ideas to impact.

EVALUATING THE VALUE FOR MONEY OF IDEAS TO IMPACT'S INNOVATION INDUCEMENT PRIZES

FINAL REPORT

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Disclaimer

The views expressed in this report are those of the authors. They do not necessarily represent those of the IMC Worldwide, DFID or of any of the individuals and organisations referred to in the report.

Contents

Acronyms

A@S	Adaptation at Scale
CCA	Climate Change Adaptation
CIP	Climate Information Prize
CISs	Climate Information Services
CSA	Scaling-up Climate-smart Agriculture in Nepal (comparator project for A@S)
DFID	Department for International Development
ICAI	Independent Commission for Aid Impact
I2I	Ideas to Impact programme
LWM	Liquid Waste Management
MMDAs	Metropolitan, Municipal and District Assemblies
NGO	Non-governmental Organisation
NRW	Non-revenue Water
OPM	Oxford Policy Management
SSD	Sanitation Service Delivery programme (comparator project for SC4G)
ToC	Theory of change
VFM	Value for Money
WASH	Water, Sanitation and Hygiene
WISER	Weather and Climate Information Services for Africa (comparator project for CIP)

Glossary of terms

Beneficiaries: people benefiting from projects implemented by prize participants.

Climate change adaptation: responses to actual or expected risks to livelihoods from climate change and variability, including planning and acting for a more variable and uncertain climate.

Climate information: data on temperature, rainfall, wind, soil moisture and ocean conditions, presented in formats that may be used by vulnerable communities in Kenya to make decisions relating to their livelihoods. It ranges from short term weather-related information over days and weeks, to information over longer time spans, as well as information on historical climate patterns.

Climate information service: a service to inform users on climate information and associated advice relevant to the decision-making of that user.

Comparator project: the interventions with similar aims to the Ideas to Impact prizes selected as points of comparison to establish the prizes' comparative value for money.

Ideation prize: a type of innovation inducement prize that rewards innovative ideas or concepts in response to a pre-defined challenge.

Innovation inducement prize: sometimes referred to as simply an 'innovation prize' or 'the prize', an innovation inducement prize offers a reward to one or more solvers who first or most effectively solves or meets a pre-defined challenge. The reward is often financial but can also include additional support, such as technical assistance. This type of prize incentivises innovation rather than rewarding past achievement.

Innovation: defined by Ideas to Impact as the application of new or improved products, processes, technologies or services that are either new to the world (novel), new to a region or business (imitative) or new to the field of endeavour, that is, repurposed (adaptive).

Judges: a set of experts in the field who judged and scored (i) participant final reports (online judges), and (ii) finalists' final presentations, reports and verification reports, to make a decision on the winners (live judges).

Liquid waste management: management of liquid waste (including faecal sludge and excreta) was the main focus of the Sanitation Challenge for Ghana prize – solid waste management was only relevant in that it has an impact on the sustainable management of liquid waste.

Non-revenue water: the difference between the amount of water put into the piped system and the amount of water billed to customers. This difference is due to physical water losses, from burst and unrepaired pipes or from overflow at storage tanks, and to commercial water losses, because of incorrect or lack of billing and unauthorised water consumption.

Open innovation: the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively.

Participant: in the context of this paper, people or organisations participating in one of the Ideas to Impact prizes (also referred to in I2I as 'solvers').

Prize team: the team brought together to support the design, organisation and management of the prize.

Prize purse: the total prize money available to prize participants whose solutions are judged worthy of winning a monetary prize.

Recognition prize: an innovation prize that is awarded for specific or general achievements made in advance of nominations for the prize being requested.

Theory of change: in the context of innovation prizes, this is a detailed description of how and why the prize is expected to lead to the desired change in a given context.

Value for money: maximising the impact of each pound spent to improve poor people's lives (DFID, 2011).

Verification agent: independent consultant or firm that provided 'verification' of participant data submitted in final reports for the Ideas to Impact prizes.

Executive summary

From 2014 to 2019, the Ideas to Impact (I2I) action-research programme has been designing, implementing and testing a series of innovation inducement prizes[1] to induce innovative solutions to development challenges in climate change adaptation (CCA), water, sanitation and hygiene (WASH) and energy access. The programme was funded by the UK's Department for International Development (DFID) and implemented by a consortium led by IMC Worldwide. As the evaluation and learning partner for the programme, Itad is supporting I2I to understand if these prizes worked as intended, and when and where prizes could be useful as a funding mechanism for international development, compared to other forms of funding, such as grants.

This latter point is a particular point of interest for DFID. One of the key evaluation questions for the I2I prizes was: *Does the prize offer value for money when compared to alternative funding modalities?* To respond to this, we applied a value for money (VFM) assessment to several of I2I's prizes, that explore the VFM against original expectations for the prizes, as well as against grant-based comparator projects.

The outcomes of these assessments provide insight into the VFM of the I2I prizes, and the reasons why funders may choose to run a prize as opposed to a grant-based research or technical assistance programme. By looking at the outcomes of the VFM assessments across several prizes, we find that prizes can offer particular benefits in engaging multiple participants to solve a given problem, often including actors who are new to the problem, to bring alternative approaches than might be surfaced through a grant-based intervention. In this way, the particular advantages of using prizes lies in **maximising participation towards the funder's aims**, and supporting **open innovation**. As such, the value of prizes to development can be heightened by ensuring broad engagement of a range of participants working towards a common goal. We have found that many of the I2I prizes have achieved this benefit.

Box 1: The package of evaluation and learning outputs for I21

I2I's evaluation and learning team at Itad have produced a package of papers based on our evaluations of I2I's prizes that inform and respond to one another.

The ***Rising to the challenge: how to get the best value from using prizes to drive innovation for development*** research report is our flagship publication, which provides insight into whether innovation prizes work for development, when they offer value over other forms of development funding, and how to get the most value from prizes.

The ***Evaluating the results of innovation prizes for development: Reflections and recommendations from practice*** paper reflects on our experiences of evaluating the I2I prizes and draws out lessons for appropriate and effective approaches to evaluating future prizes for development.

This paper, ***Evaluating the value for money of Ideas to Impact's innovation inducement prizes***, explores the approach we took to establishing the VFM of the I2I prizes within the broader prize evaluations, and provides the detail behind the conclusions we make on the VFM of the I2I prizes.

These second and third papers should be considered companion pieces for the first, which provides a broader view of the value and use of prizes to development. All three papers were informed by a literature review published as a discussion paper, ***Using innovation inducement prizes for development: what more has been learned?*** The wider I2I programme has also produced a handbook on running innovation prizes for development. These publications, along with the original I2I prize evaluation reports are available on the I2I website: www.ideastoimpact.net/research.

This paper outlines our approach to the VFM assessments and consolidates the associated results. In doing so, it provides suggestions on the relative added value of using a prize. It is a companion piece to a research report that looks at the value and use of prizes to development more broadly, based on our

[1] An innovation inducement prize, hereafter called a prize, offers a reward to one or more solvers who first or most effectively solve a pre-defined challenge. The reward is often financial but can also include additional support, such as technical assistance (this is the definition used by I2I; several other definitions and names for prizes exist including 'Challenge Prize', which is defined as rewarding whoever can first or most effectively meet a defined challenge (Ballantyne, 2014). See Roberts et al. (2019) for a summary of innovation prize terminology and definitions).

evaluation findings across the I2I prizes and not just the VFM assessments (see Box 1). The target audience for this paper includes those interested in a synthesis of the VFM findings across the I2I prizes and those interested in lessons for establishing the VFM of future prizes for development.

We found that, overall, **the I2I prizes offered the expected value for money, as adapted and redefined throughout the course of the prize process, between initial design and prize award.** Our assessment indicates that most of the I2I prizes were able to achieve or exceed expected outcomes for the inputs invested. This is in the context of the prizes being adaptive – throughout the course of the prizes, there were revisions to the prize budgets and expectations that need to be considered in understanding the VFM of each prize.

We also found that **the prizes and the grant-based projects they were compared to offered broadly similar VFM when considered overall, but we gain important insights from the differences between particular benefits and costs.** The assessments overall highlight the differences and complementarities in funding approaches, present some implications of different modalities for achieving desired results, and give insight to certain considerations that funders may wish to make in their programming decisions:

- **Prizes and grant-based interventions could be delivered in combination to maximise value for money:** The assessment of the Climate Information Prize (CIP) exposed complementarities between the prize and its comparator project, by addressing the same problem at different levels in Kenya's climate information 'system'. Here, both the prize and the grant-based project offered similar levels of VFM but through targeting different objectives, which could have worked in support of one another if implementation had been closely aligned. For example, the capacity building of county meteorological directors by the grant-based project could have supported the prize participants to better access more localised climate data. This finding suggests that the prize and comparator project may have been more effectively delivered if implemented in support of one another rather than in parallel.
- **Prizes have the scope to engage a greater number of stakeholders in solving a given problem than is typical in grant-based interventions.** For the Sanitation Challenge for Ghana (SC4G), the marked difference in the number of participating organisations and their approach is the main reason the prize performed comparatively 'better' than its comparator project in some aspects of the assessment. The VFM assessment of SC4G exposes that a funder may wish to consider the benefit of engaging multiple organisations in addressing a problem, as compared to working more directly with a smaller number of implementing organisations to achieve desired aims, when choosing an appropriate funding mechanism. This will be dependent on the funder's specific objectives.
- **Prizes are likely to encourage more innovation and flexibility in identifying and delivering solutions to a problem.** The Adaptation at Scale (A@S) prize provides similar VFM to its comparator because, although the cost was higher, the effects were also greater, therefore the ratio of costs to effects is comparable for each. Although its comparator performs better in terms of delivery of its pre-defined results, A@S offers VFM through providing more space to participating entities for new project activities, technologies and partners, thereby encouraging innovation, which suggests the potential for added value in using a prize modality.

Our VFM analyses, and the broader evaluations associated with them, have identified some of the particular advantages or value that prizes can offer, primarily by bringing in a higher mass and diversity of implementing entities and, in association, a broader range of solutions to solve a given problem. The companion paper 'Rising to the challenge: how to get the best value from using prizes to drive innovation for development' provides a fuller account of the value and use of prizes for development and how to achieve the most value from them.

Investigating the VFM of prizes, compared to other funding options, has led to the proposition that development problems may be best served by combining a prize with another funding modality such as a grant, rather than choosing one or the other, because each offer some unique value when used appropriately (Brown et. al., 2020). For example, a grant-based programme can provide an ecosystem of support within which a prize can be delivered. Simultaneously, a prize can bring more stakeholders into

the programme to identify and deliver more diverse solutions to specific problems identified, maximising progress towards the intended objectives.

It is apparent that prizes have advantages over other funding mechanisms for interventions aimed at supporting innovation and engaging new and multiple actors. When using a prize, funders should carefully consider the ecosystem within which they are being delivered, including whether this ecosystem could be provided by a broader development programme. A supportive ecosystem could aid the effective running of a prize, but also provide added value through aligning the activities of a prize with broader programme aims, providing connections and support for prize participants, and providing continued support after a prize closes to enable participants to effectively sustain their initiatives and results.

Introduction

From 2014 to 2019, the Ideas to Impact (I2I) action-research programme has been designing, implementing and testing a series of innovation inducement prizes[2] to induce innovative solutions to development challenges in climate change adaptation (CCA), water, sanitation and hygiene (WASH) and energy access. The programme was funded by the UK's Department for International Development (DFID) and implemented by a consortium led by IMC Worldwide.

Through the delivery of a set of prizes, the programme sought to stimulate development outcomes alongside a set of nine prize effects. These include raising awareness, promoting best practice, facilitating and strengthening partnerships and networks, open innovation, community action, point solution, maximising participation towards the sponsor's aims, market stimulation and altering the policy environment (see Figure 1 and Annex 1).

