



Rethinking value for money for adaptive, politically smart programmes

Lessons from Institutions for Inclusive Development in Tanzania

Ed Laws

March 2020



Key messages

- This paper looks critically at the approach to value for money (VfM) in the Institutions for Inclusive Development (I4ID) programme – an adaptive, politically smart governance programme in Tanzania.
- Adaptive, politically smart programmes like I4ID aim to deliver VfM by learning about what will work in complex environments, and quickly incorporating those lessons into delivery. When functioning properly, they can rapidly wind down activities as new information emerges and divert funding to more effective alternatives.
- This means that adaptive programmes will achieve their potential to deliver strong VfM when their processes are good – when appraisal of experimental efforts is timely, consistent, knowledgeable and politically astute. As these programmes mature in their implementation phase, VfM evaluation should be focused on checking for a culture of adaptation and learning supported by strong adaptive processes.
- While economy is important for adaptive programmes, it is also important that keeping costs low does not deprive teams of the resources, staff, and management and administration time they need to gather information, experiment, learn and adapt.

Introduction

This paper looks critically at the approach to value for money (VfM) in the Institutions for Inclusive Development (I4ID) programme – an adaptive, politically smart governance programme in Tanzania. It draws on a review of programme documents and other relevant literature, as well as interviews with I4ID staff, donors, local partners and advisors, conducted during two trips to Dar es Salaam in 2019.

I4ID is co-funded by the UK Department for International Development (DFID) and Irish Aid. Its approach to VfM is based on broad DFID guidance, with a specific framework and indicators developed by the leading implementing partner, Palladium.¹ DFID, along with most major donors, is increasingly concerned with VfM. Through programmes like I4ID, it is also trying to embrace more adaptive and politically smart ways of working. There are tensions between these two agendas, which are described below. It is important these are ironed out, so that its VfM tools and measures are aligned with how change happens in complex systems. Taking a close look at I4ID's approach to VfM generates a number of important lessons about how to do this.

I4ID epitomises the 'hard to measure' in development (Buffardi et al., 2019). It is addressing complex, multifaceted issues, where the pathways and timeframes towards change are unclear; pursuing interventions that may be heavily relational; and operating in an unpredictable context. This makes it challenging to measure its VfM using standard cost-benefit or cost-effectiveness analyses. The reasons for this are described in the section entitled 'VfM and complexity'.

I4ID has tried to meet these challenges by adjusting conventional VfM questions to its particular objectives and delivery approach. Its strategy and reporting are guided by traditional concerns about economy, efficiency, effectiveness and equity, but these are reframed to better support its adaptive processes, its politically smart ways of working and its understanding of institutional change. 'I4ID's approach: lessons

for VfM' takes a critical look at this framework, discussing each 'E' in turn and drawing out key lessons for development actors interested in measuring and managing VfM in ways that complement flexibility and adaptation, and more politically informed and engaged ways of working.

Key lessons

- **Adaptive, politically smart programmes like I4ID aim to deliver VfM by learning about what will work in complex environments, and quickly incorporating those lessons into delivery.** When functioning properly, they can rapidly wind down elements as new information emerges, and divert funding to more effective alternatives.
- **This means that adaptive programmes will achieve their potential to deliver strong VfM when their processes are good** – when appraisal of experimental efforts is timely, consistent, knowledgeable and politically astute. As these programmes mature in their implementation phase, this is where VfM evaluation for adaptive programmes should be directed: on checking for a culture of adaptation and learning supported by strong adaptive processes.
- **While economy is still important for adaptive programmes,** it is also important that keeping costs low does not deprive teams of the resources, staff and management and administration time they need to gather information, experiment, learn and adapt.

VfM and complexity

In the prevailing climate of scrutiny over public service expenditure, the concept of VfM is increasingly being used by development agencies to convey their commitment to ensuring that the best possible results are obtained from the money they spend. In DFID – where it has been a growing concern since around 2010 – VfM is defined as 'maximising the impact of each pound spent to improve poor people's lives' (DFID, 2011).

DFID uses a '4E framework' to assess the VfM of its programmes, aiming for a balance

1 The other consortium partners are SNV Netherlands Development Organization, ODI and BBC Media Action.

between *economy* (the cost of inputs), *efficiency* (how quickly and easily the programme produces outputs), *effectiveness* (outcome-level results) and *equity* (how the benefits of programmes are shared across social groups). Typically, teams use a combination of unit cost, cost-efficiency and cost–benefit/cost-effectiveness analysis to arrive at a value statement of a programme’s activities and achievements. These are ways of putting a monetary value on inputs (economy), outputs (efficiency) and outcomes (effectiveness, equity), respectively.

