Humanitarian Response Plans Costing Methodology Consultancy Final Report

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Contents

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SUMMARY[1]

Scope and Methodology

The objectives of the Humanitarian Response Plan (HRP) costing methodology review were to take stock of which methodologies have been used and are currently being used by Humanitarian Country Teams (HCTs), to identify the advantages and disadvantages of each based on the perspectives of concerned stakeholders, and to document the wider impact of using different costing methodologies from one country to another in terms of inter-agency humanitarian coordination, monitoring, and financial tracking.[2]

- As per the agreed methodology by the group, the Headquarters (HQ) component of the costing review included document review, interviews with donors, organizations, Global Clusters, and disability stakeholders.
- The field component included HPC stakeholders in Afghanistan, Burundi, Democratic Republic of Congo, Iraq, Somalia, South Sudan, Sudan and Zimbabwe and consists of conversations with the Humanitarian Coordinator (HC), United Nations Coordination of Humanitarian Affairs (OCHA), Inter-Cluster Coordination Group (ICCG), Clusters and United Nations (UN), international non-governmental organizations (INGO), national non-governmental organizations (NNGO) top, middle, and bottom recipients according to funding received as documented in Financial Tracking System (FTS) for the 2020 HRP (i.e., nine organizations from each country if possible). (See Appendix A for list of the countries and their costing method for the 2020 and 2021 HRPs).
- Field stakeholders also received access to an online survey in French and English.

Importantly, this research also sought to assess the effect of the HRP costing methodologies on the wider HPC. This includes the potential influence on strategic planning, resource mobilization, implementation and monitoring, operational peer review and evaluation, and the Humanitarian Needs Overview (HNO) as well as on guiding principles such as relevance, effectiveness, sustainability, partnerships, localization, and coordination. Because the interview discussions often included wider aspects of the HPC and comments tangentially related to costing, the findings are grouped into two categories—Indirectly Related to Costing and Directly Related to Costing.

Overarching Findings

The Humanitarian Programme Cycle (HPC) does not have a costing problem; it has a systems problem. Because costing is integrated into other critical aspects of the HPC (e.g., strategic alignment, operational coordination, financial tracking, and monitoring), these aspects must work in tandem with the costing methodologies chosen. Issues related to HRP costing and the HPC are discussed below. The alphabetized findings are organized into two groups—findings directly related to costing and findings indirectly related to costing.

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[1] *Throughout this report NNGO represent national and local NGOs. The abbreviation LNGO is not used as it is included in the definition of NNGO for the purposes of this report.*
[2] *SALT Analytics (February 7, 2021). Humanitarian Response Plans Consulting Methodology Consultancy Inception Report. https://drive.google.com/file/d/1Wkkomyf-nY7fCx3-kAXUeD7ZmZUHhM--/view?usp=sharing and the UN OCHA (October 08, 2020) Terms of Reference Costing Consultancy. https://drive.google.com/file/d/1KjzzLl3zLR77tdT1yRLc0j6fGHPAMvOc/view*

Findings Directly Related to Costing

Costing Methods

- OCHA and UN agencies, in general, prefer UBC, Global Clusters show a preference for PBC over UBC, and INGOs and NNGOs are unsure which method is best.
- Different clusters in the same country may experience the same costing method differently, and the same cluster in different countries may also have different experiences. In PBC, for example, clusters with more partners may have more registered projects to vet than those clusters with fewer partners.
- At all levels, from Donors to NNGOs there is a significant amount of confusion about the methodological steps involved in UBC and Hybrid.
- While there are advantages to move from PBC to UBC, or Hybrids, despite the heaviness of the PBC method and its need for revisions, the benefits of PBC seem to outweigh the benefits of UBC.
- Because PBC aligns better to the wider HPC, it captures more granular information about the humanitarian operation.
- Before a change is made to costing methodologies, in-country teams need ample time and guidance and tools to support the change. Changes to the system cannot be done in haste.
- In-country staff emphasize that they are not and do not want to be costing experts. They want to spend their time and efforts delivering humanitarian services.
- In general, those included in this research believe that the guidance on the costing methods should be a collaborative effort between OCHA and Global Clusters.
- Even if a country's HRP states that it uses one kind of costing method, there is no guarantee that clusters or organizations in that country use the same method or even use the same method in the same way.

- Unit Based Costing

Advantages	Disadvantages	Mixed
Good overall estimate for the HRP.[3]	Less intuitive than PBC to generate cost estimations for the HRP.	Faster but perceived by some to be less accurate and less "usable".
Quicker estimations when requested by Donors.	Service based clusters find UBC to be more challenging.	No evidence that UBC is more or less transparent than PBC.
Flexibility for quick changing contexts.	Donors fund projects and not Activities.[4]	
Product based clusters, in general find UBC to be straightforward.	Needs a stronger link to monitoring and reporting.	There are conflicting opinions if UBC lines up with organizations' internal accounting procedures.
	Needs a better way to track project details in FTS and HPC tools, as a whole.	

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[3] "Good" in this context is understood as the estimated cost to reach a planned target population. This is calculated as the target population*the unit cost of the activity for that target population. Compare this to PBC which is the sum of the project totals proposed in the HRP.
[4] As more donors move to multi-sectoral funding, funding activities may become more commonplace and therefore less of a drawback for UBC.

	Little evidence that UBC is cluster centric. Some clusters feel blind to the activity of partners after costing is completed. This is particularly true for those countries that use UBC which does not include project registration.	
	Does not account for resource quality, for example the quality of concrete used in construction, or the quality of books used in educational instruction.	
	Does not include vetting which is used for coordination, strategic alignment, capacity assessment, and quality control by clusters.	
	UBC's deficient have motivated country's using this method to develop "workarounds".	
	More negative aspects of UBC were noted than positive.	

- Project Based Costing

Advantages	Disadvantages	Mixed
PBC, in general, integrates well into the HPC, inclusive of monitoring and tracking.	PBC is too heavy and needs revising. Project registration and vetting are two of the most common challenges.	PBC might be as much cluster centric as organization centric due to the vetting process.
PBC lines up well with internal accounting procedures.	Creating projects prior to knowing the amount of donor contributions and then revising these same projects after donor contributions is double work and huge pull on in-country staff for projects that may never receive funding.	
Inclusion in the HRP provides visibility to organizations.		
PBC is well known by the various stakeholders.	Generates "wish list" of projects which might never receive fundings and maybe quickly outdated due to changing contexts.	

- Throughout this consultation, some interviewees stated that UBC and PBC should build on each other instead of being conflicting. While this does seem entirely logical, after all activities are comprised of unit costs, and activities are the building blocks of projects, UBC and PBC complimenting each other is currently unlikely for at least three reasons.

  1) **Specificity of costs**
     Cost estimations generated by organizations reflect the actual costs expected to be incurred taking into consideration contextual factors such as geography and supply chains. UBC estimations generated by clusters are more generic or provide a range which is seen as inadequate for an organization's project budget. While UBC can generate different costs (e.g., the cost to implement an activity in a remote location versus an urban location), interviewees stated that creating UBC pricing that reflects all of the variation in a country was time consuming given the number of variables and the combination of those variables (e.g., location, implementer, season, beneficiaries served, type and quality of resources used, etc.).

  2) **Economies of scale and double counting**
     UBC does not account for economies of scale or double counting resources, especially personnel, security, and transportation which might be duplicative across different project activities. Economies of scale and double counting resources becomes more complicated when projects are multi-sectoral in nature.

  3) **Running costs and implementation costs**
     In PBC, running costs and implementation costs should be separately documented. Therefore, accurately estimating running costs across different project activities can be done with greater precision on an organization-by-organization basis than in the more general estimations provided in UBC.

Capacity Building

- Some organizations stated that costing methodologies were not discussed in monthly cluster meetings.
- HRP costing skill set is often lacking in the finance staff of organizations.
- Clusters that do not have dedicated IM staff feel they are at a disadvantage with costing.
- High in-country turnover dictates that a simple, consistent, and standardized costing approach with equally simple, consistent and standardized trainings, guidance and supporting documents be used.
- While most of those included in this research confirmed that guidance and support were provided, some did not believe that they were the right type of guidance and support or delivered in a manner that was easily digestible.

HRP Purpose

- HRPs serve wider purposes than just fundraising. Stakeholders point to their use of the HPRs for strategic alignment, operational coordination, financial tracking, and monitoring. These wider purposes must be considered in conjunction with costing.[5] While UBC may be quicker, some see

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[5] *Those who believe that HRPs serve a wider purpose than solely as a fundraising tool, appear to fall in line with the official definition of HRPs as 'primarily management tools for humanitarian coordinators (HC) and HCT." (UN OCHA, 2021)*

it as reducing the overall utility of the HRP when projects are not registered, monitoring is not well linked to UBC, and financial tracking can be more challenging.

Monitoring

- Clusters with large numbers of projects may not have enough time for thorough project review. Similarly, monitoring may suffer from insufficient cluster personnel and overburdened time. As a result, monitoring may not be conducted as thoroughly as planned.
- The current HPC does not include a systematic way to monitor the accuracy of costing estimations.
- UBC's lack of alignment with project or activity management and monitoring results in a critical loss of information. For example, the lack of registration and project sheets has consequences on coordination, monitoring, and transparency.

Standardization and Transparency

- There is wide variation in the percentage of costs allocated to overhead. Interviewees stated that the percentage of costs allocated to overhead range from 4% to 30%. Some were unsure what the percentage should be or if there was guidance about how to cost overhead.

Vetting

- The effort required to vet projects depends on the cluster and the country. Clusters in certain countries are overburdened by this process. Depending on the timeline and the number of submitted projects, the vetting process can be compromised.

Findings Indirectly Related to Costing

FTS

- There are conflicting opinions on the accuracy of FTS and motivations to not report funding.
- One organization expressed a concern of increased visibility by reporting in FTS which can lead to unwelcome or negative attention from actors.

HNO / HRP

- The process of generating the HNO is perceived as being more rigorous than the process of generating the HRP.
- Some annual HRPs are seen as rewrites from the previous years which wastes critical staff time. Some stakeholders believe that rewrites are necessary to maintain donor interest.
- There is a widespread belief by in-country staff that HRPs consume an excessive amount of time for the percentage of funds received.
- The timing of HRPs affect clusters differently. For example, the late completion of HRPs can heavily and negatively impact the Food Security Cluster (FSC) in countries that rely on seasonal planting cycles. Also, releasing funds late (e.g., until after a certain threshold is met) can prevent organizations from purchasing seeds and thus missing critical crop planting cycles. For example,

in Zimbabwe, the planting season is between October and January. If funding is not released in time for the planting season, the opportunity to plant crops may not be available until the following year thus flexibility in the timing of funding is critical.

● Some Donors requested prioritization within HRPs to aid in their funding decisions, or greater prioritization within HNOs.

● Caps on HRP requirements undermine the wider humanitarian process, as estimations are seen as no longer representing that actual "need." This can lead some stakeholders to question the purpose of the HNO and the HRP. While there was some criticism of the methods used to generate the people in need (PIN) estimations in the HNOs, there was much wider criticism of the financial caps placed on HRPs.

● There is a belief that some HCTs and OCHA know the total financial ask of an HRP but only share that information with select organizations. The back and forth that takes place in HRP budget formulations is frustrating to some field staff and seen as critical time wasted.

Localization

● Some NNGOs believe that the HRP system is primarily built for UN agencies, HQs, and INGOs and that NNGOs are unfairly disadvantaged, for example:
   o The quick turnaround time for proposals. UN agencies and INGOs have the staff to meet those deadlines, but NNGOs with smaller staff, staff with fewer resources, and internet connectivity issues have difficulties. This is especially burdensome when submitting proposals with different budgets to different clusters. If given more time NNGOs believe they could submit higher quality proposals.
   o Some NNGOs believe that localization is simply for optics, and that NNGOs do not have the same decision-making power as larger international organizations.