Figure 1: Nine prize effects targeted by I2I prizes (*Source: Adapted from Ward and Dixon, 2015*)

As the evaluation and learning partner for the programme, Itad is supporting I2I to understand if the I2I prizes worked as intended, and when and where they could be useful as a funding mechanism for international development, compared to other forms of funding, such as grants (see Box 2 for a summary of the outputs of our work).

[2] An innovation inducement prize, hereafter called a prize, offers a reward to one or more solvers who first or most effectively solve a pre-defined challenge. The reward is often financial but can also include additional support, such as technical assistance (this is the definition used by I2I; several other definitions and names for prizes exist including 'Challenge Prize', which is defined as rewarding whoever can first or most effectively meet a defined challenge (Ballantyne, 2014). See Roberts et al. (2019) for a summary of innovation prize terminology and definitions).

Box 2: The package of evaluation and learning outputs for I2I

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These second and third papers should be considered companion pieces for the first, which provides a broader view of the value and use of prizes to development. All three papers were informed by a literature review published as a discussion paper, ***Using innovation inducement prizes for development: what more has been learned?*** The wider I2I programme has also produced a handbook on running innovation prizes for development. These publications, along with the original I2I prize evaluation reports are available on the I2I website: www.ideastoimpact.net/research.

As part of the I2I prize evaluations, we explored the value for money (VFM) of the prizes, both against their original expectations and in comparison to projects seeking similar aims through alternative funding mechanisms. This was to answer one of the programmatic evaluation questions for the prizes: Does the prize offer VFM when compared to alternative funding modalities? (a full set of the evaluation questions is provided in Annex 5).

To do this, we developed a tailored VFM approach, drawing insight from Oxford Policy Management (OPM), DFID and the Independent Commission for Aid Impact (ICAI). Our approach provides two assessments of I2I's prizes, exploring VFM internally against specific prize expectations, and externally against a comparable project delivered through an alternative funding mechanism. Both assessments are based on the 'Four Es', to explore the economy, efficiency, effectiveness and equity of the prizes.

Of the seven prizes implemented across the I2I programme, this approach has been applied to four: the CCA prizes, comprising the Climate Information Prize (CIP) and the Adaptation at Scale prize (A@S); and the WASH prizes, comprising the Sanitation Challenge for Ghana (SC4G) and the Dreampipe II prize.[3] The I2I prizes are summarised in Table 1; the scale of the four prizes for which a VFM assessment was undertaken is summarised in Table 2. Further details can be found in the corresponding evaluation reports (available at www.ideastoimpact.net/research).

[3] The VFM approach was developed after our internal interim evaluations of the initial prize stages. As such, the full approach was not applied to the LPG Cylinder Prize. It was developed and applied as part of the CIP evaluation and adapted for application to the A@S, Dreampipe II and SC4G prizes. The energy prize evaluations were relatively light-touch and so the VFM approach was not applied.

Table 1: Summary of the I2I prizes

	CIP	SC4G	A@S	Dreampipe II
Theme	Climate change adaptation	Water, sanitation and hygiene	Climate change adaptation	Water, sanitation and hygiene
Scope	Country-specific: Kenya	Country-specific: Ghana	Country-specific: Nepal	Global: 28 DFID focal countries in South Asia and Sub-Saharan Africa
Problem addressed	Increasing the use of climate information services (CISs) by farmers	Improving liquid waste management (LWM) in urban areas	Scaling up and out of climate change adaptation activities	Financing the reduction of non-revenue water (NRW)
Target participants	Private sector enterprises, non-governmental organisations, community-based organisations	Metropolitan, Municipal and District Assemblies (MMDAs)	Non-governmental organisations, community-based organisations, private sector enterprises	Water utility experts and companies, lenders, financial experts and innovators
Aims	i. To drive the development of innovative CISs that can be accessed and used by poor and vulnerable individuals and households ii. To raise awareness of the importance of climate information for coping with, and adapting to, climate variability and change	i. To incentivise MMDAs to prioritise the delivery of improved urban sanitation services, through designing and implementing LWM strategies ii. To stimulate participating MMDAs to implement their LWM strategies through innovative approaches, and improve LWM for the poor in urban settings	i. To reward and promote adaptation innovations that link communities with wider networks to scale local adaptation ii. To contribute to strengthening innovation capabilities among participants iii. To ensure local communities benefit from adaptation innovations delivered by participants	i. To stimulate workable and replicable ideas that would mobilise finance from non-traditional sources for water utilities to implement NRW reduction activities, by 'de-risking' this prospect
Model	2-stage prize: ▪ first stage 'ideation inducement' prize ▪ second stage 'implementation inducement' prize ▪ 'recognition' prize to maintain interest and motivation	2-stage prize: ▪ first stage 'ideation inducement' prize ▪ second stage hybrid 'implementation inducement' and'recognition' prize	2-stage prize: ▪ first stage hybrid 'recognition' and 'ideation inducement' prize ▪ second stage 'implementation' inducement prize	3-stage prize:[4] ▪ Phase 1: Business plan (ideation inducement prize) ▪ Phase 2: Demonstration project (inducement prize) ▪ Phase 3: Fully structured deal (inducement prize)[5]
Non-financial support offered	Orientation workshop	Inception workshop, two learning and practice workshops and a baseline validation workshop	Orientation workshop, technical support training workshop, learning and encouragement visits	Guidance document, feedback on business plans developed in Phase 1

[4] Originally it was intended to have a two-stage prize, however after the original stage 1 ideation prize, the Dreampipe prize was redesigned and relaunched as a standalone three-stage prize.
[5] NB the Dreampipe II prize was closed early at the end of Phase 2.

Table 2: Summary of the scale of the four I2I prizes assessed for VFM

Output	CIP	SC4G	A@S	Dreampipe II
# participants in implementation stage	27	17	38	7
# eligible final submissions	18	15	27	6
# shortlisted finalists	9	15	18	6
# prizes awarded for implementation stage	7	9	10	4
Total prize money awarded	£395,372	£1,360,000	£500,000	£180,000

The results of these VFM assessments provide insight into the VFM of the prizes, and the reasons why funders may choose to run a prize as opposed to a grant-based research or technical assistance programme. This paper consolidates the findings and lessons from these assessments. Its target audience includes those interested in a synthesis of the VFM findings across the I2I prizes and those interested in lessons for establishing the VFM of future prizes for development.

We first outline our approach to assessing the VFM of the I2I prizes (Section 1), before drawing lessons on the VFM of prizes from across the prize findings (Section 2), and providing some conclusions, based on these lessons, on what we can say about both the value for money of using prizes for development, and how to maximise this (Section 3).

Section 1: Assessing value for money of the I2I prizes

1.1 Our approach to understanding value for money

DFID's understanding of VFM is: "maximising the impact of each pound spent to improve poor people's lives" (DFID, 2011). VFM is high when there is an optimal balance between costs (resources in), productivity (processes leading to delivery of outputs) and the equitable achievement of outcomes. Essentially, VFM can reveal how well inputs are converted to outputs and outcomes in the context of the investment and desired results of a programme. As such, an assessment of VFM can help funders to determine the appropriate or most suitable funding mechanisms to use to achieve desired outcomes.

As prizes do not readily lend themselves to monetarised or comparable effects, such those typically assessed using cost-benefit analysis or cost-effectiveness analysis, we used the VFM assessment presented here to enable us to provide a more qualitative and comprehensive assessment of the added value and particular advantages of the I2I prizes.[6]

We developed our VFM approach for the I2I prizes in response to an evaluation question set by DFID: *Does the prize offer value for money when compared to alternative funding modalities?* DFID was keen to see the prizes compared to interventions that sought to achieve similar objectives, supported through alternative funding modalities, such as grant-funded programmes.[7] We therefore needed to incorporate into our approach consideration of the specific benefits or advantages expected to be offered by prizes.

For prizes, the added value is expected to lie not only in the specific outputs and outcomes of individual prize projects, but also in what the prize achieves at 'prize level' – i.e. the aggregate effects of individual projects as well as the engagement and attention, at sector level, encouraged by the prize.[8] Through each of these elements, prizes can achieve the set of *prize effects* introduced earlier (Figure 1). We incorporate these effects within our VFM framework to capture our hypothesis of the unique value offered by prizes.

We drew from OPM's Approach to VFM (2018), an approach that builds on the VFM framework used by DFID (2011) and ICAI (2011) to assess government-funded programmes and projects, to develop a two-part approach that provides two separate assessments of the VFM of I2I's prizes:

- **An 'internal' assessment:** measuring the VFM of the prizes against their expectations – the purpose of this was to understand the VFM the prizes offered as standalone interventions;
- **An 'external'" assessment:** measuring the VFM of the prizes in comparison to a selected project or programme targeting similar outcomes through an alternative funding mechanism – the purpose being to understand whether and how the prizes offered VFM over other funding mechanisms.

1.2 Selecting comparator projects

We selected comparator projects for the external VFM assessment based on a set of selection criteria, including:

- The funding modality used for the comparator project

[6] Our thinking on VFM was associated with the consideration of whether and to what extent the I2I prizes should provide support to solvers. The consideration here was around how increased support would affect VFM and the extent to which the prizes could still be classed as innovation prizes rather than a more traditional programme that has a prize component. One of the key components concerns the breakdown of costs that needs to be invested into prizes – i.e. it is not just management costs and prize purse that should be considered, but also costs for delivering non-financial incentives for participants, for lowering barriers and for augmenting the prize effects. In the I2I prizes, these have been delivered to differing degrees, in the form of prize workshops, events and site visits.

[7] It is worth noting that, though it was testing out prizes as an alternative funding modality, the overall I2I programme was funded by a grant from DFID.

[8] In effect, each I2I prize was a programme of separate projects, with each project implemented by a different actor (or prize participant).

- The project objectives
- The country of implementation for the comparator project (context)
- The state of completion of the comparator project
- Data availability for the comparator project

Critical to the external VFM approach was identifying a set of shared objectives between the prize and the comparator project, at output and outcome level, to enable an effective comparison. We identified the selected comparators in collaboration with DFID, the I2I programme manager and the I2I prize teams in advance of the assessment. Table 3 summarises the comparator project selected for each prize. No appropriate comparator could be identified for Dreampipe II – we were unable to find a comparator that would provide an appropriate thematic comparison (i.e. financing NRW reduction), and for which data were readily available.

