

A GAIN Position Paper on Value for Money

1. Why Value for Money is important for us

A value for money approach is core to our focus, which is to reduce malnutrition by reaching population at scale with cost effective interventions, and developing an evidence base of what works for us and the wider sector. Under the Sustainable Development Goals (SDGs) adopted in September 2015, the nutrition sector will undergo significant changes requiring it to interact more directly with other development sectors around integrated development interventions at country level. This will call for clear and effective models and evidence around our focal areas, and the ability to respond to the need for more cost effective interventions. Accordingly, GAIN has been in the midst of a major drive to strengthen our overall value for money approach since mid 2014.

We are, therefore intensifying our efforts to improve the way we measure our value for money and communicate this in a clear and consistent manner to our partners, including governments and donors.

This position paper outlines GAIN's Value for Money (VfM) approach, framework and activities, as well as the assessment methods and tools we use to embed and monitor value for money throughout the organisation. Our value for money approach has been developed in consultation with different departments across the organisation. Once agreed by the organisation's leadership in November 2015, our value for money policy and approach will be made public via our website and will be shared and communicated with all staff, partners and suppliers.

2. What is Value for Money for us

The UK's National Audit Office defines good value for money as the 'optimal use of resources to achieve the intended outcomes'. A practical way of addressing value for money involves linking 'value for money' to specific aspects of how an organisation functions. The 4Es approach is widely used in the development sector. This is:

- Economy: getting the best value inputs, minimising costs
- Efficiency: maximising the outputs for a given level of inputs, how much you get out for what you put in
- Effectiveness: ensuring that the outputs deliver the desired outcomes, maximising the benefits
- Equity: ensuring that the costs and benefits are distributed fairly

We define our organisational Value for Money approach around these 4 E's. However, we also recognise that demonstrating a consistent way of improving value for money is not automatic and much of our efforts in the recent past have focused on ensuring greater economy as we achieve cost savings. While these efforts are important and will continue, we recognise the need to balance this with progress on efficiency, effectiveness and equity in all our work.

An effective value for money analysis requires the accurate measurement of costs alongside an accurate measurement of the expected outcomes of our projects. That said our outcomes are diverse, and often complex to measure and to attribute to our investments. Additionally our value

for money approach aims to demonstrate value for money principally to ensure resources are used as effectively as possible. This may not necessarily be the least cost option.

In the following sections we highlight our value for money objectives, our framework as well as our assessment methods and tools.

3. Our Value for Money Objectives

Our value for money objectives are to ensure that we:

- apply a value for money lens across the work of the organisation;
- embed this critical thinking across our programmes in a systematic manner; and
- communicate this both internally and externally in a consistent way.

We aim to ensure that a value for money perspective flows through our organisational processes from programme design, development through to demonstrating evidence of impacts and cost effectiveness. For instance through these objectives, we will ensure that we:

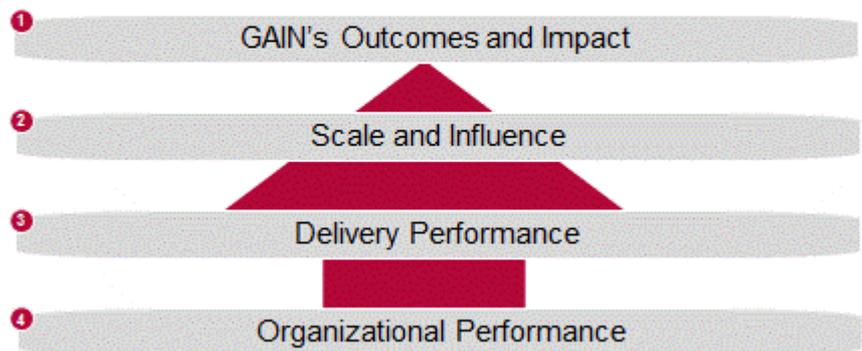
- Plan and design new programmes (including our partner selection) based on best available evidence, drawing on global recommendations, research and evaluations, and lessons learnt from our own experience and evaluations
- Test new and innovate nutrition interventions that have the potential for scale up across the sector
- Design and implement research studies and evaluations linked to our programmes with clear objectives and methods aligned to those objectives to generate rigorous evidence of what works and why, thus generating evidence for decision making (in GAIN and partners, particularly governments) and build the evidence base for what does and doesn't work to secure impact with nutrition interventions
- Generate evidence whenever possible on the cost, cost efficiency, and cost effectiveness and equity of programme models.

