

# Evaluation and Value for Money

## Introduction to the Value for Investment approach

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[www.julianking.co.nz](http://www.julianking.co.nz)



Value for Investment  
*Te Kounga o te Werawera*



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We need to make  
good resource  
allocation  
decisions.

Ideas abound - but  
resources are limited.



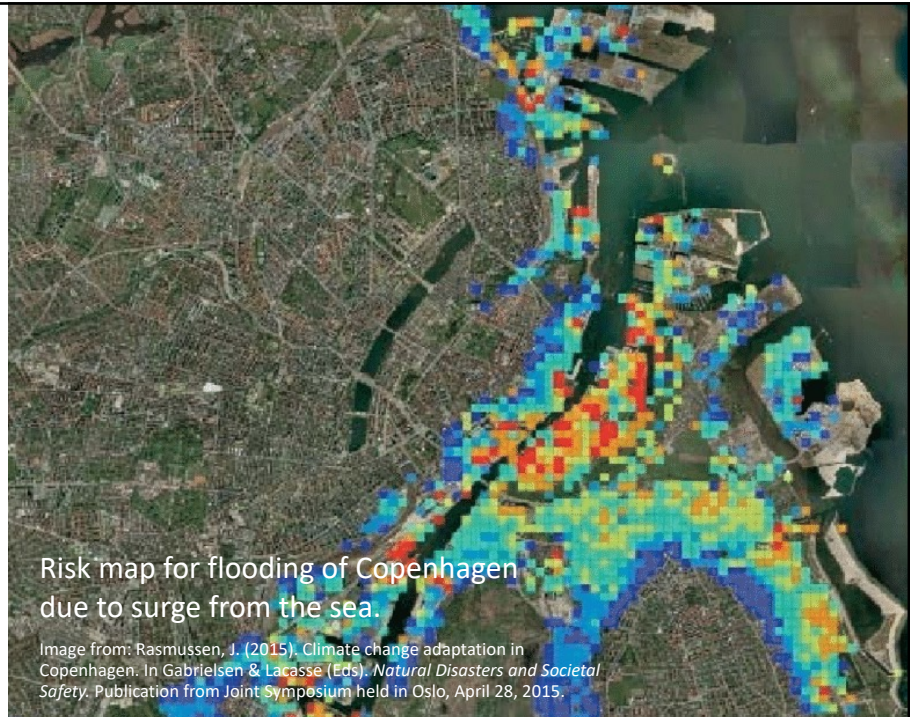
Image: Perplexity Pro

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## Example

Climate adaptation initiatives for coastal communities

Mitigating risks of sea level rise and flooding



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## Example

Climate adaptation initiatives for coastal communities

Mitigating risks of sea level rise and flooding

Are we using resources in the best way and creating enough value?

- Flood warning systems
- Risk mapping and screening tools
- Municipal & National Action Plans
- Rainwater tunnels
- Sponge parks
- Permeable pavements and rain gardens
- Beach nourishment (adding sand)
- Sea walls and dikes
- Artificial island
- Managed retreat



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# Cost-Benefit Analysis



Discount rate  
adjust values for timing

Costs (kr.)  
value consumed

Benefits (kr.)  
value created



## Examples:

Direct investment  
(infrastructure construction,  
maintenance)

Planning and administration

Value of land re-purposed

## Examples:

Reduced damage  
(property, infrastructure, insurance)

Reduced economic losses  
(business continuity, relocation)

GDP protection

Wellbeing benefits

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# Cost-Benefit Analysis



“Each 1 kr. of costs  
produced  
2,70 kr. of benefits”

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## But what about:



## Non-monetizable values?

Biodiversity conservation

Cultural heritage

Community cohesion

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## and what about:

### Equity impacts?

Protection of vulnerable groups

### Procedural justice?

Who gets a say?



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## and what to do about:



### Epistemic uncertainty – unknown unknowns?

e.g., non-linearity, tipping points, feedback loops

CBA models can't assign meaningful probabilities, making benefit-cost ratios speculative.

Requires different approaches, such as qualitative scenarios and adaptive management principles.

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## and how to balance:

### Conflicting stakeholder priorities?

Fiskere

Tourism operators

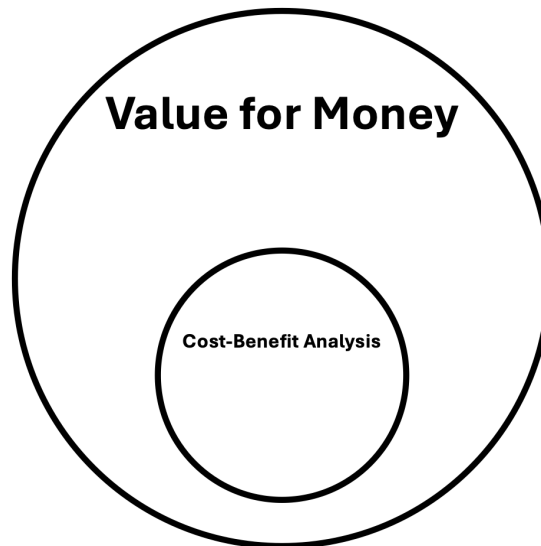
Environmental groups

Municipal authorities



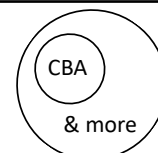
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# Value for Money $\neq$ Cost-Benefit Analysis



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## Calls for a broader approach



Dirk Bester,  
University of Oxford



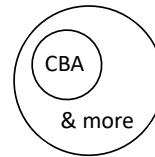
Prof. Bent Flyvbjerg, Saïd Business  
School, University of Oxford

For cost-benefit analysis to be accepted and have impact, it must be understood ... in ways that fit with the messy, non-expert character of present-day democratic decision making. Here **cost-benefit analysis is just one of many inputs** that are amalgamated into the overall decision-making process.

(Flyvbjerg & Bester, 2021, p. 12)

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## Calls for a broader approach

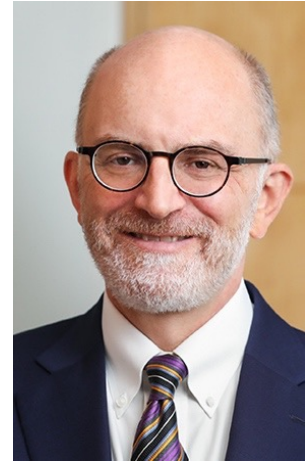


In short, **CBA is not a super-procedure**. It implements overall welfare, not the totality of moral considerations ... but we have absolutely **no idea** what the super-procedure would consist in.

