

Confusion, Competition and Collaboration: operationalising Value for Money

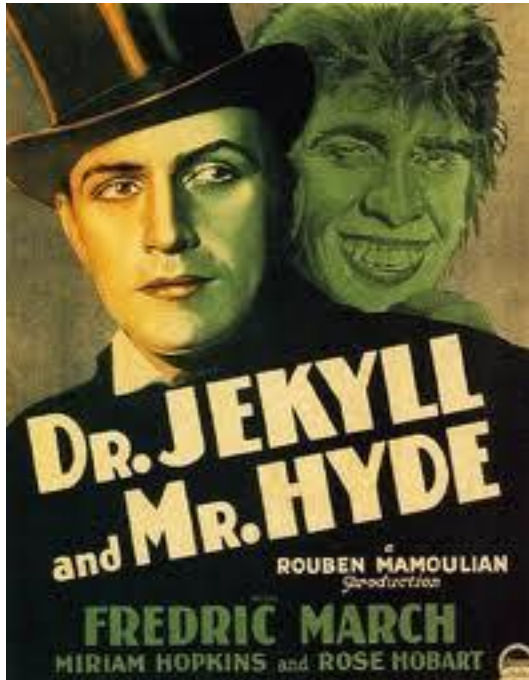


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University of Sussex
August 6th

Outline

- Positionality & methodology
- Value for money and the politics of evidence
- Confusion, competitive and collaborative responses
- VFM tools
- Effects
- Drivers/influencing factors
- Tactics - VFM a means to enhance transformative development?
- Conclusions

Positionality/ identity/ bias



- Academic: critical of new public management, interested in practitioners' response to politics
- Practitioner: passionate about VfM opportunities to integrate financial & programmatic planning, monitoring, evaluation and learning
- Big Push Forward - how can VFM enable locally led transformational development?

2010: The Big Political Push

“Our bargain with taxpayers is this,” says International Development Secretary Andrew Mitchell. “In return for contributing your money to help the world’s poorest people, it is our duty to spend every penny of aid effectively. My top priority will be to secure maximum value for money in aid through greater transparency, rigorous independent evaluation and an unremitting focus on results.”

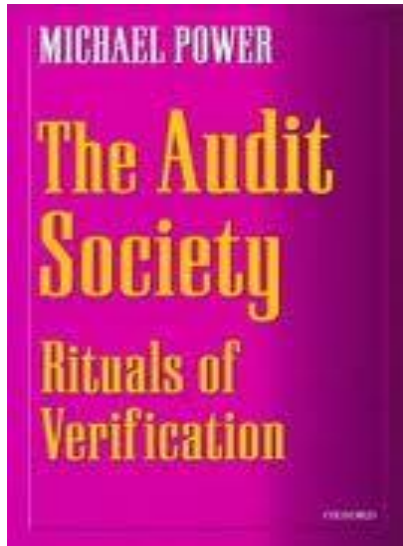
Action Aid press release 21 October 2010

