



# The Spindle

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## Efficiency analysis in conflict prevention and peace building

Violent conflict continues to affect the lives of millions of people around the world, especially in the most marginalised areas. Frictions leading to violent conflict are a setback to social and economic development. In fact, peace is a pre-condition for all other development interventions to succeed. Therefore, it is important to monitor tensions and intervene in an early stage to prevent eruptions of violent conflict. Interventions include facilitating dialogue, consensus building and influencing all stakeholders who can contribute to maintaining or building peace. This case explains how to analyse efficiency in projects that aim at conflict prevention and peace building.

The Partos Efficiency Lab, November 2017

This case is one of a series of ten that was produced in the framework of the Partos Efficiency Lab. See back cover for more information.

### Project at-a-glance

- Project type: Conflict prevention and peace building
- Geographic intervention area: 200 communities in Region X in Country X.
- Population: 200,000
- Project Duration: 3 years
- Project budget: 1 million Euro (for three years)

### Problem analysis

In semi-arid region Y of country X there has always been rivalry between the pastoralists and the farming communities. In the last few decades the competition for scarce resources such as water and land has intensified, leading to an increase of violent conflict. Exacerbating factors are the introduction and use of guns, and politicians who try to expand their constituency through fanning the flames of hatred. The government is weak and lacks capacity to mediate between the conflicting groups. The police is not capable to maintain security. Some time ago a raid resulted in the killing of 26 civilians. As a result of the insecurity schools were closed for months. People who could afford closed their business and moved away from the area. Most development projects by government and NGOs were put on halt. Currently a fragile peace prevails. Action is required to prevent conflict and establish enduring peace.

### Project objective

The project objective is to create a situation in region X in which people of the various groups live together in social cohesion (dignity, dialogue and peace).

By the end of the project:

- 120,000 people feel safe;
- 120 communities are not involved in any form of intercommunal violence;
- 120 communities are linked to intercommunity structures to prevent conflicts;
- 120 communities can use shared grazing lands the entire year if they want;
- 120 communities can use shared water points the entire year if they want;
- 120 communities frequently visit intercommunal markets;
- 120 communities are active in intercommunal trade.

### Project approach

The project focuses its interventions on formal state structures and traditional governance institutions dealing with issues of war and peace. Within these modern and traditional institutions there are people who have the willingness and potential leverage to broker peace, but whose voices are not heard. These are called peace actors. Through connecting the peace actors across groups and institutions, a powerful peace network will be established that will be instrumental for three intervention areas:

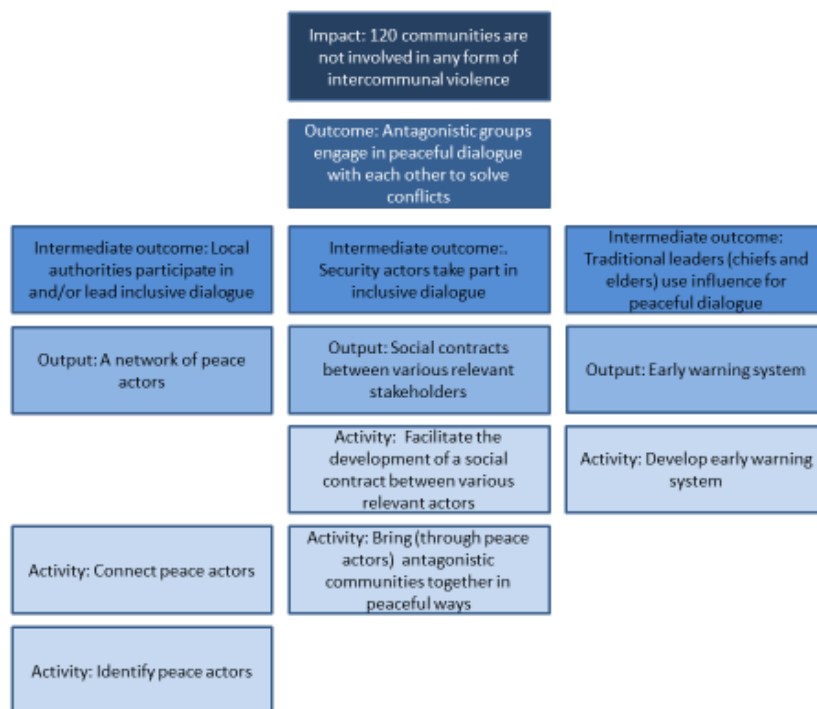
- Bringing antagonistic communities together in peaceful ways thereby reducing feelings of hostility. Especially, the behaviour and attitudes of youth warriors will be addressed and the roles of the traditional leaders including chiefs and elders will be strengthened.
- Engaging in early warning, fulfilling an intermediary role between communities in case tensions are flaring up and mobilising the government to take measures that are conducive for taking away tensions and restoring peace.

