



CLP'S EXPERIENCE USING VALUE FOR MONEY PRINCIPLES

SUMMARY

After operating from 2004 – 2016, the Chars Livelihoods Programme (CLP) accumulated vast experience working with the extreme-poor and in remote areas.

During its final year CLP developed a series of Lessons Learnt briefs with donors and development practitioners in mind.

This brief is one in a series and shares many lessons and suggestions for those grappling with using Value for Money (VfM) principles.

LESSONS INCLUDE:



A good VfM strategy uses the "3Es" conceptual framework based on the building blocks of Economy, Efficiency and Effectiveness.



Regular monitoring and evaluation contributes to good VfM.



In order to calculate the various aspects of VfM, a project needs to have good systems and data.



Invest time and effort into developing appropriate measurement indicators for success.



It is worth investing in quality systems.



Output monitoring and verification processes and surveys are important.



A marginal incremental gains approach is useful.



Be realistic, strategic and proportionate when it comes to data gathering efforts.

BACKGROUND

The Chars Livelihoods Programme (CLP) was a poverty reduction programme implemented in Bangladesh and co-financed by the UK Department for International Development (DFID) and the Australian Department of Foreign Affairs and Trade (DFAT). It was managed by Maxwell Stamp PLC and sponsored by the Ministry of Local Government, Rural Development and Cooperatives (MLGRD&C) and executed by the Rural Development and Cooperatives Division (RDCCD) of the Government of the People's Republic of Bangladesh.

People on the riverine islands ("chars") of north-west Bangladesh had precarious livelihoods. They were often heavily reliant on low-paid and unpredictable agricultural day labour, and there were few other stable livelihoods options open to them. They were vulnerable to environmental shocks that could have devastating effects on their livelihoods, with flooding a particular risk. Most chars-dwellers moved home several times in the last few years due to floods or char erosion. Many reported that they had lost all their possessions and assets at least once in the past.

The precariousness of their livelihoods meant that many chars households faced food insecurity and suffered from the effects of under-nutrition. Limited access to improved water sources and sanitation and low levels of services such as health, education and livelihoods support were further challenges, resulting in chars-dwellers being amongst the poorest people in Bangladesh. CLP aimed to work with these people to help them lift themselves out of poverty.

CLP operated in two phases – CLP1, from 2004 to 2010, and CLP2, from April 2010 to March 2016. Over that time, CLP accumulated substantial experience from working with the extreme-poor in remote areas.

CLP is widely recognised as having been a very successful programme. By the end of its tenure, CLP directly (and in many cases dramatically) transformed the lives of over 78,000 core participant households, and it improved the livelihoods of one million poor and vulnerable people. Moreover, it achieved this while operating in one of the most challenging environments in the world: the riverine island chars in the Jamuna, Teesta, and Padma rivers of north-western Bangladesh.

During the course of its implementation, CLP needed to undergo a number of major changes, to respond to a range of new challenges, and to test out a variety of approaches. It involved itself in many different activities, spanning everything from livelihood improvement to market development, from social protection to land reform, from education to nutrition, and from health to veterinary services. Over the years it operated, CLP learnt a number of very important lessons. These lessons are now documented in a series of Lessons Learnt briefs which are intended to share CLP's experience with donors and practitioners, both in Bangladesh and further afield.

This brief is about the concept of value for money (VfM), and how CLP's approach and systems were refined to meet the challenges it faced.





VALUE FOR MONEY

The concept of VfM has always been enshrined in CLP's operations, but the overall approach has evolved over time. CLP's VfM Strategy uses the "3Es" conceptual framework based on the three VfM building blocks of Economy, Efficiency and Effectiveness. These respectively link money with inputs, inputs with outputs, and outputs with outcomes and impacts along the results chain. Cost-efficiency spans Economy and Efficiency, and Cost-effectiveness spans all three "Es" – see the figure on the next page.

As the figure clearly shows, in order to calculate the various aspects of VfM, a project needs to have good systems and data: financial systems; regular and high-quality operational monitoring; and good monitoring & evaluation (M&E) systems.

