**Value for Money Strategy and Approaches:**

**Report to the Livelihood and Food Security Trust (LIFT)**

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# Acronyms

AA Administrative Assistant

CBA Cost-benefit analysis

CEA Cost-effectiveness analysis

CESVI Cooperazione e Sviluppo (Cooperation and Development)

CFP Call for Proposals

DALYs Disability adjusted life years

EOP End of Project

FB Fund Board

FM Fund Manager

FMO Fund Management Office

FSL Food Security and Livelihoods

GRET Groupe de Recherches et d'Echanges Technologiques

HoP Head of Project

HR Human Resources

IP Implementing Partner

IRRI International Rice Research Institute

LIFT Livelihood and Food Security Trust

LOP Life of Project

MIS Management Information Systems

MTR Mid-term Review

RBM Results-based management

TDH Terre des Hommes

TDH Italia Terre des Hommes Italy

TOC Theory of Change

TOR Terms of reference

VFM Value for Money

WFP Word Food Programme

WHH Welthungerhilfe

# Executive Summary

The Value for Money (VFM) Consultancy for the Livelihood and Food Security Trust (LIFT) responded to the Terms of Reference (Annex 1) and consisted of desk review of published and unpublished LIFT documentation, and review of the VFM approaches adopted by other grant-makers, donors, and projects.

DFID, the thought leader of VFM in the international development community, uses the following overarching definition of VFM:

“Value for Money (VFM) is about maximising the impact of each pound spent to improve poor people’s lives”.[[1]](#footnote-1)

In this report, the term VFM describes both a principle (maximizing the impact of all inputs to improve the lives of the intended beneficiaries) and an array of measurements[[2]](#footnote-2) that are employed to understand and provide evidence of the economy, efficiency, and effectiveness[[3]](#footnote-3) of the processes that are used to implement a project and its outputs and outcomes.

Building upon DFID’s broad definition of Value for Money[[4]](#footnote-4) above, for the purposes of LIFT VFM is defined as:

Value for Money is a measureable principle and process that seeks to maximise benefits for the target population through the most economical, efficient, effective, and equitable use of LIFT funds and assets. Identifying and improving Value for Money is an active process with indicators for the criteria of economy, efficiency, effectiveness, and equity at each stage of the grant cycle: application, operation, and evaluation.

Through this consultancy, eighteen implementing partners (IPs) were trained in two sessions covering introductory VFM principles and using practical examples to introduce VFM approaches and tools. A VFM framework (Annex 2) was workshopped with nine IPs during individual meetings. Documentary review and interviews with LIFT management, programme officers, finance, and M&E staff were conducted to further assess the requirements for implementing a VFM plan within the FMO and IPs. The VFM knowledge and implementing capacity of individual IPs was assessed in two group seminars and in scheduled individual meetings with volunteer IPs and in numerous conversations and emails with IP management and staff.

Similarly, but less intensively, the VFM knowledge and implementing capacity of the FMO was assessed through documentary review, one introductory “VFM Basics” seminar, and in numerous scheduled and informal conversations with a range of FMO staff. The conclusions concerning the FMO knowledge and capacity to implement a VFM approach with LIFT were drawn from impressions and hints garnered from the VFM seminar for FMO staff and individual interviews. These impressions were triangulated and confirmed through additional interviews, further documentary review, and VFM best practice. For example, the recommendation to add an external review stage to FMO grant-application decision-making was based on documentary review of prior grants which revealed an inconsistent approval process, and interviews with FMO staff raised questions about the rigour applied to some past application approvals.

The list of IP and FMO meetings is attached in Annexes 2 and 3.

Specific to the Terms of Reference, existing published and unpublished LIFT documentation was reviewed, as were published and unpublished VFM strategy and measurement documentation. The most significant finding from the documentary review was a) the lack of any published or on-line VFM “How-To” manual for step-by-step guidance for conducting VFM monitoring or assessment. Other findings from document review noted b) apparent inconsistencies in the review process for grant approval in LIFT, clarified the c) need for revision to grant applications and budget templates to reflect VFM data requirements, and raised d) questions about whether/how to restructure IP reporting to provide greater detail on project performance to the FMO.

After developing and workshopping a draft definition of Value for Money within LIFT, a range of VFM measures were identified and monitoring arrangements were presented to IPs. These are presented in separate narrative sections for the Application, Operations, and Evaluation stages of LIFT projects. Actual templates to revise the required application documentation was not produced at this stage, nor were performance or budget reporting templates for use by IPs during the operations stage for LIFT projects. At inception, it was agreed with LIFT that specific templates would be reserved for a later VFM consultancy, building upon the findings of this work.

The level of interaction requested by IPs was much greater and more time consuming than anticipated. Findings from the consultancy interaction with IPs are summarised in Tables 2 and 3.

Succinctly, LIFT IPs express insubstantial practical VFM knowledge, generally lack the internal capacity to implement VFM measurements to assess the VFM components, and express concern about both the process of VFM measurement and what to measure. On a positive note, IPs also express the sense that VFM, when implemented, will be a benefit to programme management and performance.

The LIFT FMO expresses some concern about the rationale for implementing VFM at this stage, what is to be measured that demonstrates VFM, and whether VFM focusses on short-term outputs to the detriment of measuring longer term outcomes and impact. Nonetheless, the FMO broadly sees the benefit of budget-to-performance metrics and the potential to improve LIFT performance using more rigorous VFM approaches.

Both IPs and the FMO expressed concern about the several changes in LIFT log-frames and the consequent difficulty of aligning activities with IP and LIFT log-frames at the purpose level.

To move VFM to a practical level, this consultancy proposed a VFM assessment framework (Annex 4) of approaches, data requirements, and measures to be applied at the application, implementation, and evaluation stages of IP grant-making and project development.

VFM needs to be embedded in the systemic life of LIFT. VFM is not an addition; it is integral to a robust M&E system. To embed VFM in the FMO and IPs, seven recommendations are made to address the use of VFM within LIFT at all stages, the capacity needs of IPs and the LIFT FMO, the capacity differences between local and international NGOs, and the need to develop VFM “How-To” manuals and adjust document templates. Finally several options to move from this consultancy to VFM implementation within LIFT are proposed and seven recommendations are made.

# Terms of Reference

The Terms of Reference (Annex 1) for the consultancy are summarised as follows:

“Under the overall supervision of the LIFT Fund Director and under the direct supervision of the International M&E Officer, the consultant will carry out the following tasks in collaboration with the LIFT M&E team:

1. Review existing documentation (published and unpublished) providing background on LIFT including its portfolio of IP projects, its M&E and reporting systems, and its funding approaches.
2. Review published and unpublished literature concerning VFM approaches for similar livelihood and food security (or rural development) programs implemented by means of grants to local and international NGOs, UN agencies, or research organizations.
3. Propose and evaluate a range of options for VFM assessment that may be suitable for LIFT that reflect current international good practice. The analysis should include:
   1. A concise definition of VFM to be used by LIFT;
   2. Possible methodologies for assessing the VFM of
      1. the LIFT IPs and their projects,
      2. the Fund Manager, and
      3. the Fund Board;
   3. Performance measures and recommend monitoring arrangements (including indicators);
   4. Criteria and tools that the Fund Manager could use in assessing VFM of proposals submitted to the Fund (including whether there may be a practical means of determination of unit costs for some key outputs).
   5. Budget templates to be used by LIFT partners that facilitate VFM assessment of IP proposals and projects.
4. Conduct some initial training and/or workshops to discuss VFM options and possible approaches for LIFT VFM (including possible tools) for the benefit of donor/Fund Board representatives, Fund Manager staff, and the LIFT M&E team.”[[5]](#footnote-5)

# Response to the TOR

Planning discussions between the LIFT M&E consultant (who led the planning for the consultancy) and the Consultant led to a revised plan in response to the TOR. These discussions centered the consultancy on training and work with Implementing Partners (IPs) as the primary focus for the consultancy, and secondarily with the Fund Management Office (FMO). The planned consultancy comprised the following steps: (1) documentary review; (2) preparation of basic VFM training materials for IPs and the FMO; (3) half-day introductory VFM training seminar to which leadership of current LIFT IPs would be invited; (4) individual meetings with nineteen IPs to understand the capacity of IPs to successfully and fully engage with ongoing VFM analysis; (5) development of tools and frameworks for VFM assessment that could be used by IPs; (6) VFM training seminar with FMO staff; (7) second training with IP leaders to review VFM approaches; and (8) recommendations to the LIFT Fund Board (FB) for next steps.

All planned steps above were accomplished, with one caveat. The plan to develop actual templates for VFM measurement for use by IPs was begun but not completed. This is in line with the agreement between the Consultant and the M&E consultant in the FMO, that actual template creation would be reserved for a later stage.

The general VFM training session with IPs generated substantial input from IPs and multiple requests to meet individually with the consultant, and repeat email communication. Similarly, the Consultant met with a range of FMO staff in an initial training session that also generated a significant number of individual meetings (noted in Annex 2).

The training seminars with IPs and the individual follow-up meetings indicated widely divergent knowledge, understanding, value, and capacity to undertake the measurements required to demonstrate and/or improve an IP’s economy, efficiency, effectiveness, and equity. Interviews with various FMO staff and leaders showed a similar range of understanding of VFM.

# Introduction

The Livelihood and Food Security Trust Fund (LIFT) is a multi-donor fund targeting food insecurity and income poverty in Myanmar. The LIFT donor group consists of Australia, Denmark, the European Community, France, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States. LIFT was established in 2009 and is currently expected to continue through 2018.

The goal of LIFT is to contribute resources to strengthen livelihoods and food security in target regions of Myanmar with the aim of making progress towards the achievement of Millennium Development Goal 1 (the eradication of extreme poverty and hunger) in Myanmar. Working through a trust fund approach, LIFT’s purpose is to increase the food availability and incomes of 2 million target beneficiaries in rural areas in Myanmar.

LIFT’s purpose is accomplished through the delivery of the following program outputs:

***The VFM snapshot analysis*** *gathers data on project costs, performance, administration-to-benefits ratios, unit-cost benchmarking vs. international standards, and monetising benefits, and conducts cost-benefit and net present value analysis, and return on investment.*

*An example would be a cost-benefit analysis of the distribution of insecticide-treated malaria nets; data needed would include costs, distribution penetration, percent household use, etc. The output would be a snapshot assessment of VFM at a point in time.*

***The VFM process analysis*** *organises from existing operational systems the necessary tools to gather similar data as the snapshot approach. The use of the data, however, is primarily focused on identifying target areas within a project that have potential for improvement in one or more of the three Es of VFM (economy, efficiency, and effectiveness). Once identified, those areas become targets for management attention and improvement.*

*Using the same example of malaria nets as in the snapshot approach, here VFM would examine net procurement and distribution processes for cost-savings; analyse survey data on the use of nets; work with project staff to implement strategies to increase net use (and thus the efficiency of the input); and review performance variations across the project to determine what inputs are needed to increase performance. The output would be analysis of how various processes contribute to or hinder one or more of the VFM components and how and where to improve the process.*

*The data gathered is used for ongoing project performance during implementation* ***and*** *is used as the basic data for external evaluations.*

* Increased agricultural production and incomes supported through improved production and post-harvest technologies, improved access to inputs and markets.
* Targeted households supported in non-agricultural livelihood activities and/or trained in livelihood skills for employment.
* Sustainable natural resource management and environmental rehabilitation supported to protect local livelihoods.
* Effective social protection measures that increase the incomes, enhance the livelihood opportunities, or protect the livelihood assets of chronically poor households.
* Capacity of civil society strengthened to support and promote food and livelihood security for the poor.
* Monitoring and evaluation evidence.
* Commissioned studies used to inform programme and policy development.

LIFT is implemented through a variety of local implementing partners (IPs) who have been successful in submitting project proposals that support the LIFT purpose in the areas targeted. UNOPS was selected by the donors as the LIFT fund manager (FM).

As part of LIFT’s growth, and in response to the desire by donors to see stronger VFM planning, measurement, and assessment within LIFT, this consultancy was developed. Both IPs and the FMO raised the question of whether VFM was a “snapshot in time” or a “process”. It is both. The sidebar illustrates how each view of VFM is applied in practice. Each approach is applicable to LIFT.

Currently LIFT does not routinely employ a comprehensive VFM plan, nor does LIFT require VFM reporting from IPs as a discrete component of their scheduled reports. Consequently it is difficult for LIFT to report on its value for money to the Fund Board and to its multi-country donors.

LIFT currently employs or requires many of the routine measures that are used by VFM analysis such as: regular expenditure to budget reporting; regular performance to target reporting; a traffic light system to alert management to overspending or underperformance; field visits to verify reports and provide management support; and an analysis of administrative to delivery costs. Further, LIFT’s senior management is keenly attuned to approaches that maximise performance. Highly skilled Operations Managers and Programme Officers oversee LIFT operations and appear to be actively engaged with the management and operations of LIFT IPs.