As outlined in more detail below, this approach to VfM maps onto a linear project management model, where there is an implicit assumption that doing A will lead to B, with a strong level of confidence. When using this approach and associated guidance to measure and report on VfM, implementing teams tend to focus on the economy and efficiency of delivering outputs, partly because these are the easiest indicators to capture and understand (ICAI, 2018).

For relatively simple problems, where there is a high degree of confidence about which outputs are needed to achieve outcome-level goals, it makes sense to measure VfM in this way. For example, the impact of vaccines on child health is clearly evidenced. A focus on procuring vaccines at a good price and distributing them quickly should provide sufficient assurance that a vaccination programme is achieving good value for money.

However, DFID and other development actors work on a wide range of problems, many of which are more complex. The goal of I4ID, for example, is to work with government, representative institutions, civil society and the private sector to strengthen institutions and make them more inclusive and accountable, so that economic growth and services bring more benefits to poor and marginalised people. The programme takes a politically informed, often market-systems, approach, and focuses mainly on essential services including water, education, solid waste management and menstrual health. To address coordination and other market failures, it uses a combination of agile funding, technical assistance and convening and brokering.

The challenges the programme faces are complex, in two fundamental and related

ways. First, there is a high level of *contextual complexity*, in as much as circumstances on the ground in Tanzania can change in rapid and unpredictable ways, and can easily disrupt plans and programme delivery. Second, and perhaps more significantly in the case of I4ID, there is a high level of *causal complexity*, in as much as there are few well-evidenced solutions for achieving the institutional objectives I4ID is aiming for. This is principally because the programme is working with dynamic systems that include many different actors with a range of beliefs, incentives and power relations, interacting repeatedly with their circumstances and with each other, and therefore generating outcomes that are hard to anticipate with certainty.

Problems that are complex in these senses do not have obvious solutions that can be identified in advance and are amenable to detailed pre-planning, even if that planning draws on excellent technical and local knowledge. There is a growing consensus that interventions are more likely to make a positive difference in highly complex situations if they deliberately set out to learn by trial and error, testing initial approaches and adjusting as evidence on possible pathways to change is acquired (see, for example, Andrews et al., 2013; Faustino and Booth, 2014; Burns and Worsley, 2015; Green, 2016; Andrews et al., 2017; Kirsch et al., 2017).

These lessons are explicitly reflected in the design of I4ID. The management team identifies high-impact issues where there is a realistic chance of policy reform, and reaches out to motivated actors to partner with and/or build a coalition for change. Adaptation is achieved by frequently reassessing each partnership, coalition or workstream, reviewing progress and capacity and making quick decisions about whether to scale up, continue, change, pause or terminate support. Programme decision-making and portfolio management is linked closely with formal and informal lesson-learning and feedback mechanisms, to ensure that the programme is supporting and scaling up successful interventions, and scaling down, stopping or adapting interventions that are not showing results. However, while there is growing evidence of the need to work in adaptive ways in circumstances of complexity, this kind of programming is

challenging from the perspective of conventional VfM analysis, for the following reasons.

Delivering VfM calls for experimentation and learning rather than sticking to a rigid plan

The standard way of approaching and measuring VfM is based on an assumption that the links between inputs, outputs, outcomes and longer-term development impacts are well-known, and that a linear pathway between them can be traced with the right programme delivery and measurement tools. This is reinforced by the standard way of visualising the 4Es as a chain from inputs through to impacts (shown in Figure 1).

