

Evaluating VfM in complex, adaptive development programmes

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Outline

1. Overview of OPM VFM approach
2. Application to the Pakistan SNG programme
3. Broader applications and reflections

Part 1: Our Approach

An evaluation-specific approach using criteria & standards

**An evaluative
question
about an
economic
problem**

What is VFM? No universal definition



Efficiency

'ROI'

Results

Equity

Sustainability

Low-cost

etc...

What is VFM? No universal definition

“The optimal use of resources to achieve intended outcomes”

(UK National Audit Office)

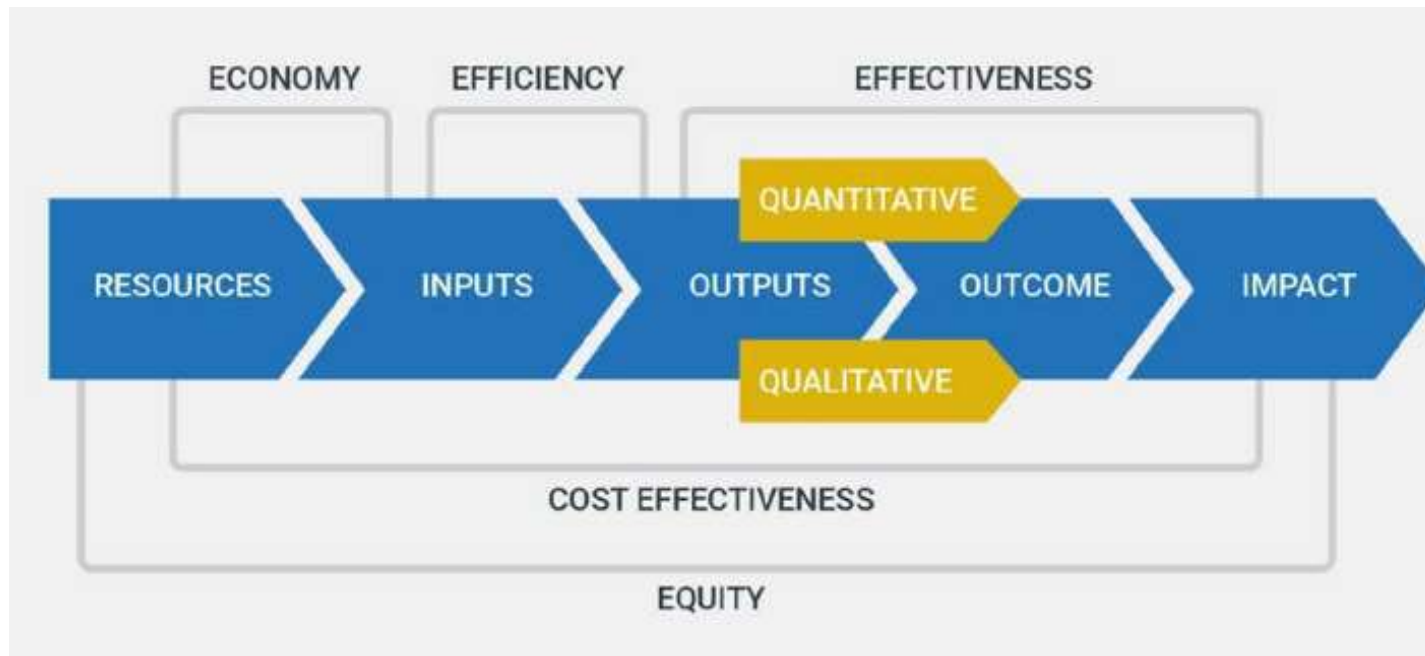
“The effective, efficient, and economic use of resources”

(World Bank)

“The optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user’s requirement”

(Penny Jackson, OECD, 2012)

DFID's definition of VfM



'Maximising the impact of each pound spent to improve poor people's lives'

(UK Dept for International Development, 2011)

Our definition of VfM

Evaluation:

The systematic determination of the merit, worth or significance of something

(Michael Scriven)



Economics:

The study of how people choose to use resources

(American Economic Association)

How well are we using resources?

Is this resource use justifiable?

Can we use resources better?

Our approach

1. Evaluative reasoning, using rubrics
2. Mixed methods: quant, qual, economic
3. Integrate with monitoring & evaluation (M&E)



Judgements



Evaluation “does not aim simply to describe some state of affairs but to offer a considered and reasoned **judgement** about that state of affairs”

Judgements

“We need to understand what works - a **judgement** based on the strength of evidence supporting an intervention and making our assumptions explicit” (DFID, 2011)



Which approach is better VfM?

Option A: Scholarship

- 100 participants

Option B: Mentoring

- 100 participants

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Option B: Mentoring

- 100 participants
- 60% pass rate (60 pass)

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- **Cost: \$100,000**
- **(\$1,000 per pass)**

Option B: Mentoring

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- 60% pass rate (60 pass)
- **Cost: \$12,000**
- **(\$200 per pass)**

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- Target group: school dropouts

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Which approach is better VfM?

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- Cost: \$100,000
- (\$1,000 per pass)
- Target group: school dropouts from South Kensington

Option B: Mentoring

- 100 participants
- 60% pass rate (60 pass)
- Cost: \$12,000
- (\$200 per pass)
- Target group: high achievers from Sierra Leone

VfM is more than just 'bang for bucks'