There are also some apparent deficiencies in LIFT reporting that should be improved to facilitate ongoing VFM measurement. These include: reporting of expenditure-to-budget and performance-to-milestone reporting at the activity level and on one spreadsheet; a clear system to address variances in performance or spending; identification of a responsible person in all IPs to manage and report on progress addressing variances; stronger communication in the FMO between Finance and Programme Officers about individual IP performance; and a clear alignment between LIFT IP log-frames with the overall LIFT log-frame.

The challenge for LIFT is to build upon and strengthen current reporting by examining the processes that IPs use to implement programmes, and to strengthen the networks of communication about project performance between project management, project implementing staff, FMO programme managers, FMO M&E, and FMO Finance departments.

# Value for Money Basic Concepts

While international development projects generally, and specifically within UNOPs, have always striven for maximum results (defined in various ways), the requirement to show that a project demonstrates economy, efficiency, and effectiveness (equity and catalytic benefits are part of effectiveness) – the three Es of VFM – is relatively new. Initiated by DFID and AusAid, similar analysis is now required by USAID[[6]](#footnote-6) the EU, and large foundations including Gates and the Acumen Fund. Results-based management (RBM), an outgrowth of VFM principles, is often cited as a performance-strengthening tool by European and American donors. The requirements for metrics to measure the value of development funding are growing and changing, increasingly targeting greater in-depth analysis of the processes by which inputs are translated into project activities, by which results are achieved. **See Recommendation 1.**

## 5.1 Value for Money Definitions

DFID defines VFM as:

*Value for Money (VFM) is about maximising the impact of each pound spent to improve poor people’s lives*.

DFID defines the characteristics that maximise the impact of donor inputs as indicators of economy, efficiency, effectiveness, and equity[[7]](#footnote-7). These are the fundamental value for money criteria, from which measures derive indicating whether an intervention or activity maximises the impact of donor inputs. Often the most valuable results of a project are not fully realised in the short time-span of a grant. Thus, VFM is more focused on the processes that lead to outputs, and the potential of an intervention to achieve its outputs and outcomes. VFM is of lesser import when examining impact. Rather, VFM reviews the processes that lead to results, and analyses the economy, efficiency, effectiveness, and equity of the input-to-result chain. Naturally, VFM analysis in the early project stage is less robust than the same analysis at end-of-project.

. The following principles and definitions draw upon common DFID sources. AS DFID has been the VFM thought-leader, most donors are adopting some form of these principles for project performance reporting, even if the donors are not all adopting the term Value for Money. USAID is a notable example of a donor using the principles and tools of VFM, while avoiding the term.

1. **Economy** relates to the price at which inputs are purchased and maintained (goods and services, equipment, commodities, etc.) Essentially the VFM principle expects to see evidence that goods and services are purchased and maintained according to processes and specifications that maximise quality and minimise lifetime price.
2. **Efficiency** relates to how well inputs are converted to the outputs of interest and are received and adopted by the intended beneficiary.
3. **Effectiveness** relates to how well outputs are converted to outcomes and impacts (e.g. reduction in poverty gap and inequality, improved nutrition, reduction in school drop-out rate, increased use of health services, asset accumulation by the poor, increased smallholder productivity, social cohesion, etc.)
   * + - **Equity** ensures that the scope of DFID programming reaches across gender, ethnicity, national origin, religion, and political affiliation and is a key component of effectiveness.
       - **Catalytic benefits are** those unexpected advantages that accrue because of a programme or project’s activity (policy change, new donors, other projects advancing the same objectives as the LIFT project etc.) and are an indicator of catalytic effectiveness.

## 5.2 Value for Money Input to Impact Chain

DFID’s approach to VFM focuses on the conversion of inputs, through processes that comprise project operations, leading to results and eventual impact. Table 1 is a graphic representation from DFID of the input-to-impact chain.

Table 1. The Value for Money Process



Source: White, P., et al, DFID 2013

# Findings from the Documentary Review

The documentary review comprised a review of LIFT Operational Guidelines, budget templates for IPs and some actual IP budgets; IP financial capacity assessments and grantee tracking proposal review documents; application assessment forms, assessment criteria, and actual assessments; pre-application concept notes; draft call for proposals; field reports; internal project reports from individual IPs; and financial reports from IPs that were shared during individual meetings with IPs.

The documents supporting LIFT grant-making and reporting are substantial in number and quality. Several findings are highlighted that relate to Value for Money and the documents and reporting tools that are part of LIFT operations:

1. The efficacy of annual budget and performance reporting is questioned. Semi-annual performance reporting is more in line with common VFM practice because it enables tighter management and support by the IPs (and the FMO) where it is required.
2. Some additional data reporting at the application and implementation stages is necessary for strong VFM analysis within LIFT in the application approval process. Tables 4-6 in Section 10 indicate additional data sources that may be useful.
3. Creation of one document that combines financial and performance data on a semi-annual basis would strengthen VFM analysis.
4. The proposal assessment criteria and forms for reviewing Concept Notes and Proposals are divergent in format and in the types of information required. One format for review and one set of criteria should be established and should include a menu of VFM criteria that can be implemented by applicants and assessed by reviewers.

Documentary review also searched for tools that DFID has created that would be useful to the LIFT FMO and to IPs as they implement VFM. The fundamental finding from this search is that, unfortunately, DFID has not created any one-size-fits-all VFM manual. Some VFM guidance documents by DFID do exist, though they tend to be specific to a particular issue or intervention type. These will be useful background for the ultimate production of LIFT VFM manuals for IPs and the FMO. The most prominent of these documents are:

1. *DFID’s Approach to Value for Money (VFM),* 2011, <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67479/DFID-approach-value-money.pdf>
2. DFID - Department for International Development (2012) Delivering Aid through Direct Transfers to Beneficiaries. Written Evidence from DFID (24 November 2011). Memorandum to Committee of Public Accounts: one year update on DFID's bilateral support to primary education. <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmpubacc/writev/1695/m1.htm>
3. DFID (2011a) Bilateral Aid Review. Technical Report. March 2011. DFID: London.

<http://www.dfid.gov.uk/Documents/MAR/FINAL_BAR%20TECHNICAL%20REPORT.pdf>

1. *Measuring the Impact and Value for Money of Governance and Conflict Programmes*, 2010, <http://r4d.dfid.gov.uk/pdf/outputs/mis_spc/60797_itad-vfm-report-dec10.pdf>
2. Guidance on Using the Revised Logical Framework, DFID, 2011. <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/253889/using-revised-logical-framework-external.pdf>
3. Writing a Business Case, How-To Note, DFID, 2011. <https://www.ids.ac.uk/files/dmfile/DFID_HowtoNote_BusinessCase_Aug2011.pdf>
4. Guidance on measuring and maximising value for money in social transfer programmes – second edition, Toolkit and explanatory text, DFID, Philip White, Anthony Hodges and Matthew Greenslade, 2013. <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/204382/Guidance-value-for-money-social-transfers-25Mar2013.pdf>

# Value for Money in the Application, Implementation, and Evaluation Stages

VFM monitoring and measurement in development projects is usually based in the M&E function and is linked closely with finance and operations. VFM seeks data to demonstrate that a project is employing strategies that have potential to maximise the results accruing through the activities made possible by the allocation of resources by a donor.

At the **Application** stage, VFM assessment seeks evidence that practices (procurement, staffing, and administrative structures; evidence of past success of a chosen intervention) that have the potential to improve VFM are embedded in the IP operations and its plans for project implementation.

At the project **Implementation** stage, VFM analysis seeks evidence of performance and expenditures that demonstrate VFM.

At the **Evaluation** stage, the data gathered are used to create a snapshot of the overall VFM of a project by assessing how the practices that were implemented by the project have produced measureable benefits, and at what cost.

A practical example, following, may help understanding of how VFM could be applied usefully within LIFT. The application of VFM is explicated in the following sub-sections 7.1-7.3.

|  |
| --- |
| In the Delta, an IP (imaginary for this purpose) proposes introducing repairing rice paddy embankments and introducing new rice varieties in twenty localities. Growing conditions vary. Inputs include shipments of material to rebuild embankments, tools and training, short-term local labour, agricultural practices training, rice shipments, paddy maintenance, harvesting technologies/labour, and market access support. Each input incurs costs that are budgeted. Outputs include length of paddy embankment repaired, acres returned to active agriculture, acres planted with new rice seed, productivity per acre, and possible outcomes of income generated per acre, etc. Results are reported that overall rice production increased by 20% over baseline. |

## 7.1 Application Stage

In the **Application** stage, the IP would present its approach and one or two different approaches to meet the same need. For embankment repair, local labour could be used or heavy machinery could replace some labour. The IP would choose a preferred approach, but would also determine costs for the approach it does not use, and justify its preferred approach. For instance, higher costs or longer time to complete repairs using local labour could be justified (use of local labour generates local household income). VFM at the application stage is concerned with justifying an approach and then identifying which processes (performance to milestones, expenditure to budget, procurement systems) to monitor and establish indicators.

In this example, open source rice varieties are well known and per acre productivity data may be generally known. The IP proposes using new varieties that are more resistant to local conditions in each of the twenty localities (salt, drought, etc.). Open source and improved rice seed have different costs and benefits and it would be useful, from a VFM perspective, for the IP to justify its chosen approach. The IP would propose relevant data to monitor and the milestones, budget, and timetables for achievement. FMO programme managers and M&E VFM experts would review and comment.

VFM analysis at the application stage would likely review the procurement plans, the unit-costs of planned inputs and outputs, baseline and anticipated productivity, planned benefits and beneficiaries, administration to service delivery costs, etc. A cost-benefit analysis should be conducted by either the applicant or the FMO. Data required for analysis at the application stage is frequently missing or questionable; IPs use the data that is available and sometimes report the data challenges.

Specific measures at the application stage should include a cost benefit analysis of the intended approach. For commodity-heavy projects, a procurement plan showing evidence of a procurement approach that ensures blind competitive bidding among three or more suppliers; limited authority for individuals to procure items; cost-benchmarking; and strategies and procedures to reduce or minimise procurement transaction costs. Beneficiary Unit costs for costly activities (e.g., training, behaviour change communication, large scale printing; etc.) should be calculated.

## 7.1 Implementation Stage

During the **Implementation** stage, VFM analysis of new variety introduction would commonly analyse cost and budget and performance to anticipated results as foundational baseline data.

Analysis would not only investigate overall performance, but performance at each of the twenty sites to understand factors that enhance or inhibit operations, such as varying price expectations. Analysis would review total acreage returned to productivity, baseline and annual productivity data by area and rice variety, and data on income change over time, etc.

Analysis would further investigate the adoption rates and productivity of new varieties by locality. VFM would not address the agronomic or technical reasons for the variance where there are variances of high or low adoption/productivity. Rather, VFM is a process that uses performance or cost data to raise the “why” questions for management to address. VFM analysis wants to know and compare the costs and results of each approach in specific localities. Does one variety clearly generate stronger results? In what conditions and at what cost? Are higher costs justified by stronger results? Does experience show that certain approaches are more successful, and if so, how is that information captured and disseminated to other localities and IPs?

It is not sufficient to understand the value of inputs of seed by a high-level comparison of seed costs and project-wide per acre productivity. If the only metric were general per-hectare tonnage produced, management would miss the details in which three of the twenty localities were exceedingly productive while two localities were the reverse. VFM analysis probes the “why” of a project’s processes and results, providing data for management review. Greater VFM is likely if management understands why productivity lagged in two localities and exceeded expectations in three, and uses that information to strengthen future performance.

Data are exceedingly difficult to capture retrospectively. To the degree that the LIFT FMO and IPs agree on data to be captured and monitored at the application stage, VFM monitoring in the implementation stage is enabled.

Specific VFM measures in the Implementation Stage may include budget to expenditure and performance to milestone ratios, beneficiary unit-cost analysis for major initiatives, a cost-benefit analysis of operations to date or of specific activities, analysis of outputs and outcomes deriving from similar activities at different sites/localities; a procurement review and spot-check of procurement ordering, delivery, and distribution; etc.

## 7.3 Evaluation Stage

VFM in the **Evaluation** stage generally summarises the cost and performance data generated and captured from the application and implementation stages, along with other operational data including: an analysis of human resource deployment and costs, total administration to service delivery costs, and evidence of positive change in proxy indicators of human development (childhood nutrition for instance), if this data is available. Final project cost-benefit analyses are commonly conducted.

VFM in the **Application**, **Implementation,** and **Evaluation** stages of the project cycle depends upon the environment created by the FMO. If the LIFT FMO creates the expectation at the application stage that certain data (to be determined with the IPs) will be routinely collected by the IP and communicated to project management and the FMO programme officers and M&E office, the regular monitoring of VFM during implementation and evaluation is enabled. To do this successfully, the current LIFT grant applications need revision, and both the FMO and the IPs need clear guidance on the types of data to gather, and how to use the data for performance improvement. There is a need for one or more VFM reference manuals for use by the FMO and IPs at each stage of the project cycle.