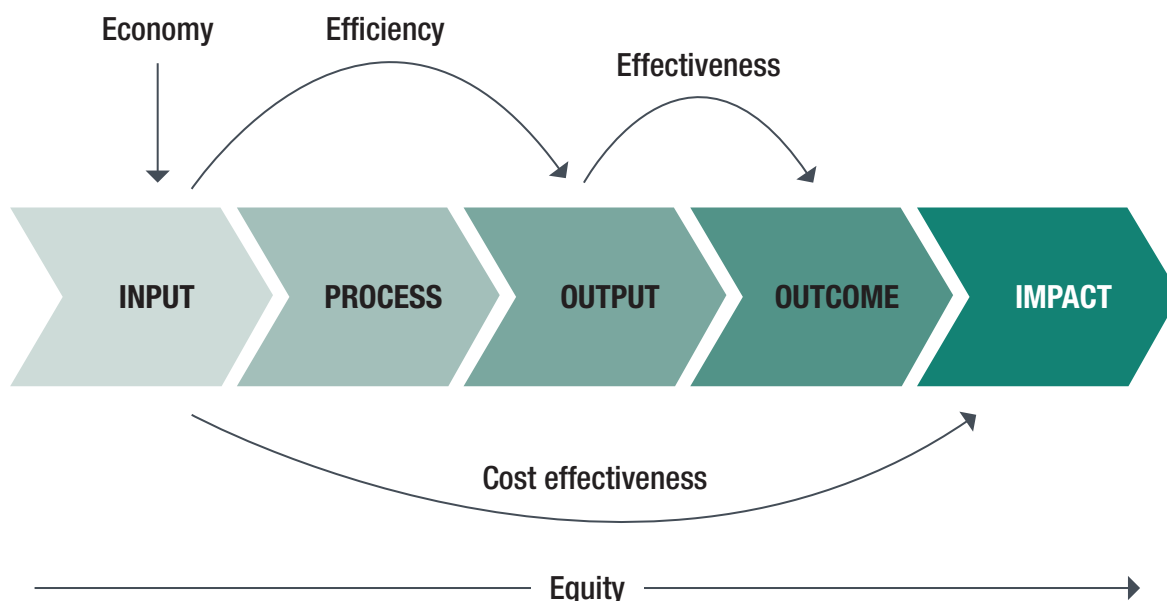
However, due to the complexity noted above, for programmes such as I4ID, which are aiming for transformative institutional outcomes, a level of experimentation is required to determine what combination of inputs and outputs produces the best results for the investment. This means that holding adaptive programmes accountable for converting inputs to outputs as a way of evaluating VfM is misguided, in so far as those outputs are predetermined during programme design and remain untested throughout the programme’s lifetime. To reach a sensible appraisal of VfM for these programmes, standard VfM indicators (such as cost per unit of output or outcomes) have to be supplemented with

measures that are specifically designed to capture the value of testing, learning and adapting, including learning about the relative VfM of different approaches to a particular problem.

Measuring the programme’s contribution to change is challenging

A large part of I4ID’s methodology focuses on systems change and coalition-building. The team favours a multi-stakeholder approach, identifying the bottlenecks and coordination challenges that hold back market, policy and service development, and that can be eased by convening and brokering key stakeholders, providing technical assistance or research or through seed or matched funding (Green and Guijt, 2019). As such, I4ID often succeeds by providing small strategic inputs to ongoing change processes for which much of the groundwork has already been laid, and for which other actors provide most or at least some of the resources. Consequently, it is not always easy to assess whether or not a change would have happened without I4ID, how much of the contribution to change I4ID can claim, and what its exact added value has been. In particular, it makes it challenging to articulate the programme’s value through conventional cost-benefit calculations, which try to articulate VfM through a precise comparison of costs incurred with the monetary value of the benefits achieved.

Figure 1 The Department for International Development’s value for money framework



The following section looks critically at how I4ID, through reframing the 4Es, has tried to meet these challenges.

I4ID's approach: lessons for VfM

VfM in I4ID will be achieved when costs are appropriate, productivity is high, quality is good and outcomes have been achieved (I4ID VfM Strategy).

The quotation above indicates that I4ID uses the standard 4E framework. However, the team adjusts the way the key concepts are defined and measured in order to fit with their delivery model, the context and their objectives.²

Economy

Key lesson

- For adaptive programmes, higher management, administration and staffing costs need to be seen as, and demonstrated to be, an investment in achieving greater impact, rather than poor VfM.³ Driving down these costs may be a false economy if it deprives a project of the capacity to capture learning and build that learning into what it does.

In the conventional definition, economy is achieved when inputs of the required quality are bought at the lowest price. This same broad understanding applies for economy in adaptive programmes such as I4ID, as long as there is an emphasis on whether resources of the right quantity and quality are being provided to support testing, learning and adaptation (Laws and Valters, forthcoming).

Staffing is a major component of any programme's cost structure, and is where specific economy considerations for adaptive programmes may look different in comparison to more conventional programmes. There is growing evidence in the literature on adaptive management that finding capable national staff with the right skills and networks is a key success factor when undertaking problem-driven, in-country experimentation (Booth, 2018).

