

Value for money at IIED

Demonstrating value for money is ever more important for organisations using public funds. With aid budgets under pressure, development organisations need to show that they are efficient, that poor people's lives are actually improving, and that the environment is protected.

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Value for money in development work

These days, international development organisations are rightly judged on what they achieve, not what they spend.

The UN led agenda on aid effectiveness, promoted through the [Monterrey Consensus \(2002\)](#) [pdf], the [Paris Declaration on Aid Effectiveness \(2005\)](#), and the [Accra Agenda for Action \(2008\)](#) [pdf], encourages organisations like IIED to find the most effective ways of working with recipient countries and with each other, and to look closely at our results.

In the UK, where IIED has its offices, work by the National Audit Office defines value for money as a combination of:

- Economy
- Efficiency
- Effectiveness

These have become known as the '3 Es'

In other words, a programme that sources low cost inputs (economy) and produces least cost outputs (efficiency) is not necessarily offering value for money if quality standards (effectiveness) are not being met.

Where and how should value for money be measured?

There is much debate on *where* value for money should be measured. Should it include assessments at:

- the global portfolio level;
- country programme level;
- individual programmes and projects; or
- some combination of these levels?

For example, might measuring 'global level' value for money drive NGOs away from risky and high-cost environments? Not necessarily, if a clear case is made.

Individual programmes and projects are the commonest place to measure value for money. Approaches such as [cost benefit analysis](#) and cost [cost effectiveness analysis](#) can help.

Depending upon the initiative, other cheaper techniques, such as a learning group methodology, might also be appropriate.

Another way to assess value for money is assessing whether an organisation's systems and processes are sufficient, whether they are efficiently implemented, and whether they are ensuring a coherent and effective organisation.

And while an organisation should be delivering value for money outputs, it may itself be a 'value for money' resource for others. For example, IIED offers a stock of expertise, knowledge and convening power; a platform for marginalised voices and a route to effective cross-country learning that can adapt lessons to varying contexts.

How IIED measures value for money

1. Economy

IIED has policies to help source competitively priced and good quality inputs. We regularly review these, and their use.

2. Efficiency

When we assess our 'efficiency', we are assessing:

- how our non-research departments operate;
- our research programme (from identifying funding, submitting proposals, outlining theories of change, doing the research, writing reports, learning from our experiences, communicating findings and assessing their impact); and
- how we work with our partners.

Improving efficiency, and reducing costs while not compromising effectiveness and quality, is a long-standing and on-going priority.

3. Effectiveness

Attributing impacts to policy work is difficult, but since 2009 we have invested heavily in strengthening our monitoring and evaluation systems, embedding three innovations into our management system.

- Our Workbook outlines our planned work towards each of our objectives for the forthcoming year, and includes theories of change; baseline data; data collection methods; and an indication of external reviews / evaluations and self-assessments.
- Our annual Results Report is an institutional self-assessment of progress, both for the year covered in the previous workbook, and towards goals in our five-year strategy.
- In 2010, we introduced a ['Reflect & Act' publication series](#) which looks back on our collaborative research programmes, revealing the lessons learnt and achievements made.

Our partners play a crucial role in keeping us effective, and they are often best placed to track our progress. So we need to support their monitoring and evaluation capacity, and are producing guidelines to help do this.

Our [Board of Trustees](#) also helps keep us 'effective', receiving two independent evaluations on aspects of IIED each year.

We have developed a policy setting out evaluation for different tiers of the institute covering:

- our institutional strategic direction;
- the strategic direction of our four research groups; and
- individual programmes and projects.

Embedding 'value for money' across IIED

The IIED Management Team is responsible for leading on 'value for money', and proposing any necessary changes.

Value for money is an institution-wide objective (under Objective 7 in our annual Workbook), with a plan of work outlined across the institute each year. We are establishing baselines for economy, efficiency and effectiveness, and will report our progress in our annual Results Report.