http://www.actionaid.org.uk/102638/press_release.html

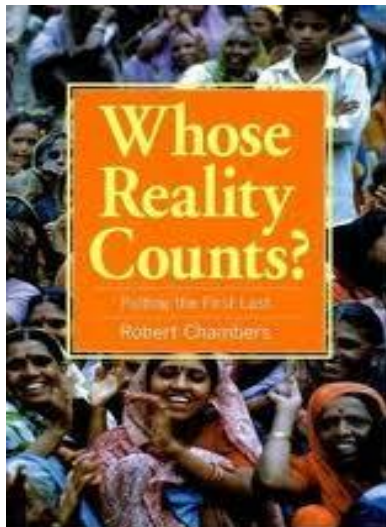


UKaid
from the Department for International Development

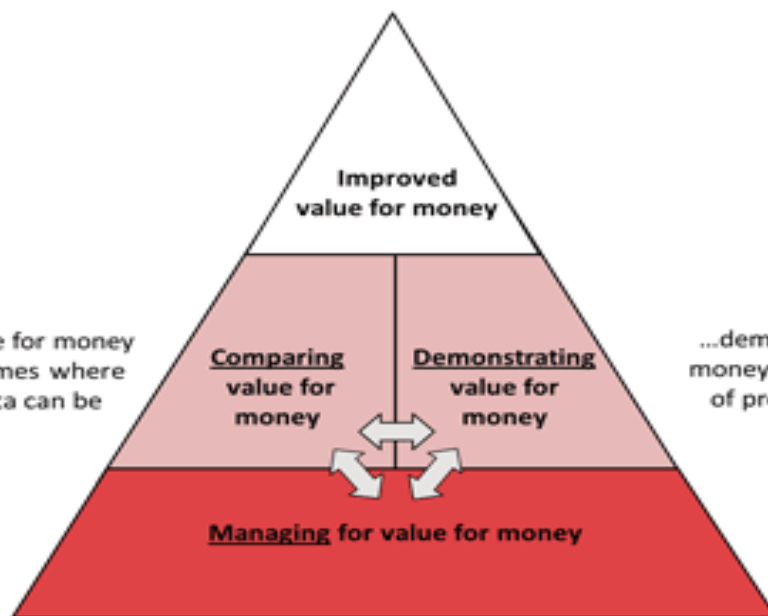
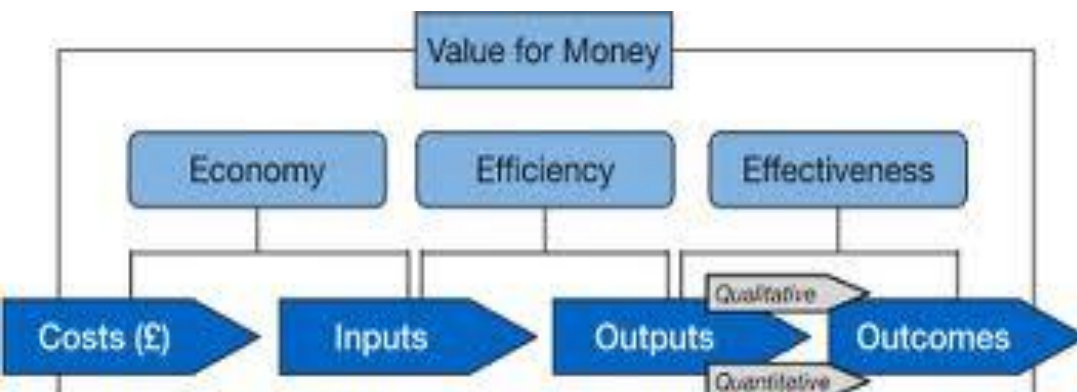
VfM & the Politics of Evidence



- Neutral, objective framing obscures politics
 - Management – results ‘small e-evidence’ political accountability: **did we manage well and get expected results for investment?**
 - Measurement- ‘big E evidence’ policy makers : **the most cost effective approach?**
- Results in tools with opportunities and risks
- BPF questions evidence assumptions:
 - How change happens, what we can know about value, whose values count
 - Our value – contribution to change
 - VfM can be replicated across contexts
 - Whether (political) agencies can use VfM evidence to inform rather than justify



Practitioner reality: what is it and how do we use it?



...compare value for money across programmes where comparative data can be generated

...demonstrating value for money through evaluation of programme outcomes

...manage for value for money - right processes

Definition of the four Es

Economy: getting the best value inputs

Efficiency: maximising the outputs for a given level of inputs

Effectiveness: ensuring that the outputs deliver the desired outcome

Equity: ensuring that the benefits are distributed fairly

Confusion

- Management (small E) or measurement (big E)?
- Efficiency or effectiveness?



“It’s quite frustrating because – as per DFID’s TOR – we’ve only got 6 pages on results (from quite a complex, global programme) and yet 3/4 pages on V4M with very limited guidance from DFID on what we should focus on (we were told they don’t know yet and expect us to take the lead in defining). Did you see the call for PPA proposals? Narrow definition there; focuses more on efficiency rather than allowing for any broader argument about the effectiveness of a governance approach as we would hope. We’ve decided not to dedicate hours to untangling this for the PPA evaluation”

Competition and Collaboration: BOND VFM Meeting 2011

What does DFID want to see CSOs doing on VFM? Cont.

