

# Consultation Roundtable on Peacebuilding Cost-Effectiveness: *Exploring a Research Agenda*

## Meeting Report

March 9 & 10, 2016 – New York City



**American Friends  
Service Committee**

Milt Lauenstein  
Philanthropy



*This discussion was generously funded by*



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with input from Jessica Berns and Peter Woodrow



## Guiding Questions and Background

Over the last decade, the peacebuilding field has increased its attention to rigorous design, monitoring, and evaluation processes, in an effort to improve practice and results. Among other trends, peace practitioners are adopting innovative strategies to measure and learn from practice; increasingly accepting the need and value of monitoring and evaluation (M&E); expanding the available technical expertise for addressing evaluation challenges; and making more evaluation reports available that capture learnings on program effectiveness.

Still, most will agree that peacebuilding M&E continue to be works in progress. Numerous challenges and obstacles remain in the quest to build a more solid evidence base for peacebuilding. The field is not yet in a position to draw definitive conclusions about effectiveness, in terms of what leads to broader societal level progress towards peace (“peace writ large”) or how local level peace efforts contribute to peace writ large. Also, while the absolute number of evaluations has increased, few of the reports are publically available, and it remains difficult to obtain enough reports on similar programs to enable comparative analysis and generalizable lessons.<sup>1</sup>

There is one metric in particular that remains little researched or understood: cost-effectiveness. While the for-profit sector considers cost-effectiveness a critical data point, to date this has not been part of the M&E conversation in peacebuilding. Little hard data exists to indicate the relative cost-effectiveness of distinct peacebuilding approaches.

Questions related to cost-effectiveness have, however, been part of M&E discussion and criteria in the humanitarian and development fields, most notably the United Kingdom’s Department for International Development’s (DFID) considerations regarding “value for money”<sup>2</sup>. Similarly, other fields of practice, including public health and education have developed methodologies for defining and assessing cost-efficiency (see links at end of this paper). The data is then used to influence program strategies, reallocate resources, and inform local, national, and international policies.

Complex threats to peace and security proliferate around the world, while funding for non-military responses to these threats remains limited. Therefore, the important question arises: “Which peacebuilding approaches are most cost-effective in preventing violence and saving lives?” Today, the field is not in a position to answer this question outright but there potential to break down the question and answer smaller pieces. Preliminary inquiries indicate that there is interest in exploring research and analysis of cost-effectiveness in peacebuilding.

American Friends Service Committee (AFSC), Milt Lauenstein Philanthropy, and the Peacebuilding Evaluation Consortium (PEC) convened a discussion entitled, *The Consultation Roundtable on Peacebuilding Cost-Effectiveness: Exploring a Research Agenda* with the aim of developing a collaborative effort to address these questions. The discussion took place in New York City on May 9 & 10, 2016 and

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<sup>1</sup> Some evaluation reports have been posted to the DM&E for Peace website, but relatively few.

<sup>2</sup> See Appendix D for further references.

included peacebuilding practitioners, public and private donors, researchers, evaluation experts, and specialists from other fields. This report is an outcome of this discussion.

It is agreed that the primary objective of research into the cost-effectiveness of different approaches to peacebuilding would be to provide funders, academics, and practitioners with better information on which to base resource allocation decisions. This type of knowledge would enable donors to contribute much more to achieving the objective of a more peaceful world.

Prior to engaging in such potential research, the following core questions should be addressed:

1. What exactly do we mean by cost-effectiveness in the context of peacebuilding?
2. How are the constituent elements calculated: how are “costs” determined and how are those related to “effectiveness”?
3. Who determines what is effective based on what criteria?
4. What is the time dimension of cost-effectiveness?
5. Do we currently have the data we need to carry out a cost-effectiveness analysis?
6. What methodologies are appropriate for researching these questions?
7. What and whom are we seeking to change or inform with knowledge about cost-effectiveness?
8. Are there risks of assessing cost-effectiveness?
9. What are the limitations in measuring cost-effectiveness?

In considering research into the cost-effectiveness of different peacebuilding approaches, some immediate dilemmas reveal themselves that require consideration:

1. Cost-effectiveness is just one dimension of assessment. How can we promote this inquiry without suggesting that cost-effectiveness should become the most important criterion in peacebuilding M&E?
2. Where does cost-effectiveness fit within other evaluation questions and priorities?
3. If we were able to develop robust methods for assessing cost-effectiveness, what would be the implications for peacebuilding approaches that are found to be less than fully cost-effective?

