Using Evidence to Allocate Humanitarian Resources: Challenges and Opportunities

By Alice Obrecht
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Executive Summary

The growing trend of more complex and protracted humanitarian crises places new demands on the cost-effectiveness of humanitarian financing. Donor governments have always aimed to achieve as much as possible with their funding, but must now do so in conditions of increasing change and complexity, and often under greater scrutiny.

The Grand Bargain, one of the most significant outcomes of the World Humanitarian Summit, aims to make the humanitarian system more financially efficient and fit for purpose in a world dominated by protracted humanitarian crises. In addition to commitments for implementing agencies, many of the proposed reforms focus on humanitarian financing and donor processes.

These reforms will require donors to make changes both in their funding mechanisms and in how they allocate resources. Some donors are already making changes, motivated by the recognition that funding mechanisms designed for short-term responses to natural disasters are inadequate for meeting needs in protracted crises. This paper suggests that these reforms cannot be successfully achieved without paying attention to how donors gather, use and share evidence and information. Reliable data and evidence underpins the funding mechanisms and resource allocation methods needed for effective and efficient humanitarian assistance.

Challenges facing the sector

There are four common challenges donors face in seeking to use data and evidence in order to allocate resources in an effective and efficient manner.

1. Priorities are unclear, making it hard to know whether resources are allocated according to need and what kind of information is required for better decision-making.
2. There are gaps in data and analysis, and information is unevenly distributed.
3. It is costly to address these problems, and little is known about the best ways to share information efficiently.
4. Needs and operating contexts evolve over time, leading to quickly outdated information and a need to strike a balance between predictability and flexibility in funding mechanisms.

Borrowing ideas

In order to consider new ways to overcome these barriers, the paper suggests two ways to think about resource allocation using models from similar contexts outside the humanitarian sector: healthcare and the ‘charity evaluator’ approach to private philanthropy.

The health sector uses several measures to calculate and compare the cost-effectiveness of interventions. Drawing on these, donors could consider developing standard outcome measures, including those based on the perceptions of aid recipients, to compare different intervention types. Humanitarian donors might also consider adapting prioritisation principles used in the health sector to guide and justify their prioritisation of resources.

In philanthropic giving, charity evaluators invest in understanding the cost-effectiveness of different
interventions as well as in communicating these messages persuasively and clearly to a public audience. While this can result in a narrow focus, often excluding important considerations of context, charity evaluators’ development of concepts of expected value and marginal utility provide private donors with a rich approach to considering and comparing the impacts of different interventions.

Ways Forward

Drawing on ideas from the public health sector and charity evaluation, this paper suggests ways forward under the following four areas, all of which can be incorporated into ongoing efforts through the Grand Bargain and other reforms. The quality and use of data and evidence is in many ways a cross-cutting issue that will impact the success of many other areas of financial reform:

**Clarify priorities** and decision-making processes: Invite healthy discussion around tough trade-offs and clarify the different considerations relevant to resource allocation decisions.

**Invest in evidence**: Use evidence and research to identify the most effective interventions and their outcomes for affected people.

**Coordinate and consolidate current datasets, as well as approaches to information and evidence**: Use common measures and methods to support comparability of information and more efficient evidence-driven decision-making in donors at both country-wide and global levels.

**Adapt**: Identify approaches that support flexibility and the adaptation of a response to changes in an operating context over time.
1. Introduction

Humanitarian donors are under increasing pressure to allocate their funding efficiently and effectively. While funding for humanitarian action has risen in recent years, this rise is outmatched by the sharp increase of humanitarian need worldwide, leading to gaps in coverage. Humanitarian assistance is being stretched to cover more types of activities, for a greater number of people, over longer periods of time. (GHA 2015; ALNAP 2015; GHA 2016; Valente and Lasker 2015).

These issues have not gone unnoticed: recent aid reform processes have brought a renewed focus on humanitarian financing, both as part of a broader look at development financing in the Sustainable Development Goals (SDGs) and the 2030 Agenda, and as a key commitment area in the Agenda for Humanity, which was used as the organising framework for the World Humanitarian Summit (WHS). One of the most significant outcomes of the WHS, The Grand Bargain, focuses on achieving greater efficiencies across several levels of the humanitarian system. While it also includes commitments to how implementing agencies manage humanitarian programmes, many of the proposed reforms address humanitarian financing and donor processes.

Resource allocation is an important pillar of humanitarian financing. In order to best allocate limited resources to address global humanitarian need, donors require reliable and relevant information and evidence but often face significant challenges in obtaining and using them. These challenges need to be addressed in order to answer to question above and to support a more effective and efficient approach to humanitarian assistance.

The central resource allocation question for donors is: **How can we achieve the most humanitarian value with our limited resources?** Or, in more practical terms:

*Who is best placed to respond to what kind of needs, through which kind of aid, and through which kind of partners?* (ECHO, quoted in webinar transcript, ALNAP 2016)

As implementation of the Grand Bargain continues, and donors and implementing agencies explore ways to improve the ‘stretch’ of humanitarian financing (Mitchell 2015), a closer look at the processes of allocating humanitarian resources and their contributions to effective and efficient humanitarian assistance could help guide these reforms to ensure they support effective, efficient and evidence-driven decision-making on how humanitarian funding is spent.

This paper describes four main challenges faced in making decisions about humanitarian resource allocation and suggests potential ways forward by borrowing ideas from evidence-driven approaches to resource allocation from outside the humanitarian sector. Section 2 provides an overview of the common types of decision-making processes that donors currently use to allocate resources. Section 3 introduces four key challenges to evidence-driven resource allocation. To help humanitarian donors think more creatively about how they might address these, Section 4 describes two areas of thinking from outside the humanitarian sector, health resource allocation and private philanthropy evaluation. Section 5 suggests how these ideas could be incorporated into current reform efforts.
2. How do donors make decisions on resource allocation?

This section offers a generic description of the types of decision-making processes common to Good Humanitarian Donorship (GHD) donors.

The reader should bear in mind that there is limited publicly available information on these processes. This section offers a general description based on a review of selected reports, policies and evaluations, and does not reflect the processes of any specific donor. How donors make their decisions varies widely, and might not even manifest as a formal process, but rather a complex series of negotiations and discussions, of which a detailed understanding is beyond the scope of this paper.

The following sections describe the five main types of donor decision-making processes:

2.1. Policy/Multi-year strategy setting
2.2. Annual envelope allocation processes
2.3. Rapid-onset/rapid-response allocations
2.4. Operational/Country-based plans
2.5. Partnership agreements

Depending on the donor, these processes overlap and intersect in different ways.

2.1. Policy/Multi-year strategy setting

These types of decision-making processes provide a high-level overview of a donor’s values, goals and strategic interests, and are typically reviewed and revised between three to ten years, depending on the donor. Several donors outline their humanitarian strategies within broader development cooperation strategies, while others run completely separate processes to develop their humanitarian strategies.

Policies and multi-year strategies communicate the main aims that a donor seeks to achieve with its humanitarian funding. The most common stated objective in these documents is meeting humanitarian need, and for most OECD-DAC donors ‘allocation according to need’ is their main goal (Darlymple and Smith 2015: 3). Donors also commonly list other aims in these documents, for example support for local humanitarian action, support to the functioning of the international humanitarian system (typically expressed as a commitment to coordination mechanisms and core funding of UN agencies), upholding human rights, support for peacebuilding or post-conflict reconstruction and building links to development.

2.2. Annual envelope allocation processes

Humanitarian donors typically undertake an annual budgeting exercise, which is usually determined through domestic legislative budgeting processes. There are broadly three factors that donors consider in making annual allocations: geographical, across regions or countries; organisational, across different implementing agencies; and thematic, across sectors, priority issues or types of programme. Recent studies on donor decision-making have referred to these as ‘where’, ‘who’ and ‘what’ considerations (Darlymple and Smith 2015; De Geoffroy...
et al. 2015). Most donors first consider the allocation of their funds geographically, while a few begin by considering ‘who’ to fund based on existing partnership agreements (Darlymple and Smith 2015).

In publically available donor decision-making frameworks, very different criteria are used to guide decisions on ‘where’ to allocate. These may include whether there is a prior relationship with the country in crisis, the capacities of local government, the level of media attention and whether needs have reached defined ‘humanitarian’ thresholds.

Decisions regarding ‘what’ to fund in annual budget allocations arise in three main ways. The most common arrangement is that programmatic allocations follow the geographical allocations. In other words, funding is tagged for an individual country, and then tagged for specific types of programmes or sectors within that country. In some cases, ‘what’ to fund takes place at country level, as set out in Operational/Country-based plans (see more below). Several donors, particularly smaller ones, use the activities outlined in Humanitarian Response Plans (HRPs) and Strategic Response Plans (SRPs) to determine what they will fund in a particular country.

In a second type of process, thematic considerations can in some cases direct geographical allocations, based on the type of humanitarian need associated with these programmes. For example, donors may express a high-level (policy or strategic) commitment to a particular humanitarian sector, such as protection, food security, or WASH. Certain countries or crises are then evaluated on the basis of whether assessments indicate the presence of needs that fall within the donor’s strategic priorities. If a donor prioritises interventions related to food security, then countries where affected people are vulnerable to food insecurity may be prioritised over others. In this way, the ‘what’ decisions can in some cases shape the allocation decisions on ‘where’ to fund.

Finally, thematic allocations can be directed globally, either through delegation to the Central Emergency Response Fund (CERF), which then makes geographical and thematic decisions on donors’ behalf; or through a donor’s consideration of evidence of ‘what works’ in meeting humanitarian need. Support for cash-based programmes is an example of allocating according to a particular type of intervention, based on evidence of its efficacy in multiple humanitarian contexts. Ministerial or legislative policy commitments to certain issues, such as gender equality or resilience, can also play a role in identifying global preferences for certain types of programme.

