

ALNAP webinar: Putting money where it matters

What can humanitarians learn from other sectors?

How do humanitarian actors decide what they will spend their money on? What helps them make these decisions?

In trying to do the most they can with their resources, humanitarian donors and agencies face many challenging questions. Where is humanitarian need greatest? How can they reach as many people as possible with the money they have? Some donors and agencies have recognised the need to radically reform the way they fund and deliver responses in order to make best use of limited humanitarian funding. But when gaps in knowledge or rapidly-changing situations mean data is quickly out of date, they risk falling short of having the right information to make the right decisions.

This ALNAP webinar looked at the challenges humanitarian donors and agencies face around gathering and using evidence for allocating resources, and speak to experts in health and charity evaluation about what humanitarians can learn from other sectors.

In this review, we ask Josephine Borghi from LSHTM to bring her perspective from the health sector, and James Snowden from Givewell, to bring his experience as a charity evaluator, to advise humanitarian practitioners on allocating resources.

Watch the video: www.alnap.org/upcoming-events/putting-money-where-it-matters-what-can-humanitarians-learn-from-other-sectors

In prioritising resources, should humanitarian agencies focus on:

- 1) Getting to the hardest-to-reach (prioritise reaching isolated communities, who are more expensive to reach)
- 2) Substantial amounts of assistance to the worst-off (prioritise the worst-off)
- 3) Reaching as many people as possible (maximise numbers)

What did the audience think?

Poll Results

Which questions for resource allocation are hardest to answer in humanitarian contexts?



Our experts also weighed in on real resource allocation challenges and questions from humanitarian agencies and donors.

Case 1: Save the Children. Weighing political activism against direct programming. Sent in from Gareth Owen, Humanitarian Director

Any humanitarian agency faces frequent challenges in terms of resource allocations. Resources are inevitably finite and needs almost infinite. In most responses we are forced to choose between which sectors of need to focus on and which to deprioritise, indeed sometimes we have to choose between different emergencies or countries. The general principle is clear: do the most amount of good for the maximum number of people. But this only tells part of the story. We also have to pursue the political activism that is an essential part of our global solidarity for humanity.

Save the Children was faced with this dilemma in the summer of 2016. We knew we needed to send our Emergency Health Unit to DRC to respond to a yellow fever outbreak with a mass vaccination campaign, but at the same time also knew that we could no longer ignore the moral obscenity of migrant children drowning in the Mediterranean – we had to act. The vaccination response would reach 750,000 children relatively cheaply, while the Search and Rescue was targeting 10,000 at great financial cost. Our EHU team went to DRC, funded from private income set aside in our Children's Emergency Fund. But we did not give up on Search and Rescue. We went out to private philanthropists who shared our moral outrage and they responded. As a result we were able to successfully deliver both responses. This is the reality of the humanitarian aid system – evidence and need are not the only deciding factors.

Answers to this case are on the audio: <https://youtu.be/GyX-4JCeMHM?t=28m57s>

Case 2: Kenya Red Cross

How should we prioritise resources for serving displaced women? James, Josephine, what would you recommend that this person consider or look at to identify which activities or services would be most useful?

James Snowden: I don't know how much evidence there actually is on this issue, and I suspect it's a very difficult question to get a general answer on. I suspect an issue here is that 'Internally displaced women' is a pretty broad category which it's difficult to generalise over, and the need will vary between different groups. So I'd suggest starting out with a needs assessment which is specific to the context you're working in. What diseases are they getting? What social issues are most pressing in that context? Then brainstorm a long list of interventions you could use to address those.

Open up a spreadsheet and put in your best estimates of cost per person reached and your best guess of how much each person reached is benefited, and then work out cost/benefit ratio. If you can't get strong evidence for these figures, use your judgement.

Your initial guesses are probably going to be wrong, so don't get anchored to them, but it at least helps think through the decision.

Josephine Borghi: To prioritise using cost-effectiveness criteria, I would suggest defining the alternative interventions to target displaced women; cost each of these (how much does it cost to deliver each intervention); and consider the consequences of the intervention for the target group (document all possible consequences; if health related, consider whether DALYs or QALYs can be estimated; if not health related, place a monetary value on these consequences by asking people how much they would pay to receive these benefits).

Lastly, compare the costs/outcomes of the various interventions, by estimating an incremental cost-effectiveness ratio (health – difference in cost divided by difference in effect); or cost benefit ratio, net benefits (comparing costs to monetary value of benefits).

