

Terms of Reference

Evidence-based analysis on the cost-efficiency of humanitarian cash assistance delivered by the Red Cross Red Crescent Movement

Date	July 2025
Consultancy duration	Estimated 34 days
Timeframe	September to December 2025
Location	Home-based

Rational

The last decade, the number of people in need has been steadily increasing¹, while the humanitarian funding available has been drying. As a result, fewer people are being reached year by year², even despite the shifts achieved through the Grand Bargain commitments. This trend is exacerbated with the recent governments shift in funding priorities³ which is putting the humanitarian system in a profound crisis. Although a reform of humanitarian assistance has been long discussed, the current crisis has triggered an urgent call for a '[Humanitarian reset](#)' with a focus on increased efficiency. This should force the Red Cross Red Crescent Movement (RCRCM), as all the humanitarian system and actors, to change further and faster and look for ways to bring greater results for crisis-affected people while making resources go much further. In this regard, evidence on cost-efficiency is paramount to help RCRCM to make informed decisions about which modality and when to prioritise to better allocate the existing limited resources towards the modalities that archive greater reach, and more importantly, which organisational changes and investments need to be made to ensure the most efficient approaches are in place.

¹ In 2024 there were an unprecedented 300 million people in need globally (OCHA, 2024) compared to 80 million people in 2014 (OCHA, 2014)

² Humanitarian actors reached just 62 per cent of the people they aimed to assist in 2023, while in 2022 they were able to reach 79 per cent of the people targeted (Global humanitarian overview, 2024)

³ E.g. US Government cuts that funded up to 42% of humanitarian assistance globally

A series of initiatives had taken place to improve capacity, promote and ease more routine and rigorous cost-efficiency and value for money analysis. For instance, in 2014 the DFID issued the [Guidance for DFID country offices on measuring and maximising value for money in cash transfer programmes](#). In 2016, ICRC issued the Joint ECOSEC/Log Executive Brief on cost-efficiency analysis and in 2017 the Cash workstream of the Grand Bargain identified measurement of cost-efficiency and cost-effectiveness of cash assistance as a priority. Lead by USAID and the IRC, with support from CaLP, the sub-workstream produced a guidance document to “improve capacity to conduct rigorous and consistent cost-efficiency analysis in humanitarian assistance” [Cost-Efficiency Analysis of Basic Needs Programs: Best Practice Guidance for Humanitarian Agencies](#). Also in 2017 FCDO supported the development and series of pilots of SCAN (Systematic Cost Analysis tool) which has derived since 2022 in the [Dioptatool](#) a multiagency⁴ tool to simplify cost analysis using a web-based software with a robust and standardized methodology for estimating cost-per-output.

Overall, humanitarian organisations engaging in cost-efficiency analysis seem to adhere to existing guidance and tools. For instance, the Cost Transfer Ratio (CTR)⁵ is the standard in the academic literature on cash transfer programs, the recommended as the default for reporting cost-efficiency results, and the most used. The Total Cost to Transfer Ratio (TCTR)⁶ is another widely used ratio to measure cost-efficiency.

Cost-efficiency analysis refers to the analysis of cost per output of program or activity, allowing you to compare cost-per-output for programs which all produced the same output. Such analysis is useful when choosing among alternative delivery models (e.g. different modalities of transfer) during program design, or to evaluate one aspect of value-for-money during final evaluation. To achieve rigorous, consistent analysis requires a common approach to cost categorization and allocation, i.e. what costs are included and how they are assigned to different activities within grants.

*Source: Cost-efficiency analysis of Basic Needs Programs: Best Practice Guidance for Humanitarian Agencies
USAID, IRC for the Grand Bargain, 2019*

Purpose and scope of the study

This consultancy will measure cost-efficiency of cash assistance across a series of emergency responses implemented recently by the RCRCM to:

- a) Develop a methodology aiming to assess the cost-efficiency of cash assistance by counting on reliable and representative direct & indirect cost-data of RCRCM responses, adapted to the RCRCM actors’ specificities
- b) Test the methodology on RCRCM’s selected contexts & perform a benchmarking analysis with the rest of the cash sector, comparing the Movement CVA cost-efficiency to sector’s metrics.

⁴ ACH, Care, CRS, DRC IRC, Mercy Corps, NRC, Save the Children

⁵ **Cost-Transfer Ratio (CTR)** is the ratio of administrative/implementing costs to transfers, or the administrative cost of making a \$1 USD (or other currency unit) transfer to a recipient. Source: CaLP Glossary Adapted from IRC (2015).