Context

Perspective

Values

Trade offs

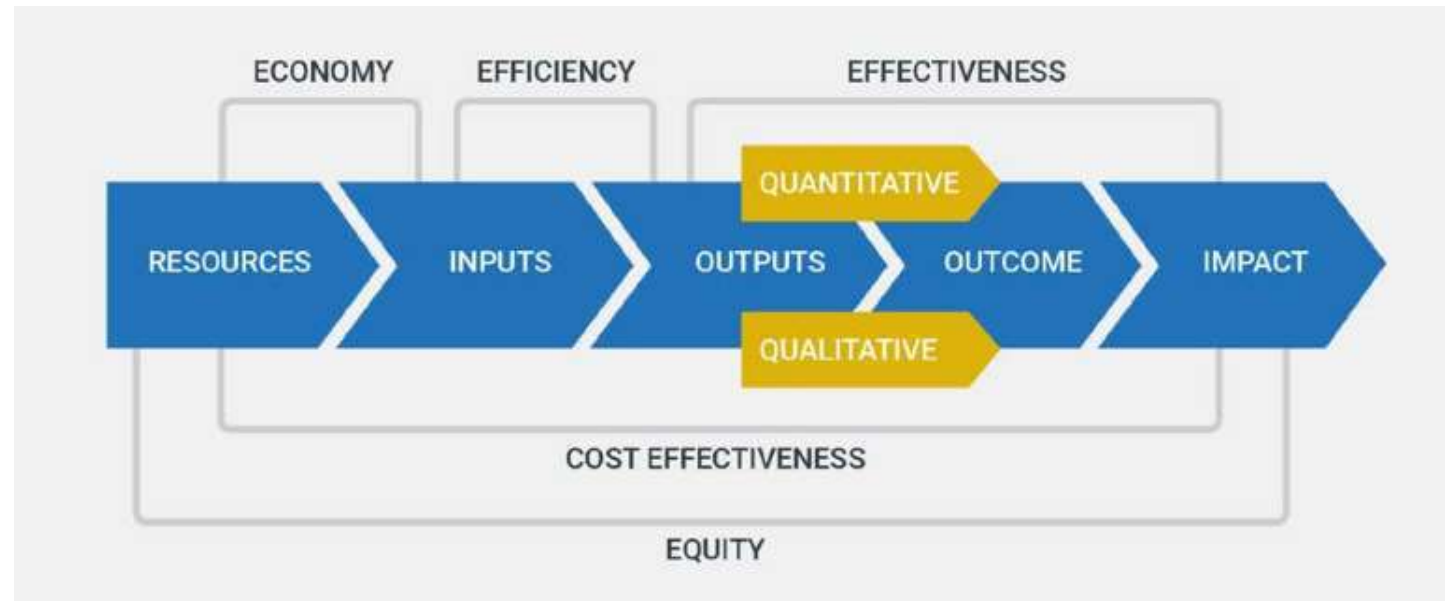
Agreed definitions of good performance & VfM

Criteria

What do:

- economy
- efficiency,
- etc...

mean, in this context?



Agreed definitions of good performance & VfM

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Standards

What would economy (etc) look like if they were:

- Excellent?
- Good?
- Adequate?
- Poor?



Agreed definitions of good performance & VfM

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Standards

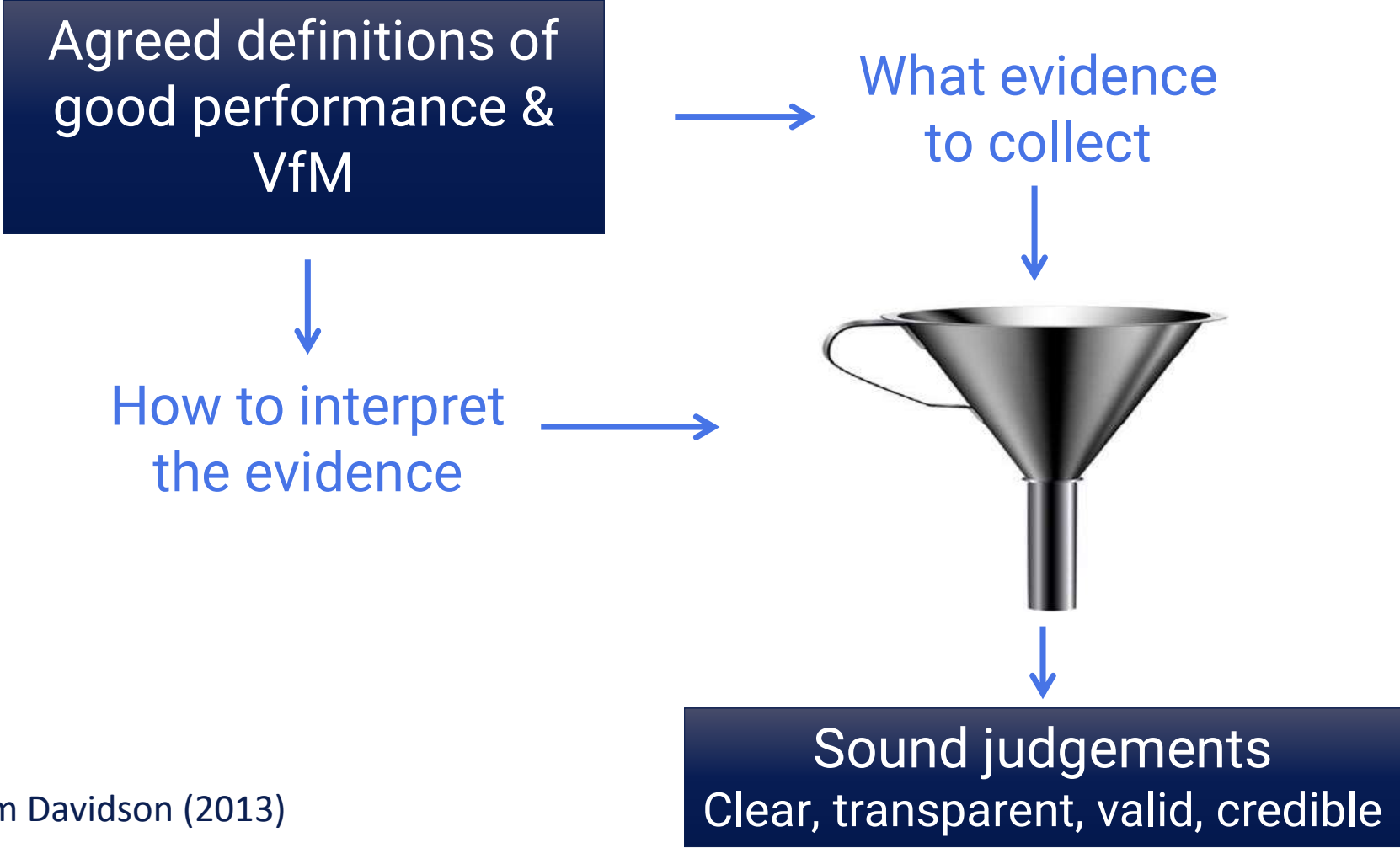
What would economy (etc) look like if they were:

- Excellent?
- Good?
- Adequate?
- Poor?

Evidence

What evidence do we need to make judgements?