4. Our Value for Money Framework

Our new organisational performance measurement framework mainstreams strong value for money considerations within the organisation. The integration will help us to track organisational performance and demonstrate value for money, through carefully selected key performance indicators that can be routinely monitored and analysed without requiring large additional resources to do so. The new organisational performance measurement framework was approved by the Board in December 2014 and is currently being rolled out.

The performance measurement framework reflects the complexity and diversity of our programmes. It measures performance at 4 tiers. The 4 tiers are in recognition that **Outcomes and Impact** (in populations of our programmes, tier 1), is only possible if we **Reach Populations** and they get and use interventions (coverage), and have **Influence on Others** to implement quality programmes (tier 2), and that this will not occur until efficient and effective **Organisation Performance** (tier 4), permit **Delivery Performance** (tier 3).

FOUR TIER PERFORMANCE MEASUREMENT FRAMEWORK



| 27th BOARD MEETING



Our new framework will enable us to assess value for money routinely for tiers 2 through 4¹:

- ii. Scale and Influence
- iii. Program Delivery
- iv. Organizational Performance

A full organizational performance measurement framework (PMF) has been developed and key performance indicators (KPIs) have been identified for each of the levels. These indicators help integrate VFM into all aspects of our work i.e. planning, delivering and evaluating. The overarching framework has already been approved by the GAIN Board (June 2015), details of the framework were agreed internally in August 2015 and will be presented for approval by the GAIN Board in November 2015.

Using data to track and understand performance and implement corrective actions as needed at all levels (organisation, programme, department, team) will contribute to improvements against these indicators. KPIs set across the organisation will deliver improved economy, efficiency and effectiveness setting the basis for improved value for money.

¹ At the outcome and Impact level cost effectiveness of programs will be measured where possible

Table 1 below shows how we will measure and monitor our value for money².

Levels	VFM measure	
Scale and Influence	Influence	<ul style="list-style-type: none"> • Innovation assessed qualitatively as a narrative description of novel programme models being tested at small or large scale; quantitatively as the number of completed (during fiscal year) and on-going research studies disaggregated by discovery, implementation research of new programme models, formative research or process or impact evaluation (The indicator shows the number of contributions to the evidence base. Research studies can be disaggregated by discovery, implementation research of new program models, formative research or process or impact evaluations) • Uptake of research and advocacy assessed by number of citations to GAIN documents (e.g., peer reviewed journals; white papers; reports; blogs and other social media) to track uptake of experiences, expertise, research and learnings • Global guidance and practice assessed by narrative description of GAIN and GAIN staff participation in working, expert and other groups designed to develop, update, or modify global guidance and practice in nutrition • Policy and/ or programme changes that have been influenced by GAIN policy and advocacy and country and/or regional level activities. Case studies are selected from programmes that include policy and advocacy activities and in collaboration with country staff and Global Programme leads. Will be reported as narrative without attempting to quantify attribute to GAIN.
	Effective coverage	<ul style="list-style-type: none"> • Number and percentage of target population of target population that utilize products (nutritious/fortified foods) as per programme

² With the implementation of this performance measurement framework underway there are several indicators that were not being tracked previously, and also in some cases systems and processes to track and measure these need to be designed and developed. Where these also represent our value for money indicators - our value for money framework and our ability to measure and monitor our value for money is dependent on their development.