● NNGOs believe that funding for running costs allocated to UN agencies and INGOs is unfair and that NNGOs could do more with the same funds.

● Inconsistent fundings is problematic and expensive for NNGOs who may be forced to close or loose critical staff.

● Some stakeholders wondered how effective capacity building could be, if after 10 years, an NNGO cannot lead the projects in the absence of the larger organization.

Supply Chain and Staff Efficiencies

● One stakeholder believes that procurement should be centralized as a means of obtaining better prices for all organizations and serving a larger number of individuals in need.

● One stakeholder thinks that there should be fewer NGOs working in a geographic area and that staff should have multi-sectoral expertise instead of specializing in a single cluster. This would reduce office costs and allow the on-the-ground staff to be more flexible to the needs of a changing context.

Vetting

● Given that Donors fund outside of the HRP, raises the question of how much Donors trust vetting as a quality control mechanism. [6]

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[6] *There will always be projects outside the HRP that have no bearing on Donor trust. For example, Médecins Sans Frontières and the Red Cross/ Crescent are outside the HRP and Donors may have longstanding partners that do not participate in the HRP.*

Other Finding

Trust

- Across many of the stakeholder groups, issues of trust surfaced. For example,
  - Donors often question the HRP's large financial ask.
  - Variation between clusters in different countries and a lack of transparency on calculations behind figures were also questioned.
  - Underreporting in the financial tracking system (FTS) was raised by some clusters and organizations as a way to generate greater contributions especially for UN agencies and INGOs. This allows various stakeholders to point to FTS and claim that they are the "most underfunded" when in fact they may not be. To be clear, not one interviewee or survey respondent stated that they under report in FTS as a fund-raising strategy. Instead, some interviewees stated that they believed this was a strategy used by other organizations.

- Lack of transparency in costing and a chronically underfunded system exacerbate issues of trust.

RECOMMENDATIONS

The recommendations below balance the continued co-existence of PBC and UBC. Recommendations specifically related to costing are presented first followed by wide system recommendations.

Costing Methodologies

1. **Consider if only one costing methodology is warranted**
   The IASC policy (2017) allows HCTs the flexibility to choose between UBC, PBC or hybrid as a means of estimating the funding requirements of HRPs. The findings from this study suggest that continuing with different costing approaches should be examined further given that having multiple approaches negatively impacts consistency, clarity, and transparency of HRP costing and wider issues of the HPC and the corresponding tools. However, offering only one costing methodology would require further consideration and a new IASC policy.

2. **Create standardized costing guidance, tools, and trainings**
   Costing guidance could be created regarding the steps and definitions. Flexibility will be critical but at least this guidance would provide country teams with the same information to make their costing decisions. The creation of clear standardized guidance, tools, and trainings should be a collaborative process between OCHA and Global Clusters. The resources and training provided should be stakeholder specific. For example, given the high turnover of INGOs and NNGOs, capacity building on the HPC and specifically the costing methodologies used in the HRPs should be designed for a newly hired staff member with no costing experience. Clear, simple tools and guidance should be provided as well as examples of some common mistakes to be avoided. NNGOs may need guidance on costing and other critical issues, such as how to use the HRP for fundraising purposes. Additionally, coordinators, IMOs, programme and finance staff could benefit from simple trainings. The guidance provided should be flexible to account for contextual differences. Annual trainings could be organized and in-person support provided when necessary. For those Global Clusters that do not already do so, Global Clusters should be prepared to provide support and guidance to field clusters. A few examples of UBC support and guidance include, the Protection clusters provides global guidance, the Global Education Cluster provides guidance on HRP costing on a yearly basis (prior to the start of the HNO-HRP) and through their "Cluster Core Skills" training (standard training for Education Cluster teams and partners), and the Global FSC provides webinars and written documents with UBC guidance that are currently accessible to FSC teams only.

   Donors would receive a different training or briefing. Their training would not about the details of how to do costing, but instead it would provide a wider perspective. For example, the training might include a general explanation of how costs are generated, why costs may increase or decrease overtime, how projects were created, what the vetting process entails, and in general, how to use and not use the costs data included in the HRP (e.g., if UBC is used you cannot assume linearity, this means if you double funding you cannot assume that the number of beneficiaries served will also double).[7] Additionally, donors and organizations capacity building can include how to report to FTS so that the tracking against the HRPs is accurate and timely.

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[7] *For example, If the unit price for an education cluster activity is $100 USD and the number of targeted students is 1 million students the total estimated cost is $100 million. If a donor, commits $50 million to the activity, this does not mean that the education cluster can reach 500,000 students. This is due to fixed and variable costs when scaled up or down can create economies of scale.*

A simple standardized one-page document could be included in the appendix of each HRP denoting the general steps taken to estimate the costs. Donors will recognize this document as they will have been trained on it in their capacity building or briefing sessions. Further discussion with donors is needed to specify the content of the briefings and the HRP documentation, noting that all HRPs currently document how the costs were established.[8]

Careful consideration should be given to how terms are usDed in training and guidance. For example, "costing" as currently used in HRP's is a "prospective analysis" (i.e., PBC and UBC generate an estimation of the overall cost to meet the specified objectives of the HRP).[9] Contrast this to "retrospective analysis" (i.e., for both PBC and UBC this calculates the actual costs incurred by an organization). These terms are important as retrospective cost analysis may be conducted on an as needed basis should a check on the accuracy of HRP estimations be of interest to stakeholders. Retrospective cost analysis does not imply an audit. Instead, a spot check of the most costly, common, or volatile activities, clusters, or contexts might be more prudent than extensive reviews.

A second term to watch is "cost driver". This is noted as being Step 1 in the IASC document (United Nations Inter-Agency Standing Committee, 2017). However, unless the context is well known and not highly volatile, cost drivers are only known:

- In prospective analysis, after an activity or a project's costs have been estimated. Cost drivers are those resource categories (e.g., personnel) and or line-item resources (e.g., senior management) that require the largest percentage of the budget. Cost drivers might also be those line item resources that have the widest range of per unit prices or overall costs. In prospective cost analysis, these are "predicted cost drivers".
- In retrospective analysis, cost drivers are assessed in the same way (i.e., largest percentage of the overall costs or widest swing in costs due to some contextual factor like location). However, in retrospective analysis, the costs have been incurred and are therefore, "actual cost drivers" and not predicted.

The costing methods and processes should be simple and not require stakeholders to become "costing experts." Given high staff turnover, the methods and processes should be built assuming annual turnover and no costing experience of new in-coming staff.

Should clusters or organizations decide that wider automated standardization is required to aid in-country costing, DIOPTRA could be investigated. (See Case Study 2 in Appendix B). USAID/Education provides guidance on how cost data can be gathered and analyzed across multiple organizations and contexts. This information may help inform global clusters on how to think about organizing cost data in a meaningful and useful way. (See Case Study 3 in Appendix B). Finally, in the guidance and trainings, it may be helpful to include some information about why UBC and PBC are currently incompatible.

3. **Learn from the vast experience in the field**
   Given the enormous amount of practical costing experience in the field, in-country staff could benefit from one page case studies that document the advantages and disadvantages of moving

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[8] See https://kmp.hpc.tools/2023/06/05/hrp-annotated-template/, chapter 1.3
[9] Not all needs identified in an HNO will be addressed in an HRP.

to and from different costing methodologies. If possible, these case studies should not be anonymized to allow for transparency and more open discussions about why a given context may have been more challenging than another. The case studies could include:

- o Moving from PBC to UBC
- o Moving from UBC to PBC
- o Moving from PBC/UBC to Hybrid

To generate these case studies, a simple online template could be created and sent to specific country contacts for completion. Once finalized, these one-page documents could be housed in a central repository for ease in access and translated into UN working languages.

Provide easy and flexible step-by-step guidance on the three costing methods inclusive of definitions of key terms. This would allow in-country teams to understand the basic steps and decide how best to adjust for their context. In this way, everyone would be working off of the same foundational guidance to inform their decisions.

4. **Take the lessons learned from UBC to strengthen it**
   UBC was created to alleviate some of the problems experienced by PBC in the HPC (e.g., speed to generate cost estimations and perceived accuracy and transparency of costing). However, UBC did not address most of the issues and may have introduce new challenges. For example, UBC and Hybrid methods are too methodologically heavy and unintuitive to be sustained in environments with high staff turnover. UBC also reduces the HRP to be a freestanding document instead of one that is integrated into the wider HPC. This is not to say that UBC could never be launched. This is to say that it is a work in progress. A good place to begin is to look at the existing UBC process illustrated in Case Study 1 in Appendix B. This process could provide a foundation for wider integration into the HPC, but it will take time and there are more lessons to be learned.

5. **Identify ways in which PBC can be lightened or additional personnel added at critical times**
   Project registration and vetting were the most common challenges discussed in PBC. Especially burdensome are projects that require a second review and multi-sectoral projects that must be reviewed by multiple clusters. Not all clusters have the same level of burden for registration and vetting. For those clusters that have a large number of partners and projects, additional support may be needed for these limited periods of time. Alternatively, if the HPC process can find space to allow cluster coordinators more time for these reviews (e.g., two weeks for review), then additional personnel may be unnecessary. Those countries that have dedicated cluster IM staff have an advantage over those countries that do not have IM cluster staff. Identifying these countries is a good place to start in terms of considering if extra support is required.

   The same clusters that are overburdened in the registration and vetting processes may also be overburdened in monitoring and evaluation. Discussions could be held on the best way to support these clusters in monitoring efforts. (See more on this in Monitoring).

6. **Generate project sheets using PBC with price sheets by organization**
   Regardless of the costing method selected, organizations could create a price sheet for their projects and activities. A price sheet lists the unit prices for all of the resources included in a project or activity including running costs/overhead and implementation costs. It could also provide a very

brief description of critical resources to demonstrate how the quality and corresponding unit costs may vary. This could provide transparency regarding the individual unit costs of resources and allow for harmonization across different organizations to ensure quality and price in a given PBC - based HRP.

7. **Reporting in FTS**

    The use of underreporting in FTS as a strategy for fundraising or to allow for greater flexibility in the use of funds, and the extent to which local organizations could be targeted for corrupt purposes due to reporting in FTS are topics for deeper discussion. This report suggests that donors report in FTS or provided information that allows OCHA to report their funding in FTS. Organizations that fear corrupt targeting can request that they are listed as anonymous.

Monitoring

8. **Shine a light on monitoring**

    Interviewees indicatorid that UBC may be more difficult to integrate into the 5Ws. Monitoring a project, with or without costs, is an often-overlooked step but critical to assess the actual capacity of organizations and the quality of work. Due to the understaffing in clusters and organizations, comprehensive monitoring may not be feasible. In these instances, spot monitoring of identified aspects of a project may provide helpful insight into implementation. In terms costs, during the monitoring phase, the price sheets can be evaluated to assess the changes in prices and allow for greater accuracy in the future. This provides greater transparency and accountability for all organizations involved. This should be further explored and determined if it is warranted.

HRP

9. **Retain and strengthen HRPs wider uses beyond fundraising**

    It is critical that the wider uses of the HRP, such as strategic coordination, financial tracking, and monitoring remain intact and strengthened. Training NNGOs on how to effectively use an HRP in all of its functions should be included in trainings. (See more on this in Guidance and Capacity Building).

10. **Consider multi-year HRPs in appropriate contexts**

    Based on the interviews, multi-year HRPs may make sense for protracted crises and not natural disasters. Multi-year HRPs could lessen the time burden by requiring only adjustments to cost estimates. Donors need to be informed that multi-year HRPs do not signal a shift to the nexus or development. This recommendation may require further consideration for several reasons:

    o   The first year of an HRP requires a much heavier process to formulate the multi-year results framework and funding requirements, as well as their yearly breakdowns.
    o   Planning for the trajectory of a crisis in future years is complicated and even if planned accurately, the year one is likely to be underfunded and under implemented, requiring carryover of unfinished or unstarted work in future years. Further, there is a high risk of wasting time and resources to redo plans, if the situation does not evolve as predicted, for example due to unforeseen external factors affecting needs (e.g., drought, end of hostilities or new frontlines, resulting in large-scale population movements, increased needs in specific sectors, etc.).

