This paper makes the case that the 4Es approach to determining value for money (VFM) can be strengthened through the use of explicit evaluative reasoning, using criteria and standards to guide evaluative judgments about VFM. It also outlines other ways in which the use of the 4Es can be strengthened to provide more valid and useful assessments of VFM in development contexts. A case study is presented of Ligada, a female economic empowerment programme in Mozambique, where an evaluation-specific approach to VFM has been developed.
Introduction

Value for Money (VFM) is a question about the merit, worth or significance of resource use [King, 2016a]. The concept of VFM has received increasing attention in international development as funding and delivery organisations strive to use limited resources well, to maximise their contributions to the Sustainable Development Goals (SDGs) and to demonstrate value back to their benefactors and taxpayers.

The UK’s Department for International Development (DFID), for example, published DFID’s Approach to Value for Money in 2011, setting out the Department’s expectations for the assessment of VFM. DFID’s framework focuses on the three Es of economy, efficiency and effectiveness, and an overarching concept of cost-effectiveness that ties the three together. A 4th E (equity) is also acknowledged in the framework (figure 1).

Jackson [2012] notes that VFM is not a tool or a method, but a way of thinking about using resources well. Her paper sought to address confusion regarding the concept of VFM and to promote a constructive discussion about VFM. It emphasised that development partners all want aid to work as well as it can and agree that limited budgets need to be well targeted and managed. The challenge today remains how to assess VFM in practice in order to support good resource allocation decisions.

This paper offers a way forward. VFM is an evaluative question about the economic problem of resource allocation (King, 2016a). It follows that an evaluation-specific approach (Scriven, 1991), using criteria and standards, is an appropriate

![Diagram of VFM Framework](Source: DFID approach to Value for Money (2011) & African Development Bank)
way to reach evaluative judgments that are transparent, valid, credible, and supported by empirical evidence. This approach is compatible with the 4Es and addresses key weaknesses in the way they are currently applied. It provides a way to synthesize mixed methods evidence which may include economic, quantitative and qualitative data.

The following case study shows a situation where it is crucial to think beyond indicator-based measurement to make a shrewd judgment about VFM.

**Ligada – a female economic empowerment programme in Mozambique**

Ligada, meaning ‘connected’, is a six-year DFID-funded programme, led by Oxford Policy Management (OPM), which aims to link girls and women more closely with Mozambique’s economic growth. Despite impressive growth in recent years, over half of Mozambicans still live in poverty (OPM, 2015). Households headed by women are more likely to be among this number, with women’s exclusion from decent economic opportunities a major cause. Only 4% of the workforce are employed in the formal sector, and 19–24 year old females in Mozambique’s cities suffer the highest unemployment rates in the country (OPM, 2015). It is this group of young, urban and largely economically excluded women who are the focus of the Ligada programme, with the aim of improving their recruitment and retention in secure, well-paid jobs and providing them with better access to markets.
Driven in part by its overarching objective – finding out how to achieve female economic empowerment in Mozambique by testing and learning – the programme has a unique structure and design. A long inception phase was designed to allow for decision-making about the interventions that would take place to be informed by studies commissioned for the precise purpose of finding out what would work best. The programme designed a system by which it will fund different project interventions in a selected number of identified female economic empowerment pathways. Beyond the overarching objective mentioned above, the programme’s goal is to measure and learn the impact and value of different pathways and approaches to female economic empowerment in causing real change for young women in urban Mozambique.

How does one assess the value of an innovative learning programme?

