

Bridging the Humanitarian Productivity Gap

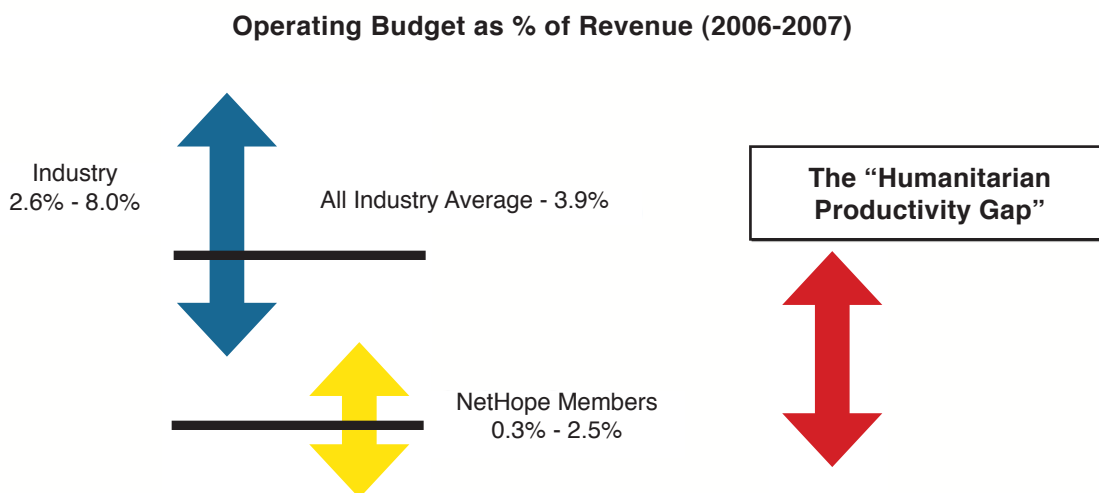
Have you ever wondered why there appears to be so much duplication of effort in the humanitarian sector? Why can't they share information? Why don't they coordinate relief efforts? Why are they still using paper for a lot of the work they do?

The answers are not easy. Sharing does take place, but nowhere near the way that we are used to in the developed world. Field staff all want to do the right thing but often lack the tools they need to do the job right. The "Information Age" is something we take for granted in the Western world but it's time has yet to come in the developing world.

Why haven't the benefits of the information age been fully realized by those working in the humanitarian sector?

A survey of 22 leading international humanitarian agencies ranging in annual revenues from \$50MM to \$2 billion determined that IT spending as a percent of revenues ranged from 0.5% to 2.4% with the largest number clustering right around 2%.¹

A similar study of like-sized public and private sector organizations in the developed world determined that IT spending ranged from 2.9% to 8.5% with an average in the 4% range.



Source: Gartner Group, NetHope

¹ NetHope member survey, October 2006

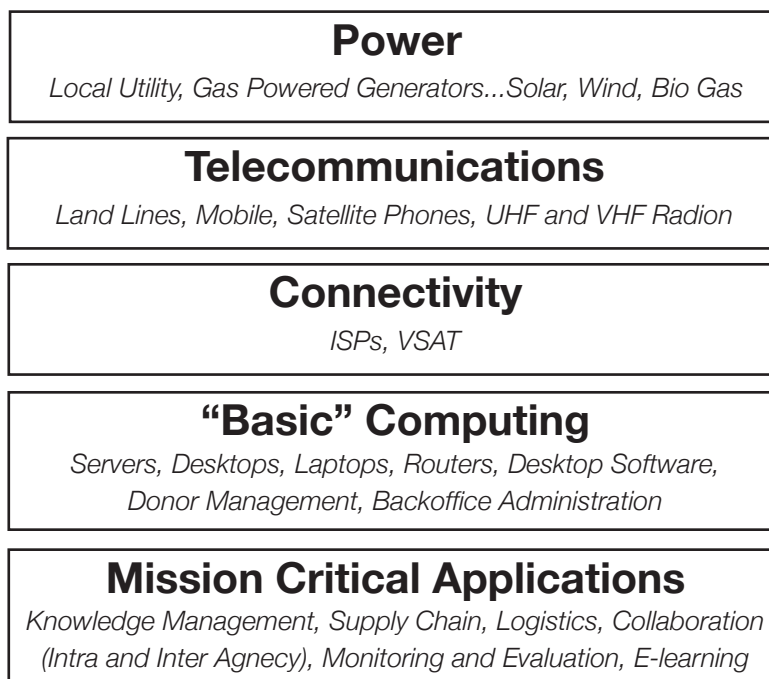
The systemic under investing in productivity enhancing IT solutions over time has caused a “Humanitarian Productivity Gap.”