Less about:

- Isolated used of methods or approaches eg SROI, DALYs, CBAs
- Analysis delinked from organisational processes
- Applying a VFM recipe book or step by step guidance
- VFM as an add on, discrete process or activity
- Blanket application of formulas and ratios

More about

- Organisation-wide thinking
- Justifying your approach in your specific context
- Identifying options and prioritising areas for maximising value
- Continual commitment to learning and improving
- Piloting and monitoring
- Showing evidence and feedback loops
- Being practical

VFM tools/approaches

Small E evidence results: 'management'

Ex ante appraisal

– **Scoring** of relative effectiveness of theory of change, management & M&E approach, using multi decision making criteria analysis some integrate risk

Monitoring against internal standards and learning to improve VFM

– **Trend analysis of VFM indicators for economy and efficiency** linked to log frame targets (internal standards)
- **Cost driver analysis:** DFID all

Ex post VFM judgement

– **Scoring of VFM achieved against initial objectives (and or VFM indicators)** e.g. by Christian AID; Multiple criteria DFID MAR
Internal effectiveness comparisons

Big E Evidence: 'measurement'

Ex ante appraisal

– **Economic cost effectiveness analysis:** the health sector, DFID business cases

Monitoring and learning to improve VFM during implementation

– **VFM indicators** for economy, efficiency external comparison

Ex post VFM judgement

– **Cost benefit, cost effectiveness or adapted SROI:** to demonstrate that innovative approaches compare well with other solutions or comparators; for citizen led advocacy

Contingent Effects

- **Empowering:**
 - More financial responsibility within organisations
 - Learning about relative efficiency across portfolios
 - Understanding of citizens' perceptions of value (SROI)
- **Disempowering and affecting relationships:**
 - Focus on economy & efficiency - unit costs (!) & savings
 - Economic measurement too narrow
 - Results based management approaches too linear
 - Opportunity costs: VFM assessments that are not good VFM
- **Benign:** those who understand politics happy to perform

Disempowering Effect



Influencing factors

- Nothing inherently empowering or disempowering
- Not a case of powerless recipients responding to donors
- VFM effects depend on:
 - Nature of funding relationships
 - Organisational politics and dynamics, competitive tendency, systems, capacity
 - Individual power and agency
 - Programme attributes and contexts

Adaptation: Value based VFM strategy



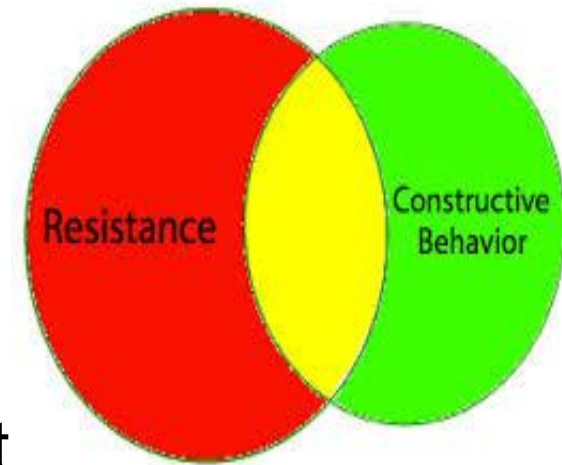
Christian Aid's approach to VfM is about achieving the best results we can with the money and resources we have. In defining the 'best' results, we are concerned with scale (numbers of people benefiting), depth (intensity and sustainability of change) and inclusion (in other words, a change has greater impact if it benefits people who are more excluded and marginalised)"

"Christian Aid's approach is weighted towards effectiveness (the results achieved for a given investment) and equity (who is included/who benefits from these results), rather than economy (the total cost of an activity) or efficiency (the cost per 'unit' of activity). . . . if two approaches deliver the same level of effectiveness and equity, then the one that costs less per person is better VfM. But if one approach is cheaper per person . . . but doesn't achieve the same results . . . then for Christian Aid this does not represent VfM."

<http://www.christianaid.org.uk/images/value-for-money.pdf>

Strategies : constructive resistance

- Ducking VFM measurement, in complex programmes with limited capacity
- Refusing to report:
 - efficiency metrics without effectiveness & sustainability
 - Efficiency & effectiveness without assumptions, methodologies & qualitative context analysis



Conclusions

- VFM is a political and confusing agenda
- VFM tools approaches have contingent effects
- Power aware practitioners need to understand their role in the politics of evidence & decide appropriate strategies
- Role for value based VFM strategies/ frameworks
- Key questions/dilemmas:
 - Is VFM mostly about performance? Is performing or resisting best for transformational development?
 - Can complexity science help bridge VFM management and measurement approaches? If not what approaches can be used for hard to measure programmes?