(Adler & Posner, 2006, pp. 157-8)



Prof Eric A. Posner,  
Chicago Law School



Distinguished Prof. Matthew Adler,  
Duke University Law, Economics &  
Public Policy

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VALUE IS OUR MIDDLE NAME  
**EVALUATION**

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# VALUE

the merit, worth, or significance  
that **people and groups** place on something

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# IMPACT

real differences in people, places, and  
things, **caused by organisational actions**

(includes short/medium/long-term outcomes; intended/unintended; relative to a counterfactual; can be measured using any method, qualitative or quantitative, experimental or non-experimental)

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# ORGANISATIONAL ACTIONS

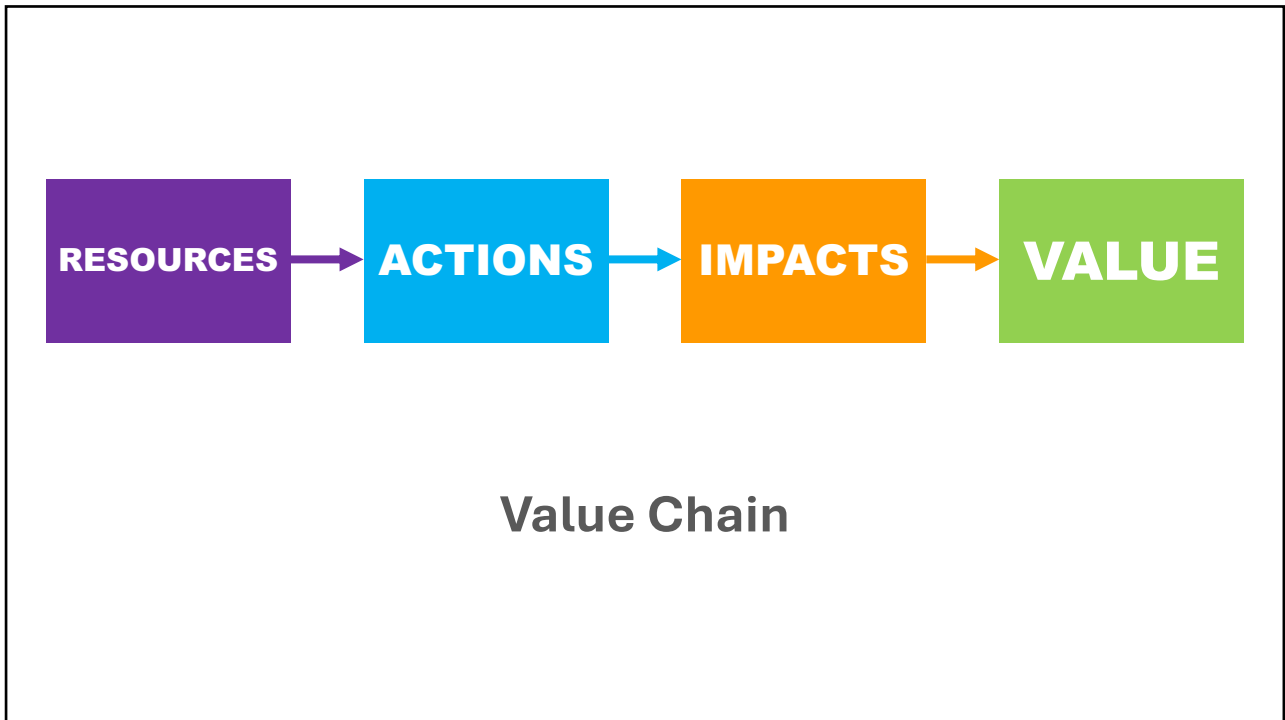
programs, policies, products, services, etc,  
fuelled by resources.

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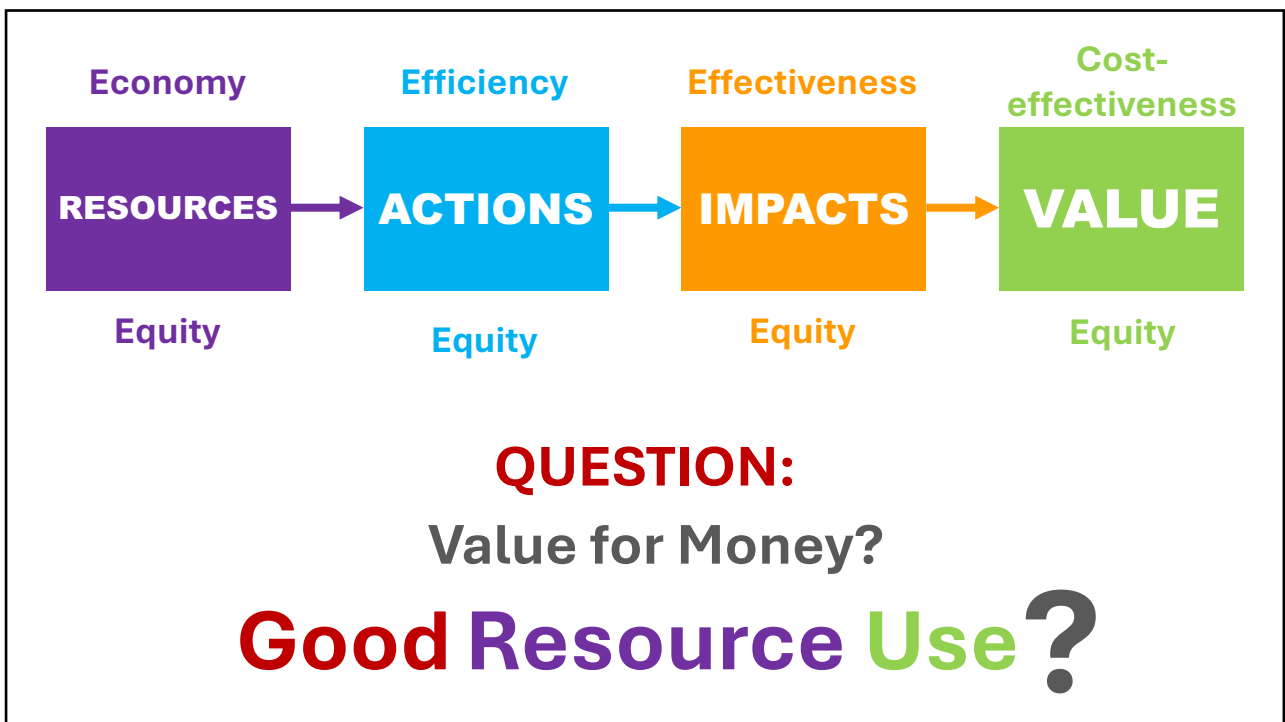
# RESOURCES