- Indicators
- Narrative
- Economic



Adapted from Davidson (2013)

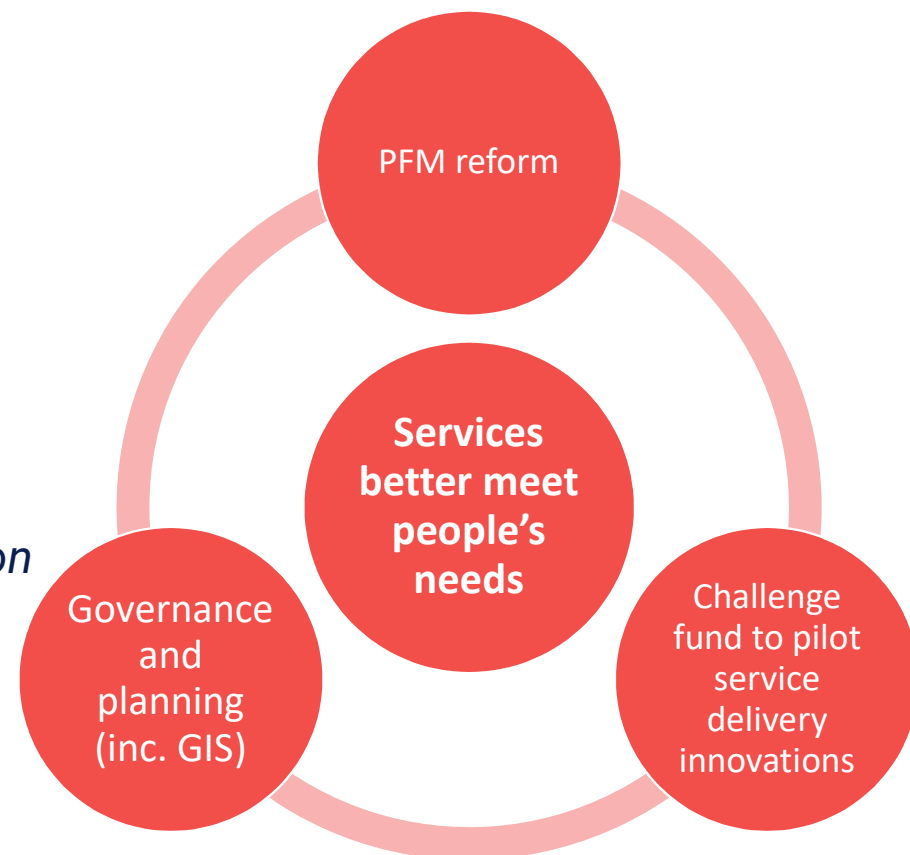
Part 2: How do you assess VfM of a complex, adaptive, governance programme?

An example from the Sub National Governance (SNG) programme

The SNG programme

- 5 year, £28m DFID governance programme in two provinces in Pakistan
- Subject to **annual reviews**, including **VfM**
 - First 3 VfM assessments focused on **inputs**
- DFID demanded a fuller assessment for year 4

*“It is necessary now to start collecting information on how **outputs** are translating into **outcomes**... Unless such information is monitored, it impossible to say with confidence that the interventions are **effective and sustainable**”*



The challenge

- SNG is a **complex** governance programme
 - diverse workstreams & dynamic political economy
 - no linear relationship between outputs & outcomes
- Lack of **external benchmarks**
- **Attribution** of results is problematic
 - multiple factors impact on service delivery & no counterfactual
 - need to measure results and tell a story of SNG's contribution
- Designed to **be iterative and experimental**
 - Responds to emergent opportunities
 - expectation that some interventions will "fail"

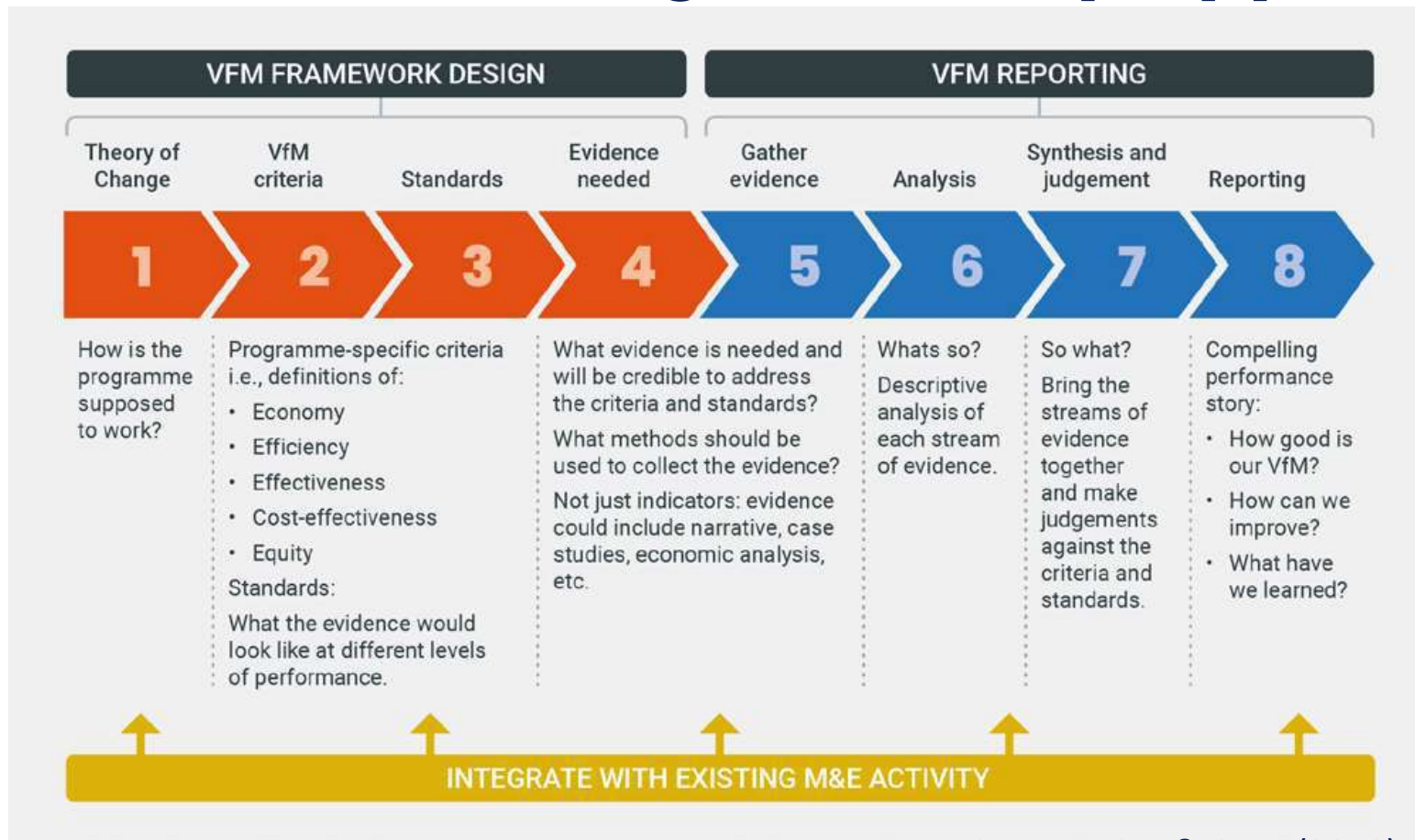
Cannot rely on "off the shelf" definitions of VfM