It appears to the consultancy that there will be some different VFM data capture requirements for the different types of LIFT programmes: Learning and Innovation, Country-wide, Delta 2, Financial Inclusion, and Rakhine. The specific data to be monitored needs to be further defined. Tables 4, 5, and 6, following, provide indicative measurements at each stage though further work on which measurements will be most useful, and creation of the actual reporting templates remains to be done.

Specific measures at the Evaluation Stage generally comprise the same array of measures that have been undertaken during the Implementation Stage. It is useful to review the same operational processes in a project from inception to EOP, as the positive or negative trends of performance, costs and benefits of a project become clear, and the trends inform the VFM assessment.

# A Definition of Value for Money Appropriate to LIFT

The following definition is proposed for use within LIFT. It is consistent with existing VFM definitions while highlighting the pursuit of VFM as an active process at each stage of the LIFT IP grant cycle.

Value for Money is a measureable principle that seeks to maximise benefits for the target population through the most economical, efficient, effective, and equitable use of LIFT funds and assets. Identifying and improving Value for Money is an active process with indicators for the criteria of economy, efficiency, effectiveness and equity at each stage of the grant cycle: application, operation, and evaluation.

While there are common approaches to identifying and measuring VFM across development projects (as illustrated in Table 1), each project’s unique context and circumstances necessitate choosing the most appropriate set of measures to assess VFM. The guiding principle is to assess the process and performance of whatever derives from donor inputs[[8]](#footnote-8) and to quantify and monetise the process, outputs, outcomes, and, when possible, the impact, relative to baseline conditions and constraints.

The issue of attributability is acknowledged. Results accrue from a range of inputs and conditions, often from multiple sources. VFM, as a process to measure the results from a donor input, takes a conservative stance and attributes what is a clear result of donor activity, usually claiming only the percentage of results that parallel the percentage of input for projects with multiple funding sources.

# Response to the Introduction of VFM by LIFT Sub-component

VFM presentations were made to LIFT IPs, the LIFT FMO staff, and the LIFT Fund Board. Input and interaction was most extensive with the LIFT IPs, frequent but less extensive with the FMO staff, and one presentation of findings was made to the LIFT Fund Board.

## 9.1 Lift IPs and VFM

Twenty-two LIFT IPs met at least once with the consultant for Value for Money education and basic training. The IPs were a mix of international and local NGOs and spanned a range of LIFT interventions.

The consultancy’s purpose in meeting with IPs was four-fold: (1) to provide basic VFM education and training to ensure that future VFM-related activity within LIFT operates from a common knowledge base; (2) to present VFM approaches and encourage IPs to raise questions about VFM monitoring that were specific to individual projects; (3) to encourage IPs to express their knowledge of the value of VFM for their organisation; and (4) to gain a general assessment of the approaches necessary to strengthen the capacity of IPs to assess VFM internally, enabling substantive VFM reporting to the LIFT FMO.

Fewer than half the IP representatives attending the first VFM seminar indicated that they had any prior knowledge of VFM measurement, though the VFM training sessions and individual meetings did generate sound engagement with the introduction of VFM within LIFT. Substantial response was generated and can be generalised as falling into four categories: knowledge, capacity, apprehension, and the possible benefits of VFM procedures. Table 2 summarises the predominant sentiments expressed in each category.

Table 2. Summary VFM Comments from IPs

|  |
| --- |
| **Knowledge** |
| Does VFM always seek lowest cost? Isn’t this about reducing expenditures? |
| Which is most important: economy, efficiency or effectiveness? |
| How is effectiveness measured? Why measure process if we are really here for the results? |
| You say that VFM will focus on the link between the log-frame and budgets, but our budgets are not linked to the log-frame. What do we do? Similar questions about the link between the IP log-frame and the LIFT log-frame. |
| You say the VFM measures the performance of the processes that lead to results…but why does the process matter if we get the agreed upon results? The donor should care about the results, not how we get there. |
| Case studies help us understand VFM, but do not help us actually assess VFM. We need specific knowledge for our programme. |
| The results in our project are intangible: community organisation and a sense of community empowerment. How do we measure intangible results? |
| What is a cost-benefit analysis? Do we include salaries and travel in unit costs for our activity? |
| How do we show that our intervention is the best choice to address the low productivity in the locality? |
| Will our project be compared against other LIFT IPs doing similar work? |
| Will you help my project with some VFM advice (leading to individual meetings/email communication)? |
| We try to spend as little as possible; will that improve our VFM? |
| **Capacity** |
| LIFT never mentioned VFM when we applied for a grant so how can LIFT require this costly activity now? |
| Our budgets are not aligned (to logframe, to activities, to outputs, to the level of detail VFM wants, etc.). |
| Our budgets are part of an international system; how can we get the detail VFM wants from a system that is not set up for VFM? |
| We do not have the skills (financial, M&E, analytical) to present a VFM report. |
| This will be expensive; will the donor provide more funding for VFM evaluation in our programme? |
| How do we prepare for a VFM evaluation? What are the step-by-step instructions to assess VFM? |
| Can we be given templates to fill in that will give us a VFM analysis? Templates for a CBA? |
| Will future grant applications require VFM plans? Will grant applications require more financial details? |
| The LIFT application and financial documentation needs to be changed so that what we provide matches VFM requirements. |
| If we international NGOs are having trouble, will VFM just discourage local NGOs from applying to LIFT? |
| **Apprehension** |
| VFM ignores qualitative improvements in favour of quantitative data. |
| Who determines value? Where is the beneficiary input in VFM? |
| We are not ready for a VFM assessment. |
| Our programme closes in the next year; do I have to do a VFM assessment? |
| How do we measure intangible results? Will we be penalised because we are working on long-term change and results are long term? |
| We need a guide to VFM measurement. Who are the VFM experts we can call upon for help? |
| Our budget is already small; using resources for another review will cut into programming. |
| We will need to hire more staff and who pays? |
| I’ve never seen a donor who goes for a higher cost programme even if it is better. This will force us to change programmes in order to save money |
| **Possible VFM Benefits** |
| Like that VFM helps managers focus on the most important areas: intervene when and where needed. |
| Could help our programme be more efficient; still wonder about cost of VFM though. |
| This presses us to hire more local staff…that is good in long term but might slow progress. |
| We need a procurement plan; can VFM give us a good model? |
| I like that VFM is based on evidence that we report; with evidence we can make decisions with more confidence. |
| VFM will bring us closer to the LIFT staff and that will be good for our communication. |
| We will have better field visits if VFM is part of the discussion. VFM can focus the field visit so it’s targeted. |
| I never thought about measuring the process…like procurement or how many staff it takes to train and manage a work team. I think we could save money and still get things done. |

## 9.2 Findings: IP VFM Capacity Assessment

The comments in Table 2 come from individual and group meetings with LIFT IPs. Reduced to their core, the comments indicate a lack of knowledge about VFM approaches and purposes; deep concerns about capacity to meet VFM measurement requirements; anxiety about how to measure, afford, and report VFM results; and some appreciation of possible benefits of VFM. The workshops presented ways that prior organisations identified and approached VFM measurement, demonstrated indicators for each VFM principle, and spent considerable time working on the questions raised by IPs.

At this stage, few IPs appear ready to set up minimal internal systems to measure VFM, to monitor VFM internally, or to prepare for an external VFM assessment.[[9]](#footnote-9) These limitations vary across IPs, though it is generally true that international NGO IPs have stronger systems and capacity than local NGOs. This capacity assessment is qualitative. The consultancy asked individual IPs how they would approach the measurement of economy, efficiency, or effectiveness in their programme, what data they would need, and whether the data was available easily. The strong response to being asked how IPs would approach VFM measurement was the request for a detailed, step-by-step VFM “How-To” Manual and expert guidance identifying indicators and during the IPs’ first experience with VFM measurement.

As the implementation of VFM measurement progresses within LIFT, positive factors should be capitalised upon. First, INGOs should be able to draw upon head office assistance in meeting the VFM monitoring requirements of LIFT. While most INGOs attending the seminars indicated little if any “home office” VFM expertise, INGOs should be encouraged to proactively seek such technical assistance. It is likely that greater VFM awareness and advice is available to the country offices of INGOs. Second, the mix of international and local NGOs offers an opportunity, especially in implementing consortia, to enable VFM piggybacking through which local NGOs adopt systems and borrow VFM monitoring approaches from more established international partners. Third, especially as the VFM sessions progressed, there was a growing sense across IPs that VFM monitoring and assessment offered programming benefits, especially in making evidence-based decisions, potential cost savings, and cross-partner cooperation for programme improvement and cost savings. This insight is a key factor that should be promoted as VFM is gradually introduced to LIFT IPs.

Less positive factors need to be addressed. While the attendance of IPs for VFM training exceeded expectations, over 40 IPs did not attend any of the VFM training sessions. There is a need to provide basic VFM education to all IPs so that all LIFT partners have similar background information and VFM knowledge before VFM is introduced across LIFT. Sufficient time and opportunity should be provided to the remaining IPs to attend training sessions and to meet individually with VFM experts for individual IP VFM detailing. See Recommendation 2.

The capacity to undertake VFM measurement and monitoring varies across IPs, but most prominently between international and local NGOs. Two streams of VFM monitoring should be considered initially, with more rigour expected of INGOs and somewhat less VFM rigour for local NGOs. See Recommendation 3.

LIFT should learn from, and not repeat, prior donor and agency errors where VFM has been introduced without sufficient education or training, resulting in widespread misconceptions and fear, which have delayed and reduced the effective use of VFM in development programming. Specifically, the early introduction of VFM has often targeted economy as an overriding principle of VFM, often leading to a “race to the bottom” to spend as little as possible with minimized risks, while still expecting strong results. As noted frequently in this report, VFM is best understood as an analysis of the processes by which donor inputs are converted to project outputs and outcomes.

## 9.3 Findings: LIFT Fund Management Office and VFM

Interaction with the FMO on value for money was a secondary aspect of this consultancy. One formal presentation to the FMO staff occurred following initial meetings with the IPs. In the FMO presentation, a general overview of VFM was provided and the range of comments and reactions from LIFT IPs were presented. Challenges facing IPs were discussed, as were suggestions of how best to implement VFM across LIFT without unduly increasing the reporting burden on either the IPs or the FMO.

Numerous formal and informal meetings with FMO staff (head, deputy head, operations support, finance M&E, and programme officers) were undertaken. Table 3 summarises VFM comments from the FMO. Comments ranged from the rationale for VFM to the capacity of the FMO and IPs to implement VFM monitoring effectively, to possible benefits.

Table 3. Summary VFM Comments from the FMO

|  |
| --- |
| **Rationale/Necessity** |
| What is measured: outputs, outcome, or impact? Makes no sense to measure outputs only. |
| How can you be sure a less costly input is equally effective? Cannot prove VFM until you see results, and that can be long term. |
| Why is the FB pushing VFM? |
| Are we supposed to measure VFM? We do not have the tools to do so. |
| We have some bad grants; 1st proposal assessed by consultants; VFM might be a good tool to help proposal assessment. |
| We need to measure the process before programmes go in the wrong direction. VFM can help. |
| VFM could address why IPs have so much money left after inception; disincentive for timely reporting |
| Traffic light system already monitors budget and reporting. |
| VFM can help the M&E systems. Improve data for FMO. |
| Don’t ask IPs art application stage to present alternative approaches; will just be setting up the straw man. |
| **Implementation/Capacity** |
| Helpful at the approval stage, for sure, but will this take much more effort by FMO at other stages? |
| Can IPs do this? What about the local IPs? Doubtful. |
| IPs do not use project budgeting so cannot get the figures you (VFM) need. |
| We had this budget approach before and it was a nightmare. Hope we do not go back. |
| Does M&E take the lead in this area? Enough capacity in M&E? |
| How will IPs get trained? What do we do with IPs already running? How to ask them to assess VFM? |
| M&E needs more capacity |
| Do we require VFM for the 11 projects that are closing soon? |
| **Benefits** |
| VFM helps everyone focus on costs and results; I’m OK with that as long as it is not just counting costs against meaningless outputs like number of trainees. Need to focus on results. |
| Use VFM to generate evidence of positive or negative results. Evidence proves LIFT benefits. |
| VFM will push for improved log-frames at all levels. Needed! VFM should focus on log-frames that mirror LIFT log-frame and which have measureable targets. |
| Log-frames need revision. |
| Good VFM at the application and approval stage might reduce perception of FB involvement in actual grant-making. |
| Want advice on how to include VFM from the outset, at the application or concept letter stage. |
| If VFM gets IPs to focus on results, that’s a benefit. |

## 9.4 Findings: LIFT FMO and Value for Money

The LIFT FMO response to VFM background education and follow-up discussions with programme officers and specialists is represented in Table 3. The FMO response was more tightly focused on the challenges of VFM implementation, targeting VFM to ensure that results did not get lost in process assessment, and on the benefits that could accrue to LIFT through more rigorous proposal screening and implementation monitoring. The FMO staff also expressed concern for the capacity of IPs and the M&E department of the FMO, and asked many questions about how VFM would be implemented in the resource-scarce environment of operating IPs.