2.3. Partnership agreements

These are the processes by which donors identify, vet and formalise their relationships with implementing agencies in order to support funding them. A significant decision in partnership agreements is whether a donor should offer core or bilateral grant funding. While core funding allows for greater flexibility for the implementing agency, grant funding visibly shows how a donor’s contribution has been spent and enhances accountability for the tangible outcomes it has achieved. Some donors use partnership agreements to preposition funding, allowing for more timely responses in emergencies. However, managing partnership agreements places significant demands on donor staff and several donor evaluations highlight that these demands can limit donors’ ability to manage a wide range of partnerships or hold partners accountable for demonstrating results (Ernst, Sutton and Brown 2014; Mowjee et al. 2016).
2.4. Operational/Country-based planning

These are country-specific and detailed funding plans, typically created in consultation with in-country donor staff; several donors connect or base their country plans on the HRPs (formerly SRPs) developed by the Humanitarian Country Teams. Some donors rely on their own in-country data-collection processes to understand the distribution and nature of humanitarian need. For some donors, this investment in in-country data collection and analysis is driven by concerns with the accuracy of UN-led country HRPs (Taylor et al. 2017; Darcy et al. 2013; Baker and Salway 2016).

Where operational or country-based plans are multi-year, it is a priority to honour these commitments when donors determine their annual allocations. Although some donors wish to move to more multi-year financing in particular countries, many have had to seek work-arounds to do this, as their budgets are fixed on an annual basis due to legislative or constitutional reasons and so are difficult to change.

2.5. Rapid-onset/rapid-response allocations

Many donors have a dedicated facility that enables a quick release of funding to existing or approved partners. For some donors, this is triggered by their own analysis of a crisis; for others, partners may request special funding for emergencies (De Geoffroy et al. 2015). Some donors determine their rapid-response allocations to approved partners at the beginning of the financial year, allowing them to use the funds as they see fit and report to the donor as they are being used.

Donors use a range of criteria to trigger a rapid-response allocation (see Annex I, for example, for DFID’s Intervention Framework). In some cases, these criteria are used to indicate the threshold for humanitarian response, such as:

- Number of deaths in a given period of time or relative to the broader population (e.g. >100 deaths per day; >100 deaths per 10,000)
- Pre-crisis vulnerability/poverty levels
- Whether in-country emergency capacities have been overwhelmed (the main indicator being whether the crisis-affected state has requested international assistance)

2.6. Information and evidence needs across donor decision-making processes

This brief portrait of donor decision-making reveals that the general question of how best to allocate resources for humanitarian purposes is broken down in practice into more specific questions about who, what, where, how, and when to provide humanitarian funding. Table 1 (page 10) provides a list of these questions, and where they typically arise across the five sets of decision-making processes. Each of these questions will arise institutionally in different ways for each humanitarian donor. They can be engaged with explicitly through formal processes or implicitly in informal negotiations, depending on the donor. The final column lists the name of one of four challenges that donors typically face in answering this question. These four challenges are described in the following section.
### Table 1: Resource allocation questions and where these arise across decision-making processes

<table>
<thead>
<tr>
<th>Type of decision faced by donors</th>
<th>Question</th>
<th>Type of decision-making process</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>Where</td>
<td>Where are needs greatest? (Which country, which population)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Info &amp; Evidence gaps; Prioritisation problems; Continuous change</td>
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<td></td>
<td></td>
<td>Annual envelope allocation</td>
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<td></td>
<td></td>
<td>Operational/country-based planning</td>
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<td>Partnership agreements</td>
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<td></td>
<td>Rapid onset/rapid response mechanisms</td>
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<tr>
<td></td>
<td>Where can we make the best contribution to reducing or mitigating humanitarian need? (Which country, which population, taking into account donor capacity and other donor behaviour)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Info &amp; Evidence gaps; Mechanism costs; Continuous change</td>
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<td></td>
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<td>Annual envelope allocation</td>
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<td></td>
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<td>Operational/country-based planning</td>
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<td>Partnership agreements</td>
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<td></td>
<td></td>
<td>Rapid onset/rapid response mechanisms</td>
<td></td>
</tr>
<tr>
<td>What</td>
<td>What works? (What sectors or intervention modalities work well, generally)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Info &amp; Evidence gaps; Uneven information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual envelope allocation</td>
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<tr>
<td></td>
<td></td>
<td>Operational/country-based planning</td>
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<td>Partnership agreements</td>
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<td></td>
<td></td>
<td>Rapid onset/rapid response mechanisms</td>
<td></td>
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<tr>
<td></td>
<td>Will this work here, in this context, in this point in time? (What is the best intervention modality for this crisis this month/year?)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Info &amp; Evidence gaps; Continuous change</td>
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<td>Annual envelope allocation</td>
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<td>Operational/country-based planning</td>
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<td></td>
<td></td>
<td>Rapid onset/rapid response mechanisms</td>
<td></td>
</tr>
<tr>
<td>Who</td>
<td>Who works well? (Which international agencies? International or local?)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Info &amp; Evidence gaps</td>
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<td>Annual envelope allocation</td>
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<td>Operational/country-based planning</td>
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<td></td>
<td>Rapid onset/rapid response mechanisms</td>
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<td></td>
<td>Which populations do we target? (Identifying the ‘worst off’, setting thresholds)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Prioritisation problems</td>
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<td>Annual envelope allocation</td>
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<td>Partnership agreements</td>
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<td></td>
<td></td>
<td>Rapid onset/rapid response mechanisms</td>
<td></td>
</tr>
<tr>
<td>How</td>
<td>Which funding mechanisms are most cost-effective? (earmarked vs. core funding; bilateral vs. pooled; multi-year vs. annual)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Mechanism costs</td>
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<td>Annual envelope allocation</td>
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<td></td>
<td>Rapid onset/rapid response mechanisms</td>
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<tr>
<td>When</td>
<td>What is the most appropriate balance between meeting current needs and preventing or mitigating future humanitarian needs? (early action/prevention/resilience balanced against humanitarian response to current need)</td>
<td>Policy/ Multi-year Strategy</td>
<td>Prioritisation problems; Continuous change</td>
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2.7. Killer assumption? A note on path dependency

Across these decision-making processes, there will be varying degrees of ‘path dependency’ for humanitarian donor staff. Path dependency refers to the idea that ‘most decisions appear to be made within quite tight parameters: the range of options being limited by previously decided questions about strategic priorities, available resources, and so on’ (Darcy et al. 2013). Much of the broader literature on humanitarian decision-making has highlighted its path dependency and noted this as a distinct challenge to evidence- or data-driven decision-making (ibid; Knox-Clarke and Darcy 2013). If options are based on prior decisions or commitments, this seems to leave little, if any, room for evidence and data to influence decisions.

This paper assumes that, whatever the level of path dependency in donor institutions for deciding how to allocate resources, there is a wish to see that these decisions are informed by the best possible evidence and data. While recognising that none of the above processes takes place in a vacuum or purely on the basis of evidence, the aim here is to understand what, other than path dependency, can serve as a barrier to evidence- and data-driven resource allocation and what lessons can be learned from outside the humanitarian sector to address these constraints.

3. Four key challenges to data- and evidence-driven humanitarian resource allocation

Donors need information and evidence to answer the questions that arise across their resource allocation processes (see Table 1 (page 10)). Information refers here to descriptive data about the world: for example, how many donors are funding a particular crisis, or how many people are in need in a given crisis. Information becomes evidence when it is applied to a particular question or claim. Specifically, evidence is ‘information which helps to demonstrate the truth or falsehood of a given hypothesis or proposition’ (Knox-Clarke and Darcy 2013: 11). Decisions on resource allocation are based on conclusions that donors draw about a variety of factors, such as the geographical spread of need, or the effectiveness of a programme. To paraphrase from the world of evidence-based policy, evidence for a conclusion is a piece of information that is accurate and which supports a good argument in favour of the conclusion (Cartwright and Hardie 2012: 18).

While evidence is important for allocating resources, it is not the only consideration for donors. The global humanitarian caseload is too large for any single donor to address, and therefore every donor needs to find ways to prioritise within that caseload. Foreign policy and other political factors often play a role in this prioritisation, to some degree of criticism (ALNAP 2015; Darlymple and Smith 2015). Less discussed are the value judgements that donors make when prioritising to achieve the greatest reduction in suffering with their funding. These value judgements are inherent to any endeavour to save and protect human life when demand outweighs supply. A donor’s value judgements establish the frame through which they seek out information and evidence: high-level objectives and commitments become the foundation for the questions a donor will need answered in order to achieve these objectives.

This section therefore begins with values, outlining the prioritisation problems that exist in current donor resource allocation processes. The remaining three challenges look at the barriers to getting and using the right information and evidence for achieving these values.
3.1. Challenge 1: Priorities are unclear

Humanitarian donors seek to achieve multiple aims with their resources, which often means their resources are outstripped by the number of good available options for funding. This requires priority-setting, and articulating which values are of most importance to a humanitarian donor. The most significant area where prioritisation problems arise for humanitarian donors is in addressing humanitarian need.

Prioritising according to need

While many donor policies state a commitment to allocating funding according to humanitarian need, it is not clear what this means in practice. Humanitarian need is multi-faceted and no donor alone can tackle the entire humanitarian caseload. Donors must therefore prioritise, either by selecting certain aspects of humanitarian need, or certain crises or populations to target, or certain partners who can carry out this prioritisation on their behalf. However, few explicitly outline how this prioritisation occurs.