However, while it seems sensible to consider measuring and comparing the proportion of international as against national staff (and whether and how this changes over time) as a way of measuring the economy aspect of an adaptive programme, this may not necessarily be suitable for every programme, and if it is interpreted as a rigid target it could easily lead to teams not having the right people in the right positions. International team members or consultants may add value to an adaptive programme in ways that local staff may not always be able to (by providing an external challenge function, for example) (Laws and Valters, forthcoming). Perhaps more importantly, as Green and Guijt (2019: 25) point out in their case study on I4ID, 'reality is a good deal more complex than a simple "Tanzanian v foreigner" binary', and different kinds of staff and organisations can have distinct advantages and disadvantages.

I4ID's approach is well-aligned with these observations. The programme has built a large and flexible pool of Tanzanian consultants, and is aiming to increase the proportion of core national staff in comparison to internationals. At the same time, the programme is pragmatic about drawing on international leadership, consultants and expertise, where necessary.

-
- 2 This is in line with the core argument of a forthcoming ODI report on VfM and adaptive management. Laws and Valters (forthcoming) argue that donors and implementers do not necessarily need to abandon the language and framing of the 4Es when measuring and reporting on the value of adaptive, politically smart programmes. But they do need to rethink what they mean and how they are measured, particularly for programmes that need to test and learn in order to make progress on complex challenges.
 - 3 Dasandi et al. (2019) find the evidence base for adaptive programmes weak and inconclusive in a number of respects. Developing a deeper understanding of what makes for better or worse VfM for adaptive programmes should be a key part of strengthening the evidence base overall. This makes it all the more important that donors and implementers have the right tools and methods for measuring the value of these programmes, most importantly from the perspective of programme beneficiaries.

A second key aspect of economy for adaptive programmes concerns management and administration costs. As part of its economy measures, I4ID tracks the ratio between time and related costs spent on technical delivery versus management and administration time, in order to ensure that staff are being used effectively. Its aim is to reduce this ratio as the project progresses (I4ID VfM Strategy).

However, one of the most obvious consequences of adaptive programming is a greater burden on management, which translates into a need for a larger and more skilled central management and administrative team than would be expected for a non-adaptive programme. It is much less onerous to implement a prescribed workplan according to an established methodology than it is to continually rethink strategy, keep abreast of political developments and scale intervention areas up or down. The recruitment and performance management costs required to find the right people and build and maintain a team culture that can support adaptive programming may also be higher than in more linear projects, due to the more specific and less common skills required to deliver these programmes successfully.

This is problematic from the perspective of conventional VfM in DFID because there is a drive in the organisation to keep these costs low as a way of demonstrating economy. I4ID's lead implementing partner, Palladium, has tried to preserve a space for these costs by distinguishing management (which includes portfolio oversight, recruitment and management of the workstream coordinators and initial scoping meetings for new projects) from administration (donor reporting and other compliance tasks, budgeting, time-sheet management, etc.). This seems like a sensible way of responding to DFID's drive to reduce administration costs, while also protecting the managerial time and resources needed to oversee a complex programme portfolio comprising numerous adaptive workstreams.

However, the inputs that adaptive programmes require are inherently difficult to predict in advance, and staff (as well as overall staff composition) may need to be flexible in order to meet delivery demands. For example, other adaptive programmes have noted that staff with

primarily administrative responsibilities can find that much of their time is spent supporting programme delivery (Derbyshire and Donovan, 2016). Therefore, I4ID may benefit from more explicitly framing economy in terms of the inputs needed to support learning and adaptation. This may be important in ensuring that the ambition to reduce the ratio of administration costs to technical delivery does not inadvertently undermine experimentation and learning.

Efficiency

Key lesson

- As an adaptive programme, I4ID will ultimately deliver results and good VfM by using its scoping, lesson-learning and feedback mechanisms to identify, pilot and scale up successful interventions, while quickly identifying and scaling down, stopping or adapting interventions that are not showing results.

This is perhaps the most important of the Es for adaptive programmes, and where the approach to VfM looks most different to a more traditional programme. According to the standard definition, 'efficiency' looks at how quickly and easily inputs (staff, time, resources etc.) are being converted to outputs. But for complex problems, the number and cost of outputs produced may be less important than the pace and quality with which the programme tests its core assumptions and adapts. In cases where it is unclear which outputs will achieve the most progress towards the overall outcome, the conventional measures of efficiency may create incentives for implementing teams to do the wrong things. VfM for adaptive, politically smart programmes therefore needs to be reframed as 'dynamic efficiency' and measured by the quality and pace of learning and adaptation.