Delivery Performance		design , thus considering both utilization at household and/or individual and minimum product quality standards at household or market level. Effective coverage is assessed through population-based surveys and reported without aggregation across programme areas only for projects with appropriate survey data.
	Portfolio Progress	<ul style="list-style-type: none"> • Number of projects on track measured in terms of spending as % of annual project budget as reported in PWB (budget); and Completion of project activities as % of planned annual activities outlined in project implementation plan (PIP).
Organisational Performance	Portfolio outturn	<ul style="list-style-type: none"> • Percentage delivered at project closure measured in terms of total spending as % of total budget as per original project documents at project closure for all projects closed during the fiscal year; and % of all projects closed within the fiscal year that were modified in the project period in some way from original plans.
	Fundraising	<ul style="list-style-type: none"> • Pipeline versus total funds raised (% conversion rate)
	Human Resources	<ul style="list-style-type: none"> • Staff Cost measured as average cost per staff head count against baseline year • Organizational Development measured as % of total PWB (budget) invested in training and organizational development activities against baseline year • Time to Hire measured as average number of days to hire a new recruit
	Financial	<ul style="list-style-type: none"> • Overhead measured as overhead costs as a percent of total programme expenditures • Organisational expenditures measured as actual expenditure as % of total budget (PWB)

Table 1: Value for Money Measures

5. Our Value for Money Assessment Tools, Policies and Systems

We are currently upgrading our internal systems to improve tracking and control of our organizational (tier 4) and programme (tier 3) performance. Some of our existing tools and systems are being adapted in line with our value for money approach and where required, new systems are being developed. Given below is a summary of the tools, policies and systems that are being developed or planned.

Programme design, implementation and performance assessment

- Project Management Information System (PMIS) – This is currently under development and will enhance our ability to track and proactively manage the implementation of our programmes, using data to guide programme correction as needed. The system forms the core of data related to GAINs current and closed programmes, links to key documents (e.g., contracts, proposals,

performance measurement frameworks, implementation plans, etc.) and focuses on all aspects of programme management. This system will facilitate more systematic and efficient tracking of programme delivery progress and decision making to improve it.

- Programme Design - A guidance document on programme design is being developed and will be disseminated internally by mid 2016. It will lay out quality standards and provide guidance on how to design programmes to ensure those standards are reached consistently and effectively.
- Streamlining of organisational processes and structure for decision making and action, with a shift to a new operating model being implemented in 2015, where accountability, roles and responsibilities, and scope of authority for all aspects of GAINs work, from identification of new funding opportunities through programme delivery and measurement of success are clearly defined and articulated, to bring in high levels of efficiency and effectiveness. In June 2015 senior managers from all countries and head offices developed an operating model with assistance from external consultants. The operating model was adopted in September 2015, it identifies the specific roles and responsibilities of country offices and Head Office functional departments for ten stages of project design, implementation and evaluation, setting out lead responsibility for each stage.
- Results database – This database was designed to track reach which is only one indicator of our new performance management system. As part of the PMIS revamp, we are also reviewing the results and dissemination data bases to make the necessary modifications to ensure efficient and effective knowledge management tracking of all knowledge and learning activities and documents.
- Evaluations - We recognise the critical importance of measuring progress in programmes (formative and process evaluations) for the purpose of programme improvement and understanding pathways to impact, and generating evidence of impact of our investments (impact and cost-effectiveness evaluations). We prioritize strategic monitoring and process evaluation of our investments to ensure that corrective actions can be taken based on evidence, and also where acceptable among partners and funds are available. These evaluations will feed into how we measure effectiveness of our programmes by contributing to the broad evidence base that guides our programme design; and by providing evidence of what works and how in specific contexts such that strategies for those countries and/or programming areas can be continually improved.

Fundraising

- Pipeline tracking tool - We have developed a tool to help us track our pipeline of potential and contracted income.
- Customer Relationship Management system - We are in the process of rolling out Sales Force, a Customer Relationship Management system to help us manage funding prospects, proposals, and donor relationship information. This is scheduled to be rolled out by January 2016 and will further improve our ability to manage our pipeline information.