Table 3: Comparator selected for each prize

Prize	Comparator	Key objective	Funding mechanism	Funder	Implementing agency
CIP	Weather and Climate Information Services for Africa (WISER) Western Kenyan Component	To increase the availability and accessibility of tailored and reliable CISs for users	Grant-based technical assistance and research programme	DFID	CARE Kenya, with the Met Office as international lead
SC4G	Sanitation Service Delivery (SSD) programme (Ghana component only)	To improve sanitation outcomes through developing and testing scalable market-based models that would contribute to structural change	Grant-based technical assistance and innovation programme	The United States Agency for International Development (USAID)	Water & Sanitation for the Urban Poor (WSUP) with Population Services International (PSI) as international lead
A@S	Scaling up Climate Smart Agriculture in Nepal (CSA)	To identify scaling pathways for climate-smart agriculture initiatives in Nepal	Grant-based research project	The Climate Development Knowledge Network (CDKN)	Li-Bird

1.3 Assessing value for money in practice

Our VFM approach is guided by the prize-specific theories of change (ToCs). These were developed in collaboration between the prize evaluation team and the prize teams, to articulate how change was expected to happen for each prize, based on assumptions made at the start of each prize. Drawing across the prize ToCs, the general logic was that inputs of time and funds would support the prize teams to deliver activities designed to engage participants and other stakeholders and attract them to the prize. As such, outputs include, for example, the engagement of participants in the prize and the awarding of the prize. This engagement was theorised to lead to further outputs associated with participant activities,

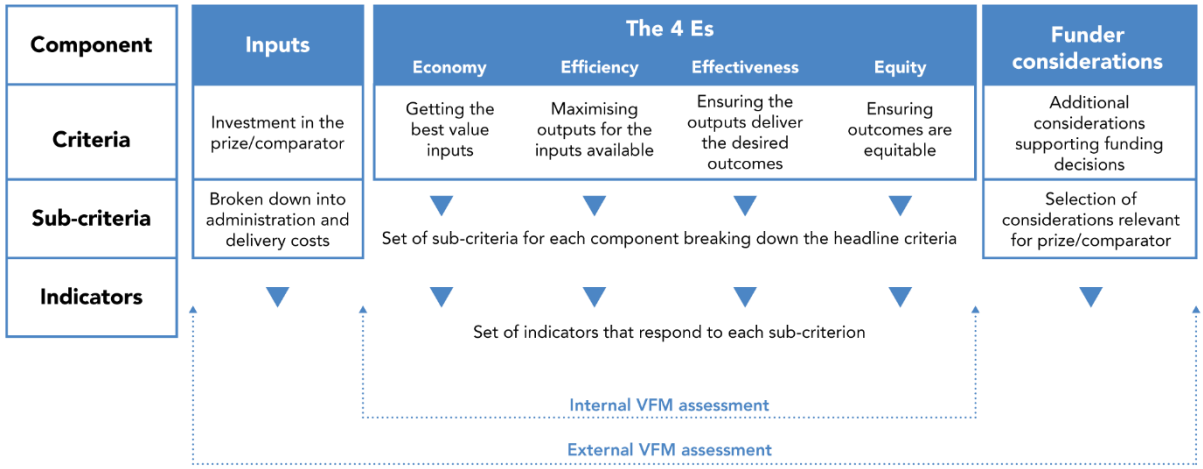
for example leveraging investment, creating partnerships or promoting their projects (i.e. including some key prize effects).

The intended outcomes of each prize were expected to result from the activities delivered by participants throughout the prize process, i.e. delivering prize-specific innovations that meet the aims of the prize. Outcomes include the benefits to people reached by prize projects and other prize-specific project outcomes associated with the innovations developed. As the prizes were expected to achieve development outcomes, the outcomes were intended to be equitable, the prizes exemplifying equity in the solvers they engaged, and/or equity in the people the participants' innovations ultimately supported. The prize effects are integrated within outputs and outcomes of the prize ToCs, and are where the added value of prizes was expected to arise from.

Both the internal and external assessments aimed to understand the VFM of the prizes by generating findings against a set of components: economy, efficiency, effectiveness and equity (i.e. the Four Es), through their alignment with the inputs, outputs and outcomes of a prize or project, as articulated in the ToC. This alignment is identified in DFID's approach to assessing VFM (see Annex 2). For the external assessment, we also compared financial inputs for the prizes and their comparators and incorporated 'funder considerations' as an additional component, exploring further where the prizes were expected to add value over a grant-based approach.[9] The internal and external assessments cannot be combined, but rather provide **two separate perspectives** of the VFM of the prize, for consideration by funders and implementers.

The structure of our VFM assessments are summarised in Figure 2, indicating the components considered in each, and how these guide a set of criteria, sub-criteria and indicators, which provided the basis upon which we delivered our assessments.

Figure 2: Internal and external VFM components



Design: Drawing from OPM's VFM approach, we defined each component of the assessment through a set of criteria. We broke these criteria down through a set of sub-criteria. We then developed indicators to respond to each sub-criterion. For the external assessment, we drew on shared aims and objectives to identify criteria and sub-criteria relevant for both prize and comparator project.

Analysis: For each assessment, we analysed available qualitative and quantitative evaluation data to develop a finding against each indicator. Based on the indicator findings, we provided a rating from 1-5 for each sub-criterion. We paired this with a narrative that highlighted performance against each sub-

[9] Drawing from DFID documentation, we identified a long list of considerations representing some of the most pressing concerns of funders in identifying an appropriate funding mechanism (see Annex 6). Informed by this list, we selected three funder considerations for each comparative assessment, based on what was most appropriate given the nature of the prize and comparator project and the data that were readily available.

criterion. We averaged the ratings and drew across the narratives assigned to each sub-criterion, to provide as assessment against each VFM component.

Interpretation: We drew across the assessment for each of the components, using the ratings to guide a systematic assessment and the narrative to provide the detail and explanation behind each rating, to make a final assessment of the 'internal' and 'external' VFM of each prize overall. We delivered this through a narrative rather than an overall VFM rating, identifying at this level particularly, the importance of the narrative over the ratings for understanding the VFM findings.

We took an **adaptive approach to measuring the VFM of the prizes**, in response to the adaptive, learning-by-doing approach that DFID and prize teams took to prize implementation. This ensured that our VFM assessments were relevant to each prize's evolution throughout the prize period – i.e. not always based on original expectations, but incorporating the changes in priorities that became apparent throughout the course of each prize, which led to revised budgets and adjusted intended results. Importantly, this means that the approach does not provide an assessment against the business case for the programme, but instead an assessment of the value for money each prize delivered in the context of the opportunities identified along the way – incorporating the learning about context and feasibility that was integrated into the approach taken by the I2I prize teams.

We developed and trialled this approach for the CIP evaluation, and used this experience to inform the design of the VFM analysis for subsequent prizes.

Further explanation on the VFM methodology, including a breakdown of the criteria and sub-criteria that guided each of our assessments is provided in Annex 3.

1.4 Reflections and limitations

In developing our approach to assessing the VFM of the I2I prizes, we identified few existing examples on how to establish the VFM of prizes. We developed our approach specifically for the I2I prizes, and applied it for the first time to those prizes. Here we identify some of the limitations encountered, and highlight that results of the assessments are therefore indicative and not conclusive:

- The VFM approach was introduced to the prize evaluations part way through the I2I programme, affecting participatory indicator development and data accessibility
- The internal VFM assessment would benefit from clarity in prize expectations, which are often unknown upfront
- The depth of the external VFM assessment relies upon data availability for the comparator project as well as the prize; the quality and availability of prize data limited the evidence base for some indicators
- The approach to assigning ratings can introduce bias; ratings should be used to guide a systematic conclusion rather than as a result in and of themselves
- The prize VFM indicators capture results from a portfolio of projects, which can mask the diversity between them – this should be considered when reading the findings

See Annex 4 for further detail on these limitations, which is particularly relevant to those considering applying a VFM assessment to future evaluations of prizes. *See our companion learning paper, 'Evaluating the results of innovation prizes for development: Reflections and recommendations from practice' (Gould et al., 2020) for a broader reflection on approaches that are appropriate for evaluating prizes for development.*

The lessons that follow in Section 2 are based on our consolidation of findings from a small number of the I2I prizes – four for the internal VFM assessment and three for the external VFM assessment. However, given the lack of evidence and insight in this area, it can still provide valuable insights about prizes compared to other modalities. Overall, we find that the most valuable conclusions we are able to draw are less about the specific ratings defined for given sub-criteria, and more about the insight gained by doing the assessment in this way.

Section 2: Lessons learnt about the value for money of prizes

In this section, we look across the VFM assessments delivered as part of each individual prize evaluation to draw some lessons based on shared findings.

The breakdown of the specific assessments, including sub-criteria, indicators and associated findings, along with the related limitations, can be found in the individual prize evaluation reports. The lessons provided in this section are drawn from the evidence in those evaluation reports. *See the evaluation reports for CIP, A@S, Dreampipe II and SC4G for the full VFM assessment results.*

It is worth reiterating that our companion research report looks at the value and use of prizes to development more broadly, based on our evaluation findings across the I2I prizes and not just the VFM assessments. *See the 'Rising to the challenge: how to get the best value from using prizes to drive innovation for development' research report (Brown et al., 2020) for this broader analysis.*

2.1 The value for money of prizes against original expectations

Our internal VFM assessments indicate that prizes are able to provide VFM in achieving development outcomes, by engaging participants and motivating them to deliver intended prize aims. This is particularly through their *maximising participation towards the sponsor's aims*.

Table 4 summarises the sub-criteria we looked at for the internal VFM assessment of each prize. Not all were explored for every prize. Specific sub-criteria are provided as part of our detailed methodology in Annex 3.

Table 4: Sub-criteria explored for each component of the internal VFM assessment

Component	Sub-criteria	Associated I2I prize effect
Economy	Prize timeline Implementation budget Prize purse	- - -
Efficiency	Participation in the prize Awarding of prizes Discussions among key stakeholders Creation of partnerships Leveraging of investment	Maximising participation towards sponsor's aims - Promoting best practice Facilitating partnerships and networks -
Effectiveness	Beneficiaries reached Prize-specific project outcomes Main target prize effect	- - Raising awareness, promoting best practice, point solution, altering the policy environment
Equity	Equity in establishing solutions Equity in reaching beneficiaries	- -

Our internal VFM results reveal that **most of the I2I prizes assessed were able to achieve or exceed expected outcomes for the inputs invested.** This is based on adaptations made to the prize budgets and expectations throughout the implementation period. Table 5 provides our headline findings.[10]

[10] The rating scale used, as outlined in Annex 3, was: 1 = substantially did not meet expectations; 2 = moderately did not meet expectations; 3 = met expectations; 4 = moderately exceeded expectations; 5 = substantially exceeded expectation

Table 5: Summary findings of the internal VFM assessment

Prize	Internal VFM outcome
CIP	The prize moderately exceeded its expectations
SC4G	The prize met its original expectations
A@S	The prize moderately exceeded its expectations
Dreampipe II	The prize met some expectations and moderately did not meet others for Phase 1 and 2. The VFM of Phase 3, which did not go ahead, was not assessed

We found that three of the four prizes assessed offered the expected VFM as adapted and redefined throughout the course of the prize process. This is with the exception of Dreampipe II (see Box 3).

Box 3: The value for money of Dreampipe II

The Dreampipe II prize was closed early at the end of Phase 2 by the prize team, who felt that its goal had been achieved as far as was reasonably possible and so there was little to be gained in continuing to Phase 3 (Gould and Brown, 2019). The VFM assessment found that the investment made upfront by Dreampipe II in Phases 1 and 2 did not lead to the expected outcomes, i.e. new workable and replicable solutions to the issue of financing NRW reduction in developing countries. This said, the prize did surface unexpected solutions from unforeseen sources, which can be considered a particular prize effect. Nor did the prize lead to finance being leveraged at scale, though it did stimulate an estimated £824,700 of investment by solvers in a set of NRW reduction projects. In addition, each of the demonstration projects reduced 'commercial losses' for NRW (albeit on a small scale), and, in some cases, the demonstration projects are known to have led to further investment, despite Phase 3 not going ahead.

The challenge with the assessment is that, while the VFM of the prize was not assessed against those results expected in Phase 3, the true value of the prize was expected to come in this cancelled phase. In other words, the cost of running the first two phases was anticipated to be justified not only by the results seen in those two phases, but also the subsequent phase. The evaluation notes that, by closing the programme early, it could be argued that the prize modality itself enabled VFM, it being unlikely that the continuation of the prize would have led to the mobilisation of non-traditional financing as originally envisaged (Gould and Brown, 2019).

