



CHAPTER 7

EFFICIENCY

DEFINITION

How well are resources being used for humanitarian action?

Efficiency measures the extent to which humanitarian action delivers, or is likely to deliver, results in an economic²³ and timely way. It explores the use of financial resources, plus human, technical, time, environmental, social or other material resources, relating this to results at all levels of the results chain. It may also mean exploring operational aspects of humanitarian action, i.e. how well action has been managed.

KEY MESSAGES

- Because of the complexity of evaluating efficiency, prioritise which aspect(s) to evaluate and consider what is feasible within the scope of the evaluation.
- Timeliness is a key dimension. Humanitarian action is not efficient if results have not been achieved at the right time, when needed most.
- Explore how people affected by crisis perceive results in relation to costs, and different perceptions across groups. This is especially important when assessing social and environmental costs.

²³ Economic refers to the conversion of inputs into results in the most cost-effective way possible, compared to feasible alternatives in the context (OECD, 2019).

EXPLANATION OF DEFINITION, AND HOW TO USE THIS CRITERION

EXPLANATION OF DEFINITION

There are three dimensions to evaluating efficiency, also highlighted by the OECD as key areas to explore.

1. *Economic efficiency* assesses the resources used to achieve results at different levels (not just outputs), in order to understand if resources have been used cost-effectively. In line with the OECD definition, resources should be understood in the broadest sense – this includes financial resources plus human, technical, time, environmental, social and other material resources. Economic efficiency can be evaluated to understand at what cost(s) (in a broad sense) results were achieved (OECD, 2021). This could mean exploring the advantages of using local versus international procurement, accounting for time spent on customs clearance for humanitarian goods procured internationally. It could also mean analysing the value for money of procured goods – have low costs affected quality and therefore use by affected people?
2. *Operational efficiency* assesses how humanitarian action has been managed, including decision-making processes and risk management. Given scarce resources for humanitarian action, decisions on prioritisation and use can have far reaching consequences. Think of this in terms of the ‘bottlenecks’ in the systems and processes that might have hampered efficient implementation. How were resources prioritised? Were resources used as planned? Were logistics and procurement decisions optimal? How were decisions made as the context of the humanitarian response evolved and did these decisions enhance efficiency in changing circumstances? Were resources redirected as needs changed (OECD, 2021)? Consider organisational duty of care to staff. For example, are staff sufficiently supported so they do not burn out or leave? This is an important aspect of operational efficiency.
3. *Timeliness* explores whether humanitarian action has adequately supported people affected by crisis at the right time, during different phases of the crisis. This is critical for humanitarian action. Was there adequate early warning, and were warnings acted upon in time? Were procurement activities launched and managed in a timely fashion? Were response staff deployed at the right time? The sequencing of humanitarian activities is often crucial to success. Humanitarian assistance might start with widespread cash transfers at the height of a crisis, then shift to livelihoods support in a protracted crisis.

Capture the views of people affected by crisis on these three aspects, including people who are most marginalised and vulnerable. This is especially important when assessing social and environmental costs, as these costs might vary substantially between groups and communities, and between geographical areas. This is further explained in [Chapter 11](#).

Analyse how and why the level of efficiency was reached. Look at both internal and external factors, for example political priorities of government and agencies. A host government may not want piped water provided to refugees as this could encourage them to remain, even if it is more efficient than providing water via tanker. Understanding 'how' and 'why' is important for learning and for improving the performance of humanitarian action.

Consider the urgency and scale of the needs of people affected by crisis. Responding with adequate resources in the early stage of a crisis, e.g. through anticipatory action, may be more efficient in the medium term if it reduces the need for subsequent widespread life-saving assistance. For instance, support for managed destocking of pastoralists at the onset of drought can reduce distress sales of livestock and destitution later. On the other hand, humanitarian agencies may spend too quickly where an international response is over-funded initially, exhausting their resources before the expensive reconstruction phase begins (Buchanan-Smith and Wiles, 2022).

BOX 2: COST-EFFICIENCY VERSUS COST-EFFECTIVENESS

Cost-efficiency refers to the cost per output of a programme or an activity. This analysis provides an understanding of the costs to deliver an output, but it does not consider whether those outputs result in desired outcomes.

Cost-effectiveness goes beyond the output level, assessing costs associated with achieving results across various stages of the results chain, including outcomes and impact. This enables a deeper understanding of how efficiently resources are used to achieve meaningful and lasting change, rather than simply delivering outputs (IRC and USAID, 2019).

For example, evaluating the cost-effectiveness of a cash assistance programme means exploring the cost of transferring cash to affected households (output level) and the cost relative to households improving their ability to cover basic needs (outcome level). See the evaluation example that follows (Mercy Corps, 2022).

WHEN TO SELECT EFFICIENCY

Evaluate efficiency to understand the costs (in a broad sense) of the results achieved. Efficiency contributes to holding humanitarian actors accountable for their use of resources, and it also generates valuable learning on how decisions about resource allocation have affected results as well as on the timing of the response. However, an evaluation that covers many other issues may not be the best means of doing this. An audit done by dedicated accountants may be better here, particularly to analyse cost-efficiency.