## Key Discussion Questions

On the first day of meetings the participants broke into small groups after presentations to discuss major issues raised and possible solutions. Initial questions were raised on the definition of cost effectiveness and how it would incorporate into existing structures and processes. For example:

- How can we do this within our own organizations?
- Can we ask donors to adapt their evaluation requirements to include cost effectiveness?
- Do we need to know what our impact is before we get to cost effectiveness?
- Who defines the definition of cost-effectiveness? How can we ensure that local voices are part of this decision?

Following the presentation by Arik Levinson<sup>3</sup>, Economics Professor at Georgetown University, on the economic framework of cost effectiveness, several new key questions were raised for participants, including:

- What is a realistic measurement?
- What is the market for peacebuilding?
- What should be on the x axis? Can we count units of peace? Do we count violent deaths?
- What are the costs other than money?

The pharmaceutical framework of cost effectiveness, presented by Rob Lutz<sup>4</sup>, Chief Business Officer of Strongbridge Biopharma, raised further issues of risk and sequencing such as :

- Can we incorporate a third axis for risk?
- How do we incorporate difficulty into our calculation of cost effectiveness?
- How do we use sequencing and context in cost effective calculations?

However, the main question that participants returned to again and again was: *what is a strategic use of cost effectiveness for peacebuilders?* This question remained central to the participants throughout the discussions and was central to the discussion of next steps.

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<sup>3</sup> See Appendix A for a further discussion of presentations.

<sup>4</sup> See Appendix A for a further discussion of presentations.

## Next Steps

Following the two days of intense discussion, participants agreed that this discussion was important to the future of peacebuilding and peacebuilding funding. Participants focused on identifying follow up actions and how they would support them.

These included:

Next Steps	Volunteering Organization
<b>Research into the obstacles, cautions and ethics of cost effectiveness in a peacebuilding context</b>	
<b>Research the cost effectiveness of prevention versus reaction.</b>	
<b>Develop a code of conduct/values with local engagement</b>	<i>The Peacebuilding Evaluation Consortium and Donors</i>
<b>Encourage sharing and access to data</b>	<i>The Peacebuilding Evaluation Consortium</i>
<b>Research program efficiency and ‘unseen’ work supporting programs (i.e. administrative)</b>	
<b>Conduct complementary analysis with UN PBSO and Institute for Economics and Peace</b>	<i>The Civil Society Platform for Peacebuilding and Statebuilding, Peace Direct, The Peacebuilding Evaluation Consortium</i>
<b>Use data for advocacy</b>	<i>The Peacebuilding Evaluation Consortium, UNPBSO, Institute for Economics and Peace, Alliance for Peacebuilding, American Friends Service Committee, Peace Direct, Peace and Security Funders Group</i>
<b>Find tools for cost effectiveness</b>	<i>The Peacebuilding Evaluation Consortium, DfID</i>
<b>Link peacebuilding spending with humanitarian spending to see the cost effectiveness of prevention versus response</b>	
<b>Improve coordination and collaboration</b>	<i>The Peacebuilding Evaluation Consortium</i>
<b>Develop and encourage a field wide research question</b>	
<b>Incentivize research, fund a PhD student, connect with Peace Direct local contacts, USIP’s evaluation in the Central African Republic (CAR) of USAID’s work</b>	
<b>Further literature research and incentives</b>	

*Further coordination and discussion of these next steps is planned for May of 2016.*

