

# RETURN ON INVESTMENT IN EMERGENCY PREPAREDNESS



## Introduction

Following many years of CARE-wide investment in emergency preparedness, CARE commissioned a study to explore impact and evidence on what preparedness investments have been effective. The study looked at potential cost and time savings of emergency responses, as well as the overall quality of emergency response. The study explores preparedness through the lens of four specific investment types: supplies, skills, processes, and contingency agreements. It looks at the cases of Indonesia, Madagascar and Nepal. The methodology is based on scenario comparison: how does an emergency response occur with and without the investment in preparedness. The study balances quantitative and qualitative approaches.



## What we found

### ***Investments in contingency agreements with local civil society partners***

Investments in contingency agreements with local civil society partners significantly accelerate response time. This type of investment also makes a broader contribution to the humanitarian sector, by strengthening civil society expertise and capacity.

### ***Investments in staff skills & training***

Building staff skills and capacity can potentially save costs and accelerate response time; CARE offices with strong humanitarian staff are less reliant on international deployments. These types of investments are inexpensive and can have a cascade effect without further investment.

### ***Investments in pre-positioning***

Investments in pre-positioning of locally procured emergency relief items showed significant time saving during an emergency response but less in terms of financial impact (it is potentially more expensive to pre-position than to buy at the onset of a crisis)

### ***Investment in processes***

Investment in processes have significant return on investment primarily because they reduce decision-making time; accelerate deployment of personnel and assets; and simplify management during emergencies for a low cost. Cash Based Intervention systems and Commodity Tracking Systems can significantly increase CARE's efficiency in emergency response.

*In Madagascar, the study shows that pre-positioning supplies could accelerate the response time by 35 days. Various contextual factors can impact supplies pre-positioning return on investment: In-country transport time and reliability, price inflation for goods and services, security and infrastructure issues in pre-positioning areas, synergies with regular programmes.*

*In Nepal, the study shows that investment in humanitarian trainings could potentially accelerate response time by four days and save up to 10,800 USD over two weeks during a small Type 2 emergency. It remains difficult to draw a direct correlation between trainings and CARE's humanitarian impact as various contextual factors can impact skills return on investment.*

*In Indonesia, the study shows that signing agreements with local partners at preparedness stage could accelerate response time by 14 days. Various contextual factors can impact contingency agreements return on investment, such as the type of partner, the type of agreement, the pre-existing relationship, the quality of services assumed by the partner, the prices that can be negotiated in the market context of the country.*

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## Summary Conclusion

All investments scoped through case studies (agreements, supplies, skills, processes,) showed time and/or costs savings with investments in contingency agreements (local civil society and service providers) yielding the greatest time savings. The clear favourable returns on investment make a strong case for CARE and its donors to consistently invest in these preparedness areas. In the current context of growing humanitarian needs, increased complexity and higher costs, up-front investment in preparedness would increase humanitarian impact and efficiency, ultimately saving more lives. Given the inter-connected nature of the four core preparedness areas, investments should be diversified and spread across these areas to maximise impact. In addition, preparedness investments are context related. Investment should be tailored to the complexities of each country. Introducing a constant return on investment perspective throughout the emergency preparedness planning process would better inform how to use CARE's limited resources in preparedness.



## Recommendations

### Contingency Agreements

Systematically favor partnerships with long-term development partners. Develop and sign contingency agreements in order to gain time ahead of disasters. Establish partnership with peers for preparedness and response in order to pool resources, boost efficiency, and grow humanitarian impact, increasing effectiveness. Systematically develop and sign long-term agreements with key service providers at country level.

### Processes

Integrate (at least partly) return on preparedness investment approach in the new emergency preparedness planning process in order to inform better decisions on preparedness. Mainstream Cash Based Interventions preparedness into the new emergency preparedness planning process. Set up Commodity Tracking Systems at country level and invest in supply chain management. Reassess the relevance of national and regional rosters, focus on better defining external staff support needed and pre-identify candidates in the global roster and rapid response team.

### Skills

Favour team and in-country capacity development through simulations rather than individual and international training. Ensure clarity of objectives of trainings and systematically include and measure newly developed skills in performance management systems. Increase staff exposure to humanitarian settings through more consistent TDY schemes.

### Supplies

Reconsider pre-positioning relief items, especially perishable items, in countries where disaster frequency is low; where national and local supply chain systems are stable and instead favor cash based interventions. Pre-position at local level rather than capital/central level, especially for predictable/seasonal disasters. This will allow CARE to react immediately and bridge urgent supply gaps in the early days of an emergency. Review UNHRD pre-positioning relevance and consider international pre-positioning directly in country if cost efficient.