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# CE2HA

Cost-Efficiency and Cost-Effectiveness in Humanitarian Assistance  
Workshop Report  
June 2018

## ACKNOWLEDGEMENTS

USAID, IRC AND CaLP WOULD LIKE TO SINCERELY THANK THE MORE THAN 30 PARTICIPANTS WHO ATTENDED THE CE2HA WORKSHOP IN WASHINGTON D.C. IT IS OUR HOPE THAT YOUR INVESTMENT OF TIME AND RESOURCES WILL EVENTUALLY RESULT IN STEPS LEADING TO A MORE EFFICIENT AND EFFECTIVE OF HUMANITARIAN RESPONSE.

*DISCLAIMER: THE FINDINGS FROM THE WORKSHOP ARE A REFLECTION OF THE GENERAL CONSENSUS FORMED BY TECHNICAL EXPERTS AND MIGHT NOT NECESSARILY CONVEY INDIVIDUAL OR OFFICIAL POSITIONS.*

## TABLE OF CONTENTS

Acknowledgements	1
Background	3
Objectives	3
Key Takeaways	4
Recommendations	4
CE2HA Workshop Summary	6
Annex	22
Annex 1: Participant List	22
Annex 2: CE2HA Workshop Agenda	23
Annex 3: Session Summaries	25

## BACKGROUND

With the increased routine consideration of Cash Transfer Programming (CTP) in Humanitarian Assistance (alongside other modalities) there has been a subsequent increase in the need for more robust and routine cost-efficiency and cost-effectiveness analysis. The humanitarian community has developed or borrowed several metrics that it has applied to modality analysis; however, no single metric provides a complete answer to the multiple dimensions of analyzing efficiency and effectiveness especially across modalities.

At a strategic level, addressing questions about efficiency and effectiveness will contribute to the Grand Bargain's (GB) third commitment to "Increase the use and coordination of cash-based programming" and more specifically sub-commitments;

(3) Build an evidence base to assess the costs, benefits, impacts, and risks of cash (including on protection) relative to in-kind assistance, service delivery interventions, and vouchers, and combinations thereof.

(4) Collaborate, share information and develop standards and guidelines for cash programming in order to better understand its risks and benefits.

(5) Ensure that coordination, delivery, and monitoring and evaluation mechanisms are put in place for cash transfers.

At a workstream level it contributes to the Grand Bargain priority area "Measuring Value for Money, efficiency, effectiveness and outcomes" (which associates outputs 1.2 and 4.4) and the Good Humanitarian Donorship (GHD) cash workstream, under "development of common tools: identify shared cost efficiency and cost effectiveness metrics, and outcome indicators". It also links to other priority areas, such as "Measuring Cash." Successfully learning about what drives the cost-efficiency and cost-effectiveness of modalities would enable the humanitarian community to (1) identify the best modalities for different circumstances, (2) maximize the reach and impact of assistance within established budgets, and (3) gauge programmatic performance more effectively and fairly.

To date, the cost-efficiency and cost-effectiveness landscape for humanitarian assistance in many ways remains nascent and disjointed. Different donors and NGOs apply different metrics on an ad hoc basis leading to a lack of harmonized application. Because gathering insights from such analyses relies on comparison of results from different programs, this undermines the ultimate goal of learning.

## OBJECTIVES

The purpose of the CE2HA workstream is to raise awareness, promote greater harmonization, and increase the use of cost analysis in humanitarian programming contexts. The scope of work for this thematic area is divided into two distinct phases. Phase 1 convened a workshop to catalogue and bring together current thinking on cost-efficiency and cost-effectiveness methodologies and applications in humanitarian assistance and develop areas of recommendation for the GB cash workstream. Following a presentation of the recommendations to GB Cash workstream, prioritized recommendations will be carried forward into Phase 2. The scope of Phase 2 is contingent upon the recommendations from Phase 1 as well as input from the GB Cash workshop. Findings and

recommendations from both phases will be fed back to the Grand Bargain Cash Workstream as well as Good Humanitarian Donorship Cash Workstream to be discussed and actioned as appropriate.

For Phase 1, USAID and The IRC engaged the Cash Learning Partnership (CaLP) to organize and logistically facilitate the knowledge sharing workshop to gather lessons learned and develop recommendations on the use of cost metrics and analysis related to humanitarian assistance. The workshop took place from April 9th-10th, 2018 in Washington D.C. and brought together technical experts from the UN, NGOs, donors, Red Cross and academia.

The workshop objectives were two-fold:

1. Gather, synthesize and analyze learning on metrics for measuring cost-efficiency and cost-effectiveness of humanitarian assistance to meet basic needs. The workshop will provide a platform for the humanitarian community and academia to share cross-modality and multi-sectoral cost-efficiency and cost-effectiveness analysis methodologies, with an emphasis on what kinds of questions each methodology is best suited to address. This will help to improve capacity in and understanding of the available metrics, their pros and cons, what resources and data they require, and how they might be organizationally applied. Examples will be drawn from both sector- and modality-specific analysis with a key focus on cross modality and multi-purpose cash analysis.
2. Based on the first objective, develop a set of recommendations for how metrics and methodologies might be improved, how it could be more widely applied and what are any remaining knowledge gaps for future research.