Need to define performance standards from scratch

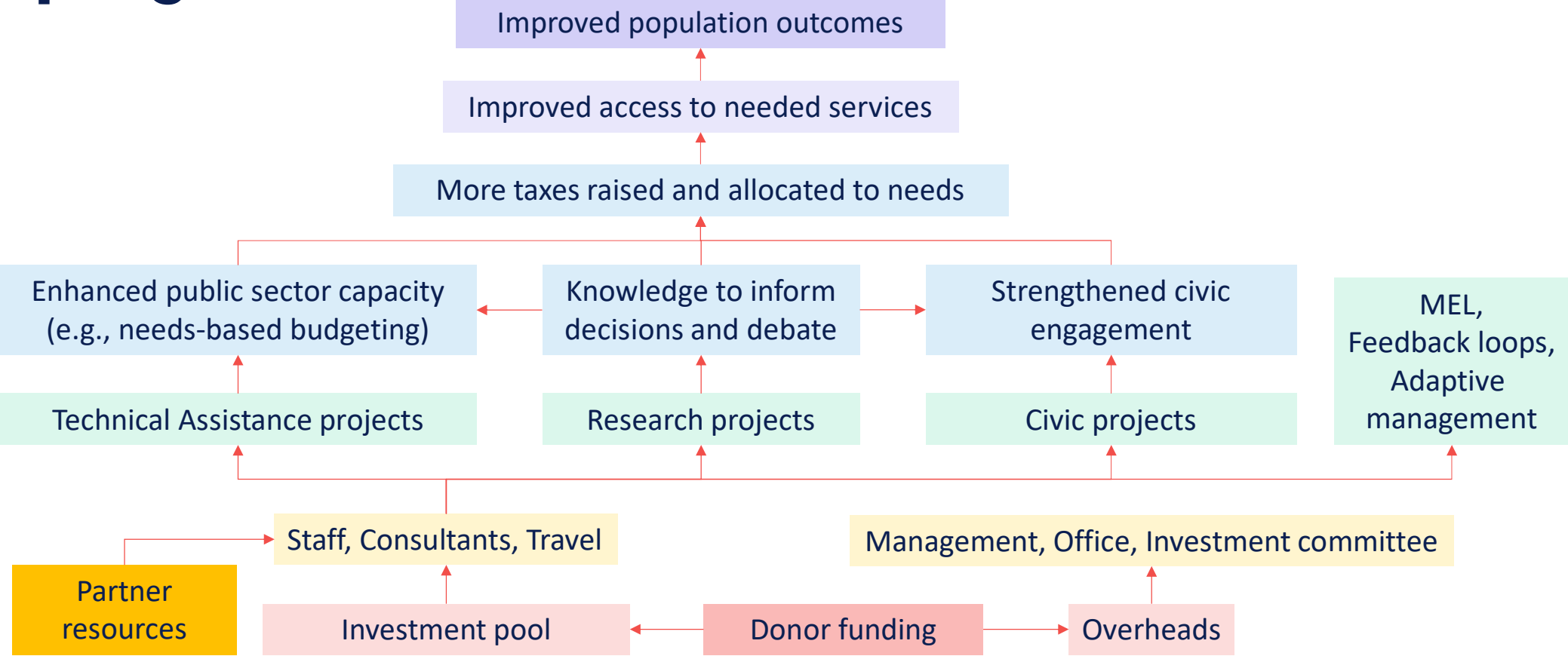
VfM cannot be measured by quantitative indicators alone

-Cannot unduly penalise "failure"
- Need to assess *learning performance* as part of VfM

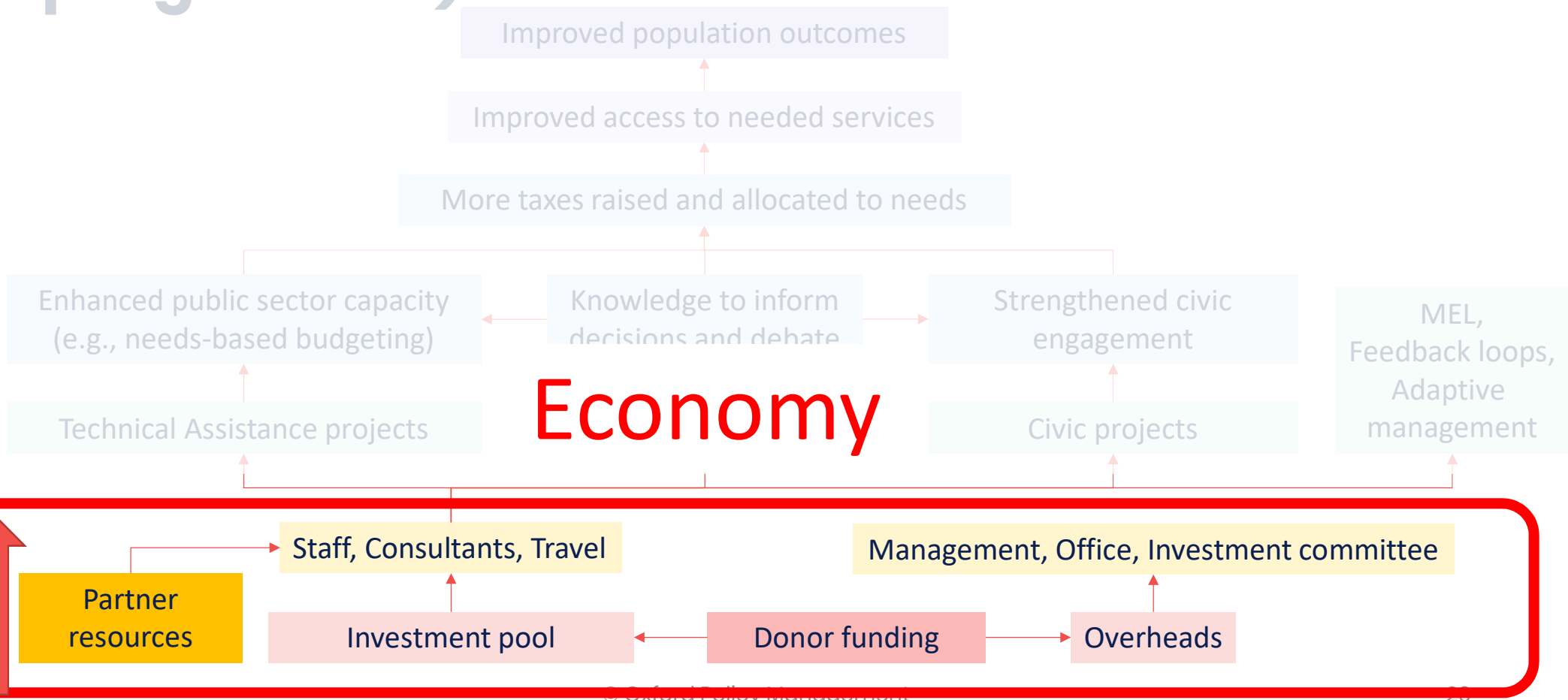
Evaluative reasoning: an 8-step approach