An explicit intent of the Ligada VFM framework was to incorporate an innovative approach to the evaluation of VFM, responding to specific challenges in the Ligada context while building on the DFID approach. VFM in Ligada is challenging for a number of reasons. Chief among these are that:

- Ligada is a learning programme. Some of the projects and approaches being tested have not been tried before, while others build on an existing evidence base. Part of the value of Ligada is derived from learning, including providing evidence about what works, what doesn’t work, and why.
- Ligada is an adaptive programme. Its value may be enhanced by the iterative approach to testing, reflection and adaptation that helps to incrementally improve interventions – but this also means traditional approaches to measuring and valuing success [which assume constancy of an approach for a duration] may not provide a valid assessment of VFM.
- Ligada is an influencing programme. One of the programme’s objectives is to influence stakeholders and social norms. The nature and full extent of these impacts will not become apparent until some time beyond the life of the programme.
- Female economic empowerment provides tangible and intangible benefits. Tangible benefits of Ligada (such as impacts on women’s earning power and effective use of household resources) can readily be monetised – though the full extent of these impacts will not be realised within the time frame of the evaluation. The intangible value of Ligada’s outcomes (for example, quality of life, agency, self-worth) are inherently valuable outcomes for the target groups but are difficult to value credibly in monetary terms.

The 4Es – strengths and challenges

The purpose of the 4Es framework is to track key drivers of programme performance and results, in order to support judgments about VFM associated with the approaches being carried out. From our knowledge of the approach usually taken when reporting VFM to DFID, there has traditionally been a strong focus
on the 3Es of economy, efficiency and effectiveness (and, in particular, the first of these from a procurement perspective). More recently, the 4th E of equity has gained more attention and is a critical area of interest for the Ligada programme.

One advantage of using the 3Es of economy, efficiency and effectiveness is that they divide the concept of VFM into sections of a programme’s results chain. Economy concerns the cost and value of inputs. Efficiency concerns the transformation of inputs, by sets of activities, into valued outputs. Effectiveness is the achievement of outcomes. Cost-effectiveness considers the relativity of costs to outcomes and impacts. This breakdown offers an explicit way of mapping VFM measures back to a programme’s intervention logic. It can make VFM more manageable to assess, for example, when a programme is in its early stages and has not yet produced outcomes, or where long-term outcome data are scarce.

The inclusion of equity is another strength of the 4Es framework as it highlights that VFM includes reaching intended target groups and achieving positive impacts with these groups. The inclusion of equity also implies that it may be necessary to balance multiple aspects of good resource use – for example, to consider trade-offs between equity and efficiency.

DFID’s approach to VFM also highlights that VFM isn’t just about what’s easiest to measure – though we do have to get better at measuring (including being clear about what we’re measuring, why we’re measuring it, what the chosen indicators mean and what they don’t mean). It requires a judgment about whether the results justify the costs, based on the strength of evidence and making assumptions explicit.

However, while the 4Es provide a conceptual foundation for systematically assessing and reporting on VFM, there are some practical challenges in their use. First, they are expressed at a very broad conceptual level. Second, the 4Es alone do not provide a transparent basis for distinguishing ‘good’ VFM from ‘excellent’ or ‘poor’ VFM. ICAI (2011) suggests one way to address the second problem, through a traffic light rating system.

Strengthening the use of the 4Es in the Ligada programme

The Ligada programme employs an evaluation-specific approach to VFM [King, 2016a]. Schwandt et al. (2016) argue that evaluation is needed to address the complexity of SDGs. This involves thinking beyond indicator-based measurement:

The discipline of evaluation is underpinned by a logic of evaluative reasoning that enables judgments to be made from empirical evidence [Davidson, 2005; Scriven, 2012]. Evaluative reasoning
enhances the credibility and use of evaluation by providing a transparent and agreed basis for making judgments (King et al., 2013). The key steps involved in explicit evaluative reasoning can be summarised as follows:

1. Establish criteria of merit or worth
2. Define performance standards
3. Gather and analyse evidence of performance
4. Synthesise the results into an overall judgment (Fournier, 1995).

**Criteria of merit or worth** are selected dimensions of performance that are relevant to a particular programme and context. The Ligada VFM framework builds on and extends the 4Es by providing explicit definitions of these terms, tailored to the Ligada context. For example, definitions of criteria for effectiveness, reflecting the programme’s objectives, are specified in Table 1.