Concerns were repeatedly expressed by LIFT IPs and by the FMO staff that existing documentation from the application stage, budgets, and reporting structures need revision to include clear VFM requirements and, in most cases, instructions. See Recommendation 4

There was no indication of seriously divergent perspectives between IPs and the FMO; both levels within LIFT have similar concerns and both see potential benefits. At this stage it is accurate to say that both the IP level and the FMO probably have more questions and concerns than enthusiasm for VFM. The consultancy views this as natural in the progression of knowledge, understanding, and implementation of VFM which will be further resolved as manuals and further training to embed VFM within IPs is undertaken.

# Embedding VFM for IPs Within All Phases of LIFT Grant-making

Value for Money monitoring is optimised when VFM tools and approaches are embedded within the application, grant approval, grant negotiation, inception, progress reporting, interim evaluation, and end-of-project evaluation phases of each grant.

This section illustrates in narrative and graphics a breadth of opportunities to plan for, assess, monitor, capture and evaluate VFM within LIFT programming. Two streams of rigour – for local and international NGOs – are suggested.

## 10.1 VFM at the Planning Stage

All LIFT call for proposals activity should include instructions to include an applicant statement showing how the proposal plans to implement and assess VFM from inception through implementation to end-of-project.

## 10.2 VFM at the Application Stage

LIFT applications should include sufficient planned VFM measures to accomplish two tasks. First, the applicant should be able to demonstrate sufficient grasp of VFM and the capacity to link performance data to budget and expenditure data (See Annexes 5 & 6 for models). Secondly, the applicant should demonstrate the ability to implement minimal VFM monitoring and to report on VFM results over the life of the project.

Table 4 summarises the data required at the applicant stage to meet proposed VFM criteria at the **Application** stage. A framework and menu of possible VFM measures at the application stage is in Annex 4.

Table 4. VFM Requirements at the Application Stage

|  |  |  |
| --- | --- | --- |
| **Required Application Data** | **Application VFM Indicator** | **VFM Factor(s) Measured** |
| Log-frame is clearly linked to LIFT log-frame | Is applicant log-frame linked to LIFT log-frame? | Across factors |
| Budget is linked to log-frame and activity or output level | Is it possible to determine the budgeted costs of the log-frame outputs and the activities that contribute to outputs? Is the budget presented to a level of detail that will expenditure monitoring by activity, if desired? | Across factors |
| Gap analysis; approach fits identified need | Is the gap analysis convincing; is the proposed approach cogent? Is there evidence to support either? | Across factors |
| Present financial management plan including regular reporting to project and LIFT management | Expenditure to budget ratios to enable quick review of budgets at the activity or output level | Economy, efficiency |
| Present alternative approaches to same problem; briefly appraise and justify chosen approach | Is applicant’s rationale for the chosen approach well justified? Is appraisal of alternatives justified? | Across factors |
| Simple cost-benefit analysis per beneficiary (instructions to be provided to IPs) | Do the benefits justify the costs when compared to alternative approaches? | Economy, efficiency |
| Transparent competitive procurement planning | Present procurement plan. Is procurement plan supported by dedicated procurement staff? Is there evidence of past best-practice procurement? | Economy |
| Identify primary cost-drivers | Plan disaggregates costs for major budget items. Do major cost-drivers align with planned activities and log-frame? Are all cost-drivers accounted for? | Economy |
| If possible benchmark procurement unit costs (INGO only) | Are unit costs evidence based (other INGO procurement)? Justified if not? | Economy |
| Benchmark cost-driver unit costs (INGO only) | Are unit costs evidence based (other INGO unit costing)? Justified if not? | Economy |
| Demonstrate staff capacity | Are staff CVs provided? Do programme officers and external reviewers judge that the proposed staff have the competence to meet project requirements? | Efficiency, effectiveness |
| Demonstrate management capacity | Do management staff have prior project management experience in Myanmar? Elsewhere? | Efficiency |
| Require evidence of prior grants and contact details | Has agency managed prior grants? Contact details provided? Contacted? | Effectiveness |
| Plans to measure outcomes and impact | Are planned metrics realistic, is there a data capture plan, are metrics aligned with proposed intervention? | Effectiveness |
| Plan for capacity transfer to local NGOs/staff |  |  |

Plans to capture project process and performance data at the application stage are informative to VFM analysis, as the capacity to present the required information indicates, in itself, an ability to collect, manage, and present data in a manner that is useable to external assessors. In addition, the alignment of data as requested provides a key tool for VFM assessment: detail level linkage between proposed activities, actual performance of these activities, and planned and actual expenditures. This is a fundamental financial and performance comparison that is required for VFM monitoring and/or assessment.

## 10.3 VFM at the Operations Stage

At the operations stage, VFM data should be captured to accomplish the following tasks:

* Monitor performance vs. budget across programme activities/outputs through cross system (finance, programme staff, management) communication
* Focus management attention where either expenditures or performance vs. budget and milestones are outside an acceptable range
* Capture lessons learned when performance exceeds expectations or expenditures are below budgets
* Include VFM assessments in regular progress reporting to the FMO

Table 5 summarises the data required at the applicant stage to meet proposed VFM criteria at the **Operations** stage. A framework and menu of possible VFM measures at the operations stage is in Annex 4.

Table 5. VFM Requirements at the Operations Stage

|  |  |  |
| --- | --- | --- |
| **Required Operations Data** | **Application VFM Indicator** | **VFM Factor(s) Measured** |
| Timely reporting comparing budget vs. expenditures and planned vs. actual results at the activity level (output level is minimal) | Thorough timely reports produced; IP management responds to reports; FMO determines reporting schedule | Across factors |
| At inception, create communication systems between programme management, finance, and M&E | Systems are created and communicate significant performance and expenditure variance | Across factors |
| Transparent competitive bidding | Spot check or other procurement documentation | Economy |
| Monitor cost-drivers; justify costs that exceed 20% of planned costs in any period | Data is transmitted in regular comparison of budget vs. expenditures and planned vs. actual results at the activity level (output level is minimal) | Economy |
| Capture all-in costs for procurement | Assess % of transport/ warehousing/distribution of major procurement | Economy, efficiency |
| Resources are deployed appropriately across sites/activities | Staffing map provided and changes from plan noted | Efficiency |
| Regular expenditure/performance communication | Evidence of communication | Efficiency, effectiveness |
| VFM is assessed in regular internal and external reports | Evidence of VFM assessment | Efficiency, effectiveness |
| Transfer capacity from international to local staff | Trend staffing reports disaggregating international and local staff | Effectiveness |
| Quantify and compare results with plan; adjust programming as needed | Regular reporting and programme adjustment if needed | Effectiveness |
| Outcome and Impact measurement | Outcome and impact measurements; are data reliable, related to intended outcome/impact? | Effectiveness |
| Monetise results as possible? | Monetise results regularly | Effectiveness |
| Attribute results | Are results attributable to programme? Justify | Effectiveness |

VFM in the operations stage is focused in three areas: (1) are comparative expenditure-to-budget and performance-against-milestone reports created regularly and used by programme managers to monitor and improve performance? (2) is the IP growing in capacity to monitor and manage performance?; and (3) are results monetised and valued?

## 10.4 VFM at the Evaluation Stage

It is recommended that all LIFT IPs undertake at least a cursory VFM self-assessment before entering into an external evaluation with a VFM assessment component. Two factors are highlighted. First, since VFM is a relatively new evaluative tool, external evaluation teams may have little knowledge or practical experience in conducting VFM assessments. Thus, it is helpful to guide external VFM evaluators toward the positive and negative factors in advance and during the evaluation.[[10]](#footnote-10)

VFM in evaluation uses the data capture plan at inception, and the finance and performance reports generated during operations to present an overview of the economy, efficiency, effectiveness, and equity of programme operations. The criteria for evaluation stage VFM are essentially compilations of prior internal VFM reporting and further calculations (cost benefit analysis, cost effectiveness analysis).

Table 6 summarises the data required at the applicant stage to meet proposed VFM criteria at the **Evaluation** stage. A framework and menu of possible VFM measures at the evaluation stage is in Annex 4.

Table 6. VFM Requirements at the Evaluation Stage

|  |  |  |
| --- | --- | --- |
| **Required Operations Data** | **External Review Activity** | **VFM Factor(s) Measured** |
| IP provided financial and performance data linked as planned at inception or adapted during operations  All performance and financial reports | Assess cost vs. performance of outputs, outcomes, and impact. Metrics and approaches may include performance to expenditure ratios, CBA of specific activities, beneficiary or household interviews to identify qualitative or quantitative changes, proxy data such as <5 household nutrition, etc. External reviews determine approaches  Link to log-frame and TOC | Efficiency, effectiveness |
| Data links between outputs and outcomes to impact | Assess output and outcomes to impact as possible.  Link to log-frame and TOC | Effectiveness |
| Demographic data for target area | Monetise benefits | Efficiency, effectiveness |
| Assess IP impact to FMO log-frame | Assesses direct contribution of IP outcomes to LIFT outcomes/objectives | Effectiveness |
| CBA/CEA of major initiatives | Calculate economic benefits of interventions | Efficiency, effectiveness |
| Provide data on monetary and no monetary benefits to reviewers | Determine monetary benefits of non-monetary outcomes (DALYs, social return on investment, best investment option ratios) | Effectiveness |
| Unit costing required by DFID | Costs to deliver services to one beneficiary | Efficiency, effectiveness |

Value for Money findings during an external review rely upon the data requirements set out in Tables 4-6 and more fully in Annex 4. At this stage, the IP is simply providing data to the external reviewer and the reviewer makes independent assessments of the economy, efficiency, effectiveness, and equity of programme operations.

An interactive and iterative process is expected at the evaluation stage. For the VFM purpose, internal project reviews focus on procurement processes and costs, HR procuresses and cost, and administration-to-project delivery ratios. For VFM, project performance areas that attract attention and analysis are those areas that either employ the greatest level of inputs or which generate the most significant results (in the view of the IP and that external reviewers).

## 10.5 Minimum requirements for VFM Measurement at the IP Level

The requirements for VFM measurement can seem daunting, especially for projects already underway or those with management and monitoring capacity that is already stretched. Certainly LIFT IPs expressed sentiments that VFM requirements seem overwhelming.

Table 6 illustrates a streamlined VFM approach that only requires an evidence-base for the project, customary expenditure and performance reporting, a new metric to identify and quantify major cost- drivers, a normal procurement plan, and procurement reports at evaluation stages. The plan also requires Programme Officer oversight at the FMO level, and CBAs at the application, operations, and evaluation stage. Certainly a CBA manual and template should be provided to IPs if this tool is adopted.

