dPc disPLACED consulting

Strategic Approach to Achieving Value for Money

Purpose

Displaced Consulting Ltd (dPc) endeavours to make the best use of the resources we have available in order to achieve the desired outputs and maximise the impacts achieved in the most effective manner possible. By being vigilant and transparent in our understanding of the costs and results of every programme, project and activity, we are able to maximize the Value for Money (VfM) for our donors and clients. This document outlines dPc strategic approach in maximizing VfM in its planning and implementation of projects and programmes.

The objectives of the VfM strategic approach of dPc are the following:

a. To maximize efficiency and effectiveness while maintaining affordable costs in all of dPc's planning and subsequent activities.
b. To learn lessons from projects implemented, reports published and feedback received in order to strengthen performance, efficiency and impact in future work.
c. To consistently appraise the operational effectiveness and efficiency of systems and processes through consultation exercises.

Definitions

dPc's VfM strategy is focussed around the so-called 3Es: Economy, Efficiency and Effectiveness. It is important to find a balance across economy, efficiency and effectiveness. If effectiveness of a project's activities have been reduced due to cost-cutting, then this will not deliver VfM.

Economy refers to the costs of inputs and resources of an intervention (unit costs are typically used as a measure of economy).

Efficiency refers to how much you get out in relation to what you put in. It's about maximising an output for a given input, or minimising input for an output.

Effectiveness refers to how far a programme achieves its intended outcomes, using qualitative and quantitative assessments of change.

Approach

In order to maximize VfM, the following questions should be addressed with respect to the 3Es. Consideration should be given to project partners and other stakeholders when addressing these questions.

1. Economy

- What are the main categories of costs and what influences the pricing?
- What can be done to control these costs?
- How do personal costs compare those in other comparable organizations, and how might this be addressed if required?
- Which costs could or should be subject to a competitive procurement process, and how do we ensure this is sufficiently robust?

2. Efficiency

- Can any economies of scale can be identified and utilized in the project delivery?
- How does the project cost per beneficiary compare with earlier projects, and with those of partners/'competitors' in the sector?
- If costs are higher, can these be justified?
- Could upscaling or downscaling the size of the project reduce the cost per beneficiary, and is this worth considering in the context of any wider implications?
- How will the delivery of costs be monitored and justified, particularly the higher ones?
- Can you demonstrate that timelines are realistic and achievable, and that you have a track record of on-time delivery?

3. Effectiveness

- Which elements of the theory of change are weakest and which actions will be taken to overcome these weaknesses?
- If relevant, how can you demonstrate that the project has planned for and can be delivered in a fragile/insecure environment?
- Are the outcome and impact indicators relevant, robust, clear, rule-driven, causally linked, gendered, cross-sectoral and sensitive to socioeconomic need?
- Have sufficient resources been dedicated to all phases of the project, including the dissemination of results?

The following three categories of approach will facilitate this approach in achieving its VfM objectives:

1. Managing VfM by putting strong processes in place

This might include procurement practices, good financial systems, is developing and implementing programmes in a participatory way with beneficiaries, and has an effective M&E system. It may also involve generating evidence-based theories of change for a programme and ensuring that budgets allocated are commensurate with predicted outputs and outcomes.

2. Comparing value for money to drive improvement and inform decision-making

This involves using methods to make more explicit VfM comparisons between activities in the project/programme, in order to drive improvement and inform judgements about how to invest funds. Comparisons may be made with activity costs in past projects, but more importantly with ongoing or recent ones implemented or planned for among peers.

c. Demonstrating value for money through evaluation

This may involve employing more evaluative methods to demonstrate the overall VfM of an organisation or programme in a way that is plausible and compelling and allows for robust and transparent external validation and assessment. Importantly, it requires data on results that can stand up to scrutiny and analysis. The methods and approaches used are varied and include technical econometric modelling such as Cost Benefit Analysis or Social Return on Investment studies as well as standard evaluative approaches.

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