The paper argues that the Value for Money framework could be improved by running integrated randomized framed staged field experiments to test development interventions before they are implemented on a large scale.
Introduction

The accountable, effective use of funds allocated to achieve sustainable development has become an increasingly topical concern in international organizations and among development practitioners. These concerns have become more pressing as development resources have dwindled over the last decade. To determine whether funds are used correctly, some governments have used the Value for Money (VFM) framework and its principle components of economy, efficiency, effectiveness and equity. But if VFM “is about finding the right balance between economy, efficiency and effectiveness, [it] cannot be assessed through only one of these dimensions in isolation.” The framework can be improved by integrating the various dimensions of VFM.

As part of the effort to increase accountability and cost effectiveness, investors have sought to improve impact evaluation work and the design of development interventions. While randomized control trials (RCTs) are used increasingly to test impact and/or theories and design, they tend to be cost inefficient because the outcomes often prove to be different from those that were planned. The use of randomized framed staged field experiments (RFSF) can improve both large scale RCTs and the VFM framework specifically by testing intervention design before going to scale and/or solutions to problems that arise during impact evaluations. RFSF could thus improve an intervention’s efficiency and effectiveness, and field results, and benefit development policy.

Integral Approach to Economic Development

An integral approach to economic development can be useful in carrying out impact evaluations and in designing RFSF experiments. Underpinning this approach is the recognition of an individual’s social dimension, which therefore considers the interpersonal-relational dimension of economic actions, i.e. the way people interact to help or jeopardize sustainable development. An integral approach to impact evaluation seeks to clarify the effective channels of human relationships for making economic development sustainable. It gives primacy to measuring ‘actions’, and focuses on the direct beneficiaries of an intervention and on their interpersonal relationships, thereby going beyond the direct or immediate impact of an intervention. The approach requires that changes in the lifestyle and in the actions of program

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1 Economy refers to reducing the cost of resources for an activity while maintaining quality; efficiency seeks to increase outputs for a given input, or minimize input for a given output while maintaining quality. Effectiveness is the degree of success of an activity in achieving its intended outcomes. Equity seeks to account for the importance of reaching different groups. Jackson (2012) defines Value for Money as the, “optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user’s requirement. It can be assessed using the criteria of economy, efficiency and effectiveness, [and equity].” p.1.


4 Many completed RCTs or randomized experiments requiring large allocations of funds have been shown to have adopted ineffective solutions: cf. Duflo et al. (2015) and Arias Ortis and Cristia (2014).
beneficiaries be measured and evaluated, and it defines success by the impact on the quality of life of beneficiaries, of their families, and if their community.

An integral approach to evaluation uses three tools: i) behavioral and experimental economics; ii) survey design and market research techniques modified to allow for a rigorous quantitative analysis, and iii) econometrics. In designing randomized experiments, the integral approach introduces proactive participatory incentives to encourage behavior changes that improve outcomes.

**Randomized Framed Staged Field Experiments**

The standard economic assumption that economic agents are motivated by monetary incentives to maximize utility is a simplistic assumption which does not take into account the integral approach of maximizing in a decision-making process. Insofar as this approach looks at an economic agent as a person who is social by nature, the randomized framed staged field experiment does not rely solely on monetary incentives to stimulate behavior change. Rather, as Schein [1999, 2009, and 2010] and other organizational sociologist/psychologists have pointed out, its incentive is the opportunity to engage in a participatory manner.

In this framework, as in standard experimental design, subjects are motivated by a desire to better their lives. They receive no cash or monetary compensation for participating in decisions, however, but rather, see the opportunities to make joint decisions and act accordingly as incentive. Like any standard randomized experiment, this framework requires a control group and baseline treatment. However, given that this is a brief, framed experiment, post data is only required from the treatment group.

A randomized field experiment is designed like a framed staged experiment, but it is carried out in stages. Using roleplaying situations that resemble real life, subjects participate more and more in decision making through the various stages. Their behavior changes from passive to pro-active and in so doing, changes their mind-set and actions to maximize their personal utility in improving their lives and the lives of others affected by their decisions and actions. Participants develop an understanding of personal responsibility and the consequences for action (Figure 1).

Framed experiments can raise concerns about outcomes, insofar as part of the treatment group could respond to incentives in such a way as to bias results. Participants might be aware of the artifice of the arrangement and/or a self-selection problem, and thus bias the results. Yet both control and treatment groups are randomized, which eliminates the self-selection bias.

These issues can be addressed by framed randomized field experiments (FRFE) and roleplaying techniques. FRFE occurs in the context where subjects naturally undertake their tasks and thereby introduces randomization and realism. In roleplaying, subjects

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5On the shortcomings and distortions generated by monetary incentives, see Bowles and Polania-Reyes (2012).
must put themselves in a hypothetical situation that they judge as they might judge a real-life situation. It should however be noted that role playing captures not actual but intended behavior. The method can capture subjects’ psychological processes while effectively generating acceptable levels of involvement [Fichtel 2009, Greenwood 2006]. The value of roleplaying thus derives from its capacity to determine the adequacy of incentives by revealing how participants react to them.

Conclusions

The use of randomized framed staged field experiments with an integral approach can increase the efficiency and effectiveness of the VFM framework while respecting the objective of the intervention and its institutional and cultural realities. The methodology is useful for testing development interventions before they are scaled up. The tool can rigorously test the recommendations of an impact evaluation before scaling up an intervention while significantly reducing costs and increasing efficiency by avoiding ineffective large-scale randomized field experiments.
References