Similarly, while some donors commit to a principle of ‘equity’ in allocating resources, this is often only generally defined as ‘ensuring that benefits are distributed fairly’, but the critical concept of ‘fair distribution’ is often left undefined. The principle of humanity directs humanitarian assistance to those in greatest need, regardless of sex, ethnicity, nationality or religion. However, many donors now recognise that certain population groups may be more vulnerable than others precisely because of their demographic characteristics, in particular sex, disability or age, and they therefore seek to focus on these specific populations in their funding.

This warrants reflection on what allocating according to need really means. For example, how might donors weigh achieving the greatest reduction of overall needs against meeting the needs of the hardest-to-reach populations, who can often be costlier to assist? How might a donor, which cares both about life-saving humanitarian assistance and reducing the need for this assistance over the long term, find an appropriate balance between these two aims? Despite calls for exploring this further (Willitts-King 2007; Poole 2010), humanitarian research and literature has yet to focus on the different ways to understand needs-based allocation. Several evaluations and studies have highlighted how this lack of explicit discussion of equitable resource allocation can hamper donors’ effective and efficient decision-making, leaving decisions on ‘where’ to fund vulnerable to biases and inconsistent application by staff (Willitts-King 2007; De Geoffroy et al. 2015).

Prioritising among high-level objectives and values from policies and strategies

If humanitarian need were the only high-level value donors used, resource allocation would still be an enormous decision-making task with significant information needs. However, as described above, donors also have other high-level objectives in their humanitarian policies and multi-year strategies. Donors have identified support for coordination and the professionalisation of humanitarian actors, enhancing the participation and dignity of affected populations, and supporting reconstruction and rehabilitation efforts, alongside direct humanitarian relief as key objectives. Evaluations of donor humanitarian assistance has noted that these strategic and policy-level objectives do not reliably inform funding decisions (Mowjee and Randel 2010), potentially because there are too many of them and not enough support to staff on allocating resources across them (Mowjee et al. 2015).
The lack of clarity on how different decision criteria are used and weighed against one another is also reflected in the research on this topic. Current research on donor decision-making often presents their decision criteria as a list without weighting or hierarchy assigned to certain criteria over others (Mowjee and Poole 2014). This research also suggests that greater clarity on decision-making models for resource allocation could help improve the quality of these decisions (Olin and Shreeb 2014; Willitts-King 2007a, 2007b; Darlymple and Smith 2015; De Geoffroy et al. 2015).

Box 1: Clarifying the principles that support needs-based resource allocation

At a general level, allocating according to need has two distinct interpretations:

• Meet or reduce the greatest amount of need overall
• Meet or reduce the needs of the ‘worst off’

These two considerations can be complementary and pursued together, but there will also be cases that present trade-offs (WHO 2014). For example, meeting the needs of the most vulnerable is often more expensive, leading to fewer individuals being served overall, which in some cases can result in less need being met overall.

There are also at least three different ways to think about the ‘worst off’:

• **Country:** Which countries have the ‘worst’ crises? This leads to a crisis-sensitive prioritisation, in which certain crises are prioritised over others. Current donor approaches that fall within this category use a range of criteria to identify the crisis posing the greatest need, including the number of people affected by crisis; the severity of crisis; and the gap between need and current funding (forgotten crises).

• **Population/demographic:** Which populations or persons are the ‘worst off’? This approach tends to be more common among implementing agencies, which are responsible for carrying out needs assessments in a crisis and identifying beneficiaries. In some cases donors attempt to allocate to the ‘worst off’ by focusing on those who are widely believed to be more vulnerable, such as women and children, people with disabilities, and the elderly.

• **Type of need/sector:** Certain sectors, such as food security and nutrition, are prioritised by donors, as they are seen as being critical, life-saving activities.

A further important issue humanitarian donors face is how to prioritise needs over time. Several donors express a concern to build resilience, which aims to reduce overall needs over the long term. Yet this concern is often outweighed by the seemingly more pressing concern of immediate life-saving and life-preserving needs. (Taylor et al. 2017)

This issue has less to do with weighing different types of needs and more to do with a separate consideration for **urgency** held by many humanitarian donors and implementing agencies. The tension between resilience and short-term life-saving needs is not a tension between two different types of need, but reflects the weight given to time-sensitivity or urgency in determining which types of activities to pursue in meeting humanitarian need over time.

An approach that gives weight to urgency will tend to favour immediate and conventional humanitarian activities; an approach that places less weight on urgency will allow for more preventive or capacity-building activities that reduce future needs.
This does not mean that donor decision-making should be or aspire to be a mechanistic process: judgements will always need to take into account context-specific and time-relevant factors that cannot be fully prescribed in a matrix or framework. Having a clearer sense of which criteria are most important to a donor can, however, be beneficial in three ways:

• It can communicate, internally and externally, a donor’s priorities and funding tendencies
• It can help donors prioritise their evidence and data needs
• It can serve as a so-called ‘discursive’ strategy for challenging path dependency (Sydow et al. 2005) by uncovering underlying assumptions and mindsets and allowing decision-makers to reflect on their value and on potential alternatives or changes they would like to make to their priorities
3.2. Challenge 2: There are gaps in data and analysis, and information is unevenly distributed

Donors’ evidence needs generally fall into two categories: information about the humanitarian situation and information about the humanitarian response (Knox-Clarke and Darcy 2013). In the first category, donors require information about the needs and preferences of affected people, the geographic spread of need, risk profiles for different crisis drivers, and many factors relating to context, including existing structures and capacities, cultural practices and political dynamics. In the second category, donors need to consider the capacities and track records of implementing partners, as well as inputs/costs going into the response and the comparative efficacy of different programmes or sectors. They also must consider the contributions and efforts of other actors – in particular other donors – in order to minimise duplication. They also need information on the outcomes or effectiveness of specific programmes on the ground. Whereas evidence of efficacy demonstrates that an intervention can work in an idealised setting, or on average across many settings, effectiveness refers to what a programme achieves in a specific environment.

Table 2. Information and analysis donors need for resource allocation

<table>
<thead>
<tr>
<th>Information about the humanitarian response</th>
<th>Information about the operating environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Inputs</td>
<td>• Political and social dynamics, context analysis</td>
</tr>
<tr>
<td>• Costs</td>
<td>• Needs and preferences of affected populations</td>
</tr>
<tr>
<td>• Programme efficacy</td>
<td>• Demographics of affected populations</td>
</tr>
<tr>
<td>• Partner capacity</td>
<td>• Expected duration of need</td>
</tr>
<tr>
<td>• The contributions of other actors, including other donors</td>
<td>• Geographical spread of need</td>
</tr>
<tr>
<td>• Outcomes/ Programme Effectiveness</td>
<td>• Risk profile for crisis drivers</td>
</tr>
</tbody>
</table>

Information and analysis gaps exist across all of these information needs. In some cases, the information does not exist at all because it is not being collected; in other cases the information exists but is unevenly distributed, with certain actors having greater access to data and analysis than others.

This section focuses on two gaps in information about the humanitarian response that are important for donor resource allocation: programme efficacy and the comparisons of costs against outcomes (cost-effectiveness analysis). It then discusses cases where information is unevenly distributed.

There is insufficient evidence of programme efficacy

For decades, there has not been sufficient performance data to allow the comparison of different humanitarian response activities or intervention types (Ramalingam et al. 2015). While there is now greater attention to programme efficacy, much of this effort has focused on the health sector or on cash-based programming (Evidence Aid; Bailey and Harvey 2015). Recent attempts to apply evidence synthesis methods to the humanitarian sector have found significant gaps in the evidence base for programme effectiveness (HEP; Krystalli 2017). Similar to the push for research in cash-based programming, other studies comparing
the efficacy of different response types or activities have come primarily from the innovation space in the humanitarian system, where innovators have aimed to demonstrate comparative advantage for their innovation in order to achieve uptake (Obrecht 2015; Obrecht and Warner 2016). In general, however, data on programme performance remains sparse, of low quality, and often not comparable across projects or organisations, let alone countries.

One explanation for the lack of sufficient evidence on programme efficacy in humanitarian assistance is that the nature of humanitarian aid inhibits the use of the methods needed to understand efficacy (Knox-Clarke and Darcy 2013). It can be extremely difficult to make ‘before and after’ comparisons of the same individuals receiving humanitarian assistance, due both to the transience of such individuals as well as to the lack of time available for collecting quality baseline data in an emergency. There are also ethical questions regarding the use of quasi-experimental or experimental approaches, which offer strong evidence of efficacy but are difficult to implement in humanitarian settings. More fundamentally, humanitarian agencies have paid too little attention to measuring outcomes – the tangible effects of their activities on the wellbeing of affected people – as opposed to outputs, activities or other inputs (Pongracz et al. 2016).

Donor staff can play an important role in encouraging greater attention to outcome measurement. While donors may be showing increasing interest in understanding the outcomes of humanitarian assistance (UN 2016; Grand Bargain 2016), they have not consistently required reporting or evaluations at the outcome level in the programmes they fund (Mowjee and Randel 2010), and few implementing agencies collect such data on their own initiative. One reason why donors seldom require or use outcome reporting is that staff lack the resources to regularly monitor and request follow-up data on programme outcomes across all funded programmes (ibid).

**There is insufficient data for good cost-effectiveness analysis**

Related problems arise around cost-effectiveness analysis. There are different interpretations and definitions of cost effectiveness in the humanitarian sector, which can be a barrier to the cross-comparison of data (Renard and Lister 2013). Similar difficulties plague cost-effectiveness studies in development aid (Dhaliwal et al. 2011), but these are even more pronounced in the humanitarian aid system. Donors often use cost-effectiveness and cost-efficiency differently, which is why ‘value for money’ can be a useful umbrella term to capture these various yet related concerns, although its definition is also often debated (Baker et al. 2013).