- Facilitating the development of a social contract between various relevant actors, including government, army, police, traditional peace committees and possibly others tasked with the provision of security and law-and-order.

These interventions will be implemented by local NGOs and they will result in the following outcomes:

- Local authorities participate in and/or lead inclusive dialogue- and intermediation processes between antagonistic communities.
- Security actors take part in inclusive dialogue and intermediation processes with communities.
- Traditional leaders (chiefs and elders) enter into a dialogue or mediation process and influence their communities to enter into a dialogue or intermediation process and to honour agreements on non-violent approaches to security issues and human rights violations.
- Antagonistic groups engage in peaceful dialogue with each other to solve conflicts, conform to agreements on a non-violent approach to security issues and human rights violations.

## Theory of Change



# Recommended approaches for assessing efficiency

### Notes on applicable tools and methods, Antonie de Kemp

This note summarizes tools and methods that can be applied to assess efficiency in the Conflict prevention and peace building project (case #8).

We discern two levels of analysis: level 1, focusing on the operational level of an intervention and level 2, an analysis of the main benefits and costs, in order to be able to compare the project with alternatives. After several remarks on the case (Section 1), the note discusses applicable tools and methods first for level 2 (Section 2), and then for level 1 (Section 3).

#### 1. Remarks on the case

First, it must be noted that this kind of projects hardly ever, if at all, includes an efficiency analysis. The detailed ALNAP guidelines (2016) on the evaluation of humanitarian action do not include any section on efficiency. The OECD/DAC guidelines (2012) on the evaluation of peacebuilding activities in settings of conflict and fragility conclude that in a conflict context, costs associated with prevention work may be compared with the estimated costs of conflict, but that this may be difficult, as averted costs are invisible. The guidelines advise to use historical data to reasonably estimate costs.

The guidelines suggest several questions that would be key an efficiency analysis of peacebuilding activities, but does not provide guidance on how to answer these questions:

- Does the intervention deliver its results in an efficient manner compared to the counterfactual?
- Are there better (more efficient) ways of achieving the objectives?
- How well are resources (human, financial, organisational) used to achieve results?
- What was done to ensure the cost efficiency of the intervention?

The specific case here includes a brief problem analysis as well as an intervention logic that is part of a theory of change. It must be noted that before actually implementing such a project, or being able to assess its value, much more information is needed. This starts with a more elaborated theory of change (ToC). A ToC describes the change processes that should lead to a desired end-result. It first analyses the main problem, the overall objective and the wider context, including culture and power relations, before a specific intervention is fitted in. Assumptions about behaviour, mechanisms and context, that underpin the intervention, are made explicit and are, as much as possible, supported by evidence. Key questions for developing a ToC include:

- What is the main problem? What is the overall objective?
- What is the context, underlying problems, main factors and actors?
- What are the potential mechanisms contributing to the objective?
- What do we choose as the intervention(s)?
- What are the critical assumptions; how valid or uncertain are they?
- What are the main indicators for measuring results?