A key motivation for adaptive management is the promise of being able to programme more efficiently by using learning processes and operational flexibility to scale down unsuccessful partnerships or workstreams that have run their course more quickly than programmes that are locked into delivering a specific, prescribed workplan. In an adaptive programme, work should not come to a halt when there are blockages, as

the team should be able to move quickly to more promising areas (Hetherington, 2017).

Given the central importance of testing and learning to support these adaptive processes (as well as the mid-point maturity of the programme), it is appropriate that efficiency is the area where Palladium has focused most of its efforts in the VfM strategy for I4ID, developing specific indicators related to how the programme manages its workstreams. These include indicators tracking the average costs of identifying issues, the average cost of developing and initiating coalition action plans and the number of workstreams dropped or progressed (I4ID VfM Strategy).

By following these numbers over time, the aim is to assess whether the programme is becoming more efficient in learning and adapting. Setbacks and challenges are a key part of the learning process for adaptive programming, but there are few incentives for implementing partners or donors to acknowledge and learn from them. Using, as a positive adaptive practice indicator, the proportion of interventions that are closed down or restructured could be a useful way of incentivising this kind of reflection.

I4ID has not attached targets to these indicators, recognising that this would likely create the wrong incentives for an adaptive programme. However, the team needs to be careful that tracking and reporting these numbers does not in itself incentivise them to focus just on identifying, scaling up or dropping issues or workstreams as cheaply and quickly as possible. This would effectively replicate the conventional input–output understanding of efficiency. One of the biggest challenges for adaptive programming is determining how long an intervention should be trialled before a decision is made to wind it down or scale it up, or how many iterations should take place before changing course. These decisions will have to be taken on a case-by-case basis. However, rather than how frequently they happen and the costs involved, more attention needs to be paid to the *quality* of the decision-making processes involved in progressing, adapting, dropping or scaling up workstreams, and ensuring that these decisions draw on a wide range of robust evidence. Qualitative reflection on issues, partnerships or workstreams that are scaled up, maintained

or suspended – asking, for example, whether decisions were taken in a timely manner, on the basis of reliable, well-triangulated information or research and without committing more time or other resources than was justified reasonably by the information available at the time – can get to the heart of how adaptive programmes deliver VfM (Hetherington, 2017). Provided they are analysed carefully in conjunction with this kind of qualitative and contextual data, I4ID’s indicators show how the efficiency component of VfM can be reframed in a more dynamic way.

As an example of dynamic efficiency in action, I4ID scaled back its ambitions to work on democratic governance in favour of more issue-based work around particular service delivery reforms, as a result of a significant strategic rethink in January 2018. In its early stages, the programme experimented with different approaches to strengthening democratic institutions by working with elected representatives, but early efforts proved disappointing. This experience, combined with the narrowing of political space and the increasing centralisation of power following the arrival in office of President John Magufuli, prompted the team to move away from working directly on political institutions.

VfM data played an important role in informing this decision. I4ID uses a VfM ‘dashboard’ that disaggregates expenditure across different workstreams and displays the costs of different component activities and the division of staffing costs between national staff and international consultants. This is designed to help the management team and donors identify if I4ID is spending a disproportionately large amount of money on a particular workstream or component activity, in relation to best estimates of the projected returns. According to I4ID staff, in the case of the democratic governance work the dashboard displaying the high costs spent on scoping activities, when set against the heavy reliance on international consultants, the slim prospects for transitioning the work to local staff and the more general constriction of civic and political space, gave the team the confidence to decide that things were not working, and that significant strategic adaptation was called for.

Effectiveness

Key lesson

- The effectiveness of adaptive programmes should be assessed through an appraisal of their likely contribution to meaningful change. Rather than prioritising cost-effectiveness calculations (which can steer programmes towards easily measurable but potentially less important areas of work), it may be more appropriate to draw on qualitative results.

In the conventional definition of the 4Es, effectiveness is an appraisal of whether the outputs from an intervention are achieving the intended effect at the outcome level. The hope is that, by investing more time and effort in understanding the operating environment and the incentive structures at play, generating short feedback loops and creating time for self-reflection, adaptive programmes will deliver more sustainable outcome-level change, and thus better VfM.

However, effectiveness is a particularly difficult measure to apply to an issue-based governance programme like I4ID, partly because its interventions are designed to contribute to large-scale and long-term systems change, rather than drive changes that can be attributed precisely to the programme (I4ID Annual Report, 2019). In addition, I4ID works on complex processes involving multiple actors, and often provides strategic inputs to reform efforts that are already under way. As noted above, this makes it hard to quantify precisely the contribution that the programme is making to outcome results.

