What does 'value for money' really mean?

Defining value for money and agreeing a coherent sector-wide position is a critical challenge that cuts across both policy and NGO effectiveness work. We asked several Bond members to share their experiences and thinking to date.

"We are starting to view value for money as much more than just the cost of a programme per beneficiary. Increasingly we look at the total number of beneficiaries included, the range, depth and breadth of the expected outcomes in relation to the budget, the opportunities to scale up and replicate, and when and how we should work with other organisations."
Daan Gerretsen, Build Africa

"We see the debate as a useful framework to measure the effectiveness of our work, identify best practices and improve innovation."
Sunanda Mavillapalli,
Leonard Cheshire Disability

"The Alliance has outlined a conceptual framework for measuring value for money which is structured around a 'results chain'. This chain sees inputs resulting in activities which produce outputs that contribute to outcomes and impact."
Liza Tong, HIV/AIDS Alliance

CAFOD's experience in Zimbabwe

Andrew Mitchell has repeatedly stressed that 'value for money' does not mean a focus on short-term, low-risk and easy to measure solutions. DFID have argued that these concerns about the results agenda are misplaced, and that the department remains a champion for transformative and sustainable development.

There's no reason to doubt the Secretary of State's sincere commitment to this position, and CAFOD have found it consistently stressed by civil servants on the policy side of DFID's work. There does seem to be evidence, however, that in practice, a value for money approach is having exactly the kind of ill-effects that had been feared.

In Zimbabwe, CAFOD is part of the Protracted Relief Programme – a DFID led, multi-donor programme on food security and livelihoods with a budget of £60 million last year. It is currently transitioning from year three to year four, in what was originally designed as a five year programme. In March this year, DFID decided to cut the programme to four and a half years – and then scale it back further to just four years – saying that they wanted to do value for money evaluations of the programme and didn't want to commit to making longer term grants. CAFOD's Regional Manager for Southern Africa, Mark Atterton, described how this would seriously undermine the quality of the programme: "The forth and fifth years were supposed to be all about ensuring sustainability and implementing an exit strategy. Cutting back these elements seriously endangers the value of the investments that have already been made, and the value for money of the programme in the long term".

• *A conservation farmer in Sakubva Mutare* © CAFOD

Whilst welcoming DFID's fresh drive on transparency and programme learning from partners, Mark described the tension between the drive towards value for money and towards greater accountability. "DFID in Zimbabwe seem to understand value for money to mean getting the maximum amount of pence from the pound to beneficiaries. But if you want to do accurate accountable, transparent programmes that have all the right checks in place in terms of gender, disability and so on – you have to recognise that per beneficiary it will cost more".

CAFOD indeed hopes that DFID staff in-country have been given sufficient guidance on interpreting the value for money concept, but are concerned that UK-based staff have not adequately communicated Andrew Mitchell's message that value for money shouldn't risk sustainability. Certainly something doesn't seem to be working. From CAFOD's experience in Zimbabwe, the drive towards a narrow version with insufficient understanding has translated into a poor process for finalisation of significant past investment by DFID through the Protracted Relief Programme.

Written by **Amy Pollard**, Lead Analyst on Aid, CAFOD.

The views expressed are those of the contributor and not necessarily those of the organisation they represent or of Bond.

Does your organisation have an experience or perspective to share?

If so, please contact Vanessa Henegan:
vhenegan@bond.org.uk