Module 7. Assessing value for money

The 4E approach to VFM

One of the most common conceptual frameworks for VFM is the DFID 4E approach which provides a framework for analysis shaped by Economy, Efficiency and Effectiveness. More recently a fourth E – Equity – has been added, conveying the message that development is only of value if it is also fair.

The 4Es map on to an intervention level results chain, describing the relationship between inputs, outputs, outcomes and impacts.

The 4E approach

The 4Es

**Economy:** assess the degree to which inputs are being purchased in the right quantity and at the right price.

**Efficiency:** assess how efficiently the project
is delivering its outputs, considering the rate at which intervention inputs are converted to outputs and its cost-efficiency.

**Effectiveness:** assess the quality of the intervention’s work by assessing the rate at which outputs are converted into outcomes and impacts, and the cost-effectiveness of this conversion.

**Equity:** degree to which the results of the intervention are equitably distributed.

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**ICAI's approach to effectiveness and value for money**

ICAI's approach to defining these concepts in the context of international aid.