Business Environment Reform Facility

VFM Strategy for an Adaptive Approach to BER Programming

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BERF Business Environment Reform Facility

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About Business Environment Reform Facility (BERF)

BERF is funded by the UK Department For International Development (DFID) under the Business Environment for Economic Development (BEED) Programme. BERF is a central facility responding to demand from the DFID's priority Country Offices and stakeholders to initiate, improve and scale up business environment reform programmes. BERF is managed by a consortium led by KPMG LLP. The programme started in January 2016 and will finish in January 2019.

We provide expert advice, analysis of lessons learned, policy research about what works and what doesn't and develop innovative new approaches to involving businesses and consumers in investment climate reform.

BERF has a strong emphasis on strengthening the Business Environment for women and girls, as well as for young adults more generally. It is also aiming to improve the relationship between business and the physical environment including where relevant through linkage to climate change analysis. BERF recognises the need for appropriate political economy analysis in order to underpin business environment reform processes and interventions.

About this Report

Research for this study was conducted by Dan Hetherington and Mollie Liesner between July and September 2017.

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Acronyms and abbreviations

AAER	Adopt, adapt, expand, respond (Springfield Centre framework)
AR	Annual review (DFID)
ASI	Adam Smith International
BEED	Business Environment for Economic Development
BEEP	Business Enabling Environment Programme (Zimbabwe)
BER	Business environment reform
BERF	Business Environment Reform Facility
BMO	Business membership organisation
CASH	Commercial Agriculture for Smallholder Farmers (Tanzania)
CBA	Cost–benefit analysis
CCS	Compliance cost saving (IFC methodology)
CGE	Computable general equilibrium
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development (UK)
DRC	Democratic Republic of Congo
DSU	Decision Support Unit (PSDP, DRC)
ENABLE	Enhancing Nigerian Advocacy for a Better Business Environment
EPI	Economic Policy Incubator (Nepal)
FCAS	Fragile and/or conflict-affected state(s)
IA	Implementing agency
IFC	International Finance Corporation (a member of the World Bank Group)
ILO	International Labour Organization (a UN organisation)
ISBN	International standard book number
MDA	Ministry, department and/or (government) agency
PCE	Post-completion evaluation
PEA	Political economy analysis
PPD	Public–private dialogue
PSD	Private sector development
PSDP	Private Sector Development Programme (DRC)
SAVI	State Accountability and Voice Initiative (Nigeria)
SEZ	Special economic zone
SSA	Sub-Saharan Africa
UK	United Kingdom
US	United States (of America)
VFM	Value for money
VSO	Voluntary Service Overseas
WEE	Women's economic empowerment

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Notes on terminology

Previous BERF reports have discussed the two methodologies most closely examined in this report.[1] The terminology in this report is slightly different from that used previously, reflecting the lens of adaptivity through which they are being analysed. Where previous reports describe programmes following the "market systems approach" (for ENABLE in Nigeria and Zimbisa in Zimbabwe), here we use the term "locally led". Where previously we used the term "adaptive" (for the EPI in Nepal and Essor in DRC), here we use "implementing agency coordinated". We use the term "adaptive" more broadly, to refer to all of these programmes and methodologies.

As in previous reports, the term "implementing agency" is used to refer to the organisation that manages the intervention (a consultancy in each of the projects examined here, contracted directly with DFID), and "partner" is used to refer to local organisations that are recipients of support. Partners may be business membership organisations, parts of government, research institutions, etc.

In this report the $ sign refers to US dollars, the official currency for government transactions in Zimbabwe.

[1] Hetherington, 2016; 2017.

Contents

Executive summary

DFID's adaptive business environment reform (BER) programmes can be divided into two distinct methodologies (see Table 1). In the first, support is provided to a large number of local partners, who may be from government, organisations representing the private sector, the media, or research institutions. Here, adaptivity is achieved by frequently reassessing each partnership, reviewing progress and capacity, and making quick decisions about whether to scale up, continue, change, pause or terminate support. We refer to this mode as "locally led", because each partner is responsible for setting its own BER objectives. In the second type of intervention, DFID's implementing agency (IA) searches for interventions that will achieve outcomes from a basket of objectives, partnering as necessary with other BER actors. Each strand of such a programme is regularly reviewed — and again a decision is taken as to whether to continue, scale up, redesign, pause or terminate each component. In this second type, DFID and the implementing agency retain control of reform objectives (although they are chosen during the programme, so we refer to this model as "IA-coordinated"). These two types of adaptive BER programmes have much in common, but some significant differences in value for money (VFM) strategy.

Table 1: Comparison of DFID's adaptive BER methodologies

DFID has used two different methodologies in its adaptive BER programmes so far		
	Locally led	**Implementing agency coordinated**
How does it work?	The IA partners with a wide range of MDAs, BMOs, media and research institutions with an interest in BER. Each partnership agrees an action plan to make the organisation more effective in its role, with the IA providing support.	The IA identifies potential high-impact issues that have a realistic chance of reform, and reaches out to motivated actors to build a coalition for each change.
How are reform objectives selected?	Objectives are selected by local actors individually, or collectively through PPD. Sometimes the IA helps organisations to choose relevant and realistic objectives.	Objectives are chosen by the IA in consultation with DFID (informed by PEA and PPD).
How does the programme adapt?	Each partnership is routinely assessed to determine whether the partner is successfully enacting the agreed plan; based on this, support can quickly be scaled up or suspended.	Each reform effort is routinely monitored to determine whether it remains realistic in light of emerging information and the reform coalition supporting it. Strategy is adjusted and effort reallocated between objectives.
How is VFM achieved and demonstrated?	Innovation is required to accommodate the IA's lack of control over partners' outputs. The quality of adaptive processes is assessed, and sustainable practice changes within each partner are measured.	A basket of desirable outcomes is set at programme inception, with flexibility as to which will be achieved and how. The quality of adaptive processes is also assessed as an indicator of the likelihood of good VFM.

Source: interviews with DFID advisors and IA programme managers.

Adaptive programmes have a different approach to value for money than more traditional programming. Working adaptively incurs significant costs, including a managerial overhead that normally requires a larger and more experienced team. Thus, benchmarking economy metrics such as salaries or overhead costs against non-adaptive programmes would miss the point. Adaptive programmes aim to enhance cost-effectiveness through higher outcomes per unit of expenditure by learning about what will work in complex environments, and rapidly rolling those lessons into delivery. When functioning properly, they can quickly wind down elements as new information emerges, and reallocate resources to areas that are more promising. It is not surprising that early in the programme cycle their VFM strategy focuses on making sure that good adaptive processes are in place, including those that relate to capturing and communicating lessons, with comparatively less emphasis on generating economy metrics. In particular, a decision-making process that is regular, unbiased, consistent, knowledgeable and politically astute will ensure that resources are invested in the most favourable opportunities for reform (despite limited information).

Later in the programme cycle, adaptive programmes use some of the more familiar metrics of efficiency and effectiveness, although the details of these metrics may not be explicit until the project is underway. The formulation of VFM strategy is more temporally spread in adaptive programmes. The business case may specify a basket of BER constraints that the programme will seek to address, with vague efficiency indicators, which are then tailored to each component as concrete objectives are agreed. This two-tier process ensures that ambition is high and results can be aggregated, while ultimately capturing and communicating the project's achievements in detail.

Locally led programmes, where adaptivity is achieved by reviewing and adjusting support to a large number of partner organisations, pose extra VFM challenges in demonstrating effectiveness. The other major objective of this methodology is to ensure the sustainability of project partners — which has been an elusive challenge in BER in recent decades.[2] To do this, support is drawn down early in the reform lifecycle, so that DFID support will often have ceased before any business environment reform is achieved. Where DFID has no control over which reforms are targeted, and has wound down support before they happen, measuring cost-effectiveness is challenging. At the same time, these assessments are critical. The business case for locally led interventions rests on the hope that DFID's investment will pay off for many years into the future, as sustainable institutions continue to influence and enact reform. More emphasis on evaluation, especially post-completion evaluation, is the most appropriate way to quantify the long-term effectiveness of locally led methods.

More broadly, current programming lacks evidence on how the two methodologies that DFID has developed will deliver value for money in the medium and long term. As DFID's first adaptive BER programme in Nigeria enters its tenth year, there is now an opportunity to explore these questions in more detail, and get a stronger sense of the impact of adaptivity through new research.

[2] The history of sustainability challenges in BER is covered in a previous BERF evidence and learning note for DFID Zimbabwe (Hetherington, 2016, sections 4.1 and 4.2). It is the entire subject of Herzberg and Sisombat (2016) and highlighted by the IFC (2005) and Springfield Centre and ASI (2011; 2013).

1. Introduction

This evidence and learning note aims to build on previous BERF work to provide guidance for DFID's country office in Zimbabwe in their design of an extension to the Business Enabling Environment Programme (BEEP). BEEP used a market systems approach, heavily influenced by ENABLE in Nigeria, to establish partnerships with business membership organisations (BMOs), government ministries, departments and agencies (MDAs), and research and media institutions, to build upon the existing business environment reform (BER) network within Zimbabwe. The programme made adaptive adjustments to ensure that assistance was delivered to organisations that could make best use of it — those that would go on to play a sustainable role within the BER market without permanent support. DFID Zimbabwe is planning to maintain this approach, but is seeking to incorporate new lessons and methodologies from DFID's most recent experience of adaptive programming elsewhere.

The note builds on two previous reports from the Business Environment Reform Facility (BERF), the first examining how to measure VFM in BER programmes, especially those implemented by the International Finance Corporation (IFC),[3] and the second looking at how adaptive methodologies should be used in BER.[4]

Section 2 summarises DFID's experience of adaptive BER by classifying recent programmes according to two slightly different methodologies. DFID Zimbabwe has so far been employing one of these, but is considering combining elements of both in its extension programme. Section 3 looks at the main challenges that adaptive methodologies have posed to value for money (VFM), whether that be achieving, measuring or demonstrating it. Section 4 looks more closely at the details of VFM in adaptive BER, examining DFID's typical stages of economy, efficiency, effectiveness and equity in turn. Section 5 briefly considers the implementation of VFM strategy, asking how VFM can be embedded into project governance, release points and contracts. Section 6 concludes with a summary of the most important recommendations and ideas for future research. The remainder of this section briefly introduces adaptive programming and DFID's conception of value for money.