Table 6 Minimally Necessary Components for VFM Measurement at the IP-level

|  |  |  |  |
| --- | --- | --- | --- |
| **Concept Stage** | | | |
| **VFM Component** | **Project Component** | **Data requirement** | **VFM measures/activities** |
| Intervention is evidence-based | Needs analysis has been conducted; if possible, external studies justify intervention. If no external evidence of intervention value, then internal justification of the proposed intervention (vs. other interventions) is made. TOC is drafted. | Documentation of needs analysis and proposed intervention. External (preferred) evidence supporting intervention, or internal justification based on Needs Analysis | Qualitative assessment by FMO and external reviewers |
| **Application Stage** | | | |
| **VFM Component** | **Project Component** | **Data requirement** | **Measures and Metrics** |
| Data availability | Budgets vs. expenditures at activity level. Performance milestones vs. achievement at activity level. | Template to align performance and budget data in one form/reporting tool | If not received, application returned for revision. |
| Economy | Cost-driver identification | Cost-drivers are identified and quantified; beneficiaries are identified and quantified (disaggregated by gender / age / ethnicity if desired by IP or LIFT. | Unit costing of major cost-drivers; unit costing of primary initiatives and expenditure categories; where possible, disaggregate unit costing by beneficiary groupings (gender, etc.). |
| Economy, efficiency | Beneficiary numbers/outputs and costs clearly presented and explained | Evidence that the costs and beneficiary numbers are credible. | Simple cost-benefit analysis (CBA) to be done by applicant. |
| Economy, efficiency | Procurement | Procurement plan for largest budgeted expenditures. | FMO reviews procurement plan to ensure competitive and blind bidding? If not, applicant to justify. |
| Effectiveness | IP logframe is aligned with LIFT logframe | Logframe | FMO reviews logframe for LIFT alignment; revisions possible before contracting. |
| Effectiveness | Anticipated beneficiary change is identified. | Plan to measure beneficiary change is presented. | FMO reviews plan. |
| **Operations Stage** | | | |
| **VFM Component** | **Project Component** | **Data requirement** | **Measures and Metrics** |
| Economy, efficiency | Expenditure-to-budget and performance-to-milestone reporting to FMO. | Semi-annual spreadsheet from IP to FMO and narrative explanation of variances over 20%. | Project Officer “alert” for all IPs with variances over 20%; PO determines next steps. |
| Economy | Cost-driver analysis | Actual costs for cost-drivers | Actual vs. budgeted costs for cost-drivers; justify variance if over 20%. |
| Economy, efficiency | Beneficiary numbers/outputs and costs. | Annual update of expenditures and beneficiaries. | Mid-term and Final CBA |
| Economy, efficiency | Procurement | Reports by category of major expenditures for goods and services procured ;quantify in- country warehousing and distribution costs. | Spot-check procurement process for blind and competitive bidding. |
| Effectiveness | Logframe | Logframe changes identified if needed | IP and FMO coordinate potential logframe changes |
| Effectiveness | Anticipated beneficiary change | Beneficiary change measurement is scheduled (annual or at external review) | Beneficiary change is measured |
| Economy, efficiency, effectiveness | Budgets, expenditures and reported beneficiary change | Financial and beneficiary change data | CBA |
| **Evaluation Stage** | | | |
| **VFM Component** | **Project Component** | **Data requirement** | **Measures and Metrics** |
| All | All as in the Operations Stage | All as in Operations Stage | All as in Operations Stage |

# LIFT Fund Management Value for Money

The current capacity of the FMO to capture VFM or to promote VFM capture within IPs is limited by VFM knowledge deficits, a need to continue the realignment of IP log-frames with the LIFT log-frame, recently strengthened financial and performance reporting from IPs that still leaves the performance of prior IPs in question, and insufficient human capacity with the M&E Department to promote VFM. There is an inescapable need to strengthen the FMO capacity to guide, monitor, and assess VFM within LIFT operations. See Recommendation 5.

The FMO has a role in ensuring VFM in LIFT IPs at each stage and in its own operations. The following sections provide an overview of approaches to embedding VFM within the FMO.

## 11.1 VFM Capture Opportunities at the Call for Proposal and Concept Letter Stage

The application stage offers the greatest opportunity for the FMO to ensure and capture VFM in its grant-making operations. Making the right grants to the right organisations is the most significant potential driver of VFM in LIFT. Selection of and grant-making to the most appropriate IPs with the greatest likelihood of success requires a robust grant-making process. Table 7 illustrates potential VFM capture points and what is needed to enhance VFM analysis at the application stage.

Table 7. Call for Proposal and Concept Letters: VFM Capture Points and FMO Responsibility

|  |  |
| --- | --- |
| **VFM Capture Point** | **FMO Requirements** |
| **Call for Proposals and Concept Letters** | |
| Call for proposals (CFPs) | Identify and include VFM requirements as part of call |
| Pre-proposal information packets/meetings | Identify and communicate specific VFM requirements for proposal; samples provided. Strengthen pre-proposal meetings |
| Concept letters | Identify and communicate specific VFM requirements for proposal; samples provided |
| MISSING? | Create VFM handbook for application stage[[11]](#footnote-11) |
| Reduce prescriptive CFPs; increase innovation | Review CFPs (with programme officers) that limit intervention approaches; revise as possible |
| Concept letter review | Develop basic VFM checklist for concept letter review; return concept letters that do not fulfill VFM checklist. |

The CFP and concept letter stage is an opportunity for VFM education that should be capitalised upon. Building VFM awareness and providing clear and user-friendly documentation and instructions at the pre-proposal stage is an effective approach to overcome the lack of knowledge and consequent apprehension that would potentially discourage potential LIFT IPs from making an application. More applicants and more competition will likely result in better overall applications, which will promote FMO VFM at the application stage.

Adding a VFM requirement at the proposal stage, while essential, will add to the IP education and training burden that will rest with the FMO. Several ways to provide training and education will be proposed in Section 13. It is likely that VFM training and support for local IPs (and possibly others) may be a required component of LIFT grant-making through the first evaluation for new grantees.

The further development of VFM monitoring and analysis at the IP level is likely to require somewhat different levels of rigour for local NGOs and international NGOs. Perhaps an approach of working with international NGOs and larger projects first, then cascading the VFM expectation to local NGOs would gradually expand VFM capacity.

Table 8 illustrates the VFM capture points and the FMO responsibility at the proposal development stage.

## 11.2 Approaches to Improve VFM at the Proposal Development Stage

It is at the proposal development stage where VFM approaches and measures should first be delineated by LIFT applicants. Planning at this stage greatly reduces the costs of VFM analysis later, with the added benefit of educating and training IP staff in VFM approaches in the application process, to be used by IP staff during project implementation for VFM reporting. Table 8 illustrates VFM planning during proposal development.

Table 8. Proposal Development: VFM Capture Points and FMO Responsibility

|  |  |
| --- | --- |
| **Approaches to Improve VFM in Proposals** | **FMO Responsibility** |
| **Proposal Development** | |
| Provide a VFM handbook | Create a VFM handbook |
| a) Require overall VFM plan | Provide instructions to applicants how to present and appraise alternative approaches |
| b) Justify gap analysis, approach, and budget with explanation and evaluation of at least one alternative approach that would meet the same beneficiary objective | Provide applicants with VFM narrative of common VFM approaches to appraise various options |
| c) Request procurement plan | none |
| d) Identify and quantify primary cost-drivers | none |
| e) Provide budget templates for applicant use requiring sufficient detail and link to log-frame (project and LIFT) to facilitate VFM analysis | Adapt or create budget templates reflecting VFM best practice |
| f) Demonstrate IP staff capacity | none |
| g) Demonstrate evidence of prior grants and performance | none |
| h) Provide M&E templates for applicant use to align financial and performance reporting of sufficient granularity to facilitate VFM analysis | Adapt or create M&E templates reflecting VFM best practice |
| g) Respond to FAQs by applicant IPs | Determine how VFM-related questions can be addressed by the FMO; create and update a database of FAQs |

The FMO is required to provide clear proposal development instructions and templates so that applicants use similar formats to demonstrate their VFM plans and capacity to monitor VFM. It is at this stage that a thorough VFM handbook would be most useful. Surprisingly, there are not any general VFM “How-To” manuals on-line, produced by DFID, or by any other entity. There are several handbooks that attempt to show how to measure VFM for particular development approaches (girls’ education, for example). A more general VFM manual is needed that demonstrates and instructs in normal VFM measurement, but that also addresses the specific context and range of intervention types and outputs (some tangible and some intangible) that are applicable to LIFT IPs.

## 11.3 Approaches to Improve VFM at the Proposal Review Stage

Table 9 illustrates the VFM capture points and the FMO responsibility at the proposal review stage.

Table 9. Proposal Review: VFM Capture Points and FMO Responsibility

|  |  |
| --- | --- |
| **Approaches to Improve VFM in Proposal Review** | **FMO Responsibility** |
| **Proposal Review** | |
| Require VFM content in proposal (a-h above) | None |
| Include a VFM “checklist or ranking” component | Create ranking system; decide how to proceed on re-application |
| Provide proposal applicants with VFM ranking criteria. Ranking criteria to be done with FMO. |
| Use VFM as one point of proposal return – if proposal does not meet minimal VFM ranking return for revision | Determine minimum VFM ranking scores |
| Review VFM requirements (a-h) and rank each | Create VFM ranking criteria and scale |
| Send proposals passing initial screening to external reviewers | Consider and appoint external reviewers by sector |

This consultancy interviewed a cross-section of the FMO staff and was thoroughly convinced of the breadth and depth of skill of LIFT leadership, programme managers, the Finance office, and the M&E office. That said, an internal grant approval process that is complemented by an external review of grants is often part of best-practice grant-making and would certainly reinforce the VFM of LIFT processes. Thus, an external review that complements the internal review of applications is suggested. The internal review could take the lead with external reviewers providing an extra assessment, likely sector specific reviewers who would provide advice on how a proposed intervention aligned with current best practice in the sector and with the TOC..

## 11.4 Approaches to Improve VFM at the Project Implementation Stage

Noted previously, the greatest VFM advance is by approving a selection of proposals that have the greatest likelihood of achieving the anticipated results and which align with LIFT objectives. Consequently, while the proposal review/appraisal stage seeks evidence of solid VFM plans in each project, the greater VFM capture is to ensure that the review process itself is of sufficient rigour and best practice. Table 10 summarises the VFM framework during project implementation.

Table 10. Project Implementation: VFM Capture Points and FMO responsibility

|  |  |
| --- | --- |
| **VFM Capture Point** | **FMO Responsibility** |
| **Project Implementation Stage** | |
| Separate VFM report required at regular reporting intervals | Provide reporting templates (build off budget and M&E templates used at application stage) |
| Strengthen internal project reporting between finance, project implementing staff, and project management. Consider Performance Improvement Reports or other tools | Work with IPs on tools to improve |
| Field visits generate a VFM section as part of regular reporting | Adapt current field visit report forms |
| Missing? | VFM training for site visitors “Data needed and how to conduct a VFM assessment during site visit” |
| Align FMO communication with IPs to include VFM | M&E or programme heads work with IPs for VFM capture |
| Missing? | Perhaps use traffic light systems; consider revision of red lights to >20% rather than current 30% variance |
| Strengthen internal FMO communication between finance/M&E/programme heads | Investigate methods to create early response system when performance or expenditure variance is >20%. |
| Identify possible catalytic benefits and quantify or monetise value. Catalytic benefits that are enabled by the TOC may be partially attributable to the project | Identify possible catalytic benefits; focus on policy and donor change, determine if attributable to LIFT project activity, quantify or monetise value |
| Describe lessons learned | Compile and disseminate lessons learned |

During project implementation, the FMO has responsibility to enable and require that IPs to report regularly on VFM; to conduct field visits that include a VFM review component; and to strengthen the communication between FMO offices (M&E, finance, programme heads) about each individual project. An early response system needs to be developed alongside – or preferably with – the current traffic light system to monitor budget and performance variance. As noted in Table 10, lowering of the expenditure and performance benchmarks that initiate a red light should be considered.

## 11.5 Approaches to Improve VFM at the External Evaluation Stage

External evaluations will require a value for money component. If the FMO and the IPs have fulfilled requirements of Tables 7-10, the actual VFM evaluation is likely to be focused and accurate. The IP role during an external VFM assessment is simply an extension of its role in a broader assessment: provide the data requested proactively, identify strengths and weaknesses in advance, and comment upon and clarify the external review findings, as necessary.

It is extremely helpful if IPs conduct an internal VFM assessment in advance of the external review. The benefits are several: IPs know and can prepare to identify strengths to the review team, and can present and respond to areas of weakness; external reviewers may be unfamiliar with the components of a VFM assessment and IPs can guide the external review; and in preparation for an external VFM review, IP staff ask the same questions and use the same data as reviewers, thus developing their internal capacity to monitor and manage VFM capture in programme operations.

Table 11 summarises VFM capture responsibilities at the internal and external evaluation stage.

Table 11. Approaches to Improve VFM at the Evaluation Stage

|  |  |
| --- | --- |
| **VFM Capture Point** | **FMO Responsibility** |
| **Project Evaluation Stage (Internal)** | |
| Prepare for external review: Update all VFM reporting from inception to date | Alert IP to the requirement well in advance |
| Prepare for external review: conduct an internal VFM assessment according to the proposal application and/or inception plan | Create VFM templates as needed: expenditure to performance to log-frame (from application); procurement plan vs. actual; human resources plan; actual admin. to delivery ratio vs. plan; beneficiary numbers and unit costs; CBA |
| Prepare for external review: provide internal VFM assessment and comprehensive financial, M&E, beneficiary impact data and all public progress reports | Ensure data is made available to external reviewers |
| Identify possible catalytic benefits; capture benefits, and quantify or monetise value | Identify possible catalytic benefits; focus on policy and donor change, determine if attributable to LIFT project activity, quantify or monetise value |
| Capture lessons learned | Capture and disseminate lessons learned |
| **Project Evaluation Stage (External)** | |
| Missing? | Engage with review team on selection of experienced VFM reviewers |
| Work directly with review team to clarify questions and provide requested reports and data | Missing? |
| Review and clarify findings | Review and clarify findings |

# Developing VFM capacity – IP and FMO

Questions about approaches to embed VFM knowledge and capacity within IPs and the FMO were central to the consultancy. See Recommendation 6.

The following section takes into account the issues raised by the IPs and the FMO as represented in Tables 2 and 3, takes the next step to address how to develop VFM knowledge and capacity within LIFT IPs and the FMO, and presents several approaches to development of VFM knowledge and capacity.