## KEY TAKEAWAYS

- Cost-efficiency and cost-effectiveness must be considered within larger response analysis frameworks in order to accommodate for externalities, context, beneficiary preference and quality of assistance. Primary objectives should be to promote quality programming which results in positive outcomes (allowing room for populations to help define those outcomes) for all segments of the targeted population (with consideration to age, sex and vulnerabilities). CE2 should not only focus on cash but also incorporate multi-modal consideration to allow for analysis that can maximize outcomes through combinations of interventions.
- Distinct opportunities exist around wider uptake of cost-efficiency analysis. Several agencies provided examples of how cost efficiency analysis has been integrated into award and/or financial systems. Most of the cost efficiency analysis across these agencies shared the same basic set of variables.
- Systematic cost-effectiveness analysis has been limited primarily due lack of agreed upon approaches, need for quality outcome data, and intensive nature of the analysis. Opportunities exist to improve the application of common methodologies and targeted cost-effectiveness research to inform program design (see recommendation #3).

## RECOMMENDATIONS

The recommendations in the narrative below were developed by the CE2HA participants and presented to the GHD in May. At the Grand Bargain meeting in June, signatories will be asked to

review the recommendations, prioritize actions per sub-stream and develop a workplan identifying the next steps and interested stakeholders to take the work forward.

1. Improve financial reporting systems to capture data better
  - a. Tweak finance systems to better capture costs: Donors and implementers should make targeted revisions to existing financial reporting structures so that the necessary data is captured, rather than attempting to build parallel cost capture systems. Specifically, finance reporting needs to be disaggregated enough to separate the direct costs associated with cash vs. other interventions.
  - b. Conduct cost analysis through secondary tools: Using secondary analysis tools, which sit outside of finance systems but pull data from them (such as the IRC's SCAN tool), can help to standardize metrics and methods for data analysis, especially helping to deal with the allocation of shared costs.
  - c. Use existing systems for program information: When interpreting the results of VfM analyses, it is key to keep details of the project's location, target population, and design in mind. As analysis tools develop further, they should be linked to systems that already store program data for contextual interpretation (e.g. Online Project System (OPS) and IATI).
  
2. Invest in M&E capacity to collect the data we need and the tools needed to capture it
  - a. Harmonize basic needs indicators: building on GB MPC Outcomes indicators work and other initiatives. A set of common denominator outcome indicators across modalities is crucial for VfM analysis because these analyses are comparative (i.e. they compare progress per dollar spent for the same metric, for different programs).
  - b. Establish a common set of metrics: Donors can incentivize more consistent, transparent data tracking by asking for efficiency, effectiveness and performance data using the same metrics across donors.
  - c. CE2 data requires investment: Improved cost-efficiency and cost-effectiveness analysis will require prioritized investment in M&E, emphasizing research gaps & requiring harmonized metrics. This should build on lessons learned from previous rigorous and independent operational monitoring of responses, such as the 2011 cash and voucher evaluation commissioned by UNICEF.
  
3. Fill evidence gaps by investing in research priorities identified by affected populations and practitioners
  - a. Focus research on modality choice: Research should be prioritized which helps us to identify and design the optimal combination of modalities to meet programmatic objectives, maximize multiplier effects, and contribute to longer-term outcomes.
  - b. Use evidence when judging program performance: Existing, rigorous Value for Money evidence should be used to inform partner program design and donor VfM decisions specifically taking into account cost drivers and context. Where there are gaps, evidence to inform value-for-money (VfM) benchmarks should be expanded to ensure that VfM decision are evidence-based and realistic.

- c. Transparency on data usage - Donors should be accountable and transparent regarding how CE2 data is utilized. This should include balancing considerations between ensuring quality programming and driving efficiency. CaLP's Operational models analytical framework provides a toolset that can be used to draw out how aspects of operational models (OM) influence quality in CTP. This framework also draws out the role of contextual factors in the formation and evolution of OMs and in supporting or hindering positive outcomes. The framework has initially been designed as a tool to assist research and assessment teams in objectively collecting and analyzing data on operational models in different contexts. The focus has been on the use of the tool to review and evaluate ongoing or completed interventions.

## CE2HA WORKSHOP SUMMARY

*Monday, April 9, 2018*

### Intro Session – Technical Scene Setting & Priority Questions about VfM in Humanitarian Assistance

Ruco Van Der Merwe (USAID-FFP) [Cost-Efficiency and Cost-Effectiveness in Humanitarian Assistance](#): initiated the introductory session by expressing that everyone who was invited to this event is vital to cash transfer programming and how we can collectively improve the way we do business. There were two specific objectives for this conference: 1) To gather, synthesize, and analyze learning on metrics for measuring cost-efficiency and cost-effectiveness of humanitarian assistance to meet basic needs and 2) To develop a set of recommendations for how metrics and methodologies might be improved, how it could be more widely applied, and identify any remaining knowledge gaps for future research. A key goal of the conference was to do a more routine comparison across sectors and modalities and the level of expertise needed to facilitate generating data.

Dina Brick (CRS) [Priority Questions for Implementers](#): Posed a series of questions for groups to consider.

1. How should we balance quality with efficiency of cash programs? How do we weigh them together?
  - a. Efficiency should be a means to increase effectiveness, not a goal on its own.
  - b. We need to be clear about how things like accountability to affected populations or monitoring/learning, and speed intersect with the goal to be more cost-efficient.
2. How do we quantify and measure secondary or indirect benefits of cash programming? When is cash alone the best response, and when is it best used as a part of a package of services?
  - a. Need to be careful in how we define cash: multi-sectoral vs cash paired with other assistance