1.1 Adaptive programming

> Acknowledgement within donor communities and amongst development practitioners that aid interventions take place "on the edge of chaos" has led to what has been termed a "quiet revolution on complexity thinking" towards adaptive programming.[5]

Adaptive programming is a technique designed to address uncertainty about what will work. It is appropriate where multifaceted, systemic interventions are needed to address complex

[3] Bayaz and Hedley, 2016.
[4] Donovan and Manuel, 2017.
[5] Derbyshire and Donovan, 2016, p6.

and politicised problems. It is heavily inspired by the Doing Development Differently Manifesto, and the work of aligned authors in the last few years.[6] The primary objective of adaptive programming is to increase the pace of learning about what works, using shorter learning cycles and more systematic processes to identify and implement lessons. This additional work requires resources. The additional tasks often require a larger managerial team, but adaptivity also requires personnel that have the rare skills required to reflect, assimilate learning and adapt practice as a core component of their work. Any assessment of the value of adaptive programming naturally has to take into account this core value proposition (see Table 2). In contrast, a traditional programme commits to a single implementation approach — it may have some course correction, but follows a linear or stepwise trajectory.

1.2 VFM in adaptive programming

DFID's traditional conception of VFM[7] focuses on the ratios of inputs to outputs, outcomes and impact — all of which are known in advance — within a predefined theory of change. In reality, the complexity of BER often makes it impossible to attribute impact, and even attributing outcomes can be challenging, especially within the life of the programme. The fact that adaptive programming allows flexibility in programme objectives, especially at the output level, and begins with only a tentative, high-level theory of change, causes various difficulties in using a traditional approach to measuring VFM. While DFID recognises that programming adaptively costs more, the organisation is still learning how to capture the VFM of this increased investment. Learning itself, generated primarily to guide programme implementation, can make significant improvements to other programmes in DFID's portfolio, and this value also needs to be captured. This report explores various strategies to measure and communicate the value of adaptive programming under these constraints, departing from traditional methods where necessary.

Table 2: The value proposition of adaptive programmes

Adaptive programmes can be difficult to benchmark against traditional programmes	
"E"	**How indicators compare to non-adaptive benchmarks**
Economy	The "right price" for important inputs, primarily managerial and technical expertise, will generally be **more expensive** than for non-adaptive programmes. This approach requires an ability to reflect and adapt significantly beyond those demonstrated in most programmes.
Efficiency	The additional process of repeated re-budgeting, re-planning, re-analysing the political economy, pursuing more work streams than will ultimately bear fruit, and maintaining a large number of relationships normally requires more managerial time. **More of this input** is required to achieve outputs compared to traditional benchmarks.[8]

[6] DDD Workshop, 2014. See for example Derbyshire and Donovan (2016, especially section 2 on p6), Wild et al. (2015) and Kleinfield (2015) for more information.

[7] DFID, 2011.

[8] "Adaptive programming requires… more management time, and more investment in management. Higher management costs need to be seen as, and demonstrated to be, investment in achieving greater impact rather than poor value for money." (Derbyshire and Donovan, 2016, p4.)

Adaptive programmes can be difficult to benchmark against traditional programmes	
"E"	**How indicators compare to non-adaptive benchmarks**
Effectiveness	Adaptive programmes aim to be more effective than traditional programmes for many of the reasons laid out in the DDD manifesto: ▪ "They focus on solving local problems that are debated, defined and refined by local people in an ongoing process." ▪ "They work through local conveners who mobilise all those with a stake in progress… to tackle common problems and introduce relevant change" ▪ "They blend design and implementation through rapid cycles of planning, action, reflection and revision… to foster learning from both success and failure" ▪ "They manage risks by making 'small bets': pursuing activities with promise and dropping others" ▪ "They foster real results — real solutions to real problems that have real impact: they build trust, empower people and promote sustainability."

Source: author's analysis and DDD Workshop, 2014.

2. DFID's experience of adaptive BER: two models

Earlier in 2017, BERF published an evidence and learning note on adaptive programming and BER, containing a high-level account of the methodology and a range of lessons from DFID's adaptive programmes.[9] In order to examine VFM strategy, this present note establishes a more detailed classification of DFID's programmes. This section describes the two models that have emerged within DFID programming so far.

This note focuses on the following adaptive programmes:

- Essor (part of PSDP) in the Democratic Republic of Congo (DRC), 2012–24
- the Economic Policy Incubator (EPI, part of AiiN) in Nepal, 2016–20
- ENABLE (phases 1 and 2) in Nigeria, 2008–19
- BEEP in Zimbabwe, 2013–17.

Background information on these programmes can be found in a project map published by BERF earlier in 2017.[10] There is a note prior to the contents of this report (below the list of acronyms) explaining how the terminology used here relates to that used in previous BERF literature.

2.1 Locally led

In this report the term "locally led" is used to describe the methodology used by ENABLE 1 and 2 in Nigeria, and the first phase of BEEP in Zimbabwe.

2.1.1 Methodology

In these programmes, DFID selected an implementing agency (IA) to manage the overall programme.[11] The implementing agency established partnerships with existing local organisations, in which each partner led its own reform efforts in pursuit of its own objectives, with time-limited support from the IA that was aimed at improving the basic functioning of the partner. Partners were chosen in four areas:

- business membership organisations (BMOs), i.e. organisations established to advocate on behalf of the private sector, funded by member contributions
- government ministries, departments and agencies (MDAs) which have a role in defining and improving the business environment at national or subnational level

[9] Donovan and Manuel, 2017.
[10] Hetherington, 2017, chapter 2.
[11] In both of these cases the implementing agency was Adam Smith International (ASI), although in Zimbabwe BEEP is now run by IMC Worldwide.

- research organisations that might be capable of delivering useful information products relating to the business environment, such as universities, local consultancies, think tanks, etc
- media organisations, primarily newspapers and radio stations.

Each programme ultimately established relationships with approximately 50 such partners. DFID's strategy had two primary elements:

- to be **locally led**, so that (to some extent) partner organisations would decide upon the business environment issues to tackle and the strategy to adopt in doing so (c.f. Table 3)
- to be **sustainable**, meaning that within the life of the programme donor funding would be withdrawn from partners, who would nevertheless maintain permanent changes in their operation and continue to drive or implement business environment reform.

The programmes' adaptivity was achieved through the flexibility of the implementing agency to continuously adjust its relationship with each partner, regularly deciding whether to:

- **scale up** the relationship, with additional ambition (and, if necessary, support)
- **continue** to implement existing plans
- **change** the modality of support
- **pause** the relationship, providing no further assistance until agreed deliverables could be demonstrated
- **terminate** the relationship.

Programme managers stress that this requires a structured process of relationship management and planning, which attempts to identify which partners are likely to contribute cost-effectively to high-impact reform. For instance, in Zimbabwe, a "scorecard" was developed to screen and monitor engagement with each partner.[12] This approach requires significant management time and energy.[13] This methodology has been heavily influenced by the Springfield Centre's conception of market systems development.[14] The Springfield Centre acted as an advisor to ENABLE.

2.1.2 VFM

This methodology offers the potential for increased cost-effectiveness, but poses significant challenges for VFM measurement.

[12] More information on the scorecard system is provided in Hetherington, 2016, section 3.2 on pp19–20.
[13] Derbyshire and Donovan, 2016, p4.
[14] For an introduction to the market systems approach, see Springfield Centre, 2015. For an explanation of how it has been applied to BER by DFID, see Hetherington, 2016, particularly appendix 2.

The first difficulty is **collection of cost data** from partner organisations. DFID can easily request cost data from an implementing agency, but is limited in its ability to obtain such data from partners for the following reasons.

- Partners may not have adequate financial systems to be able to provide this. Moreover, the financial systems they do have *may be optimal for their purposes and scale of operation.* One of the ways in which donors may inadvertently reduce the sustainability of recipient organisations is by imposing financial reporting requirements that are costly and only useful to the donor. BMOs face particular difficulties in raising revenue and are by necessity averse to incurring unnecessarily costly internal processes.
- Cost data may be commercially sensitive, particularly for media organisations.
- As a catalytic intervention, by design most of the funding for a partner's work (and perhaps even their organisational change) comes from other sources. Partners may be unwilling to report on other sources of finance, making calculation of unit costs at this level impossible.

Secondly, there is an inherent mismatch between the lifecycle of a sustainable intervention and the traditional input-to-outcome lifecycle of VFM measurement. This is exacerbated within the BER field, where it may take years of work by a partner after support has ceased before a reform for which they have pressed has been achieved, and they may be only one of dozens of organisations that has contributed to its achievement.

Finally, it may be unclear throughout the programme of support to a particular partner what outcome or impact they will *aim* to achieve. It may therefore be impossible to compare input costs even with a clearly defined objective, let alone an actual outcome, other than through a post-completion evaluation (see section 3.2).

2.1.3 Lessons and findings

One of the most significant lessons from ENABLE 1 was that the implementing agency became uncomfortable with the initial ambition that interventions be completely locally led. Two problems emerged.

- In Nigeria and many other developing countries, established patronage networks are such a core feature of the operating environment that **rent-seeking** goals (e.g. on behalf of a favoured sector) are normalised and may be considered appropriate objectives for BMOs and media organisations.
- Having conducted a substantial political economy analysis of the operating environment, DFID and the implementing agency were in a better position than many BMOs to assess the **feasibility** of BER objectives. It was common for partner organisations to seek to address the most costly challenges, even when it was not feasible to make any change with the resources available.

In ENABLE 2, it was decided to provide more support to partners during their process of choosing objectives. The implementing agency tried to achieve a balance between encouraging the consideration of feasibility and positive sum outcomes, without taking a stance on individual objectives. Table 3 illustrates the levels of control that donors can exert on objective selection.

Table 3: The amount of control donors exert over BER objectives is a distinguishing feature of DFID's two methodologies

Levels of donor control over reform objectives		
	Level of involvement	**Example**
Locally led	None: partners set objectives freely	Partners receive support to improve effectiveness but determine objectives through internal processes
	Screened locally led: DFID sets unacceptable objectives that won't receive support	Partner selection criteria specify that zero-sum rent-seeking objectives disqualify a partner
	Guided locally led: IA helps partners to select and refine their objectives based on set criteria	IA encourages partners to assess feasibility and prefer positive sum objectives
	Adaptive IA-led: DFID sets a basket of objectives and signs off on more specific aims, and changes thereto	DFID initially sets focus on job creation, then signs off on a proposal to establish an SEZ authority during the programme
Donor led	Non-adaptive: DFID specifies detailed objectives before programme starts	DFID mandates IA to support the passage of a competition law through parliament

Source: interviews with DFID advisors and IA programme managers.