Why do humanitarian agencies consistently under spend on IT? Because they’re trying to satisfy donors.

The most popular metric around spending efficiency in the humanitarian sector is the ratio of program spending to “overhead.” In the NGO sector, this is often referred to as “the pie chart,” and NGOs are acutely aware that their pie chart is scrutinized by donors and by charitable sector watchdogs. Because of the focus on overhead spending, pie charts are actually a key part of marketing and outreach efforts. It’s widely believed that any humanitarian agency that is spending less than 8% on overhead is spending its money wisely. Obviously this is far too simplistic because keeping overhead under 8% says nothing about how effective agencies are with their program expenditures (the 92%). And perhaps more importantly for the purposes of this analysis, it ignores the fact that investing in the right overhead (especially information and communications technologies) can actually ENHANCE the efficiency and capacity of program spending.

With lean IT budgets across the sector, IT managers must allocate budgets with the most essential services taking priority over some solutions that are seen as a luxury.

An informal poll of NGO IT managers confirmed that their priorities look something like this:



“The math goes something like this. We spend .25% on power and local office infrastructure. Another 1.0% on telecom and connectivity. And approximately .5% on basic hardware and desktop software. That leaves us about .25% for the applications which can really make a difference.”

— Peter Dickinson, Mercy Corps, Director of Information Technology

Limited IT budgets typically leave the NGO IT manager with no choice but to allocate funds to “keep the lights on.” Productivity enhancing mission critical applications, no matter how worthy, rarely receive any kind of sustained funding.



The good news is that we understand how we got here. The bad news is that the humanitarian productivity gap will continue to widen, especially relative to the opportunity and benefits that new technologies can offer the sector, unless we develop new approaches to developing and distributing appropriate technologies among the NGO community, and unless we “socialize” and advocate for the role of technology in the humanitarian sector.

What’s needed follows:

1. Humanitarian agencies need to recognize that ICT is strategic and must be funded accordingly. This starts at the top (the CEOs) and ripples all the way through the organization. No grant proposal should be submitted without an explicit acknowledgement that field staffs need the tools to do their work (hardware, software, training, processes, and organizational support).
2. Donors should provide consistent funding to productivity enhancing ICT related initiatives. Prioritization should be given towards supporting grant proposals where the outputs are shared by more than one agency. Broad industry collaboration like those at work at NetHope and LINGOs should be given funding preference. “One off” solutions that have no clear path towards sector wide sharing should be considered only if they have other clear benefits (often around incubations or innovation pilots).
3. As part of every grant proposal, donors should ask the question “what tools are you providing to ensure that information is shared, results can be reported and lessons learned can be saved in a way that they can be used by others?” Donors should demand that funding exists for productivity enhancing software, hardware, processes and training.

4. Rating agencies must find new metrics for evaluating the efficiency of program spend. Rating agencies should explicitly evaluate how NGOs are using proven information and communications technologies to advance their work. Agencies that are making consistent and appropriate investments in ICT should be rewarded with 4 star ratings.

5. The tech industry should follow the lead of companies like Microsoft Corporation, Cisco, Accenture and IBM. Preferential pricing should be given to all humanitarian organizations. The public sector needs the tech expertise that is locked up in the tech sector. Fellowships, long term volunteer programs and loaned executive staff should be supported.

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July 2008

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