Despite the different interpretations of value for money, four main components can be identified:

- Costs
- Unit of interest (the ‘value’ or ‘effectiveness’ measure)
- Risk/Certainty
- Scope

There are significant information gaps in each of these four components in the humanitarian sector.

At the simplest level, cost-effectiveness has two components: costs, and a **unit for which costs are calculated (the ‘value’ measure)**. The DFID Value for Money chain offers a clear and widely referenced model for understanding these two components.
All cost-effectiveness measures are a cost per unit of value, so the central question is ‘unit of what?’ For the most part, humanitarian actors have identified the unit of interest with activities or outputs (mainly the latter), providing data on the amount of funding used per activity undertaken, number of affected people reached, or food kits distributed. Activity-based costing is rarely done and considered cumbersome for reporting agencies (Stoddard and Willitts-King 2014; ICVA 2016), let alone applying cost analysis further down the results chain to the wider outcomes achieved through humanitarian assistance.

The other two components of cost-effectiveness introduce further complexity to these measures. The first is risk or certainty: getting cost-per-outcome measures after an intervention as a form of accountability is one matter, but ideally donors would have this data to hand as they decide which partners or projects to fund in a particular context. Cost-per-outcome measures are not static and will be different both across context and within a context as it changes over time. They therefore must include some consideration of risk or certainty. In the fields of economics and public policy, these are sometimes referred to as ‘expected values’. Calculating expected values requires significantly more data on cost-per-outcome across different operational settings than currently exists.

The final component of cost-effectiveness is scope, which refers to how much is included when calculating costs. For example, if a donor wants to compare the cost-per-output of providing food aid through an international humanitarian agency in a particular country with doing so through a local NGO, it would want information on the cost of the food package and the delivery costs, including staff costs, fuel, etc. Extending the scope, the donor might then consider the mechanisms used to fund each actor, including the donor’s own internal operational costs for supporting different types of partners. What, for example, are the respective costs to the donor of funding a local NGO through a pooled country fund, compared to an international agency through a bilateral partnership agreement? At an even broader level, one can compare the cost-effectiveness of two donors with respect to a single crisis: who already has the historical or diplomatic ties, or technical expertise, to most
effectively support an intervention in this setting?

There are currently little means for creating and using cost-effectiveness figures that incorporate these complex issues of scope and risk beyond a single intervention or country-based implementation. Identifying workable and useful methods for cost-effectiveness analysis requires a deep knowledge of donors’ specific decision-making processes and priorities (Pongracz et al. 2016). So, while individually commissioned work on cost-effectiveness can make useful recommendations to particular donors, it has been far harder to provide more general and sector-wide guidance on cost-effectiveness. This impedes efforts to improve system-wide efficiency through initiatives such as the Grand Bargain, as there is no basis upon which to assess overall cost-effectiveness. Addressing these issues, as well as the critical issues regarding the lack of accurate cost-per-outcome measures, may require donors to adopt a collective, or at least more coordinated, approach to measurement.

**Information is unevenly distributed**

In addition to information gaps, there are also cases where some actors have information that is important for effective provision of aid, but others do not. When information is unevenly distributed, this can be due to weak incentives or processes for sharing it, or to situations where actors are incentivised to provide inaccurate information. Uneven information can exist between donors and implementing agencies, or across donor agencies.

**Uneven information between donors and implementing agencies**

A key example of uneven information between donors and the agencies they fund lies in needs assessments. All humanitarian actors aim to ensure that humanitarian assistance is based on need. This requires accurate information on the types and distribution of humanitarian need in a given crisis and, ideally, having this information for all humanitarian crises so that there is a global picture of humanitarian need. Data on needs has traditionally been provided through needs assessments carried out by implementing agencies, but these are underused by donors (Darcy and Hoffman 2003; De Geoffroy et al. 2015). This is due to two concerns by donor decision-makers: one regarding the incentives for accurate data collection and the other regarding the capabilities and methodologies available.

In principle, implementing agencies are in a good position to understand the needs of affected people: as the parties responsible for delivering humanitarian assistance, implementing agencies have proximity as well as a need to understand what humanitarian needs are present in a crisis, so that they can design an appropriate response. Yet there is a persistent worry that implementing agencies have incentives to misreport needs by providing overinflated numbers (OCHA 2015b; World Humanitarian Summit Secretariat 2015). Much of this concern has been expressed in relation to HPRs, which are viewed as not sufficiently ‘strategic’ and used more for fundraising than as a planning tool based on an accurate and comprehensive mapping of need (Darcy et al. 2013; Taylor et al. 2017). Needs assessments based on available supply does not provide good evidence for a donor on what the needs are, or help inform an understanding of what the most context-effective approach would be.

A further reason cited for the underuse of needs assessments in donor decision-making is that assessments are done poorly due to a lack of adequate tools, training, and surveying capabilities in the humanitarian system. In recent years, many of these gaps have been addressed, including through the establishment of the IASC Task
Team on needs assessment and the emergence of several independent organisations working on strengthening the quality of the methodologies used in needs assessments. However, needs assessment methodologies remain inconsistently applied, affecting the quality and comparability of data (Darcy and Knox-Clarke 2013; ADE and Humanitarian Futures Programme 2014).

**Uneven information across donors**

Donors also lack strong mechanisms to share information with each other. While some donor data is shared – such as partner assessments (DFID’s Multilateral Agency Review) or needs and vulnerability (ECHO’s INFORM database) – there can also be duplication of efforts to gather and analyse information. For example, several donors rely on their country-based offices to carry out situational and context analysis (Darlymple and Smith 2015; De Geoffroy et al. 2015); if carried out without strong in-country coordination, these processes can be duplicative and waste resources.

Better sharing of information and analysis could also improve the use of evidence by smaller donors and others that have no in-country presence. Such donors lack the internal resources to gather and analyse data and often rely on pooled funding mechanisms and country-level planning processes to inform their resource allocation.

### 3.3. Challenge 3: It is costly to address information gaps and uneven information

Gaps and unevenness in information and evidence are direct challenges to donors aiming to rely on more evidence- and data-driven resource allocation. A less frequently acknowledged challenge is that of cost. Even if we can assume that access to better quality data and analysis will lead to more effective resource allocation (itself a big assumption), it is not clear what approach to generating, collecting, analysing and sharing information and evidence is the most cost-effective to achieve this.

When information is unevenly distributed, donors have generally attempted to address this with somewhat costly mechanisms – such as creating duplicate context analyses, or placing intensive reporting requirements on implementing agencies – which in turn can render humanitarian financing less efficient. When poorly designed, such mechanisms are analogous to using 500 gallons of water to recycle a single container of yogurt: they create inefficiencies that are self-defeating.

There is little point in using information and evidence to make better resource allocation decisions if the processes for collecting and using information and evidence are themselves highly resource intensive or wasteful. Improving quality and access to evidence and data for resource allocation will lead to improved humanitarian assistance only if the mechanisms through which they are used are themselves efficient and well designed.

Donors have tended to take two approaches to resource allocation decisions, which lead to different mechanisms (and different challenges) for efficiently collecting and using evidence: **direct decision-making** and **delegated decision-making**.

#### Method 1: Evidence-collection mechanisms to support direct decision-making

When donors directly use evidence and data to make resource allocation decisions, they obtain this through five main ways:

- Reporting mechanisms used to generate reports and evidence from agencies
• Direct data collection (donors at country or HQ level collecting and analysing their own data)
• Independent evaluations and other gray literature
• Impact evaluations and peer-review literature
• Use of secondary data/analysis from other sources, such as public databases like the INFORM database

All of these require significant resourcing, with reporting mechanisms and direct collection of data potentially being the costliest.

Reporting mechanisms require a significant demand on the resources of implementing agencies (ICVA 2016). Less discussed, but also important, are the resource demands that reporting mechanisms place on donors. For example, while humanitarian donors show increasing interest in reporting on the outcomes of humanitarian assistance (UN 2016; Grand Bargain 2016), donor evaluations have found that donor staff are often overstretched and do not have time to adequately review outcome reporting by implementing agencies (Mowjee and Randel 2010).

In recent years, several donors have moved towards direct data collection. In general, these additional information and analysis processes are ‘cumbersome to produce and maintain for a single agency’ (De Geoffroy et al. 2015: 16). When these efforts are duplicated, the overall humanitarian system is less efficient.

However, establishing publicly available, donor-maintained inventories and databases has been viewed as valuable. For example, ECHO’s INFORM database is cited in multiple evaluations and interviews as a regular source for other donors, especially smaller donors, in their analysis and decision-making. The question in these cases is whether it is most cost-effective and feasible for a single donor to provide what is essentially a public good for other humanitarian donors and decision-makers.

Independent evaluations are another important source of information for donors as they can provide evidence of what has or has not worked well in previous responses. Evaluations are also prone to duplication and waste of resources, however. Donors may find it more cost-effective to fund joint evaluations, as well as pooling their funds to support more expensive but useful methodologies such as quasi-control trials or longitudinal mixed-method studies.

**Method 2: Delegated decision-making**

Delegated decision-making occurs when donors delegate particular decisions on resource allocation, e.g. which projects or response designs to implement, to other actors. This happens in:

a. Collective planning/funding mechanisms such as pooled funds, HRPs,

b. Partnership agreements in which decision-making is delegated to the partner (unearmarked funds; pre-positioning/pre-approval for rapid response)

Delegated decision-making involves some degree of trust: in the case of collective funding mechanisms, donors must be able to trust the quality of their planning and decision-making processes; in the case of partnership agreements, donors place their trust in specific partners. There are challenges to each of these approaches to delegated decision-making.