2.2 Implementing agency coordination

In this report, "IA-coordinated" is used to refer to the methodology used in Essor in DRC and EPI in Nepal.

2.2.1 Methodology

As with the locally led approach, DFID selected an implementing agency to manage each overall programme.[15] The implementing agency is given a list of broad objectives, designed to set the ambition and focus of the programme, but has the freedom to select the reforms it wants to target, to construct and refine its own theories of change on an ongoing basis during the programme, and to choose which local partners it wishes to work with on each issue. Compared to the locally led methodology, IA-coordinated work tends to collaborate more closely with government and very little with media and research institutions.

The locally led methodology places great emphasis on giving local partners control over the direction of the programme, and being sustainable. This approach comes at a cost. In contrast, IA-coordinated programmes retain tighter control over the direction of the programme, enabling them to maximise cost-effectiveness by using cost–benefit analysis to

[15] In DRC the implementing agency is PwC, in Nepal it is Palladium.

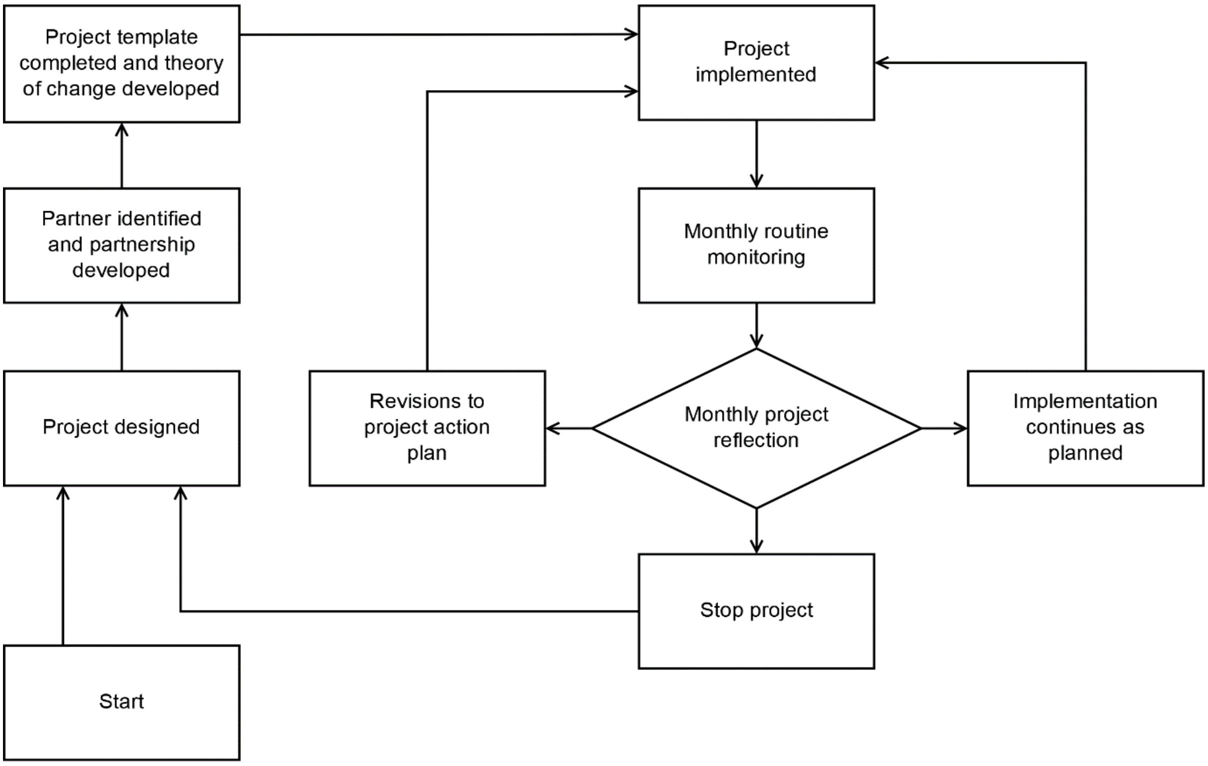
select programmes with the biggest payoff.[16] In order to do this, they have to accept a reduced emphasis on local leadership and, potentially, sustainability. And by providing a large temporary source of direct finance, IAs may be able to target more ambitious or technically difficult reforms than those that could be handled by existing system participants using sustainable budgets.

For the EPI in Nepal, adaptive iteration happens on two levels: monthly for each individual component and quarterly for the strategy of the programme as a whole. At the component level, a monthly meeting decides whether to (a) continue implementation as planned, (b) revise the project action plan or (c) to stop the project (see Figure 1). The programme uses a “lesson template” to be completed whenever projects are stopped (and sometimes in other circumstances), which ensures that these lessons are included in project reporting. Viewing this as a project output also helps to reduce unhelpful incentives to ensure that all components are successful (which is a common bias in adaptive BER programmes).

A quarterly strategic review then appraises the state of all components and the cross-cutting processes that support them, and decides whether (a) the programme should continue as planned, or (b) overall strategy should be revised. In addition, quarterly strategic reviews decide what additional learning materials should be produced, such as lesson templates and impact story templates. They also provide an opportunity to identify areas of additional research and analysis that can be undertaken in parallel, with a focus on refining the overall theory of change.[17]

[16] Naturally, under this methodology, the implementing agency should take great care to ensure that local stakeholders advise on appropriate objectives, rather than importing a boilerplate global best practice array of reforms. However, the difference between the implementing agency and individual partners selecting reforms to target is still very significant in practice.
[17] Palladium, 2016, section 5.3.

Figure 1: Project decision cycle



Source: adapted from Palladium, 2016, p76.

2.2.2 VFM

The VFM strategy appropriate to an IA-coordinated intervention requires less innovation than for the locally led approach. The fact that implementing agencies are free to select their specific objectives means that familiar tools like cost–benefit analysis can be used to establish cost-effectiveness targets that can be monitored as the project progresses. More generally, since the IA takes responsibility for the full duration of the reform, conventional monitoring and the application of DFID's standard VFM framework[18] is much less problematic.

However, in other ways, IA-coordinated projects are similar to those using the locally led methodology. For instance, the VFM strategy for EPI in Nepal has placed an emphasis on good practices, i.e. focusing on qualitative measurement of processes rather than quantitative metrics, especially early in the programme cycle.[19] This will be explored further in section 3.4.

[18] DFID, 2011.
[19] Palladium, 2016, section 6.8.

2.3 Adaptive programming in Zimbabwe

Until now, BEEP in Zimbabwe has followed the locally led methodology, drawing lessons primarily from ENABLE in Nigeria. This strategic decision was made based on an assessment of the political economy environment, which suggested that the project should place an early emphasis on building trust and acceptance, particularly with government. The locally led approach was chosen to reduce the perception that business environment reform was being driven by donors. However, the first phase of the programme has been successful in building confidence and establishing a brand for reform in which local voices are paramount. The situation having changed, DFID may now choose to shift to a dual approach, in which a part of the project follows an IA-coordinated approach. This would be particularly suitable for more protracted and politically sensitive issues, in which a large coalition would need to be assembled, supported by an inclusive public–private dialogue (PPD).

3. New demands made on VFM by adaptive BER

Adaptive methodologies create a number of new challenges for DFID's approach to value for money, requiring adjustments in the way it is measured and communicated. This section details some of these new challenges, then section 4 looks at how these challenges can be addressed within a programme's VFM strategy.

3.1 Assessing VFM in locally led interventions

Embracing "locally led" programming implies reducing donor control, and giving recipient communities at least part of the responsibility for determining what represents good VFM, especially when it comes to cost-effectiveness. Donors must confront the fact that local actors won't always choose the option with the strongest CBA behind it. When is it appropriate to influence these choices?

There is a natural tension across the field of development between donors' ability to guide and monitor outcomes, and the prospect of ceding genuine decision-making power to local actors. This is no less contentious in business environment reform. Familiar tools like cost–benefit analysis inform donors of which interventions are likely to provide the greatest cost-effectiveness, but local actors will often have different preferences. Further, it is difficult for donors to avoid analysing local preferences to determine whether they are "acceptable". Local actors may have a keener sense of the political economy than donors, or value considerations such as justice and equity more highly than can be economically quantified. On the other hand, they may opt for rent-seeking objectives, or lack the resources or experience to assess the feasibility of certain reforms as realistically as implementing agencies or donors.

In order to establish locally led programmes, donors must accept that this will result in a reduction in their own control of the programme. This includes a reduced ability to guarantee VFM outcomes, especially at the cost-effectiveness level. Donors simply cannot insist that a project implement the most cost-effective reform, *and* that reform priorities are selected locally — and this should be explicitly acknowledged in their VFM strategy.

The question of whether donors (and their IAs by proxy) should "vet" local preferences, to determine whether they are acceptable, is more difficult and nuanced. Such restrictions obviously carry the reputational risk that donors are perceived to be claiming local ownership, when actually they are merely seeking to hide the imposition of their own agenda.[20] The significance of this threat will vary greatly by context, and so this decision will be influenced by the local political economy. In Nigeria, the implementing agency shifted its policy after the first phase of the programme, beginning with complete indifference to issue

[20] See, for instance, Bannock, 2005, p36: "donors often are one of the biggest obstacles to PPD. They obstruct primarily when they impose their agendas on host governments, and when they make both governments and private sector associations respond more to donor priorities than to their home constituencies."

selection, and later encouraging positive sum, feasible interventions through process support to selection activities. This could be seen as a (context specific) correction based on programme learning, but it is also fair to expect that programmes will discover that the scope for IAs to provide advice on the best issues to tackle will increase as they build trust among local actors. Arguably, the programme in Zimbabwe now finds itself at a similar point. Experience from both programmes suggests that the best approach may be to err on the side of permissiveness to start out, and seek an invitation to help guide objectives progressively more over time, as a means to minimise reputational risk. This process of building trust may require some leeway within the project's VFM strategy, particularly at the cost-effectiveness level — if IAs are really going to permit partners to take the lead in setting objectives, then donors must be able to update their VFM strategy where necessary to capture the value that partners choose to create.[21] In addition, the risk that the donor or implementing agency is perceived to be seeking to control the reform agenda should normally be addressed in a project risk assessment.