monetary and non-monetary

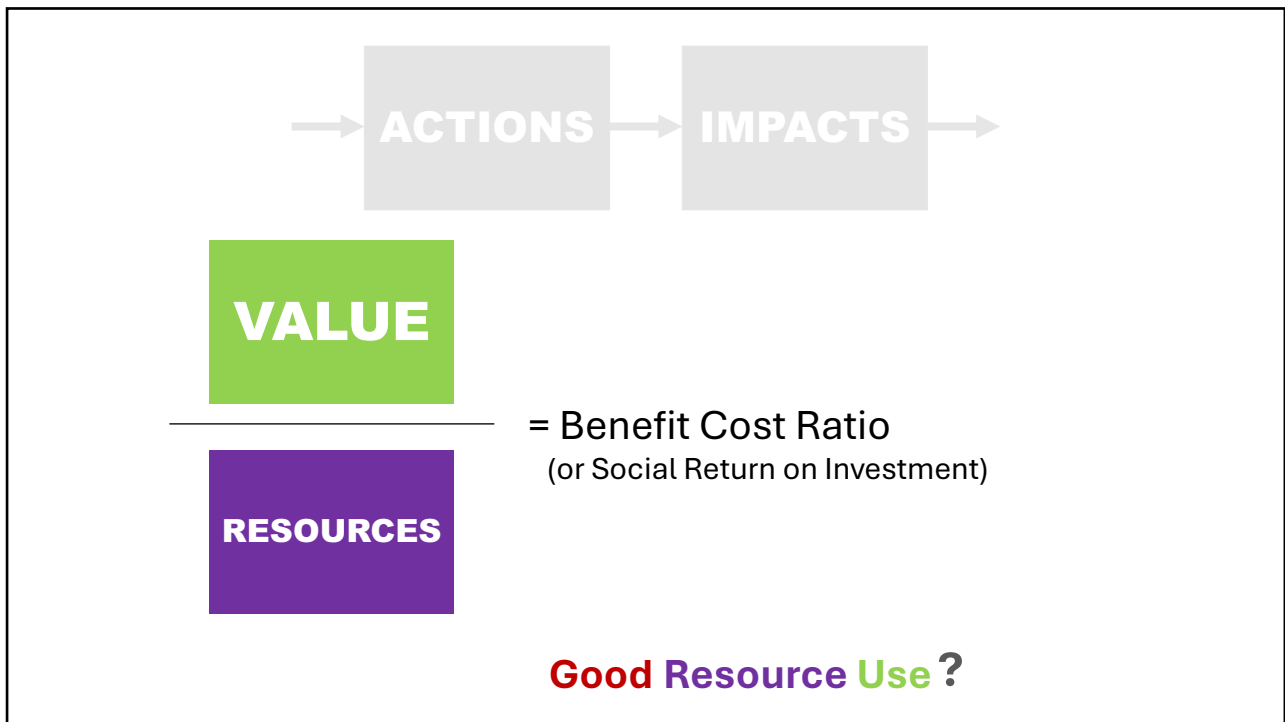
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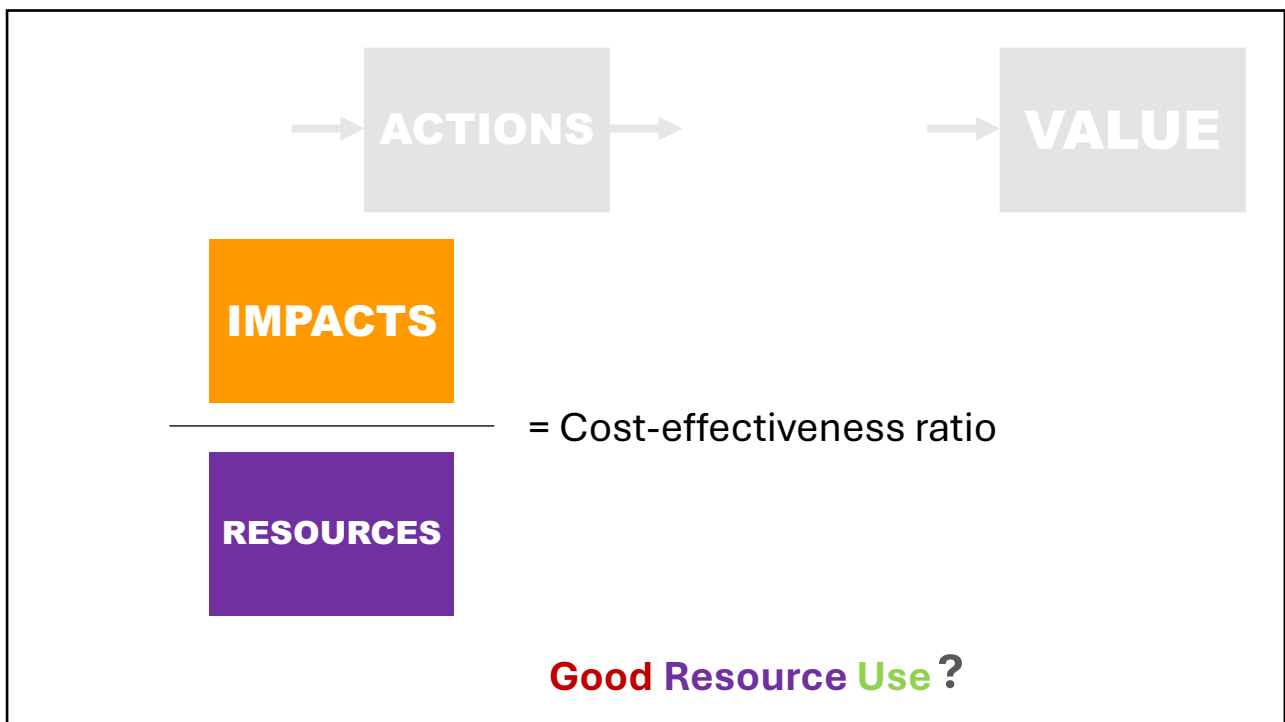
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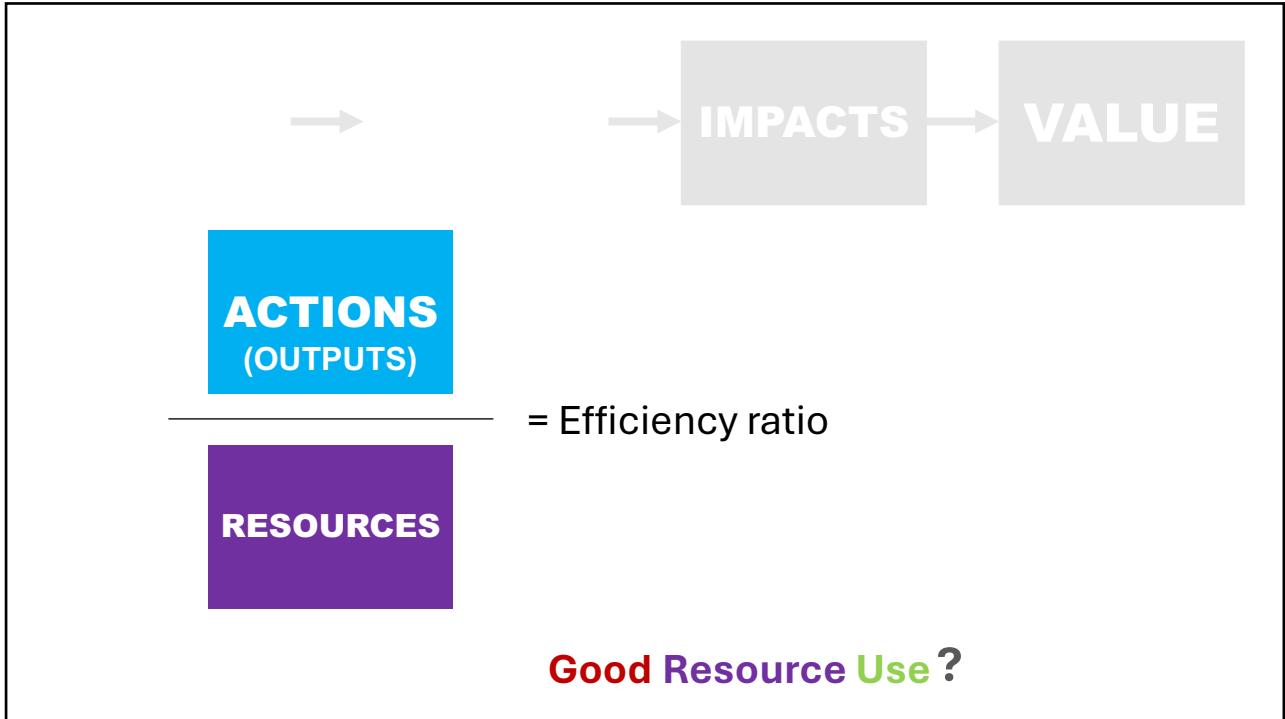
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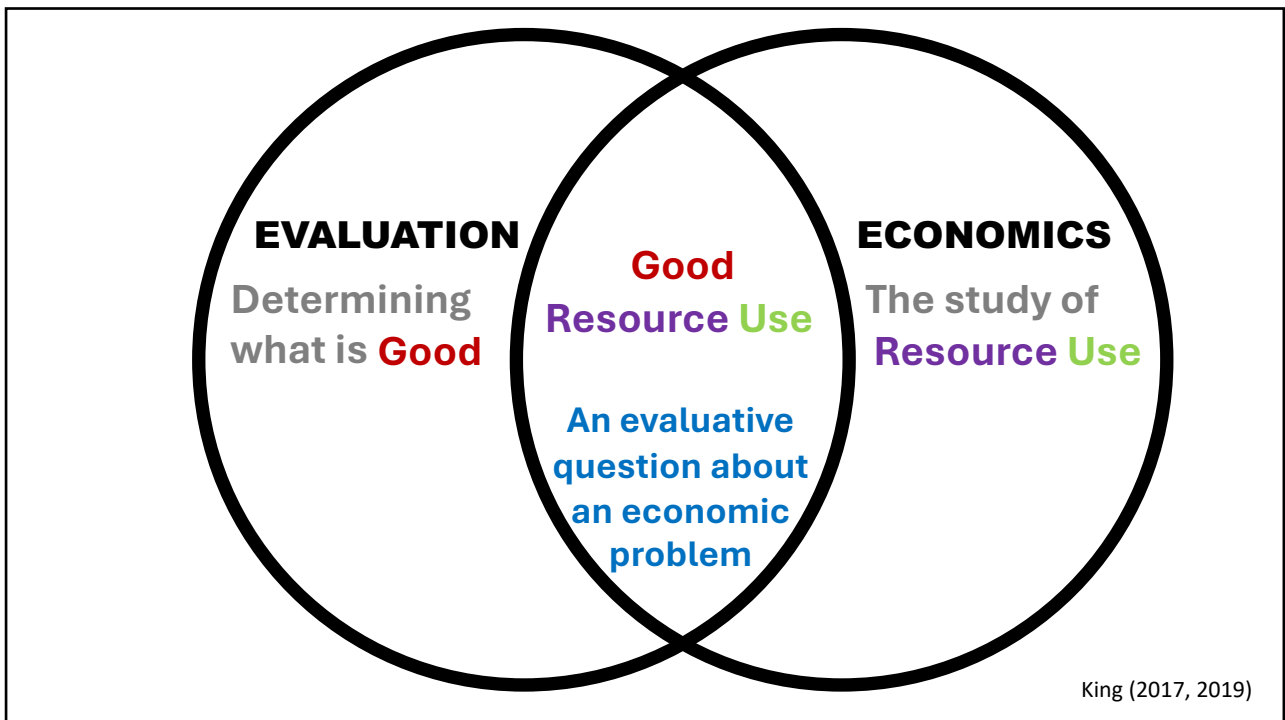
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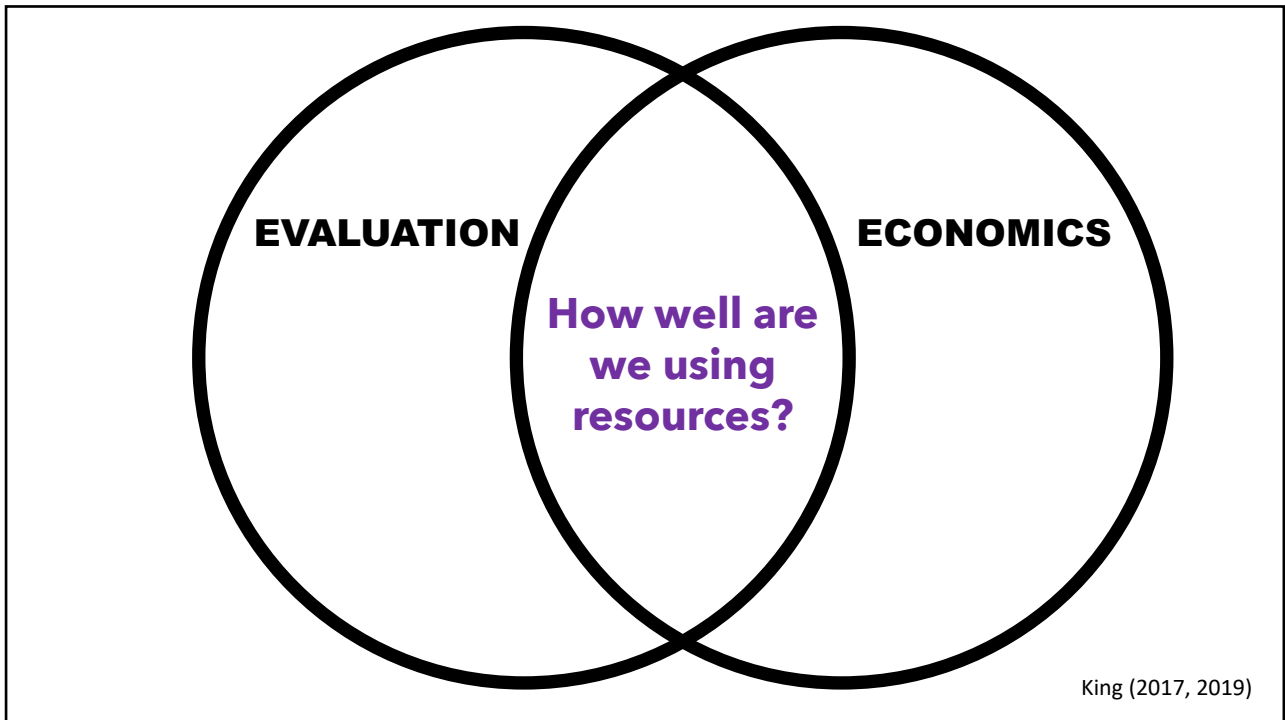


