

## **BEST USE OF RESOURCES (BUR) GLOSSARY OF TERMS**

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### **Overview**

The glossary is intended to bring clarity to internal and external audiences on terminology use within the International Rescue Committee Airbel Best Use of Resources (BUR) Team. Definitions included here reflect how terminology is used within BUR, as compared to the wider evaluation sector. References are included to allow for comparison with other uses of such terminology by others including but not limited to: USAID, FCDO, JPAL, Elrha, Better Evaluation, Oxford Policy Management, World Bank, World Food Programme.

The structure of the glossary is as follows:

Each term is listed alphabetically, along with internally used acronyms and synonymous terms. This is followed by a series of annexes to depict how some terms listed here relate with one another. References are provided at the end to indicate where BUR definitions align with others in the sector. Some terms used by BUR may encompass a wider or narrower definition than those outside of the IRC.

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## DEFINITIONS

### Activity

Acronyms: NA

Synonymous Terms: NA

An activity is a sub-component of a program (intervention) often articulated in the programmatic theory of change. Such activities are evaluated by BUR in both cost-efficiency and cost-effectiveness analyses.

See [Annex 1](#) for more details on how this relates to other terms.

### Activity Level Analysis

Acronyms: NA

Synonymous Terms: NA

An activity level analysis undertakes cost analysis per activity aligned to the cost-research question of interest. Activity buckets are defined at the start of the analysis and allocations per activity bucket are undertaken for the entirety of the implementation period to understand the costs associated with each activity. Activities should be translatable to the treatment arms of an evaluation.

See [Annex 1](#) for more details on how this relates to other terms.

### Allocations

Acronyms: NA

Synonymous Terms: Time and Effort Allocations

Allocations are the percentage of an ingredient used for a given activity or program analyzed. Most allocations should amount to 100%, as the goal is to understand how the 'total pie' of a resource (as charged to the grant) was used per activity analyzed over the implementation period. Allocations work backward from the total amount charged to the grant of the program analyzed.

For example, BUR engages with program teams on a monthly basis to reflect on how resources, materials, and program staff time and effort were used per activity analyzed, over the course of the previous month.

### Budgeting

Acronyms: NA

Synonymous Terms: NA

As compared to costing, budgeting is where we build a budget for an intervention from scratch by listing all the necessary ingredients to implement that intervention, assigned units and unit costs to each ingredient. Summing all the ingredients gives us the total budget required to implement that intervention.

### Cost

Acronyms: NA

Synonymous Terms: NA

A cost is the monetization of resources required to implement a program or intervention. This means resources used to pay for staff time and effort in addition to program materials, activities, and other necessary inputs for a program or intervention.

## Cost-Benefit Analysis

Acronyms: CBA, BCA

Synonymous Terms: Benefit-Cost Analysis

An analysis of the monetized value of a bucket of programmatic or intervention outcomes, compared to the total costs incurred by the program. CBAs require monetizing a group of benefits or outcomes, as a comparable metric, to evaluate the value produced for society (benefits) compared to the value of resources required to implement the intervention (costs).

Since not all outcomes are easily monetizable, a series of assumptions must be made to conduct a CBA. These assumptions should be made transparent and available to users for interpretation and evaluation. *See [Annex 3](#) for more details on how this relates to other terms.*

## Cost-Economy Analysis

Acronyms: NA

Synonymous Terms: NA

An analysis of the types and 'structures' of resources used for implementation of a program or intervention. This analysis feeds into the production of a cost-ingredients list and understanding total costs for a given intervention, where and how the intervention may improve its sustainability and scalability. This type of analysis also examines costs to understand which are fixed, variable, inception-only or required for ongoing implementation. *See [Annex 3](#) for more details on how this relates to other terms.*

## Cost-Effectiveness Analysis

Acronyms: CEA (external to IRC, "CE" may be used as an acronym)

Synonymous Terms: NA

An analysis of costs (resources) incurred per unit of effectiveness achieved by the program or intervention analyzed. A CEA will provide an indication of the resources incurred per unit of effect or impact. A CEA requires outputs from an impact evaluation which can provide data on effectiveness of the program or intervention evaluated.