Despite acknowledging these challenges, in some of its documents I4ID makes strong ex ante cost-effectiveness claims for its workstreams, which seem to rest on quite bold assumptions about the level of attributable change that the programme can expect to achieve. For example, in an early effectiveness calculation sheet (I4ID Value for Money – Effectiveness), the team estimates that ‘with a maximum investment of £500,000, I4ID can deliver: 500,000 women and girls with sustained adoption, and improved access, affordability and choice of menstrual health products, and thus with improved mobility, agency,

and economic empowerment’. Naturally, many other factors will come into play in shaping these outcomes, which I4ID will have little control over. This is to be expected with outcome-level results, which are defined as results that implementers have only partial control over. However, there is a risk that these kinds of cost-effectiveness statements occlude the level of complexity involved in shaping the institutional changes the programme is aiming for, and the range of external variables at play.

Perhaps more worryingly, some commentators fear that the VfM agenda will result in a ‘race to the bottom’: that is, towards the more quantifiable interventions that can reliably justify funding (Yanguas, 2018). Given the wide range of issues and activities I4ID is engaged in, some of its areas of work are a better fit for more conventional VfM measurement and analysis than others. It is intuitive that some results (e.g. the cost of menstrual products) are easier to measure than others (e.g. improved agency for women and girls), and more directly within the sphere of influence of an aid programme. But, as a number of authors have noted (Natsios, 2010; Yanguas, 2018), it is often precisely the less quantifiable, harder to measure results that may have the most transformational impact on development. I4ID uses an ex ante cost–benefit calculation as one of the key tests for whether to take on a new workstream (I4ID Annual Report, 2018). The team has also committed to ‘actively monitor its portfolio to identify workstreams that are more suitable for quantifying VfM using established measures’ (I4ID VfM strategy). However, there is a danger that, in doing so, I4ID gets drawn towards workstreams or issues that can generate more easily quantifiable results, but may have less potential to deliver sustainable and transformative outcomes and impacts. This may become an increasingly important concern as the programme matures, and as the pressure mounts from its donors to demonstrate outcome-level results.

In complex change processes, it may be more sensible to ask about the plausible *contribution* that a programme is making to outcome-level change than to look for direct attribution or try to calculate the quantitative benefits of the systemic changes it is seeking to influence (Laws and Valters, forthcoming). This has ramifications for the kinds of evaluation methods which should be

used to inform VfM analysis. Telling a convincing ‘contribution story’ calls for a sophisticated monitoring, evaluation and learning (MEL) system that emphasises narrative and qualitative evidence, using outcome harvesting to compile stories of change. To provide leverage over the question of what constitutes ‘plausible contribution’, an evaluation team could use these qualitative results stories (and/or more sophisticated methods, such as contribution analysis or process tracing, depending on the time and resources available) to place results on a contribution scale, making an assessment of whether:

1. The change almost certainly would have happened without I4ID’s intervention, within the same timeframe with the same beneficial effects (I4ID was not a factor).
2. The change might have happened without I4ID’s intervention, but with an unclear timeframe and unclear effects (I4ID was a factor, but the level and importance of its contribution is unclear).
3. The change might have happened without I4ID’s intervention, but not as quickly, and/or with less beneficial effects (I4ID was a minor but important factor).
4. The change would probably not have happened without I4ID’s intervention, and the beneficial effects would not have been realised (I4ID was a major and important factor).

When combined with an external assessment of the actual benefits of the outcome-level change itself in terms of generating inclusive pro-poor results (and the quality of the evidence base), this kind of qualitative contribution scale could provide a useful way of measuring the effectiveness of programmes that are working towards less easily quantifiable or attributable results.

Equity

Key lesson

- Adaptive programmes like I4ID, which are explicitly designed to work in experimental ways in order to reach vulnerable populations, are in a strong position to move beyond a compliance, upwards-accountability approach to equity as part of VfM assessment and

reporting. However, doing this thoroughly may require putting beneficiary feedback closer to the centre of the VfM framework.

A similar way of understanding and measuring equity applies to both adaptive and non-adaptive programmes: how fairly are the benefits of the programme being distributed, and how far do the benefits of the programme reach target marginalised groups, including women, girls and the poorest in society? The key difference is that adaptive programmes working on complex problems will likely need to test their assumptions about how best to distribute benefits and reach marginalised groups, and adapt their approach accordingly. Understanding and maximising equity relies on programmes fully understanding who the marginalised groups (or target beneficiaries) are, and building a theory of change specifically for those groups (Laws and Valters, forthcoming).