## Appendix A

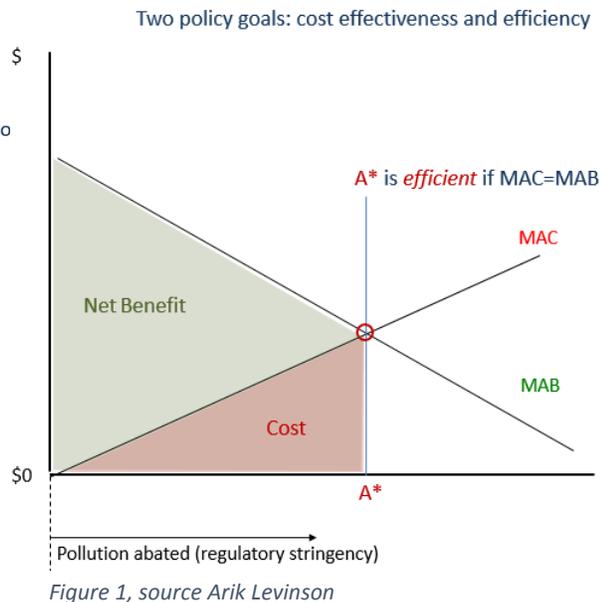
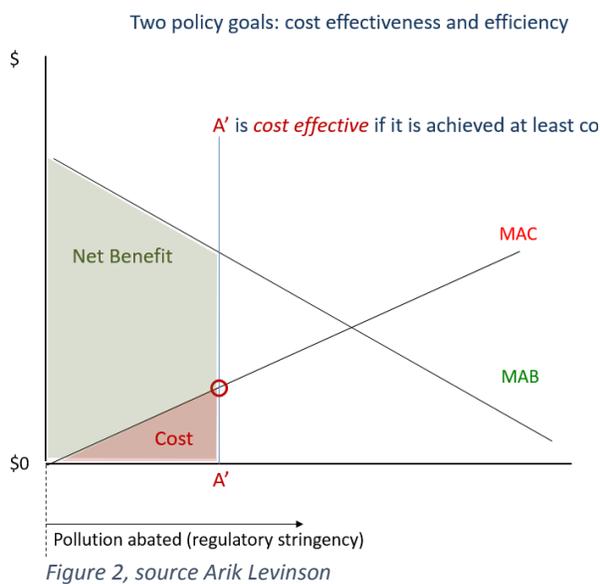
### Presentations

#### Environmental Economist Presentation

Arik Levinson, an economist at Georgetown spoke about how economists approach cost effectiveness, using the environmental movement as a case study.

**Cost effectiveness** is defined as any given outcome achieved at least cost, or to achieve highest possible outcome for any given cost. See figure 1.

**Cost efficiency** is defined as a particular best outcome while minimizing waste. To take this further **pareto efficiency** is the allocation of resources so that it is impossible to make any one individual better off without making at least one individual worse off. See figure 2.



Environmentalists have focused on how to combine cost effective interventions to reach their goal- no one intervention will have us reach the goal, therefore what combination of interventions is most cost effective.

Arik used the example of Mexico Cities smog reduction initiatives. Environmentalists looked at two factors in each possible intervention, the cost and the reduction of emissions. They then looked at what combination of interventions would result in their reduction target at the least overall cost (see figure 3). Once they hit their target of reducing 1.2 million tons of weighted tons of emissions, all further interventions were no longer cost effective and the marginal abatement cost is no longer considered efficient.

*Program to Reduce Air Pollution Emissions from Transport in Mexico City, with and without a Gasoline Tax*