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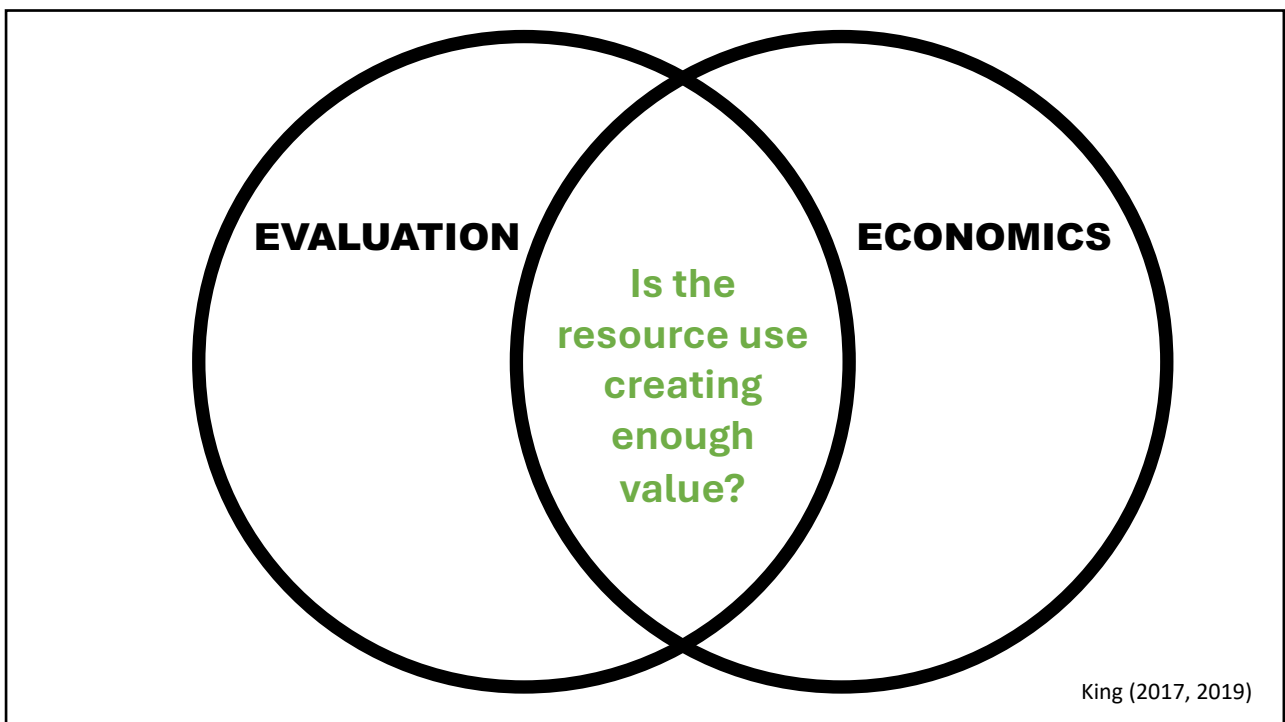