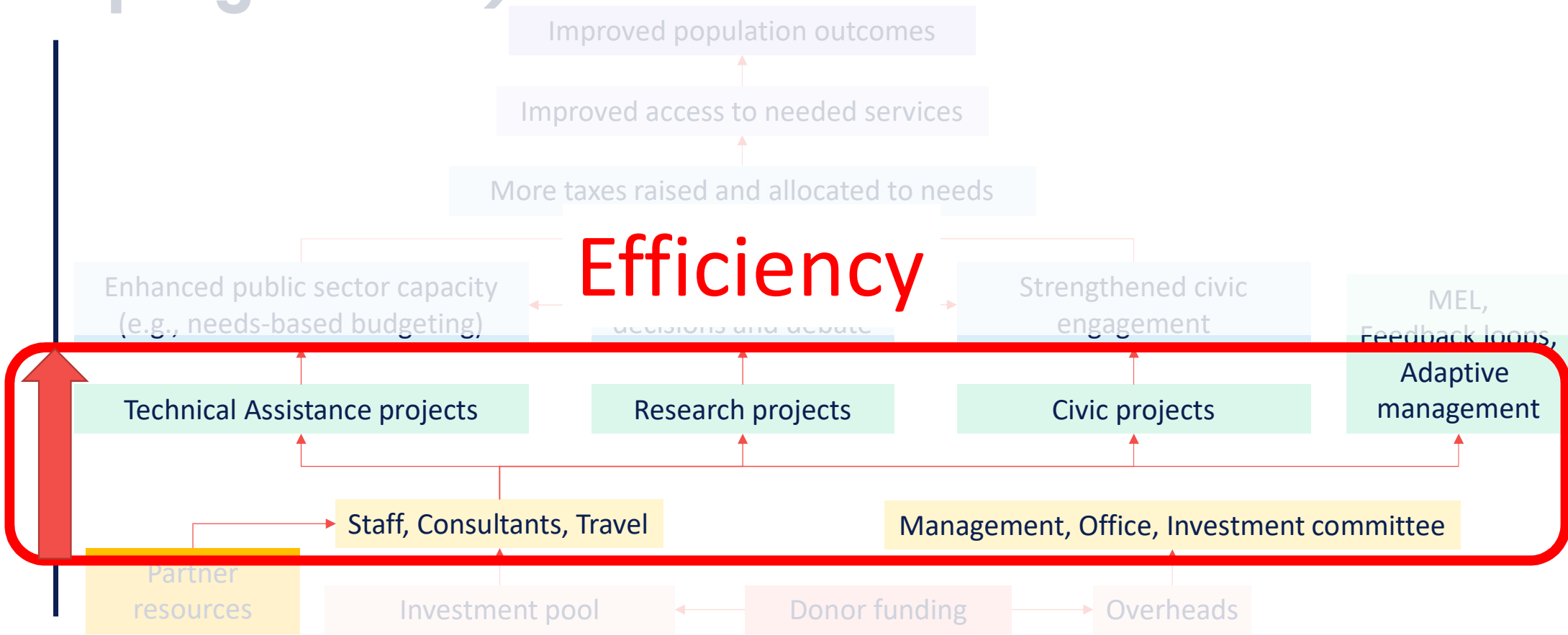
Theory of Change (Example – governance programme)



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Theory of Change (Example – governance programme)



Theory of Change (Example – governance programme)

Improved population outcomes

Effectiveness

Enhanced public sector capacity
(e.g., needs-based budgeting)