- o   Overall data requirements may be greater than for equivalent annual planning as both single- and multi-year totals are required, and both are likely to require repeated revisions.
- o   Multi-year HRPs require a very robust forecasting methodology to forecast future year caseloads and needs and how these will evolve due to planned and actual response. This is unrealistic for most humanitarian sectors.

Localization

11. **Create an NNGO consultancy group**

To give more voice and influence to NNGOs, an NNGO Consultancy Group is recommended. Beginning with one country as a pilot, this consultancy group should help structure and prioritize the training needs, content, and frequency of NNGO capacity building sessions. These training would include training on costing among other topics. If successful, other NNGO Consultancy Groups could be established in other countries.

To avoid only those NNGOs with access to clusters receiving information about funding opportunities, active communication should be fostered with organizations servicing NNGOs (e.g., the NGO Network).

HRP Timing

12. **Investigate how the timing of HRPs impact clusters differently.**

Further investigation of how the timing of HRPs may impact clusters differently is recommended. While the impact of funding on the FSC due to seasonality is presented in this report, additional research is recommended on the potential impact of the timing of funding on the other clusters and specific contexts.

Donor Findings

Data Sources
Donors Interviewed: n=8
Total Individuals Participating: n=14

Key Take-Aways[10]

Directly Related to Costing
- The HRP is just one of several criteria donor's use when determining where and how much to invest. Some Donors do not use the HRP at all when determining how much to fund and where.
- In general, Donors believe HRP cost estimations are inflated and trust third part data providers and their own in-country staff for more accurate assessments.
- Questions related to transparency, accountability, and perceived accuracy in the HRP numbers leads to decreased trust in the system. Some Donors call for greater transparency into UN and INGO costing.
- Which method doesn't matter as much as transparency of the chosen method.
- In general, Donors believe there can and should be one method.
- Different levels of capacity building are important (e.g., Training or cost briefings to donors should have different content than trainings provided to in country teams). Some Donors want to be involved in designing these trainings early in the process.

Indirectly Related to Costing
- In line with their desire for greater transparency, Donors want access to the HPC as a whole. Donors request this access not as a means of auditing or policing the system but due to the pressure they receive about the funds invested humanitarian aid and development work.
- The HRP process has come a long way in the last two decades. This progress is acknowledged by the Donors.
- Donors would like prioritization in the HRPs.
- OCHA needs to take a stronger coordination role and ask for more funds to do so.

1. HRP Use

Sixty-two percent of Donors (n=5 of 8) stated that they use the HRPs to make their funding decisions to varying degrees. Only three of the five Donors who used the HRPs said that they "really poured over them" or "really did use them." The other two Donors who use the HRPs for funding decisions did so, but it is only one piece of information among other sources. Other documents or information trusted by Donors to augment the HRP include:

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[10] *In general, hybrid methods are not discussed in this section due to Donors' lack of familiarity.*

- Input from field experts on the ground
- Information and reports provided by the World Bank
- The Global Humanitarian Overview
- Country-specific humanitarian aid documents (including longer-term strategic objectives)
- Reports from bilateral agreement partners

Thirty-eight percent of Donors (n=3 of 8) stated that they don't use the HRPs at all to determine funding. These Donors said it's a myth that they allocate resources based on needs and needs assessments and they perceive the HRP to be a fundraising tool with an unreliable process. Some saw it as simply a piecemeal of programs and projects. These Donors trusted their local offices and network of on-the-ground advisors to guide their funding decisions. One donor stated that if there were greater transparency in the HRP costing process that they may reallocate their funding and provide additional funding to HRP projects or activities. Additionally, Donors consider if they had an office on the ground, the right staff, and political factors when determining where and how much to invest their funds. One donor felt that the framing of this study is wrong. They argued that this study is trying to apply a technical solution to a political problem and that the issue around funding is much larger than which method is used in HRPs.

2. HRP Method Preference

When asked directly which costing method they prefer, Donors were split in their answers. 50% of Donors (n=4 of 8) had no preference or didn't feel like they knew enough about the methods to have a preference, 37% of Donors (n=3 of 8) lean toward UBC, and 12% of Donors (n=1 of 8) prefer PBC. There is a general concern about the lack of consistency across country teams regardless of the method. Their preference for a particular method is based on general impressions. For example, some Donors believe that small NGOs have greater visibility in UBC because they are not linked to large UN agencies or INGOs and that PBC favors large organizations. No Donors mentioned that PBC based HRPs list NGOs in the document. Donors also believe that it is easier to invest funds into thematic areas such as GBV and disability and make cross context comparisons. Finally, some Donors prefer to know the cost per person in a context as opposed to the cost needs for a given cluster.

The positive aspects of PBC related to ease and the ability to track funds. For example, some Donors stated that it is easy to explain the method to finance ministries; it is easy to track funds in FTS, and it is easy to give large amount of money to organizations. One donor called it the "perfect system." (See Table 1).

The challenge with these advantages is that there is little evidence that some of them are true. For example, there is no evidence that UBC is more or less accurate or transparent than PBC. Any method can be as transparent or opaque as it is designed and reported. Transparency is ultimately a function of the level of disaggregation and accuracy requires an analysis of budgeting estimates compared to actual costs.

Table 1. Positive Aspects of UBC and PBC

UBC	PBC
- Accuracy - Transparency (e.g., resources used) ----- - Small NGOS can propose single activities, have more visibility	- Might be less inflated due to vetting and OCHA's role - Transparent enough for donor purposes ----- - Easy to explain to finance ministries

● Know the cost per person as opposed to the cost needed for a particular cluster ● Easier to fund GBV or disability, no earmarking ● Ability to compare across context	● Allows Donors to give larger amounts of money to organizations ● Ability track in FTS ● "Perfect system" ● Familiarity

Table 2 lists the negative aspects of the two methods that are not simply converse arguments to the positive aspects. For example, Donors stated that UBC requires more work at an early stage, but despite those efforts, it was still difficult for them to understand how the costs were derived. Donors also found it difficult to explain "where the money went" with UBC. Some Donors were concerned about the integration of UBC in the wider HPC, for example, how did UBC work with field offices in the absences of vetting and an HPC module. In general, Donors did not understand how UBC worked even if they noted it as their preferred method.

Some of the disadvantages noted by Donors for PBC are unique to this method but others are wider critiques of the cluster system as a whole. PBC specific disadvantages included: difficulties understanding how the project totals are reached, the inefficiency of having projects in the HRP that will never be funded or implemented and understanding why the cost for one city might be as much as for an entire country. Critiques of the cluster system, but were attributed to PBC, included not explicitly prioritizing needs, efficiencies lost due to the cluster system, and the lack of transparency about which projects are covered by which Donors.

Table 2. Negative Aspects of UBC and PBC

UBC	PBC
● Requires more work at an early stage ● Unsure how UBC works with field offices (PBC has the HPC module and vetting) ● Harder to explain where the money goes ● Unclear how the costs were derived. ● We don't understand how it works.	● Hard to prioritize needs (i.e., how and where to spend their funds) and how the project matches need ● Hard to understand what's in each project, how the total is reached ● PBC is applied to all projects, but those projects might not be implemented ● Sector by sector/cluster by cluster approach might lose efficiencies. ● Donors may pledge to cover the same projects, unclear how much of the HRP is covered ● Difficult to understand why funding one city might be the entire budget for another country

3. A Single Costing Method

Seventy-five percent of the Donors (n=6 of 8) believe that there can be a single method. While they noted the challenge of having a single method and the need for some level of flexibility, they believe that the benefits outweigh the negatives. For example, these Donors stated that one method would allow for

comparability across contexts, improve donor coordination, increase the confidence in the process, and reduce confusion.

One donor believes that it is not realistic to have a single costing approach. Another donor didn't realize that there are different methods used in the HRPs.

4. HRP Inflation

Sixty-seven percent of Donors (n=4 of 6) believe that the "big number on top" of an HRP is inflated. Some Donors believe that there is an over estimation of costs regardless of the costing method used. One donor stated that there is a practice of "topping up" since Donors won't cover everything agencies should ask for more and as a result, they deduct 20% off the top line HRP amount. But one donor also acknowledges their potential role in HRP inflation by stating that to get more agencies should have asked for more funds. Several Donors believe that reliance and long-term development are being included in HRPs which could be causing inflated HRP costing totals. One donor summed it up by stating "I would like Donors to be more frank about the fact we, I mean, how much do we trust the HRP?"

Thirty-three percent of Donors (n=2 of 6) stated that they couldn't be certain of HRP accuracy due to lack of transparency. The remaining two Donors were either not asked the question or did not respond when asked.

5. HPC Components

5.1. HNO

Twenty-five percent of Donors (n=2 of 8) provided comments about the HNO. These Donors believed that OCHA should prioritize the HNO more, that accountability to affected populations should be more explicit in the HNO, and that the HNO is the appropriate place for prioritization of needs (as opposed to the HRP).

5.2. HRP

There were four primary themes that arose from interviews with stakeholders about HRPs. These themes are transparency, coordination, accuracy, and trust. Each will be discussed in turn.

6. Transparency

Donors were not shy when discussing the challenges they face with the HRP and changes that they would like to see made. The most prevalent topic was transparency. 100% of Donors (n=8 of 8) mentioned some form of transparency in the interview. Transparency, however, took on different shapes. Fifty percent (or n=4 of 8) wanted greater access to the HPC as a whole. Examples of increased transparency are: to be included in country teams, access to the HPC project modules, involvement in decision making and processes, and understanding the wider picture of which implementing partners are working where and how in relation to the HRP. They are interested in knowing the individual organization costs, in particular administrative costs, and the levels of costing (e.g., what were the cost estimates, how the funds were spent, and how the estimates measured up to the actual amounts spent and on what). There is an interest to hear about challenges and not just success stories. Additionally, Donors wondered why UN organizations were held to a different level of scrutiny than NGOs, and that they have been pushing for greater transparency within UN orgs "for a long time." One donor acknowledged that Donors could be more transparent in their decision making and funding processes.

Donors emphasized that they do not wish to audit, they are not policemen, and they are not implying dishonesty or foul play, but 57% (or n=4 of 7) stated that are held accountable to ministries and oversight committees, and that they get pushback and criticism for the development and humanitarian aid budget envelope. The money spent belonged to the taxpayers and they need to be able to explain where and how the money was spent. As emphasized by one donor "We need to explain to them…every single thing." They stressed that as funding requirements grow so too does scrutiny.

Transparency also took on the form of understanding the numbers produced in the HRPs. For example, 62% (or n=5 of 8) provided specific examples such as how the PINs were generated, how the cost figures were derived, why there were huge cost differences between UN agencies, INGOs, and NNGOs and between HRPs, why a smaller population might have a higher cost than a larger population, and why a country's ask might grow over time.

Thirty-seven percent of Donors (n=3 of 8) stated that increased transparency could lead to a better working system, increase trust between Donors and partners, provide evidence that the UN system isn't bloated and is evidence based, and/or lead to more confidence from the people who give the Donors the money. One donor warned that increased transparency could lead to pushback and emphasized that more expensive is not always bad and less is not always better.

7. Coordination

Sixty-two percent of the Donors (n=5 of 8) discussed the importance of coordination. This includes coordination at different levels-organizations on the ground, clusters, Donors, and the system as a whole. Several Donors mentioned the importance of localization and strengthening local organizations and NGOs. One donor felt this coordinated effort is a missing link in the HRP process. This donor believed there is a connection between the strategic purpose of the appeal and the people it was meant to serve.

Another donor wants to see a stronger coordinated effort to integrate thematic elements across the clusters. For example, the integration of protection and GBV should be the same across all contexts.