In terms of collective funding mechanisms, there are two main pooled funds managed by OCHA which are used by humanitarian donors. The Central Emergency Response Fund (CERF) operates at a global level and
disburses funds through two channels: one for rapid response and one for underfunded crises. At country level, Emergency Response Funds (ERFs) and Common Humanitarian Funds (CHFs) have been merged into a single mechanism, Country-Based Pooled Funds (CBPF), which disperses a pot of funding to actors in-country in alignment with the HRP. There are also NGO-managed pooled funds, such as the START Fund.

In general, evaluations and reviews of pooled funding mechanisms have been positive, with reported efficiency gains in the process of applying for and rapidly disbursing humanitarian assistance. A study of the effects of CERF allocations on donor decision-making found that ‘six out of the 13 donors stated that they use the CERF to provide at least some funding to crises they would not fund otherwise. This reinforces the finding of the GHD study that, for 15 GHD donors, the CERF was a key way to ensure at least a minimum level of funding to forgotten crises’ (Mowjee and Poole 2014: 10). The allocation process for CBPFs has also been praised for its transparency and greater inclusion of actors at country level, resulting in more funding of national actors (OCHA 2011; Taylor 2014; Poole 2015).

However, there are two issues of concern arising from collective, often country-based, funding mechanisms as a way to delegate resource allocation decisions.

First, it is not clear that the resource allocation processes used by country-based pooled funds are sufficiently informed by accurate data on needs and relevant evidence of effectiveness. Pooled fund allocations are based on in-country HRPs, which, as noted above, some donors have regarded with scepticism due to their strong reliance on negotiation among implementing agencies rather than a more objective understanding of needs, contextual factors and best forms of response. The five-year evaluation of the CERF noted that ‘an enduring operational weakness is the CERF’s dependence on agencies’ internal assessments, whose processes and methodologies may differ between agencies, countries and clusters’. Moreover, CERF processes can vary widely between different countries for the same windows of funding, sometimes due to arbitrary factors such as the effectiveness of humanitarian leadership of the HCT (OCHA 2011: 28). It is also unclear whether delegation to country-based funds actually reduces donors’ administrative costs (Taylor 2014).

For partnership agreements, there are fewer concerns about the quality of decision-making that takes place in the organisation to which donors are delegating. In the literature review and the interviews carried out for this paper, partnership agreements between donors and implementing agencies were considered to be a strong form of delegated decision-making, due to the trust and historical relationships built through ‘proven’ effectiveness in the partner organisation. However, such relationships take time to build, and donors cannot sustain the same quality of partnership with a large number of agencies.

3.4. Challenge 4: Crises change over time

A fourth challenge facing humanitarian donors is related to time. Crises are not static. Situations evolve, threats emerge and decline, and populations move into, out of, and back into, crisis. While humanitarian action has always taken place in quickly changing environments, there is an increasing consensus (Valente and Lasker 2015; Mercy Corps and IRC 2016) that humanitarian action needs to be better equipped for continuous change, particularly evidenced in three types of context:

- **Slow-onset disasters**: Requires transition from development activities towards mitigating and preventing risk, as well as investment in early response, and transition back to longer-term development once the risk of slow-onset disaster is sufficiently mitigated.
• **High risk of recurrent, fast-onset, high-impact disasters:** Requires appropriate investments in disaster preparedness and transitions to emergency response, recovery and rehabilitation.

• **‘Complex’ or protracted emergencies:** The average length of a humanitarian appeal is now seven years (Valente and Lasker 2015) and protracted crises account for most (89% in 2014) humanitarian assistance from OECD-DAC donors (GHA 2015). In these crises, humanitarian actors must monitor multiple risks – e.g. sometimes conflict, fast-onset, and slow-onset all in one country), and adjust humanitarian response on the basis of the rise and fall of humanitarian need. Since immediate humanitarian needs are often constant in these contexts, there is also a need to find the appropriate balance between longer-term risk-reduction and resilience activities and shorter-term life-saving assistance (Taylor et al. 2017).

Continuous change poses a challenge to donor resource allocation, as information that is used to inform decisions can quickly become outdated. Path dependency (see Section 2. How do donors make decisions on resource allocation?) and the cycles for annual donor allocations work in favour of maintaining, rather than addressing, information gaps on how contexts and crises are changing. As a result, global allocations ‘can be quite disconnected from field realities’ and ‘the length and timing of the global allocation process can limit the availability and use of a relevant evidence base’ (De Geoffroy et al. 2015:13).

To address this, and build better flexibility into the humanitarian funding architecture, donors are either developing new funding mechanisms or are reforming existing mechanisms. Two issues arise from these strategies.

The first is a tension between predictability and flexibility. There have been repeated calls for humanitarian agencies to find new ways of working in protracted crises (UN 2016; Valente and Lasker 2015). In order to operate in a context-appropriate manner, humanitarian agencies require long-term funding that reflects the reality of their longer-term presence and enables better planning through reliable and predictable funding. This view has led to a demand for multi-year funding mechanisms and to the transition towards multi-year HRPs and SRPs. However, in order to make a context-appropriate response, humanitarian agencies must also be sensitive to the reality that contexts change over time. This requires them to adapt existing plans. At present, it is unclear whether the mechanisms providing more predictable funding will also enable greater flexibility and adaptation, and how, or whether predictable funding and flexible funding will require trade-offs.

A second issue concerns the abilities of implementing agencies to capitalise on the opportunities offered by new, more flexible, funding mechanisms. One promise of these mechanisms is that they can operate as a new form of delegated decision-making (Section 3.3), reducing the information and evidence burden on donors by leaving decisions on resource allocation and programming to implementing agencies who analyse the context and adapt their plans to fit the context as it evolves. For this to work, however, implementing agencies must in a position to undertake flexible programming. While adaptive approaches to programming and management have gained wide interest in the development sector (Green 2015; Ramalingam 2015; Valters et al. 2016; Andrews et al. 2012), their adoption in the humanitarian sector remains limited (Mercy Corps 2015; Mercy Corps and IRC 2016). A case-based review of adaptive management and programming in humanitarian settings (ibid.) found that, while funding mechanisms can significantly inhibit or support adaptiveness, there are also several factors relating to how implementing agencies collect and analyse data, and structure their decision-making and internal teams, which can inhibit their ability to adapt to context as it changes over time.
4. Approaches to resource allocation outside the humanitarian sector

In order to consider new ways to overcome the challenges addressed in this paper, we examine two models for thinking about resource allocation in ‘life and death’ situations from outside the humanitarian sector: healthcare resource allocation and the ‘charity evaluator’ approach to private philanthropy.

Public health officials face decisions similar to those involved in allocating humanitarian assistance, such as how to allocate resources in order to meet a population’s health needs, and how to decide which medical treatments and procedures to offer and to whom, and on what basis. These challenges have generated a wealth of thinking on how to measure outcomes for patients (such as Quality-Adjusted Life Years), how to conduct cost-effectiveness analysis, and how to communicate prioritisation of health resources to the general public.

In the world of private philanthropy, charity evaluator organisations have arisen to guide the charitable giving of private donors – individuals and foundations or companies – particularly in the UK and USA. Represented primarily by the US organisation Give Well and the UK organisation Giving What We Can, these organisations make recommendations based on what they determine to be the most cost-effective approaches to reducing poverty. These recommendations have been highly influential in mobilising private resources for international aid.

Relevant practices and ideas from these two areas are incorporated below to inform the suggestions for further action.
4.1. What can the humanitarian system learn from public healthcare?

**Key Message:**

Resource allocation in healthcare uses standard measures for outcomes and public mechanisms for priority-setting

The healthcare sector uses a range of advanced measures to calculate and compare the cost-effectiveness of interventions. While it may not be possible to fully apply these measures to humanitarian interventions, donors could consider developing standard outcome measures, based on the perceptions of aid recipients, to compare different intervention types. Humanitarian donors might also consider applying the principles of healthcare sector prioritisation to guide and justify their prioritisation of resources.

**Overview**

Similar to the international humanitarian aid system, the health sector has long grappled with how to allocate resources in order to meet a population’s health needs. These challenges have generated a wealth of thinking at the intersections of health, economics and ethics, on how these decisions are justified and what constitutes good allocation of resources in health services (Ottersen and Norheim 2014; Daniels and Sabin 1998). While initially driven by demand from decision-makers in high-income countries, these discussions have increasingly moved towards resource allocation for health care and intervention choices as part of the development process in low- and middle-income countries (Chen et al. 2015; Ottersen and Norheim 2014).

Allocating resources for healthcare focuses on two main elements for guiding and structuring decision-making: **cost-effectiveness** and **ethical considerations**, such as fairness or accountability.

**Cost-effectiveness**

Cost-effectiveness in the healthcare sector generally refers to the average cost of an intervention per health impact, which refers to the effect of a health intervention on a patient. When looking at health impacts across a range of interventions and services, decision-makers face a challenge akin to comparing apples to oranges: how does the early detection of cancer compare with knee surgery in terms of the benefit to patients? This is in many ways similar to the difficulties faced by humanitarian donors when weighing different options for intervening, e.g. nutrition compared with protection or shelter. In order to make such comparisons, the health sector has developed approaches allow the direct comparison of different kinds of health benefits. Three of the main measures are: Life Years gained, Quality-Adjusted Life Years, and Disability-Adjusted Life Years (see Annex 2 for detailed descriptions). The purpose of such measures is to establish a more objective way to compare the outcomes of different interventions for individual patients.