CEAs are inherently comparative in nature. To make a definitive statement that one intervention is more cost-effective than another requires a comparison point (of another program or treatment arm) using the same outcome metrics.

Compared to CBAs, a CEA will focus on one outcome of a program at a time, rather than a bucket of outcomes. CEAs can focus on an index of outcomes (i.e., an index of ECD indicators such as those used in the IDELA tool), however CEAs do not evaluate across a range of outcomes in the same way as CBAs. *See [Annex 3](#) for more details on how this relates to other terms.*

## Cost-Efficiency Analysis

Acronyms: CE

Synonymous Terms: NA

An analysis of costs (resources) incurred per output produced by the program or intervention analyzed. Analysis evaluates costs per outputs of a program or intervention therefore outputs of a CE will indicate cost per unit of output produced.

CEs will allow comparison of cost per unit of output, particularly when there is comparability among output measures used. *See [Annex 3](#) for more details on how this relates to other terms.*

## Costing

Acronyms: NA

Synonymous Terms: Cost Analysis

Costing is a systematic process of reviewing and analyzing resource expenditure on a given project or implemented activity. Cost analysis can be undertaken prospectively (ex-ante) to produce a hypothetical model of future costs, or retrospectively (ex post) to model how resources were used on the intervention analyzed.

Prospective analyses may include scenario modelling or cost-efficiency analysis. Retrospective analyses may include cost-economy, cost-efficiency, cost-effectiveness, and cost-benefit analyses. Note that this is distinct from "budgeting".

## Cost-Transfer Ratio

Acronyms: CTR

Synonymous Terms: NA

The ratio of spending required to complete a cash transfer, divided by the total dollar amount of the cash amount transferred.

## Counterfactual

Acronyms: NA

Synonymous Terms: NA

A counterfactual is the alternative state of being or outcomes that would have occurred in the absence of the intervention implemented.

## Direct Costs

Acronyms: NA

Synonymous Terms: Direct Program Costs, Program Costs

Direct costs are resources used definitively for the program evaluated. These costs are associated 100% with the program evaluated. These are often denoted by IRC finance system as D3 codes (codes other than OSPC in Integra, or OADM/OADF in SUN). *See [Annex 2](#) for more details on how this relates to other terms.*

## Economic Evaluation

Acronyms: NA

Synonymous Terms: NA

Economic evaluation is a grouping of systematic cost analyses which include cost-effectiveness analysis, cost-benefit analysis, and cost-utility analysis. This definition in the sector is distinct from the IRC-Airbel Economic Evaluation & Research Unit which covers the range of costing analyses and research on economic livelihoods.

## Experimental Design

Acronyms: RCT

Synonymous Terms: Randomized Evaluation, Randomized Control Trial

An experimental design is an impact evaluation design that allows for full randomization of treatment amongst treatment and control arms. Given the ability to undertake random assignments, outcome differences between the two groups is therefore considered as attributable to the program evaluated.

## Fixed Costs

Acronyms: FC

Synonymous Terms: NA

Compared to inception and implementation costs, fixed and variable costs are associated with the number of beneficiaries served. Fixed costs are unaffected by changes in the numbers of beneficiaries served and are considered "constant" across various scales of beneficiaries or sites served. *See [Annex 2](#) for more details on how this relates to other terms.*

## Impact

Acronyms: NA

Synonymous Terms: Outcome, Long-Term Outcome

An impact is often considered a long-term outcome (in terms of log frames or theories of change) that can be attributed to the intervention evaluated. Impact and effectiveness can often be conflated.

## Impact Evaluation

Acronyms: IE

Synonymous Terms: NA

An experimental or quasi-experimental evaluation design that exploits a rigorously identified counterfactual for the purpose of identifying causal outcomes resulting from the intervention evaluated. These will produce effect size estimates that can be subsequently referenced in a cost-effectiveness analysis (CEA).

## Implementation Costs

Acronyms: NA

Synonymous Terms: Ongoing Costs

Compared to fixed or variable costs, inception costs and implementation costs are associated with the frequency of occurrence. Implementation costs therefore are ongoing costs (often recurring) that repeat throughout the implementation of the program itself. They are associated with the activities whose costs

are analyzed. Implementation costs can be fixed or variable. *See [Annex 2](#) for more details on how this relates to other terms.*

Examples of these costs include time and effort on behalf of staff who are involved in daily/weekly/monthly implementation of the program evaluated, resources used for ongoing implementation including resources for travel, program materials and supplies, etc.