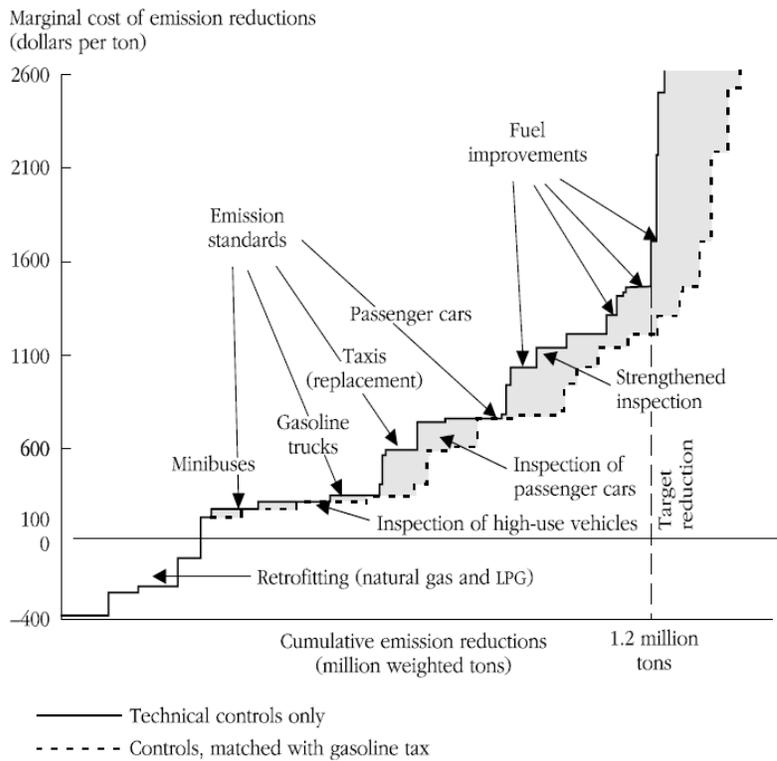


Figure 3, Eskeland, 1994

In order to make this judgement however they needed a clear X – axis, in this case the millions of weighted tons of emissions.

In looking at the cost effectiveness of peace-building however it is this x – axis unit that becomes problematic. What are we specifically measuring a reduction in? Incidents of violence, violent deaths, years without conflict?

The most basic unit would be the number of violent deaths. In order to understand when an intervention is no longer cost effective, one must have a targeted outcome.

In order to have a target, peacebuilders must decide how many lives are worth saving, what is the optimal cost of saving one life, and what are the ethical guidelines to decide that an intervention is too expensive.

Arik discussed how different federal agencies have grappled with this difficult question. (see figure 4)

The main three points of the presentation were: cost-effectiveness is necessary but not sufficient to maximize net benefits; it still requires a common unit, such as quantity of pollution, lives saved; for many intangible regulatory goals market-based policies achieve cost-effectiveness.

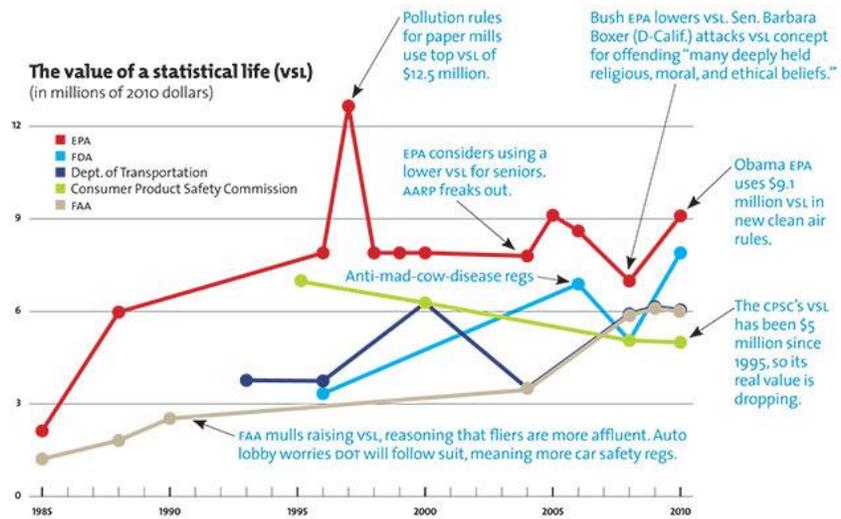


Figure 4

Sources: W. Kip Viscusi, Vanderbilt University; CPSC; DOT; EPA; FAA; FDA.

## Pharmaceutical Industry Presentation

The pharmaceutical industry funds itself in phases, a significant amount of money is spent in the initial R&D, where there is high risk, then less and less is spent as it goes through trials and the risk decreases. Many investors come in near the final stages before FDA approval to avoid risk and maximize profit. The iterative process reduces risk, because medicines only make it to the next round after testing. Based on this model, can peacebuilders look at risk of intervention? If an intervention design is highly effective in a specific context or a previous time, does this reduce the risk to funders for future interventions? How can this be applied to cost effectiveness discussions? The industry also uses cost effectiveness analysis about prevention versus cures, which is very relevant to discussions of peacebuilding.

## DfID Presentation

Tanweena Chowdhury discussed how DfID's focus on value for money was developed as they have a duty of care for taxpayers' money. They use value for money when communicating their importance to the taxpayers and government leadership. The decision to invest in an intervention requires a judgement of whether the expected development results justify the costs. They use concepts such as; better preparedness on humanitarian saves money, long term funding saves money and spending money on UN coordination saves money through efficiency.