Our findings indicate that **prize budgets need to be flexible to ongoing learning throughout the implementation process. This is because prizes seek to solve largely unique problems, often in new contexts, and therefore each will come with their own set of challenges to address and respond to.** In exploring the economy of the prizes, we found that the delivery of each prize required a higher budget than initially expected. The CCA prizes were implemented almost exactly to their revised budgets. The WASH prizes were implemented significantly below budget, with both making savings on implementation and Dreampipe II not awarding the entire prize purse budgeted (this was due to it receiving fewer than anticipated submissions worthy of a monetary prize, in both Phase 1 and Phase 2).

The internal VFM assessment results indicate that prizes provide efficiency through engaging multiple participants to work towards the aims of a prize. **The prizes successfully engaged participants to deliver activities that contributed to prize aims.** In some cases – for example, the CCA prizes – they engaged more participants than expected. By engaging multiple participants, the prizes were able to stimulate greater efficiency in, for example, facilitating partnerships, promoting best practice and leveraging investment – as the results reflect the cumulative delivery by all participants. For example, the CCA prizes stimulated more partnerships than expected among the participants. Meanwhile, there was varied success by prize participants in leveraging external investment, with SC4G, for example, stimulating less than expected (£703,913 of the £1,333,631 anticipated investment). However, for each prize, participants were adequately incentivised to find the resources to remain engaged in delivering against prize aims at least up until prize award. By ensuring ongoing engagement, the prizes were all able to make a final award to participants for the implementation of their innovations.

The VFM assessment results indicate that **prizes can be effective in delivering many of the prize effects identified upfront by the I2I programme, i.e. in the case of the I2I prizes assessed, in raising awareness, promoting good practice, altering the policy environment and maximising participation towards the sponsor's aims**. The prizes stimulated intended 'prize effects' as a result of stimulating participant action, to benefit and engage the wider community beyond the prize participants. Three of the prizes – CIP, SC4G and A@S – achieved their main intended prize effects, including raising awareness, promoting good practice and altering the policy environment, though they tended to achieve these via participants' project-level activity more than prize- or sector-level activity. Dreampipe II did not achieve its main intended prize effect of 'point solution'; the evaluation found that the prize did not uncover a new model or approach for financing NRW reduction activities in developing countries that is feasibly replicable by the same actors and/or others in different geographic areas.

The I2I prizes assessed were largely effective in achieving defined outcomes, providing development benefits to those they sought to support, beyond the prize participants. For example, the CIP stimulated the delivery of a set of climate information services (CISs) – which enabled 94 per cent of users to feel better prepared for climate risks – and SC4G stimulated participants to use innovative approaches to improve sanitation service delivery. Most of the prizes appear to have reached the expected number of beneficiaries, though this was not consistently reported across the prizes and the scale and quality of improvements for some prizes is unknown. A@S reached more people than expected, while SC4G's participant reports provided insufficient evidence on the number of people benefiting from improved sanitation service delivery.

Prizes can be equitable in reaching and benefiting poor and vulnerable people. **Where data are available, it is apparent that project-level activities reached and benefited poor and vulnerable people, however the quality of the targeting is largely unknown.** CIP, SC4G and A@S all evidence, to some extent, that the prize projects benefited poor and vulnerable people. For example, A@S participants reported reaching, on aggregate, 57 per cent female beneficiaries; and 74 per cent of participant projects specifically supported marginalised groups. However, the strength of the evidence available for this criterion is limited as it relies almost solely on participant self-reporting, which is subject to inherent bias, lack of completeness and quality – a key issue to consider in running a prize. There was no equity data available for Dreampipe II as the prize did not set out any specific expectations for this in Phases 1 and 2, and there were insufficient data to assess this.

2.2 The value for money of prizes in comparison to other funding modalities

Our external VFM assessments indicate that prizes are able to deliver comparative VFM to grant-funded projects seeking similar aims. This is through offering benefits particular to prize approaches, such as *maximising participation* and supporting *open innovation*.

Table 6 summarises the sub-criteria we looked at for the external VFM assessment of each prize. Not all were explored for every prize. Specific sub-criteria are provided as part of our detailed methodology in Annex 3.

Table 6: Sub-criteria explored for each component of the external VFM assessment

Component	Sub-criteria	Associated prize effect
Input	Prize/comparator project cost to funder Administrative costs Delivery costs Costs to other stakeholders	- - - -
Economy	Project/comparator prize budgets Qualification of input costs Implementation team costs	- - -
Efficiency	Training/capacity building activities Engagement of stakeholders Stimulation of innovation activities Increase in government commitment Linking of public and private sector stakeholders Identification of relevant practices	- Promoting best practice - Altering policy environment Facilitating partnerships and networks -
Effectiveness	Beneficiaries reached Prize effects achieved Stimulation of innovative or new approaches Influence on enabling environment Cost-effectiveness of establishing innovations Cost-effectiveness of support to beneficiaries	- Raising awareness, promoting best practice - - - -
Equity	Reach to poor and vulnerable communities Support to poor and vulnerable communities	- -
Funder considerations	Potential for innovation Dependency of stakeholders' behaviour Likelihood of sustainability Prevention of negative environmental impacts Likelihood of delivering desired results	- - - - -

The external VFM assessments do not reveal significant differences overall in the VFM provided by the prizes as compared to their comparator projects. However, the assessments highlight the differences and complementarities in funding approaches, suggest some implications of the different modalities for achieving desired results, and give insight to certain considerations that funders may wish to make in their programming decisions. Table 7 summarises the overall findings for each of the three prizes compared externally.

Table 7: Summary findings of the external VFM assessment

Prize	External VFM outcome
CIP	Neither the prize nor the comparator project clearly provide better VFM than the other. Rather, the prize and comparator project show potential complementarity by addressing the same problem at different levels of the system
SC4G	The prize offered overall similar VFM to its comparator, with the prize performing better on some criteria, and the comparator project on others. The prize engaged a larger number of self-funded and self-motivated participants, which led to seemingly 'better' results for some criteria
A@S	The prize displays fairly similar VFM compared to its comparator. Though the prize had higher input costs than the comparator, it went further in terms of implementation and beneficiary reach, potentially as a result of its higher level of ambition

Inputs

The prizes invested proportionally lower costs into running the prize ('administrative costs'), with higher investment in delivering benefits to stakeholders ('delivery costs'). SC4G invested more in delivery costs than the CCA prizes – with 79 per cent on delivery as compared to 51 per cent on CIP and 54 per cent on A@S. The higher delivery costs as compared to administrative costs are a reflection of the resources invested directly to participants of each prize, largely through the prize purse, but also in reducing barriers to participation, providing non-financial benefits and augmenting prize effects, that is, through solver support activities and prize events. Here, administrative costs include overheads, human resources, office and travel costs, while delivery costs include the prize purse, event costs and workshop costs.

In addition, the prizes invested proportionately more in delivery than their comparators. This is a reflection of the investment in the prize purse, which makes up the highest proportion of the delivery costs for each prize. In prizes, the funder reduces their risk by transferring the investment costs to participants. The prize purse represents a financial incentive to participants, but is meant to reward their participation, rather than reimburse their full costs. As such, the true cost of prizes as compared to grant-based interventions, is much higher than the funder's investment alone. It also includes the investments (both time and financial) made by participants and other involved stakeholders into the prize projects.

We explored this investment for CIP and its comparator, WISER, only. We found that the overall costs for stakeholders beyond the funder, was higher for CIP than for WISER. While WISER required investment in time by intermediaries and meteorological staff who were attending their training, the CIP required more investment from implementing entities, i.e. participants, in time and financial costs. WISER did not require any additional investment by their implementing entity, who was funded through the grant provided by WISER.

For CIP, we found that, despite access to financial resources representing a key barrier for participants, **participants found the means to invest significant time and money into developing and implementing their CISs.** We have some indicative evidence from 10 participants that they covered approximately 50 per cent of their participation in the prize through their own resources – including personal or organisation spend – enabling us to estimate a cost of £152,550 total spend by the 27 participants of the prize (Stott and Brown, 2019). The remaining costs were covered by grants, loans, prize money, users' fees, friends' contributions, community contributions and training fees, and sales of products. Where participants were not able to leverage this finance, their ability to participate and deliver project activities became limited.

This scenario is likely to be apparent for all prize versus grant comparisons, with prizes requiring investment by those implementing solutions and thereby often unlocking more resources than grant-based interventions. This can pose a risk for prizes run in a developing country context, which are aimed at non-governmental organisations (NGOs) and small businesses, with fewer resources to fall back on. It is up to the participant to calculate such risks as compared to the benefits they gain through participating in the prize, though there remains a responsibility with prize funders and implementers to be transparent and clear in the risks they are transferring to participants. CIP participants reported key benefits of networking opportunities, exposure, improved services and business models and improved community capacity. They felt that their participation in the prize improved the quality of the services they delivered. By providing an open opportunity for participation, these benefits are more accessible through a prize than a grant-based intervention.

The Four Es

For the external VFM assessment, we explored points of comparison between the prizes and their comparators under each of the Four Es.

In exploring the economy of the prizes compared to their comparators, we found that the VFM of the inputs invested in each prize and comparator project was, overall, fairly comparable. **We note that the economy of country-specific prizes may be improved if prizes were to be run entirely by national teams, though any regional and international components of such interventions can offer benefits through cross-**

country learning and promotion beyond national level. The CIP was compared to an international programme with a national component, and displayed comparative economy, including similar average fee rates for team members. A@S was compared with an entirely locally-run project, which therefore displays better economy due to lower average fee rates for team members. However, being part of an international programme has also provided opportunities for the prize in terms of cross-prize learning, specialised prize expertise, and access to international events. As such, the international prize teams convened for the I2I prizes represent additional value for the prizes. The VFM assessments indicate that the I2I prizes could have benefited from a stronger focus on costs and procurement; as a first-run of the prize, this was not a key focus, however the prize teams felt strongly that they could improve the economy if they were to run the prize again, based on their learning developed throughout the course of the I2I programme.

Similar to the internal VFM assessment, we found that the **prizes achieved efficiency by stimulating action towards aims among a greater number of organisations than their comparators**, in this way, *maximising participation towards the sponsor's aims.* CIP, SC4G, and A@S all demonstrated more efficiency in stimulating desired action than their comparators, largely due to the number of people engaged in identifying and delivering solutions to the problem. For example, SC4G was found to be moderately more efficient than its comparator in its efforts to increase government commitment to improve sanitation service delivery. This was largely due to the broader reach of the prize, at both local and national government levels, achieved through its multiple participants, as well as the funding modality making the level of commitment among participating Metropolitan, Municipal and District Assemblies (MMDAs) more apparent.

Where capacity building was not included as a key activity of the prizes, they did not provide as much efficiency in building capacity as their comparators. The level of solver support activities provided varied under each prize, with limited support to participants provided for SC4G and CIP, but increased support provided under A@S, which sought to engage participants who had limited resource and technical capacity (see Table 1). As a result, the prizes display less efficiency than their comparators in building capacity. For A@S, we see more efficiency than the comparator in capacity building due to participants themselves providing training to users. This was not a requirement for participants, and for this specific comparison point, it should be noted that while both the prize and comparator project delivered capacity building activities, it was not identified as a key component for either. The solver support delivered for each prize, including its rationale, is discussed further in the prize-specific evaluation reports.

To explore effectiveness of the prizes in relation to their comparator projects, we looked at the shared outcomes and aims of each. **We found that the prizes were as effective as the interventions funded through other funding mechanisms in achieving their outcomes. However, there are issues inherent to prizes in terms of ensuring the quality of outcomes, and the robustness of data to evidence those outcomes**. Prize approaches can provide specific advantages by supporting greater flexibility in the delivery approaches of implementing entities, by encouraging participants to devise and implement their own solutions to a problem, rather than defining a solution in advance. However, with this comes less direct input from funders and lead implementers on *how* solutions are implemented, which can have implications for the quality of implementation. For example, the CIP comparator had potential to build greater awareness, through in-depth training of stakeholders, and the SC4G comparator was found to be more effective in producing innovative outcomes than SC4G in terms of the diversity of innovations applied.[11] Similarly, reporting limitations were found in the prizes. The effectiveness assessments highlighted this particularly in participants' reporting of beneficiary numbers, for which there was a lack of verification and detailed (e.g. disaggregated) reporting.