LESSONS LEARNT

IT IS WORTH INVESTING IN QUALITY SYSTEMS

CLP implemented quality systems across all these areas, and paid particular attention to continual improvement. Regular reports on VfM were issued and financial, procurement and administrative systems were regularly reviewed. A lesson from this is that it is worth investing in these areas, even if it seems expensive, given that under-investment can have impacts across all three of the E's. Poor financial systems, for example, will almost certainly result in poorly controlled costs and / or fraud and misappropriation that goes unchallenged; neither is good for efficiency, effectiveness or economy.

A MARGINAL INCREMENTAL GAINS APPROACH IS USEFUL

The Lessons Learnt brief on Financial Systems and Risk Management covers CLP's learnings on those topics, so they will not be repeated here. From the VfM perspective, CLP has learnt that taking a "marginal incremental gains" approach can be useful. This is where all aspects of a system or process are analysed, and any / all small modifications that can be made to improve its operation are implemented. Even if each individual change is small, over time and across systems, the small changes add up to greater overall impact and therefore better

VfM. CLP carried out these analyses in a number of ways: regular reviews by the senior management team; in-depth reviews of financial and procurement systems by the Finance team; and workshops involving multiple stakeholders to review technical systems such as voucher-based activities.

REGULAR MONITORING AND EVALUATION CONTRIBUTES TO GOOD VfM

CLP's suite of monitoring and evaluation activities provided several lessons that impacted on VfM. At the end of the process under which households were identified for CLP support, for example, senior managers carried out a verification process. It is not good VfM to provide support to participants that don't really need it, so selected households were randomly sampled and re-surveyed to ensure they met CLP's selection criteria. The sample size was usually set at 5% of the cohort, but in the last round, CLP sampled 7.5% of selected households due to the perception of a possible increased risk of inclusion error through potential fraud. This verification process by senior management had a strong quality improvement and fraud deterrence effect. Although some Implementation Organisations (IMOs) had occasionally been requested to re-do their identification process in certain villages due to inclusion / exclusion problems, since the early days of Phase 1 of CLP no IMO had to re-do its entire selection process.



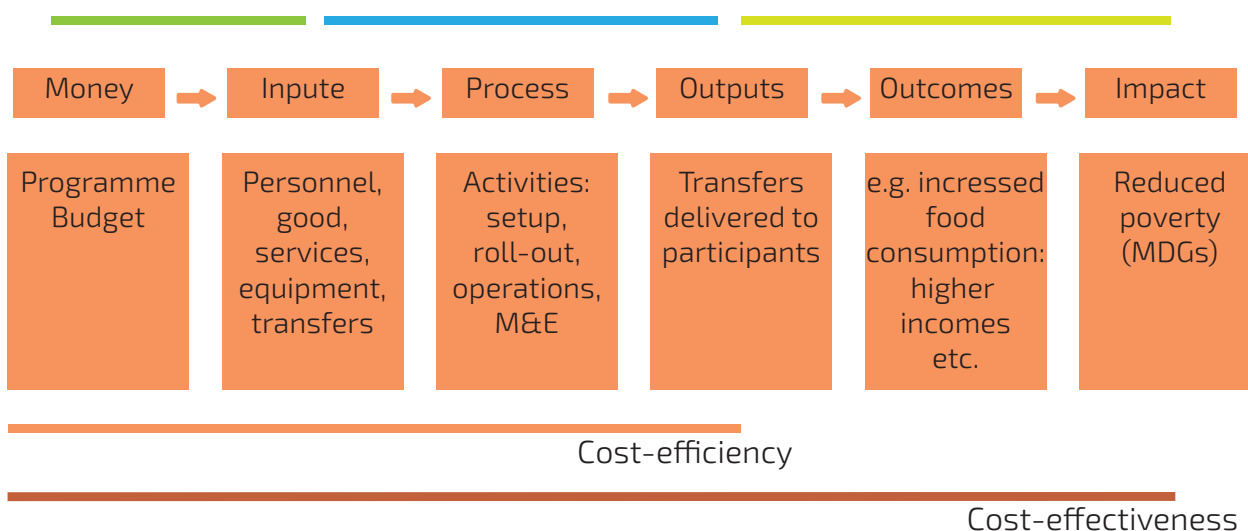
Economy



Efficiency



Effectiveness





OUTPUT MONITORING AND VERIFICATION PROCESSES / SURVEYS ARE IMPORTANT

CLP also carried out additional output monitoring and customer satisfaction surveys. Output monitoring verification was contracted to a third party survey supplier, which was issued with a selection of outputs to go and verify each month. These teams would visit the assigned villages to find out, for example, if the number of plinths that were reported were actually there and were built to the appropriate quality.