- b. There are many other factors to consider when assessing appropriateness of cash such as: its multiplier effects in the local economy, gender equality, financial inclusion, environmental effects, etc.
  - 3. What operational models for cash programming are most efficient and effective in different contexts?
    - a. How can NGOs work together in a way that reduces costs? → This requires defining an operational model: is it a piece of the cash value chain?
    - b. What should we replicate and what should we stop doing?
  - 4. What indicators measure quality and positive impact of a cash program, at different phases of emergency and in different contexts?
    - a. Emphasized the need to make sure this is feasible at the field level
  - 5. Can we be transparent with our calculations of efficiency?
- **Katharina Hanifnia (DFID) [Priority Questions for Donors](#):** Highlighted donor interest in building knowledge base to support decision-making and program design; as well as being accountable to people in need and taxpayers. She provided questions donors are thinking about in line with the conference's topic.
    1. How can we program resources in a way that maximizes outcomes while minimizing costs?
    2. Are there technically sound methodologies to systematically conduct cost-efficiency and/or cost-effectiveness analysis on projects – regardless of sectors or modalities?
    3. How do we handle cost-effectiveness analysis for programming where the affected populations have already been receiving assistance?
    4. What are any particular important “hard to capture” factors or externalities which should be considered when conducting cost-efficiency and/or cost-effectiveness analysis? This includes direct/indirect cost to clients, transaction costs to retailers, market implications, equity, etc.
    5. Harmonization makes our analysis more efficient/effective so how can we harmonize approaches across donors?

The overall input from the participants was that although these questions are imperative, finding common ground on how to answer these questions is undoubtedly easier said than done. Some questions/comments that arose from participants were:

- Let's specify what is new and what is old? Efficiency is a criteria that has been here for a long time – therefore, how can we demystify instead of mystifying?
- What should we do to be more transparent? Discussions around transparency should be centered on what it *means* to be transparent – how do we execute that?
- How are target populations vs. not-target populations considered in the benefits that we try to quantify?
- How do we have methods that allow us to see the differences in efficiencies depending on operational models instead of context?
- The answers to these questions should not be specific to cash, but to other modalities as well



## **Session 2 – Ensuring Quality of Programs: Cost-Effectiveness Methods (outcome focus)**

**Dina Brick (CRS)** [Measuring Quality of 4 Cash Programs](#): Presented analysis CRS did looking at four food security focused programs in both Niger and the DRC. Ultimately, comparability was a challenge, even in the context of one country. The analysis came up with three indicators for efficiency and four for effectiveness, all of which were ex-post indicators.

- Efficiency metrics: cost per ration, transfer-to-budget ratio, and time to distribution.
- Effectiveness metrics: community asset creation, multiplier effect, alignment with preferences, and intra-household concerns.

The takeaway from this was that one indicator was never truly representative of the whole picture. The next step was weighing the results and identifying the various challenges, listed below.

- Economies of scale made the comparison between the four data points (generated per country) a challenge
- Disentangling start-up costs and disaggregating support costs were also challenges
- Defining output vs. impact was an arduous but worthwhile exercise
- Issues of equity and gender were really challenging to deal with ex-post – as was accounting for unanticipated benefits or getting accurate preference data.

To conclude, field level staff could generate these seven indicators. Pulling monitoring data required some additional M&E planning. Key question now is how do we manage the trade-off between “good enough” and rigor.

**Ruth McCormack (CaLP)** [Framework to Measure Quality of Cash Operational Models](#): The presentation provided an overview of the framework, some initial findings from the emerging evidence base, and a request for reflections from participants on what guidance should look like. Working definition of operational models (developed by CaLP): all forms of collaborative working for the delivery of CTP.

The framework provides a toolset that can be used to draw out how aspects of an operational model influence efficiency, effectiveness, and accountability in CTP. It requires qualitative data and analysis, supported by standardized and comparable qualitative data analysis whenever possible. The complexity of operational models was explored (e.g. consortia and alliances, shared cash delivery mechanisms, single agency delivery, broad integration of systems, collaborative modular approach). Around eight to ten studies have used the framework, so it is very early on, and it will be published in one to two weeks. Some of the observations made included:

- Drivers of efficiency and effectiveness are imperative
- Complex models might be more appropriate for long-term programming
- More formal collaboration can improve effectiveness
- Country-level management buy-in is crucial

Next steps include:

- Publication and dissemination of the OM Framework and further case studies
- Collate and disseminate evidence base on operational models

- Provide technical support to those using the OM Framework
- Review and revise the OM Framework
- Develop guidance to inform practical decision-making on OMs; including program design and M&E

**Astrid De Valon (UNHCR)** [Outcome Measurement of MPC Programs](#): The review of MPGs is filling an important evidence gap concerning how MPGs contribute to achieving different sectoral outcomes. A large majority of UNHCR cash is done through MPGs – approximately 61%. A lack of engagement was found from some technical sectors – for instance, WASH was not as willing to engage with MPGs. The following were the key findings of the review:

- “There is sufficient evidence base to be confident that MPG have potentially positive impacts across sectors *when* effectively programmed and strategically combined with other forms of humanitarian action.”
- MPGs can help people access services where there are financial barriers such as school fees, transport fees, etc.
- Case study of MPGs for voluntary repatriation in Afghanistan: MPGs was implemented alongside legal support and shelter construction – this is a unique example of the potential benefits of collaboration work with other actors to complement the cash repatriation grant with other support.
- What MPGs clearly cannot do: tackle systemic issues around quality of service provision – MPGs are no substitute for the technical skills and support needed around quality issues. In addition, MPGs cannot address critical protection concerns related to marginalization, exclusion, and right violations.
- We need to be realistic in terms of what we should expect cash to achieve across multiple sectors when the amount and duration of assistance are often limited – it’s a portion of a MEB, which is already quite low.

Some questions/comments to think about:

- Should our focus be on cash effectiveness, or rather on the effectiveness of the best combination of different types of assistance to achieve well-being, protection, and solutions?
- Should we monitor how people use cash, or monitor the sectoral outcome changes? What is the right combination of the “right activities”?
- If the barrier to access is purely financial, maybe we can increase the MEB?

**Claire Simon (UN Women)** [Measuring Outcomes to Ensure Gender-Responsive CTP](#): The report provides an overview of some of the evidence to date around cash and gender outcomes, key VfM considerations, and some of the methods and tools presently out there to design and measure cash in a gender-responsive manner. What we know about cash and gender outcomes mostly comes from the development sector. There is evidence to suggest that well-designed CTP can improve female decision-making, reduce IPV, improve school attendance for adolescent girls and delay marriage and early pregnancy. Unfortunately, how CTP affects gender outcomes in humanitarian settings remains largely under-researched. However, the literature points to similar positive outcomes – particularly in

the areas of psycho-social well-being and female decision-making. Therefore, it is imperative we consider ways to robustly measure outcomes using other approaches.

Key conclusions and next steps:

- For cash, technology, complimentary programs and targeting are the key design features that must be contextually informed to yield positive protection and empowerment outcomes
- Including gender-responsive questions in rapid needs assessments is critical to success
- To accurately measure gender outcomes, it is necessary to collect at least some data at individual-level
- There is a need to ameliorate the standardization of tools and methods so that it is easier to compare results across contexts and types of emergencies.
- Developing a theory of change around gender and CTP – including indicator sets
- Investigating new metrics (e.g. individual deprivation measure and Women's Refugee Commission tools)
- Developing guidance around CTP and measurement for country offices

### **Session 3 – Comparing Cash to Other Interventions: Cost-Effectiveness Methods (cost focus)**

- **Anne Valand (WFP)** [\*Methods for Comparing Transfer Modalities\*](#): An overview of the evolution of thinking around cost-effectiveness in WFP and the Omega value. The methodology used for the past five years has been the Omega value – food security indicators in relations to cost (nutrition value score and food consumption score) – used to determine which of the three modalities is most effective. WFP is trying to come up with a new way that better captures the complexities of the outcomes they are aspiring to achieve. They are looking for flexibility and operability, ideally to come up with a methodology that every country office can implement. The effectiveness index model is not linked to specific outcome indicators, but gives the option to plug in different outcomes for different models. The idea is that these outcome elements are flexible – they can be plugged in depending on the requirement of the program.

Issues/challenges they are grappling with:

- Weighing of indicators – primary vs. secondary indicators
- Pricing of indicators – can we put a cost to accountability?
- Data quality – how far can monitoring data go?
- Disentangling cost data

**Andrew Zeitlin (Georgetown)** [\*Benchmarking Cash vs. Nutritional Interventions\*](#): Presented a paper on a study that conducted a three-armed randomized trial to benchmark the impact of a core USAID's integrated child nutrition and WASH intervention across 248 Rwandan villages. The study provided a methodology for randomizing transfer amounts that allows for the creation of an exact, regression-adjusted cost-equivalent comparison based on a rigorous ex-post costing exercise. It also included a comparison of smaller, cost-benchmarked transfers to a larger optimized transfer to

observe how the varying scale of cash alters outcomes. Impacts were measured on both economic outcomes (via households surveys) and biometric measures of child and maternal health (height-for-age z-scores (HAZ) , weight-for-age z-scores (WAZ), MUAC, and anemia) to compare across programs. In ongoing work, they provide a framework for making welfare judgements on the basis of such evidence that relies on beneficiaries' revealed preferences.

**Jacobus de Hoop (UNICEF)** [\*Impacts of Cash Transfers on School Attendance in Lebanon\*](#): Presented the findings of a UNICEF-led impact evaluation carried out in setting of protracted humanitarian context. No Lost Generation Program (2016/2017) was a cash based support program in Lebanon implemented to support the school participation of displaced Syrian children. Over 50% of the children were not attending school due to the various costs involved (transportation, uniforms, etc.), along with the fact that they had to work to help support their households. This was a top-up program – other cash based programs were already in place by WFP. The program required parents to enroll children in the beginning of the program and attendance was monitored intensively. During pilot period, the program reached roughly 50k children and after the baseline was implemented, there was a massive increase in afternoon enrollment throughout the country.

#### **Session 4 – Hard to Measure Costs**

**Lani Trenouth (REFANI)** [\*Measuring Economic Costs of Transfer Programs\*](#): The impetus for this study was the lack of evidence surrounding the notion that cash-based approaches are better than food-based approaches for preventing malnutrition in children and PLW in emergencies. The aim was to provide and ensure more effective humanitarian interventions and make policy and program decisions based on empirical evidence. The country studies presented included: Pakistan and Niger. There was a combination of several costs from multiple stakeholders – using a societal perspective. It started with the financial costs for implementing organizations and partners and the economic cost to beneficiaries and community at large was included. It did not include market multiplier effects or costs due to increased demand for goods and services.

Methods – Data Sources:

- Accounting data
- Staff interviews with implementing organizations and partners
- Focus group discussions with beneficiaries
- Key informant interviews with community leaders, vendors, service providers

Results:

- The cost for households to participate in cash was much higher than vouchers in Pakistan, but the opposite was true for Niger
- Net TCTR considers the beneficiaries costs – which gives us an important reflection
- The wide range in the CTR per beneficiaries varied quite a bit. It was challenging and time consuming, but worthwhile.
- Duration, scale, type of emergency, remoteness, local operating costs and local infrastructure influenced results

- The costs to some of the local vendors was not well reflected in project design but was important (e.g. the discounting of the time and effort on behalf of vendors was underestimated and caused some vendors to drop out)

**Emily Atkinson (Save the Children)** [\*Estimating the Costs of Inaction in Humanitarian Response\*](#): In 2016, Save the Children UK established a 3-year Early Action Fund (EAF) pilot project – the Ethiopian country office triggered the EAF in February 2017. The hunger and livelihoods team wanted a predictive model for an early action program in order to compare the cost-effectiveness of acting early as compared to a traditional humanitarian response. In light of the fact that humanitarian response is often late or absent despite early warning signals, early action can enable households to avoid negative coping mechanisms during the early stages of deterioration. For the Somali region context, some of the activities included: cash-for-work, distribution of livestock feed, and support to government animal health campaigns.

