

Cost-Benefit Analysis on the Establishment of Donation Program Facilities

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Abstract

The establishment of donation program facilities requires cost-benefit and environmental analyses in evaluating the decisions with a focus on the available options. A cost-benefit analysis enables the proponents to examine the proposed establishment of donation program facilities without prejudice in selected cities and municipalities. As such, it provides an unbiased and evidence-based review of the alternatives, which may assist in becoming more data-driven and rational. Qualitative methods participated by financial analysts, budget and accounting professionals from selected higher education institutions, and local government units were gathered to discuss the variables assigned to the costs and benefits related to the donation program. The chosen variables were identified based on the initial gathering of information about the projected costs and the expected benefits to be derived by the communities from the proposed program. Models to assign monetary values to intangible variables, such as the benefits and drawbacks of establishing the donation program facilities utilizing a cash and voucher shopping scheme to estimate the amounts were constructed. For the proposed donation program facilities with longer timescales, cost-benefit analysis has a risk of being off the mark for a variety of reasons as the longer the time the program is projected to be running, the harder it was to make forecasts, yet it is considered as a credible basis. The findings of the aggregate costs and benefits were financially and statistically examined to see whether the benefits outweighed the costs. The result revealed a Benefit-Cost-Ratio greater than 1.0 which is expected to have a positive net present value (NPV) and an Internal Rate of Return above the discount rate used in the Discounted Cash Flow calculations. This suggests that the project's cash flow outweighed its cost and is interpreted as “needs to be considered”. The conducted analyses summed up the potential costs and benefits of the food and non-food donation program facilities intended to be established initially in the selected cities and municipalities in the Philippines.

Keywords: Cost-Benefit Analysis, donation program, costs and benefits of donation program