Customer satisfaction surveys were also outsourced, and were designed to interview CLP participants directly to find out if implementation was going according to plan, if they were satisfied, or if there had been incidents of potential fraud, such as requests or demands for suspicious payments.

These verification reports led to various incidents being discovered and corrected, which led to cost savings as well as quality improvements, therefore covering all the E's. These incidents were documented and managed with the help of an online system, thus providing a database of issues to guide future reviews and risk management strategies.

INVEST TIME AND EFFORT INTO DEVELOPING APPROPRIATE MEASUREMENT INDICATORS FOR SUCCESS

CLP's approach to assessing the technical quality and outcomes / impact of its work was headlined by its "Graduation Criteria". In order to graduate, a household must have achieved six out of ten indicators that covered income, food security, access to improved water and aspects of women's empowerment, amongst others. These added up to a balanced picture of what a household that was no longer "in extreme poverty" would look like. It avoided certain traps, such as an over-reliance on income and expenditure data, which, while important, were generally accepted as giving an incomplete picture of the variety of ways in which poverty can impact on households.

This was a very useful way of giving a broad-based, coherent easy-to-understand account of CLP's impact. It was used as one of the inputs in a cost-benefit analysis (CBA) that was carried out during 2012 / 2013. This CBA reported a benefit-cost ratio of 1.77, concluding that this "...is a very positive assessment, suggesting that CLP offers good value-for-money."

As with any approach, it brings with it potential weaknesses: Were the indicators the "right" ones? Were the chosen thresholds "correct"? Were the methods that were used to collect data accurate? Regardless, CLP learnt that the positive and useful aspects of measuring graduation rates largely outweighed the negatives, giving a rational and defensible way of assessing the impact and VfM of the programme.

BE REALISTIC, STRATEGIC AND PROPORTIONATE WHEN IT COMES TO DATA GATHERING EFFORTS

Other aspects of CLP's VfM strategy proved to be slightly more challenging. The annual review of 2012 recommended that CLP develop a balanced scorecard to track its IMOs' technical performance across a number of criteria. The VfM Strategy and Workplan duly included this and work was carried out. However, it ran into difficulties for a number of reasons.

To begin with, the scope of the scorecard was difficult to finalise. Early ideas turned out to require more resources than expected: the amount of new data collection required was too great for the personnel and budget available; and the time needed for analysis and reporting also turned out to be much higher than originally planned.

Reviews took place and new ideas and scopes were introduced, but a certain level of "systems overload" and "assessment fatigue" set in. In addition, the internal benefits and internal or external demand for the outputs of the balanced scorecard didn't fully materialise.

While the information the proposed scorecard generated would be useful to a certain extent for IMOs and CLP management, it became clear that there was already considerable liaison, communication, oversight and review of all aspects of IMO and CLP technical, financial and administrative operations throughout the year. Thus, while the balanced scorecard provided an additional source of information, it did not become a headline or flagship system. For the same reasons, there was little call for the outputs of the balanced scorecard from CLP's Secretariat or District managers and supervisors.

It is questionable whether a system designed to promote VfM can represent good VfM itself if its outputs are useful but marginal, and for which there appears to be little internal demand. This illustrates that a strategic and proportionate approach needs to be taken at all times. While the balanced scorecard was undoubtedly a useful approach, and may in other circumstances have become a flagship system, it is possible that it wasn't necessary for CLP given the state of development of its financial, M&E and overall coordination / supervision systems; it was a solution without a problem to address.

If you wish to learn more about CLP or the lessons learnt series of briefs please visit the CLP website www.clp-bangladesh.org.

Author: Mat Pritchard
Editor: Tanya Goodman





Chars Livelihoods Programme

Reducing Extreme Poverty on the Riverine Islands of North West Bangladesh

Sponsored by:



Managed by:

**MAXWELL
STAMP** | **PLC**

Donors:

