Pillars For Successful Value For Money Evaluation.

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Value for Money

Value for Money (VfM) is about finding the right balance between economy, efficiency, and effectiveness. VfM is seen as an appropriate framework for measuring performance in a not-for-profit organisation as it tracks programme impact (effectiveness), at the lowest cost possible (economy) and the achievement of programme goals at the lowest cost possible (efficiency). VfM means that programme funds are utilised in an optimum fashion, allowing for financial savings that can be used to replicate impact. At each stage of the programme theory, VfM should be mainstreamed to ensure cumulative VfM as project end.

Evaluation Approaches

6 approaches exist to evaluating value for money. These approaches are well documented in evaluation literature but lack useful application in small community-based organisations (CBOs) due to their complexity, the nature of indicators required and the need for having skilled human resources. Small CBOs have inherent limitations that may hinder full use of the VfM evaluation approaches. Some donors compute Value for Money **Savings**, as a proxy indicator for VfM in small projects. This is shown as budget surpluses when all project activities have been done. Small CBOs then may have a choice of using either of the 6 approaches or a form of VfM Savings calculated in their financial reporting templates. Deciding which evaluation approach to use depends on various factors.

Bethesda Children – "Right to Education" Programme

In 2019, as Bethesda Children we introduced a community Right to Education programme, whose aim was to expose vulnerable and disadvantaged children of school going age (5 to 7 years) who were not in school, to the curriculum being enjoyed by their peers. We obtained spaces within targeted communities from the local authority and a local church. Our programming mirrored programmes in public school, although our programmes ran for 2 hours a day. We also offered fruits to pupils. Each of the 3 centres had an average attendance of 14 children (less than 30% of targeted numbers). Funding was provided by the organisation's founders, with an aim to serve 50 children per centre.

Evaluation

Programme process and impact evaluations were done, but as founders we felt that we could have reached more children based on the resources that we had invested. The capital expenditure incurred as well as investments in operational costs meant for 50 children meant that we could have overspent due to our over targeting. In assessing Value for Money, we realised that there were other qualitative and quantitative factors that would help, not only in adequately assessing VfM, but in guiding subsequent investments to enable us to have the desired outcome at an optimal cost. We noted that evaluating VfM would be more meaningful when assessed in an appropriate context.

The Six Pillars (ABCDEF) / The ABCs of Evaluating VfM

Approach

Choosing an evaluation approach depends on the nature of the programme, the investment, and the outcome. However, the chosen approach is underpinned by five other pillars should be taken into consideration and assessed in conjunction with the chosen approach. This creates some form of triangulation that validates the evaluation results.

Baseline Data

There must be pre-intervention data in order to successfully evaluate VfM. Such baseline data may include previous similar programming in the area and baseline measures of selected indicators. Absence of baseline data means that it is difficult to measure impact and VfM as there is no control against which to measure. Baseline data may also include details about non-cash inputs such as desks and equipment that the programme had at inception without any cash outlay yet were pivotal in creating impact. At Bethesda Children the programme was implemented without a baseline data, and this made subsequent evaluation of both VfM and impact difficult, with obviously distorted findings. A VfM evaluation that ignores baseline data carries with it fundamental flaws in that it is usually more than likely that the outcome is wrongly measured, and some internal processes are wrongly assessed. A baseline survey, for example, would have revealed that there were way less than fifty needy cases in each community.

Criterion

There is necessity to think outside the box when identifying and selecting the criterion or evaluation indicators to use. At Bethesda Children, we considered secondary indicators like weight changes of the programme participants. Whilst the primary objective was to provide access to education, the programming incorporated a subtle feeding scheme, for which impact could be assessed. Introducing secondary indicators opened our eyes to the fact that whilst primary VfM could have failed, it could be offset by other programme gains. Further, non-academic indicators such as number of new enquiries received for enrolment could be used to gauge potential programme uptake. Programme impact and VfM can then be assessed as positive regardless of the absence of VfM savings. Considering other qualitative factors in evaluating VfM means introducing new indicators.