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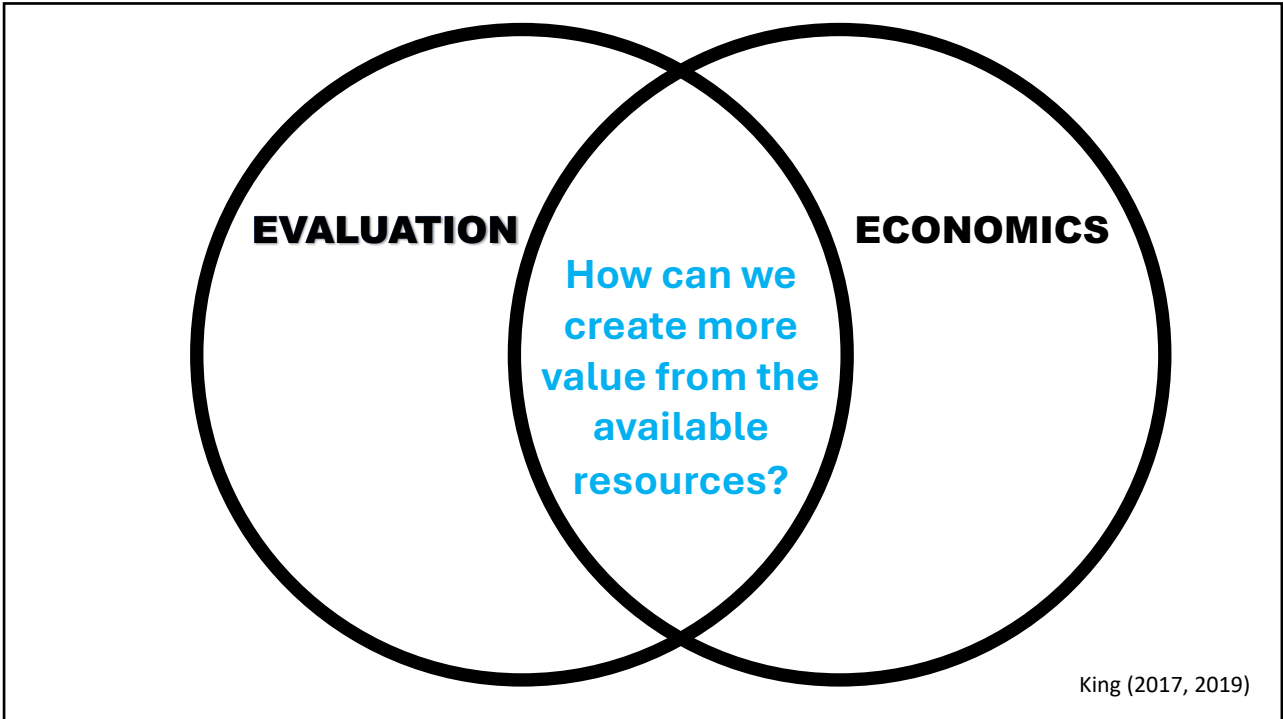




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A portrait of Michael Scriven, an older man with white hair and glasses, wearing a purple shirt and a dark jacket, speaking into a microphone. To the right of the portrait, the word **EVALUATION** is written in large blue letters. Below it, a speech bubble contains the text: **The systematic determination of merit, worth and significance (aka value)**. Below the portrait, the text **Michael Scriven (1928-2023)** is written.

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E. Jane Davidson

In other words...

**HOW GOOD**  
something is,  
and whether it's  
**GOOD ENOUGH**

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**HOW GOOD** requires more than just **Evidence**  
- it demands a **Judgement**

Evaluation does not aim  
simply to describe  
some state of affairs but to  
offer a considered and  
reasoned **judgement**  
about that state of affairs.

