</p>
<p>Increased Productivity Increase wage due to better education / health</p>
<p>Healthier and longer life Increased productive life due to better health / education</p>
<p>Externalities Additional benefits not related to program beneficiaries (e.g. lower costs for government or community benefits)</p>

Costs
<p>Commodities Value of commodities or cash distributed to beneficiaries</p>
<p>Transport Cost incurred to transport commodities</p>
<p>Operational Costs Direct non food product and service costs</p>
<p>Overhead Overhead costs incurred by WFP country office or HQ</p>

Main Costs

The costs of school meals programmes include four main components. The **commodities** are the value of the food given or purchased, valued using the closest local substitute. The **transport** includes international and landside transportation, storage and handling. **Operational costs** are incurred by the services supporting the intervention, such as staff, vehicles and facilities. **Overhead costs** are incurred by direct or indirect support contributions to school meals programmes.

Range of the Study

The studies focus on costs and benefits that can be measured. In addition to the benefits accounted for in the studies, there is evidence that school meals programmes also build **stronger community links; empowers women**, including schoolgirls, whose enrollment and attendance rates improve, and the mothers who work as cooks; **enhances local infrastructure** such as kitchens or storage facilities; and can **serve as a platform for other development interventions**, such as deworming or nutrition education.