Methodology – Social Cost Benefit Analysis (SCBA):

- Mapping all outcomes
- Exploring causality
- Valuing outcomes
- Establishing counterfactual scenarios
- Calculating the SCBA

Strengths & Limitations of the methodology:

- Pros: benefits of projects are easily understandable and discussable; a strong focus on impact; a stakeholder-based approach; good decision-making tool

Cons: relies on the strength of the underlying/subjective assumptions; monetizes outcomes that do not have a monetary value; cannot be applied to all types of programs; restricted comparability

Key recommendations:

- Broader applicability – material stakeholders need to be included in the analysis of projected impacts which required more time and budget analysis
- Disaggregated financial and outcome data
- Measurement of sustainability

***Tuesday, April 10, 2018***

**Review of Day 1:**

In small groups, participants shared and reported their key takeaways from the previous day.

- We need to be better at putting beneficiaries/people in need at the center of the conversation; affected populations should be the drivers behind all of the CE2 discussions
- The feasibility of answering questions about CE2 analysis are so intrinsically linked/impacted by the output/outcome of data available, that you need basic measurement discussions
- Be aware there may be negative unintended consequences of “forcing” greater efficiency
- How to better relate transfer value and cost of living (i.e. high cost context may appear more cost-efficient via TCTR than low-cost context)
- Is there a way we can incentivize transparency in cost data?
- We need to ask ourselves why we want to measure CE2 – for whom, with what purpose?
- So many trade-offs are made (e.g. rigor vs. feasibility, competences vs. available resources)
- Important to think about the cost of late intervention vs. early intervention
- Comparability among contexts is sought after, but elusive and maybe impossible
- There is so much work happening within agencies, but it’s hard to learn from because of a lack of sharing due to people/agencies fearful of sharing their data
- RCTs need some framework for translating to other contexts to maximize value
- Metrics should be designed based on potential program benefit not just for sake of having the information

## **Session 1 – Ensuring Efficiency of Humanitarian Programs: Cost-Efficiency Methods**

**Hannah Tappis (Johns Hopkins)** [\*Common Errors in Reporting CTR Across Programs\*](#): Presentation comprised of a comparison of cost-efficiency analyses across programs and settings, the findings of the Campbell review on Efficiency of Humanitarian Cash Transfers (2004-2014), and implications and challenges for cost-efficiency measurement. Cost to value ratios included: TCTR, CTR, and alpha ratio. These ratios require estimation of total program cost, which may or may not be captured in a program budget. Therefore, unit costs may be a more straightforward measure of operational efficiency for some audiences. The challenge is that consistency is needed to allow for valid comparisons. The Campbell review included comparative studies published from 2004-2014 – only ten VfM studies identified in systematic searches of peer-reviewed and grey literature and only five examined cost-efficiency. These five were all project-level analyses, comparing different assistance modalities and/or delivery mechanisms implemented within the same project. Although four also assessed cost to beneficiaries, it did not adjust for this in the efficiency metrics. Since 2014, more cost-efficiency studies have been published by ODI, CaLP, ECHO, World Bank, and others. The following are some of the advances and challenges that were identified from these studies.

Measurement advances:

- Mention of cost-estimation methods
- Comparison to national and global benchmarks
- Sensitivity analyses

- Consistent explanations of limitations and need for common metrics/guidance

Persistent challenges:

- Isolation of administrative costs
- Economic cost considerations
- Comparable cost breakdowns (e.g. project component, fixed/recurrent)
- Costing alternatives for comparison
- Analyzing change over time

Implications:

- Transparency, context, and perspective are important
- No magic indicators

**Estuardo Pineda (Duke) & Ruco Van Der Merwe (USAID-FFP) [Cross-Modality Cost-Efficiency Metrics](#):**

An overview of USAID's cross-modality cost-efficiency metrics and the lessons learned. USAID food and nutrition security objectives for FY 2017 (\$3.6 billion) achieved through: US in-kind (48%), local and regional in-kind (32%), vouchers (11%), and cash transfers (9%). USG modality decision tool for humanitarian assistance is based on appropriateness, feasibility, objective, and cost. It is important to note that although cost is a consideration, it is not the most important consideration. In terms of metrics and methodologies, their primary consideration in applying metrics was to have something that would be comparable across modalities – ex ante. The metrics applied included: transfer percentage, cost per beneficiary, comparable basket, and cost per metric ton. The following are some of the utilities and limitations associated with each metric:

- Transfer percentage (value of transfer/total award value): although easy to use and intuitive, complicated for programs with mixed objectives, complementary activities and conditionality; also impacted by procurement efficiency gains and size of transfers
- Cost per beneficiary (total award value/total unique beneficiaries/distribution months): useful for programs with routine transfers, easy to understand and apply for single-sector programming; does not directly account for size/scale of transfer, accounting for non-distribution related activities is a challenge
- Comparable basket: accurate counterfactual estimates especially for LRP; does not provide consideration to overhead costs, difficult to account for dietary diversity
- Cost per metric ton: provides cross-modality common denominators, allows cost-efficiency comparisons of the total programming costs; procurement policy influences behavior, limitation in accounting for dietary diversity, and is sector-specific

These metrics allow FFP to analyze cost efficiency across modality (in-kind, LRP, cash, food voucher, emergency type, region, country, and implementing partner).