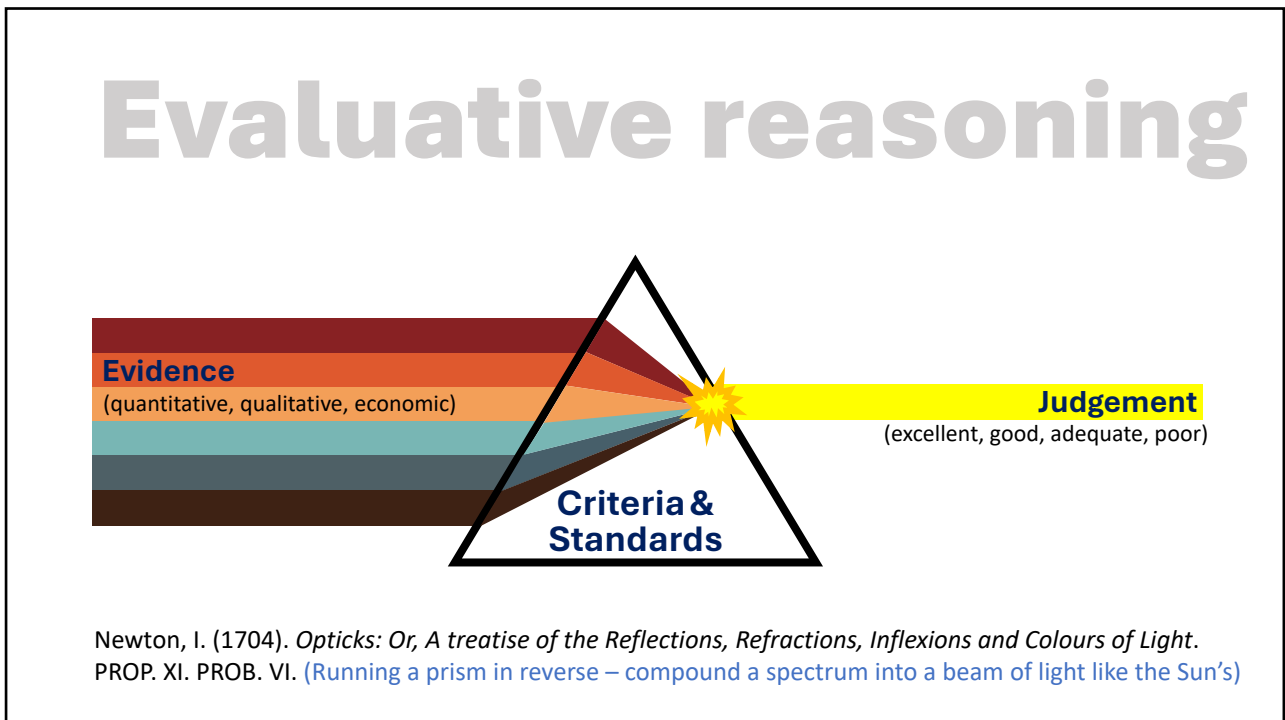
**Thomas Schwandt, Ph.D.**  
Professor, Evidence Based Decision Making



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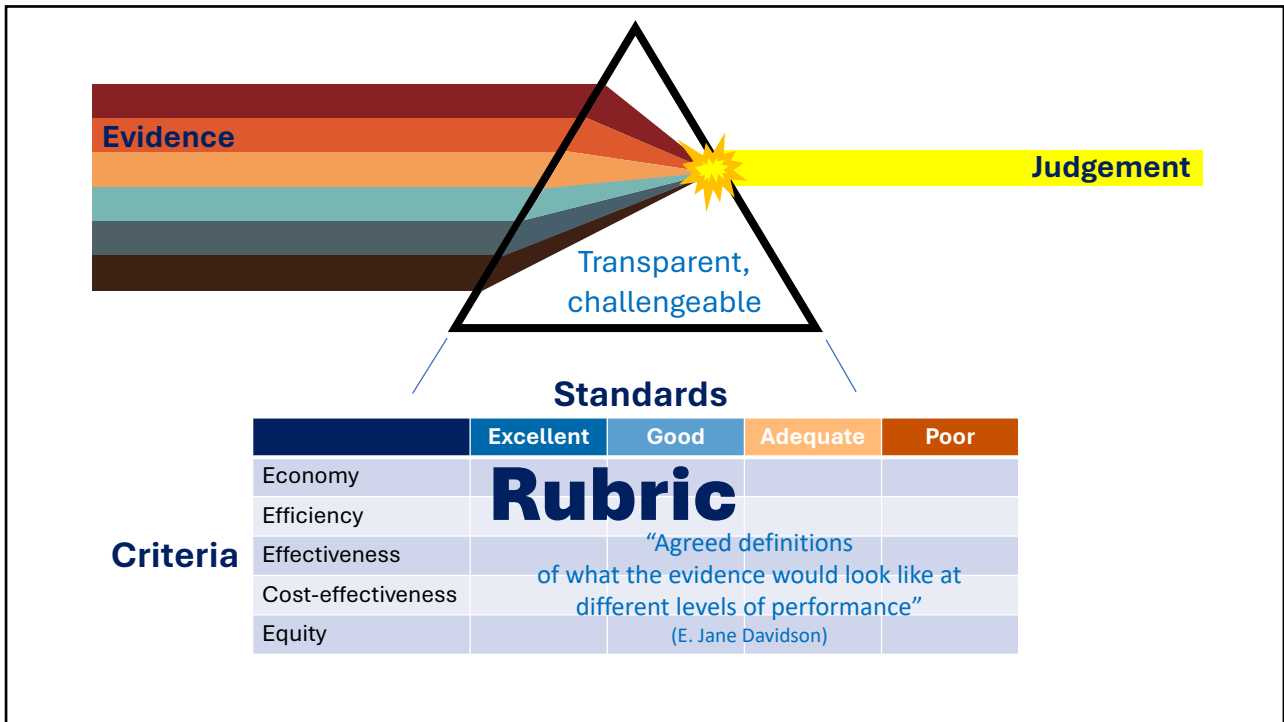