Knowledge to inform
decisions and debate

Strengthened civic
engagement

MEL,
Feedback loops,
Adaptive
management

Technical Assistance projects

Research projects

Civic projects

Staff, Consultants, Travel

Management, Office, Investment committee

Partner
resources

Investment pool

Donor funding

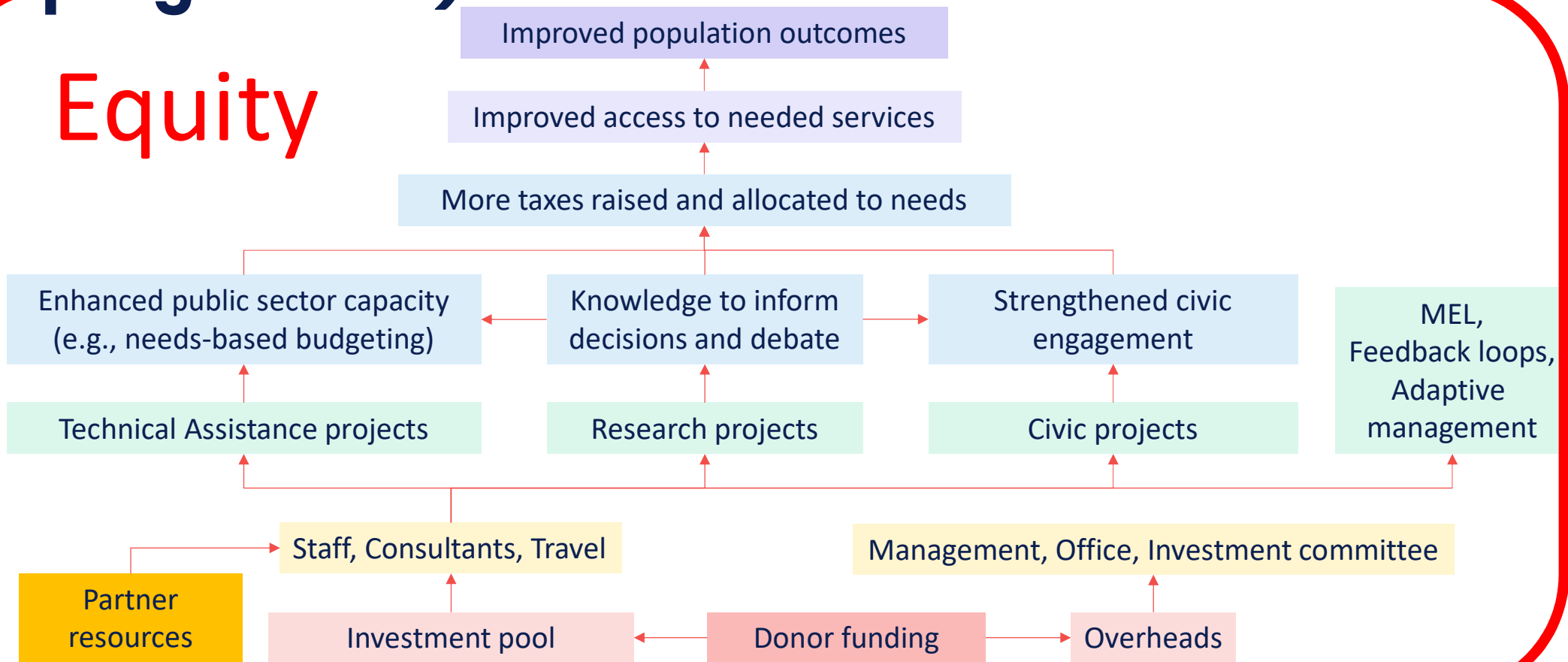
Overheads

Theory of Change (Example – governance programme)



Theory of Change (Example – governance programme)

Equity



DFID's VfM criteria: "The Four Es"

Useful depiction of results chain

- Economy, efficiency – early diagnostics
- Effectiveness – initial results
- Cost-effectiveness – compare impact with inputs
- Equity – reaching the poorest may involve extra costs

BUT: Generic. Need programme-specific definitions.

Evaluation criteria

VfM criteria	SNG-specific definition
Economy	The SNG team manages program resources economically, buying inputs of the appropriate quality at the right price.
Efficiency	The SNG program produces the intended quality and quantity of deliverables, within the available resources.
Effectiveness	The SNG program achieves its intended changes in public financial management, governance and planning systems, and service improvement pilots, in Punjab and Khyber Pakhtunkhwa.
Cost-effectiveness	The SNG program contributes to increased funding and/or efficiency improvements for services to meet identified needs in Punjab and Khyber Pakhtunkhwa.
Equity	Changes in needs-based planning and resource allocation contribute to reducing inequities by targeting resources to poor people, women and girls.

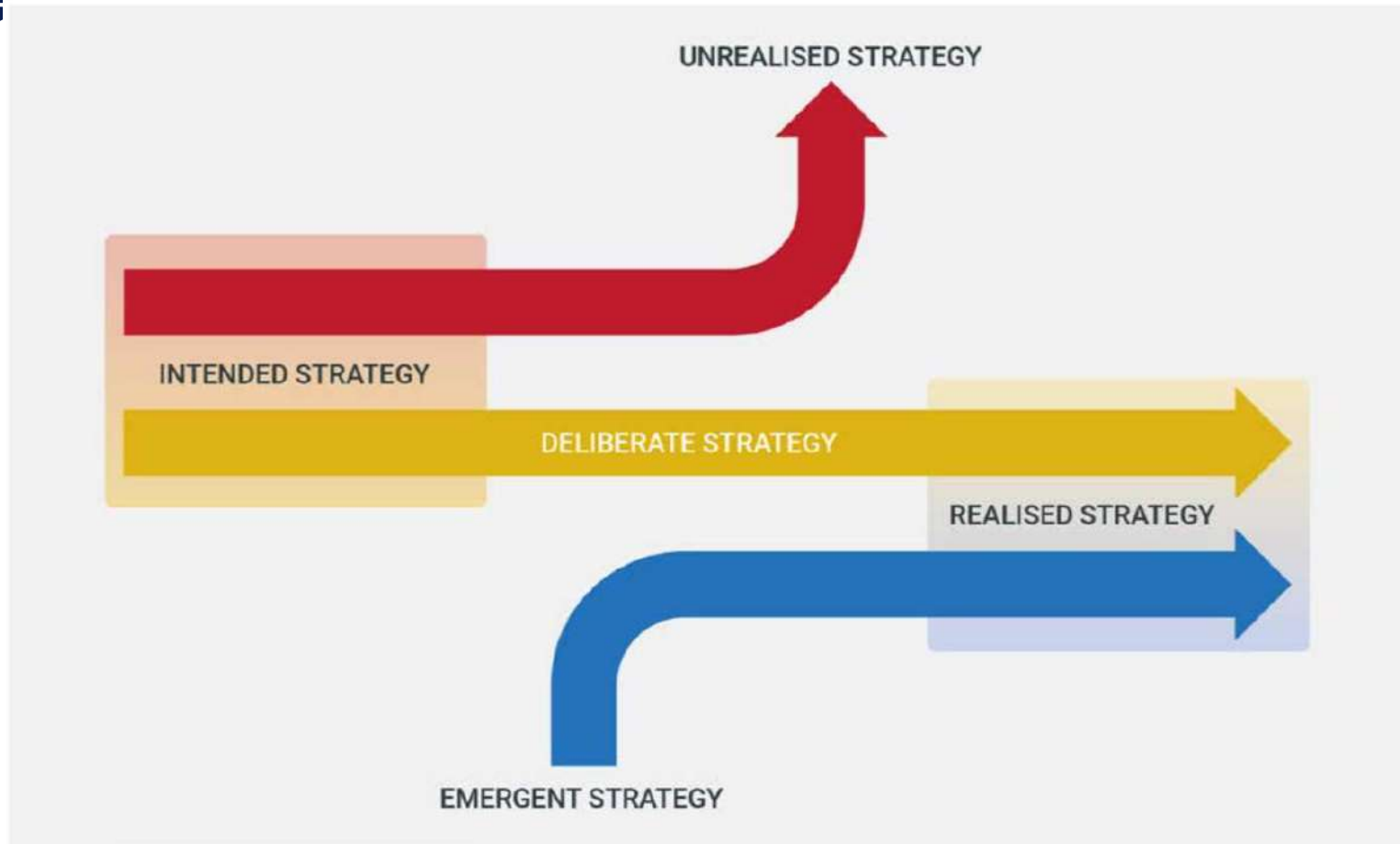
Example: Efficiency

DFID's definition focuses on *technical efficiency*.