Another approach to measuring cost-effectiveness is to use Patient Reported Outcome Measures (PROMs). The health sector developed PROMs as an alternative to clinical outcomes and other third party health measures in order to understand health benefits from the perspective of patients, PROMs are self-reported measures on the effects of an intervention or treatment on different aspects of a patient’s quality of life, and can be generic, or specific to particular diseases (see Table 3 below for an example). In allocating health resources, PROMs can replace QALYs and DALYs as the measure by which cost-effectiveness of health services and treatments are assessed, and can be used to direct resources towards interventions and services that produce better outcomes for patients (Ackerman 2016; Croudace et al. 2016).
Table 3: How to use disease specific or generic PROMs in practice

<table>
<thead>
<tr>
<th></th>
<th>Disease specific PROM</th>
<th>Generic PROM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Oxford Hip Score</td>
<td>EuroQol EQ-5D</td>
</tr>
<tr>
<td>Questions asked</td>
<td>Twelve questions about how the patient has been over the previous 4 weeks covering pain (4 items), mobility (3 items), and activities (5 items)</td>
<td>Five questions seeking information that best describes the patient’s health that day, covering mobility, self-care, usual activities, pain/discomfort, anxiety/depression</td>
</tr>
<tr>
<td>Scoring measurement</td>
<td>Five possible answers scored from 0 to 4, creating overall scale of 0 (severe disease) to 4 (no problems)</td>
<td>Three possible answers: no problem; some problem; severe problem</td>
</tr>
<tr>
<td>Example question and answers</td>
<td>During the past 4 weeks have you been able to climb a flight of stairs? • (4) Yes, easily • (3) With little difficulty • (2) With moderate difficulty • (1) With extreme difficulty • (0) No, impossible</td>
<td>How is your self-care? • I have no problems with self-care • I have some problems washing or dressing myself • I am unable to wash or dress myself.</td>
</tr>
</tbody>
</table>

Source: (Black 2013:2)

Ethical considerations

Similar to the humanitarian aid sector, resource allocation in health care is both weighty – these are decisions that will affect life or death for some people – and abstract, dealing in averages, probabilities and groups rather than specific individuals. When the empirical aspects of a decision are both weighty and abstract, it is difficult for decision-makers to make intuitive judgements about their options, or to compare positives and negatives. In such cases, principle-driven ethical reasoning can help decision-makers consider what core values they want their decisions to reflect.

Ethical reasoning has a prominent role in health care resource allocation, with strong partnerships and platforms for engagement between ethicists, medical experts and political decision-makers (Ottersen and Norheim 2014; Whittaker et al. 2015; Daniels and Sabin 1998). This may be partly due to its connection to bioethics, an interdisciplinary field that has been more successful than other academic sectors in building strong links with the professional and political worlds of medicine and public health. Another factor driving the explicit use of ethical reasoning is the increasing public attention to issues of health care resource allocation, as demands on public health resources have increased dramatically (Daniels and Sabin 1998:3).

As a result, there is a wide literature on the principles to guide and justify the allocation of health care resources. A full review is beyond the scope of this paper, but much of this thinking revolves around two core themes.

The first concerns setting the rules for decision-making. Here, the aim is to identify substantive principles
and criteria to use in guiding resource allocation. These rules focus mainly on fairness, outlining principles that would embody a ‘fair allocation of resources’. Considerations of fairness require understanding what an individual is owed, and on what basis. A general view is that fair allocation of health care requires balancing between the severity of medical need (where the sickest get full priority) and maximising the total health benefits across the population (where treatments for a common but not life-threatening illness affecting quality of life might receive more weight than life-saving treatments for a rare disease) (WHO 2014). This concern must be balanced against the concern for equity: that health systems should aim to provide equitable health outcomes across a population. Setting the principles for equitable resource allocation in health care involves examining the trade-offs that arise between treatments benefiting those who are worst off and treatments benefiting large numbers who are not.

The second theme is accountability for the rules. The focus on accountability for resource allocation arises from the recognition that no decisions will ever be perfect or fully accepted, particularly by the populations on whose behalf these are being made. Here, the focus is not on substantive principles that provide justification for a fair allocation, but on procedural justification: defining and creating decision procedures that are transparent, in which the public can have some say, and which are fair to all.

The most influential approach to this is the Accountability for Reasonableness (AFR) concept developed by Daniels and Sabin (1998). Decision-makers are accountable for reasonableness when they ensure that setting limits for health care provision can be accepted as reasonable by those affected by these decisions. AFR involves four elements:

1. There is transparency about the grounds for decisions and the rationales used.
2. The rationales used appeal to norms and principles that those affected could reasonably be expected to accept as relevant and fair.
3. There are clear appeals procedures for revising decisions in light of challenges brought by those affected by them.
4. There is an enforcement mechanism to ensure that the first three requirements are met.

**How can donors use this in the humanitarian sector?**

**Lesson 1: Build a more shared/standardised approach to humanitarian outcomes**

While flawed, the development of LLY/QALY/DALY measures has helped decision-makers in public health compare and choose amongst policy options. The few references in the humanitarian literature to LLY/QALY/DALY measurements are mainly exploratory and appear in evaluation guidance materials as a ‘potential’ approach (Pongracz et al. 2016; Renard and Lister 2013). Evaluators are typically dissuaded from using them because of the technical competence required as well as the lack of adequate data to support their application in humanitarian evaluation.

Donors are not in the same position as evaluators, as they can support the research and data collection needed to use these measures. A direct use of QALY or DALY measures is unlikely to be feasible, given their reliance on broader population statistics. But there could be potential in developing a similar measure adapted to humanitarian contexts. The health sector benefits from a rich research and academic environment that has enabled the development of these measures. The research and academic environment for humanitarian issues is comparatively small and tends to be more qualitative. Donors could shift this focus by supporting studies...
to explore the methods used for QALY/DALY measures, as well as more subjective wellbeing-related PROM measures, in order to develop a shared comparable outcome measure for humanitarian programming.

**Lesson 2: Use outcome reporting from affected people as the basis for cost-effectiveness measures**

Even more relevant to the humanitarian sector, particularly in the short term, would be the use of more consistent outcome reporting from the perspectives of affected people. The rise in the use of PROMs in the health sector is driven by the recognition of patients’ dignity and an ethical concern to allow them greater involvement in their medical care. This bears a strong resemblance to the increasing concern for greater dignity and participation of humanitarian aid recipients. Standard questions used to elicit PROMs will also look more familiar to humanitarians than QALYs or DALYs, as they are similar to the questions some agencies use to elicit feedback from affected people on programme effectiveness and relevance.

Current humanitarian practice in eliciting outcome measures from affected people is fragmented and inconsistent. Donors could support the creation of more standardised survey tools and questions that support better comparability across projects and countries (while recognising the challenges of particular contexts and culture), and which could provide a basis for costing and thus be used as a common basis for comparing the cost-effectiveness of different types of intervention. This could provide a crucial link between the push towards greater participation and voice of affected people and a more evidence-driven and common approach to cost-effectiveness.

**Lesson 3: Clarify priorities and the principles that guide priority-setting**

Ethical reasoning from the health sector can support the greater clarity that is needed to address the problems in setting priorities described above in Section 3. More importantly, the public and inter-disciplinary nature of the discussions around resource allocation in the public health sector could inspire similar discussions in the humanitarian system.

**Limitations of the health sector approach**

Despite the similarities, there are also key differences between the humanitarian and the health sector. Whereas the challenge in the latter lies in ensuring equitable accrual of health benefits, the challenge for humanitarian resource allocation lies in ensuring equitable reduction of avoidable mortality and morbidity, while also balancing these health outcomes against a range of other outcomes related to wellbeing. This makes measures such as LY/QALY/DALY less directly relevant to humanitarian decision-makers, although the model of a standardised measure can be considered.

Also, while the ‘Accountability for Reasonableness’ model has been put into practice in several highly industrialised countries, this model would be more difficult to adopt for humanitarian donors. While those directly affected by resource allocation decisions are crisis affected people, the primary political responsibilities of government donors is to their domestic constituencies. This makes a public discussion of the principles for resource allocation all the more difficult. The requirement of a ‘clear appeals procedure for revising decisions in light of challenges brought by those affected by the decisions’ would also be difficult to accommodate, as identified in a 2011 review of DFID (Hammer and Cumming 2012). This poses logistical and political challenges to using an AFR process, but does not rule out incorporating some of its elements, such as greater transparency regarding decision-making processes and a more open discussion of the trade-offs posed by needs-based allocation, in particular between meeting short-term immediate needs and longer-term resilience goals.
4.2. What can the humanitarian sector learn from charity evaluators?

Key Message: Charity evaluators use evidence of ‘what works’ to direct funds and make a case for aid

Charity evaluators emphasise the cost-effectiveness of different ways to allocate aid and to communicating these messages persuasively and clearly to a public audience. While their approach is narrow and often excludes important considerations of context, their use of expected value and marginal utility provide a rich approach to individual donors and how they can compare the impact of different allocation options.

In the past ten years, a new approach to private philanthropy has arisen to guide private donors – whether individuals, foundations or companies – in their charitable donations. Represented primarily by the US organisation Give Well and Giving What We Can in the UK, the role of charity evaluators is to give recommendations on what they determine to be the most cost-effective non-profit organisations. Their recommendations have been highly influential in mobilising private resources for international aid, and Give Well reported in 2015 that they alone guided over $100 million a year in private donations.3

Overview

The charity evaluator approach is characterised by four main features:

1. Charity evaluators are intervention-focused. Charity evaluators are led by the question of ‘what’ to fund. They base their recommendations on a ‘top-down’ method that begins with a search for interventions that are supported by evidence of their efficacy. This search is initially focused on peer-reviewed academic literature and rigorous impact studies and evaluations. Once the interventions or ‘causes’ have been identified, charity evaluators look for organisations working in these areas and assess their comparative cost-effectiveness, transparency, and ability to make effective use of new resources.