## 12.1 Implementing Partners and VFM

1. Currently, LIFT IPs do not have the knowledge or capacity to fully use VFM strategies at any stage of the project cycle. That said, most of the IPs appear to have moderate to strong management systems and competent staff. The missing components needed to strengthen VFM practice are knowledge, carefully targeted use of VFM tools, step-by-step VFM manuals, dedicated staff to monitor VFM, and more effective internal communication linking budget and expenditures to performance targets and results.
2. LIFT IPs have legitimate concerns about how VFM will be implemented now, the labour costs of realigning budgets with log-frames, and if current projects will be evaluated for VFM as stringently as new projects.
3. The interest and capacity of local NGO IPs to implement a VFM system may be less than international NGO IPs. There is a need to adjust the rigor of VFM systems and measurement to account for this capacity gap.
4. Eleven IPs have projects that will close in the next eight months. A plan (including feasibility and time thresholds) is required that incorporates a VFM assessment into the final evaluation of each project.

Knowledge, tools, and capacity within IPs are constraints.

## 12.2 The Fund Management Office and VFM

The FMO has three distinct VFM capture functions within LIFT**.**

1. To strengthen the proposal assessment process, and to require inclusion of VFM planning in all calls for proposals, concept notes, and grant applications, with necessary changes in all grant application forms.
2. To strengthen internal FMO communication between management, finance, programme heads, and field visitors. The FMO is some way along the path to effective communication across offices. At this stage the exact way to strengthen this communication and subsequent action is unclear. The issue is highlighted for further investigation.
3. To implement a VFM plan for all IPs including financial and performance reporting that includes milestones, indicators, and measures that are developed for each IP.
4. To increase the frequency of communication about the financial and operational performance of IPs between programme officers, finance, and M&E departments and, when required, to external reviewers.

Knowledge, tools, capacity, and internal communication are constraints.

# Next Steps and Options

Improved practical knowledge of VFM approaches, strategies, and tools is needed in both the LIFT IPs and in the FMO. Three approaches to address the need for practical knowledge and capacity development are suggested.

#### 13.1 Option 1:

* Compile and create LIFT-specific Value for Money training manuals that provide a step-by-step VFM capture strategy for each stage of the grant-making and project implementation. Such manuals would address basic VFM with practical advice, case studies, models, and templates. It is not clear if separate manuals are required for the different sectors LIFT addresses. At this stage it is assumed that one manual with sector-specific information will meet the need.
* Create LIFT specific templates and tools to enable streamlined data capture for VFM analysis, revised budget templates, revised log-frame templates, HR staffing templates, procurement cost analysis tools, cost-driver templates, CBA templates, etc.
* Provide specific training for the eleven closing IP programmes in advance of each closing, with the IP conducting internal VFM analysis as part of the Final Report. Individual sessions with a VFM analyst for each IP.
* Provide VFM training for the remaining IPs by theme or geography to enable each IP to implement VFM planning and analysis within ongoing programming. Individual sessions with a VFM analyst for each IP.
* Training for the M&E staff of the FMO in VFM assessment.

ALL training should consider inclusion of online self-learning and Q&A tools.

#### Option 1 advantages:

Creation of VFM training manuals, tools, and templates; in person training for all IPs, individual IP follow up with VFM analyst; prepares IPs for external final evaluation.

#### Option 1 disadvantages:

Provides training but leaves the IPs on their own to conduct VFM assessment at a critical evaluation stage; does not strongly address the need for practical VFM training; costs fully borne by FMO.

#### 13.2 Option 2:

* Compile and create LIFT-specific Value for Money training manuals that provide a step-by-step VFM capture strategy for each stage of the grant-making and project implementation. Such manuals would address basic VFM with practical advice, case studies, models, and templates. It is not clear if separate manuals are required for the different sectors which LIFT addresses. At this stage it is assumed that one manual with sector-specific information will meet the need.
* Create LIFT-specific templates and tools to enable streamlined data capture for VFM analysis, revised budget templates, revised log-frame templates, HR staffing templates, procurement cost analysis tools, cost-driver templates, CBA templates, etc.
* Conduct the external evaluation for the eleven closing programmes with Ye Win (LIFT M&E Officer).
* Work closely with Ye Win or other M&E officer to communicate and train him/her to lead future LIFT VFM monitoring and reporting.
* Provide VFM training for the remaining IPs with Ye Win or other M&E officer to enable each IP to implement VFM planning and analysis within ongoing programming. Individual sessions with a VFM analyst for each IP. Ye Win becomes LIFT IP VFM resource person.

#### Option 2 advantages:

Addresses need for external evaluation; learn-by-doing VFM training for permanent LIFT M&E staff; creates VFM manuals and tools; reduces costs by reducing in country days of international consultant. Potential to shift some % of training costs to IPs for external evaluation. Current M&E staff expressed interest in VFM.

#### Option 2 disadvantages:

Less individual high-level training for IPs; learn-by-doing relies on internal capacity to learn and adopt VFM best practice. Requires shifting LIFT VFM responsibility to M&E existing or new staff.

#### 13.3 Option 3:

* Compile and create LIFT-specific Value for Money training manuals that provide a step-by-step VFM capture strategy for each stage of the grant-making and project implementation. Such manuals would address basic VFM with practical advice, case studies, models, and templates. It is not clear if separate manuals are required for the different sectors LIFT addresses. At this stage it is assumed that one manual with sector-specific information will meet the need.
* Create LIFT specific templates and tools to enable streamlined data capture for VFM analysis, revised budget templates, revised log-frame templates, HR staffing templates, procurement cost analysis tools, cost-driver templates, CBA templates, etc.
* Provide intensive VFM training for FMO M&E and programme heads.
* FMO staff guides the external review of the eleven closing projects and provides guidance and support to existing and new IPs.

#### ***Option 3 advantages***:

Low cost approach for FMO to receive VFM tools and templates to be disseminated to and used by LIFT IPs.

#### ***Option 3 disadvantages***:

Adds burden to FMO staff; relies on newly trained FMO staff to guide VFM and preparation for external evaluation.

#### 13.4 Option 4:

* As in Option 3, compile and create LIFT-specific Value for Money training manuals that provide a step-by-step VFM capture strategy for each stage of the grant-making and project implementation.
* Complement the training manuals with on-line VFM training using platform technologies such as WebEX to provide on-line personal training for IPs and FMO staff.
* Access low-cost, remote VFM assessment of the eleven IPs that are closing at the EOP in the next six months. Remote VFM assessment will review the data available for a desk review and separate report for each closing of the LIFT IP projects.

#### ***Option 4 advantages***:

Low cost approach that achieves compilation of training manuals and on-line training for IP staff. The remote desk-review VFM assessment of the closing LIFT IP projects recognizes that the data available from these IPs is likely to be inconsistent and perhaps inconclusive. Thus, it is realistic to invest limited resources in the IP review, and invest greater resources in the training and systems for future IP VFM planning and assessment.

#### ***Option 4 disadvantages***:

Accessible VFM expertise is likely to be requested by IPs and the FMO to address specific issues that arise with the internal IP monitoring of processes and outputs/outcomes for VFM measurement. It is suggested that either (a) internal VFM capacity be developed within the M&E section of LIFT or (b) that on-call remote VFM expertise be arranged. The effective use of training manuals and on line training is best accomplished by occasional and targeted human support and interaction. It will be necessary to monitor the success of a primarily remote VFM application and to plan for continual quality improvement.

# Recommendations

1. Value for Money strategies and assessment, including the use of common VFM tools, are to be a required part of all LIFT Implementing Partners’ programme preparation, management, monitoring, and reporting.
2. VFM training for all IPs is to be provided by LIFT.
3. Different levels of rigour should be considered for existing and new IPs and/or projects implemented by local NGOs and international NGOs.
4. Adjustments shall be made to all LIFT documents and reporting templates that are part of the LIFT application, implementation, M&E, and evaluation process.
5. The capacity of the LIFT M&E office shall be strengthened with specific high-level VFM expertise. This could be accomplished incrementally by selecting and training existing or new M&E staff within the FMO.
6. Detailed VFM “How-To” manuals shall be developed and provided to all IPs.
7. Option 2 or Option 4 are recommended strategies to accomplish these recommendations.

# Annexes

### Annex 1: Terms of Reference

**TERMS OF REFERENCE**

(Individual Contract Agreement)

Title: Value for Money (VFM) Consultant

Project: Livelihoods and Food Security Trust Fund (LIFT)

Duty station: Home-based

Section/Unit: LIFT

Contract/Level: International Individual Contractor Agreement IICA-3

Duration: 25 days (home based with mission travel)

Supervisor: International Monitoring and Evaluation Officer

1. **General Background**

The Livelihood and Food Security Trust Fund (LIFT) is a multi-donor fund that aims to address food insecurity and income poverty in Myanmar. The Donor Consortium of LIFT comprises Australia, Denmark, the European Community, France, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States. LIFT was established in 2009. It will remain operational until the end of 2018.

The goal of LIFT is to contribute resources to a livelihoods and food security program with the aim of making progress towards the achievement of Millennium Development Goal 1 (the eradication of extreme poverty and hunger) in Myanmar. Working through a trust fund modality, LIFT’s purpose is to increase the food availability and incomes of 2 million target beneficiaries in rural areas in Myanmar.

LIFT’s purpose is achieved through the delivery of the following program outputs:

1. Increased agricultural production and incomes supported through improved production and post-harvest technologies, improved access to inputs and markets.

2. Targeted households supported in non-agricultural livelihood activities and/or trained in livelihood skills for employment.

3. Sustainable natural resource management and environmental rehabilitation supported to protect local livelihoods.

4. Effective social protection measures that increase the incomes, enhance the livelihood opportunities, or protect the livelihood assets of chronically poor households.

5. Capacity of civil society strengthened to support and promote food and livelihood security for the poor.

6. Monitoring and evaluation evidence and commissioned studies used to inform programme and policy development.

LIFT is implemented through a variety of local implementing partners (IPs) who have been successful in submitting project proposals that support the LIFT purpose in the areas targeted. UNOPS was selected by the donors as the LIFT fund manager (FM).

As of 2013, LIFT is funding projects in three different agro-ecological zones of the country: the dry zone, the hill zone (Kachin State, Chin State, and Shan State) and the delta / coastal zone. The projects are part of different LIFT subprograms: Delta 2, Countrywide, Financial Inclusion, and Learning & Innovation. IP projects are quite diverse in nature making difficult the identification of common results and outputs.

Currently LIFT has a team of four monitoring and evaluation (M&E) staff led by an International M&E Officer. It is broadly responsible for the following M&E activities:

1. Reviewing the log-frames and M&E plans of proposals submitted to the Fund Board for funding under LIFT, providing advice as necessary.
2. Developing the formats and procedures for reporting progress of funded projects to the Fund Manager, and through the Fund Manager to the Fund Board (FB) and donors (promoting the use of common indicators and consistent means of information collection to enable collation).
3. Maintaining, updating and analyzing data on IP and LIFT program progress towards outcome and output milestones and targets
4. Reviewing the quality of the information collected by implementing partners (IPs) that is provided to the Fund Manager.
5. Supporting the IPs through advice and training in relation to M&E.
6. Reviewing terms of reference, methodologies, and tools for IP project final evaluations.
7. Developing strategies to strengthen LIFT reporting of results (including for new programs as they are designed [e.g. the new Rakhine program ‘Tat Lan’] or expanded [e.g. Learning and Innovation]).
8. Designing (or supporting the design of), conducting or contracting, large evaluative studies[[12]](#footnote-12) such as:
   * LIFT 2011 Baseline Study (quantitative and qualitative)
   * Delta 1 Program Evaluation (quantitative and qualitative)
   * LIFT Mid-term Review (qualitative)
   * Qualitative Socio Economic Monitoring (six 6-monthly rounds)
   * LIFT 2013 Household Livelihood, Nutrition and Expenditure Survey
   * Assessment of LIFT capacity strengthening of local NGOs
   * Household farm production economics survey
   * Impact assessment of LIFT-supported microfinance and financial services projects

Each year more research and evaluative studies are proposed in accordance with up and coming areas of LIFT activity, and emerging issues related to rural development, rural livelihoods and poverty alleviation.

LIFT now intends to engage a consultant to assist it design and implement a Value for Money (VFM) assessment of the overall LIFT program. [[13]](#footnote-13)

**2. Purpose and Scope of Assignment**

Under the supervision of the LIFT Fund Director and under the direct supervision of the International M&E Officer, the consultant will carry out the following tasks in collaboration with the LIFT M&E team:

1. Review existing documentation (published and unpublished) providing background on LIFT including its portfolio of IP projects, its M&E and reporting systems and its funding approaches.
2. Review published and unpublished literature concerning VFM approaches for similar livelihood and food security (or rural development) programs implemented by means of grants to local and international NGOs, UN agencies or research organizations.
3. Propose and evaluate a range of options for VFM assessment that may be suitable for LIFT that reflect current international good practice. The analysis should include:
   1. A concise definition of VFM to be used by LIFT;
   2. Possible methodologies for assessing the VFM of
      1. the LIFT IPs and their projects,
      2. the Fund Manager, and
      3. the Fund Board;
   3. Performance measures and recommend monitoring arrangements (including indicators);
   4. Criteria and tools for [sic] that the Fund Manager could use in assessing VFM of proposals submitted to the Fund (including whether there may be a practical means of determination of unit costs for some key outputs).
   5. Budget templates to be used by LIFT partners that facilitate VFM assessment of IP proposals and projects.
4. Conduct some initial training and/or workshops to discuss VFM options and possible approaches for LIFT VFM (including possible tools) for the benefit of donor/Fund Board representatives, Fund Manager staff, and the LIFT M&E team.