Finance:

- Travel Policy - An amended travel policy introducing a value for money approach to travel related costs has been operationalised in March 2015.

- Procurement - An amended procurement policy has been drafted and will be released with a full set of procedures by January 2016. This policy expands on our amended delegation of authority, agreed by the Board in June 2014 and aims to streamline our procurement process while ensuring value for money.
- Overhead Policy - An amended indirect cost policy was approved by the Board in December 2015 and is currently being rolled out. Through these amendments our organisational indirect cost policy aligns with the requirements of our donors. Our overhead rate is regularly monitored to ensure it is kept within our target limit.
- Financial Systems – Various core systems have been upgraded to improve the efficiency of our financial processes. Within GAIN our financial management needs have evolved from a single donor to a multiple donor environment and our financial systems are currently undergoing major updating and revisions. Upgrades to our Navision system completed May 2015 have helped to improve efficiency and improve cost tracking through more accurate time sheeting, automation of revenue recognition and indirect cost recovery and improved financial controls. Implementation of Awardvision which has been completed in October 2015 will allow for better management of donor budgets and improved clarity on organisational annual work plan and budgets. Additionally implementation of Jet Enterprise, a low-cost business intelligence tool will help to improved efficiency through automated report production and distribution. Jet Enterprise has been installed and monthly management reports will be provided in early December for November from Jet Enterprise and from our legacy business intelligence tool. From January 2016, all reports are expected to be produced from Jet Enterprise, eliminating the need to maintain a budget repository external to our financial system
- General Finance Manual – This outlines the existing day to day control protocols in place within the organisation and throughout our country programmes. This document is currently being drafted and will ensure consistency of operations, segregation of duty and a robust control framework. This document will link into our existing organisational policies which include anti-fraud and conflict of interest.

Human Resources (HR) and Organisational Effectiveness

- Standardization of terms and conditions of staff across all our locations - To ensure equity among staff, and ensure compliance with the country offices local labour legislation, we have launched a standardization process across GAIN offices around the world. This standardization process will be completed across all locations by December 2015. The Global HR Policy Handbook provides an overview of the global terms and conditions and HR policies for all our employees based in all locations and aligns staff on benefits. Local terms and conditions are developed for each office, with the Global HR Policy Handbook as the policy umbrella.
- Human Resources Management (HRM) system – This system is being set up to streamline our human resource processes, reduce administrative burden and increase efficiency. This will ensure partial decentralisation of the HR function for employee administration. The recruitment database and job vacancies will also be integrated into this. The HRM will provide automatic

reports and dashboards for management and our Board to support strategic organisational decisions and ensure organisational effectiveness. Through the HR reporting feature, we will measure several key organisational KPIs: various measures of turnover, average staff cost, and produce regular reports of headcount by location and type of contract, and aggregate staff cost. In addition, the HRM will allow extraction of data for the finance reports, which will allow for analysis like calculations of staff cost by donor budgets. The target date for the HRM launch is January 2016.

- Refreshing the performance management policy, guidelines and system – We are refreshing our performance management system to stimulate higher performance. We implemented an online performance management system in 2014, and are making comprehensive changes to the policy by aligning organisational, country and team goals, and ensuring individual goals of staff cascade from these. This is fully implemented and currently operational.
- Employment Survey – Results from the Employment Survey held in May 2014 have been developed into an action plan which is being implemented over 3 years. We will conduct an employment survey in 2016 to measure progress.

6. Conclusion

We have set up a cross organisational steering group chaired by the Chief Financial Officer (CFO) to lead on our approach for Value for Money including the development of our Value for Money position paper, and ensuring this Value for Money paper is operationalised throughout the organisation. The steering group is also responsible for keeping abreast of the latest thinking in value for money and ensuring that GAIN's Value for Money Position Paper is kept up to date. Additionally, GAIN's senior leadership team, the Operations Committee receives regular updates on progress in relation to value for money and monitors its progress.

We believe that our current focus on value for money will help mainstream this throughout in all of our work throughout our organisation. Streamlining of our processes alongside improving our performance measurement framework will help us to measure improvements in our value for money as we go forward.

