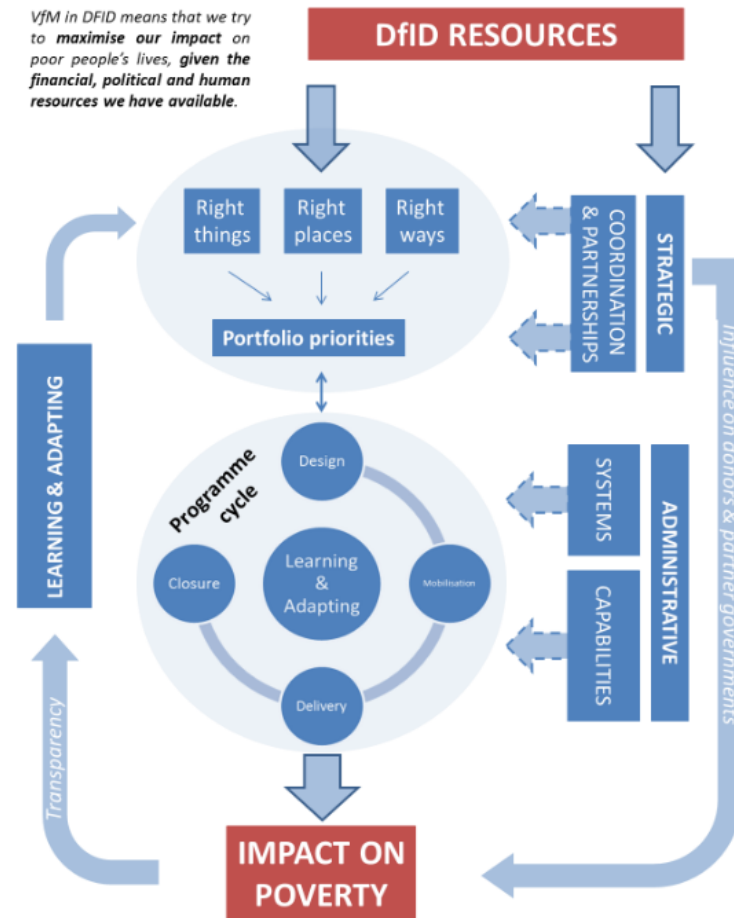


VfM in DFID means that we maximise the impact of each pound spent to improve poor people's lives

Maximising VfM applies to all aspects of DFID's work:

- At a **strategic** level, VfM means we work to improve the impact of all development finance, not just DFID aid. It also means we help our partner countries develop in ways which reduce their future need for aid.
- At a **portfolio** level, VfM means we aim to allocate our limited resources to maximise impact by doing the right things, in the right places, and in the right ways.
- At a **programme** level, VfM means we strive to design, procure, manage, and evaluate our interventions to maximise impact.
- At an **administrative** level, VfM means that the ways we work as an organisation maximise the impact that our people and resources can have. Our systems, cultures and behaviours empower staff to deliver more with less, whilst ensuring full accountability to the British taxpayer.
- Across all of these levels, we invest in the **central enablers** to delivering VfM, such as transparency, scrutiny and learnings.

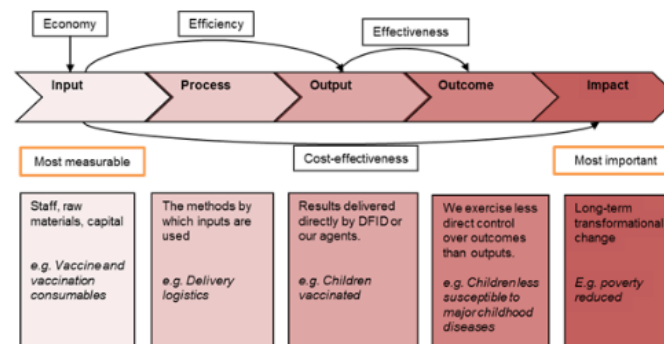
VfM in DFID means that we try to **maximise our impact on poor people's lives, given the financial, political and human resources we have available.**



Understanding VfM

Maximising VfM means maximising our impact, given our resources. To do this we must:

- Work to understand and reduce the **costs** of our actions.
- Work to understand and increase the **benefits** of our actions to poor people's lives, and their sustainability.
- Consider the benefits and costs of our work relative to what we expect would happen if DFID did not act – the **counterfactual**.
- Assess our actions against credible **alternatives** – are there other, better ways to deliver the intended result?
- Assess our actions **strategically** and consider the **opportunity cost**



Common misconceptions

- **Costs:** VfM doesn't mean we only do the cheapest things. But it does mean that we have to get better at understanding our costs, and at driving ourselves, our partners, and our contractors to deliver more for each pound we spend.
- **Benefits:** we don't just do the easiest things to measure. But we do have to get better at measuring benefits.
- **Risk:** VfM does not necessarily mean low risk. Maximising the total development impact of DFID's work will mean a balanced risk portfolio.
- **Flexibility:** VfM does not mean perfectly predicting costs and benefits before we begin work. Delivering VfM in fragile, messy environments requires learning by doing, ongoing reassessment and adaptation, if we are to manage our programmes to maximise impact.
- **Speed:** VfM does not always mean slower procurement for lower prices. In time-sensitive crises, the benefits can far outweigh the additional costs of procuring and mobilising rapidly.
- **Equity:** DFID's approach to VfM does not mean we should take the easy options, ignoring difficult to reach populations or problems which are difficult to tackle. But DFID faces very difficult decisions in resourcing and prioritising interventions, decisions which cannot avoid being informed by the value for money of the options available to us.
- **Relevance:** VfM is not something that applies only to programme design; it should drive decision making and management throughout the programme cycle and in relation to our own running costs.