⁶ **Total cost to transfer ratio (TCTR)** is a measure of the actual value of transfers received by recipients as a ratio of the costs associated with delivery, including all the transaction costs in the payment process, the direct costs associated with the project (from assessments to MEAL) as well as indirect costs.).Source: CaLP Glossary [Partially adapted from DG ECHO (2022)]

- c) get an initial understanding of the factors that have greater impact on cost-efficiency.

Depending on the results of this research, the project will progress **into a second stage that will conduct a comparative analysis on the cost-efficiency of humanitarian cash, vouchers and in-kind assistance⁷ in the RCRCM operations**. This will complement the current research and allow for analysis and recommendations around which modality is more cost-efficient in a given context, scenario or circumstances, to support decision making and resource allocation.

Objectives

- **Evidence Generation:** Calculate cost-efficiency of CVA using standard metrics (CTR, TCTR).
- **Benchmarking:** Compare RCRCM CVA efficiency data with other humanitarian actors to assess relative efficiency, and measure against methodologies that are used by donors and other stakeholders with interest in this area (e.g. FCDO VfM, Grand Bargain derived tools)
- **Methodology Development:** Develop or refine a practical methodology and tool for RCRCM to conduct cost-efficiency analysis and provide recommendations to encourage adoption of cost-efficiency analysis by the different Red Cross Red Crescent actors (IFRC, ICRC, NS)
- **Organisational Change:** Recommend investments and practices to enhance efficiency in aid delivery.
- **Advocacy:** Contribute to global learning on efficiencies, review the CVA efficiency propositions and distil a high-level simple narrative to advocate for the use of the most effective modality.

Methodology and deliverables

1: Inception

Recognizing the RCRCM has its own specific characteristics and ways of working, it is expected that the consultant will start by examining the most used methodologies and tools to measure CVA cost-efficiency in order to propose the best suited for RCRCM actors including any required adaptation⁸. The consultant will connect with finance and administration staff to gain a good understanding of the financial records within IFRC and ICRC.

As part of the inception phase, the consultant should also review secondary data from different RCRCM humanitarian responses to propose the ones to be examined. The scope, type of responses and operations to be analysed will be agreed with the Steering committee as part of the inception phase. A desirable scope could be to have cost-efficiency ratios for at least 14 responses with 6 of them analysed in depth.

⁷ For in-kind, the different types of procurement (local, regional, international), and the sourcing has to be factored in.

⁸ For instance, Dioptra members (and IRC in particular) have developed a robust methodology and tools to measure cost-efficiency analyses. The consultant is expected to examine Dioptra's methodology/tools, identify other existing broadly tested methodologies, if any, draw from these pre-existing tools and adapt these, only if necessary, to any RCRC specificities and/or limitations

Deliverable:

- ✓ Inception report which details the scope, describes the proposed methodology, including the key data required, and confirms the timeline.

2: Data collection and analysis

The consultant will work with designated teams to get the expenditure budgets and determine the cost allocation of resources to the programmes examined (at least 14 responses).

A draft of the first one-pager produced will be shared with the Steering Committee to incorporate the suggestions before developing/finalising the rest.

Deliverables:

- ✓ One pager for the responses analysed (at least 6 of the 14 responses) with CVA cost-efficiency data using CTR and/or TCTR, detailing the cost breakdown into the categories used (e.g.: value of grant/NFI, distribution activities, capital expenses, etc..) including and excluding shared and indirect cost and an analysis of the main factors that determined its efficiency and recommendations on how to increase efficiencies for each of the responses.
- ✓ Based on key informant interviews from the responses examined, an analysis of their needs in terms of their needs for evidence and support required to drive change and uptake the use of cost efficiency analysis tools. These recommendations can be integrated in a specific section in the synthesis report.

3: Synthesis reports and guidance/and a simple tool for RCRCM actors on cost-efficiency analysis

Based on the operations level analysis and existing secondary data, a synthesis report (brief) will be written up including conclusions on the main factors that drive cost-efficiency, recommendations on investments to be made to increase efficiencies as well as how to incorporate cost-efficiency analysis within the RCRCM.

Deliverables:

- ✓ A synthesis report (internal) with 10 pages maximum (excluding the annexes) covering all the responses analysed, highlighting conclusions around how to enhance cost efficiency in responses with using cash, as well as a general comparison with other aid agencies and donors' efficiency benchmarks. The report should include: brief description of the methodology/ratios utilised and description of categories included, a comparative analysis of the differences, commonalities and differences/divergences between countries/contexts and other factors that can influence cost-efficiency (e.g. scale, delivery mechanism, targeting modality, level of external support received by NS, etc..), use the "what 100USD buy breakdown"⁹, and/or other comparative tools to show the

⁹ "Cash vs. In-Kind: What \$100 Buys" Breakdown: Create a simple, compelling breakdown that shows how much aid \$100 provides when distributed as cash vs. in-kind in different crisis settings. Select 3-4 case studies where CVA and in-kind aid were both used; Extract cost-efficiency ratios (e.g., if in-kind delivery has 30% overhead and cash has 10%, then \$100 of in-kind buys \$70 worth of aid, while cash buys \$90 worth); Illustrate this using a simple infographic or chart, showing what \$100 gets recipients under each model.

differences, distil conclusions and recommendations on a) investments to be made to increase cost efficiencies; b) how to incorporate cost-efficiency analysis within the RCRCM. The report should also have a section on how RCRCM compares with donors' benchmarks and other aids agencies.