HOW EFFICIENCY RELATES TO OTHER CRITERIA

Efficiency relates primarily to the relevance, effectiveness, and coverage and inclusion criteria. The relevance of humanitarian action has a direct effect on its efficiency. Designing humanitarian action that aligns with the specific needs of people affected by crisis can minimise resource waste, which is especially important when resources are scarce for humanitarian action. Operational efficiency links closely with coverage and inclusion, as targeting decisions directly relate to costs and resources. Operational efficiency also links to effectiveness and impact, as evident in cases where streamlined processes have led to quicker delivery of humanitarian support instead of being hampered by internal processes (OECD, 2021).

SHIFTING THE LENS: POWER AND POSITIONALITY

When evaluating efficiency, it is key to recognise the presence of bias in the types of data that are prioritised. Quantitative financial indicators – such as cost-per-beneficiary or administrative ratios – tend to dominate assessments, while qualitative insights that highlight trade-offs, ethical concerns or community experiences may be dismissed as anecdotal or less credible. This reflects a bias towards the type of evidence deemed legitimate in humanitarian evaluation, and it skews analysis towards what is cheapest rather than what is most dignified or appropriate.

METHODOLOGICAL IMPLICATIONS

See [Chapter 11](#) for further methodological implications, particularly key considerations for putting people affected by crisis at the centre.

Key consideration A

Efficiency is complex – it is unlikely that one evaluation can cover all aspects of this criterion. Some aspects are particularly intricate, such as measuring social and environmental costs, especially in highly insecure or rapidly evolving contexts.

Methodological implications for commissioners

Prioritise which aspects of efficiency are most useful to evaluate. Some aspects might be too complex to evaluate given the setting and time. Consider during which phase of a humanitarian response to evaluate efficiency. It can be beneficial to start with an evaluability assessment, and/or consider whether an audit is more appropriate.

Methodological implications for evaluators

Use the inception phase to explore what is feasible to evaluate in the time and resources available, and what approach is most appropriate. Engage in early dialogue with the commissioner to align expectations on areas of enquiry, taking into consideration the potential volatility and insecurity of humanitarian crises.

Key consideration B

Use comparable cases as benchmarks when evaluating cost-effectiveness. However, recognise that suitable comparisons may be hard to find, especially in complex and rapidly evolving contexts.

Methodological implications for commissioners

Consider data access and potential difficulties in finding comparable cases when planning the evaluation and developing the evaluation questions. Facilitate access to relevant data.

Methodological implications for evaluators

Use the inception phase to explore what data is available. When comparing cases, apply a 'sensitivity analysis' to ensure suitability.²⁴

EVALUATION EXAMPLE

Value-for-money study of VenEsperanza's response to the Venezuelan migrant crisis in Colombia (August 2022)

Background

The VenEsperanza Emergency Response Consortium operated from 2019 to 2022 to provide a joint response to the Venezuelan migrant crisis in Colombia. The consortium was led by Mercy Corps and also comprised the International Rescue Committee, Save the Children and World Vision. The programme provided emergency multi-purpose cash assistance (MPCA) to Venezuelan migrant families to cover their basic needs. This value-for-money study evaluates cost-efficiency, the cost structure and drivers of the programme (economy and efficiency), the effectiveness of the intervention (effectiveness), and the extent to which the programme objectives were met equitably (equity).

How the evaluation addresses efficiency

The study explores both cost-efficiency and cost-effectiveness, i.e. cost per output and cost per outcome. It applies the Value for Money framework for an in-depth analysis that includes efficiency as one of several criteria.

To evaluate cost per output, the evaluation considers the cost-transfer ratio at consortium level, meaning the cost to deliver \$1 of MPCA to a household. The study breaks down the cost-transfer ratio per programme phase, e.g. targeting, distribution,

²⁴ For example, efficiency in contexts that are fragile and affected by conflict should only be compared with similarly challenging environments (OECD, 2021).

and monitoring. To evaluate the cost per outcome, the study considers two outcome indicators: the share of households that improved their capacity to meet their basic needs between baseline and endline; and the share of households that improved their food consumption. Data was collected through post-distribution monitoring tools. Outcome data is analysed relative to programme costs.

The study considers equity by analysing additional costs incurred to reach the highly vulnerable group of *caminantes* (migrants travelling by foot who lack economic resources and are exposed to protection risks). This illustrates the additional costs required per household to cover the needs of groups with additional vulnerabilities.

- By analysing costs at outcome level, the study draws nuanced conclusions on the quality of the response, specifically the degree to which the transfer value was sufficient to cover the basic needs of programme participants (an expected result of the response at outcome level).
- Integrating equity into the study provides valuable data and learning on the additional costs relative to reaching marginalised groups.

Source: Mercy Corps (2022).

HUMANITARIAN PRINCIPLES AND EFFICIENCY

When considering how efficiently resources have been used, also consider the source of resources in relation to humanitarian principles. This may be a particular issue for financial resources (UNEG, 2024). For example, there are implications for independence and the potential instrumentalisation of assistance if humanitarian funding is provided by the government of a belligerent state, a state that supports one side in a conflict, or a state that has commercial interests or seeks influence in the area (ACF, 2013).

This is a sensitive issue. Explore whether the humanitarian actor's funding strategies take humanitarian principles into account. Are criteria applied to guide funding decisions and protect independence? In a deeply polarised conflict environment, pay attention to human resources and how staff composition is perceived by the population affected by the crisis and by other actors in terms of neutrality and independence.

Example evaluation question:

To what extent have humanitarian principles guided the deployment of resources, particularly funding?