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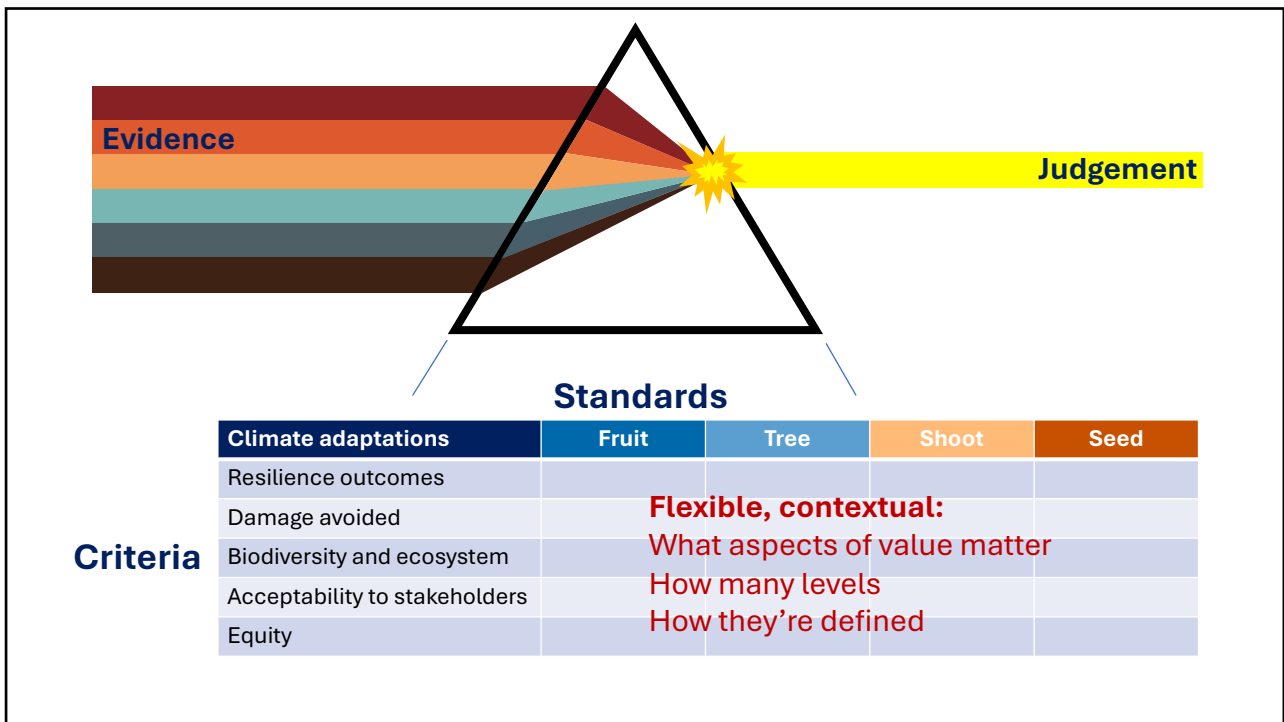


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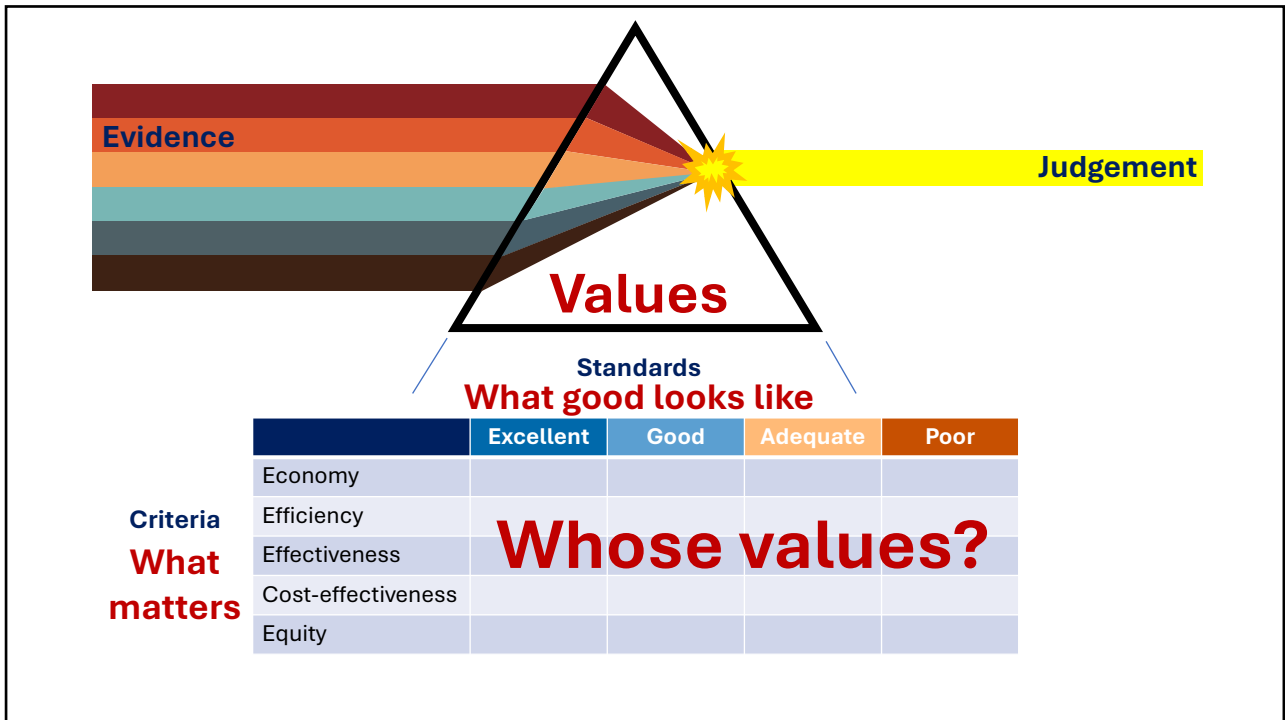




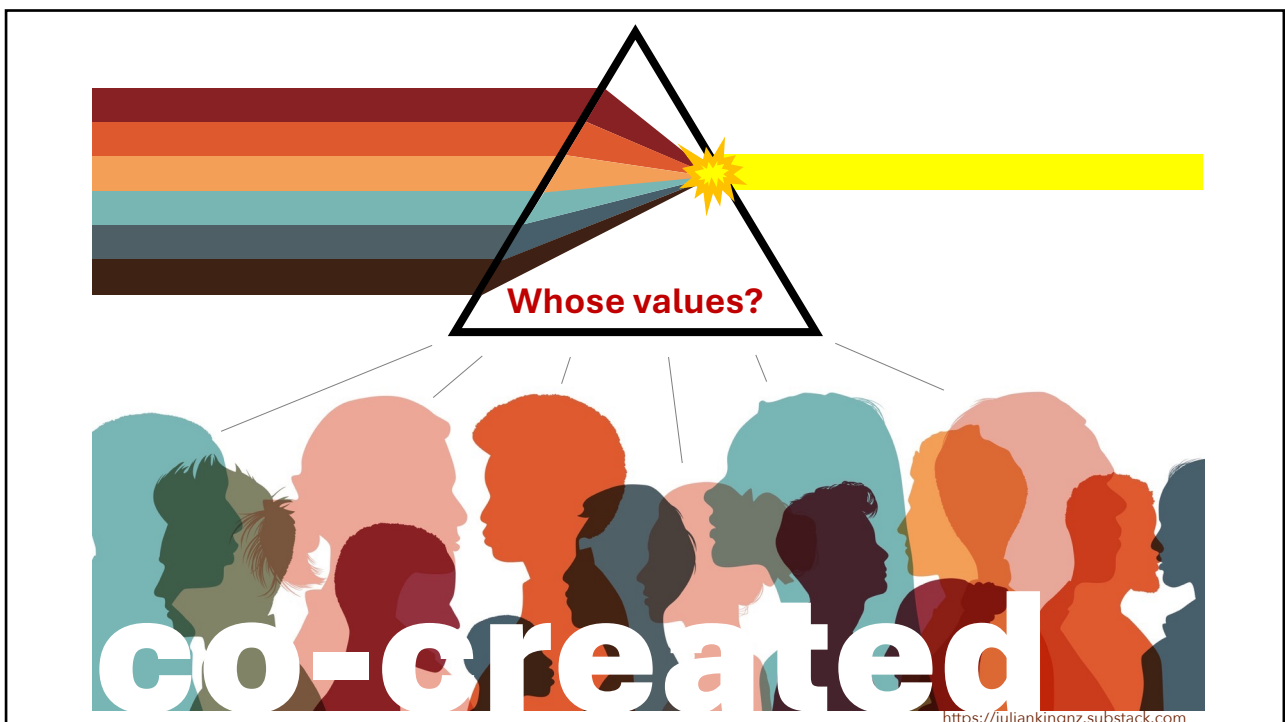
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## Value for Investment *Te Kounga o te Werawera*