### Table 1: Effectiveness criteria

<table>
<thead>
<tr>
<th>Criteria of merit and worth</th>
<th>Sources of evidence (indicators and narrative)</th>
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<tbody>
<tr>
<td><strong>Effectiveness</strong> as an urban female economic empowerment programme:</td>
<td>• Project-level outcome evaluations for low-risk approaches, against project-specific theories of change (Low-risk approaches are supported by the existing evidence base and are expected to produce positive outcomes – as distinct from innovative approaches that will generate new learning about what works/doesn’t work, and why).</td>
</tr>
<tr>
<td>• Ligada’s low-risk approaches make their intended contributions to capacity and/or agency and/or opportunity as defined in project-level Theories of Change, and are scalable.</td>
<td></td>
</tr>
<tr>
<td><strong>Effectiveness</strong> as a learning programme:</td>
<td>• Narrative summaries of local participation, relationships and knowledge contributing to project development.</td>
</tr>
<tr>
<td>• Local participation, relationships and knowledge contribute to project development;</td>
<td>• Number of reports on reflective meetings completed in a timely manner with evidence of Monitoring, Evaluation &amp; Learning (MEL) feedback positive impact loops.</td>
</tr>
<tr>
<td>• Reflective learning processes are occurring as intended; and</td>
<td>• Narrative summaries demonstrating that there is credible evidence about the effectiveness of every project (i.e., whether they are effective and why/why not).</td>
</tr>
<tr>
<td>• Ligada provides credible evidence about the effectiveness of every project, including evidence to enable decisions about which projects deliver better results.</td>
<td></td>
</tr>
<tr>
<td><strong>Effectiveness</strong> as an influencing programme:</td>
<td>• Brand recognition: Increase in people sampled who recognize the Ligada brand</td>
</tr>
<tr>
<td>• Ligada is a recognized brand in the communities in which it is working;</td>
<td>• Number of partners that adopt and/or scale up approaches based on influencing through Ligada engagement</td>
</tr>
<tr>
<td>• Ligada influences DFID’s programmes in the wider Mozambique context;</td>
<td>• Number of DFID policies and programmes that have changed as a result of evidence produced by Ligada</td>
</tr>
<tr>
<td>• Effective approaches are taken up and implemented by partners; and</td>
<td>• % of DFID programmes referencing evidence from Ligada</td>
</tr>
<tr>
<td>• Stakeholders become champions/agents of change.</td>
<td>• Narrative (anecdotal evidence, examples) of stakeholders becoming champions or agents of change.</td>
</tr>
</tbody>
</table>
Evaluating value for money in international development: the Ligada female economic empowerment programme in Mozambique
Similarly, criteria (together with supporting indicators and narrative) have been defined for economy, efficiency and equity.

**Performance standards** are defined levels of VFM (i.e., excellent, good, adequate, and poor VFM), which, for Ligada were defined as follows [Table 2].

As can be seen from the effectiveness criteria in Table 1, evidence of performance will include a mix of quantitative evidence and qualitative narrative. Effectiveness of Ligada as a female economic empowerment programme involves aggregation and synthesis of project-level outcomes, contributing to judgments about programme-level VFM.

Additionally, the Ligada VFM framework seeks to add to the cumulative body of knowledge by identifying and documenting transferrable learning, including:

- The cost of investing in a programme of this nature – including cost structures and benchmarks associated with different projects and the programme overall;
- What has been learned about VFM in Ligada as an urban female economic empowerment programme, as a learning programme, as an adaptive programme, and in terms of procurement processes that support this type of programme;

**Discussion**

VFM is an evaluative question and requires well-reasoned judgments to be made on the basis of available evidence. Explicit evaluative reasoning, using criteria and standards, provides the overarching logic for making evaluative judgments. When defining criteria and standards for VFM it is important to be mindful that:

- There may be other dimensions of VFM besides the 4Es. Relevance and sustainability are two examples of other considerations that might help to determine how well resources are being allocated and used.
- Overseas aid funding might not be the only input. Local resources invested in a programme also have opportunity...