We suggest a broader interpretation:

- **Technical efficiency** ('doing things right') – the optimal method of producing outputs (e.g., cost per output; delivery to time, quality, budget)
- **Allocative efficiency** ('doing the right things') – the optimal distribution of resources to produce the right mix of outputs
- **Dynamic efficiency** – improving allocative and technical efficiency over time (e.g., innovating, learning, adaptive management, political economy analysis)

Adaptive management & emergent strategy








Based on Mintzberg and Waters (1985).

Example: SNG efficiency

Definition: The SNG Programme produces the intended quality and quantity of deliverables, within the available resources*

Efficiency standards:

	SNG deliverables for the year substantially exceeded work plan and in line with allocated budget
	SNG deliverables for the year moderately exceeded work plan and in line with allocated budget
	SNG deliverables for the year completed according to work plan and in line with allocated budget
	SNG deliverables for the year moderately did not meet work plan and/or moderately exceeded budget
	SNG deliverables for the year substantially did not meet work plan and/or substantially exceeded budget

* Accounting for emergent strategy, adaptive management, learning

Key findings

Criteria	Judgement	Evidence
Economy	● ● ●	(Summarised key evidence addressing criteria and standards; justifying judgements)
Efficiency	● ●	
Effectiveness	● ●	
Cost-effectiveness	● ● ●	
Equity	● ● ●	
VFM overall	● ● ●	

Suitability of the VfM approach

- Defining VfM metrics for the programme & agreeing standards up front - **an agreed basis for judgement making**
- Not relying on economic measures alone – enabled us to **capture equity-related results** & tell a **complex attribution story**
- Emergent and experimental nature of SNG accommodated by **documenting responsiveness to context & not unduly penalising workplan activities which were discontinued**
- **Learning formally captured** in annual VfM reports.

Suitability of the VfM approach

*“The framework presented here offers a disciplined and pragmatic approach to analysing VfM in a hard-to-quantify sector. **It represents a marked step forward in our monitoring, evaluation and learning framework, and is an important tool not only for DFID’s own internal accountability, but also our accountability to those living in poverty in Pakistan.**”*



Department
for International
Development



Part 3: Broader applications and reflections



Reasoning › methods

Methods should always be at the service of substance

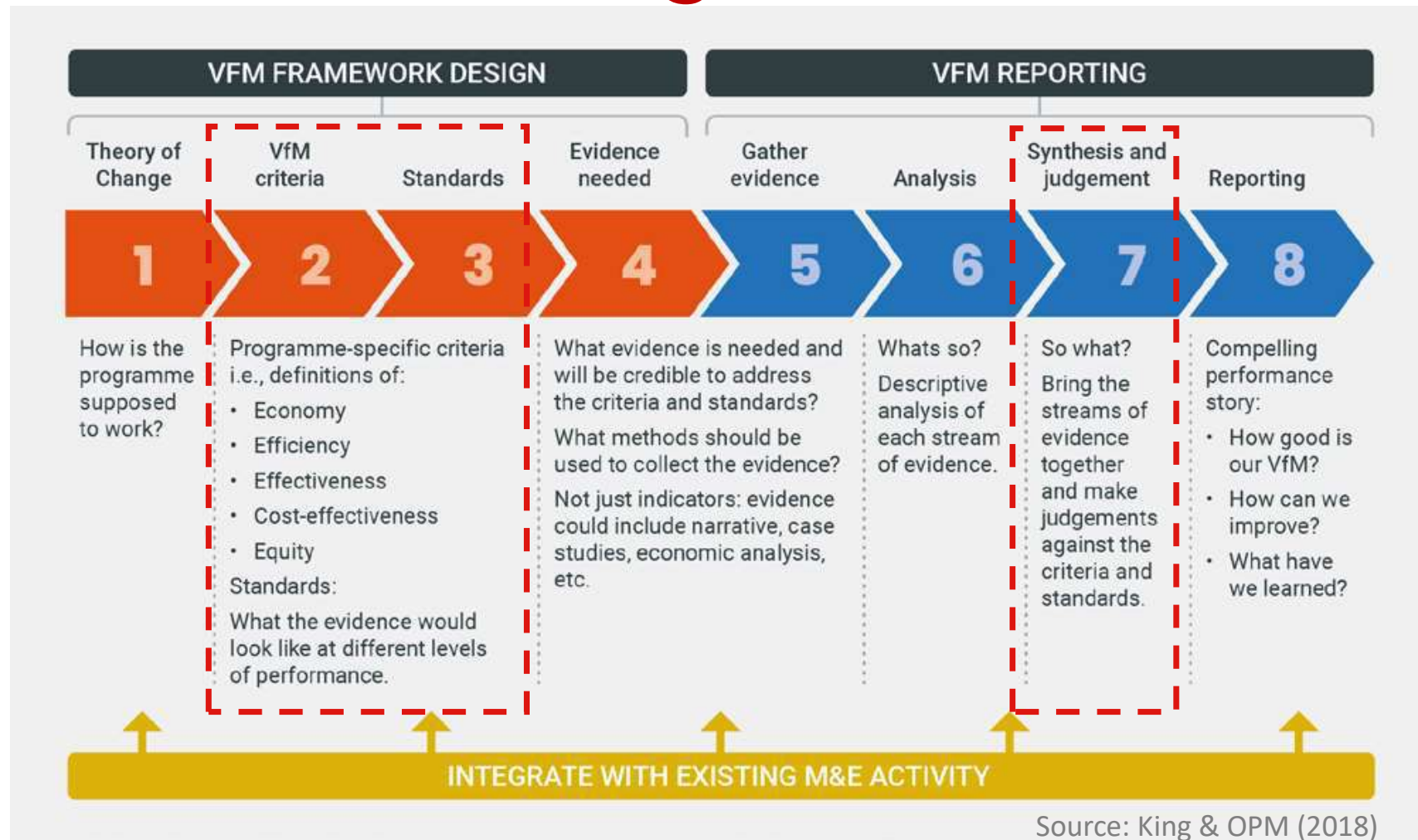
- Jennifer Greene, (2013) AES Conference, Brisbane