Lessons learned and recommendations:

- Understand pros/cons of cost-efficiency metrics. Multiple metrics provide a more robust analysis
- Cross-modality comparative value is important but must understand other – often more significant – cost drivers
- Cost-efficiency data variables should be integrated into information management and financial systems
- Link with program design and response analysis

**Caitlin Tulloch (IRC)** [SCAN Approach to Systematic Cost-Efficiency Measurement](#): Presented an overview of the Systematic Cost Analysis (SCAN) being conducted at the International Rescue Committee. The goal isn't to benchmark all programs to a single standard, but rather to understand what features cause CTR to be different. The differences in CTR are what is interesting, and will ultimately help us learn in the long-run. Over time, there is hope to develop benchmarks that are informed by context – to use for performance management. One particular challenge is that the dataset is timely and cost-intensive to produce. SCAN represents an opportunity/solution for cost analysis to be done through established systems, rather than by hand using ad hoc methods and data. This allows country-based staff the opportunity to do this on their own and in minimal time. In addition, having a formal system ensures that results are comparable from different programs.

SCAN (brief steps):

- Create a query/new analysis
- Pull in cost data
- Assign inputs to categories
- Assign percentage of input to output
- See your results

What are we learning?

- Programs at larger scale have significantly lower CTR (all other things equal), by a wide margin
- Scale actually has a bigger impact on cost-efficiency than the choice of modality
- Because transfer sizes vary by context, we should expect the “typical” CTR to be very different by region
- Strategic investments in building cost analysis systems, that (1) make methodology easy for field staff, and (2) build on existing data systems, massively increased the volume and accuracy of our VfM data
- This is not intrinsic to the IRC, it is applicable for other NGOs
- **Chloe de Soye (ECHO)** [Cost-Efficiency Approaches](#): An overview of present DG ECHO policy on large-scale cash transfers, TCTR methodology as a way to measure cost-efficiency in cash programming, and how DG ECHO uses the TCTR to compare projects and to encourage more efficient cash transfers. Some of the present objectives include: ensure that assistance reaches beneficiaries more effectively, efficiently, directly, and in a manner that is appropriate to the context and phase of a crisis; enhance transparency and accountability; and achieving scale.



Principles for harmonized cash programming:

- Common targeting criteria
- Single registry or interoperable database
- Single payment mechanism delivering standardized transfer values through a single financial provider
- Common feedback/grievance system
- Common results framework

TCTR:

- Goal: 85:15 → 85 dollars to clients and 15 dollars to the implementing organizations
- The 85:15 target is unlikely to be reached in smaller programs and/or in contexts where the delivery of cash is more expensive
- If we want to increase cost-efficiency, we need more coordination between partners and other donors
- More complex where there are non-cash components – partners will need to estimate the shared costs that can be attributed to cash and non-cash parts

## **Session 2 – Framing Next Steps**

**Daphne Jayasinghe (IRC)** *Grounding in WHS Process:*

- Where humanitarian and foreign aid is at stake for donors, the importance of demonstrating accountability, effectiveness, and efficiency is tremendous
- We can respond as a humanitarian community to take collective action toward recommendations to Grand Bargain signatories
- Trends to date: suggestions include the Coping Strategies Index (CIS) and Livelihood Coping Strategies (LCS). Lots of expenditure-based indicators (including one inverse expenditure), capturing self-reported basic needs, debt.
- Challenges: some of the indicators were about changes in things that might not be grounded in our theory change, what is the length of a transfer and can it achieve those things? What are the minimum/adequate standards for what these should be? Capturing data beyond what cash is intending to do

**Dina Brick (CRS)** *Actualizing WHS:*

- How do we define well-being? How does the beneficiary define this for themselves?
- How to manage Sphere standards?

- Is it 'good enough' to rely on self-reporting?
- What can we learn from what we are already doing and development programs?
- Whatever indicators we select need to be easy – field staff in emergency need to get data quality means it must be simple

Laura Meissner (USAID-OFDA) [Multipurpose Cash Outcome Indicator Collection](#):

- Indicator selection
  - There is obvious pressure to reduce reporting requirements
  - They wanted indicators that would require cash to share indicators with sectoral clusters
- Coping strategies and index-based indicators
  - 11 using Coping Strategies Index (CSI) (either full or reduced)
  - 2 using Livelihood Coping Strategies (LCS)
  - 1 for the Humanitarian Emergency Settings Perceived Needs Scale (HESPER); 1 Multidimensional Poverty Index
  - 1 using one coping strategy (reduced # of meals)
- How to base?
  - 13 expenditure-based indicators (including one inverse-exp)
  - 5 capturing self-reporting of basic needs (overall)
  - 5 related to debt
  - 4 specifically gender-sensitive
  - 3 indicators on psychosocial/stress/wellbeing
  - 1 on overall satisfaction with assistance
- Sector-specific outcome indicators
  - 14 related to food security
  - 15 potential child protection indicators; 2 for GBV; 4 for overall protection
  - 11 for health
  - 10 for shelter
  - 6 for livelihoods
  - 4 for NFIs
  - 4 for protection
  - 2 on financial inclusion
  - 2 on safety net linkages
- Challenges/Questions
  - Changes expected – e.g. UN Women has Gender Scales
  - Self-reporting or no? Realistic monitoring burden vs. actual data on quality

- Would like to know from implementers – do they have things they track on their own or do they mostly follow what donors ask for? Do they prefer universal indicators or country-level decided?

