



Value for Money

Planning, Monitoring and Evaluation Specialists



Value for Money is about ...

... outcomes and results

It requires a plausible causal relationship between money that is being spent and outcomes that are achieved.



Value for Money ...

... isn't

Focussing on Cost Only

Choosing the Cheapest Option

The Easiest thing to measure

Spending less than Total Budget

Achieving VfM: Key Principles

establishment of a *strong value proposition* at intervention inception

continuous reappraisal in reaction to internal and external developments

What this needs:

strong understanding of *theory of change*

comprehensive and functional monitoring and evaluation systems and a deep commitment to using data for programme improvement

flexibility in programme implementation

Planning, Monitoring and Evaluation Specialists

VfM Reporting

Reporting on VfM depends largely on the context with which it is being addressed

Ultimately, VfM is a mindset that should ask:

- 1) Are we getting the most out of the resources we have?
- 2) Are we doing the right things in the right way to achieve the greatest impact ... and at what cost?
- 3) Are we able to demonstrate what we achieve and what more we can achieve?

Planning, Monitoring and Evaluation Specialists

VfM reporting in Practice

From a DFID procurement notice ...

VfM plan, including specific year on year efficiency targets which demonstrate continual cost savings and systems improvement

This has resulted in some common VfM metrics...

- **Average daily fee rate for international and national staff**
- **# of National and International Staff**
- **# of reports produced (and cost of each)**
- **# of staff changes per position over the program**
- **Efficient use of flights**
- **Efficient use of transport in country**

Real VfM Reporting Implies

- **Data collection and Use**
- **Strong project systems**
 - Resource allocation and Staffing
 - Progress assessment plans and corrective action
 - Effective reaction to changes in donor/recipient needs
- **Institutional knowledge and understanding**
- **Accountability for results delivery**
- **Complementarities (sectors/geography/donors)**
- **Sustainability and Capacity Building**

Evolving VfM Reporting

From a DFID Governance program using the 3 “E”s with Equity and Sustainability as a sub set of Effectiveness...

Economy ...

- Competitive procurement as per DFID (Benchmark)
- LTA:STTA ratio on an annual basis (Quantitative)
- Cost of International STTA against National (Mor)

Efficiency ...

- Contributions in-kind vs. TA Support Costs (Mon)
- Ratio of LT National: ST International TA (Qualita)
- Lessons and learning between states (Process In

Effectiveness ...

- *Outcome:* Level of functionality of State Houses of agents for Voice and accountability (Qualitative)
- *Impact:* Level of accountability and responsiveness of local government (Qualitative)

Reporting Goal:

The \$\$\$ cost of providing access so that one individual can claim rights and hold government to account.

Key Features of Programs that Deliver VfM

Costs that are linked to clear outcomes:
Granularity of data reporting and frequency of measurement

Management systems in place and project design to ensure effective delivery of outcomes and strong risk mitigation

Project design that prioritises sustainability and capacity building:
focus on technical and business capacity building,
knowledge transfer and effective handover strategies and procedures

Project design that looks outwards: complementarities with other programmes and initiatives; an understanding of VfM across all development projects and aid modalities; and ensuring that each project addresses recipient priorities.

Questions? Comments?

Q&A

Planning, Monitoring and Evaluation Specialists

Key VfM Considerations

- Results based delivery and evaluation
- Results based accounting
- Developing cultures of data use
- Technical understanding
- Measuring the intangible
- Work with donors to measure and address long-term impact
- Improved communication
- Internal benchmarking of fee rates
- Quality Assurance
- Complementarities
- Value for Whom?
- Value by When?