Four of the five Donors, or 80%, who mentioned coordination did so with Donors in mind. To them greater coordination looked like knowing what other Donors were investing in at the same time so that the burden could be better shared, and openly discussing what they can and cannot do. For example, some Donors have larger budgets which means that they can and cannot do things that Donors with smaller budget might not be able to do. There is a belief that strengthened coordination mechanisms would allow Donors to collaborate and meet the highest demand needs.

For the system as a whole, 60% of the Donors (n=3 of 5) conveyed a need to have access to up-to-date funding information given that Donors make funding decisions at different times, better understanding the overlap and interaction between humanitarian and development actors (i.e., the nexus), and in general taking a holistic view of the complexity and chaos of the system to assess if there is a common way or better way it can be addressed.

8. Accuracy

Half of the Donors (n=4 of 8) discussed issues related to accuracy. Donors recognized the challenges with collecting data in complex context and that there is a "slight blur" (i.e., it can be difficult to get precise cost estimations in volatile contexts) when it comes to data collection. In general, there is a feeling that the

estimated costing figures in the HRPs were not reliable. One donor emphasized that HRPs should not be capped and that need should not be censored due to fear that the costs will be too high.

9. Trust

The concept of trust is tightly bound to transparency and accuracy. One Donor flatly stated that "The truth is that in many country contexts, the level of trust is not very high on both sides." This donor believed that the reason trust is low is due to the way in which stakeholders communicate with each other. This donor believes that there is a need to self-protect and this self-protection negatively impacts the ability to communicate important information. For example, in OCHA meetings the pattern is very predictable, very ritualized, to the extent that critical information is not exchanged, and the meetings might be pointless. Another donor felt like they were a virtual ATM and no matter how much they gave, there was a need for more. Twenty-five percent of the Donors (n=2 of 8) mentioned the power dynamics between themselves and the wider system. One donor confessed that "honesty begins with Donors not asking for the impossible" and "acknowledging that failures are going to happen."

One donor feels there are big differences in the HRPs because there are considerable differences in the people who write the HRPs and who are on the HCTs. This donor is extremely skeptical that HRPs could be purely evidence based.

10. Other HRP issues

In addition to the four primary themes mentioned, Donors discussed other critical aspects of the HRP. These included: prioritization of needs, importance of greater inter-cluster or inter-sectoral work, the ability to compare across contexts, and better understanding of why some funds were inside and outside the HRP. One additional interesting topic raised is related to conflicts of interest. One donor stated that Donors, in general, should not be on HCTs, but in other interviews this was seen as "access to the whole system" and a positive component of transparency. Another donor stated that, while they were not implying bad intentions, big UN agencies will not want to see the system reformed given they receive the bulk of the budgets and are "sitting on treasure chests."

10.1. Monitoring

Monitoring and its link to accountability was discussed at length in the interviews. Most Donors, 75% (n=6 of 8) discussed some aspect of monitoring. Half of the Donors who mentioned monitoring or accountability stated that greater scrutiny is needed on the figures, agencies needed to be held accountable for how they use the money, there is a lack of accountability on the backend, and if agencies cannot be held accountable, they will consider cutting or shifting money elsewhere. There were also comments on accountability to affected populations. It was emphasized that approaches and analysis that do not reflect the actual accurate needs and aspirations of the affected people are untenable.

Other aspects of monitoring mentioned in the interviews include assessing the quality of help and services provided, greater emphasis on getting programs up running quicker, more emphasis on rapid cycles of assessing "where we are and where we're going" and tying achievement to final evaluation efforts. Finally, there were comments related to comparing planned to actual spending (if they could pull it off), and the absence of knowledge on the overall cost-effectiveness of the help or services provided.

Most Donors acknowledged that systemic changes were needed to address transparency and accuracy in the costing and reporting of HRPs. When prompted for a small change that could make a big impact one donor said, "Here, we are left with the big thing."

10.2.   FTS

In general, there is a concern about the accuracy of FTS. Thirty-seven percent of Donors (n=3 of 8) stated that they were worried about the way FTS works, how it does not work with their own country's system, and that the system is not regularly updated.

11. Capacity Building

There is a general belief that capacity building should be designed for different users-Donors and country teams. Most of the Donors or 75% (n=6 of 8) discussed what capacity building, or briefings, for themselves might look like. In line with the general belief of full transparency of the HPC as a whole, Donors stated that they wanted to be involved early in the process of developing the capacity building through working groups and OCHA data support groups. In terms of who should lead the trainings, Donors suggested that the methods be created at headquarters and that training be led primarily by OCHA but with a pool of trainers from different organizations who could bring on-the-ground practical experience to the sessions.

Donors stated that they wanted to understand the entire process of the HPC and a working level discussion about the methods. Donors would receive high level training on how the steps of the different costing methods and the differences between them. The Donors prefer interactive trainings with supportive recorded sessions and manuals for later reference. Donors do not favor longer documents as they are likely not to read them.

Donors suggest that capacity building for country teams should delve into the methods in more detail and provide robust support to the teams on the ground. Donors believe that country teams need to receive substantial training on the methods, but also acknowledge the issue of turnover. Therefore, deep consideration should be given on how best to train country teams that may experience rapid turnover of critical staff.

It is suggested that OCHA design the content with the intent to aid in building institutional knowledge of Donors, and easy go to references on the methods, process, benefits, disadvantages, and how to use the data for both Donors and country teams.

12. General Comments about OCHA

Thirty-seven percent (n=3 of 8) provided unsolicited positive feedback about OCHA, indicating they trusted OCHA's knowledge and capacity and appreciated the public facing documents OCHA produces. Some noted considerable progress since the days of CAP appeal process to the current HRPs. Twenty-five percent (n=2 of 8) also suggested that OCHA should be more proactive and take a stronger coordination role. Donors cautioned OCHA to resist the urge to contact them when something is needed, but to proactively reach out on changes such as considering shifting from project-based costing to unit-based costing. In line with taking a more proactive role, 25% (n=2 of 8) believe that OCHA needs more resources to do this work and that OCHA cannot be asked for greater coordination without asking for additional funds.

HQS AND GLOBAL CLUSTER FINDINGS

Data Sources	
Headquarter Orgs Interviewed: n=12	**Global Clusters Interviewed:** n=11
Total HQ Individuals Participating: n=30	**Total Global Clusters Individuals Participating:** n= 27

Key Take Aways

Directly Related to Costing

- Selected costing method(s) must support the different purposes of the HRP which are to foster coordination, accountability, analysis, and fundraise.
- Most HQs and Global Clusters prefer PBC over UBC. Fewer HQs had an adequate understanding of Hybrid method.
- Product based clusters, in general, find UBC to be straightforward. Service based clusters find UBC to be more challenging.
- UBC is believed to be easier to use but may not be as methodologically sound.
- PBC integrates with the wider HPC but is more labor-intensive.
- Most HQs agree there can be one method. Global Clusters were more cautious in their responses.

Indirectly Related to Costing

- The HRP's timing that does not correspond to seasonal crop planning cycles can negatively impact crises (e.g., funds are held until a certain level is reached and by the time they have been released the planting cycle has passed).
- Most HQs believe that HRPs should be multi-year.
- HRP inflation may exist, in part, due to strategy and system-level factors.
- One individual believes that supply chain procurement, staff with multi-sectoral expertise and fewer NGOs per geographic area should be considered.

1. HRP Use

Both HQs and Global Clusters believe that the HRP is more than a fundraising tool. They described it as helping with coordination, accountability, and analysis. Specifically, some Global Clusters stated that there is value in bringing people together to discuss the HRP strategy and measure their progress against their targets. Some HQs believe that facilitating coordination was a parallel purpose to fundraising. Therefore, whatever costing method is selected for the HRP must consider these wider purposes in its design and structure.

Other Global Clusters were less positive about the HRP's purpose saying that while it is a general version of their concept of operations, it's not an implementable strategy and it's not taken very seriously by the HC or the HCT.

2. HRP Method Preference[11]

When asked which method was preferred, most HQs and Global Cluster stated a preference for PBC. Forty-two percent (n=5 of 12) of HQs preferred PBC. Thirty-three percent (n=4 of 12) did not state a preference, and 25% (n=3 of 12) lean toward UBC. (See Figure 1). Three of the HQs stated that more important than a specific method was clarity and consistency on a given method, transparency, rigor, and the ability for that method to integrate into the wider HPC (e.g., into monitoring). HQs, as a whole, were less familiar with hybrid methods.

Thirty-six percent (n=4 of 11) of Global Clusters stated a preference for PBC. Only one cluster indicated that UBC was its preferred method, 27% (n=3 of 11) had no stated preference, and 18% (n=2 of 11) prefer some form of hybrid method. One cluster was divided between PBC and Hybrid.

Figure 1. Costing Method Preference—HQs and Global Clusters
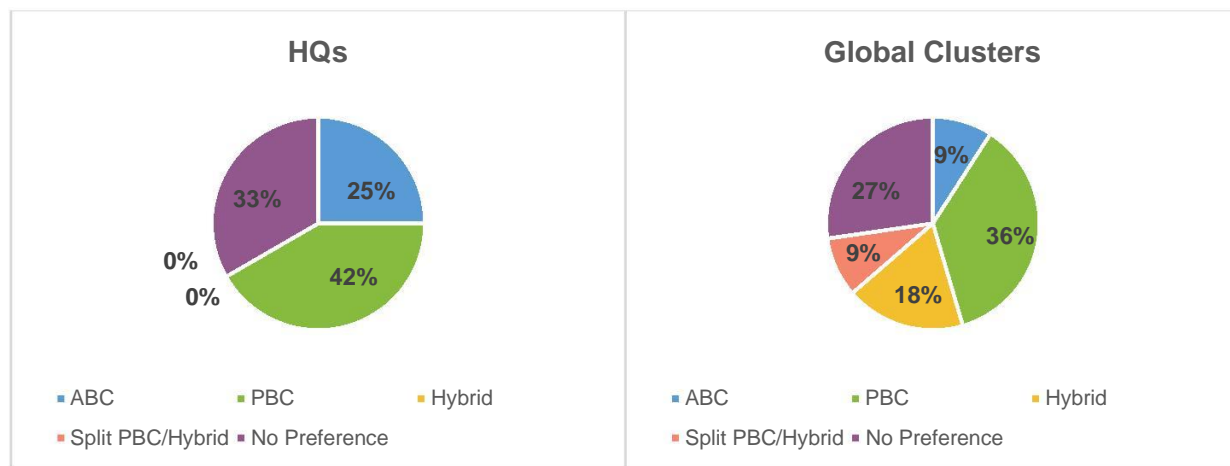
2.1. Positive and Negative Aspects of UBC

Table 3 shows the positive and negative aspects of UBC as perceived by HQs and Global Clusters. Both groups of stakeholders believe that UBC is easy to use, transparent, and accurate. Additionally, HQs think that UBC allows them to compare costs at the global level and that Donors can compare budgets of different providers. Additionally, HQs believe that UBC fosters localization by being divorced from specific agencies and encourages coordination because calculating unit costs is a group exercise which allows organizations to share best practices.

In addition to viewing UBC as easy to use, transparent, and accurate, Global Clusters also indicated that UBC is more strategic because organizations can better define targets and that it contributes to greater intersectoral collaborations.

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[11] *In group interviews, individual preferences for a costing method were requested. The findings presented here represent the trend for an HQ or a Global Cluster. This average was used to avoid giving undue preference to an organization which may have had more individuals on the call or multiple calls than others.*

Against compelling positive indications of UBC, both HQs and Global Clusters provided more negative aspects of UBC. Of the 12 HQ interviews, nine provided positive responses while all discussed negative aspects. This difference in denominators can affect the percentages and the perception of the results shown in Table 3.