**Ruth McCormack (CaLP) [Measuring Cash Scoping Study](#):**

- We are way off from a harmonized approach
- Many organization's systems do not distinguish between cash and vouchers
- Key questions: What program management systems are in place and how do organizations track cash (if at all)? How does management and counting of cash programs fit with management and counting of other modalities?
- What needs to be counted and what level of disaggregation (modality, conditionality, method, costs, and beneficiary numbers)
- What is currently used to count CTP: program/grant management systems, financial management systems, spreadsheets, beneficiary management systems and cash management systems
- Findings:
- Conclusion: at agency level it's not currently feasible to systematically collect detailed support cost data
- Most organizations could count direct support costs, but only a few can count support costs related to cash programs
- Tension between data collection burden and value add of having this data
- Analyses need to take into account contextual differences, including operating costs
- Different types of CTP require different implementation costs
- Final report will be available in about 6-8 weeks but summary findings are available [here](#).

**Plenary Discussion (Next Steps Working Groups)**

Participants selected among 3 different groups to discuss next steps and recommendations.

- Group 1 – Setting Underlying Conditions for VfM Analysis: Financial Reporting Systems
  1. Do not build additional competing systems to capture data
    - a. Solution: improve finance system to capture better data

- b. Important step is defining finance systems – for our purposes, it is the finance reporting templates requested by donors
    - c. Reflection: the data we need is at the project-level and within agencies, but these are often informed by the reporting requirements
  - 2. Changes:
    - a. We get stuck when data is too aggregated in budgets
      - i. More disaggregation – anything we want to isolate the cost of should be a unique budget line
    - b. Categories across donor budgets need to be the same
      - i. This reduces burden on implementers such that they don't have to move around budgets as much
      - ii. Need to define as a group where we have better discussions about financial budgets
  - 3. Need to prevent efficiency data about programs from getting separated from the quality and context information – this will facilitate willingness of organizations to achieve transparency and also lead to better analysis of all results
    - a. IATI has project tracking systems already; next step would be to capitalize off this
    - b. Linking to other systems that have information about programs for contextual interpretation
      - i. Online Project System (OPS) is being revised right now – which will amalgamate these cost categories
  - 4. Using this information for planning purposes
    - a. More transparency on unit cost would help for planning purposes in the future
  - 5. Fear about how programs will be compared
    - a. More information/transparency as to what data informed the benchmarks that donors set
- Group 2 – Performance Management for Individual Projects: Routine M&E
    - 1. Challenges:
      - a. Not having common standards – need methods and terminology to be consistent

- b. Sub-optimal M&E systems – we can improve these at the agency-level
- 2. Opportunities:
  - a. M&E systems should be focused on the data we need to capture, what tools we need to capture it
  - b. Invest more in M&E – including suggested thresholds for percentage of budgets that should be M&E
  - c. Build consensus around indicators that can be used to measure basic needs
    - i. Next step: bring to Grand Bargain (building on Outcome Indicators work)
  - d. There should be communication from donors around how cost-efficiency/cost-effectiveness informs decisions or reflects on agencies
- Group 3 – Filling Knowledge Gaps
  - 1. Invest in:
    - a. Dialogue on research priorities, not just between donors and agencies, but also involving affected populations
    - b. Rigorous operational monitoring of responses – perhaps through independent mechanisms
    - c. Preparedness of local actors to get to scale
  - 2. We need to map the following:
    - a. Policy vs. practice: what we say is important compared to what is truly done, to avoid emphasis on cost over quality
    - b. Concerns and risks of aid agencies that cost-efficiency is prioritized over quality
    - c. Drivers and efforts: why aren't we acting on what we know the cost drivers are?
    - d. Impacts: secondary and long-term impacts of cash programming, what are the best combination of modalities?
  - 3. Increase transparency on key indicators
    - a. Donors asking for it will help
  - 4. Power and power dynamics of CTP

- a. Driving the agenda to let go of some of our power as aid agencies
- b. Be aware of the difference between quality control and our ability to control outcomes
- c. The point of cash is that we don't get to choose the outcome
  - i. Eventually, we want to be less 'sectorally' stuck in what outcomes need to be
  - ii. Any change requires a change management process – the sector-blind and sector-specific indicators can help.

Who is it that defines what success looks like? Outcomes can be different than we initially envisioned and can still be successful

### **Feedback & Closing**

- Themes that came up during the two days and what we need to move forward on:
- What are the elements of cash that can be applied across sectors?
- Clarify the priority decisions we are trying to inform (by donors/implementers)
- In terms of the inter/multi-sectoral opportunities, we have the most challenges on the effectiveness side
  - a. If we aren't going to define an outcome (or have a good comparative measure) how do we do CE2 analysis? Perhaps the quality dimension of this needs to come out from qualitative data
  - b. It is also reductive to look at outcomes only as they relate to cost
  - c. Client perspectives can be a key piece of our quality assessment
- USAID & IRC will be presenting the feedback at the Good Humanitarian Donorship on May 4<sup>th</sup>. There is still much work to be done in this workstream and the organizers will discuss next steps in taking the recommendations forward and may return to this group for consultation.