One of the crucial elements of a ToC is to map out context, trends, main factors and actors. The context analysis includes an analysis of power and political economy, motivations and agendas behind the façade, and an analysis of how changes affect different groups of people differently. In this specific example, it also includes a detailed conflict analysis. In addition, the ToC should include an assessment of changes already taking place and the determinants of these changes. Are there potential allies moving in the same direction, or are there other actors pushing in the opposite direction of the desired outcome? In addition, it is imperative to validate critical assumptions. Assumptions are made (i) about world views or convictions, (ii) about the context, and (iii) about the mechanisms between intervention and overall objective. They need to be supported as much as possible by evaluations and academic literature. In addition, the proposal should explain why this intervention has been selected, preferably referring to its cost-effectiveness.

In this specific example, it seems that there is not much evidence about anticipated impacts. Gaardner (2013) notes that evidence of pro-social effects from Community-Driven Development (CDD) type interventions is weak (see also Paluck and Green, 2009). Therefore, it would be advisable to start with a pilot, even though the project budget (1 million Euro) seems to be relatively small. A pilot helps to:

- test the assumptions
- improve the intervention logic and project approach
- assess the organisational efficiency
- create a benchmark for ex post assessment.

For instance, one may start with a pilot consisting of 20 intervention communities and 20 control communities.

## 2. Level 2 tools and methods

Level 2 tools and methods compare the efficiency of entire aid interventions with alternatives or benchmarks with the purpose of selecting those interventions producing the largest net benefit with available resources. Methods in this group can be applied ex-post for accountability and learning purposes.

The project focuses on 200 communities (200,000 people). It assumes a success rate of 60%: it assumes that after the intervention, 120 communities (120,000 people) are not involved in any form of intercommunal violence.

Often, these types of interventions are not very specific about the benefits: reduced conflict, peaceful interaction, etcetera. Nevertheless, as the OECD/DAC guidelines suggest, it may be possible to give an estimate, based on historical data. This may include:

- an estimate of the number of lives that may be saved annually
- averted extra education costs (closed schools)
- impact of improved access to water
- impact of improved access to grazing lands
- health effects
- income effects.

### Cost-Benefit Analysis

A cost-benefit analysis aims at estimating the net benefits to society, thereby helping decision-making. Ex ante CBAs require reliable context data and realistic, informed assumptions about expected changes associated with the project. As mentioned, a pilot helps to test the assumptions and to estimate effects ex post, leading to a much more informed assessment of the project effects.

In this specific case, estimating the benefits of reduced violence may be highly complex and uncertain<sup>1</sup>. Moreover, it may be impossible to compare the costs and benefits with alternative interventions aiming at realising the same objectives.

An alternative would be comparing the project benefits with the costs of alternative projects:

- For the number of lives saved, it is possible to rely on the costs of lives saved of alternative interventions<sup>2</sup>. These costs may be derived from the health literature.
- Next, the benefits of averting the closure of schools may be calculated using national education data (Ministry of Education).
- The benefits of improved access to drinking water may be derived from cost benefit analyses of drinking water facilities in comparable regions (see also Case nr.5).
- Health effects may be estimated using cost estimates of health interventions with comparable effects.
- The impact of improved access to grazing lands may be estimated through the value of increased production.

In theory, an ex-ante estimate of income effects may be derived comparable projects, or from the pilot.

In this specific case, the assessment will include many assumptions and therefore it may be important to include estimates with varying assumptions. This also helps to show the impact of the assumptions on the perceived outcomes and impacts.

Conducting a CBA usually takes several to many weeks and requires advanced economic analysis skills.

### **Multiple-Attribute Decision Making (MADM)**

A less stringent approach would be using MADM. The approach is based on an evaluation of how well several alternatives satisfy the different objectives. It is a method for facilitating decision-making in the face of incomplete data and uncertainty. Rather than trying to calculate the monetary value for each target, MADM uses a participatory process to scores the value of alternatives on the different objectives. A MADM scoring model calculates scores for different intervention alternatives based on a set of weighted criteria (for more explanation see Cas1, Value chains). MADM complements rather than replaces other methods.

In the present case, criteria could be, for example the value attached to saving lives, health effects and economic effects. It is important to include as much as information possible in the decision-making process.

Scoring models usually require several days of analysis time and basic analytical and stakeholder interaction skills.

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<sup>1</sup> Several researchers have estimated these costs, but usually at a much higher level of aggregation. See for instance the work of the Copenhagen Consensus.