The biggest negative indication was that UBC may be methodologically unsound,[12] including assuming linearity that does not exist, difficulty using the generic units, and variation of the unit of analysis by different clusters. Regarding linearity, UBC presupposes that a budget can be reduced by 10% thus resulting in a decrease in beneficiaries reached by 10%. This is an inaccurate assumption which can lead to misuse. (See more on this related to potential inappropriate use discussed below). The challenges of using generic units refers to comments about how costing calculations can be made quickly, but do not attach themselves to a specific geographic area or use. Finally, there is a fundamental difference between the clusters and their units of analysis. For example, some clusters use individual beneficiaries as their unit of analysis, some use households, etc. UBC is not methodologically robust enough to incorporate these differences in a way that is practical and usable.

For HQs, concerns related to the UBC methodology itself were over 90%. Additionally, 67% (n=8 of 12) of HQs stated that UBCs lack of alignment with the HPC was a negative aspect while only 33% (n=3 of 9) believe that UBC helps with coordination. This lack of alignment with project or activity management and monitoring results in a critical loss of information. For example, the lack of registration and project sheets has consequences on coordination, monitoring, and transparency. HQs that have used UBC noted that Donors ask questions on partners and associated projects that can be easily answered with PBC, but not under UBC. Finally, 33% (n=3 of 12), feared UBC could be inappropriately used by Donors to compare costs across contexts, unrealistic costs, and the possibility of simply funding the least expensive projects. Similar trends were found for Global Clusters. Finally, for in country staff, UBC is detached from practical applications to staff members' core competencies. It requires them to become experts in cost analysis, which is not the primary function of their job.

Table 3. UBC-Positive and Negative Aspects as Perceived by HQs and Global Clusters

HQs			
Positive		Negative	
Aspect	Frequency	Aspect	Frequency
Ease of Use	67% (n=6 of 9)	Methodologically Unsound	92% (n=11 of 12)
Transparency	56% (n=5 of 9)	Lack of Alignment with HPC	67% (n=8 of 12)
Accuracy	56% (n=5 of 9)	Lift or Amount of Effort Needed	50% (n=6 of 12)
Comparability	33% (n=3 of 9)	Lack of Transparency	42% (n=5 of 12)
Coordination	33% (n=3 of 9)	Fear of Inappropriate Use	33% (n=4 of 12)
Localization	22% (n=2 of 9)		
Global Clusters			
Positive		Negative	

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[12] *"Methodologically unsound" is the category I created to house these comments. Neither HQs nor Global Clusters used this wording in their descriptions.*

Aspect	Frequency	Aspect	Frequency
Ease of Use	50% (n=3 of 6)	Methodologically Unsound	90% (n=9 of 10)
More Strategic	33% (n=2 of 6)	Applicable Only to HRP Costing, No Wider Use	50% (n=5 of 10)
Accuracy	17% (n=1 of 6)	Lack of Alignment with HPC	40% (n=4 of 10)
Transparency	17% (n=1 of 6)	Localization	40% (n=4 of 10)
Intersectoral	17% (n=1 of 6)	Lift and Complexity	30% (n=3 of 10)

2.2. Positive and Negative Aspects of PBC

Table 4 shows the positive and negative aspects of PBC as stated by the HQs and Global Clusters. HQs consider positive aspects of PBC to include the closer integration with the HPC, ease of use, localizations, accuracy, and more detail. Of the HQs that discussed positive aspects of PBC, 80% mentioned how it's easier to integrate PBC with the wider aspects of the HPC and their internal systems. For example, they emphasized the importance of the method linking to their accounting procedures, budgeting, donor reporting, and FTS. They also discussed how PBC helps with critical coordination issues in terms of which organizations are doing what, where, and for how much. Also, registration, a vital part of PBC, is mandatory for inclusion in the HRP.

In terms of ease of use, HQs believe that PBC is tried and tested, overall less work than UBC, and easier to adjust to contextual changes. Also, several HQs mentioned that their staff "thinks in terms of projects." This is an important advantage as staff members are experts in designing, implementing, monitoring, and costing projects.

Half of the HQs discussed the importance of PBC to localization, in relation to transparency and visibility for the local organizations. One HQ stated that if NNGOs aren't listed then the HRP simply lifts the visibility of the INGOs, and another stated that listing PBC provides for partners to be listed and acknowledged. In terms of transparency, HQs believe that PBC does a good job of detailing partners, budgets, and projects. Additionally, HQs mentioned that PBC is used as an engagement tool with partners and it's easy for partners to understand. Finally, HQs believe that accuracy and the detailed nature are positive aspects of PBC. They think that the costs are more realistic, more accurate, and taken more seriously than estimated generated using UBC.

The negative aspects of PBC include registration, vetting, level of effort or lift, conflicts of interest, and "guess the budget envelope" The first three aspects, registration, vetting, and lift pertain to the amount of work required for PBC and its incorporation into the HRP. Transparency concerns related to the need for greater disaggregated data, but conflicts with the prevalent notion of the sheer amount of effort already required.

Although HQs stated ease of use as some of their reasons for preferring PBC, three of five complaints were related to the effort required as a whole and specifically related to registration and vetting, which are viewed

as both flawed and in need of revision. Because Donors fund projects outside of the HRP and have not been vetted raises the question of how much Donors actually trust the vetting process.[13]

Other issues raised by HQs included conflicts of interest (e.g., challenge for organizations to be open and honest collaboration when organizations are competing for the same funds), the absence of standardized costs and the inability to assess accuracy of budgets, and how organizations propose budgets based on their own capacity instead of the actual need or the context.

Frustration was expressed for partners generating projects and the need to "guess the budget envelope". As stated by one HQ, "there is a magic figure and yours is too high." HQs were also frustrated because of the amount of work required and then only being funded 30%. One HQ believes that the funding should be given first and then projects created to meet the funding envelopes.

As mentioned by some Donors, a few HQs believe that PBC advantages UN and large organizations, with smaller organizations negatively impacted by processes around registration and vetting because of the amount of work and capacity required. Potential bias against NNGOs was mentioned, with one HQ stating that unless INGOs or UN actively seek to include the work of smaller organizations, integration into the HRPs can be problematic for NNGOs. Also, some HQs believe that those NNGOs who implement projects through INGOs or UN are not given visibility.

Global Clusters believe that PBC is easy to use, accurate, integrates with the wider system, fosters localization and is transparent. Most of their comments about negative aspects of the method are similar to those provided by HQs. However, Global Clusters also mentioned how HRPs that use PBC are wish lists, making a comparison to monopoly money.

Table 4. PBC-Positive and Negative Aspects as Perceived by HQs and Global Clusters

HQs			
Positive		Negative	
Aspect	Frequency	Aspect	Frequency
Integration with HPC	80% (n=8 of 10)	Registration	50% (n=5 of 10)
Ease of Use	70% (n=7 of 10)	Vetting	40% (n=4 of 10)
Localization	50% (n=5 of 10)	Lift	40% (n=4 of 10)
Accuracy	30% (n=4 of 10)	Lack of Transparency	30% (n=3 of 10)
Detailed	20% (n=2 of 10)	Conflicts of Interest	40% (n=4 of 10)
Integration with HPC	80% (n=8 of 10)	Guess the Budget	30% (n=3 of 10)
Global Clusters			
Positive		Negative	
Aspect	Frequency	Aspect	Frequency
Ease of Use	70% (n=7 of 10)	Registration	50% (n=4 of 8)
Accuracy	50% (n=5 of 10)	Fake Money	37% (n=3 of 8)
System-Wide Integration	50% (n=5 of 10)	Lack of Transparency	12% (n=1 of 8)
Localization	40% (n=4 of 10)	Localization	12% (n=1 of 8)
Transparency	20% (n=2 of 10)	Monitoring	12% (n=1 of 8)

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[13] *There will always be projects outside the HRP that have no bearing on Donor trust. For example, Médecins Sans Frontières and the Red Cross/ Crescent are outside the HRP and Donors may have longstanding partners that do not participate in the HRP.*

2.3. Cluster Specific Challenges

Discussing costing with Global Clusters revealed differences in how costing and the wider HPC process impacts them. For example, the more partners clusters have the more work it is for project registration and vetting. When considering different aspects of the HRP and wider HPC process, those for whom the process bears the greatest burden should be considered first.

2.4. Hybrid

While only two Global Clusters indicated a preference for the hybrid method, more than half of the clusters (n=6 of 11), indicated that hybrids should be used to build on UBC to generate PBC. For example, creating unit costs that roll into activities and subsequently into projects seemed like a reasonable process and middle ground. There was a recognition that any change to the system would take years to be put in effect.

Some HQs, 33% (n=4 of 12) noted advantages and disadvantages of hybrid methods. For example, one believed that using UBC and then submitting a project would be a good path forward. Another believed that hybrid would allow stakeholders to have interesting conversation with Donors about what is funded and what is not, and that registering projects would solve some of the transparency issues. Of those that saw the benefits of hybrid methods, they also noted negative aspects. Twenty-five percent (n=3 of 12) of HQs felt that blending UBC with projects was simply too big of a lift and too complicated.

3. A Single Costing Method

When asked if there could be one method, 50% of HQs, (n=6 out of 12) stated yes. Only one HQ was unsure if there could be, and another believed that it was too late to reduce the system to a single method. The remaining HQs were either not asked the question or did not provide a response. Global Clusters were more divided on this topic. Although 64% (n=7 of 11) did not indicate a preference but thought that one method might provide more consistency to the system. Of those who did not think that one method was realistic, they stated that one method is an illusion by Donors and that using different methods was okay. Some liked the flexibly to decide which method would work best in a context. (See Figure 2).

Figure 2. Belief in a Single Costing Method
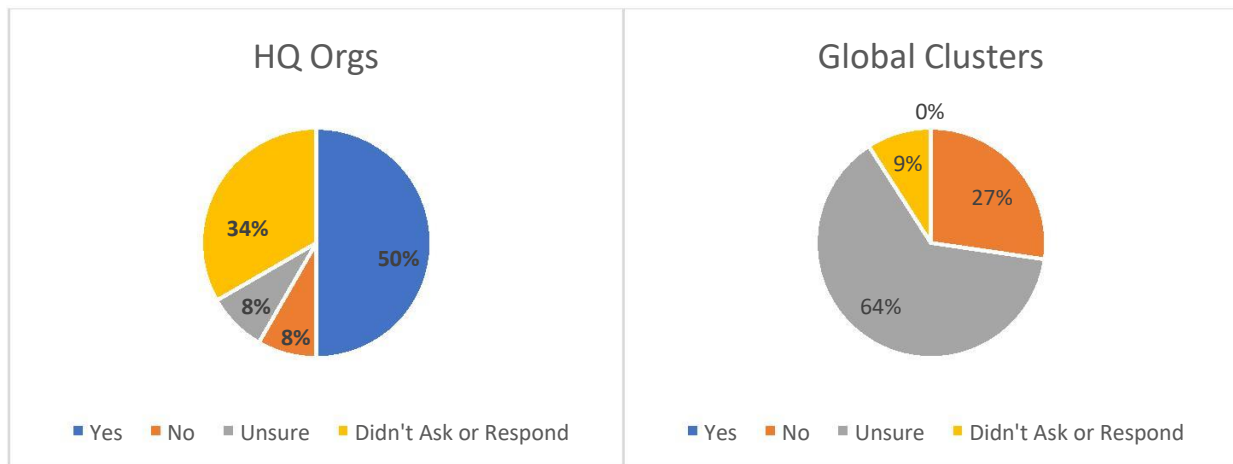
Two HQs believe that a single method would be positive to support comparison across contexts and because the HRP work was already a heavy process and adding different methods in different countries contributes to this. Different methods means that "everybody has to learn something new or figure out something new in every new place." However, some HQs believe having multiple methods was positive. Two HQs believe that UBC and PBC have different purposes and therefore, both are useful, to decide which is most appropriate for the context.