**3. Monitoring and Progress Control**

The consultant will be required to deliver 3 reports:

* An **Inception Report** – summarizing the approach to the consultancy and the relevant VFM approaches for similar livelihood and food security or rural development programs based on a literature review (maximum of 5 pages due on day 5 of the consultancy)
* A **Draft Report** covering the full scope of the consultancy (described in section 2, above) (maximum of 25 pages excluding annexes due prior to leaving Myanmar)
* A **Final Report** (incorporating suggestions from LIFT) (due 7 days after receiving LIFT feedback):

The consultant will also be required to conduct training workshops to discuss VFM options and possible approaches for LIFT VFM (including possible tools) for the benefit of donor/Fund Board representatives, Fund Manager staff, and the LIFT M&E team. This training will be conducted in Yangon, Myanmar prior to leaving the country and will be organised by LIFT.

**4. Qualifications and Experience**

**Academic and professional qualification**

Master’s degree in development economics, social science, business administration, or other related field relevant to the above duties (or bachelor degree with additional 9 years of similar experience).

**Work Experience**

* Master’s degree with minimum 7 years or Bachelor degree with minimum 9 years of experience in international development covering the fields of development economics and project financial analysis is required.
* At least 3 years of proven experience with the design and application of diverse VFM approaches is required.
* Previous involvement with and knowledge of donors including DFID or other bilateral agency that uses VFM assessments, UN agencies, international NGOs and civil society is an advantage.
* Computer literacy, including demonstrated expertise in Microsoft Word and Excel is required.
* Proven skills in facilitating workshops and designing/conducting training are required.
* Excellent skills in both written and spoken English are essential.

**Key Competencies**

* Excellent analytical, organizational and data management skills;
* Ability to interact, establish and maintain effective working relationships with people in a multicultural and multi-ethnic environment, with sensitivity and respect for diversity;
* Speaks and writes clearly and effectively. Listens to others, correctly interprets messages from others and responds appropriately. Asks questions to clarify, and exhibits interest in having two-way communication. Tailors language, tone, style and format to match the audience.
* Good understanding and proven experience of multiple stakeholders engagement;
* Demonstrates openness in sharing information and keeping people informed.
* High level of professionalism and ability to work independently, under pressure and to adhere to deadlines;

**5. Other:**

a. Application:

Interested consultants should provide a brief application letter (1 page maximum), a detailed CV illustrating appropriate qualifications and relevant professional experience, a proposed daily fee rate, and a summary of possible VFM approaches that may be appropriate for LIFT (3 pages maximum). The application must also include the names, positions and contact details (email and telephone numbers) of 3 referees. Referees must include current/ latest supervisors. Applicants should have professional relationships with these referees.

|  |  |
| --- | --- |
| Project Authority (Name/Title)  Andrew Kirkwood – LIFT Fund Director | Contract Holder (Name/Title) |
| Signature Date | Signature Date |

### Annex 2: List of IPs attending VFM Seminar 1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Sr.** | **Name** | **Title** | **Organization** | **Contact No./Email address** |
| 1 | Tin Tin Moe | MAFF & SHG responsible person | WHH | [tintinmoe76@gmail.com](mailto:tintinmoe76@gmail.com) |
| 2 | Khin Khin Aye | Liaison Programme Coordinator | TDH Italia | [lpc.dz.tdh@gmail.com](mailto:lpc.dz.tdh@gmail.com) |
| 3 | Mu Mu Kyi | Program Director | Thandar | [kyi.mumu@gmail.com](mailto:kyi.mumu@gmail.com) |
| 4 | Mathew Tasker | Advisor-FSL | Save the Children | [mathew.tasker@savethechildren.org](mailto:mathew.tasker@savethechildren.org) |
| 5 | Leslie Koo | LEARN Programme Manager | Save the Children | [leslie.koo@savethechildren.org](mailto:leslie.koo@savethechildren.org) |
| 6 | Uwe Hermann | HoP-WHH | Welthungerhilfe | [Uwe.Hermann@welthungerhilfe.de](mailto:Uwe.Hermann@welthungerhilfe.de) |
| 7 | Khin Yu Yu Win | Project Officer | EcoDev | [khinyuyuwin@gmail.com](mailto:khinyuyuwin@gmail.com) |
| 8 | Julia Raavad | Youth M&E advisor | Action Aid | [Julia.Raavad@actionaid.org](mailto:Julia.Raavad@actionaid.org) |
| 9 | Orlen Ocleasa | Advisor | Action Aid | [orlen.ocleasa@actionaid.org](mailto:orlen.ocleasa@actionaid.org) |
| 10 | Masae Shimomra | EPR officer | WFP | [masae.shimomura@wfp.org](mailto:masae.shimomura@wfp.org) |
| 11 | Arsen Sahakyan | Partnership officer | WFP | [ARSEN.SAHAKYAN@wfp.org](mailto:ARSEN.SAHAKYAN@wfp.org) |
| 12 | Victoria Garcia | Project Manager | Cesvi | [myanmar.fs.shan@cesvioverseas.org](mailto:myanmar.fs.shan@cesvioverseas.org) |
| 13 | Celine Allaverdian | Project Manager | Gret | [allaverdian@gret.org](mailto:allaverdian@gret.org) |
| 14 | May Phyu Win | Grants Officer | Save the Children | [mayphyu.win@savethechildren.org](mailto:mayphyu.win@savethechildren.org) |
| 15 | Dr Khin Thawda Win | Post-Doctoral Fellow | IRRI | [k.win@irri.org](mailto:k.win@irri.org) |
| 16 | Zarni Aung | MIS/MER officer | PGMF | [Zaung@pactworld.org](mailto:Zaung@pactworld.org) |
| 17 | LAURA GRANAGIA | PC | Action Aid | [laura.gvandglia@actionaid.org](mailto:laura.gvandglia@actionaid.org) |
| 18 | Floor Verbeek | Mgr Project Management Support | Action Aid | [Floor.Verbeek@actionaid.org](mailto:Floor.Verbeek@actionaid.org) |
| 19 | JULIA DI KANG | Program Coordinator | Entrepreneurship Development Network Asia | [JULIA.DI.KANG@gmail.com](mailto:JULIA.DI.KANG@gmail.com) |
| 20 | Kyaw Thu |  | Pact Global MF | [kthu@pactworld.org](mailto:kthu@pactworld.org) |
| 21 | Nilan Fernando | Country Director | Mercy Corps | [nfernando@mm.mercycorps.org](mailto:nfernando@mm.mercycorps.org) |
| 22 | Thura Aung | Director of Program | Radanar Ayar | [thuraaung@radanarayar.org](mailto:thuraaung@radanarayar.org) |

### Annex 3: List of IPs attending VFM Seminar 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
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### Annex 4 Framework for Monitoring VFM