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Table 2: Ligada VFM standards

<table>
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<tr>
<th>VFM Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>Excellent VFM</td>
<td>Performance targets (logframe) generally met or exceeded</td>
</tr>
<tr>
<td></td>
<td>Excellent performance on all aspects; no weaknesses of any real consequence</td>
</tr>
<tr>
<td>Good VFM</td>
<td>Performance targets generally met</td>
</tr>
<tr>
<td></td>
<td>Reasonably good performance overall; might have a few slight weaknesses but nothing serious</td>
</tr>
<tr>
<td>Adequate VFM</td>
<td>Performance targets generally or nearly met</td>
</tr>
<tr>
<td></td>
<td>Fair performance, some serious but non-fatal weaknesses on a few aspects</td>
</tr>
<tr>
<td>Poor VFM</td>
<td>Performance targets generally not met</td>
</tr>
<tr>
<td></td>
<td>Clear evidence of unsatisfactory functioning; serious weaknesses across the board on crucial aspects</td>
</tr>
</tbody>
</table>
costs. Resources are more than just money – e.g., people also invest and risk their time, expertise, relationships and reputations.

- Value is not just tied to results intended by the funder. Value to local beneficiaries and communities is important, and might look quite different through another cultural lens. Value can also be enhanced or diminished by unintended outcomes.

- The 4Es reflect a simple input > process > output > outcome > impact model. Although this can be a useful way to understand the intended working and results of a programme, its real-world functioning may be more complex than that. For example, emergent processes and outcomes may be more valuable than planned ones.

- As with any evaluation interested in outcomes and impacts, questions of causality [or contribution] need to be addressed to determine whether and to what extent changes came about as a result of the intervention or other factors [ICAI, 2011].

- Value can come from unexpected quarters – e.g., investments to promote innovation involve some appetite for risk/reward rather than sticking with tried-and-true approaches, therefore there is value in learning about what works and what doesn’t work – i.e., there is value in failure.

- Different forms of evidence can help us to understand value from different perspectives. For example, a mix of quantitative and qualitative evidence may support stronger conclusions than an evaluation limited to a selection of logframe indicators alone [King, 2016b].

Finally, there is potential to make greater use of economic analysis to help determine VFM. Systematically evaluating costs and consequences yields insights that can’t be gained by looking at either factor in isolation. Quantitative modelling facilitates clear thinking about the relationships between costs and consequences, which can otherwise be difficult to intuit. Forecasting encourages systematic thought about a programme’s future value, beyond the window of investment. Scenario and sensitivity analysis facilitate transparency and robust thinking about uncertainty and risk [King, 2015].

Economic analysis can also help inform future investments through benchmarking of costs and consequences. Of course, caution is required in generalising from one setting to another, but there is real value in understanding cost structures and providing hard data demonstrating, for example, that if we want quality it’s not always cheap, if we want sustainable systems it takes time, and if we want to work with disadvantaged populations we may need to invest more than with highly educated ones.

**Conclusion**

The Ligada VFM framework builds on and extends the 4Es by providing explicit definitions of economy, efficiency, effectiveness and equity tailored to the Ligada context, with sub-criteria at programme and project levels supported by mixed methods evidence including quantitative indicators and qualitative narrative.
This framework illustrates how the use of the 4Es in a particular programme and setting can be improved through careful explication of how the overarching concepts of economy, efficiency, effectiveness and equity relate to specific aspects of the program’s design and performance. It also addresses wider considerations such as transferrable learning about how the Ligada programme’s approaches affect VFM.

There is significant potential to improve the assessment of VFM in practice. In order to really progress VFM – get better at investing resources well, to improve people’s lives – the VFM conversation in the development sector needs to shift from a focus on accountability and cost containment to one of investigating VFM through an evaluative lens, for collective learning and improvement. Hard-nosed evaluation of VFM is critical to tackle the big questions about what sorts of interventions, investment strategies, and levels of investment, can best support the ongoing journey of sustainable development.

In the end, evaluative reasoning needs to preside over measurement. It’s important we get the measurement right – but indicators can’t make judgments. Evaluation always requires a judgment to be made by a real person (be it an external or internal evaluator, a programme manager or sponsor). Explicit evaluative reasoning provides the means to make those judgments on an agreed basis, making use of multiple sources of evidence, and balancing multiple criteria.
References


Authors’ Profile

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