Nevertheless, **the prizes show effectiveness through their wider reach to stakeholders beyond more traditional programme implementers**, for example, in promotion, policy influence and active use of services by beneficiaries. A@S was found to be more effective than its comparator in this regard,

[11] The comparator applied three new business models and five innovative technologies and approaches; while in SC4G, though more innovations were applied, many were similar, as a result of peer learning during the prize process.

however, it sought more ambitious aims and therefore went further in terms of outcomes. For example, A@S aimed for the identification and *full implementation* of adaptation scaling pathways to provide adaptation benefits for communities, while its comparator, CSA, was focused on identifying and *testing* effective pathways to inform full implementation of them in the future. CSA supported some beneficiaries along the way through their trialling of certain technologies, however, this support was not a key aim of the project. It therefore fulfilled its aims but did not provide, and nor did it seek, the same added value as the prize.

As part of the effectiveness component, we also considered the cost-effectiveness of the prizes against their comparator. However, we did not find cost-effectiveness to be the most useful aspect of comparison, being quite shallow in the information it provided. We found that **the interpretation of cost-effectiveness results relies on acknowledging the priorities for each prize or comparator project.** Outcomes are multi-faceted for prizes and projects funded through other modalities – for example, as well as developing a new service or approach, the I2I prizes sought to achieve selected 'prize effects', as well as to benefit people on the ground. So, there are several layers to the outcomes desired. In our assessments, we found that WISER was more cost-effective than CIP in terms of cost per beneficiary, and SC4G was more cost-effective than SSD in relation to the innovations established and improving the enabling environment. The A@S comparator, CSA, was more cost-effective in its cost per scaling approach developed, but less cost-effective in its cost per beneficiary. Interpretation of this relies on acknowledging the priorities for each prize or comparator project. For example, as highlighted above, A@S aimed both for processes to be developed and beneficiaries to be supported; meanwhile CSA focused solely on developing processes – and did this at a lower cost. The comparison is therefore not entirely useful for understanding the comparative value of the respective modalities.

Finally, for equity, we assessed the equity of solutions in both engaging and supporting poor and vulnerable communities.

Understanding the equity of the prizes and comparator projects relies on relevant data being available – an issue that affected an accurate assessment across the comparisons. A@S had limited data, however, based on what was available, we found that both the prize and the comparator project represented equity in supporting vulnerable communities. Both built gender, equity and social inclusion considerations into their approach, and both supported more than 50 per cent female beneficiaries. For SC4G, the comparator provides moderately higher equity largely due to definitive reporting on the issue, which was missing from SC4G participant reports despite being incorporated into the prize's broader judging criteria. For CIP, although we have equity data as reported in Section 2.1, there was none available for the comparator to support a comparison. This, along with the lack of equity data for Dreampipe II, points to the need across prizes and the comparator projects to collect better data on equity. For prizes, building equity considerations into eligibility, judging or reporting criteria may help to ensure broader VFM (beyond economy, efficiency and effectiveness) is delivered. Moreover, the likelihood of achieving equitable outcomes is likely to depend on the stakeholders targeted by the prize. For example, for A@S, which targeted NGOs and community-based organisations as the key participants of the prize, there was a higher chance of equity being achieved as participants were already working with poor and vulnerable communities ahead of their prize participation.

Funder considerations

VFM is partly determined by what results or benefits are deemed important to the funder – and here there can be a variety of perspectives. Each external VFM assessment compared a different set of funder considerations. We consider two of the shared funder considerations: potential for innovation[12] and potential for longer-term results/sustainability. The individual evaluation reports provide reflections on others.

[12] Though not thought as a funder consideration for SC4G, this was considered in the SC4G/SSD comparative assessment under effectiveness, and so these results are assessed here as well.

We found that **prizes provide more potential for innovation unless comparator projects have an explicit focus on using innovative approaches.** The two CCA prizes suggest that prizes can provide more potential for innovation, creating more space for new activities, open innovation and engaging new actors in solving the problem, than their comparator projects. For example, CIP created space for open innovation, with eight of the projects representing *imitative* innovations and five being *adaptive* innovations.[13] However, innovation was not a focus for the comparator WISER, whose use of government systems to build capacity and improve plans provided benefits for stakeholder engagement, but was not an innovative approach to developing solutions. However, in the example of SC4G, the comparator project had a focus on using innovative approaches and was found to be more effective than the prize in the diversity of innovations applied through *imitative* innovation. For SC4G many of the innovations applied by the MMDAs were similar, as a result of peer learning during the prize process. This suggests that prizes may provide space for innovation but that there can be a trade-off between the benefits of peer learning between participants and the development of a diverse set of innovations.

Prize potential for sustainability appears to lie in continued activity by participants, whereas the comparator projects rely on influencing state actors at national level and providing a secondary phase of grant-funded work to ensure longer-term change. The CIP sustainability assessment has shown continued implementation of projects by some prize participants. Participants are developing sustainable financing strategies, though they are not yet in place, with continued reliance on donor funding and no private investment as yet. For SC4G, liquid waste management (LWM) and sanitation are included in participating MMDAs' current medium-term development plans and budgets, but longer-term sustainability of LWM activity by MMDAs is less certain. A@S participants have engaged local government, private sector and communities at local level to sustain their initiatives, but many of these strategies are proposed rather than formalised. We draw from this that prizes provide the potential for sustainability but that this is reliant on both what is achieved by participants during the course of the prize period, i.e. putting sustainability strategies in place, as well as their continued engagement and motivation after the prize has finished.

By nature, prizes tend to occur over short, defined periods – and have inherent assumptions about what happens next (post-award). In some circumstances an innovation can reach a tipping point or have the right enabling environment that they take off with their own momentum. But, more often than not, there is a need to put in place post-award sustainability strategies. As a minimum, a prize likely needs to have secured participant buy-in to the problem by the time of final award to ensure their continued commitment to ongoing implementation. Section 3 provides some conclusions on whether prizes can offer VFM.

[13] I2I defines innovation as the application of new or improved products, processes, technologies or services that are either new to the world (novel), new to a region or business (imitative) or new to the field of endeavour, that is, repurposed (adaptive).

Section 3: Do prizes offer value for money?

The outcomes of these assessments provide insight into the VFM of the I2I prizes, and the reasons why funders may choose to run a prize as opposed to a grant-based research or technical assistance programme. By looking at the outcomes of the VFM assessments across several prizes, we find that prizes can offer particular benefits in engaging multiple participants to solve a given problem, often including actors who are new to the problem, to bring alternative approaches than might be surfaced through a grant-based intervention. In this way, the particular advantages of using prizes lies in **maximising participation towards the funder's aims**, and supporting **open innovation**. As such, the value of prizes to development can be heightened by ensuring broad engagement of a range of participants working towards a common goal. We have found that many of the I2I prizes have achieved this benefit.

The prizes offered the expected value for money, based on the learning and adaptations applied throughout the course of the prize process, between initial design and prize award. The internal VFM assessment results indicate that most of the I2I prizes were able to achieve or exceed expected outcomes for the inputs invested. Based on their learning throughout the process of delivering a package of prizes, the prize teams employed an adaptive approach in delivering each prize. With prizes generally designed to identify new solutions to unsolved problems, learning is an integral part of delivering a prize. As such, prize design and budgets need to allow for this adaptation and flexibility. Similarly, in seeking open innovation, funders should be flexible in the specific aims intended to be achieved by prize projects.

Though this VFM approach has potential to reveal differences between various funding modalities, our assessment of the I2I prizes found the differences lie in the details rather than the overview of each prize and comparator project. The external VFM assessments do not reveal significant differences in the overall VFM provided by the prizes as compared to their comparator projects. Instead, the appropriateness of a particular funding modality is dependent on what a funder wishes to achieve. The process of delivering each comparative assessment has served to highlight the differences and complementarities in funding approaches, some of the implications of the different funding modalities for achieving desired results, and give insight to certain considerations that funders may wish to make in their programming decisions. For example:

- **The CIP indicates that prizes and grant-supported interventions could be delivered in combination to maximise value for money:** For the CIP, the comparative VFM analysis did not find one funding mechanism as being better than the other in achieving VFM. Rather, it exposed that the two interventions show potential complementarity by addressing the same problem at different levels in Kenya's climate information 'system'. While both sought similar overall outcomes, WISER aimed to do this by influencing upstream activities through a grant-based technical assistance programme supporting national- and county-level meteorological services. Meanwhile, CIP sought to influence downstream activities, encouraging non-state actors to deliver services directly to users on the ground. The capacity building of county meteorological directors by the grant-support project could have supported the prize participants to better access more localised climate data. Rather than implementing the two in parallel and subsequently comparing them, a more effective course might be to align the two programmes in their implementation to ensure they support and strengthen one another – in this way the WISER and CIP programme could have been linked to offer a 'systems' approach to strengthening climate information provision in Kenya.
- **The SC4G prize suggests that prizes have the scope to engage a greater number of stakeholders in solving a given problem than is typical in grant-based interventions.** For SC4G, the marked difference in scale (15 finalists or 17 participating MMDAs compared with two MMDAs for SSD) and the difference in approach (self-funding/self-motivating compared with a more directly supportive approach) is proposed as the main reason the prize performed comparatively 'better' than SSD on efficiency and cost-effectiveness (both of which consider the results in relation to inputs or costs). The latter is also why SC4G has seen 'better' results in terms of the level of government commitment but SSD has seen more results in relation to capacity building.

- **The A@S prize indicates that prizes are likely to encourage more innovation and flexibility in identifying and delivering solutions to a problem**. For A@S, though it had higher financial investment from its funders than its comparator, CSA, it went further in terms of implementation and beneficiary reach. However, the delivery of desired results is higher for CSA, which has simpler aims, all of which were achieved. A@S was very ambitious; during its evaluation, key stakeholders raised questions on the extent to which the prize had, or was feasibly able to, achieve such ambitious aims. The VFM assessment results point to greater control over achieving desired outcomes with a grant-based approach, i.e. the approach taken by implementing entities is usually more clearly mapped out, with clear milestones and targets to deliver against, while in a prize, participants are given a problem and encouraged to solve it, without these milestones to report back against. However, although its comparator performs better in terms of delivery of pre-defined results, A@S offers VFM through providing more space to participating entities for new project activities, technologies and partners, thereby encouraging innovation. This suggests the potential for added value in using a prize modality in this respect.

Our VFM analyses, and the broader evaluations associated with them, have identified some of the particular advantages or value that prizes can offer, primarily by bringing in a higher mass and diversity of implementing entities and, in association, a broader range of solutions to solve a given problem.

Investigating the VFM of prizes, compared to other funding options, has led to the proposition that development problems may be best served by combining a prize with another funding modality such as a grant, rather than choosing one or the other, because each offer some unique value when used appropriately (Brown et. al., 2020). For example, a grant-based programme can provide an ecosystem of support within which a prize can be delivered. Simultaneously, a prize can bring more stakeholders into the programme to identify and deliver more diverse solutions to specific problems identified, maximising progress towards the intended objectives.