3.2 Post-completion evaluations

If cost-effectiveness can only be measured long after the intervention has finished, a post-completion evaluation (PCE) is the only way to capture it, and past experience will be an important guide as to whether it will work.

Financial sustainability is one of the most difficult challenges for BMOs, particularly those supported by donors.[22] To try to overcome the sustainability challenges that have dogged BMO support for decades, locally led BER programmes have been radical in their early drawdown of BMO support. Donor funding is phased out as soon as the implementing agency sees evidence that change has been embedded in the BMO's practices and that it has the capacity to effectively lobby for reform. However, this is generally before project outcomes have been achieved. This presents a dilemma for implementing agencies and donors. What is the true cost-effectiveness of such interventions? What evidence do we have that they are sustainable?

Implementing agencies are rightly reluctant to impose reporting requirements as a condition of support that would be financially and administratively burdensome, but it is important for donors to understand whether this strategy results in true sustainability. Disruption is a ubiquitous feature of development environments, and it is not inevitable that an organisation will survive or be effective merely because it achieves a sustainable financial position.

PCEs form a key component in assessing the value being delivered by adaptive programmes. PCEs in this context refer to *ex post* evaluations of organisations which have completely stopped receiving support, even if the broader programme may be continuing.

[21] This flexibility and ways it has been managed in non-BER adaptive programmes is discussed in Derbyshire and Donovan, 2016, section 4.1.
[22] Hetherington, 2016, section 4.1.

PCEs are important to understand where support has been effective, to inform future programming and to understand issues which may be beyond the scope of the project's monitoring system, such as where the work of organisations has produced change within a complex system.

In the context of adaptive programmes in particular, PCEs are useful to take stock of:

1) the added value of adaptive interventions over traditional approaches
2) the broader value offered by adaptive interventions which may not be captured by the programme logframe.

Regarding the first issue, the thinking around adaptive programming emphasises that programmes should adapt on an ongoing basis — reacting to learning about what works and what doesn't, about changes in the political context, and about client needs — thereby ensuring increased impact, sustainability and ultimately value for money. Adaptive programmes spend time to understand constraints, context and incentive structures and require constant feedback loops and self-reflection.[23] To some degree, this represents a trade-off between lower efficiency and higher transaction costs in the short term, and increased scale and sustainability of impact in the longer run. However, the evidence base for the effectiveness of adaptive programmes is still limited and approaches to flexible and adaptive programming are still evolving. A number of tensions remain: including donors' need to balance predictability and accountability with flexibility and adaptability, the desire to reduce risk while encouraging innovation and learning by doing, and the political requirement to link payment with results. PCEs can play an important role in understanding what works and why in different contexts.

Regarding the second issue, adaptive programming requires scope for exploration and failure. While such programmes usually have theories of change and theories of action developed at the outset, these are typically flexible and are refined during an initial research or discovery phase and further tightened as the programme learns. This can produce both intended and unintended consequences, particularly in programmes which are dealing with complex systems. PCEs offer an opportunity to take stock of such changes and identify impacts not captured in the programme logframe. In the market systems development space, the Springfield Centre has developed a typology for systemic change: the Adopt, Adapt, Expand, Respond (AAER) framework.[24] This provides a way of identifying and categorising the key attributes of such change but allows some flexibility in the precise nature of those changes.

3.3 Budget control

Budget control is *not* a suitable VFM metric for adaptive programmes; on the contrary, DFID must be flexible with spending targets to give IAs the space to adapt.

[23] Derbyshire and Donovan, 2016.
[24] Nippard et al., 2014.

> Systems need to aim for accountability, flexibility and transparency in the management of funds, but not necessarily complete predictability.[25]

Some adaptive BER projects have been encouraged on the one hand to be agile and opportunistic while at the same time maintaining “excellent” budget control, in the sense of achieving an extremely low variance between projected and actual spend programme spend. This creates additional management challenges and consumes managerial resources that might better be focused on other activities. Adaptivity requires the ability to scale efforts up and down according to a realistic assessment of the prospects for success; this can only be undermined by a secondary (or worse, primary) imperative that spending fall within an unnecessarily narrow range.

Naturally DFID requires some limits on possible project costs, but “Flexibility on total budget is possible even at the business case… stage”,[26] and much more so within individual activities. These limits should be discussed with the implementing agency at the inception phase, so that an appropriate trade-off between budget certainty and adaptivity can be selected and explicitly agreed.[27] Budget variance should never be included in VFM metrics for adaptive programmes.

3.4 Assessing processes, not metrics

Metrics are poorly suited to capturing the opportunities adaptive programmes present for better VFM, especially early on — but paying more attention to processes will pay off.

Adaptive programmes fundamentally shift the focus of VFM strategy away from doing things more efficiently, to doing the right things. The biggest gains come from discovering quickly that a formerly promising approach will not be successful and diverting funding to more effective alternatives. As such, the traditional VFM emphasis on metrics tends to disadvantage adaptive programmes, by not focusing on their core strength. Instead, adaptive programmes will achieve their potential to deliver strong VFM when their processes are good — when appraisal of experimental efforts is timely, unbiased, consistent, knowledgeable and politically astute. This requires strong processes for PEA (both economy-wide and specific to each intervention) and for component or partnership monitoring. Paying close attention to these areas when designing and monitoring programmes will ensure that the main opportunities for adaptive programmes to deliver improved VFM are not missed.

[25] Derbyshire and Donovan, 2016, p4. “If financial management systems are too rigid, they will drive rather than facilitate decisions on activities, and undermine adaptive planning.” (Ibid, p23.)

[26] Donovan and Manuel, 2017, p5.

[27] Re-budgeting is, of course, one of the unavoidable costs of adaptivity, and requires DFID staff time (Donovan and Manuel, 2017, p5).

3.5 "Learning" in BER

As with other policy-focused areas, in BER learning is less about scaling up a successful methodology, and more about finding out about the local context and partners, improving adaptive processes and evaluating the effectiveness of adaptivity itself.

In many adaptive programmes, learning is closely linked to scale. The programme begins with little knowledge about what works, performs a series of experiments to learn the best approach, and then scales up the most successful methodology. In BER, and many other policy-focused areas, there are few opportunities to scale up a specific intervention. More commonly, once a reform has been successful, the programme moves on to implementation (a quite distinct activity) or another reform, with a somewhat different set of stakeholders, incentives and constraints. In this sense, learning has low transferability. Indeed, the most agile, politically astute programmes may seize an opportunity for reform that would not have been possible in the same context with the same methodology six months later.

Instead, adaptive BER programmes should aim for four main avenues of learning.

- **Individual partners' capacity and motivation** is the most resource-intensive component for locally led programmes, in which adaptivity is primarily achieved by focusing on the most responsive partner organisations. The process for generating this learning is critical for good resource allocation. The process must systematically record the programme's experience with each partner in a way that is comparable and enables consistent decision-making, including timely suspension of work with underperforming partners and a resistance to the temptation to make every partnership a "success". However, learning about partner organisations is also important when using an IA-coordinated methodology; many of the same organisations will play a role in various reforms, and forging closer relationships and understanding who is likely to provide valuable support is important.
- **Political economy analysis** should continue to deepen as attempts at reform reveal new facets that can be incorporated into the programme's understanding of its context, both formally and informally.[28]
- **Process lessons** will lead to better decision-making and resource allocation. For instance, in the first phase of BEEP in Zimbabwe, the implementing agency developed a "scorecard" that was used to make monitoring of partners more systematic and comparable. Programmes may choose to experiment with different PEA tools and review mechanisms in order to learn which are the most effective. There have not been many adaptive BER programmes, and those that have been

[28] See Hetherington, 2017, chapter 4 for lessons on political economy analysis in BER that can be drawn from DFID's experience.

implemented have used varying methodologies, so there are still many opportunities for process lessons to be documented and shared for the benefit of new projects. They are likely to be the most transferable forms of learning.

- **The cost-effectiveness of different adaptive methodologies** is still uncertain and may be difficult to monitor during programme implementation (see section 3.2 on post-completion evaluations). When justifying the value for money of programming adaptively, business cases will rely on evidence from previous adaptive BER programmes.

4. Practical steps to measure VFM in BEEP 2

This section examines concrete ways of measuring VFM at different points in the results chain — at each of the "3E" levels. This builds on more general advice on measuring VFM in BER programmes in earlier work by BERF.[29]

VFM measurements can be broken down by indicator and measurement typology (see Table 4). In the most general terms, measurement tends to move leftwards and upwards over time — both over the course of an individual programme, and as the methodology of the programme type becomes better established, with more comparable data available. Qualitative and stand-alone indicators are the easiest to use when comparable data is lacking and the programme is still establishing its methodology.

Table 4: VFM indicator framework

		Measurement typology		
		Benchmark	**Comparison**	**Stand-alone**
Indicator typology	**Monetary**			
	Quantitative			
	Qualitative			

Source: Barr and Christie, 2014, p4 (see also 2015, p5).

4.1 Economy

Economy is the measure of whether inputs are obtained at "the right price".[30] In order to measure economy quantitatively, it is necessary to know the (a) price, (b) quantity and (c) quality of each input. Financial reporting systems are invariably well suited to recording the price of inputs, but in many cases the quality — and sometimes even the quality — is not feasibly measurable (or can be measured only by the IA and not by DFID).

4.1.1 Common measures

The metrics that have been used in adaptive BER programmes so far are similar to those used in their non-adaptive counterparts (see Table 5).

Table 5: Often used qualitative and quantitative measures

Economy measures used in AP have so far been similar to those used in traditional programmes	
Typology	**Common measures**
Quantitative	▪ daily fee rates for consultants ▪ indirect support costs as a proportion of project spending ▪ ratio of national to international consultant-days used ▪ reductions in input costs over the life of the programme

[29] Bayaz and Hedley, 2016.
[30] DFID, 2011, p4.

Economy measures used in AP have so far been similar to those used in traditional programmes	
Typology	**Common measures**
Qualitative	▪ good procurement practices ▪ responsiveness to audit recommendations ▪ quality of financial management

Unfortunately, not all of these metrics are well suited for use in adaptive programmes, as will be discussed in the following sections.