2. Charity evaluators use an evidence-based approach that relies on the health sector’s hierarchy of evidential quality. Give Well and Giving What We Can represent a ‘second wave’ of charity evaluators. The ‘first wave’ focused on reporting charities’ annual financial records and rating them primarily on transparency and basic fiscal responsibility. Second wave evaluators are concerned with programme effectiveness and evidential support. They draw heavily on the evidence hierarchy from evidence-based medicine, in which systematic reviews of randomised control trials (RCTs) are considered to have the highest evidential quality and strength, and case studies and other and other qualitative methodologies are ranked as having lower evidential strength (See for example: http://subjects.library.manchester.ac.uk/c.php?g=64268&p=413802).

3. Charity evaluators compare implementing organisations based on cost-effectiveness, transparency and room for additional funding. Charities are compared and recommended on the basis of three main criteria:
   a. their comparative cost-effectiveness in delivering an intervention;
   b. their transparency on the performance of their interventions and how much they spend on an intervention;
   c. their capacity to take on additional funding effectively and efficiently – essentially their suitability for scale.
Charity evaluators define cost-effectiveness as dollar per unit of life improvement or dollar per life saved. Give Well uses a mixture of measures to look at the impacts of interventions but tends to give priority to health impacts, as these are easier to capture in quantifiable measures and are more likely to be used in the types of evidence on which Give Well focuses (e.g. RCTs). DALYs or ‘cost per life saved’ measures are used as indicators for effectiveness, though Give Well staff have written at length on their concerns about using either measure (Give Well 2016). Cost estimates are retrieved from the individual charities that Give Well or Giving What We Can recommend, while the effectiveness measures are generated through Give Well’s and Giving What We Can’s reviews of studies on the intervention. The variation in cost-effectiveness therefore depends primarily on each charity’s implementation costs. Give Well and Giving What We Can have also looked at costs of implementation across different countries, but their methods for doing so are more ad hoc rather than based on what they would consider to be strong ‘evidence’.

4. **Charity evaluators use expected values to define ‘effectiveness’**. Both charity evaluators focus on projected average outcomes in order to weigh different interventions. This means that interventions that are cheaper and provide greater potential long-term benefits may be considered to be better candidates than interventions that are more expensive, but are more certain to provide benefits. Deworming, for instance, is estimated to be 10.4 times more cost-effective than a direct cash transfer. This is based on the estimate that 90 cents per donated dollar reaches a recipient of a cash transfer, whereas deworming, which costs 2 cents per recipient, provides educational benefits which lead to, on average, large increases in income over that individual’s life, thereby providing more financial benefit to them over a long period of time.4

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**Box 3: Criteria used by charity evaluators for selecting interventions to fund**

**Importance** asks what the benefit of the intervention would be if it were successful in solving the problem.

**Tractability** means that ‘we give stronger weight to problems that we can plausibly make good progress on with our limited donations. Tractable problems are more likely to see results, so it’s more likely that trying to solve them will have a big impact’.

**Neglectedness** means that the intervention is not currently receiving enough funding relative to its importance and tractability. Neglectedness is important because a neglected intervention can be scaled without reducing its marginal impact.

**Cost-effectiveness** is a measure of inputs over outcomes, typically defined in terms of Disability-Adjusted Life Years (DALYs) – a measure of disease burden calculated by summing years of life lost and years of life lived with a disease.

*Source: https://www.givingwhatwecan.org/about-us/how-we-assess-charities*
Potential uses for humanitarian donors

Lesson 1: Using outcomes and cost-effectiveness measures to persuade others of the value of humanitarian assistance

Charity evaluators emphasise outcomes over outputs, an emphasis that has received sympathetic support in humanitarian circles but still struggles to be implemented in practice. One of the reasons why charity evaluators focus on outcomes is in order to engage persuasively and effectively with private donors in making their donation choices. Similarly, humanitarian donors may find a focus on outcomes and more rigorous evidence of programme effectiveness more persuasive when engaging with donor publics or with other government departments over budgeting issues. This has already been seen in practice – in January 2017 the UK government used evidence on cash-based transfers to defend its support for such programmes in the face of media criticism (The Independent 2017) – but in general the use of evidence to combat public scepticism over foreign aid budgets remains uncommon.

Lesson 2: Incorporate risk and donor’s comparative advantage into resource allocation decisions

Charity evaluators like Give Well and Giving What We Can grapple with two issues that are relevant to the cost-effectiveness of humanitarian aid but rarely looked at in detail: probabilities, or expected values, and the marginal value of any individual donor’s contributions, as influenced by the actions of other donors. Humanitarian donors could use the frameworks and thinking behind expected value and maximising individual impact to think more about the following:

- Risk/Expected value: Ideally, donors would be making allocations based on expected outcomes, i.e. where the value of the outcome is weighed against the probability of its happening. These probabilities, however, are difficult to assign, particularly given current gaps in data on effectiveness.
- Comparative advantage: Refers to what other actors are doing to address humanitarian need and how these actions affect the overall cost-effectiveness of a specific donor. If all donors are funding a particular crisis, a donor may be able to increase its impact by focusing on a separate, underfunded crisis.

The European Commission Department of Humanitarian Aid and Civil Protection’s (ECHO) ‘Forgotten Crisis Assessment’ index is a key resource to support this analysis, but is not used as widely as it could to achieve greater system-wide efficiencies (Darlymple and Smith 2015: 5). The CERF was also intended to allow for efficient collective funding to forgotten crises – but beyond direct support to the CERF, its identification of particular countries as overlooked or of underfunded crises has not led to the corresponding increase in donor spending (Mowjee and Poole 2014).

Lesson 3: Using greater transparency to reduce inefficiencies

Finally, Give Well and Giving What We Can are transparent in their analysis and their choices in methodology, publishing spreadsheets on cost-effectiveness data and lengthy blogs explaining their approaches. They also strongly encourage transparency in the charities they evaluate and recommend. As highlighted elsewhere in this paper, the absence of transparency – among implementing agencies and donors – is a significant barrier to more effective and efficient allocation of humanitarian resources. The failure to share information can result in a duplication of efforts to collect, store and analyse data. Greater transparency and coordination regarding data-sharing is important, and is addressed by a Grand Bargain workstream. Ideally, this workstream can broaden its focus from funding data to other types of information that provide useful evidence for donor decision-making.
Limitations of the charity evaluator approach

While the focus on cost-effectiveness and on clear criteria for resource prioritisation and comparability can be of use for humanitarian donors, there are also clear limits in transferring the private philanthropic approach to a government donor. First, there is a strong bias towards RCTs, despite their many limitations for understanding effective approaches to complex problems, such as poverty or long-term vulnerability (Cartwright and Hardie 2012; Deaton and Cartwright 2016). As a result, the charity evaluators’ top recommendations reflect a narrow focus on relatively simple health interventions in a development context: deworming and anti-malarial bed nets have been the top recommended interventions for many years, with cash transfers recently gaining acceptance due to recent RCTs of cash transfer programmes. Currently neither charity evaluator offers recommendations for humanitarian assistance, or for interventions in conflict-affected settings, primarily due to the lack of control studies carried out on interventions used in humanitarian response.

While both Give Well and Giving What We Can have considered contextual features that may affect the ability to achieve similar results in different settings, their methods for doing so are informal and ad hoc (Interview, Give Well 2016). Their approach clearly demonstrates the strengths and weaknesses of relying on RCT-generated evidence as a basis for allocating resources. Energies are poured into analysis and interpretation of RCTs and the methodological choices used in these, leading to inadequate investment in strong and innovative qualitative methodologies for understanding the causal mechanisms or the aspects of context that support or hinder an intervention’s effectiveness. While both organisations are transparent about the level of interpretation and subjective value judgement that is required to use RCTs as evidence to guide funding decisions, they offer no explanation for why value judgements in RCT analysis is more acceptable than value judgements made in qualitative analysis.
5. Looking ahead

The reforms undertaken as part of the Grand Bargain offer several opportunities to address the problems discussed in this paper. But there is also a risk of missing these opportunities if each Grand Bargain workstream is treated in isolation and there is no attempt to look across them to improve how information and evidence is collected, shared and used for resource allocation. To do so, the following challenges need to be addressed:

**Challenge 1: Priorities are unclear**

More open discussion is needed on how priorities are set, and what principles could guide resource prioritisation. This is not an abstract issue: it arises frequently in evaluations in relation to ongoing challenges in early warning/early action, resilience, protection, and plays a role in global humanitarian coverage (Taylor et al. 2017; Stoddard and Jillani 2016; de Geoffroy et al. 2015).

**Challenge 2: There are gaps in data and analysis, and information is unevenly distributed**

Humanitarian resource allocation now takes place against a backdrop of growing populism in several traditional donor countries, meaning that donor agencies are increasingly having to defend aid budgets and funding decisions. Addressing and improving key gaps in information and analysis will better equip donors to respond to challenges on the value of humanitarian assistance, as demonstrated recently by the British Prime Minister’s use of evidence of the effectiveness of cash transfers to combat damaging media reports on overseas aid.

**Challenge 3: It is costly to address information gaps and uneven information**

It is unclear which mechanisms for information and evidence collection and sharing will be most cost-effective. In particular, it is uncertain whether the route to more evidence- and data-driven resource allocation lies with centralised donor decision-making (i.e. donors making more direct use of evidence and data) or with decentralised and delegated decision-making (i.e. donors entrusting implementing partners or third-party mechanisms with resource allocation and supporting these to make more use of evidence and data). There are considerable advantages and disadvantages to both. Donors should try to achieve a better understanding of the costs and benefits of each approach and the different mechanisms used within them.