<sup>2</sup> An alternative would be estimating the years of life lost and to multiply this by the average annual income.

### 3. Applicable level 1 tools and methods

Level 1 analysis focuses on the operational efficiency of a single intervention. Level 1 tools and methods are often conducted ex-post. Level 1 methods that may be applicable to this project include:

#### **Benchmarking of unit costs**

Ideally, it would be possible to compare the costs of the project with alternative interventions. In practice, this will probably not be possible:

- It will be impossible to find comparable interventions in a context that is more or less the same.
- As mentioned before, evaluations of comparable interventions hardly ever provide any financial information.

If alternative projects provide some information, such as total projects costs and total number of beneficiaries (or per community), in theory one could try to make a more qualitative analysis of why these costs diverge (different price levels, different geographic circumstances, differences in approach, etc.).

A better alternative would be to compare differences within the project or with the pilot costs. A question would be the level of analysis. Probably, it will not be possible to compare costs by community. Alternatives would be by trainer (20) or NGO (4).

As mentioned by Markus Palenberg, a principal caveat with unit costs benchmarking is that it does not allow straightforward conclusions about outcome/impact-level effectiveness and efficiency. A higher-than-average cost per community (or trainer) may indicate operational inefficiencies, but it can also point to differences in context. In addition, effectiveness could be higher. Moreover, the operational efficiency of the whole project could be low. As Palenberg concludes, unit cost benchmarking is a useful tool for identifying potential operational (in)efficiencies but needs to be complemented by further (qualitative) analysis before conclusions can be drawn.

Ideally, the costs are related to output or outcome indicators, but often benchmarks, especially when applied on heterogenous interventions, this kind of benchmarks compares operational costs with overall project costs. While this may hint to inefficiencies, in practice the value is often limited. Moreover, and for instance, in this specific case, almost all costs are probably operational costs.

Benchmarking of unit costs can usually be done in several days (provided required information is available) and does only require basic analytical and quantitative skills.

#### **Follow the money**

This approach systematically screens all project expenses (including costs of inputs (staff, consultants, material costs) with the objective of identifying potential cost savings. When applying it, the evaluator systematically disaggregates total project expenditures and, for each budget or expense category, conducts additional analysis to determine whether there is cost-saving (or yield increase) potential. The analysis focuses on inputs (economy) as well as the conversion of inputs into outputs.

It will be helpful to complement the financial analysis with a more qualitative analysis of the operational processes. Process descriptions, interviews and a time tracking system may be helpful in this respect. In this specific example, the analysis may include a comparison of costs (for instance of the 4 NGOs). Specific elements of interest for this analysis could be:

- costs of main inputs as well expensive inputs (cars, rents)
- management costs

- coordination costs

The approach requires one to several weeks. Evaluators require basic analytical, financial, and problem-solving skills.

## Conclusions

This note started with the observation that this kind of projects hardly ever, if at all, includes an efficiency analysis. One of the reasons is the uncertainty of the effects. Objectives are highly sympathetic and total projects costs may seem relatively low, but often it is not very clear how the projects aim at realising the objectives. Moreover, often the projects do not include clear targets. This makes a fair assessment of the value of the project extremely difficult. The importance of realising the objectives may be confused with the importance of implementing the project.

Given the relatively low budget, there is often not enough money for rigorously assessing the impact, with the result that learning is low. Precisely because of the importance knowing whether this kind of projects works, and under what conditions, a rigorous evaluation is required. Gaardner (2013) argues that in conflict-affected settings a simple before-after measurement may be even more misleading than in other circumstances, as the general situation may actually deteriorate (or improve) over the project period. Similarly, a before-after measurement could show an improvement that is entirely due to other factors.

The costs of a rigorous evaluation (around EUR 200,000) will be high in comparison to the project budget. However, the costs of not knowing whether the intervention works are much higher. Therefore, in this case we have focused more on effectiveness and the importance of a ToC than on efficiency. Nevertheless, assessing the efficiency of a project forces to make more explicit what the expected results will be.