4.1.2 Fee rates

The most common economy measure in BER projects is consultants' daily fee rates. The price of a daily fee rate is easy to report, but the quality, and even the quantity of work delivered in a day (by any meaningful measure) is not directly observable, and is costly and difficult to document. There is also an information asymmetry: the implementing agency, which works directly with each consultant, normally has better information about the quality and quantity of their work than the donor, which can only see a CV and the collective outputs of teams. An implementing agency may know that an individual consultant provides good VFM, but find it difficult to document the quantity and quality of their work at the level of precision with which fee rates can be reported.

Many donors have tried to address this difficulty by specifying detailed qualification requirements, as a proxy for the quality and quantity of work corresponding to a day. Whether or not this is an effective strategy in conventional programming, adaptive programmes require a mixture of "particular personal competencies, attitudes and behaviour"[31] that are particularly difficult to document in a way that is sufficiently quantitative to justify a particular fee rate.

Adaptive programmes need to be able to assess that quality of staff more broadly, with less attention to technical experience. They also need, wherever possible, to take full advantage of the information asymmetry that gives implementing agencies privileged information about the quality of team members. Donors can do this by reducing the constraints that they place on technical qualifications, and by assessing individuals and teams on their ability to work in adaptive ways — placing greater emphasis on judging their outputs and less on their documented experience.[32]

4.1.3 Support costs

Most projects and organisations incorporate some measure of "indirect", "overhead" or "support" costs into their budgets. However, DFID has no clear definition of what these terms constitute, and DFID's partners use a variety of definitions.[33] They also vary substantially by

[31] Derbyshire and Donovan, 2016, p14.
[32] Derbyshire and Donovan, 2016, section 4.3, p14.
[33] One VFM report in Nigeria commenting on its project's overheads suggested that the implementing agency try to harmonise its measure of overhead costs with other definitions used by the same implementing agency in other private sector development projects in the same county (ASI, 2016). This variation and subjectivity is not at all unusual.

context, for legitimate reasons. In general, a headline rate will not be meaningful without much more detailed interrogation or definition of what is included and what has driven any variance. There is a risk that any pressure for a reduction in these costs is easier to achieve through altered accounting practices (that may themselves give DFID a reduced oversight of its expenditure) than genuine changes in delivery. In addition, as discussed in section 5.1, adaptive programmes are management-intensive, and may appear to be expensive in terms of overhead costs; it makes little sense to seek to take advantage of an adaptive methodology while trying to keep this spending in line with benchmarks from non-adaptive programmes.

Qualitative assessment of procurement practices may be a more proportionate indicator in many cases. Adaptive programming illustrates that support functions can be an important source of project value.

4.1.4 Review and audit

Tests of whether audit recommendations have been implemented are common VFM measures, but often less attention is given to the costs — especially unnecessary costs — incurred by audit processes.

Annual reviews and external audit generate a large amount of work for implementing agencies. Any unpredictability or last-minute change to these processes generates substantial extra work, either driving additional costs or diverting staff attention away from routine project management. Avoiding creating this unnecessary cost is a useful qualitative test of VFM.

4.1.5 Qualitative measures

In the absence of all the data required to make meaningful quantitative judgements, several checks are available that good procedures are in place that can be expected to lead to inputs being obtained at competitive prices, and strong VFM over the course of the project's life.

- What procurement practices are in place? Are they proportionate?
- Have external audit recommendations been implemented?
- Have reviews and audits been completed on schedule, after giving at least two months' notice?
- Is the implementing agency able to select the best VFM consultants without arbitrary limitations on experience?
- Why are local consultants (not) preferred to international ones? Which offer better value for money in this context and why?

4.2 Efficiency

Measures of efficiency tend to be the most project-specific, since they are tied to outputs, which vary more from one BER project to another than inputs, outcomes or impact. This creates particular problems for adaptive programmes, which may retain flexibility in the form that outputs will take, while specifying desirable outcomes and impact. Regular updates of VFM measures make the most sense at this level.

Quantitative measures that are often used in BER projects include cost per intervention, cost per reform and cost per beneficiary (or target beneficiary). Without information about the level of ambition or economic impact of each intervention such metrics are very difficult to compare, making the utility of these quantitative measures questionable. Other traditional metrics such as the ratios of cost to funds released (from dispute settlement), cost to investment leveraged,[34] and cost to area of land titled are more usefully comparable.

A paramount challenge for locally led adaptive programmes is how to measure partners' efficiency changes. In ENABLE, these centred around the cost per practice change and cost per new product delivered (for media organisations). Making good choices about which partners to scale up and which to suspend is central to achieving good value for money. The partners which scored badly on these metrics were generally not the least promising partners, but intermediate organisations that were believed to be capable of change with long-term support. The most unsuitable partners were suspended promptly.

Table 6: Quantitative efficiency metrics for locally led projects

Efficiency metrics for locally led projects	
Metric	**Comments**
Cost per sustained practice change	Need a comparable definition of practice change
Cost per new media product	Can additionally be divided by audience if data is available
Leverage metrics (ratio of partner investment to project investment)	Typically much higher for media partners than BMOs or research institutions

Source: interviews with ENABLE staff.

BER projects sometimes use budget utilisation rate, or a measure of whether a project is on budget as an efficiency measure.[35] This is inappropriate, as discussed in section 3.3. Table 7 lists some additional efficiency metrics that might be suitable for adaptive programmes.

[34] Although additionality — that whatever investment has been attracted hasn't simply been diverted from other developing country uses — can be very difficult to establish.
[35] Bayaz and Hedley, 2016, p15.

Table 7: Efficiency metrics for adaptive programmes

Efficiency measures that can be used across a programme tend to be focused on good practices		
	Indicator	**Comments**
Quantitative	How many workstreams/partnerships have been: ▪ suspended ▪ scaled up?	It would be counterproductive to set a target, but a very large proportion of decisions all going the same way might be cause for concern.
	How many changes in internal processes have resulted from self-review?	Non-adaptive programmes often measure whether audit and AR recommendations have been implemented. Adaptive programmes aim for a tighter learning cycle, so monitoring should adjust to capture internal improvements.
	What proportion of component theories of change were updated?	Adaptive programmes invest heavily in learning. For this investment to be worthwhile it should be reflected in theories of change that improve during programming.
	What proportion of planned review meetings happen on time with appropriate decision-makers present?	
	How many lesson documents have been created to share learning internally and externally?	Measuring learning documents, especially learning from failure, can help to reduce psychological bias towards making every workstream/partnership successful regardless of cost.
Qualitative	Were suspended workstreams/partnerships drawn down as soon as enough evidence was available?	Evidence from Nigeria suggests that the least favourable VFM was achieved *not* by the least promising partnerships (which were quickly suspended) but from those that would need very high levels of support to achieve sustainable change.
	Are partnerships documented in a clear, comparable way that provides the right information for good decision-making?	In locally led programming, biased decision making is a significant threat to VFM. Ensuring that decision-making happens on time, by the right people, with access to the information they need will help to minimise bias.

Source: interviews with programme managers. See section 4.5 for more discussion of measures of adaptive processes.

4.3 Effectiveness

Most effectiveness measures used for BER programmes are ultimately based on the traditional economic approach of calculating the ratio of total benefits to costs.[36] This approach is relatively well suited to adaptive programmes, because it is flexible while remaining comparable (permitting aggregation). Benefits from BER typically accrue to companies (compliance cost savings), workers (job creation and increased incomes), government (cost savings) or consumers (reduced prices, better quality, safer products and more choice). While any single intervention is likely to have some impact on all four, it is normal for one to be the primary objective, and the main focus of monitoring and VFM appraisal for each project. An adaptive programme may have a strategy that sets out which

[36] This is typically complicated by the fact that reform happens within a complex environment in which other actors incur costs and are partially responsible for reforms that might be considered outputs of DFID's work. However, most often other actors' costs are ignored, except for those of other donors.

of these objectives is the most important, but in most cases the decision of which to measure and report on will be made by each component.

The compliance cost saving (CCS) methodology, which estimates benefits derived by firms from reduced regulatory burden, is at the core of the IFC's VFM framework, and has recently been applied to DFID-funded programmes in Ghana and Bangladesh.[37] Consumer benefits are the least often measured benefit; although they would be expected to be a consequence of many BER programmes, the attributable effect on prices is very difficult to measure.

Qualitative measures tend to take a secondary role, confirming assumptions made in deriving quantitative measures and assessing the likelihood that any anticipated future gains materialise after the programme is complete.

4.3.1 Job creation

DFID is in the process of both refreshing its policy on jobs measurement, and actively collaborating with the World Bank-led Let's Work Partnership to improve measurement and consistency across development organisations. DFID's Jobs Measurement and Implementation Support Programme has been delayed and its start date is uncertain, but is expected ultimately to provide support directly to country offices in improving jobs measurement. BEEP will doubtless take advantage of this support as soon as it is available.

Box 1: M&E options: DRC's Decision Support Unit

In DRC, 3.5 per cent of a £103m budget for a mixed private sector development (PSD) programme has been allocated to a "Decision Support Unit" (DSU).[38] This is a multi-functional unit that has a range of monitoring, evaluation, context analysis and learning roles across the portfolio, but is partially in recognition of the sheer complexity of assessing adaptive BER — that a dedicated, somewhat external unit is desirable to construct a fair account of project performance. The DSU has faced a series of delays in establishment, but should complete its inception phase in 2017, after which it will hopefully provide learning products relevant to other adaptive BER programmes.

In the interim, DFID's current jobs measurement policy is based on its 2012 guidance.[39] This would recommend measuring new or existing jobs that pass a multifaceted threshold due to the programme. For Zimbabwe, an appropriate threshold would be:

- Working at least 20 hours per week, for at least 26 weeks per year
- Working conditions that comply with the eight ILO fundamental conventions[40]

[37] A strategy for applying this methodology to BEEP in Ghana is laid out in Craft, 2016.
[38] DFID, 2017, pp1 and 9. The BER component of this PSD programme is worth £35m.
[39] DFID 2012a, 2012b, 2012c.
[40] *Very* briefly, these are that labour is not forced, collective action and bargaining are allowed, workers do not face discrimination, and children are not employed (ILO, 2003).

- Earning at least $176 per month, including allowances.[41]

It is also desirable to measure a headcount of beneficiaries and total net attributable income change, in line with the DCED Standard, to supplement the headline measure.[42] Each of these can be divided by programme costs to arrive at a suitable metric.

