Due to their limited aid budgets, development partners argue that aid provided to beneficiary countries should be well targeted and managed. That raises the issue of value for money in terms of aid resources as well as the effectiveness of development assistance. Is value for money applied in development activities, especially in the evaluation of activities? What is its importance and what are its shortcomings? This article seeks to shed more light on the importance of this concept, its various applications, and its limitations in development cooperation.
Concepts and definitions

There is no agreed definition of the concept of value for money. Some define it as proper business practice; Antinoja et al. (2011) describe it as a long-term ambition for the improvement of existing systems, the optimal use of resources, capacity building, and continuous learning. New Zealand’s aid programme defines it as the best possible way to meet objectives during the lifetime of an activity with regard to the total cost of managing and financing the activity, while ensuring the resources are used effectively, with no waste. According to the United Kingdom’s National Audit Office (NAO), it is the optimum use of resources to attain set objectives. The United Kingdom’s Department for International Development (DFID) defines it as an optimal combination of total cost to attain the desired objectives. According to the Organisation for Economic Co-operation and Development (OECD), it is the optimal combination of overall cost and the quality of life to meet the customer’s need (Jackson 2012). Value for money can be evaluated using economics, efficiency, and effectiveness, commonly referred to as the “3 Es.” Sometimes a fourth “E” – equity is added. It should be underscored that at the onset, value for money was a concept restricted to finance, but it progressively spread to development activities in a broader sense.

Various applications of value for money

1. Value for money as a tool to mobilize resources with development partners

Value for money can be applied in the preparation of development programmes and projects. Indeed, a well-prepared project or programme document in which the costs of inputs and expected benefits are well defined and estimated, and the cost-benefit comparison clarified based on the various options chosen, has more chances of obtaining financing for its implementation. The “economics” dimension of the concept takes its full meaning because economic evaluation is often an ex-ante exercise (CDI, 2015).

2. Value for money as a management tool for development activities

Value for money can equally be applied in the implementation phase of development activities. It is applied in the measurement and monitoring of the performance of development activities and is part of the annual review and monitoring/evaluation of development activities. The “efficiency” and “effectiveness” dimensions of value for money enable managers to make decisions during the implementation phases. While making resource allocation decisions, they help to validate the models or options chosen within the framework of development activities (Flemming et al. 2013).
3. Value for money as an evaluation tool of development activities

Value for money is also an evaluation tool for development activities. It can be applied to an ex-ante evaluation during the activity implementation phase, and to ex-post evaluation. Indicators for measuring value for money are in both instances linked to a chain of results, namely, resources-outcomes-outputs-impacts and analysed according to the four criteria that are: “economics,” “efficiency,” “effectiveness,” and “equity.” Within the framework of monitoring-evaluation, value for money indicators are categorized according to cost and analysed following the four criteria (4 Es).

4. Value for money as a good governance tool

Because it advocates transparent resource management, a value for money approach is also synonymous with good governance. This approach strengthens responsibility in view of obtaining results and contributes to the continued improvement of an organization’s processes. The practice of this concept in development activities leads to accountability and transparency at all levels. The public and other stakeholders are more confident about the preparation and implementation of public development policies. When applied to procurement and staff recruitment, value for money not only reduces costs, but also ensures greater transparency, and the inclusion of all sectors involved in the activity. Hence, the fourth dimension of value for money, namely, equity.
cost-impact correlation, social return on investment, and baseline analysis of resource efficiency. Various bodies use these methods depending on their needs. The World Bank uses cost-benefit analysis for the preparation and management of its development programmes and projects; the Asian Development Bank uses financial analysis and financial policy evaluation in the preparation and management of its programmes and projects; while USAID uses results-based management to answer certain critical questions relating to value for money (Farida F, 2003).

**Limitations and constraints of value for money**

The application of value for money and adherence to this concept in development activities or in development activity evaluation requires reliable data. Statistics systems in Africa are not sufficiently developed, which raises the issue of the availability of reliable data. Indeed, like every other measure, the measure of value for money requires reliable data in view of proper estimates of values. Its application to development activity evaluation also faces the problem of skills deficit in the agencies and countries benefiting from development funds. This, in a context where development partners increasingly
require that evaluation reports show proof of optimal use of money. Human resources capacities and even the mastery of money for value methods are often lacking in the beneficiary agencies and countries. Lastly, the concept’s application faces the problem of harmonizing methods and tools, which differ from one partner to another. The absence of a clear-cut framework, and harmonized criteria and methods is a real impediment to the effective application and adherence to value for money in development activities, including their evaluation.

Conclusion

Value for money, which from the onset was a concept restricted to auditing, increasingly developed to become a broader concept involving a larger number of actors and covering a good number of areas. Value for money is a necessity in development activities. It is beneficial to all stakeholders, especially in the current context marked by the scarcity of development aid. Numerous agencies and countries that benefit from aid apply and already enjoy value for money. However, a number of limitations hinder popularizing the concept’s application in evaluation activities. These include the lack of reliable statistical data, the lack of capacity of development aid beneficiaries, the non-harmonization of methods and criteria, as well as the absence of clear guidelines for implementing the concept. Efforts need to be made to eliminate the shortcomings. Partners should coordinate to agree on a common definition, harmonize their approaches, and build the capacities of the actors concerned in methodology and statistics.
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