Annex 1: Way forward on Value for Money Indicators as on June 2015

VFM measure	Status June 2015
<ul style="list-style-type: none"> Innovation assessed with qualitatively as a narrative description of novel program models being tested at small or large scale; quantitatively as the number of completed (during fiscal year) and on-going research studies 	<p>Research studies are tracked in the internal Monitoring, Learning and Evaluation (MLR) database.</p>
<ul style="list-style-type: none"> Uptake of research and advocacy assessed by number of citations to GAIN documents 	<p>Software for tracking references in peer review, social media and other media will be installed following receipt of funding³</p>
<ul style="list-style-type: none"> Global guidance and practice assessed by narrative description of GAIN and GAIN staff participation in working, expert and other groups designed to develop, update, or modify global guidance and practice in nutrition 	<p>These documents can be tracked through the internal dissemination database</p>
<ul style="list-style-type: none"> Policy and/ or programme changes that have been influenced by GAIN policy and advocacy and country and/or regional level activities. 	<p>In the past our influence has been measured primarily on the basis of case studies and organisation visibility and positioning was tracked together with influence. Visibility and positioning have now been clearly separated and aligned with organisational performance, keeping influence as separate concept. Use of case studies will continue for policy influence at the country level to be developed collaboration with country staff and Global Programme leads</p>
<ul style="list-style-type: none"> Number and percentage of target population that utilize products (nutritious / fortified foods) as per programme design, 	<p>Effective coverage is assessed through population-based surveys and reported without aggregation across programmes areas only for projects with appropriate survey data.</p> <p>We current assess in programmes wherever resources permit and national partners agree</p>

³ Final approval for funding is expected shortly

<p>thus considering both utilization at household and/or individual and minimum product quality standards at household or market level.</p>	<p>The focus will be both on products and behaviour change communication as appropriate given programme design.</p>
<ul style="list-style-type: none"> Number of projects on track measured in terms of spending as % of annual project budget as reported in PWB (budget); and Completion of project activities as % of planned annual activities outlined in project implementation plan (PIP). 	<p>Annual spend currently being tracked. Project progress being tracked in at an individual level. Project Management Information System (PMIS), the organisation system for tracking project/programme progress is under development</p>
<ul style="list-style-type: none"> Percentage delivered at project closure measured in terms of total spending as % of total budget as per original project documents at project closure for all projects closed during the fiscal year; and % of all projects closed within the fiscal year that were modified in the project period in some way from original plans 	<p>Total spend currently being tracked. Project performance being tracked in at an individual level. Project Management Information System (PMIS), the organisation system for tracking project/programme progress is under development</p>
<ul style="list-style-type: none"> Pipeline versus total funds raised 	<p>Currently being tracked</p>
<ul style="list-style-type: none"> Staff Cost measured as average cost per staff head count against as baseline year Organizational Development measured as % of total PWB (budget) invested in training and organisational development activities against baseline year 	<p>Currently being tracked</p> <p>Currently being tracked</p>

<ul style="list-style-type: none"> • Time to Hire measured as average number of days to hire a new recruit 	Currently being tracked
<ul style="list-style-type: none"> • Organisational Expenditure measured as actual expenditure as % of total PWB • Overhead rate percentage 	<p>Currently being tracked</p> <p>An amended indirect cost policy was approved by the Board in December 2015 which highlights the need to demonstrate value for money.</p>

Annex 2: References

1. ICAI's Approach to Effectiveness and Value for Money (November 2011)
<http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-Approach-to-Effectiveness-and-VFM.pdf>
2. BOND value for money paper (January 2012)
http://www.bond.org.uk/data/files/Value_for_money_-_what_it_means_for_NGOs_Jan_2012.pdf
3. BOND VFM programme cycle resource (January 2012)
http://www.bond.org.uk/data/files/Value_for_money_-_intergration_into_the_programme_lifecycle_Jan_2012.pdf