DfID uses a 3Es framework to measure its value for money but there is now pressure to add a fourth E for equality:

- **Economy:** Are we or our agents buying inputs of the appropriate quality at the right price? (Inputs are things such as staff, consultants, raw materials and capital that are used to produce outputs)
- **Efficiency:** How well do we or our agents convert inputs into outputs? (outputs are results delivered by us or our agents to an external party. We or our agents exercise strong control over the quality and quantity of outputs)
- **Effectiveness:** How well are the outputs from an intervention achieving the desired outcome on poverty reduction? (Note that in contrast to outputs, we or our agents do not exercise direct control over outcomes)

They don't have a current measure of specific peacebuilding programming's cost effectiveness, but they attempt to be more innovative in how they assess value in order to better articulate what results UK taxpayers are buying. In contrast, humanitarian aid has a heavy procurement costs, which can be reduced simply and fairly quickly, and its effectiveness can be easily measured but peacebuilding is more difficult. Peacebuilding struggles particularly with efficiency and effectiveness measures in the 3E framework.

## UN Peacebuilding Support Office (UNPBSO) Presentation

The UNPBSO focuses on two key questions: What is the cost of peacebuilding and what are the current financial needs for peacebuilding? According to recent figures, a total of 50% of peacebuilding funding is spent on Iraq and Afghanistan. Yet, in order to understand how much should be spent on peacebuilding we need to understand what the global needs are first. If we understand the need and the cost, we can

compare it to 'hard' conflict intervention costs. There are issues around the types of needs assessments, and we need to resolve this before getting to cost.

Where do you draw the line on spending? It cannot just be more, more, more. At the same time, can we compare cost and outcomes across contexts? Our quest for economic certainty we are in trouble in dynamic systems.

UN PBSO, in partnership with IEP, is currently trying to understand how much we are spending on peacebuilding in 31 countries – donor expenditures as measured by ODA. In some countries we have additional numbers on domestic funding. This research will fill in part of the question but we are still missing a lot of data. We also need to marry the meta data analysis with the local perceptions.

### **CDA Collaborative Learning Presentation**

CDA has approached this and found several key issues, including the invisible work that doesn't look like a program, with a log frame, etc., is essential but hard to cost it out. Also focusing on the effectiveness of a single program is easier but does not show its impact on peace writ large. We Also need to track the drivers and understand the cost of the drivers to better understand the cost of interventions.

Some solutions to this include embedding cost effectiveness in M&E, to build data and begin to price out different effective interventions in different contexts. Method pluralism for M&E helps understand these issues better – health is doing monetized assessment. We can also run internal comparison of work by the same org over time, or similar context, or against the initial plan. However, it's hard to do retrospective analysis of decision making. This needs to be documented along the way.

### **The Omidyar Group Systems Presentation**

How do we measure impact in complex environments? It is important to measure impact differently in such environments. Changes in clouds are hard, but changes in clocks are easy. Clouds are unpredictable and hard to control like long-term peacebuilding projects (5-10 years). These types of projects are rarely linear. Clocks are much more predictable like short-term peacebuilding projects. They are logical with short-term goals (1-2 years). Yet, we often fund the short-term interventions versus long-term interventions. Peacebuilding interventions need long-term investment with an adaptable learning program. Furthermore, theories of change (ToC) should focus on context and environment.

The impact of peacebuilding interventions is often defined by looking at immediate and short-term outcomes. Yet, we should be looking at slow variables as the evidence of impact, including the long-term ripple effects of peacebuilding projects. Therefore, measuring cost-effectiveness can be very difficult in slow variables thinking. Funding from organizations affiliated with the Omidyar Group is given in three-years increments but is evaluated very year since the context changes in conflict and post-conflict environments (using summative and formative evaluations). Important to look at the changes you have made in the systems. They are hoping to move toward 5-10 years project funding in the near future.

Omidyar has a high appetite but it needs to be high throughout the system, from the team level up to the CEO. The systems view gives a lot of empowerment to teams to take risk, because you see how important your risky action is.

## Institute of Economics and Peace (IEP) Presentation

To begin with people now understand that war isn't good for the economy, but IEP can find how much war costs on a country by country basis as a percent of GDP. A total of 13% GDP is spent on the cost of violence. Unfortunately, we do not know how much money we save (GDP) by preventing conflict and violence.