- ✓ A slide pack with the conclusions of the study grounded on evidence data and the recommendations in the form of advocacy messages for RCRCM decision makers (internal audience)
- ✓ One pager evidence-based high-level narrative to build the case for cash if cost-efficiency is confirmed (external audience)
- ✓ A guidance and simple tool for RCRC actors willing to engage in Cost-efficiency analysis different range of capabilities and levels of digitalisation.

This study will run in parallel with other similar studies (eg CalP, IRC, etc..) it is expected that the consultant will engage with these actors when/if requested to ensure harmonisation and enhance complementarities.

Potential guiding questions of interests - list not exhaustive:

- Which are the main factors influencing cost-efficiency? Scale? Local prices? Transfer modality? Geographical/regional differences? Financial infrastructure?
- What contextual factors make CVA more cost-efficient?
- In terms of scale, when does significant cost efficiency gains happen?
- Is NS-led CVA more cost-efficient? How does the level of external support provided to a NS during the response influence cost-efficiency?
- When NS are/have implemented cash preparedness processes, how does cash preparedness influence cost-efficiency over time?
- Are the responses examined aligned with the suggested global cost-efficiency benchmarks (CTR ceilings)?
- Any examples of cost efficiencies gained by linking with Shock Responsive social protection?

Estimated activities and timeframe

A detailed schedule will be produced by the consultant/s as part of the inception report.

Activity	No. of Days
Desk review, inception report, review research tools	3 days
Data collection	14 days
Draft first one pager	1 day
Incorporate the feed-back from SC and finalise the rest (6 one pagers)	6 days

Draft Final report	3 days
Incorporate the feed-back from SC	1 day
Produce slide pack	1 day
Evidence-based advocacy	1 day
Guidance and tool to measure CVA cost-efficiency	3 days
Present in the Cash Hub webinar	1 day
Total maximum days	34 days

Dissemination of the results

Internal

A dissemination plan will be agreed by the Steering Committee. At a minimum the deliverables will be disseminated to the different RCRCM forums such as Cash Peer Working Groups, Operational and Support Services leadership, and Movement Coordination bodies.

External

The conclusions from the comparative brief will be presented in a Cash Hub webinar. It is expected that the consultant lead will actively engage with the dissemination webinar.

Steering Committee

The Steering Committee will provide overall technical and policy direction to the consultant.

The Steering Committee members will collectively have programmatic, operational and policy expertise, as well as CVA, logistics and finance experience. The group will be formed by an IFRC GNV Cash team member, an ICRC GNV ECOSEC member, a Cash Hub technical adviser, any other RCRC CPWG member willing to contribute, an IFRC GNV Finance team member and an IFRC Logs team member, ICRC Finance team member and an ICRC Logs team member.

The group will engage on the decision about the operations to be examined, provide the relevant data/budgets required and/or liaise the consultant with the relevant people/Delegations in their own organisation, provide feed-back at every stage of the consultancy and be available for any query or need for clarification or direction that might arise.

The Steering committee is expected to meet remotely (maximum once a month) at several key points to provide inputs, approvals or review outputs. It is expected to meet at least for the following milestones:

Estimate dates:

- August 2025 - Approve the concept note and the ToRs
- September 2025- Participate in the selection of the consultant/consultancy firm/academia.
- October 2025 - Review proposed methodology/inception report
- November 2025 - Review final reports
- December 2025- Review guidance and tool to measure cost-efficiency

The Cash Hub Technical adviser will manage the procurement and contract.

Consultant/s profile

Knowledge, skills and experience

- Proven experience in evaluating Cash and Voucher Assistance (CVA) in emergency contexts.
- Demonstrable track record in delivering high quality pieces of research related to cost-efficiency and/or Value for Money of humanitarian assistance.
- Strong quantitative and qualitative research skills, including a robust understanding of M&E, finance and experience in adapting tools and processes for data collection, collation, analysis and reporting
- Strong interpersonal and communication skills including excellent written and verbal English language skills
- Experience of working for Red Cross Red Crescent Movement is desirable