## **ANNEX**

### **ANNEX 1: PARTICIPANT LIST**

	<b>Name</b>	<b>Organization</b>
1	Radha Rajkotia	IRC

2	Lani Trenouth	REFANI
3	Claire Mariani	UNICEF
4	Anna Theresia Thylin	UN Women
5	Claire Simon	UN Women
6	Sarah Bailey	ODI
7	Jacobus de Hoop	UNICEF
8	Katharina Hanifnia	DfID
9	Anne Valand	WFP
10	Caitlin Tulloch	IRC
11	Ruco Van Der Merwe	USAID/FFP
12	Astrid de Valon	UNHCR
13	Andrew Zeitlin	Georgetown University (+ Give Directly)
14	Dina Brick	CRS
15	Donal Reilly	CRS
16	Emily Atkinson	SCUK
17	Hannah Tappis	JHU/JHPIEGO
18	Ruth McCormack	CaLP
19	Estuardo Pineda	Duke University
20	Chloe de Soye	ECHO
21	Jason Compay	USDA Foreign Agricultural Service
22	Daniel Handel	USAID
23	Juliet Lang	OCHA

24	Liz Brown	self-employed
25	Daphne Jayasinghe	IRC
26	John Lamm	USAID/FFP
27	Laura Meissner	USAID/OFDA
28	Erin Cornish	USAID/OFDA
29	Joanna Burton	ICRC
30	Chris Barrett	Cornell
31	Lynn Yoshikawa	CaLP
32	Blake Stabler	CaLP
33	Karen Pinzon	CaLP
34	Paul Reid	State/PRM
35	Lloyd Banwart	TANGO International
36	Ye Shin	Tufts University
37	Wendy Brightman	American Red Cross
38	Erin Byrne	IRC

## ANNEX 2: CE2HA WORKSHOP AGENDA

Monday April 9<sup>th</sup>, 2018

8:30 am – 9:00 am		Registration and Coffee			
9:00 am - 10:15 am	<b>Introductory Session: Technical Scene Setting and Priority Questions About VfM in Humanitarian Assistance</b>				
	Welcome Remarks, Introductions and Logistics	<u>Why are we here and what do we hope to achieve?</u> <i>Radha Rajkotia (IRC) &amp;</i>	Priority Questions for Donors	Priority Questions for Implementers <i>Dina Brick (CRS)</i>	<i>Discussion</i>



	<i>Co-Leads</i>	<i>Ruco Van Der Merwe (USAID)</i>	<i>Katharina Hanifnia (DFID)</i>		
10:15 am – 10:30 am	Coffee Break				
10:30 am – 12:30 pm	<b>Ensuring Quality of Programs: Cost-Effectiveness Methods (outcome focus)</b>				
	Measuring Quality of 4 Cash Programs <i>Dina Brick (CRS)</i>	Framework to Measure Quality of Cash Operational Models <i>Ruth McCormack (CaLP)</i>	Outcome Measurement of MPC Programs <i>Astrid De Valon (UNHCR)</i>	Measuring Outcomes to Ensure Gender-Responsive CTP <i>Claire Simon (UN Women)</i>	<i>Discussion</i>
12:30 pm – 1:30 pm	Lunch				
1:30 pm – 3:15 pm	<b>Comparing Cash to Other Interventions: Cost-Effectiveness Methods (cost focus)</b>				
	Methods for Comparing Transfer Modalities <i>Anne Valand (UN WFP)</i>	Benchmarking Cash vs. Nutritional Interventions <i>Andrew Zeitlin (Georgetown University)</i>	Impacts of Cash Transfers on School Attendance in Lebanon <i>Jacobus de Hoop (UNICEF)</i>	<i>Discussion</i>	
3:15 pm – 3:30 pm	Coffee Break				
3:30 pm – 4:45 pm	<b>Hard to Measure Costs</b>				
	Measuring Economic Costs of Transfer Programs <i>Lani Trenouth (REFANI)</i>	Estimating the Costs of Inaction in Humanitarian Response <i>Emily Atkinson (Save the Children UK)</i>	<i>Discussion</i>		
4:45 pm – 5:00 pm	Closing Remarks				

Tuesday April 10<sup>th</sup>, 2018

8:45 am – 9:00 am	Coffee				
9:00 am – 11:00 am	<b>Ensuring Efficiency of Humanitarian Programs: Cost-Efficiency Methods</b>				
	Common Errors in Reporting CTR Across Programs <i>Hannah Tappis (JHU/JHPIEGO)</i>	Cross-Modality Cost-Efficiency Metrics <i>Estuardo Pineda (Duke University) &amp; Ruco Van Der Merwe (USAID)</i>	SCAN Approach to Systematic Cost-Efficiency Measurement <i>Caitlin Tulloch (IRC)</i>	Cost-Efficiency Approaches <i>Chloe de Soye (ECHO)</i>	<i>Discussion</i>

11:00 am – 11:15 am	Coffee Break			
11:15 am – 12:30 pm	<b>Framing Next Steps</b>			
	Progress Against Grand Bargain Cash Commitments  <i>Daphne Jayasinghe (IRC) &amp; Katharina Hanifnia (DFID)</i>	Grand Bargain: Multipurpose Cash Outcome Measurement: Update and Next Steps  <i>Laura Meissner (USAID) &amp; Dina Brick (CRS)</i>	Grand Bargain: Scoping Study on Measuring Cash Programming  <i>Ruth McCormack (CaLP)</i>	Breakout Group Activity  <i>Ruco Van Der Merwe (USAID)</i>
12:30 pm – 1:30 pm	Lunch			
1:30 pm – 3:00 pm	<b>Next Steps Working Groups</b>			
	Breakout Group 1: Setting Underlying Conditions for VfM Analysis: Financial Reporting Systems	Breakout Group 2: Performance Management for Individual Projects: Routine M&E	Breakout Group 3: Filling Knowledge Gaps & Ensuring Uptake	
3:00 pm – 3:15 pm	Coffee Break			
3:15 pm - 5:00 pm	<b>Plenary Discussion, Feedback and Closing</b>			

### ANNEX 3: SESSION SUMMARIES

Link: [Session Summaries](#)