**Challenge 4: Crises change over time**

In order to capitalise on recent recommendations to ‘Ensure that funding instruments are adapted to uncertain contexts and flexible enough to facilitate the continuous use of evidence’ (De Geoffroy et al. 2015: 6) a better understanding is required of how to monitor and use information to respond flexibly to uncertain contexts and continuous change. Steps taken in this direction in development circles (Valters et al. 2016; Andrews et al. 2012) and in approaches to adaptive management from outside the aid sector, can be looked at to increase the flexibility of humanitarian donors and the agencies they fund to respond to changing contexts.

**Suggestions for ways forward**

Donors can address these challenges through the following ways forward—all of which can be incorporated into ongoing efforts through the Grand Bargain and other reforms. The quality and use of data and evidence is a cross-cutting issue that will impact the success of many other areas of financial reform.
Clarify priorities and decision-making processes: Invite healthy discussion around tough trade-offs and clarify the different considerations relevant to resource allocation decisions.

1. **Clarify what it means to allocate on the basis of needs.** Clarifying what this means for each donor can be an important step towards understanding how different donors focus on different aspects of the humanitarian caseload, and can build a better picture of why certain gaps in coverage exist and how best to address them. See Box 1: Clarifying the principles that support needs-based resource allocation on page 13 for an example of the issues this clarification could address.

2. **Commission a study to clarify other decision criteria relevant to humanitarian resource allocation and identify best approaches to resolving ‘trade-offs’ between them.** While humanitarian aid allocations may not be algorithmic, there is certainly room for greater clarity on the decision criteria used in making these judgments. Studies of donor decision-making have highlighted the difficulties in obtaining detailed information on how funding allocations are made (De Geoffroy et al. 2015; Darlymple and Smith 2015). There are also important trade-offs in humanitarian resource allocation, whether at the donor level or in SRPs at the country level (Taylor et al. 2017). Being more explicit about these trade-offs and the justifications for them would contribute to more consistently fair allocations across projects or sectors.

Invest in evidence: Use evidence and research to identify the most effective interventions and their outcomes for affected people.

1. **Link the ‘Participation Revolution’ workstream in the Grand Bargain to improvements in measuring cost-effectiveness by exploring common outcome questions or measures to use in self-reported data from aid recipients (similar to the use of Patient Reported Outcome Measures).**

2. **Carry out an initial study to explore the potential for adapting Quality of Life Year (QALY) or Disability-Adjusted Life Year (DALY) measures for humanitarian programming.**

3. **Increase funding for implementation science to build an evidence base for programme effectiveness.**

Coordinate and consolidate current datasets, as well as approaches to information and evidence: Use common measures and methods to support comparability of information and more efficient evidence-driven decision-making in donors at both country-wide and global levels.

1. **Over time, expand the transparency workstream within the Grand Bargain to include other information and evidence used by donors to allocate resources.** Through the Grand Bargain, humanitarian donors are on the path to greater transparency on what, who, and where they fund. This provides a great benefit to those who use this data to understand system-wide gaps and performance issues. But donors also use a wide range of other information that also tends to remain within single institutions, such as context analyses and partner assessments. Over time, the transparency workstream may wish to address these other forms of evidence, in order to reduce duplication.

2. **Building on the work that has been carried out on cash transfers, consider how to better use evaluations and studies using experimental design, to build up a database on the comparative cost-effectiveness and efficacy of different types of interventions in different contexts.**
3. Consider how Grand Bargain reforms on data and information-sharing (workstream 1) and report harmonisation (workstream 9) can be used as the basis for a shared approach to cost-effectiveness measures.

4. In a donor-led process, undertake a review of the efficiency of different knowledge-management models. This could include comparing the efficiency of models where:
   
e. Donors collect and analyse their own data
   
f. Donors rely on an independent agency to collect and analyse data which is made widely available to all
   
g. Implementing agencies collect and analyse data, with an independent agency providing quality control
   
This review could include a mapping of donor practices regarding information and data-collection and analysis, which could be used to provide a baseline for Grand Bargain workstreams 1, 4 and 9.

5. As a potential focus for suggestion (4), donors could explore common use of the INFORM database, identify ways to strengthen donors’ use of this in resource allocation, or expand it to include data from joint needs assessments.

6. Review donor staff capacities and internal needs for making evidence-driven decisions, and create internal trainings and information sessions to support these.

Adapt: Identify approaches that support flexibility and the adaptation of a response to changes in an operating context over time.

1. Increase support to real-time information and evidence analysis that can allow for more timely and appropriate changes in a humanitarian intervention. Find ways to ensure this analysis is accessible to a wide range of donors and other actors in a timely manner.

2. Build on the recommendations from recent evaluations of multi-year funding and planning (Taylor et al. 2017; Cabot Venton and Sida 2017) and rapid response mechanisms to explore how they can support more flexible humanitarian action and what are their barriers to effectiveness.

3. As humanitarian agencies consider how they can be more responsive to context over longer periods of time, it may be useful to explore how tools and practices from adaptive programming and adaptive management can support this.
Endnotes

1. We looked at the policies and evaluations of seven GHD donors (OFDA, Sida, DANIDA, ECHO, DFID, SDC and CIDA) and two recent reviews of donor preference-setting and decision-making (Darlymple and Smith 2015; de Geoffroy et al. 2015). These two reviews covered a wide range of GHD donors, and both highlight the difficulties in gathering accurate data on resource-allocation processes in donor institutions.

2. For an illustration of how different these processes can be, see for flow charts of the resource-allocation processes for seven DAC donors (Groupe URD 2015: 37-43).


4. These figures are based on population averages generated from RTCs of deworming interventions.
**Bibliography**


Strawson, T., Beecher, J., Hills, R., Ifan, G., Knox, D., Lonsdale, C., Osborne, A., Tew, R., Townsend, I. and


Guidance framework: Intervention criteria for humanitarian responses in sudden onset contexts

As the complexity of events creating humanitarian needs can vary substantially, these criteria are not intended to be prescriptive or absolute, but rather to provide a framework of the range of factors that should be considered in making a recommendation for DFID engagement. See also the Guidance Note on Intervention criteria for humanitarian response in sudden onset contexts for a more detailed explanation on how to use this guidance framework.

### Decision point: Recommendation by CANH to Multidisciplinary DFID engagement

### Decision options: Acceptable/Refer to ODA/Advise DFID to not engage

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#### Description of event

1. **Severity of event**: Does the affected country have the capacity to manage the event?
2. **Scale of geographical area affected**: Low hazard severity event, local geographical area affected, rural population.
3. **Medium hazard severity event, geographical area affected**: Medium size geographical area affected or peri-urban.
4. **High hazard severity event, geographical area affected**: Extended geographical area affected or urban.

#### Impact

1. **Capacity of affected government to respond**: Medium/capacity to manage on own. Apply capacity as the basis for national level assessment.
2. **Has the affected government / authority made formal request for external funding?**: Has the affected government / authority launched a flash appeal?
3. **Has the affected government / authority made informal request for external funding?**: Has the affected government / authority launched a formal request for external funding?
4. **Is the event clear cut?**: Is the event clear cut or does it require ongoing assessment?

#### Decision options

1. **Decision point:** Overall recommendation
2. **Decision options:** Overall recommendation
3. **Notes:**
   - No action should be required
   - Consideration
   - Action

### Key decision criteria

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### Explanation of criteria

- **Aggregate**: Summary of all criteria.
- **Consideration**: Indicative of a need for further consideration.
- **Action**: Indicative of a need for action.

### Key decision criteria

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### Explanation of criteria

- **Aggregate**: Summary of all criteria.
- **Consideration**: Indicative of a need for further consideration.
- **Action**: Indicative of a need for action.
Annex 2: DALYs, QALYs and expected LYs

A simple way to consider the effectiveness of a health intervention is the number of deaths it averts or lives saved. But this is not an entirely useful measure – it is blind to the age of the person whose life is saved – so it is seldom used in discussions on allocating health resources (Robberstad 2005). An alternative is to consider the number of additional years gained through a health intervention, known as Life Year gained (LY). The LY gained for someone aged 90 will be lower than for a 5-year-old, thereby giving greater weight, all other things being equal, to interventions that extend the lives of children. LY gained also focuses on mortality versus the number of life years offered by a health intervention without incorrectly implying that an entire life has been ‘saved’.

Others believe that focusing on mortality is too narrow. A measure of health outcomes should also consider impacts on morbidity: the contributions that health care makes to a person’s quality of life. Two measures are used to assess and compare health interventions based on both aspects: the Quality-Adjusted Life Year (QALY) and the Disability-Adjusted Life Year (DALY).

The QALY measures the number of life years gained by an intervention weighted by their quality of health in those years (Weinstein et al. 2009). The qualitative measure of health states in a QALY runs from a scale of 0-1, with death equalling 0 QALYs and one year lived in full health equalling 1 QALY. Two years lived in half health would be rated the same as one year of full health (2 x .5 = 1). QALYs have been used since the 1970s to guide cost-effectiveness analysis in health systems in high-income countries, including the US Panel on Cost-Effectiveness in Health and Medicine and the National Institute of Health and Clinical Excellence (NICE) in the UK (Weinstein et al. 2009). A major advantage of the QALY is that it captures the trade-offs individuals make between quality of life and life years.

DALYs were introduced by the World Health Organization (WHO) and the World Bank through the Global Burden of Disease initiative, and in the 1993 World Development Report, as a way to measure the burden of disease in low- and middle-income countries (Chen et al. 2015). DALYs were intended as a ‘gap measure’ to capture the shortfall in health in a population (Bogner 2015) and thereby indicate the cost, or degree of burden, that a disease poses to the population’s productivity (Robberstad 2005). It is therefore focused on the impacts of disease and disability rather than on the positive impacts of a health treatment. Over the years, the DALY has undergone several methodological revisions to address criticisms, and continues to be used as a key health measure in international development.
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