I4ID looks at equity in relation to its own operations (in its approach to staffing, for example), and in relation to programme delivery (for example, making an analysis of inclusivity a key part of the scoping and selection process for issues and workstreams). The team undertakes ‘GESI health checks’ to monitor whether they are delivering on commitments to gender equity and social inclusion across the programme. There is also an explicit recognition that considerations of equity need to be balanced alongside – and sometimes against – considerations of economy and efficiency (I4ID VfM Strategy). This is an important reminder that VfM figures should not be inflated by focusing on populations that are quicker and cheaper to reach.

However, there is scope for programmes to go further than this. VfM has traditionally been assessed from the donor’s perspective, with a focus on donor resources spent and the achievement of outputs and outcomes specified by the donor. But the equity component of VfM should prompt teams to reflect on whether they are investing in the priorities most valued by the communities and other stakeholders they work with: in other words, using VfM as more of a ‘downwards’ accountability exercise, rather than just an ‘upwards’ compliance exercise to satisfy funders.

International non-governmental organisations including ActionAid have gone further down

this route than most development organisations by placing beneficiary feedback at the centre of VfM data collection and measurement (see, for example, D’Emidio, 2017; D’Emidio and Wallace, 2019). The assessment works by working with communities to elicit the changes they are aiming for in the partnership with ActionAid, and the changes they have observed thus far. It then relates these to the level of investment by communities and by ActionAid. Staff and field partners use these summaries and the notes from community-level assessments to formulate recommendations for subsequent planning cycles.

This approach differs in emphasis from the more common practice of VfM by prioritising the perspective of programme participants, rather than evaluators and programme teams. In the face of complex problems where the path to success is uncertain, the lived experience of local actors constitutes critical information to support adaptive improvements in programme delivery, and therefore better returns on donors’ investments. Although it may not have the same rigour from an evaluation standpoint, the advantage of more participatory VfM is that there is a genuine feedback loop between analysis and action, and the people who are supposed to benefit (Laws and Valters, forthcoming).

Conclusion

Since 2010, VfM has become an increasingly important watchword for UK aid. Through programmes such as I4ID in Tanzania, DFID is also trying to embrace more adaptive and politically smart ways of working. There are tensions between these two agendas. For example, the emphasis in DFID on controlling costs and holding implementers accountable for efficient delivery may be suitable for more straightforward projects, but it can be problematic when used as a guide to VfM in complex situations, where teams need to experiment, test and learn to determine which combination of inputs and outputs produces the best results for the investment.

Taking a close look at I4ID’s approach generates some useful lessons about how to reframe VfM in ways that are better aligned with adaptive, politically smart programming. This does

not necessarily mean abandoning the traditional 4E framework, but it may require rethinking how the individual Es are measured and managed.

Economy

- From an economy standpoint, one of the most obvious consequences of adaptive programming is a greater burden on management, administration and staffing. Rather than poor VfM, these costs need to be seen as, and demonstrated to be, an investment in achieving greater impact.

Efficiency

- Adaptive programmes will ultimately deliver good VfM by identifying, piloting and scaling up successful interventions, while quickly identifying and scaling down, stopping or adapting interventions that are not showing results. In other words, the number and cost of outputs produced may be a less important measure of efficiency than the pace and quality with which the programme tests its core assumptions and adapts as necessary.

Effectiveness

- In the conventional definition of the 4Es, effectiveness is assessed by whether the outputs from an intervention are achieving the intended effect at outcome level. This understanding of effectiveness is difficult to apply to a programme like I4ID, partly because its interventions are designed to contribute to large-scale and long-term systems change, rather than drive through changes that can be attributed precisely to the programme. As such, it may be more sensible to try to estimate plausibly the contribution that this kind of programme makes to outcome-level change using qualitative reporting tools and results scales.

Equity

- Adaptive programmes such as I4ID are in a strong position to deliver equitable results by learning about and adapting to the needs and interests of different marginalised groups. Doing this thoroughly may require putting beneficiary feedback at the centre of the VfM framework.