IEP's Positive Peace Index is trying to do an empirical analysis of peace and its system, rather than focusing solely on conflict. There are eight factors that contribute to positive peace and include: 1) well-functioning government; 2) sound business environment; 3) equitable distribution of resources; 4) acceptance of the rights of others; 5) good relations with neighbors; 6) free flow of information; 7) high levels of human capital; 8) low levels of corruption.

An important issue however, is how do we describe peacebuilding with practical implications on how we measure its cost and effectiveness. We don't know how much money we are spending on peacebuilding because we don't agree on what to include in the peacebuilding definition. If we don't make a best effort to understand the answers we are failing ourselves.

## Appendix B

### Participants

- **Bob Berg**, Chairman of the Board, Alliance for Peacebuilding
- **Jessica Berns**, Independent Consultant, Jessica Berns Consulting
- **Michelle Breslauer**, Program Manager – US Operations, Institute for Economics & Peace (IEP)
- **Tanweena Chowdhury**, Evidence and Governance Adviser/Performance and Evaluation Unit/Conflict, Humanitarian and Security Department (CHASE), Department for International Development (DFID)
- **Steve Del Rosso**, Director - Int'l Peace & Security, Carnegie Corporation of New York (CCNY)
- **Aubrey Fox**, Executive Director - US Office, Institute for Economics & Peace (IEP)
- **Melanie Greenberg**, President/CEO, Alliance for Peacebuilding (AfP)
- **Rebecca Herrington**, Program Manager, Search for Common Ground (SFCG)
- **Chris Harris**, Independent Consultant
- **Isabella Jean**, Co-Director, Collaborative Learning & Director of Evaluation & Learning, CDA Collaborative Learning Projects
- **Ursala Knudsen-Latta**, Policy and Program Associate, Alliance for Peacebuilding
- **Peter Lems**, Peacebuilding Officer, American Friends Service Committee (AFSC)
- **Arik Levinson**, Professor - Economics, Georgetown University
- **Rob Lutz**, Chief Business Officer, Strongbridge Biopharma
- **Milt Lauenstein**, Philanthropist, Milt Lauenstein Philanthropy
- **Sarah McLaughlin**, Deputy Director, Learning & Evaluation, Alliance for Peacebuilding (AfP)
- **Bridget Moix**, US Senior Representative, Peace Direct
- **Rob Ricigliano**, Systems and Complexity Coach, The Omidyar Group
- **Johannes Schreuder**, Policy Officer - Economic Issues, UN Peacebuilding Support Office (PBSO)
- **Aaron Stanley**, Program Assistant - Int'l Peace & Security, Carnegie Corporation of New York
- **Christina Voigt Leblanc**, Peacebuilding Advocacy Coordinator, World Vision International
- **Leslie Wingender**, Peacebuilding Advisor, Mercy Corps
- **Peter Woodrow (Facilitator)**, Executive Director, CDA Collaborative Learning Projects

## Appendix C

### Meeting Agenda

#### Consultation Roundtable on Peacebuilding Cost-effectiveness: Exploring a Research Agenda

World Vision International New York Office  
919 Second Avenue, New York, NY

**Day #1 – March 9, 2016**  
***(12 noon – 8:00 pm)***

Time	Discussion Topic	Facilitator/Speaker(s)
<b>12:00</b>	<i>Lunch</i>	-
<b>12:30</b>	Welcome & Introductions	Peter Woodrow
<b>12:50</b>	Brief Framing Intro: <i>What Leads Us To This Consultation?</i>	Jessica Berns
<b>1:00</b>	Framework for Thinking about Cost-Effectiveness	Arik Levinson <i>(Georgetown University)</i>
<b>1:45</b>	Session I Panel: <i>Perspectives from Neighboring Sectors on Cost-Effectiveness</i>	Rob Lutz <i>(Strongbridge Biopharma)</i> Tanweena Chowdhury <i>(DFID)</i>
<b>2:15</b>	Plenary Discussion: <i>Implications for Cost-effectiveness in Peacebuilding</i>	Peter Woodrow
<b>3:00</b>	<i>Coffee Break</i>	
<b>3:20</b>	Session II: Small Group Discussions: <i>What Questions Do We Need to Be Asking?</i>	-
<b>3:50</b>	Plenary Discussion: <i>How Do We Shape The Research Question(s)?</i>	Peter Woodrow
<b>5:30</b>	Adjourn	-
<b>7:00</b>	<i>Group Dinner</i>	