Donor Profile

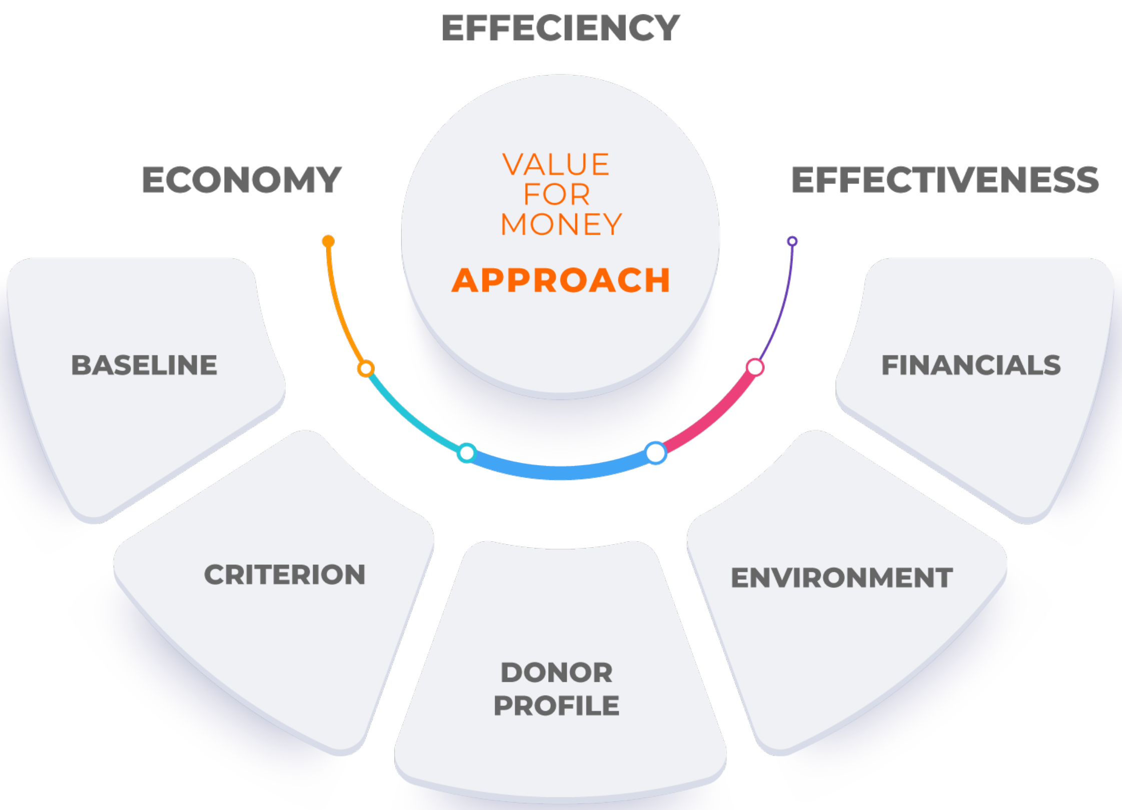
Whilst attempting to evaluate VfM, it is necessary to take into consideration the donor or funder profile. Who are they? What are their expectations regarding programme outcomes and VfM? Have they given specific guidelines on the use of their funds? Are those guidelines promoting efficiency, effectiveness, economy? Are the donors internal or external? Is the donor micromanaging the programming? A donor's profile gives an insight how the donor intends to unlock value through their investment. It affects the measure of VfM in that the desired outcome is not necessarily a positive impact but just what the donor sought to achieve. A donor's objective may necessitate programming that limits VfM. Effectiveness becomes subjective to the donor profile. Sometimes the donor may prescribe processes that affect programme efficiency. VfM evaluation should be able to identify these donor induced inefficiencies and not attribute them to programme implementation.

Environment

The environment in which a project is implemented not only affects the outcomes, but also has a bearing on value for money. PESTEL, geo-political, socio-economic and mapped stakeholders are what comprises the environment in which a project is implemented. Our Right to Education programme was implemented in a hyper inflationary environment, with unstable exchange rates. Materials for the programme, to reduce procurement costs, were sourced from informal markets, with the related challenges and inefficiencies. This affected the quality of provisions and eventually led to some internal inefficiencies. Stakeholders such as community members volunteered free childcare and food preparation services. Knowledge of this is important. Some of the programme's efficiencies are due to in kind support and collaborations. In evaluating VfM, the operating environment should not be ignored. It could be that some efficiencies are derived from external factors over which the programme had no control. The use of Geographic Information Systems can also be used to determine why some areas had varying outcomes for the same dollar investment, especially if programme implementation is out in the country sides.

Financials

VfM in general, and the Economy facet particularly, is largely about cost, and the resultant outcome. Whatever the outcome, it must be attributed to each dollar invested. The dollars invested must be adequately and correctly recorded to make a fairly accurate assessment of costs. This will also necessarily include comparison with the initial financial plan drawn up to fund the desire outcome. The **Budget** is this financial plan, and it is critical to include a budget analysis in designing the evaluation. The **financial report** itself provide key information on use of funds. The **audit** process validates the financial report and therefore the evaluation. At Bethesda Children, we had not kept adequate accounting records, and this proved disastrous when evaluating VfM. Programme costs had not been adequately captured and therefore could not be linked appropriately with programme impact.



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This calls for a re-modelling of VfM Evaluation Approaches. This re-modelling proposal is still being developed.