Measurement is significantly complicated by the difficulty of attribution, and a number of advanced methodologies have been created to address this (including value chain models, CGE models and tracer studies). In an adaptive programme, the methodology will need to be selected in tandem with the design of each component; the challenge at the programme design phase is to establish common metrics for job creation to ensure that results can be aggregated programme-wide (and ideally feed into DFID's global reporting).

4.3.2 Cost-effectiveness in locally led programmes

As discussed in section 3.2, cost-effectiveness is harder to measure for locally led projects, where implementing agencies will have limited access to data after support is drawn down. In these cases, post-completion evaluations are necessary to capture cost-effectiveness in a meaningful way. Qualitative measures can be used during the programme to confirm evidence that changes are likely to be sustainable.

4.4 Equity, especially gender

4.4.1 Equity metrics as a constraint

> When we make judgements on the effectiveness of an intervention we need to consider issues of equity. This includes making sure our development results are targeted at the poorest and include sufficient targeting of women and girls. Value for Money is about maximising each of the 3Es, so that we have maximum effectiveness, efficiency and economy for each intervention.[43]

DFID's principal guidance on value for money contains only one reference to equity. Unlike other areas of VFM, which assess the cost of desirable results, equity is included only as a constraint: that programmes should be sufficiently targeted at women and girls, and the poorest people. Since this guidance was published, implementing agencies have occasionally expanded it to include groups such as disabled people, young people and old people.[44]

Consequently, some projects have used measures that serve as a check that the beneficiaries of a project contain sufficient representation of target groups, e.g. a target of 50 per cent of beneficiaries being women. This is not a VFM measure in the conventional

[41] DFID, 2012b and author's calculations. $176 is based on the minimum wage, including statutory allowances, for a grade 1 domestic worker (ILO, 2016), which is higher than the living wage calculated on the basis of World Bank and census data ($95 per month).
[42] See, for instance, Kessler, 2016, p10.
[43] DFID, 2011, p3.
[44] See for instance Ghosh and Weatherhead, 2015, chapter 5.

sense, but rather a check that strong VFM is not being achieved at the expense of selecting only beneficiaries that are particularly cheap or easy to reach. In many BER programmes, such as those targeting microenterprises and the self-employed, urban beneficiaries are cheaper to reach than rural ones, so that unless the split is measured, VFM measures could be inflated by focusing on urban areas (exacerbating an existing income divide). It is also notable that the selection of a target is subjective and entirely context-specific; some projects may see 20 per cent female participation as success, others might aim for 100 per cent — and both might be entirely reasonable depending on the circumstances.

However, a common assumption that achieving equitable outcomes is expensive is problematic, especially for gender equity. In cases where targeting of women inflates project costs, it is possible that gender analysis was not sufficiently built in to the earliest stages of the programme cycle, leading to a focus on issues of primary interest to men with a “bolt-on” targeting of women to mitigate inequitable effects. Targeting one group to receive an intervention designed for a different group may well increase costs. For this reason, initial analysis and baseline data collection are critical to achieving and demonstrating equitable value for money.[45] Where an initial diagnostic has learned about the particular BER constraints facing women, then merely through reform selection there are likely to be opportunities to reach large numbers of women (or other disadvantaged groups) without targeting becoming a cost driver. Since these reforms have often been historically neglected, there is every reason to believe that they will include particularly cost-effective “low-hanging fruit”.

4.4.2 Equity as a true VFM metric

An alternative approach is to design metrics that conform to the traditional structure of VFM metrics by measuring the cost of achieving a desirable outcome, such as:

- cost of increasing female participation in an established PPD process by 1 per cent
- cost of eliminating one piece of discriminatory legislation (or regulation)
- cost of introducing a non-discrimination policy into one MDA
- cost per unit improvement in a women’s economic empowerment (WEE) index.[46]

In the longer term, this approach will enable a comparison of the relative cost-effectiveness of different approaches to improving women’s ability to participate in and benefit from BER, both across the BEEP and between different contexts. At present, they are more likely to begin as comparison or stand-alone metrics, until credible benchmarks have been established.

[45] See Simavi et al., 2010, especially the Core Module.

[46] This would need to be constructed for the national context, but may be a viable means of comparing the WEE impact of several components within an adaptive programme, or with other projects in DFID’s national WEE portfolio to determine whether BER if the most cost-effective means of empowering women. See for instance Lombardini et al., 2017.

This may be particularly well suited to adaptive programmes, which may begin with uncertainty about what options are available to improve the representation of women cost-effectively — but nevertheless need to set an ambition to examine these opportunities properly and act on those which are promising.

4.5 Cross-cutting adaptive considerations

By their nature, adaptive programmes shift significantly in emphasis during their early phases. Consequently, it is less feasible to pin down VFM metrics at the programme design phase, and natural to start with a draft, high-level strategy, and flesh it out once programming has begun.[47] However, this approach still requires diligent data collection — the greater the uncertainty about which VFM metrics will be selected, the *more* data is needed, given that some data will ultimately not be used. This approach worked well in the first phase of ENABLE, which started without a clear set of VFM metrics, but kept substantial financial records of each partnership, which proved sufficient to construct meaningful metrics as the programme progressed.

> Adaptive programmes may be unsuitable for the application of quantitative evaluation techniques, as these typically require the content and target of interventions to remain fixed over time.[48]

As discussed in section 3.4, DFID's experience of adaptive BER programming has suggested that qualitative methods are relatively more useful, especially earlier in the results chain. Measurable features of "good processes" have already emerged from project experience, which can give an indication of whether cost-effectiveness is likely to be strong, although confirmation of this through future evaluation will be necessary.

A prime motivation of adaptive programming is the ability to save money by scaling down unsuccessful partnerships or work programmes more quickly than would otherwise be possible. This is particularly difficult to convert into a metric, because the decision to label a component a "success" is within the control of the project, and any VFM metric that influences that decision has the potential to do much more harm than good.[49] Instead, qualitative reflection on partnerships or initiatives that are ultimately suspended — asking whether decisions were taken in a timely manner, without committing more money than was justified by information available at the time — can get to the heart of how adaptive programmes deliver VFM.

The following qualitative measures could be used to measure how well adaptive practices are being implemented. Fitting measures of adaptivity into DFID's 3Es framework may be

[47] This is of course true to some extent for all programmes (see Barr and Christie, 2015, p6), but even more so with the re-planning necessary in adaptive programmes.
[48] DFID, undated, p9.
[49] In other words, it would be trivial to hit any target that specified the proportion of partnerships that should be "successful" (that receive scaled-up funding, etc), since this decision is within the scope of the project. Adopting such a target risks reducing the extent to which such decisions are based on an honest appraisal of the partnership.

unfamiliar, but these questions relate mainly to the use of inputs and the conversion of inputs into outputs. Most could be used as qualitative economy measures, and some as qualitative efficiency measures.

- Do partner or component review meetings happen as often as planned?
- Are decisions at partner or component review meetings taken by a manager or team with emotional distance and adequate oversight of the whole programme?
- What proportion of review decisions are classified as pause, continue, change approach or scale up?

5. Implementing VFM

5.1 Project governance

One of the most obvious consequences of adaptive programming is a greater burden on management, which translates into the need for a larger and more skilled central management team than would be expected for a non-adaptive programme.[50] It is much easier to implement an established methodology than to continually rethink strategy and scale up or down most areas of intervention, on top of the usual implementation challenges, and it requires a skill set rare among project managers.[51] This should be considered when planning the internal management structure, and deciding if and how overhead costs should be incorporated in VFM tracking (see section 4.1.3).[52]

Tied to more intensive management, adaptive programmes have many small release points, in which spending is often scaled up or down — without the bias of a non-adaptive programme towards "continue as planned", these decisions are inevitably more resource intensive. DFID's adaptive BER programmes usually have decision points for individual components or partners about once a month, with more significant decision-making (e.g. initiating a new component in an IA-coordinated programme) happening once a quarter.

These mechanisms need to be designed to confront the bias towards success. Individual project managers are usually responsible for a small number of components or partners. It is easy to understand why managers at this level are naturally inclined to see their components as having the potential for success and to use any influence they have within the process to advocate for renewal or scale-up. This creates two potential biases:

- a general bias towards continuing to support partners or agendas that may well deliver some results, but with poor value for money
- a bias towards partners or programmes who are represented by project managers with better advocacy skills, or who are less detached.

Two components are needed in a governance strategy to combat this. First, project managers should be seen as advocates for their programmes, while decisions on scaling and suspension are taken by higher-level managers who have greater familiarity with the rest of the programme. Second, the monthly reviews need a level of structure that ensures

[50] "Adaptive programming requires more sophisticated management, more management time, and more investment in management. Higher management costs need to be seen as, and demonstrated to be, investment in achieving greater impact rather than poor value for money." (Derbyshire and Donovan, 2016, p4.)

[51] "Donors and suppliers need to ensure that programme staff have competencies, attitudes and behaviour appropriate to adaptive planning, rather than simply technical skills. For suppliers this can mean a significant change in the profiles of staff recruited and deployed, and for donors a recognition of the importance of assessing competencies rather than focussing solely on the depth and breadth of technical experience." (Derbyshire and Donovan, 2016, pp3.)

[52] Designing a governance structure for adaptive programming is considered in detail in Donovan and Manuel, 2017, section 4.2.

that the information presented about each component or partner is fairly consistent and not too dependent on the personalities involved. A "pause", providing a partner additional time to demonstrate progress without additional support, can be a psychologically easier decision to make than an option framed as a "scale down" or "suspension". The EPI in Nepal incorporates "lesson templates" as a programme output to reduce the negative connotations of partnership suspensions or terminations. A core driver of value for money in adaptive programmes is the ability to downscale unpromising lines of enquiry in a timely way, so these learning products do have substantial value for ensuring that the processes involved are working as they should, and to learn lessons as to how they could be made more effective. DFID advises that using the proportion of interventions that are closed down or restructured each year should be used as an adaptive practice indicator, to "[legitimise] failure and [incentivise] change".[53]

5.2 Structuring contracts: paying for inputs, outputs, or both

DFID has considered options for restructuring implementing agency contracts to reward outputs financially rather than meet their costs (ENABLE and EPI). There are clear reasons that BER is an inappropriate arena in which to adopt a pure payment by results strategy.[54] As a result, programmes have tended to adopt a hybrid strategy, maintaining the same level of scrutiny of inputs whilst adding financial incentives at the output or outcome level. This has proved problematic, as implementing agencies have found that the constraints placed by DFID on their use of inputs has undermined their ability to use their discretion to deliver outputs. For information on DFID's experience of hybrid contracts in adaptive non-BER programmes, see Derbyshire and Donovan (2016, section 4.6 on pp16–17).