## **Inception Costs**

Acronyms: IE

Synonymous Terms: Development Costs, Start-up Costs

Compared to fixed or variable costs, inception costs and implementation costs are associated with the frequency of occurrence. Inception costs therefore occur at one point in time, at start-up or development of the project. Inception costs can be fixed or variable.

Examples of these costs include targeting and recruitment activities, system set-up, initial stakeholder engagements, etc. Depending on the definition of the program being analyzed, training may be considered inception or implementation costs. *See [Annex 2](#) for more details on how this relates to other terms.*

## **Incremental Cost-Effectiveness Ratio**

Acronyms: ICER

Synonymous Terms: NA

This is a ratio of costs associated with a one unit change in an outcome observed.

## **Indirect Recovery Cost**

Acronyms: ICR

Synonymous Terms: Overhead

Indirect recovery costs are costs that are not directly associated with any program or activity but are primarily costs to cover high-level overhead (i.e., HQ costs, fundraising, etc.). *See [Annex 2](#) for more details on how this relates to other terms.*

## **Ingredient (Ingredient List)**

Acronyms: NA

Synonymous Terms: NA

An ingredient is a resource necessary for implementation of a program or intervention in the context analyzed. These resources are summarized in an 'ingredients list' along with their associated costs, to transparently disclose the cost components of a given intervention or program.



## Losses Foregone

Acronyms: NA

Synonymous Terms: NA

A foregone loss is damages or costs avoided as result of the intervention or program. This requires a set of assumptions regarding the valuation of such losses that might not already have preexisting monetary conversions, and a hypothesis about how extensive such losses might have been in lieu of a program (e.g., this would require an estimation of the counterfactual state).

## Non-Experimental Design

Acronyms: NA

Synonymous Terms: NA

A non-experimental design is unable to randomly assign treatment or employ a quasi-experimental design to estimate the counterfactual state. These designs are therefore less able to propose estimates of impact without extensive confoundedness. Designs here often include qualitative impact evaluation designs, as well as simple difference or pre-post designs where the standing assumption of no change in the 'current state' cannot be verified.

## Opportunity Cost

Acronyms: OC

Synonymous Terms: NA

An opportunity cost is the value of the next-best alternative use of a resource (time, materials, money) that was foregone due to engagement in the intervention or program. As a result, this becomes the 'cost to the beneficiary' whereby beneficiaries give up alternative use of their time for participation in the program.

Monetizing opportunity costs incurred to beneficiaries in terms of alternative uses of time may require an extensive set of assumptions. I.e., placing a value on the time foregone of conducting housework, or gathering water. In some instances, organizations may qualitatively assess the value participants place on their time, while others may evaluate the market value of labor in each context as a proxy value for time foregone.

## Outcome

Acronyms: NA

Synonymous Terms: Attribution, Causal Effect, Effect, Effectiveness

An effect is the outcome (in terms of log-frames or theories of change) that can be attributed to the intervention evaluated. This attribution is determined using an impact evaluation, without which, effectiveness can only be hypothesized.

It should be noted that for the purposes of BUR's work, CEAs will rely upon quantitative research methods used for impact evaluation rather than qualitative methods that are used to evaluate effect. MEAL outcomes can provide substantiated evidence but cannot be used alone for a cost-effectiveness analysis.

## Output

Acronyms: NA

Synonymous Terms: NA

An output is a good or service received by intended beneficiaries that is a direct result of inputs or activities implemented by an intervention. Inputs/activities and outputs are monitored by routine M&E functions and the data should be readily available for input into cost-efficiency and cost-effectiveness analyses.