Reflecting on these lessons, it is apparent that prizes have advantages over other funding mechanisms for interventions aimed at supporting innovation and engaging new and multiple actors. When using a prize, funders should carefully consider the ecosystem within which they are being delivered, including whether this ecosystem could be provided by a broader development programme. A supportive ecosystem could aid the effective running of a prize, but also provide added value through aligning the activities of a prize with broader programme aims, providing connections and support for prize participants, and providing continued support after a prize closes to enable participants to effectively sustain their initiatives and results.

Associated conclusions and recommendations for funders and implementers, on the value and use of prizes more broadly and how to achieve the most value from them, are delivered through the companion paper, Rising to the challenge: how to get the best value from using prizes to drive innovation for development.

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Stott, C. and Brown, C., 2020. The Climate Information Prize: What Happened Next? Final Report. Ideas to Impact, UK

Research Article Annexes

Annex 1: I2I prize effects

In advance of launching its first prize, I2I published a set of nine outcomes or effects that prizes can achieve, often in combination (Ward and Dixon, 2015). I2I has since reviewed these, based on learning to date, to create an updated set of expected effects. Table A1.1 presents the latest version of the prize effects.

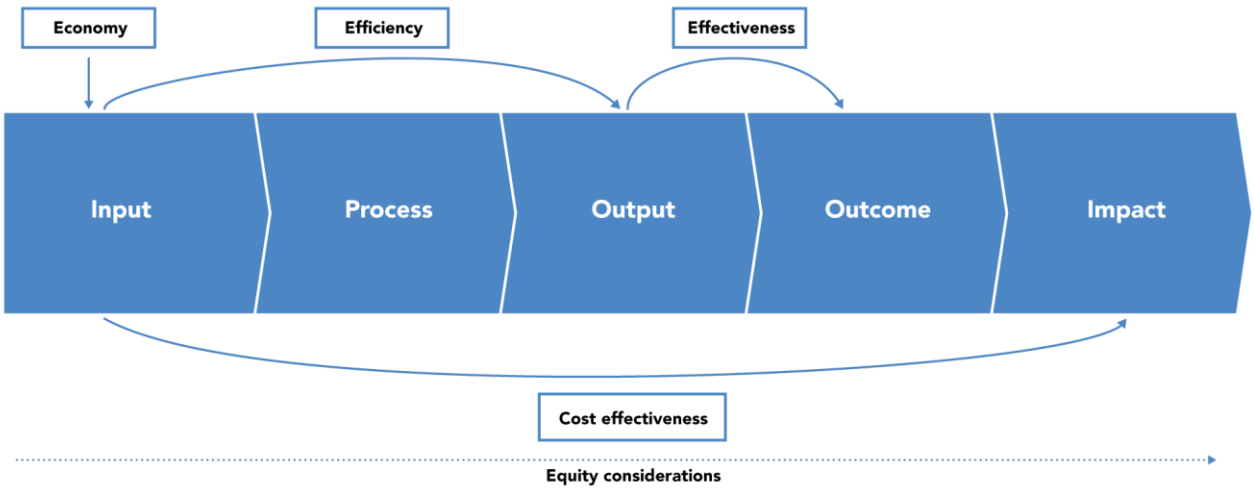
Table A1.1: Summary of progress in prize effects

Prize effect	Definition
Raise awareness	Either brings something to someone's/some people's attention or increases their understanding of something. This is often about increasing awareness and knowledge of an issue (especially one that is neglected or previously communicated to that group of people)
Promote best practice	A prize can do this by: identifying best practice in a certain field (through solutions submitted) and encouraging adoption (through publicising the winning solutions) OR making potential solvers aware of current best practice as part of the prize application process
Facilitate and strengthen partnerships and networks	Raises visibility and brings those also working in the space to the attention of others, helping to establish new networks and strengthening partnerships towards a common goal. Some prizes may require new partnerships through criteria or conditions
Maximising participation towards the sponsor's aims	Benefits to the sponsor are provided by all effective participants and not just by the winners
Community action	Incentivising communities (broadly defined as people living in the same place/ sharing a communal interest), to take action, encouraging ownership of the problem and solution
Point solution	Finding a solution to a problem that has been broken down to a component part. For example, a new product or process. The problem is highly specified
Open innovation	Enables new solvers to enter the field of endeavour. For some prizes this could include local and grassroots innovators, e.g. small community organisations, students, etc.
Market stimulation	Helps to increase economic activity in an existing market or starts a new one for a particular good or service through a high value prize that, as a result of all of the other effects, results in a changed market. It can also open up a new market
Altering the policy environment	Raised awareness, market stimulation, etc. can lead to corresponding policy change in reaction to the other prize effects

Annex 2: DFID's Four Es framework

DFID's Four Es framework indicates how each of the Es corresponds with the stages within a theory of change (ToC). Using this, we were able to draw on the prizes' ToCs to define the criteria and sub-criteria for each component. See Figure A2.1.

Figure A2.1: The Four Es framework (Source: DFID, 2011)



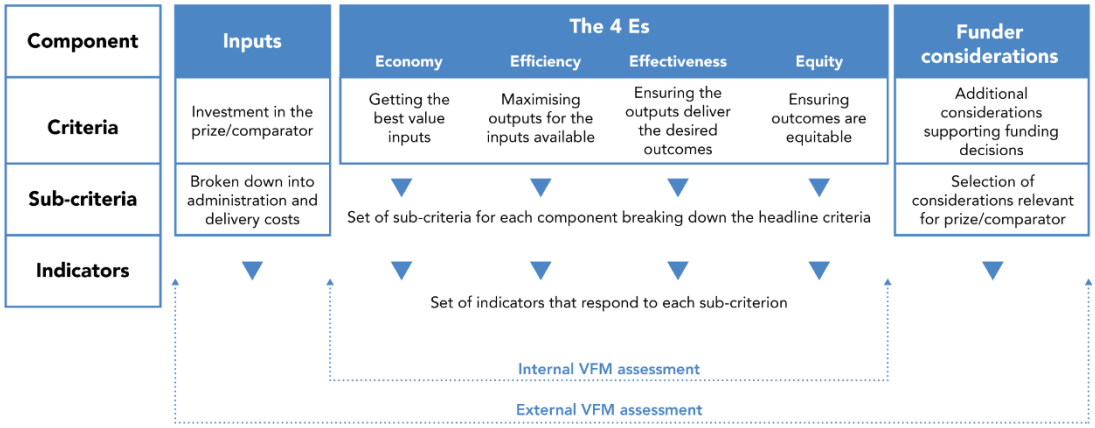
Annex 3: Our VFM methodology in more detail

To assess the VFM of I2I's prizes, we drew from OPM's Approach to VFM, an approach that builds on the VFM framework used by DFID and ICAI to assess government-funded programmes and projects, to develop a two-part approach that provides two separate assessments of the VFM of I2I's prizes:

- **An 'internal' assessment:** measuring the VFM of the prizes against their expectations – the purpose of this was to understand the VFM the prizes offered as standalone interventions;
- **An 'external' assessment:** measuring the VFM of the prizes in comparison to a selected programme targeting similar outcomes through an alternative funding mechanism – the purpose being to understand whether and how prizes offer VFM over other funding modalities.

The structure of our VFM assessments are summarised in Figure A3.1, indicating the components considered in each, and how these guide a set of criteria, sub-criteria and indicators, which provided the basis upon which we delivered our assessments.

Figure A3.1: Internal and external VFM components



Both the internal and external assessments aimed to understand the VFM of the prizes by generating findings against a set of components: economy, efficiency, effectiveness and equity (i.e. the Four Es), through their alignment with the inputs, outputs, outcomes and impacts of a given prize or project, as identified in DFID's approach to assessing VFM. For the external assessment, we also compared financial inputs for the prizes and their comparators and incorporated 'funder considerations' as an additional component, exploring further where the prizes were expected to add value over a grant-based approach.[14] The internal and external assessments cannot be combined, but rather provide **two separate perspectives** of the VFM of the prize, for consideration by funders and implementers.

Drawing from OPM's VFM approach, we defined each component of the assessment through a set of criteria. We broke these criteria down through a set of sub-criteria. We then developed indicators to respond to each sub-criterion. For the external assessment, we drew on shared aims and objectives to identify criteria and sub-criteria relevant for both the prize and comparator project.

We looked to the prize theories of change (ToCs) to determine criteria and sub-criteria relevant to each component. The prize evaluators worked with the prize teams to develop prize-level ToCs during the prize implementation period. These articulated how change was expected to happen, based on assumptions made at the start of each prize. For each prize, the ToCs determined that prize inputs (economy) would translate to outputs (efficiency), which would lead to outcomes (effectiveness and equity) and eventually longer-term impacts. Within the prize ToCs, the intended prize effects were expected to take place at both output and outcome levels (efficiency and effectiveness).

[14] Drawing from DFID documentation, we identified a long list of considerations representing some of the most pressing concerns of funders in identifying an appropriate funding mechanism (see Annex 6). Informed by this list, we selected three funder considerations for each comparative assessment, based on what was most appropriate given the nature of the prize and comparator project and the data that were readily available.

The internal VFM assessment

The goal of the internal analysis was to assess the VFM of the prizes against their original expectations. Essentially, it looks at whether the inputs invested into each prize led to the outcomes expected. As such, the exercise also contributes to answering the overarching evaluation question for the I2I prize evaluations, i.e. *did the prize achieve what it set out to achieve?*

Design of the internal VFM assessment

The components for the internal analysis are the Four Es: economy, effectiveness, efficiency and equity. Based on DFID's Four Es framework, we drew on the individual prize ToCs to define the criteria and sub-criteria for each component, i.e. with inputs representing economy, outputs representing efficiency, and outcomes representing effectiveness and equity. We developed criteria for each component to clarify what each means in the context of each prize. Table A3.1 provides the criteria defined against the Four Es for the internal assessment of each prize.

Table A3.1: Internal VFM assessment criteria for each prize

Criterion	Economy	Efficiency	Effectiveness	Equity
Overarching definition	Did the prize cost what we expected it to cost?	Were prize inputs converted into the expected outputs?	Did prize outputs convert to the expected outcomes?	Were prize outcomes equitable for those intended?
CIP	The prize was launched and ran respecting the original time schedule, and within the original budget	The prize stimulated and awarded a set of CIS initiatives	The prize CISs are accessed and used by target users; and the prize raised awareness on climate information	The prize CISs are accessed and used by the poor and vulnerable
SC4G	The prize was launched and ran respecting the original time schedule, and within the original budget	The prize increased MMDAs' capacity and commitment to implement liquid waste management strategies	The prize stimulated MMDAs to make progress in liquid waste management using innovative approaches	Prize participants (MMDAs) had a particular focus on improving service delivery for the poor
A@S	The prize was launched and ran respecting the original time schedule, and within the original budget	The prize stimulated a set of scaling processes for climate change adaptation	The prize projects benefited local communities and promoted good practice	The prize engaged diverse participants and projects supported poor and vulnerable communities
Dreampipe II	The prize was launched and ran respecting the original time schedule, and within the original budget	The prize stimulated and awarded a set of NRW reduction projects, and promoted innovations for financing NRW reduction activity	The prize raised awareness about NRW, and stimulated effective and feasible solutions for de-risking and financing NRW reduction	Not rated: Equity considerations were an explicit requirement for Phase 3 of the prize, i.e. not for Phases 1 & 2. The prize closed early, and so prize participants did not provide related information as part of their submissions and were not judged against this criterion

We then developed sub-criteria and corresponding indicators that responded to each headline criterion. For the internal assessment, the sub-criteria represent the expectations anticipated for each prize. An

example of how we moved from ToC outcomes, to the headline criterion and then sub-criteria (i.e. expectations) and associated indicators, based on the CIP, is provided in Table A3.2.