References

- Andrews, M., Pritchett, L. and Woolcock, M. (2013) 'Escaping capability traps through problem driven iterative adaptation (PDIA)' *World Development* 51: 234–244
- Andrews, M., Pritchett, L. and Woolcock, M. (2017) *Building state capability: evidence, analysis, action*. Oxford: Oxford University Press
- Booth, D. (2018) 'Incubating policy for economic transformation: lessons from Nepal'. London: Overseas Development Institute
- Buffardi, A.L., Pasanen, T. and Hearn, S. (2019) 'Measuring the hard-to-measure in development: dimensions, measurement challenges, and responses' in P. Dobrescu (ed.) *Development in turbulent times*. Cham, Switzerland: SpringerOpen
- Burns, D. and Worsley, S. (2015) *Navigating complexity in international development: facilitating sustainable change at scale*. Rugby: Practical Action Publishing
- Dasandi, N., Laws, E., Marquette, H. and Robinson, M. (2019) 'What does the evidence tell us about "thinking and working politically" in development assistance?' *Politics and Governance* 7(2): 155–168
- D'Emidio, F. and Wallace, T. (2019) 'The value for money agenda: from a straitjacket to a learning approach' *Development in Practice* 29(6): 685–696
- D'Emidio, F. with Wallace, T., Henon, S. and Buckles, D. (2017) *Value for money in ActionAid: creating an alternative*. London: ActionAid
- Derbyshire, H. and Donovan, E. (2016) 'Adaptive programming in practice: shared lessons from the DFID-funded LASER and SAVI programmes'. SAVI Approach Paper. London: DFID
- DFID – Department for International Development (2011) 'DFID's approach to value for money (VfM)'. London: DFID
- Faustino, J. and Booth, D. (2014) 'Development entrepreneurship: how donors and leaders can foster institutional change'. Working Politically in Practice Case Study 2. London and San Francisco, CA: Overseas Development Institute and The Asia Foundation
- Green, D. (2016) *How change happens*. Oxford: Oxford University Press
- Green, D. and Guijt, I. (2019) *Adaptive programming in fragile, conflict and violence-affected settings: what works and under what conditions? The case of institutions for inclusive development, Tanzania*. Action for Empowerment and Accountability (A4EA) Programme. Sussex: Itad and Oxfam
- Hetherington, D. (2017) 'VfM Strategy for an adaptive approach to business environment reform programming'. London: DFID
- ICAI – Independent Commission on Aid Impact (2018) 'DFID's approach to value for money in programme and portfolio management'. London: ICAI
- I4ID (2018) *Annual report 2018*. Dar es Salaam: Palladium
- I4ID (2019) *Annual report 2019*. Dar es Salaam: Palladium
- I4ID (n.d.) *Value for money – Effectiveness*. London: Palladium
- I4ID (n.d.) *VfM strategy*. London: Palladium
- Kirsch, R., Siehl, E. and Stockmayer, A. (eds) (2017) *Transformation, politics and implementation: smart implementation in governance programs*. Frankfurt: Nomos/GIZ
- Laws, E. and Valters, C. (forthcoming) 'Rethinking value for money – lessons for adaptive programmes'. London: Overseas Development Institute
- Natsios, A. (2010) *The clash of the counter-bureaucracy and development*. Washington DC: Centre for Global Development (CGD)
- Valters, C., Cummings, C. and Nixon, H. (2016) 'Putting learning at the centre: adaptive development programming in practice'. London: Overseas Development Institute
- Yanguas, P. (2018) *Why we lie about aid: development and the messy politics of change*. London: Zed Books

Acknowledgements

The Institutions for Inclusive Development (I4ID) programme is funded by the UK Department for International Development (DFID) and Irish Aid. The views presented in this paper are those of the author and do not necessarily represent the views of ODI or its partners. The author is extremely grateful to the I4ID staff, partners, donors and programme participants who gave their time to be interviewed and to comment on earlier drafts. Thanks are also due to Tim Kelsall and Simon Milligan for providing peer review. Any errors or omissions are the author's responsibility.



**Evidence.
Ideas.
Change.**

ODI
203 Blackfriars Road
London SE1 8NJ

+44 (0)20 7922 0300
info@odi.org

odi.org
odi.org/facebook
odi.org/twitter

ODI is an independent, global think tank, working for a sustainable and peaceful world in which every person thrives. We harness the power of evidence and ideas through research and partnership to confront challenges, develop solutions, and create change.

Readers are encouraged to reproduce material for their own publications, as long as they are not being sold commercially. ODI requests due acknowledgement and a copy of the publication. For online use, we ask readers to link to the original resource on the ODI website. The views presented in this paper are those of the author(s) and do not necessarily represent the views of ODI or our partners.

This work is licensed under CC BY-NC-ND 4.0.