



Focus on Cost Efficiency, Effectiveness and Results

> What do we mean?

Effectiveness in the design, delivery, and evaluation of humanitarian assistance means not only developing and applying tools and processes that are based on or generate evidence, but also tracking how much it costs to deliver outcomes through different programs, and using that cost evidence to inform future responses. To this end, gathering and methodically analyzing evidence about the costs of different interventions will help direct available resources toward programs that have the greatest reach and impact.

> Why is this necessary?

Humanitarian crises are growing at a time when resources to respond are increasingly constrained. The lack of evidence about what it costs to deliver different programs in different contexts, and which programs achieve outcomes most cost-effectively, has resulted in a disconnect between the real investment of time and resources necessary to achieve results. To improve accountability and effectiveness, humanitarian actors must better analyze how spending relates to the outputs and outcomes it achieves, so that funds are being used to deliver aid more efficiently and effectively. Commitment and transparency towards understanding

the true cost of delivering humanitarian assistance will result in a humanitarian system that is more efficient and accountable, and is especially important to meet the growing demand for humanitarian services with limited resources.

> What is our commitment?

The International Rescue Committee (IRC) will further refine its pioneering costing approach in humanitarian interventions and make it publicly available for donors and other organizations to use.

Specifically the IRC will;

- Use cost analyses systematically in the IRC's decision-making on new programs
- Update finance and budget-tracking systems to allow easier cost analysis for future proposals and programs, and publish about our systems so other organizations can learn from our experience
- Publish the results of our cost analyses reports for public use
- Raise awareness and use of cost analysis with other actors in the humanitarian sector, including donors and implementers, by promoting a common methodology and a standard for what cost data should be reported publicly

> What are we asking?

As an extension of the High-level Panel on Humanitarian Financing, a new “Humanitarian Costing Alliance” should be created to articulate standards for calculating and reporting on the cost efficiency and cost-effectiveness of humanitarian interventions. Such a body should require the participation of the World Bank, UNDP, UNHCR and other major bilateral donor donors and include a rotating seat for NGOs. The body should develop standards, not only for the methodology of efficiency analyses, but also for how often and in what format humanitarian organizations should be reporting such data on their efficiency at producing key outcomes.

To focus effort on achieving outcomes and using donor resources effectively and transparently, donors should provide funding for organizations to build in-house systems to that enable easy and accurate cost analyses. The time it takes to conduct such analyses should be reduced by plugging into existing finance and monitoring systems, and embedding the agreed-upon methodology into a software tool. The IRC has committed to making the underlying code and architecture for our tool publicly available, and working with our peers to help them adapt that tool to use data from their own systems.

> What’s worked?

The IRC has conducted 10 cost efficiency analyses of key IRC interventions, as well as three cost effectiveness analyses of programs that had an impact evaluation. The first four cost-efficiency analyses are now publicly available, including studies of the cost and cost-efficiency of:

1. Cost efficiency analysis of unconditional cash transfers
2. Cost efficiency analysis of latrine-building in refugee camps in Ethiopia
3. Cost efficiency analysis of malnutrition treatment programs
4. Cost efficiency analysis of non-food item (NFI) distributions
5. Cost efficiency analysis of teacher professional development
6. Cost efficiency analysis of community-driven development (CDD) programs
7. Cost efficiency analysis of case management for at-risk children
8. Cost efficiency analysis of legal case management in Iraq
9. Cost effectiveness analysis of programs to improve parenting quality, in Liberia & Thailand

The International Rescue Committee (IRC) responds to the world's worst humanitarian crises, helping to restore health, safety, education, economic wellbeing, and power to people devastated by conflict and disaster. Founded in 1933 at the call of Albert Einstein, the IRC is at work in over 40 countries and 26 U.S. cities helping people to survive, reclaim control of their future and strengthen their communities.