Table A3.2: Example: developing the criteria, sub-criteria and indicators for the effectiveness component of the CIP

ToC outcomes	Effectiveness criterion	Sub-criteria/expectation	Indicators
An increased number of poor and vulnerable people in Kenya have access to high quality CISs	The prize CISs are accessed and used by target users; and the prize raised awareness on climate information	129,302 direct beneficiaries can access CISs	# of beneficiaries
Poor and vulnerable individuals and households in Kenya access and use CISs		CIS beneficiaries use the climate information	# of beneficiaries using the CISs
There is increased awareness on the value and use of climate information for coping with and adapting to climate change impacts		CISs support users' climate adaptation	# of users better prepared for climate risks
		The prize has raised awareness of climate information (*prize effect: Raise awareness*)	Evidence for raised awareness

The internal analyses focused on those activities, outputs, and outcomes that had explicitly set expectations, as well as those that were reasonably (although only implicitly) expected. For example, in its 2017 Annual Report, I2I posed a set of expectations for each prize, relating to:[15]

- the number of ideas, concepts, technologies, systems or processes developed
- the number of innovations implemented
- the amount of new investment leveraged
- the number of discussions among key stakeholders around prizes in development
- the number of 'beneficiaries' that would be reached directly and indirectly

We drew on these where possible and relevant to the ToC. Where pre-determined indicators were not available, we developed the criteria and sub-criteria based on the Prize ToCs. We note that these expectations were based on a set of assumptions about what could be achieved by a prize. Rather than representing clear targets for each prize, the expectations were based on the theory of what each prize might be able to deliver.

The specific sub-criteria and indicators for the internal VFM assessment of each prize are provided in Table A3.3.

[15] Internal programme report: IMC, 2017. Ideas to Impact Annual Review 2017.

Table A3.3: Sub-criteria used to assess the internal VFM of each prize

Criteria	CIP sub-criteria	SC4G sub-criteria	A@S sub-criteria	Dreampipe II sub-criteria
Economy	The Tekeleza Prize is launched, closed and awarded as planned	The Stage 2 SC4G prize (Dignified City Award) is launched, closed and awarded as planned	The Karyanwayan Prize is launched, closed and awarded as planned	The Phase 1 and Phase 2 prizes are launched, closed and awarded as planned
	Two recognition prizes are run (Nov 2016, early 2018)	The prize was implemented within budget [for Stages 1 and 2]	The prize was implemented within budget (for Stage 1 and 2)	The prize is implemented within budget – £289,045
	The prize was implemented within budget – £598,586	The prize purse allocated was the amount expected [for Stage 1 and Stage 2]	The prize purse allocated was the amount expected	The prize purse allocated is the amount expected – £550,000
	The prize purse allocated was the amount expected – £498,000			
Efficiency	23 innovative applications in Stage 2	The prize stimulated MMDAs to have an increased focus on LWM	The prize engaged eligible applications from a set of applicants	10 prizes awarded for Phase 1
	6 prizes awarded for Stage 2	The prize received eligible submissions from a set of MMDAs	The prize awarded prizes to the most effective solutions implemented	5 prizes awarded to the best demonstration projects in Phase 2
	CIP is cited in key debates/articles (prize effect: promote best practice)	The prize awarded a prize to those MMDAs that made the most progress	The prize stimulated new partnerships for scaling	Innovations and learning captured and shared with water, finance and development stakeholders
	2 active and innovative partnerships (prize effect: facilitate and strengthen partnerships and networks)	The prize stimulated new investment in liquid waste management		The prize stimulates new investment[16] in NRW reduction initiatives (the demonstration projects): £21,000 in Phase 1 and £400,000 in Phase 2, not including prize purse and international financial institution money
	The prize has stimulated new investment in CISs			

[16] The I2I annual report for Period 2016 defined investment leveraged as: "applicants' time in solving the problem as well as follow-on investment into winning [solutions]."

Criteria	CIP sub-criteria	SC4G sub-criteria	A@S sub-criteria	Dreampipe II sub-criteria
Effectiveness	129,302 direct beneficiaries can access CISs	Prize participants used innovative approaches to improve sanitation service delivery	The prize projects benefit beneficiaries from local communities	509,857 direct 'beneficiaries' of NRW reduction activities (through planned demonstration projects in Phase 2)
	CIS beneficiaries use the climate information	Prize participants created new partnerships to improve sanitation service delivery	The prize promotes good practice for climate change adaptation and scaling	The prize stimulates effective and feasible business plans that will facilitate a demonstration NRW project to 'de-risk' projects
	CISs support users' climate adaptation	The prize altered the policy environment for LWM (main intended prize effect)		The prize raises awareness of the issue of NRW. This was a secondary intended prize effect
	The prize has raised awareness of climate information (Prize effect: Raise awareness)			The prize shows the feasibility of using new financing sources to fund NRW reduction activity. This equates to the primary intended prize effect of 'point solution'
Equity	CISs reach low-income households	Prize activities implemented by MMDAs focus on the poor and vulnerable	Equity in establishing solutions	As explained above, the equity' of Dreampipe II has not been assessed: Equity considerations were an explicit requirement for Phase 3, i.e. not for Phases 1 & 2
	CISs reach 50% female beneficiaries	Prize participants engage the poor and vulnerable in their strategy implementation	Equity in reaching beneficiaries	
	CISs reach low education beneficiaries			
	CISs reach majority rural population			

There is an important distinction between output- and outcome-level expectations. Output-level expectations for a prize (i.e. efficiency expectations) are associated with effects stimulated by running the prize, i.e. applications received, prizes awarded, partnerships engaged, investment leveraged. Outcome-level expectations for a prize are associated with effects stimulated by implementing the projects themselves e.g. beneficiaries reached, success of innovations and associated prize effects stimulated through implementing those innovations. The sub-criteria we explored were tailored according to relevance and data availability for each prize. For example, Dreampipe II did not have any data available on equity so this component is excluded from the analysis. Data on investment leveraged for A@S, and beneficiaries reached for SC4G, was not complete enough to rely upon, and so those indicators were excluded from the VFM report, but are addressed as part of the broader prize evaluation reports.

By looking across the prizes, from input to outcome level, the VFM assessment provided in itself a mini-evaluation within the broader evaluation we completed for each prize. The broader evaluations drill down into more detail behind the VFM criteria, while also feeding into the understanding of what the VFM assessments tell us.

Analysis of the internal VFM assessment data

We collected both qualitative and quantitative data, as relevant, for each indicator, and analysed this to develop a finding for each indicator. Based on this finding, we rated each sub-criterion using DFID's 1 to 5 scoring system (see Table A3.4). We shared the VFM approach and proposed ratings with the prize teams ahead of delivering the assessment, for their feedback and comment.

Table A3.4: Rating used for the internal assessments

Rating	Internal assessment
1	substantially did not meet expectations
2	moderately did not meet expectations
3	met expectations
4	moderately exceeded expectations
5	substantially exceeded expectations

Learning from the first assessments conducted, for the latter assessments we pre-defined specifically the meaning of each rating for each sub-criterion ahead of applying the ratings. The strength of evidence was included alongside each rating: strong, moderate or limited.

We calculated the average score for each criterion based on individual scores for each sub-criterion, to provide an overall rating, the overall strength of evidence, and a corresponding narrative for each. We looked across the analysis for each of the components to make a final assessment of the 'internal' VFM of each prize overall, delivered through a narrative rather than an overall VFM rating, stressing the importance of the narrative over the ratings.

The external VFM assessment

The 'external' VFM assessment measured the VFM of prizes in comparison to a selected intervention targeting similar outcomes, supported through an alternative funding modality. The purpose of this assessment was to understand whether and how prizes offer VFM over other funding mechanisms looking to achieve similar aims.

This comparison exercise was done for CIP, SC4G and A@S.[17] No appropriate comparator could be identified for Dreampipe II: we were unable to find a comparator that would provide an appropriate thematic comparison (i.e. financing NRW reduction), and for which data were readily available.

Design of the external VFM assessment

For the external analysis, we explored the Four Es, as well as input costs and funder considerations, as additional components of the assessment, for both the prize and the selected comparator project. These additional components were incorporated to better support DFID's considerations of when and for what purpose they might use each type of funding mechanism. We disaggregated the input costs into administrative and delivery costs for each prize – with administrative costs including overheads, human resources, office and travel costs, and delivery costs including the prize purse, event costs and workshop costs. We selected three 'funder considerations' for each external assessment, based on which seemed most appropriate for funders given the aims and context of the prize and comparator project, as well as based on the data that were available for both.

Critical to the external VFM approach was identifying a set of shared objectives between the prize and the comparator project, at output and outcome level. Based on these shared objectives, we developed criteria and sub-criteria for each component, that could be compared across the prize and comparator project. We identified shared indicators where possible, and prize- and project-specific indicators where needed – based on the nuances and data availability of each prize and its comparator project. Table A3.5 provides an example of how we developed the effectiveness assessment for the CIP, moving from identifying shared outcomes, to the effectiveness criterion, sub-criteria and indicators for the external VFM assessment of the CIP.

Table A3.5: Effectiveness criteria, sub-criteria and indicators for the external VFM assessment of the CIP

CIP outcomes	WISER outcomes	Effectiveness criterion	Effectiveness sub-criteria	Effectiveness indicators
▪ Poor and vulnerable individuals and households in Kenya access and use CISs ▪ **There is increased awareness on the value and use of climate information for coping with and adapting to climate change impacts** ▪ Good practice CISs are promoted ▪ Networks and partnerships for the development and delivery of demand-driven CISs are established ▪ **An increased number of poor and vulnerable people in Kenya have access to high quality CISs**	▪ **Tailored, reliable climate information and services available and more accessible to users** ▪ **Growing awareness of the value of climate services leading to rising demand** ▪ Increased capacity of users to access and use climate information in decision making ▪ Growing strength and status of National Meteorological and Hydrological Services and capacity of African research community	The prize/comparator project is effective in increasing access to and raising awareness of climate information	The prize/comparator project is effective in increasing access to climate information	Number of beneficiaries reached by climate information services (quantitative)
			Effectiveness in raising awareness of climate information *(prize effect: Raise awareness)*	Evidence of prize/comparator project raising awareness of climate information (qualitative)

[17] Data provided by the SC4G comparator project SSD were not the final results as the project was due to close shortly after the VFM assessment, and the final report for the donor was not yet prepared.

The indicators we developed for the comparator projects relied on the data available for each. Data were shared by the implementing entities of comparator projects, largely based on what was readily available, and there was no opportunity for additional data collection for these comparator projects.

The specific sub-criteria and indicators for the internal VFM assessment of each prize are provided in Table A3.6. There is diversity in what we looked at between the prizes, determined by (i) the specific aims of the prize/comparator project; and (ii) the data available from the comparator to provide a point of comparison.