One global cluster believes that multiple methods negatively impact NNGOs who work across different clusters. A different global cluster stated that they felt pressured to move to UBC. Finally, a different Global Cluster expressed how messy the process becomes with multiple methods. This individual stated:

"A system where you go to one operation they use project based… you go to another one is activity based…go to another one is hybrid and basically every operation invents the wheel… I think that even feeds more confusion in the whole system… They've learned the method, they think they've got it, and then it goes somewhere else. And it's like, it's like they have zero years of experience in this the first time is their first mission again, and this is, this is ultimately a massive waste of time for everyone…It just blows me away that we haven't got a standardized approach yet. And for costing, it makes no sense."

Two HQs believe that Flash Appeals should have a different method than HRPs, and two other HQs agreed that Flash Appeals should have a quicker method but that the method should not be UBC. They argued that unit based doesn't line up with their internal processes, budgeting, or actual project costs.

4. HRP Inflation

Overall, there was a genuine effort conveyed from both the HQs and Global Clusters in their attempts to be as accurate as possible in their HRP estimations. The issue of the costing accuracy of HRPs featured in the interviews was presented in different and sometimes conflicting ways. For example, an HQ indicated they tried to be as accurate as possible, but later said but "for sure there are inflated appeals all over the place." Another HQ stated that HRP figures are accurate, but then commented that the HRPs are likely to be deflated due to capping or because the government was trying to downplay the crisis. Other HQs believe that inflating HRP numbers could be a matter of strategy due to how the system is structured. For example, some clusters may inflate out of fear of being deactivated at a later stage/squeezed out of the HRP entirely, and orgs or clusters may inflate their figures to be considered "proper players." If they don't put in an inflated figure, there is a fear of not getting any funding at all. Also, there are rules around co-funding that may force agencies to put in larger appeals than they need.

The issue of capping HRPs speaks to a wider issue of underlying humanitarian principles and contradicts the principles of humanity, impartiality, and independence. Assessed humanitarian needs should be presented without political, operational, or funding considerations in the HNO. HRPs must be based on an objective and comprehensive analysis of all humanitarian needs based on targeting and funding requirements driven by the identified needs and capacities on the ground, and not by donor funding projections. This includes ensuring people with the most acute needs are targeted within HRPs.

5. HPC Components

Due to in-depth discussions on previous topics, fewer HPC questions were asked in the HQ and Global Clusters interviews. When those opportunities were available, the results of the questions were as follows:

HCT: Some HQs believe that the HCT is comprised of large organizations fighting for survival and that they are winning over local organizations at the moment.

Efficiencies: One individual interviewed believes that the supply chain should be revisited. This person believes that a centralized procurement leads to better prices for all organizations involved instead of having three different Donors support five different partners in the same province. This person believes that there is a need to move away from NGOs doing small sets of services to NGOs that can deliver a full set of basic services and have ideally one partner per district. It would allow the system to deliver more efficiently with lower prices. Also, to reduce the overhead costs of establishing offices at the sub-national and national level, partners should have multi-sectoral expertise and not specialize in a specific cluster. For example, staff capable of running health programs as well nutrition, wash, and education.

HNO: Some HQs believe that sometimes it is hard to determine a response because the multi sectoral needs assessment did not cover it. The process of generating the HNO may be more rigorous than the process to generate the HRP.

Multi-Year HRPs

Several HQs discussed multi-year HRPs in light of the conversation about the wider impact of costing methodologies on the HPC. Of those HQs that discussed multi-year HRPs, over 70% (n=5 of 7) believed they are positive. Flash appeals generally cover time periods from 3 to 6 months, while protracted emergencies are, on average last over 10 years. Some HQs stated that many, but not all, protracted crises do not drastically change from year to year and time is wasted revising HRPs. Also, in terms of localization, multi-year planning could provide critically needed stability to organizations to NNGOs. However, there is a significant difference between multi-year planning and multi-year funding. Those HQs who believe that multi-year HRPs were problematic cited contextual changes, Donors' nervousness around multi-year funding, and the blurred line between development work and humanitarian aid.

FTS: One HQ believes that FTS could do a better job of tracking contributions down to the NNGO level and one Global Cluster stated that there is the "uncomfortable point of different people reporting on contributions toward different sectors."

Capacity Building: High staff turnover needs to be considered when devising trainings. Switching methods takes a great deal of time and effort, there must be a good argument for doing so. There is an implementation risk, operational risk, and financial risk when estimating costs. There is a need to get the estimates correct. This requires expertise.

FIELD OFFICE FINDINGS[14]

Data Sources	
Surveys: n=171	
Interviews: n=102	Total Number of Individuals Participating in Interviews n=218

Key Findings

Directly Related to Costing

- There is a great deal of confusion around costing methodologies, but specifically on the methodological steps for UBC and Hybrid methods.
- In general, OCHA and UN agencies indicated a preference for UBC. INGOs and NNGOs are unsure which method is best.
- Respondents believe that UBC, PBC, and Hybrid all help clarify the budget.
- PBC is very heavy.
- Most organizations did not know if the decision to change costing methods was documented.
- Some clusters do not have IMs which puts them at a disadvantage.
- Survey respondents were split in their belief that their current costing method was the best choice for their organization.
- Vetting acts as a quality control mechanism but is undermined when under strain. This may also indicate that monitoring may suffer due to overburdened personnel.
- While respondents believe that a lot or some guidance or support, most believe that the support is not adequate.
- Some costs are difficult to incorporate into budgeting (e.g., capacity building, monitoring, overhead, disability inclusion, gender mainstreaming, and transient populations).
- An equal percentage of respondents believe that their method lines up well with their internal accounting procedures.

Methodological Preference

Many in country actors are not aware of the costing method used. When asked the costing method most recently used in the HRP, about 75% of the respondents from Iraq and DRC, and 60% of respondents from Somalia stated that the method they had most recently used was in fact the method used in their country's 2021 HRP. (See Table *5*). However, the rest of the respondents selected a costing method that was not used in their country's 2021 HRP. For Burundi and Sudan, which use hybrid methods, if the benefit of the doubt is given and UBC is the correct answer given the first few steps of their processes use UBC, their percentage of correctly identifying this method jumps to over 50%. One can surmise four results from this— 1) These respondents recently moved from a country that used a different costing method in the 2021 HRP; 2) These respondents aren't sure which method they used in the 2021 HRP; 3) Their organization uses a method different from that used in the country; or 4) Some combination of 1, 2, and 3. One question that is addressed in the Overarching Findings is "to what extent should these organizations be experts in costing?"

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[14] *While the interviews addressed the same topics as the survey, the discussions and answers provide were not as systematic as the survey responses provided. Therefore, the data provided in this section are drawn from the surveys and interviews are used to provide greater depth and context.*

Table 5. Respondent Count by Country of Operation and HRP 2021 Costing Method

Country	AFG	BUR	DRC	IRAQ	SOM	SSUD	SUD	ZIM	Response Total
Method	UBC	Hybrid	UBC	UBC	Project	Project	Hybrid	Project	
Activity Based or Unit Based	7	5	16	9	7	22	8	4	78
Hybrid Method	3	3	1	1	1	11	3	2	25
Project Based	5	1	3	1	15	23	3	4	55
Unsure/Do not know			2	1	2	6		2	13
Grand Total	15	9	22	12	25	62	14	12	171
Aligns with Current Country Methodology (% Correct)	47%	33%/56%	73%	75%	60%	37%	21%/57%	33%	

The survey respondents were split in whether their country's current HRP costing methodology was the best choice for their organization. South Sudan had the highest percentage of affirmative answers with 66% while Iraq and Zimbabwe had the lowest at 42%. (See Table 6).

Table 6. Methodological Preference by Country

Response	AFG	BUR	DRC	IRAQ	SOM	SSUD	SUD	ZIM	Totals by Type of Response
No	2		2	1	1	7	2	2	17
Unsure/Do not know	4	4	6	6	11	14	3	5	53
Yes	9	5	14	5	13	41	9	5	101
Country Totals	15	9	22	12	25	62	14	12	171
Believe the Current Method is Best (%)	60%	56%	64%	42%	52%	66%	64%	42%	59%

When methodological preference is parsed by organization type, the results reveal that UN agencies and "other" which include clusters, OCHA, and the NGO Forum prefer UBC, while INGOs and NNGOs are unsure (See Table 7).

Table 7. Methods Preference by Organization Type

Method Preference	UBC		Hybrid		PBC		Unsure/Don't Know	
	n	%	n	%	n	%	n	%
UN	15	43%	5	14%	7	20%	8	23%
INGO	18	37%	4	8%	6	12%	21	43%
NNGO	16	24%	5	7%	16	24%	30	45%
Other	5	50%	1	10%	3	30%	1	10%

Methodological Strengths and Weaknesses

Table 8 shows the methodological strengths for each method as noted by survey respondents. The top three answers for each method are highlighted in green, with four for UBC and Hybrid because of ties in the answers. Interestingly, the top answer for each method was that the method's results helped clarify the budget. In fact, UBC and PBC have the exact same top three answers—clarify the budget, contributes to donor reporting requirements, and the method is transparent. UBC had one additional strength that was

reducing time burdens, making it tied for the third spot. The Hybrid method also had transparency as one of its top three responses as well as strong data collection tools, like UBC, the Hybrid method reduces time burdens. Given that the Hybrid methods are rooted in UBC, this shared strength is to be expected. The "other" category is a catch all for responses that did not fit neatly into the standardized answers.

Table 8. Methodological Strengths

Responses	UBC AFG, DRC, IRAQ	PBC SOM, SS, ZIM	Hybrid BUR, SUD
The results of this method help clarity of the budget.	59% (n=29 of 49)	55% (n=54 of 99)	65% (n=15 of 23)
This method contributes to donor reporting requirements.	35% (n=17 of 49)	36% (n=36 of 99)	22% (n-5 of 23)
This method is transparent.	55% (n=27 of 49)	45% (n=45 of 99)	48% (n=11 of 23)
This method works well with our established internal accounting system.	31% (n=15 of 49)	32% (n=23 of 99)	30% (n=7 of 23)
We have strong data collection tools for this method.	14% (n=7 of 49)	17% (n=17 of 99)	35% (n=8 of 23)
We have strong internal organizational capacity on this method.	16% (n=8 of 49)	19% (n=19 of 99)	13% (n=3 of 23)
Compared to other methods, this method reduces time burdens.	35% (n=17 of 49)	29% (n=29 of 99)	35% (n=8 of 35)
This method aligns with our monitoring and evaluation system.	22% (n=11 of 49)	30% (n=30 of 99)	13% (n=3 of 35)
Other	6% (n=3 of 49)	7% (n=7 of 99)	9% (n=2 of 35)

PBC's most common weakness was greater time burdens, followed by the method does not clarify the budget, and organizations do not have strong data collection tools for this method. The contradiction that clarifying the budget was listed as PBC top strength and then also listed as the second most common weakness demonstrates contradictions within clusters and organizations in a given country.

UBC and Hybrid methods share more common weaknesses. Respondents in these countries believe that UBC and Hybrid do not contribute to donor reporting requirements and that the method has greater time burdens. Some organizations that use Hybrid also stated that they do not have strong data collection tools for this method and some respondents who use UBC believe that the method does not line up to their monitoring and evaluation systems. (See Table 9).

Table 9. Methodological Weakness

Responses	UBC AFG, DRC, IRAQ	PBC SOM, SS, ZIM	Hybrid BUR, SUD
The results of this method do not help clarity of the budget.	18% (n=9 of 49)	34% (n=34 of 99)	13% (n=3 of 23)
This method does not contribute to donor reporting requirements.	33% (n=16 of 49)	11% (n=11 of 99)	22% (n=5 of 23)
This method is not transparent.	8% (n=4 of 49)	17% (n=17 of 99)	9% (n=2 of 23)
This method does not work well with our established internal accounting system.	18% (n=9 of 49)	22% (n=22 of 99)	13% (n=3 of 23)
We do not have strong data collection tools for this method.	20% (n=10 of 49)	30% (n=30 of 99)	30% (n=7 of 23)
We do not have strong internal organizational capacity on this method.	18% (n=9 of 49)	15% (n=15 of 99)	13% (n=3 of 23)
Compared to other methods, this method has greater time burdens.	29%	46%	26%

	(n=14 of 49)	(n=46 of 99)	(n=6 of 23)
This method does not align with our monitoring and evaluation system.	29% (n=14 of 49)	19% (n=19 of 99)	17% (n=4 of 23)
Other	51% (n=25 of 49)	13% (n=13 of 99)	22% (n=5 of 223)

Transparency

Eight-six percent (n=62 of 72) of respondents believe that UBC is a somewhat or very transparent method and that transparency is not an issue for this method. However, recommendations were provided on ways in which aspects of UBC could be more transparent. Some of the ideas included transparency of project staff and labor, security and access, and how indirect costs should be accounted for. Additionally, there is an opportunity for more open discussions in the HCT about the UBC costing methodology and how the units are derived. (See Table 10).

