



Issues Faced in being Effective in a Strong Regulatory Environment – “Value for Money”.

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Overview of Issues

- Measuring Effectiveness in a results-based development environment
- Dealing with the Value for Money agenda and key debates;

Some Background

- In the early 2000s some concern about aid not being effective in in the reducing poverty or promoting economic growth;
- Pressure for more aid following early 2000s terrorist attacks and the security poverty agenda being interlinked; and rise of new donors particularly China
- Paris Declaration of aid effectiveness had as a key principal and local ownership and management for results;
- UK rapid increase in aid, tied to a Value for Money agenda

DfID Approach

The purpose of the VfM drive is to develop a better understanding of costs and results so that we can make more informed, evidence-based choices . VfM doesn't mean we only do the cheapest things, but we need to get better at understanding what is driving our costs and make sure that we are getting the desired quality at the lowest price.

We need to understand what works- a judgement based on the strength of evidence supporting an intervention and making our assumptions explicit. We don't just do the easiest things to measure, but the agenda does mean we have to get better at measuring. We need to be more innovative in how we assess value and we need to get better at articulating what results we are buying with UK taxpayer's money.

Australia and AusAID

- AusAID have picked up the agenda and are working on what it means (have a Value for Money Branch)
- Tied to the review of aid and conditional for aid increases
- Civil Society Engagement Framework

- Principle Four – Efficiency and Value for Money

The Australian Government seeks to ensure that working with CSOs is an efficient delivery option and that CSOs make optimal use of resources in achieving intended outcomes (value for money)

Issues in Measuring Effectiveness and Value for Money in NGO programs



- NGO Effectiveness discussion - a dialogue of the deaf;
- AusAID studies show NGOs are effective (issues of gender and sustainability);
- Value for Money is a new dimension:
 - At one level it is an assurance of approaches, which is less problematic;
 - Or it may seek to quantify in some way how Value for Money can be demonstrated , which is where problems can emerge.

Issues on Value For Money exercises

- Whose value for money – presumably AusAID? Some Practical issues:
 - Can have issues of scale – high transaction costs for AusAID (and NGOs) to smaller but more effective NGOs. \$30m p.a program to BRAC; or \$300k each to 100 smaller Bangladeshi NGOs or \$30k each to a 1,000 NGOs);
 - Can have issues of time-frame before outcomes are evident to assess VfM on. Social change is slow (case of a 20 year transformation; but after three years not a lot to show).
 - Unexpected positive consequences, how are they signalled and taken into account in advance;
 - Whose definition of value – how is cost allocated to good volunteers; appropriate technology and the like (e.g micro-hydros can be very expensive).

Issues on Value For Money exercises

- Whose values??
 - How do you value human rights; women's empowerment; and social justice; compared with food security, water, and health. Tangible versus intangible
- Delivery mechanisms – bilateral or NGO; politics of aid;
- How is advocacy assessed – government very reluctant to acknowledge particular campaigns. A small contribution in a much larger process;
- Causation and attribution. Is acknowledging a contribution enough to demonstrate Value for Money?;
- What about the counterfactual – what if nothing happened

Implications for AFAP

- Have a clear effectiveness framework:
 - Include – understanding and incorporating contexts, and if possible baseline information;
 - Have process for measuring effectiveness (is part of accreditation) but be proactive – much more than evaluation, but evaluation is part of it.
 - Have a position on Value for Money (not AusAID's) but AFAP e.g. see Christian Aid in the UK, and then have a process to put it into practice;
 - N.B. this does not have to be complicated, but it does have to be plausible – not based on any NGO thoughts of entitlement;
 - ideally should be partner driven if possible.



Thank You