**Day #2 – March 10, 2016**  
**(9:00 am – 12 noon)**

Time	Discussion Topic	Facilitator/Speaker(s)
<b>8:30</b>	<i>Breakfast</i>	-
<b>9:00</b>	Session III Panel: <i>Addressing Issues on Methodology for Measuring Cost-effectiveness in Peacebuilding</i>	Johannes Schreuder (UN PBSO) Isabella Jean (CDA) Aubrey Fox (IEP)
<b>9:30</b>	Plenary Discussion: <i>What Are the Most Appropriate Methodologies?</i>	Peter Woodrow
<b>10:15</b>	Systems Thinking and Cost-Effectiveness	Rob Ricigliano (The Omidyar Group)
<b>10:45</b>	<i>Coffee Break</i>	
<b>11:00</b>	Session IV: Plenary Discussion <i>How To Move This Inquiry Forward?</i>	Peter Woodrow
<b>11:50</b>	Closing Remarks & Next Steps	Melanie Greenberg
<b>12:00</b>	Adjourn	-

## Appendix D

### Links to Relevant Reading

Article: The 'Business' of International Aid, Wall St Journal article (2011)

<http://www.wsj.com/articles/SB10001424052748704425804576220524034207558>

Article: 'A Systems Approach to Peacebuilding', Conciliation Resources by Rob Ricigliano (2011)

[http://www.c-r.org/downloads/accord%2022\\_5A%20systems%20approach%20to%20peacebuilding\\_2011\\_ENG.pdf](http://www.c-r.org/downloads/accord%2022_5A%20systems%20approach%20to%20peacebuilding_2011_ENG.pdf)

Report: Value for Money in the Business Case (May 2013), DfID, UKAID, Small Arms Survey

<http://www.smallarmssurvey.org/fileadmin/docs/M-files/CCRVI/CCRVI-Practice-Product-Value-for-Money.pdf>

Report: DFID's Approach to Value for Money (July, 2011)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/67479/DFID-approach-value-money.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67479/DFID-approach-value-money.pdf)

Report: Measuring the Impact and Value for Money of Governance & Conflict Programmes ITAD (July, 2010)

[https://www.bond.org.uk/data/files/Itad-2010\\_vfm-report.pdf](https://www.bond.org.uk/data/files/Itad-2010_vfm-report.pdf)

Report: Positive Peace Report, Institute for Economic and Peace (2015)

<http://economicsandpeace.org/wp-content/uploads/2015/10/Positive-Peace-Report-2015.pdf>

Report: The Economic Cost of Violence Containment: A Comprehensive Assessment of the Global Cost of Violence, Institute of Economics and Peace (2015)

<http://economicsandpeace.org/wp-content/uploads/2015/06/The-Economic-Cost-of-Violence-Containment.pdf>

Paper: DFID Value for Money in Humanitarian Programming, external resource for partners

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/405978/VFM-guidance-partners.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405978/VFM-guidance-partners.pdf)

Paper: Comparative Cost-effective Analysis to Inform Policy in Development Countries, J-PAL MIT (2012)

[https://www.povertyactionlab.org/sites/default/files/publications/CEA%20in%20Education%202013.01.29\\_0.pdf](https://www.povertyactionlab.org/sites/default/files/publications/CEA%20in%20Education%202013.01.29_0.pdf)

Paper: An overview of cost-effectiveness analysis in education, Center for Benefit-Cost Studies of Education (2013)

<http://cbcse.org/wordpress/wp-content/uploads/2013/08/Guiding-the-Development-And-Use-of-Cost-effectiveness-Analysis-in-Education.pdf>

Website: World Health Organization Cost Effectiveness and Strategic Planning

<http://www.who.int/choice/cost-effectiveness/generalized/en/>

Website: Better Evaluation, overview of cost-effectiveness analysis

<http://betterevaluation.org/evaluation-options/CostEffectivenessAnalysis>

For further information on this meeting or the cost effectiveness research agenda please contact:

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