Table 10 Transparency of UBC

How transparent is this method?		Is transparency a problem?	
Blank	3	Blank	6
I have no experience with this costing methodology	3	No	37
Not at all transparent	0	Unsure	8
Somewhat not transparent	4	Yes	21
Somewhat transparent	31		
Very transparent	31		

What aspect should be more transparent?	Who is best placed to solve the issue of transparency?
• All aspects of unit costing should be transparent • Procurement of project staff and labor costing • Costing of services (like training and consultancy), cost of contracted activities like drilling/installation of water systems or construction works; and minimum food basket for cash transfer activities. • Added costs such as security and access • Geographical variances are not easily understood, how to average costs is determined depends on the cluster • Reporting funds against activities • How partner's indirect costs are accounted for is not very transparent. In country, we have tried to improve transparency through cluster costing overview papers where they describe the process for cost calculation in the cluster, but to my knowledge there is no follow up on to what extent actual prices are within the set ranges or how they differentiate. • As a HCT member, it should be totally transparent. We are only presented the results with very few information on the methodology. There is no space for HCT members to discuss the methodology even if requested to. • Breakdown of different costs • Unit costs for certain activities have not been shared with our cluster	• HCT, through review, and revise the methodologies and set up according to each country HNO • Project team, MEAL, and finance team Share information with HCT and IPs and should be coordinated by the clusters. • OCHA to develop clear guidance for clusters to share with partners and follow up to ensure standardized approach. • Partners by providing more details about cost estimations • There could be a space in the HRP for HRPs that are activity-based costed, where clusters have to clarify how they have arrived at the costs, what is included etc. From global level, this could be developed as a simple form as a proposed standardized cluster costing overview paper that should be linked in the HRPs. Global Clusters need to be much more involved in supporting and guiding field clusters on this. • HC needs to ensure the process is transparent, OCHA and ICN are central to this. • Coordination of the GBV sub-cluster with the relevant clusters. • Humanitarian Fund Management Unit

Slightly more than half of the respondents, 62% (n=62 of 99) believe that PBC is a somewhat or very transparent method. In fact, 15% (n=15 of 99) believe that PBC is somewhat not transparent or not at all transparent. Thirty-six percent (n=31 of 85) believe that transparency is a problem with this costing method. The respondents provided examples of how the method could be more transparent. These examples include sharing examples of how associated costs (i.e., costs which are not actual transfer to beneficiaries) are costed, sharing factual market data, and providing more discussion around how integrated, multi-cluster projects are costed. (See Table 11).

Some of the examples of PBC transparency were beyond the scope of the method and instead were related to how Donors determine funding allocations for organizations and clusters. These included how agency and cluster allocations are determined and more transparency on communications with Donors.

Table 11. Transparency of PBC

How transparent is this method?		Is transparency a problem?	
Blank	11	Blank	14
I have no experience with this costing methodology	11	No	42
Not at all transparent	2	Unsure	12
Somewhat not transparent	13	Yes	31
Somewhat transparent	30		
Very transparent	32		

What aspect should be more transparent?	Who is best placed to solve the issue of transparency?
• How agency allocations are decided • How allocations for each cluster are determined • The correspondence between projects approved under the HRP and the respective version agreed with Donors. • A more proactive evaluation of what projects were submitted, what was actually delivered by the end of the year, and what was delivered that is unreported to clusters/FTS could help identify how linked the HRP is with the on the ground humanitarian response. • Budget of INGOS and UN agencies are always higher compared to national partners for the same number of beneficiaries. • Needs assessment and costing • Sectional budget breakdowns before project implementation • Perhaps partners can always explain more with regards to associated costs (i.e. costs which are not actual transfer to beneficiaries) • Sharing factual market data • How integrated projects are costed	• OCHA • Cluster coordinator • SAGS should not sit only during project review times but find time to regularly review capacity of organizations to implement projects. • Organizational focal points • Cluster coordinators in consultation with respective partners. • HCT, ICCG, and individual clusters Project Implementation Committee (PIC) • The HCT can require partners to share with Coordinators associated costs rates used. This is shared for transparency purposes. • Senior management team, internal control staff (e.g., internal compliance and audit staff).

Documenting Costing Method Changes

When asked if the decision to switch costing methods was documented, the majority of respondents either did not respond or noted that they were unsure. Only 9% (n=15 of 171) stated that the change was documented. Of those that stated that the change had been documented, the documentation was noted in the HCT, ICCG, or cluster meeting notes. (See Figure 3).

Figure 3. Decision to Change Method Documented
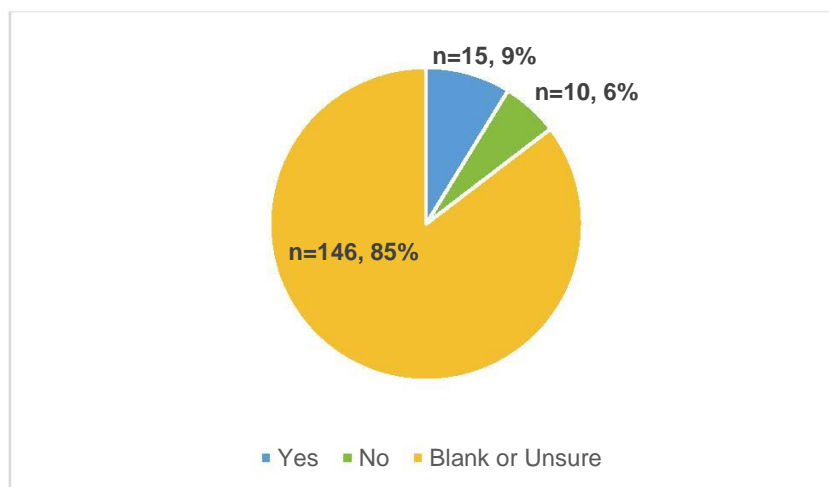
When asked if the organizations were considering a switch in costing methods, on average only 17% (n=30 of 171 noted that they were. Sudan had the highest number of organizations considering switching at 36% (n=5 of 14). On average, only 17% (n=29 of 171) of the organizations stated that they were considering switching. (See Table 12).

Regardless of method, the most common challenge experienced with switching costing methods was the lack of guidance, tools and understanding across all levels.

Table 12. Orgs Considering Switching Methods

HRP Costing Method	AFG	BUR	DRC	IRAQ	SOM	SSUD	SUD	ZIM	Method Total
Blank	1	0	0	0	0	0	0	0	1
No	5	6	12	7	12	30	5	5	82
Unsure/Do not know	8	2	5	4	7	22	4	6	58
Yes	1	1	5	1	6	10	5	1	30
Country Total	**15**	**9**	**22**	**12**	**25**	**62**	**14**	**12**	**171**
% Considering Change	**7%**	**11%**	**23%**	**8%**	**24%**	**16%**	**36%**	**8%**	**17%**

Step in Costing Methods

The original intent of this section was to compare how the process to estimate the budget for the HRP varied by country. The idea was to showcase the first 10 steps per country and compare how those 10 steps were similar and different across countries that use similar HRP costing methodologies. However, the within country differences were so pronounced that this analysis was limited to looking at the first step. For example, using Afghanistan as an example of a country that uses UBC, about 25% (n=3 of 12) of respondents stated that the first step is a needs analysis. The remaining respondents all named completely different tasks as their first step. (See Table 13). These included:

● Activities Breakdown
● Cost Activities

- Cost Personnel
- Determine Scope
- Engage Stakeholders
- Historical Analysis
- Identify Inputs
- Market Assessment
- Name Activities

While some individuals in Afghanistan noted that engaging stakeholders was Step 1, others noted that in their process it is Step 5. The process become more convoluted for each country as the steps progress. For example, someone in Afghanistan might state that costing inputs was Step 2 and someone else will state that it is actual Step 8. The countries that use a hybrid HRP costing method are equally scattered. In Sudan someone might note that Step 1 is to identify cost drivers and another individual might not even include this as step at all in the process. At best, countries may state that Step 1 might be to conduct a needs analysis, name the activities, or determine the scope. Beyond that it is a guess. The inability to demonstrate costing methodology process trends is a result of lack of standardization and/or clear guidance.

Table 13. HRP Budgeting Process Step 1—UBC/Hybrid and PBC

UBC or Hybrid				PBC		
Step 1	n	%		Step 1	n	%
(blank)	12			(blank)	19	
Needs Analysis	21	35%		Needs Analysis	21	26%
Name Activities	9	15%		Name Activities	13	16%
Determine Scope	9	15%		Determine Scope	9	11%
Market Assessment	5	8%		Describe Cost Drivers	7	9%
Activities Breakdown	2	3%		Consider Capacity and Feasibility	4	5%
Engage Stakeholders	2	3%		Cost Activities	4	5%
Set Targets	2	3%		Cost Personnel	4	5%
Cost Activities	1	2%		Compare to Standards/ Targets	3	4%
Cost Inputs	1	2%		Market Assessment	3	4%
Cost Per Person	1	2%		Proposal Request	3	4%
Cost Personnel	1	2%		Set Targets	3	4%
Cost Units	1	2%		Cost Inputs	2	3%
Describe Cost Drivers	1	2%		Identify Inputs	2	3%
Historical Analysis	1	2%		Activities Breakdown	1	1%
Identify Inputs	1	2%		Engage Stakeholders	1	1%
Prioritize Key Activities	1	2%		**Grand Total**	**99**	
Select Methodology	1	2%				
Grand Total	**72**					

Guidance and Support

About 70% or more of respondents felt that some or a lot of training, tools, guidance and in-person support were provided, with nearly 90% of respondents stating that they received some or a lot of guidance and documentation. However, with the exception of guidance and documentation, less than half believe that the training, tools, and in-person support is adequate, indicating gaps in the type of support, how it is delivered, or difficulty to use.

The variation by country was notable. Respondents from Zimbabwe did not feel that any of the support they were provided was adequate, and Burundi respondents do not think that their training and tools are adequate, but with more positive inputs for guidance and in-person support. This across and within country variation provides rich data for how countries might approach support. For example, Iraq may wish to prioritize training given only 18% believe it's adequate and pause on creating any new guidance since 63% think that it currently meets their needs.

What is not conveyed in Table 14 are comments on the importance of in-person contacts fora designated person to reach out to when they have questions. Additionally, there was a call that all stakeholders be taught the same methods in a standardized manner for consistency. Finally, it was suggested that all support be easy to understand and widely distributed.[15]

Table 14. Support

Country	Training		Tools		Guidance or Documentation		In-Person Support	
	Some or A Lot (%)	Adequate (%)	Some or A Lot (%)	Adequate (%)	Some or A Lot (%)	Adequate (%)	Some or A Lot (%)	Adequate (%)
AFG	58%	33%	69%	38%	92%	38%	69%	46%
BUR	63%	0%	63%	0%	75%	33%	75%	17%
DRC	60%	53%	70%	45%	95%	55%	80%	50%
IRAQ	91%	18%	82%	18%	91%	63%	82%	50%
SOM	68%	42%	67%	52%	84%	71%	64%	54%
SSUDAN	72%	55%	70%	50%	85%	57%	70%	47%
SUD	75%	58%	85%	46%	92%	62%	92%	67%
ZIM	50%	0%	88%	0%	88%	0%	75%	0%
Aggregated (%)	**69%**	**43%**	**72%**	**41%**	**87%**	**54%**	**73%**	**47%**

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[15] *As a side note, it was requested numerous times that partners needed IASC guidance on operationalizing JIAF.*

ADDITIONAL FIELD OFFICE COMMENTS

The comments provided here are from confidential conversations in the field interviews. They are not housed under specific country findings to maintain confidentiality and unlike the other findings, the number of individuals who made the comment is not noted. When the comment is an exact quote, paratheses are used. In all other cases, summaries or paraphrasing have been made. The topics are organized alphabetically.