Evaluation has spent much time and effort on developing methodological sophistication and less on logical sophistication. Understanding the reasoning process used to establish evaluative conclusions ... the field's greatest unmet challenge

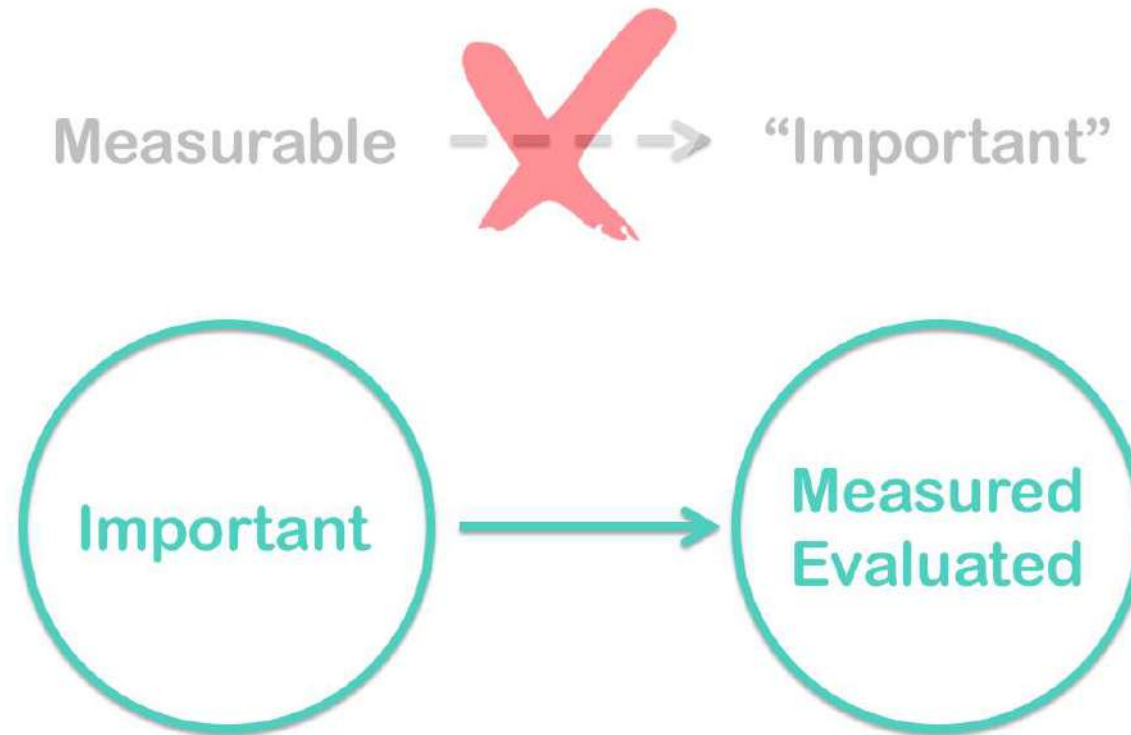
- Deborah Fournier (1995). Establishing Evaluative Conclusions: A Distinction between General and Working Logic. *New Directions for Evaluation* 68, 15-32

Source: King & OPM (2018)

Reasoning > methods



Focus on what matters



(Davidson & McEachen, 2015)

‘How good’ – not just ‘how many’

How many Quantity	How good Quality, value, importance
Number of new regulations passed	What regulations? What’s their significance? Sector buy-in? Enforcability? etc What was programme’s contribution?
Number of trainings provided	What training? Who attended? What did they learn? How satisfied were they? What will change as a result?

Responds to ICAI's VFM review

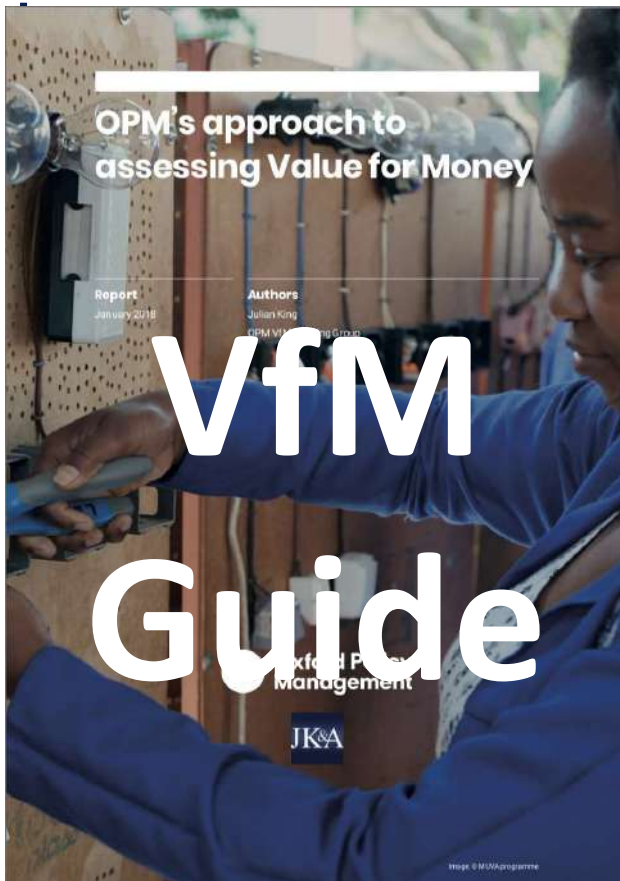
- Focus on 'what matters', not 'what's easy to measure'
- Account for complex adaptive programming & value of learning
- Make principles of development effectiveness more explicit
- Assess DFID contribution to long-term transformative change
- Revisit CBA & assumptions from business case
- Potential for country-level, cross-portfolio VFM assessment

<https://www.opml.co.uk/blog/value-for-money-recommendations>

More OPM examples

- MUVA female economic empowerment programme, Mozambique
- Pakistan Sub-National Governance (SNG) Programme
- Facility for Oil Sector Transformation, Phase 2 (FOSTER 2), Nigeria
- Ghana Oil and Gas for Inclusive Growth (GOGIG)
- Education Operational Research and Evaluation Nigeria (EDOREN)
- Working to Improve Nutrition in Northern Nigeria (WINNN)
- Financial Sector Development (FSD) Africa and the FSD Network
- Trade Mark East Africa

Available online at www.opml.co.uk



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Thank you

OPM's approach to VfM assessment is now available to download from:

<https://www.opml.co.uk/publications/assessing-value-for-money>