A concrete example of this is consultancy fee rates, which are the biggest cost driver in BER projects which supply expertise to identify reforms, make recommendations and implement change. Fee rates are highly observable, but the amount of value created is much easier for implementing agencies to observe than donors, and almost impossible to document in a meaningful way. There is therefore an opportunity for DFID to switch from monitoring fee rates to assessing only the outputs, since the implementing agency is in a much better position to judge whether a consultant's fee rate is justified by the work that they produce. However, if DFID continues to monitor fee rates, and pressures implementing agencies to ensure that they meet arbitrary targets, then the implementing agency is over-constrained, and the original purpose becomes unachievable. The basic point is that any shift towards financially rewarding outputs should be accompanied by a *reduction* in scrutiny at the input stage if implementing agencies are going to have the freedom to use the better information they have to improve value for money. This is discussed in more detail in section 4.1.2.

[53] DFID, undated, p9.
[54] Most obviously, performance measures are hard to specify, proxy measures may not be correlated with objectives *ex post*, outcomes are highly random making implementation highly risky and therefore expensive to incentivise, and effort is reasonably observable (Clist and Dercon, 2014).

6. Conclusions and recommendations

6.1 Summary of conclusions

DFID's adaptive BER programmes follow two distinct methodologies. While these have a lot in common, they differ markedly in their implications for VFM strategy. The difference stems from the levels to which DFID and its implementing agency step back from specifying the objectives of reform, in favour of local decision making.

In IA-coordinated programmes (such as in Nepal and DRC), a more traditional approach to VFM is feasible. While it is not possible to specify outputs at project inception, a basket approach can be used to set the ambition and type of objectives that are acceptable. During the programme, traditional economic analysis can be used to specify and analyse objectives, and to measure their projected and actual cost-effectiveness. Ultimately, these adaptive components can be measured by familiar means, although earlier in the process, quantitative economy metrics will be less useful than qualitative appraisal of whether good adaptive processes are being used well. Adaptive programmes achieve cost-effective results by discovering what will work, and winding down infeasible or expensive routes to reform — their VFM strategy should start by testing whether this process is functioning as it should.

Locally led programmes (such as in Nigeria and at the start in Zimbabwe) disrupt donors' usual strategy for capturing results by ceding control of objectives to local partners. A parallel focus on sustainability prevents donors from intrusive data collection or even providing long-term support through the whole of the reform process. This requires a shift from continuous monitoring to evaluation in the latter stages of the programme, particularly when partners have ceased to receive support because they have been deemed to have achieved sustainable improvements. In common with IA-coordinated programmes, early on VFM measurement should focus on checking for strong adaptive processes rather than economy metrics as the best predictor of future effectiveness.

6.2 Recommendations

6.2.1 In IA-coordinated programmes

- Early in the project cycle, focus on adaptive methodology rather than quantitative economy metrics: How often are component theories of change updated? How many components are scaled up or suspended, and were those decisions made as quickly as is reasonable? Do component review meetings happen as often as planned, with appropriate decision-makers present?
- At the output stage, a basket of possible outputs (such as 'reforms significantly relaxing one of ten identified constraints') can be specified at the beginning of the programme, and more specific indicators selected by each component as its objectives become clear.

- Late in the project cycle, traditional methods such as cost–benefit analysis can be used to assess the expected and actual cost-effectiveness of reform, including cost per job created by the country-specific definition given in section 4.3.1.

6.2.2 In locally led programmes

- Early in the project cycle, the focus should be on ensuring that the process governing relationships with partners is sound: that each relationship is documented in a clear, comparable way, which captures the evolution of partnership planning and performance. Release points should be governed by an impartial process not biased towards framing every partnership as a success, and non-performing partners should be cease receiving support.
- Efficiency metrics can be built around the cost required to achieve each sustainable change in each partner organisation, and by quantifying leveraged investment by partners in their own improvement and delivery of new services.
- Due to the level of system complexity and the various reasons that partners should not be burdened with ongoing reporting requirements, effectiveness should be assessed primarily by post-completion evaluation, which is able to appraise partners' objectives and achievements in context, without a prescriptive *ex ante* model of success supplied by donors.

6.3 Further research

Given the youth of DFID's adaptive BER programming, each project should invest sufficiently in evaluation to ensure that lessons can be shared for the benefit of subsequent programmes.

DFID's programmes in Nigeria and Zimbabwe have provided a serious response to previous difficulties in achieving sustainable BER. But the question remains whether "sustainable" translates into "sustained" in practice. At project completion it is feasible to assess whether partners have been placed on a sustainable footing, but the value for money of these programmes depends enormously on the extent to which these organisations survive, thrive and continue to drive reform. Given ENABLE's age — the programme began in 2008 — it is the first context in which it is possible to evaluate how long-term the dividends of DFID's investment have actually been, and why. Although only one context, the large number of partners involved in the programme could provide insight into why some have been more sustainable than others.

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Appendix 1 Suggested indicators for BER Programmes

Indicators used in non-adaptive programmes		
Level	**Qualitative measures**	**Quantitative measures**
Economy	▪ Examples of good procurement practices ▪ External audit recommendations implemented. ▪ How are fiduciary risks mitigated/ addressed? ▪ Are economies of scale being taken advantage of? ▪ Quality of financial management and adherence to DFID reporting requirements.	▪ Daily average fee rates (short term/ long term) ▪ Ratio of international vs. national fee days utilised ▪ Ratio of management or administrative costs (based on a description used) as percentage of total programme spend.[55] ▪ Economy savings achieved (during a reporting period).
Efficiency	▪ Is delivery on time and on budget? ▪ What quality assurance mechanisms are in place? ▪ Did any innovation take place? ▪ How are risks related to implementation being monitored and addressed? ▪ Is the programme leveraging additional resources/ investment from others? ▪ Percentage of payments linked to outputs and outcomes.	▪ Cost per reach on intended beneficiary (individual or firm) ▪ Budget utilisation rate (over reporting period, or total) ▪ Trends on administration or management fees over programme years. ▪ Total amount leveraged (from partners/ government/ private sector other donors)? ▪ Total amount leveraged from private sector vs. total programme spend (investment leveraging ratio).
Effectiveness and cost effectiveness	▪ Are the links in the programme Theory of Change sufficiently robust and evidence based? ▪ What measures were taken to promote sustainability? ▪ Were there any unintended impacts, positive or negative? ▪ Synergies among various interventions in a project and evidence as to how they enhance effectiveness. ▪ Evidence on improved climate change resilience and adoption of environmentally friendly practices (where applicable).	▪ Total compliance savings achieved (per reform initiative, or total of programme) ▪ Compliance savings achieved vs. programme spend. ▪ Cost per beneficiary (individual or firm) ▪ Cost per partner adopting new or improved practices ▪ Total increased income for beneficiaries, or ▪ Cost per £ of increased income. ▪ Increased value of sales by firms. ▪ Quantified/ monetised efficiency savings as a result of reform(s). ▪ Cost per job created. ▪ Cost per job sustained beyond 6 months. ▪ Economic return (cost benefit analysis of distinct programme components)

Source: Bayaz and Hedley, 2016, p16.

[55] In IFC programmes, this is often in the form of trust fund administration fees. IFC in addition, usually charges management fees per programme component.

Appendix 2 Terms of Reference

These terms of reference were revised on 22/8/17 following additional consultation with DFID Zimbabwe.

Practical Steps to Measure VfM in Zimbabwe BEEP 2 in the Context of Adaptive Programming

Overview

DFID Zimbabwe has commissioned BERF to provide evidence to support the design a Value for Money (VfM) Strategy that would underpin the adaptive approach for its new BER programme, Zimbabwe Business Enabling Environment Programme (BEEP 2). The current BEEP comes a close in 2017 and over its lifetime has achieved respectable results for DFID Zimbabwe in spite of the fragile and dynamic political environment.

Zimbabwe BEEP is a £4.9 million programme which was graded ‘A’ in its 2016 Annual Review. It aims to improve the business environment in Zimbabwe through two focus areas: (a) improving public-private dialogue (PPD) by building the capacity of business membership organisations (BMOs), ministries, government departments and agencies (MDAs), research bodies and the media and (b) technical support to MDAs primarily to promote regulatory reform. Zimbisa, the trust established as the vehicle to implement DFID’s support for business advocacy and PPD, has proved to be a particular success. All entities receiving support achieved their outcomes and outputs, including the target of delivering six new or amended regulations or laws by January 2017 and ensuring that inclusive growth policies are implemented.

This request for support from BERF follows on initiatives within the DFID Zimbabwe Country Office to seek out new thinking and evidence on approaches which are suitable for the unpredictability of Zimbabwe’s operating environment. In this regard, BERF has been instrumental in providing ‘idea’ pieces for DFID Zimbabwe, first, through commissions for further evidence on what works in PPD in Sub-Saharan Africa, specifically politically fragile contexts such as Zimbabwe’s and secondly, evidence on how to apply an adaptive programming (AP) approach to the next phase of DFID’s BER support. Work on the PPD Evidence and Learning Note has been completed and research on an adaptive approach to BER in Zimbabwe is near completion.

With the expectation that there is likely to be ongoing political uncertainty in the Zimbabwe landscape up to and after the 2018 national elections, DFID Zimbabwe is seeking to further adjust its approach to its BER work to be in a strong position to respond judiciously to the demands for economic development support which are expected to arise in the short to medium term. Their intention is to design the new BER programme (BEEP 2) so that it is able to provide continuing support to reduce poverty, support inclusive growth and promote economic development and the transformation of key sectors, while at the same time working in an agile and judicious manner.

For this, they have requested an Evidence and Learning Note to design a VfM strategy for the new programme. This Note will draw on two previous BERF Notes which have recently been produced or will be produced soon:

- An Evidence and Learning Note on how to apply an adaptive programming approach to Zimbabwe BEEP 2. (Evidence and Learning Note: *Adaptive Programming for Business Environment Reform - Lessons for Zimbisa*)
- An upcoming Evidence and Learning Note which will conceptualise VfM in the context of AP, an area that has not yet received much attention to date.

