



Emergency Preparedness Return on Investment Project

Side event on the margins of the second regular session of the Executive Board

Tuesday, 14 November 2017, 8:30 – 9:45

Aula Delegatis – Aula I, WFP Headquarters

Concept note

Background

The timing of humanitarian funding can save lives, money and time.

To maximize the impact of funding emergency operations, a paradigm shift is required towards managing risks as opposed to reacting to events. The shift from a funding model focusing on emergency response to one with a greater focus on emergency preparedness would ensure our investments are more risk informed, invest in local capacities, increase efficiencies in protracted crises and incentivize collective outcomes.

Though the humanitarian sector has made considerable advances in risk forecasting and preparedness, the planning and funding instruments have not always kept pace. In part this is because the sector has not been equipped to systematically quantify and compare the impact that investments had.

In 2014, UNICEF and WFP (later joined by UNHCR and OCHA), supported by DFID, launched a research initiative to produce a humanitarian return on investment (ROI) methodology. The initiative, which included pilots, aimed to strengthen the case for risk-centred investments. The resulting methodology uses key performance indicators relating to cost, speed, greenhouse gas emissions and quality of a response. It looks at how these are impacted by investments made before a response occurs. It can also be applied to protracted crises.

Objectives of the side event

1. Present the ROI methodology in order for WFP Executive Board members to better understand it. Highlight the preliminary results of the pilots and the potential application of the methodology.
2. Demonstrate evidence of the impact of emergency preparedness investments on future emergency responses.
3. Demonstrate the value of approaching preparedness as a joint portfolio of initiatives across agencies, and the potential benefit of doing so across the wider humanitarian community.
4. Prepare the ground for a wider discussion on the needs for more investment in preparedness by traditional donors, and also by the private sector.

Outline of the event

- **Quick explanation of the objectives of the project:** The ROI methodology is a toolkit for providing evidence of returns on investment in emergency preparedness in high-risk countries. Returns can be thought of as improvements in financial, response time and greenhouse gas savings, and on the quality of the response.
- **Explain the application of the methodology:** Measuring humanitarian ROI provides evidence of savings and of better quality responses while supporting improved emergency response planning. The methodology provides a structured way to establish a common understanding of risk and how it impacts an investment. After finalizing the investment's scope, it tests and compares options using "with" and "without" scenarios. This can be applied to a wide range of investment options, even if some challenges remain when examining "softer" investments, such as investments in improving coordination or in skills development.
- **Overview of the results:** Even though the sample was statistically limited, and the investments analysed were chosen to build the methodology and not to draw general findings, the conclusions do provide some of the best available evidence of the impact of emergency preparedness investment on future response. Eighty-four different investments across six high-risk humanitarian contexts were analysed to determine the effect they had on humanitarian response. For every USD 1 invested early, a median of USD 1.50 (a mean average of USD 2.60) was saved in the assessed countries. Operations were on average 14 days faster. Savings multiplied for investments that were reused in subsequent crises. Total greenhouse gas savings were approximately equal to carbon emissions absorbed in one year by 70 km² of forests. All financial savings were to donors (with a 10 percent discount rate applied), and did not include the wider societal benefit delivered through faster responses which could be assumed to increase the value of the investments.
- **What does this mean?** It shows that we can increase the impact of funding emergency response by using a risk-centred investment approach. It also provides evidence for approaching preparedness, including risk-analysis, in a joint manner, as a United Nations system and with the wider humanitarian community. At a time when humanitarian need is growing and is increasingly protracted, a step-change is needed to ensure that we use our funding to its maximum effect.
- **What now? How do we plan to use the methodology?** The primary objective is to help humanitarian actors improve the planning of their preparedness activities, and to strengthen the capacity to build effective business cases in support of preparedness investment. The methodology can also be used to strengthen our understanding of the impact investments have made.
- **Final question: What do the results of the ROI initiative mean for humanitarian funding?** The results provide additional evidence that investing early, and taking into account the risks involved, pays off. It also underscores how delayed funding increases financial costs to donors and the wider humanitarian system and unnecessarily delays responses and negatively impacts quality. This evidence lays the ground for further discussion on how to improve humanitarian funding. This is in line with the goals of the Grand Bargain.

Agenda

8:30–8:45: Introduction – Fergus McBean (Humanitarian Adviser, DFID)

8:45–9:15: Presentation – Fergus McBean (DFID) and Sheila Grudem (Deputy Director OSE, WFP)

9:15–9:20: Link to the WFP Emergency Preparedness and Response Policy

9:20–9:40: Q&A session – Panel of participants: Mari Denby (Humanitarian Research Specialist, UNICEF), John Long (Head of Emergency Response Preparedness Unit, OCHA), Danilo Delfini and Marlies Lensink (OSE Emergencies division, WFP), Pasquale Mari (part of the Price Waterhouse Coopers team)

9:40–9:45: Closing remarks – Fergus McBean (DFID)

An example: Data systems

Niger – Introduction of mobile Vulnerability Assessment Monitoring-system



mVAM is a household survey carried out by WFP to enhance food security monitoring via a contractor using a phone interviews for data collection

Costs factored into this investment include:

- WFP staff involved in setting up the mVAM system and WFP effort related to training survey interviewers
- Annual contracting costs for phone-survey company, mobile credit to participating households, WFP Technical Assistant Staff, sensitization missions
- **With** the investment, *in case of emergency, phone-based surveys allow WFP to gather data in among others insecure or remote areas* which they might not otherwise be able to reach by traditional means. mVAM is carried out at regular intervals and when needed *in case of emergency/new displacement in Diffa region* and at low cost by desk-based enumerators at a call center in Niamey
- **Without** the investment: rapid assessments can only take place in limited areas for security reasons and understanding of the humanitarian needs will be limited; ***traditional food security or inter-agency assessments may take 1+ months to carry out due to the need to undertake site visits and can only cover a limited geographical area.*** This implies lack of understanding of the real situation for large parts of the population. *In day-to-day* food security monitoring and rapid assessments are performed collecting data by traditional means, based on in person contacts