Table A3.6: Sub-criteria for external VFM of each prize

Criteria	CIP/WISER sub-criteria	SC4G/SSD sub-criteria	A@S/CSA sub-criteria
Inputs	Total project costs to funder	Total project costs to funder	Total project costs to funder
	Administrative costs	Administrative costs	Administrative costs
	Delivery costs	Delivery costs	Delivery costs
	Costs to CIS providers		
	Costs to data providers		
	Costs to investors		
Economy	Input costs qualified by cost and quality	Project delivered within budget	Project delivered within budget
	Effective implementers with reasonable costs	Input costs qualified by cost and quality	Inputs maximised through balance of staff costs
	Experienced staff with competitive fee rates		Experienced staff with competitive fee rates
Efficiency	Efficiency of programme in training intermediaries	Efficiency of project in increasing government commitment to improve sanitation service delivery	Efficiency of project in identifying practices to scale
	Efficiency of programme in engaging stakeholders	Efficiency of project in building capacity for sanitation service delivery	Efficiency of project in building the capacity of stakeholders to deliver adaptation activities
	Efficiency of programme in stimulating action	Efficiency of project in linking public and private sector stakeholders for sanitation service delivery	
Effectiveness	Effectiveness in increasing access to climate information	Effectiveness of project in producing innovative or new sanitation models / approaches / technologies	Effectiveness of project in identifying effective adaptation scaling processes
	Effectiveness in raising awareness of climate information (prize effect: Raise awareness)	Effectiveness of project in creating an improved enabling environment for urban sanitation provision	Effectiveness of project in promoting best practice to key stakeholders
			Effectiveness of project in supporting vulnerable beneficiaries to adapt
Cost-effectiveness	Cost-effectiveness in reaching households	Cost-effectiveness of innovations established	Cost-effectiveness of scaling outcomes
		Cost-effectiveness of change in enabling environment	Cost-effectiveness of support to beneficiaries

Equity	No data available for comparator	Equity of sanitation service delivery solutions in engaging poor and vulnerable communities	Equity of solutions in supporting poor and vulnerable communities
		Equity of sanitation service delivery solutions in supporting poor and vulnerable communities	
Funder considerations	Prospect of encouraging innovation	Potential for long-term sustainability	Potential for innovation
	Dependency on stakeholders' behaviour for success	Potential for replication/scale-up	Potential for long-term sustainability
	Likelihood of results (i.e. of achieving long-term impacts)	Prevention of negative environmental impacts	Likelihood of delivering desired results

Analysis of the external VFM assessment data

For the external analysis, the rating aimed to capture the relative performance of the prize versus the comparator project. We used a rating system based again on a scale of 1 to 5, where 5 represented the highest rating (see Table A3.7). To assign ratings, we considered the evidence of each programme compared to the other, and in the context of its own costs and aims, to capture the relative performance of the prize versus the comparator. We shared the VFM approach and proposed ratings with the prize teams ahead of delivering the assessment, for their feedback and comment.

Table A3.7: Rating used for the external assessments

Rating	External assessment
1	substantially unfavourable result against comparator
2	moderately unfavourable result against comparator
3	similar to comparator
4	moderately favourable result against comparator
5	substantially favourable result against comparator

We collected and analysed data against each indicator to provide a rating for each. We averaged the rating for each component, to provide an overall rating and corresponding narrative for each criterion. We drew up from the narrative and the ratings to provide an overall narrative assessment of the VFM of each prize against their comparator project.

For both the internal and external assessment, while we used the numeric ratings to guide our assessment, we stressed the importance of the narrative over the ratings, to support readers of the findings to understand the meaning of the assessments.

For each assessment, we presented the ratings to the prize team who also had a chance to validate and comment on the analysis. We shared the external analysis with the comparator implementing entity, for their feedback and comment.

Annex 4: Limitations to our VFM approach

The VFM approach was introduced to the prize evaluations part way through the I2I programme, affecting indicator development and data accessibility

The VFM approach was introduced to the prize evaluations part way through the programme, meaning no time or process was built in for funders and prize teams to input into indicator development and selection of funder considerations. The approach was developed and trialled for the CIP prize before being applied to subsequent prize evaluations. A more effective approach would be to consider indicators at the start of the prize, and to return to these to revise them in alignment with any adaptations to the prize, at regular intervals during the prize process. Defining these earlier could also support the consideration of specific data needs for the assessment, encouraging, for example, reliable equity data to be collected for the prizes, and ongoing consideration of changing aims and expectations. Similarly, introducing this approach at the start of the prize process would enable identification and outreach to a suitable comparator to happen earlier. Though the perfect comparator to a prize likely does not exist, more feed-in time would support broader scoping for identifying the most suitable comparator, and better consideration and analysis of the data available.

The internal VFM assessment would benefit from clarity in prize expectations, which are often unknown upfront

One aspect of using a prize approach is that you are unlikely to know beforehand exactly what results are achievable, particularly if looking to solve a unique problem. Targets for the number of participants, number of implemented innovations, number of partnerships (and similar) set for the I2I prizes were largely estimates based on what would be desirable. Beyond this, it may be hard to set expectations for the depth of outcomes, as it is often not clear in advance what solutions will be proposed and implemented. The Dreampipe II prize largely did not define upfront what success looked like (particularly quantitively) because it was such an unknown what would happen (e.g. how many applications of sufficient quality would be received) and how much solver teams, and hence the prize, could and would achieve.

Setting solid expectations at outcome level may rather stifle an innovative approach among participants if prize implementers get too focused on reaching those targets. With a grant-funded project, the solution is identified in advance of the project being tendered, so targets are often easier to identify and to meet. The internal VFM assessment is useful for identifying the extent to which a prize succeeded against explicit and implicit expectations. However, the I2I prize teams highlighted in some cases that expectations may not have had a solid basis, as they did not know in advance how problems would be solved and by whom.

The depth of the external VFM assessment relies upon data availability for the comparator project

The development of sub-criteria and indicators for the external VFM assessment was based upon the availability of data for the comparator project. This was restricted by what had been collected for the given project and what could be accessed, especially given that the involvement of the implementing team for the comparators in supporting this assessment was provided voluntarily, with no reimbursement. Similarly, we could not always use the first prioritised comparator due to barriers to connecting with implementers and accessing data. In some cases, this restricted analysis against specific components that we would have otherwise included. For example, for the CIP comparison we were not able to make any assessment against equity as there is no equity data available for WISER. The data for funder considerations were also often limited for the comparator projects. In other cases, it meant that the sub-criteria developed under a particular component, and therefore the resulting comparison overall, were restricted by the data available for the project.

The quality and availability of prize data limited the evidence base for some indicators

There were also some issues with the prize data quality and availability. Many of the VFM indicators were reliant on prize participant reports, which had some issues with reporting completeness and quality for

certain data points. To gather data for each indicator beyond the participant reports would require significant additional investment into prize monitoring and evaluation by funders – despite there being only a small number of indicators used for each component of the VFM assessments. A more cost-effective approach to addressing this issue, and improving the quality of reporting under the prize in general, might be to provide a simple yet uniform reporting process, or ask participants to outline their reporting process at the start of the prize and provide support to those who need it. Where possible, we linked the indicators to other evaluation questions for the prize evaluation, for example question 1 on prize effects and question 2 on sustainability.

The approach to assigning ratings can introduce bias; ratings should be used to guide a systematic conclusion rather than as a result in and of themselves

We did not feel that the ratings for each prize provided a useful assessment of either the internal or the external VFM when considered alone. However, they provide a guide to enable a systematic conclusion to be drawn from the results. In presenting the results, the narratives provide the true value in understanding the benefits and challenges of a prize approach. In our experience, the presentation of ratings to prize teams distracted from content of the assessment. We propose that a narrative is more powerful in explaining the findings and providing an understanding of their relevance and meaning. Ratings can be misleading (for example, with readers considering a rating of '5' to be the expected target, where the definition of the rating '3 – meets expectations' denotes that this is in fact the target). Meanwhile, narratives can help explain complexities and nuances, which is particularly important when using this comparison approach.

We also recognise that the approach to assigning ratings risks introducing bias to the assessment. We used a variety of different approaches to address this. For CIP, the rating process was completed through collaboration between three members of the prize evaluation team, rather than having just one person make an assessment. In consideration of the available evidence, each team member independently assigned a VFM rating for each indicator. We then drew up from these ratings to provide a final rating for each indicator. For the internal VFM assessment for A@S and SC4G, we defined what would be expected in order to achieve each rating against each indicator, and shared this with the prize team to sense check ahead of completing the evaluation. We found this to be a fairly simplistic approach, with the benefit of delivering with limited resources, but foregoing a higher level of robustness and objectivity to the assessment. For the external analyses, we shared the sub-criteria and indicators with the prize team to sense check, however, only indicating the generalised rating scale for the external VFM assessment. We propose and welcome further consideration of effective approaches to the use and assignment of ratings in future VFM assessments of prizes.

The prize VFM indicators capture results from a portfolio of projects, which can mask the diversity between them. This should be considered when reading the findings

Prizes tend to trigger multiple and diverse solutions or projects – that is one of their key benefits. Correspondingly, the evaluation findings are based on results from a portfolio of projects, often presenting generalised findings drawn from the group of participants as a whole. This presents challenges to capturing the nuances between projects within individual VFM indicators, particularly in the context of limited ground-level data. For example, for SC4G, we identify one of the main limitations of the assessment in judging the performance and results of the 15 finalist MMDAs as a group is that this masks the successes and shortfalls of individual MMDAs. While the VFM assessment considers the 15 finalist MMDAs as a group, this difference in results across MMDAs is also noted for certain sub-criteria. Using a comprehensive narrative to support the VFM rating enables such nuances to be highlighted and supports our advice to consider the narrative above the ratings. Rather, the rating provides some guidance for a generalised, if rather crude, headline assessment.

The results of the external VFM assessment are indicative but not conclusive

We recognise that the external VFM assessment tends to award quantity and breadth, with less consideration for quality and depth. This is often as a result of needing to identify common elements of both the prize and comparator project to enable a comparison, which tends to result in oversimplification

of progress captured through the indicators. Another reason is the data availability for each intervention, often with simplified and headline data being more available than depth of findings (relating to the point above). The result of that assessment then does not provide enough information to understand the comparative quality of the two interventions, which can cause biases. In the comparative assessment, there is a potential bias towards prizes, due to the assessment prioritising those elements common to both projects that align with the core objectives of the prize, and due to our having access to much more information on the performance of the prize than on that of the comparator. It is clear that, although the VFM assessment provides an indication of comparative VFM, this is indicative rather than conclusive.

Annex 5: I2I programme evaluation questions

The evaluations of the Ideas to Impact prizes, sought to respond to the following programme-level evaluation questions:

Overarching question: Did the Prize achieve what it set out to achieve?

PEQ1: How effective has the Prize been at catalysing innovation on the focus problem?

PEQ2: To what extent has the effect of the Prize been sustained beyond the point of award?

PEQ3: Does the Prize offer VFM when compared to alternative funding modalities?

PEQ4: Were there any unintended consequences of the Prize and did they outweigh the benefits?

PEQ5: Is solver support necessary for prizes to be successful?

Annex 6: Funder considerations

The narrative of the Business Case and Intervention Summary for IP4ED (the former name of Ideas to Impact) suggests that the following are important considerations to DFID:

- Level of financial risk to the donor
- Familiarity of the funding approach
- Clarity of lines of accountability
- Extent to which funder has to rely on its own ability to choose 'winners' and 'losers'
- Prospect of encouraging new entrants (not limited to usual suspects)
- Prospect of encouraging innovation (not limited to conservative ideas or assumptions about solutions)
- Cost per problem resolved
- Financial return on investment through leverage of funds from others
- Speed of delivery
- Media coverage – e.g. that which raises awareness of an issue
- Likelihood of delivering desired results
- Fixed nature of costs (how much can it be scaled down before it is not worth doing)
- Dependency on external factors/stakeholders' behaviour
- Appropriateness for the problem faced
- Who is excluded from participating due to investment risked by solvers/suppliers?

In addition, our review of the literature shows that prizes are also compared to other modalities in terms of:

- Flexibility of payment – can the donor decide how much to pay, even if objectives met?
- Reputational risk
- Sustainability of outcomes
- Complexity of management (includes if bilateral only between donor and supplier and whether other partners will be involved)
- Capacity building opportunities – e.g. of suppliers/solvers through participating in the process
- Learning opportunities for the donor
- Likely diversity of suppliers/solvers
- Scope to change donor requirements during the process
- Amount/complexity of regulation

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