Objectives

To develop a practical Value for Money (VfM) Strategy for Zimbabwe BEEP 2, building on evidence from BERF's previous support to DFID Zimbabwe on how to build adaptive programming into BER programmes and upcoming work on a broad conceptual framework for assessing VfM in BER.

Link with BER/investment/jobs/poverty (ToC)

The evidence from this E&L Note will contribute to DFID Zimbabwe's efforts to respond opportunistically to BER opportunities that arise in Zimbabwe, notwithstanding the dynamics of the political economy. Further, it will contribute to more accurately measuring value for money in the proposed new BER Adaptive Programme by tracking jobs created as a result of DFID's work as well as measuring broad-based metrics of social inclusion such as gender and women's access to resources and power. Guidance from this work has the potential to create impact at scale by providing the data needed by DFID and its partners to adjust, refine and re-launch programmes benefitting women, the youth, small entrepreneurs in the informal sector as well as more established business membership organisations, based on the lessons learnt from an incremental programme roll-out. Development partners, including those with whom DFID collaborates in-country, will indirectly benefit from the guidance presented in the report.

Client and Beneficiaries

DFID Zimbabwe is the immediate client for this consultancy but the ultimate beneficiaries will be women, poor people, including the working poor and rural poor, and Zimbabweans in the formal and informal sectors. DFID's development partners (IFC, World Bank and others as advised by DFID) will benefit from the findings of this evidence report. Implementing agencies and implementing partners (as advised by DFID) will receive a copy of the report. The final draft may also be shared with the DCED Business Environment Working Group (BEWG) subject to guidance/approval from DFID Zimbabwe.

Scope

The work to support the development of a VfM strategy for Zimbabwe's successor BER programme will include:

- Setting out DFID's experience of introducing adaptivity into BER programmes, particularly in Nigeria, DRC, Nepal and Zimbabwe, and examining how different VFM strategies suit these adaptive methodologies.
- Setting out the challenges posed to VFM strategy and implementation by adaptive methodologies, and summarising the best ways to address these challenges, incorporating lessons from existing programmes where possible.
- Setting out practical steps to measure VfM in BEEP 2, drawing on the previous thinking in the conceptual framework to develop VfM metrics for each of the '3E' levels (with equity as the 4th E) including:
  - Suitable metrics for economy and efficiency (where sufficient information is available)
  - Suitable metrics and approaches to measure value at the effectiveness level, including job creation. This will also draw on previous work to appropriately measure value at these levels.
  - Gender and equity - indicating how these metrics could be developed to adequately reflect the programme's ability to promote and scale up social inclusion. This will also draw on previous work to appropriately measure value at these levels.
- Setting out how these metrics (and the relative focus on each of them) could evolve over time in response to programme activity sequencing in an adaptive programming context (drawing on the lessons from output 1). Also to illustrate how VfM could be built into the release points of the new adaptive programme.
- Governance – indicating how to align VfM indicators to the governance structures which are being proposed under the AP framework.

NB: (22/08/2017). This scope of work has been reviewed and further elaborated from the version dated 17/05/20217 following consultations with the Economic Adviser, DFID Zimbabwe. Further consultations with the Economic Adviser to understand his requirements for the work were required given that the anticipated Light Touch Evidence and Learning Note on conceptual frameworks for VfM in the BER sector, also for DFID Zimbabwe, was not approved by DFID ICIT. The scope of work has been extended to add Sections 5.1 and 5.2. Sections 5.5, 5.4 and 5.5 will be covered but in less detail. A draft structure for this report has been added to Section 6.

Method

The consultants will undertake the following tasks:

- Initial consultation/briefing with DFID Zimbabwe via Skype/phone to confirm and agree scope of the evidence work to be carried out. This task will be done alongside the Senior Expert drafting the Light Touch Evidence Note which will look at the Conceptual Framework for VfM in BER for Adaptive Programming.
- Desk research to review relevant documents and reports:
  - DFID Approach to Value for Money (2016)
  - ICAI Approach Paper - Achieving Impact and Value for Money in Conflict-affected Environments: DFID's Approach to Managing Fiduciary Risk (2016)
  - The upcoming BERF Evidence and Learning Note on Adaptive Programming in the BER Sector and BEEP 2.
  - DFID's Economic Development Strategy (2017)
  - CDI paper on improving the practice of value for money assessment.
  - BERF Report to DFID, 2015. Future Options for Zimbisa
  - BERF Evidence and Learning Note: PPD Interventions in Sub-Saharan Africa – Lessons for Zimbisa
  - Past Annual Reports, Business Cases, Logframes of Zimbabwe BEEP and evaluations of Zimbisa
  - The Ghana BEEP Evidence and Learning Note on Evaluating the Impact of Business Environment Reform
  - Previous donor approaches to measuring job creation and social inclusion.
  - BERF Evidence and Learning Note on VfM in BER
- Consultations (as needed) with the consulting team which produced the Evidence and Learning Note on Adaptive Programming for DFID Zimbabwe, in particular to align the approach to the work where appropriate.
- Collate and analyse VfM strategy.
- Draft a formal report for use as a BERF Evidence and Learning Note: *Practical Steps to Develop a VfM Framework for Zimbabwe BEEP 2* with the following indicative structure:
  - Executive Summary
  - Introduction
  - DFID's experience of making BER adaptive and incorporating VfM into this programme modality:
    - Approach 1: Experience in using an adaptive and market systems approach in ENABLE 1 and 2 and early experience in Zimbisa, with reflections on how VFM fits into this strategy.

- Approach 2: Experience in adopting an adaptive approach in DRC and Nepal, with reflections on how VFM fits into this strategy.
- Implications for the anticipated future approach on Zimbisa.

- New demands made on VFM by adaptive BER:
  - Post-completion evaluations
  - Assessing VFM in locally led interventions
  - Budget control
  - Assessing processes, not metrics
  - Structuring contacts: paying for inputs, outputs, or both
  - "Learning" in BER
- VFM and the results chain: popular metrics (including data requirements and measurement techniques), how they have worked in practice and how metrics evolve over the programme cycle and as the programme adapts.
  - Economy
  - Efficiency
  - Effectiveness
  - Equity, especially gender
- Implementing VFM: embedding VFM into project governance and release points
- Conclusions and suggestions for further research

NB: (22/08/2017). This method has been reviewed and further elaborated from the version dated 17/05/20217 following consultations with the Economic Adviser, DFID Zimbabwe.

Timeframe

Initial briefings and consultations with the client, Economic Adviser, DFID Zimbabwe, is expected to start week of 29 May 2017 with delivery to DFID scheduled for 12 July 2017.

The consultancy will be undertaken by a team of three, comprising a Senior Expert/Principal Consultant (VfM, Monitoring and Evaluation (M&E) and Adaptive Programming), Senior Consultant (VfM, M&E) and a Senior Researcher (BER). The expected level of effort is a total of 16 days.

Workplan (schedule)

Workplan (Evidence and Learning Note: VfM Strategy for DFID Zimbabwe)				
Action	**Consultant Days (Senior Expert)**	**Consultant Days (Senior Researcher)**	**Location**	**Timing (w/c)**
ToRs approved by DFID Zimbabwe; consultants recruited		-		26 May
Initial consultations with DFID Zimbabwe		0.5	Home-based	5 Jun – 09 Jun
Desk research; initial data gathering	1	1	Home-based	12 Jun – 23 Jun
Further consultations with DFID Zimbabwe and revisions to ToR		0.5	Home-based	10 Jul – 21 Jul
Further research on identified adaptive programmes (in response to revised scope of work)		5	Home-based	7 Aug – 18 Aug
Report drafting	3	3	Home-based	21 Aug – 31 Aug
Report submitted to BERF for QA and revisions made	0.50	0.50	Home-based	8 Sep
Draft report submitted to DFID Zimbabwe			Home-based	12 Sep
Respond to comments from DFID Zimbabwe and finalise E&L Note	0.50	0.50	Home-based	18 Sep - 22 Sep
Report QA'd; Final draft submitted to DFID Zimbabwe				25 Sep
TOTAL	**5**	**11**		

NB: (22/08/2017). This timeline has been reviewed and extended from the version dated 17/05/20217 following consultations with the Economic Adviser, DFID Zimbabwe to enable further research activities to be added.

NB: (22/08/2017). This timeline has been reviewed and extended from the version dated 17/05/20217 following consultations with the Economic Adviser, DFID Zimbabwe.

Deliverables

An Evidence and Learning Note: *Practical Steps to Measure VfM in Zimbabwe BEEP 2 in the Context of Adaptive Programming* will be produced in the BERF template according to the BERF style guide. The report will be 25 -30 pages excluding annexes.

Dissemination

The Evidence and Learning Note will be disseminated via email (with links to BERF's website) to DFID PSD Advisers and Economic Advisers who design and manage BER and IC projects. The evidence will also be shared with DFID's development partners including World Bank, IFC and other implementing partners as agreed with and approved by DFID Zimbabwe.

Competencies Required

Senior Expert/Principal Consultant (Value for Money, Monitoring and Evaluation, Adaptive Programming) (5 days)

- In depth experience in VfM and Monitoring and Evaluation
- In-depth knowledge of DFID's approach to measuring results and measuring Value for Money in BER, PSD or investment climate projects
- Good knowledge of the Adaptive Programming approach
- Good knowledge of the political economy challenges which affect BER programming in developing countries
- Excellent report writing skills
- Excellent communications skills

Senior Researcher/Consultant (BER) (8 days)

- Post graduate degree in Economics, Finance or related discipline
- Experience in business environment reform or investment climate
- Understanding of the Adaptive Programming approach
- Understanding of VfM as practiced in DFID's programmes
- Understanding of DFID's Monitoring and Evaluation framework
- Excellent research and analytical skills
- Excellent report writing skills

Senior Consultant Value for Money/Monitoring and Evaluation (3 days)

- Post-graduate degree in Economics, International Development or related subjects
- Good understanding of VfM to DFID's BER/Investment Climate/PSD projects
- Good working knowledge of DFID's Monitoring and Evaluation framework
- Recent experience of working on VfM Strategies for DFID's BER/PSD programmes
- Understanding of VfM as practiced in DFID's programmes
- Understanding of the adaptive programming approach
- Good research and analytical skills
- Good report writing skills

Budget

The cost of this assignment is funded from DFID's Investment Climate, Cities and Infrastructure Team budget.

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