Case 3: DFAT Australia. Using evidence within multi-year funding mechanisms

The ALNAP Working Paper identifies four common challenges that donors face in making evidence-based decisions about allocating resources. They are all very familiar to DFAT. The fourth – striking an appropriate balance between predictability and flexibility, on one hand, and the evolving needs and dynamic operating contexts, on the other hand – being particularly challenging with respect to our Grand Bargain commitment to provide multi-year funding in protracted displacement situations. Sourcing the right evidence to make funding decisions was difficult. Our solution has been to base our decisions on a ‘most probable scenario’ and ‘vulnerability assessment’ (rather than ‘needs assessments’). What other criteria and processes might have been adopted to develop an evidence base to design a multi-year funding package that is robust enough to meet our legislated financial reporting requirements while remaining nimble enough to adapt to fluctuations in the operating environment?

Answers to this case are on the audio: <https://youtu.be/GyX-4JCeMHM?t=35m40s>

Case 4: submitted online by Senior Protection Officer

We have a question from a senior protection officer about the Humanitarian Country Team’s allocations towards preventive protection. Also another question on how to allocate more resources towards resilience. In the paper [Using Evidence to Allocate Humanitarian Resources: Challenges and Opportunities](#) we talk about urgency as a key criterion for prioritising resources. In the humanitarian sector we tend to prioritise those needs which are more urgent, at the cost of medium or longer term benefits.

What are our panellists thoughts on weighing short-term over medium to long term, particularly as this might mean sacrificing individuals in need now, for the sake of people’s needs in the future?

Josephine Borghi: Economists tend to value the present higher than future so this criteria for prioritisation is perfectly in keeping with this. We ‘discount’ costs and ‘effects’ to adjust for the fact that costs in the future are worth less than costs now, and benefits now are worth more than in the future.

James Snowden: Economists tend to use discount rates to prioritise present needs over future needs. It’s surprisingly difficult to understand what these discount rates actually represent.

From an ethical perspective, most philosophers who've thought about it carefully don't think there's any intrinsic reason to value the present over the future.

At GiveWell, staff discount rates range between 3% and 6%, and generally represent considerations like raising income now is better than raising income later (because it can be reinvested); or the uncertainty associated with addressing needs in the future. You can see our staff justifications for discount rates in the cell notes of row B in this spreadsheet:

https://docs.google.com/spreadsheets/d/13b_qtG_TQtoYNznNak3_5dzvzgCSUPJnk3l5dMisJo/edit#gid=2064365103

Case 5: Submitted online.

How can humanitarians budget for M&E activities? How much is appropriate for staff salaries? M&E activities or salaries are examples of how we allocate resources to areas of an organisation that do not go towards direct implementation, but which are believed to enhance the overall accountability and effectiveness of the organisation. How should agencies think about the most appropriate balance between direct implementation costs and 'overhead' costs such as M&E?

Josephine Borghi: What costing and cost-effectiveness studies can do is show you the inputs driving cost and help you consider how to deliver interventions more efficiently.

James Snowden: I think there's a danger that NGOs implement monitoring and evaluation because "that's what responsible people do".

When deciding how much monitoring and evaluation you need, think about what questions you need to answer to make good decisions (for both funders and implementers).

That generally involves collecting data on (1) inputs to the program (2) outputs as a result of the program (3) outcomes resulting from those outputs. How much this costs will depend on the particular program being assessed, and it might not be feasible to collect all possibly useful data.

Case 6: Marc DuBois, former director of MSF Holland.

MSF as an organisation has done a lot of thinking and work on prioritising resources. As a humanitarian agency, MSF is dedicated to providing basic life-saving care in the hardest contexts on the planet. One of the questions MSF has faced as an organisation is around what you might call the 'horizontal vs. vertical' expansion question. That is: with additional resources, should we attempt to spread out small gains to as many people as possible, ensuring the provision of priority services to the greatest number? Or should we emphasise quality, and provide a higher level of care to a fewer number of people.

Josephine Borghi: Cost-effectiveness analysis can help you determine exactly what the costs and outcomes would be with both courses of action; the trade-off being between cost and effectiveness, and work out what the most efficient choice would be. Ultimately you could do a threshold analysis to see at what point the decision shifts (by varying reach of the first intervention and quality of the second).

James Snowden: The trade-off seems to be mostly between (i) the efficiency gains of delivering multiple services to the same population through the same distribution network and (ii) implementing high priority (i.e. more cost-effective) services more widely rather than expanding to less cost-effective services.

The costs and benefits of these two approaches can be estimated, although there may be additional reasons to prioritize vertical expansion (establish trust by ensuring high quality care) or horizontal expansion (fairness).