Capacity Building

Because of the lack of systematization in the costing methodologies, there is a general sense of frustration and confusion about the methods. As said by one interviewee "You can hear we don't even really get this and we're the ones who are supposed to guide and facilitate the work and the decision of others."

Cluster Specific

The system treats some clusters different from others. For example, nutrition and FSC may have a large number of projects to vet, but logistics will not. Therefore, when thinking about the vetting process, the difference in burden on the clusters needs to be considered.

Also, there was frustration regarding why some organizations in a given clusters receive more funding than others and the lack of transparency in the donor process of allocating contributions. Also, there was frustration about the perceived "hypocrisy" in the humanitarian system. For example, why do donors and humanitarian staff prioritize education for their own children, but not for affected children?

Difficult Costs to Incorporate

Some costs are difficult to include either because there is missing or confusing guidance or because the process of including a cost is complicated. For example, overhead, capacity building, and monitoring, with some indicating that there was a set percentage of what could be included for overhead, but in general there was confusion about what that percentage is. Answers ranged from 4%-7%, 7%, 10%, 10%-12%, 15% and one person thought it was 30%.

Several individuals stated that capacity building and monitoring costs were not allowed in HRPs. Others said that they included monitoring in HRP estimations and provided a percentage. For capacity building, some included these costs and others did not and had to do outside fundraising to cover those expenses. There was a general belief that Donors only want to fund tangible resources, but that activities, such as overhead, capacity building, and monitoring, which are less visible but critical to the successful implementation of the projects, still require funding.

Other costs are challenging just because they're more complicated to integrate into budgets. For example, some interviewed expressed an interest in more actively including costs related to disability inclusion and gender mainstreaming but found these difficult to cost because of the variation in implementation and the intersectoral aspect. Intersectoral work as a whole is difficult to cost, very transient populations, and geographic locations with little or no access. Interviewees expressed an eagerness to address these difficult topics in a way that would not penalize organizations and allow for a wider more open discussion.

FTS

A common belief brought up in the interviews was that FTS is under reported as a strategy for organizations to claim that they are the "most underfunded." Some believe that this strategy is necessary. Others state that the practices is not intended to deceive but simply to withhold reporting funds to allow for greater flexibility in their use. In general, there is a belief that big clusters and organizations are incentivized to under report.[16] Additionally, multi-sectoral work is perceived as being hard to allocate in FTS and thus, there is a lack of awareness about where those large pockets of money are spent.[17]

Reporting in FTS was provided as an example of how "the system" is built for large organizations and not NNGOs. One individual stated that getting NNGOs to complete the 5Ws was a challenge but having them report in FTS was even more difficult. A few NNGOs indicated that transparency in FTS may lead to negative targeting by the government or other groups.

HRP

The time spent on the HRP was a reoccurring topic. Some of those interviewed indicated that local governments are losing trust in the HRP process given how little money comes into the country and the amount of effort that goes into the HRP. For example, one person estimated that they spent about 50% of their time for 3 or 4 months, 80% of the IMs time on HRPs, but only receive a small percentage of the overall ask, even after the HRP was capped. This invested time forced the individuals to become "costing experts." As said by one "I don't want to do costing. I want to do humanitarian work."

Additionally, some believe that no matter which costing methodology is chosen, larger organizations benefit more than smaller organizations. For example, in UBC larger organizations can spread their overhead costs over a wider body of work and thus make their costs appear to be lower than they are.

While in general positive comments were made about HCTs, negative comments were made regarding the HCT's role in understanding the HRP budget envelope, with some indicating their HCT knew the budget envelope but only shares the information with large organizations. Additionally, it is believed that OCHA coordinates directly with some program staff and that some sector coordinators were not in the loop. Some requested that they be told what the budget envelope is and then they could then decide a way forward without wasting as much time.

Additionally, comments were made about needing more strategic guidance from their HCT on messaging and strategy. For example, should the strategy be to show a constant gap in funding to demonstrate prevalent under-funding or set realistic goals?

Finally, some believe that HRP include a lot of "creative writing". Recognizing that some contexts change drastically over time, while others are more consistent from year to year, often there is still the need to rewrite the HRP every year to incite movement in the donor's funding and to avoid the appearance of the work falling more into development.

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[16] *While there may be a believe that funds are withheld from FTS to motivate fundraising, the reason for lagged reporting could be that large organizations have various levels of administrative steps that simply require additional processing time before the funds can be reported to FTS.*

[17] *To be clear, no interviewee stated that they utilized this strategy. Instead, it was mentioned as a tactic used by others. Also, to be fair, some humanitarian staff do not prioritize or not know about FTS and for some organizations reporting in FTS is a burdensome and long process.*

Localization

It was noted that the cluster system seems "parasitic" on local organizations. Clusters can't receive funding or even know the issues and language without the local proposals, but given most local proposals aren't accepted, it wastes the time of NNGOs while benefiting large organizations.

Some of those interviewed wondered how effective capacity building NNGOs is, if after 10 years, the NNGO is still under the guidance of a larger organization.

There was a feeling that larger agencies by-passed the system and that smaller organizations were disadvantaged. For example, some organizations will go around the HRP to get funding directly from Donors. Also, an NNGO will often apply to multiple clusters for funding. They may write numerous proposals, but the clusters may use different costing methodologies and smaller organizations do not usually have the capacity to manage different methods. Also, if funding does come through, the proposal might need to be revised and the revised proposal might be turned down even if the original proposal was accepted. Furthermore, NNGOs may experience internet issues when trying to upload due to an overburdened system or internet outages. NNGOs believe that small organizations are simply outcompeted in the process and that they lose "good NGOs" who lose faith in the system.

NNGOs informed larger organizations of inaccurate prices but were dismissed.

Wider Issues

Some of those interviewed stated that the problem is not the costing method. The problem is that humanitarian needs are going up and funding is not. Some suggested a more transparent conversation with Donors about why needs are increasing in some contexts. Additionally, some believe that there should be a greater focus on development and the nexus. They suggested that some crises (e.g., chronic droughts) should fall under development and then those funds can be reallocated to humanitarian crises. Given that the average HRP is now over 10 years, there is a belief that more can be moved to development or the nexus.

If changes to the costing methodologies are made, it was recommended that roll out be considered based on geography and capacity, because countries cannot change quickly and "even tweaks wobble the system."

APPENDIX A. COSTING APPROACH PER HRP COUNTRY

(2020 AND 2021 HRPS)

The Summary of OCHA Perspectives on Costing, Project Registration and Monitoring and the Linkages Between Them (2020) states that there are essentially four different costing approaches: project based, unit based, and two hybrid approaches.

Project Based consists of registration, vetting, and project-based costing. (Approach A)

Unit Based consists of unit-based costing. There is no project registration or vetting. (Approach B).

Hybrid 1 consists of unit-based costing, project registration, vetting, and project-based costing. (Approach C).

Hybrid 2 consists of unit-based costing and open project registration. (Approach D).

The tables below denote the frequency of methodological use and the countries that used the different methods in their HRP costing for 2020 and 2021.

Costing Approach	2020		2021	
	n	%	n	%
A	14	50%	16	59%
B	9	32%	7	26%
C	2	7%	1	4%
D	3	11%	3	11%
Total Counted	**28**		**27**	

Country	Method in 2020	Method in 2021
Afghanistan	B	B
Burkina Faso	D	D
Burundi	D	D
Cameroon	A	A
Central African Republic	B	B
Chad	A	A
Colombia	B	A
DPRK (Other)	B	▇
DRC	B	B
Ethiopia	B	B
Haiti	D	D
Iraq	B	B
Lebanon Flash Appeal	C	▇
Libya	A	A
Mali	A	A
Mozambique	C	A
Myanmar	B	B

Niger	A	A
Nigeria	A	A
oPt	A	A
Pakistan	███████	A
Somalia	A	A
South Sudan	A	A
Sudan	A	C
Syria	A	A
Ukraine	A	A
Venezuela	A	A
Yemen	B	B
Zimbabwe	A	A

Source: (UN OCHA, 2020)

APPENDIX B. CASE STUDIES

Case Study 1: Enhanced UBC Iraq

One of the primary drawbacks of UBC is that it does not align with the wider HPC. Specifically, there is a fundamental disconnect between UBC and HPC Projects, FTS, and monitoring efforts. While many countries that use UBC for their HRP have created "work arounds" for challenges, Iraq is working to build a UBC system that lays on top of HPC tools. Iraq has used UBC since the 2019 HRP and calls their current approach "enhanced UBC." While gaps remain, Iraq has made notable progress in minimizing the gaps in the HPC due to UBC. The information provided for this case study draws from the progress made up to the 2021 Iraq HRP. In the past year, additional progress may have been made.[18]

Aside from OCHA's in-country IM personnel, other organizations and clusters in Iraq described the enhanced UBC process to me which demonstrates clarity and structure. The general steps to Iraq's Enhanced UBC were described as follows:

1) Gather unit costs from partners
2) Generate HRP
3) Organizations go to donors to get funding
4) Funding secured
5) Organizations inform cluster(s)
6) Activity Planned Module (e.g., registration and tracking) in ActivityInfo
7) Activity Planned Module links to FTS for financial tracking
8) Implement
9) Report HRP achievements by activity in Response Monitoring Module
10) Activity monitoring is maintained in ActivityInfo

At the time of this research, Iraq was considering incorporating an "operational plan" into their UBC process. The purpose of this plan was to provide "baseline" information on partner presence, capacity, project plans inclusive of coverage as well as validation and accountability structures. More information is needed on this.

Areas for Improvement

- Clusters are struggling with the lack of or insufficient concrete guidance for the cost calculations. A global agreed standard with key information requirements would be helpful to Iraq. Costing policies and procedures should come from OCHA and global clusters to ensure consistency across contexts.
- Registration and vetting still need to be strengthened.
- Linking to FTS remains a challenge (e.g., correctly linking broad funding flows from projects that have come from agreements with Donors and been implemented in the field). Iraq is working with FTS colleagues on this.

Note: This system works because OCHA has an incredibly strong IM person in-country and, according to this individual, setting up a basic framework in a country may take two years.

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[18] At the time of this writing, Iraq is phasing out of the HPC.

Case Study 2: IRC DIOPTRA

Because prospective and retrospective cost analysis is becoming more prominent in humanitarian aid, OCHA may want to consider looking at IRC's costing tool, Dioptra. Dioptra appears to work for both UBC and PBC and can generate costing estimations by output. Considering this tool would become more important if assessing the costs incurred (i.e., retrospective) in addition to the projected costs (i.e., prospective) was deemed important to stakeholders.

Link: Dioptra (dioptratool.org)

Case Study 3: USAID/Education

USAID/Education has spent significant time over the last five years creating processes and procedures for collecting and analyzing cost data. USAID/Education has created tools and templates, guidance, and trainings to assist their implementing partners in calculating the cost of their funded interventions. Seeing the importance of this work, USAID revised ADS 201 to specify that cost analysis is required for all impact evaluations.[19]

Link: USAID Education Cost Measurement Tools | Education Links (edu-links.org)

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[19] *Full disclosure while I did not work on the data reporting guidance, policies, and procedures, I wrote the methods to be used by evaluators assessing the costs of USAID/Education's interventions.*

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