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Framework for Monitoring VFM in IPs** | | | | | | | | | | | | |
| **Application Stage** | | | | | | | | | | | | |
| **VFM FACTOR** |  | **DATA** | **WHO1** | **EVIDENCE** | **VFM indicator** | | **APPLICATION REVIEW: VFM ASSESSMENT** | | | **NGO** | | **INGO** |
| **ACROSS FACTORS** |  | Compare and link planned budget to the planned activity or logframe outputs at the activity level. | Applicant | Completed templates or other satisfactory documentation | Budgets and work plan are presented with outputs and activities aligned in one spreadsheet with the expected budget at the activity level. | | Are the budgets and work plans aligned in application? Revisions proposed as needed. | | | **X** | | **X** |
|  | Gap and intervention need identified | Applicant | Gap analysis: identify and quantify the current situation, the desired outcome, and plan to meet the gap. | Gap Identified (Rapid Assessment, beneficiary surveys, government data, other donor data or experience, etc.) | | Does applicant meet indicator? Revisions proposed as needed. | | | **X** | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **ECONOMY** |  | Present a financial management plan including regular expense reporting to FMO (Finance and POs) and how that information will be used by programme management. | Applicant | Consistent method to communicate with programme staff re: variance>20% | There is a system planned or in place to communicate budget data from IP to FMO in written form and the IP has a plan to address variances > 20% in either budget or performance. | | Does applicant meet indicator? Revisions proposed as needed. | | | **X** | | **X** |
|  | Demonstrate that a procurement plan is in place and potential suppliers are identified. | Applicant | Written, evidence of prior use, or concrete plan to use in LIFT | Procurement plan meets international best practice; identifies potential suppliers. | | Does applicant meet indicator. Revisions proposed as needed. | | | **X** | | **X** |
|  | Show the plan for transparent, competitive bidding and contracting for goods and services. | Applicant | Bidding plan; evidence of past use | There is a plan for competitive, blind bidding and procurement | | Does applicant meet indicator? Revisions proposed as needed. | | | **X** | | **X** |
|  | Identify and quantify primary cost-drivers. Unit-costs for primary beneficiary outputs. | Applicant | Aggregate costs for staff (disaggregate international and local), equipment, training, transport, supply or commodity costs, for example. | Primary cost-drivers are ID and quantified; unit costs are captured for primary beneficiary cost-drivers.  Beneficiary unit costs derived. | | Does applicant meet indicator? | | | **X** | | **X** |
|  | Disaggregate and identify transport, warehousing, and distribution costs of input commodities. | Applicant | Anticipated procurement costs above purchase | Procurement transaction costs are identified, quantified. | | Does applicant meet indicator? | | |  | | **X** |
|  | For most expensive procurement categories, plan for new quotes for same supplies regularly (annual or existing internal schedule). | Applicant | Systems for regular supply re-bidding | Procurement plan includes periodic re-bid | | Does applicant meet indicator? | | |  | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **EFFICIENCY** |  | Show how the programme will monitor costs and results, and how/when that data will be used in the programme. | Applicant | Narrative or example showing how programme will ensure that finance and results reporting is compared in one place | Is performance/budget data able to be captured? Is there a plan for use of cost and performance data in the project? | | Does applicant meet indicator? | | | **X** | | **X** |
|  | Identify results to be captured by output. | Applicant | Operations plan | Are the results to be captured consistent with the grant application purpose | | Does applicant meet indicator? | | | **X** | | **X** |
|  | Provide an estimate costs and benefits of at least one other option for addressing problem, and justify the preferred option. | Applicant | Costing and analysis of more than one option for addressing problem | Is proposed plan compared to an alternative approach to address same problem? Is the proposed argument convincing? | | Does applicant meet indicator? | | | **X** | | **X** |
|  | Present a plan and indicators to transfer capacity to local NGOs; staff | Applicant | Plan and indicators | TBD by applicant | | Does applicant meet indicator? | | |  | | **X** |
|  | Understand/  reduce and staff costs while maintaining programme results. | Applicant | Evidence of salary banding; international to local staff ratios. |  | | Does applicant meet indicator? | | |  | | **X** |
|  | Staff retention plan to minimise job hopping. | Applicant | Is there a staff retention plan; exit interviews, or other methods to address staff retention? | Plan to address staff attrition rates | | Does applicant meet indicator? | | |  | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **Effectiveness** |  | There is a clear TOC and link between the intervention and outcomes. | Applicant | Assess the link between the TOC and the operational plan and intended outcomes. | Does application make a link between intervention and outcomes? | | Does applicant meet indicator? | | | **X** | | **X** |
|  | The intervention and available resources will produce measureable results in the time frame. | Applicant | Evidence of what will be done and how resources will be targeted to achieve the plan. | Qualitative assessment that the intervention and resources are at appropriate scale to deliver the planned outputs and outcomes. | | Does applicant meet indicator? | | | **X** | | **X** |
|  | The intervention is evidence based. | Applicant | Does the application provide external/international evidence for the outcome? | Assess strength of evidence. | | Does applicant meet indicator? | | |  | | **X** |
|  | The intervention leads to measureable results with anticipated impact and there is a plan to measure both. | Applicant | Operations plan. | Realistic plan is presented | | Does applicant meet indicator? | | | **X** | | **X** |
|  | The intervention is likely to produce results that are clearly aligned with one of the LIFT objectives. | Applicant | There is a clear link between the grant objectives and the LIFT objectives. | The plan is realistic, backed by impact evidence elsewhere, and is aligned with one of more LIFT objectives | | Does applicant meet indicator? | | | **X** | | **X** |
|  | The planned activity has the potential for scale-up beyond the current target area/group. | Applicant | The plan is replicable. | Other similar activity in country/target region; evidence of cooperation with other NGOs. | | Does applicant meet indicator? | | | **X** | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **Project Implementation Stage** | | | | | | | | | | | | |
| **VFM FACTOR** |  | **ACTION** | **WHO** | **EVIDENCE** | **Using VFM in the Project** | | **VFM indicators** | | |  | |  |
| **Across Factors** |  | Produce timely reports that compare in one spreadsheet: budget vs. actual and planned results vs. actual results to the 1.1 or 1.1.1 level (output or activity). | Grantee | Timely reports comparing expenditures to results, with detailed notes on variances >20% | Management receives linked cost and performance reports. Uses the reports as a tool for targeted management. Document use of tool and any changes in programming. | | Thorough, timely budget-to- performance reports produced internally. | | | **X** | | **X** |
|  | Programme budget "owners" identified and sent reports | Grantee | Regular report sent | Budget "owners" take initiative to identify high or low performance areas. | | Budget ownership gradually shared between finance/management and programme leaders. | | |  | | **X** |
|  | Programme budget owners to respond to variance of budget or performance > 20%. | Grantee | Evidence of response | Assess timely and appropriate response to budget variance reports. | | Variance reports made and generated with documented follow-up. | | |  | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **Economy** |  | Create internal systems that regularly communicate budget and expenditure data to programme staff. | Grantee | Demonstrate how internal systems have been used; affected programme decisions. | Quarterly expenditure to performance reports) to intervention leadership and project management provides timely feedback. Performance Improvement Report (PIR) from finance/M&E to management and programme staff If expenditure and/or performance vary in a quarter by 20% or more; management to make written inquiry for justification to intervention leader required. Keep documentation of inquiry/response. Follow up with performance improvement if needed. | | Internal finance vs. performance communication established | | |  | | **X** |
|  | Execute procurement according to plan | Grantee | Evidence of economical procurement per plan. | Internal annual procurement report. | | Procurement plan followed . | | | **X** | | **X** |
|  | Transparent, competitive bidding and contracting for goods and consultant services | Grantee | Evidence of procurement execution according to plan | Include evidence in semi-annual procurement report | | Transparent competitive bidding for major items | | |  | | **X** |
|  | Monitor cost-drivers | Grantee | Cost-drivers ID; trend cost-driver unit costs | Monitor cost-drivers in finance, report quarterly to project leaders and management | | Cost-drivers identified and monitored by Finance; communication to management when variance >20% | | | **X** | | **X** |
|  | Justify start-up costs if >20% variance to budget; capture savings if office is co-located with another, shared equipment, etc. | Grantee | Costs and narrative | Management to drive costs down by balance of economic operations and efficient use of funds; document. | | Start-up costs captured and justified. | | | **X** | | **X** |
|  | Capture all-in costs for procurement, monitor. | Grantee | Procurement transaction costs are captured, evidence of use of data to reduce costs. | Procurement reporting as above. | | Procurement transaction costs captured; trend transaction costs; evidence of efforts to reduce transaction costs (bulk ordering; bulk shipping, negotiated storage rates, etc.). | | |  | | **X** |
|  | Benchmark and monitor costs for cost-drivers. | Grantee | Requires costs for an activity and expected number of beneficiaries. | Costs should be benchmarked at application stage or inception; ongoing cost monitoring through procurement reporting as above. | | Cost-drivers identified and monitored by Finance; communication to management when variance > 20%. | | |  | | **X** |
|  | Execute regular re-bidding for major procured items | Grantee | Systems for regular supply re-bidding. | Regular re-bidding major procured items. | | Periodic rebidding executed | | |  | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **EFFICIENCY** |  | Communicate comparison of expenditures to results by output or activity to management and responsible programme staff. | Grantee | Communication of budget to results data; evidence of use in programming. | Communication of expenditure to results as above. Evidence of PIR use or other results communication in programme is captured. | | Systems in place to communicate expenditures to results by output or activity level. | | | **X** | | **X** |
|  | Resources are deployed appropriately across sites | Grantee | Compare unit costs for same activity in different sites, for example | Internal M&E | | Evidence that program deployment of resources has been reviewed internally and adjusted as needed. | | | **X** | | **X** |
|  | Transfer capacity to local NGOs; local staff. | Grantee | Internal growth of staff within organisation. | HR data | | HR data on staff promotions or increased responsibility. | | |  | | **X** |
|  | Understand/reduce consultant and staff costs while maintaining programme results. | Grantee | Evidence of salary banding; International to local staff ratios. | Trend, over time, of use of international consultants and expatriate staff. | | Use of international staff and consultants decreases over time. | | |  | | **X** |
|  | Staff retention plan to minimise job- hopping. | Grantee | HR staff retention data. | Staff interviews and exit interviews will guide possible staff retention strategies. | | Attrition rates over time. | | |  | | **X** |
|  |  |  |  |  |  | |  | | |  | |  |
| **Effectiveness** |  | Measure / quantify results by Output and Outcome. Compare results with anticipated benefits. | Grantee | Cost and performance data. | Quarterly reports | | Variance to expected costs/results | | | **X** | | **X** |
|  | Measure beneficiary change (HH income, nutrition indicators, businesses started and revenue, etc.). | Grantee | Valid, periodic data at beneficiary level via interviews, household surveys, etc. across LOP. | Review data periodically; assess which interventions are most effective for replication. | | Positive change via valid data per selected indicators. | | | **X** | | **X** |
|  | Monetise results, as possible | Grantee | Unit value of an intervention; unit value of a benefit | Determine how to monetise, annual report | | Positive CBA over time | | | **X** | | **X** |
|  | Attribute results | Grantee | Use DFID % approach to attribute results in multiple donor interventions | Annual report | | N/A | | |  | | **X** |
|  | Assess equity of intervention and results | Grantee | Intervention and benefits equitably distributed across gender, ethnicity, age as appropriate to program design. | Annual report | | Equitable distribution of intervention. | | | **X** | | **X** |
|  | Triangulate beneficiary results reporting with programme reporting; compare to internal results. | Grantee | Periodic beneficiary surveys. | Periodic comparison of beneficiary benefit perception to programme output results. | | Are program results consistent with beneficiary perceptions? | | |  | | **X** |
|  | Catalytic benefits | Grantee | Assess the potential multiplier and "pile-on" effect if intervention is successful | What changes in policy, new partners working in same sector or area, or new revenue to programme are fully or partially as result of project. | | New grants / partners /change in policy multiply the benefits of an intervention or programme. | | | **X** | | **X** |
| **Project External Evaluation Stage** | | | | | | | | | | |
| **VFM FACTOR** |  | **ACTIVITY** | **WHO** | **IP ROLE IN EVALUATION** | **EXTERNAL ASSESSMENT LINE OF INQUIRY** | **INDICATORS** | | **NGO** | **INGO** | |
| **Across Factors** |  | Use templates (to be provided) or other satisfactory forms to link expected costs to log frame outputs at the activity level, if possible | E**xternal Review** | Completed templates or other satisfactory documentation | Compare and assess costs vs. performance of outputs, outcomes, and impact. | Indicators developed by review | | **X** | **X** | |
|  | Assess IP impact to FMO log-frame | E**xternal Review** | Provide requested data | Assesses direct contribution of IP outcomes to LIFT outcomes/objectives | As above | | **X** | **X** | |
|  | CBA/CEA of major initiatives | E**xternal Review** | Provide requested data | Calculate net? economic benefits of interventions | As above | | **X** | **X** | |
|  | Monetise/quantify non-monetary benefits, as possible | E**xternal Review** | Provide requested data; identify valuable benefits that are not captured in log-frame M&E reporting | Determine monetary benefits of non-monetary outcomes (DALYs, social return on investment, best investment option ratios | As above | | **X** | **X** | |
|  | Unit costing … has weak meaning or reliability in most RD projects, as does unit benefit | E**xternal Review** | Provide requested data | Costs to deliver services to one beneficiary … including counterpart / recipient’s costs? | As above | | **X** | **X** | |
|  |  |  |  |  |  |  | |  |  | |
| **Economy** |  | Review Cost-drivers by performance | **External Review** | Provide requested data | Were cost-drivers indicated at outset and monitored’? | As above | |  |  | |
|  | Review Unit cost to unit benefit | **External Review** | Provide requested data | Do benefits justify costs? | As above | |  |  | |
|  | Review to expenditure by Output against planned expenditure | **External Review** | Provide requested data | Were planned output costs predicted and monitored? | As above | |  |  | |
| **EFFICIENCY** |  | Review status of expenditure to performance communication to management and programme staff | E**xternal Review** | Prepare data on performance to budget communication | Qualitative or quantitative assessment (as data permits) of degree to which resources have been deployed efficiently. | As above | | **X** | **X** | |
|  | Has above communication resulted in programme improvements | E**xternal Review** | Provide evidence of use of budget to performance communication | Is the finance to results communication serving a purpose | As above | | **X** | **X** | |
|  | Assess deployment of resources across sites | E**xternal Review** | None | Are resources deployed in scale to the need across sites | As above | | **X** | **X** | |
|  | Quantify unit costs and unit results/benefits by intervention; per beneficiary | E**xternal Review** | Provide budget and performance data to external reviewers | Provide basic data on unit costs and unit benefits over time | As above | | **X** | **X** | |
|  | Analyse costs vs. benefits | E**xternal Review** | Provide budget and performance data to external reviewers | Cost-benefit analysis | As above | | **X** | **X** | |
|  | Analyse HR data RE: capacity development | E**xternal Review** | HR data on staff growth over time | Capacity development; skills transfer assessment | As above | |  | **X** | |
|  | Assess HR costs vs. outputs and benefits over LOP. | E**xternal Review** | Disaggregated FTE, PTE, and consultant # and costs over LOP. | Percentages of staff function to programme functions and beneficiary benefits | As above | |  | **X** | |
|  | Trend consultant use | E**xternal Review** | None | Understand volume/value of consultants | As above | | **X** | **X** | |
|  | Trend international vs. local staff | E**xternal Review** | International and local staff numbers | Understand volume and roles of international/local staff | As above | | **X** | **X** | |
| **Effectiveness** |  | Cost benefit analysis of major initiatives |  |  |  | As above | |  |  | |

### Annex 5: Budget to performance model: Stage 1

**(It** seems that this model is our standard practice, and is being promoted / checked through all I**P**s)



### Annex 6: Budget to performance model: Stage 2



1. “ DFID’s Approach to Value for Money (VFM)”, July 2011, accessed at <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67479/DFID-approach-value-money.pdf> [↑](#footnote-ref-1)
2. Economy, efficiency and effectiveness are the components of VFM and are measured using an array of tools (cost to budget and cost to performance ratios, unit-costing, procurement analysis, cost-benefit and net present value analysis, for example). [↑](#footnote-ref-2)
3. The additional principles of equity (ensuring that the extent of interventions reaches difficult to access populations and serves all segments of the population) and catalytic benefits (the unanticipated benefits that accrue because of a program activity) are recognised by DFID as sub-sets of “effectiveness” for VFM purposes. [↑](#footnote-ref-3)
4. DFID, ibid. [↑](#footnote-ref-4)
5. LIFT Value for Money Consultant Terms of Reference, p. 2, March 2014 [↑](#footnote-ref-5)
6. Though the term value for money is often replaced with related terminology referring to economy, efficiency and effectiveness. [↑](#footnote-ref-6)
7. The three Es are commonly discussed as VFM components: economy, efficiency, and effectiveness. Equity is sometimes included as part of effectiveness, sometimes measured as a separate component. Similarly catalytic benefits that accrue to a programme are sometimes a component of effectiveness, sometimes measured separately. [↑](#footnote-ref-7)
8. For example, a commodity distribution project would review the procurement and distribution process and the actual vs. intended results, while a training programme would be less focused on procurement and more interested in the unit costs of training and the benefits that are generated by the training through a sensitivity and cost-benefit analysis. [↑](#footnote-ref-8)
9. This is an assessment of IP capacity to monitor and capture VFM, not an assessment of VFM within any IP programme operations. [↑](#footnote-ref-9)
10. No programme is perfect, so a transparent internal review of all VFM performance is a positive factor in VFM assessments. Dealing directly with programme deficiencies has strong potential to capture VFM (change direction, strengthen operations) while not facing deficiencies directly is an indicator of lost VFM. [↑](#footnote-ref-10)
11. Whether it is preferable to provide one full VFM handbook from application stage through evaluation, or to provide separate handbooks for the application, operations and evaluation stages remains to be determined. [↑](#footnote-ref-11)
12. Across multiple IP projects, or providing contextual socio-economic information. [↑](#footnote-ref-12)
13. This task was not part of the inception discussions. [↑](#footnote-ref-13)