## Program

Acronyms: NA

Synonymous Terms: Intervention

A program is the particular intervention within funded project implemented to achieve a set of outcomes toward the larger theory of change of the project in which it sits. *See [Annex 1](#) for more details on how this relates to other terms.*

## Program Level Analysis

Acronyms: NA

Synonymous Terms: NA

A program level analysis undertakes cost analysis at an overall program level, i.e., this is a higher level than activity level analysis. This helps answer the broader question: "what is the overall cost for an entire program?" *See [Annex 1](#) for more details on how this relates to other terms.*

## Project

Acronyms: NA

Synonymous Terms: NA

A project is the overarching funded set of programs (interventions) as defined. *See [Annex 1](#) for more details on how this relates to other terms.*

## Quasi-Experimental Design

Acronyms: NA

Synonymous Terms: NA

A quasi-experimental design is an impact evaluation design where full randomization of treatment is not feasible. To estimate impact in these scenarios a rigorous evaluation design is necessary to estimate a counterfactual through a comparison group along with a series of statistical techniques to compare groups to test for confoundedness that would have otherwise been avoided through random assignment. Such methods include difference-in-differences (DiD), regression discontinuity design (RDD or RD), instrumental variables (IV), matching techniques (incl. exact or propensity score matching).

These methods are sometimes referred to as non-experimental methods, yet the above designs can produce impact estimates and as such are used by BUR in cost-effectiveness analyses and are classified separately to distinguish these evaluation designs from non-experimental designs which cannot produce an impact estimate.

## Return on Investment

Acronyms: ROI

Synonymous Terms: Social Return on Investment (SROI)

Return on investment refers to the value created by an investment to an implementing organization, in terms of what was collectively achieved by the group of investments made. In the context of the humanitarian and development sector, implementing organizations and funding entities use program funds to create benefits to society rather than earn financial profits, therefore ROI can be synonymous with Social Return on Investment (SROI), which is the value created to society by an investment of funding.

Outputs of CBAs can contribute to determining the ROI, and therefore requires a monetization of the benefits achieved.

## Scenario Model

Acronyms: NA

Synonymous Terms: Scale Model, Cost Model, Economic Model, Cost Projection Modeling

A scenario model projects the cost of a program per output based on changes in context (country, region, population density, etc.), scale (number of outputs), or implementation model (changes to staff structures, activities added/removed, cost savings structures, or implementing partners, etc.). This involves adjusting key parameters of scale such as number of beneficiaries, numbers of sites, and time duration of the program to understand how total cost and cost-efficiency change based on contextual changes. This will also allow an evaluation of how fixed costs spread out over variable units as context changes.

## Sensitivity Analysis

Acronyms: NA

Synonymous Terms: NA

A sensitivity analysis assesses how outputs of a model change with changes in assumptions and parameters. This is a high-level calculation and estimation, compared to a scenario model which involves adjusting parameters in greater detail. E.g., how do the costs of a program change if community health volunteers are replaced by local program staff?

## Shared Costs

Acronyms: SPC

Synonymous Terms: Direct Shared Costs, Support Costs, Indirect Costs, Overhead

Shared costs are costs unassociated with any particular program, as they primarily cover support activities that serve a range of programs at one time, such as operations and management. These can include finance, supply chain, office rental, among others.

Determining how much shared costs should be included in a cost analysis is standardized within IRC-BUR: the proportion of direct costs used for the activity evaluated to the total direct costs used in the program. This proportion is applied to identify how much shared cost should be included in the analysis. These are often denoted by the D3 code, in IRC finance system, as OPSC in Integra, or OADM/OADF in SUN. See [Annex 2](#) for more details on how this relates to other terms.

## Social Return on Investment

Acronyms: SROI

Synonymous Terms: NA

Social return on investment in the humanitarian sector will refer to the value created by an investment to society overall, in terms of what was collectively achieved by the group of investments made. This analysis can be conducted for a bucket of programs or for single interventions. A CBA can contribute to SROI estimates, requiring monetization of the benefits achieved. *See [Annex 3](#) for more details on how this relates to other terms.*

## Value for Money Analysis

Acronyms: VfM

Synonymous Terms: NA

Value for money analysis is a qualitative assessment about the value made by a particular investment, compared to an alternative, with the aim of maximizing the impact of each dollar spent to improve people's lives. VfM analysis as described by FCDO includes an assessment of equity, effectiveness, efficiency, and economy. *See [Annex 3](#) for more details on how this relates to other terms.*

## Variable Costs

Acronyms: VC

Synonymous Terms: NA

Compared to inception and implementation costs, fixed and variable costs are associated with the number of beneficiaries served. Variable costs are affected by changes in beneficiaries or site served. These costs are associated with incremental costs, whereby an increase in the unit of beneficiaries or site will induce a marginal change in cost. *See [Annex 2](#) for more details on how this relates to other terms.*

## ANNEX 1: Project Structure at the IRC

At the IRC, projects are structured whereby a project is the grant or award given. A project is therefore comprised of sub-units called programs (or interventions). Programs are made up of even smaller sub-units called activities. For this reason, cost analyses distinguish “program-level analyses” from “activity-level analyses” depending upon the level of costing granularity the research question of interest indicates.

***Project > Program (Intervention) > Activity***

## ANNEX 2: Cost Types

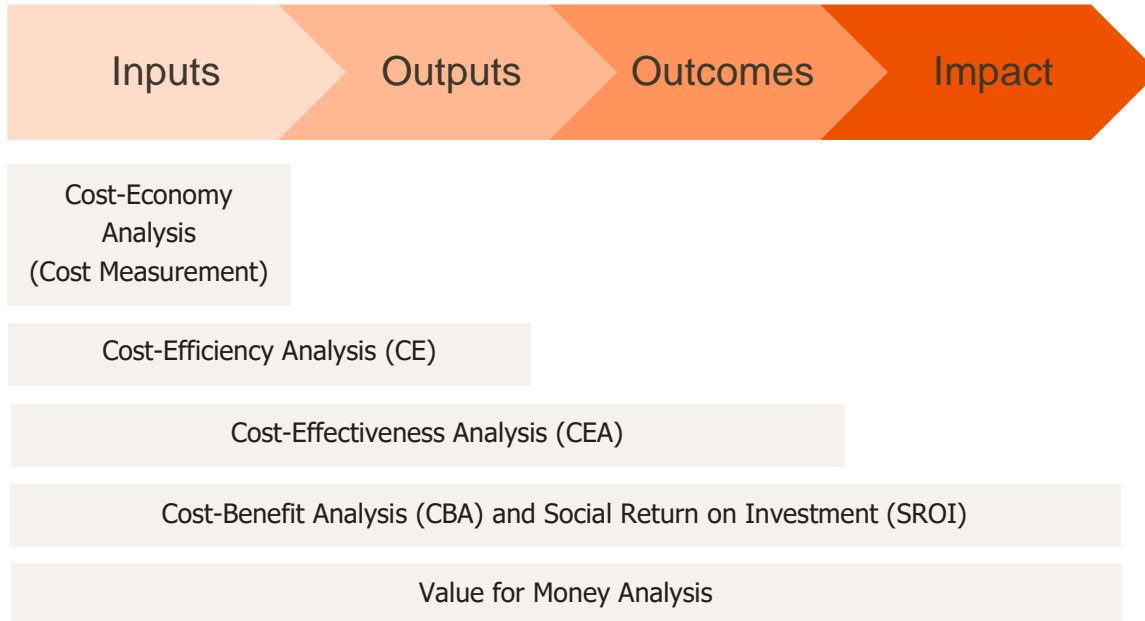
Costs at the IRC are related to each other and are not entirely mutually exclusive from one another. First, a fixed and variable cost can be an inception or implementation costs, as depicted below:

	Inception	Implementation
Fixed	<p><b><i>Fixed-Inception Costs:</i></b> One-time staff costs or travel that is not affected by scale but required during program start-up only.</p>	<p><b><i>Fixed-Implementation Costs:</i></b> Ongoing overhead costs for implementation such as operations and management, office expenses, staff time.</p>
Variable	<p><b><i>Variable-Inception Costs:</i></b> Resources required for targeting and recruitment (varies by scale reached but occurs only one time).</p>	<p><b><i>Variable-Implementation Costs:</i></b> Program materials required for ongoing implementation that vary by scale/number of clients reached.</p>

Second, direct program costs can be a mix of all the above four cost types, while shared costs and indirect recovery costs (overhead) are typically classified as fixed inception or implementation costs.

## ANNEX 3: Analysis Types

The following depicts how each of the analysis types is associated with different segments of a project log frame or theory of change.



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