inter-disciplinary | mixed methods | evaluative reasoning | participatory

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**Not another method.**

**You already have the methods and**

# **TOOLS**

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**A set of principles and a**

# **PROCESS**

**to help align methods and tools  
to value for money questions**

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Systematic Sequence of

# **8 Steps**

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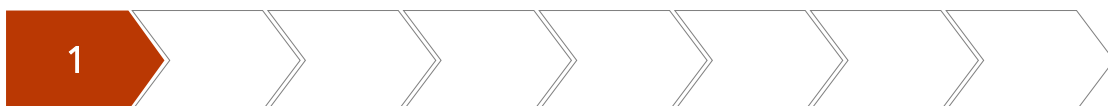
## Design

## Evaluation



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Understand  
the program



### Value proposition

- To **whom** are the climate adaptation initiatives valuable, and in what ways?
- What **inequities** can these initiatives address, for whom and in what ways?
- What **resources** (financial and other) are invested, and by whom?
- What does good **stewardship** of these resources look like?
- What **ways of working** will maximise value from these investments?
- What **outcomes and impacts** matter most?
- What **critical factors** affect whether the initiatives add a lot of value or a little?

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Understand  
the program      Criteria

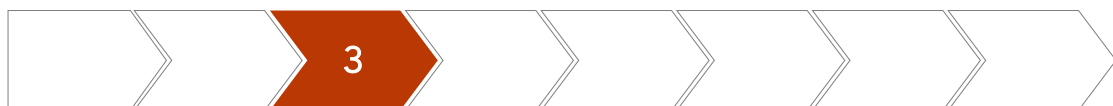


## Define aspects of VfM

Criteria	Context-specific sub-criteria – examples:
Economy	Alignment with green budgeting and fiscal policies; leverage co-investment
Efficiency	Project delivery on time and within budget; minimise overlapping measures
Effectiveness	Risk reduction, urban resilience & ecosystem protection under plausible future scenarios; acceptability to key stakeholder groups
Cost-effectiveness	Cost of flood mitigation measures compared to benefit of damage avoided; Cost of construction compared to alternative measures
Equity	Protection of vulnerable and marginalized groups from flood risks; Affected communities involved in decision-making, promoting social equity.

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Understand  
the program      Criteria      Standards



## Define levels of VfM

	Excellent	Good	Adequate	Poor
<b>Generic definitions</b>	Meeting or exceeding reasonable expectations bearing in mind context.  Room for incremental improvements.	Generally meeting reasonable expectations, allowing for minor exceptions.  Some improvements needed.	Fulfilling minimum requirements and showing acceptable progress overall.  Significant improvements needed.	Not fulfilling minimum requirements or not showing acceptable progress.  Urgent improvements needed.

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Understand  
the program

Criteria

Standards



**Criteria x Standards = Rubric**

	Excellent	Good	Adequate	Poor
Economy				
Efficiency				
Effectiveness				
Cost-effectiveness				
Equity				

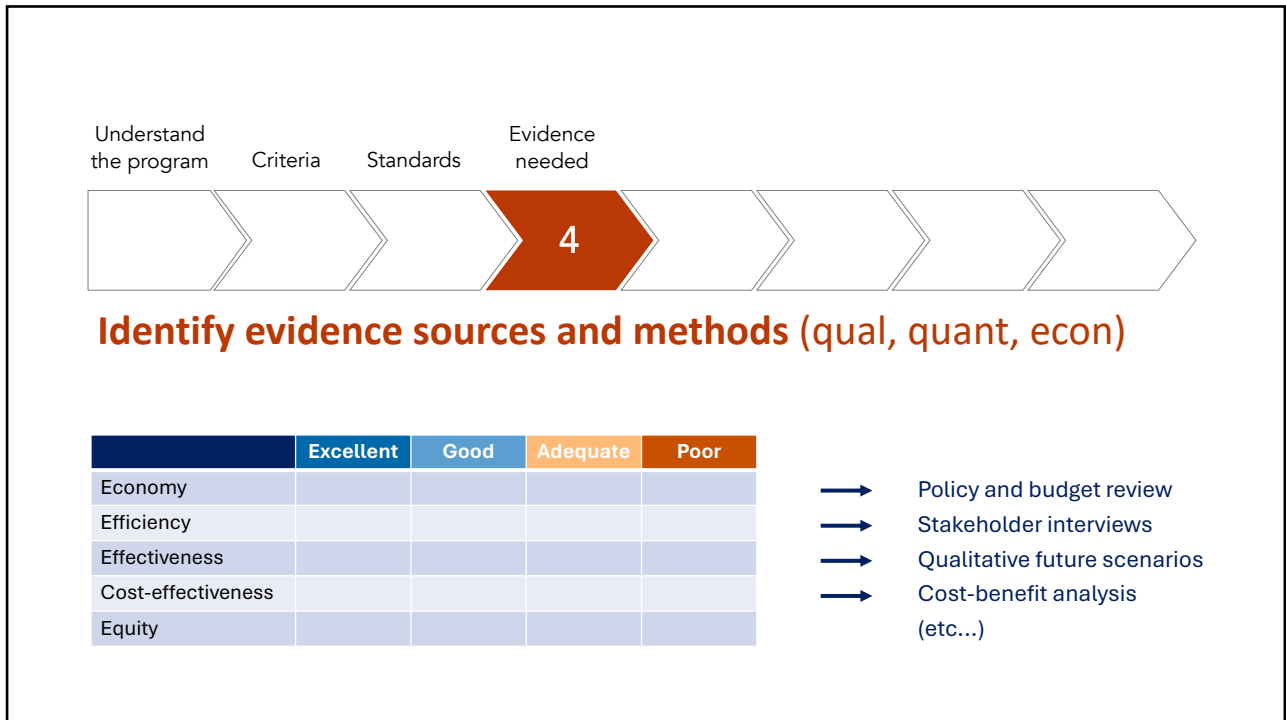
Agreed definitions  
of what the evidence would look like at  
different levels of performance.

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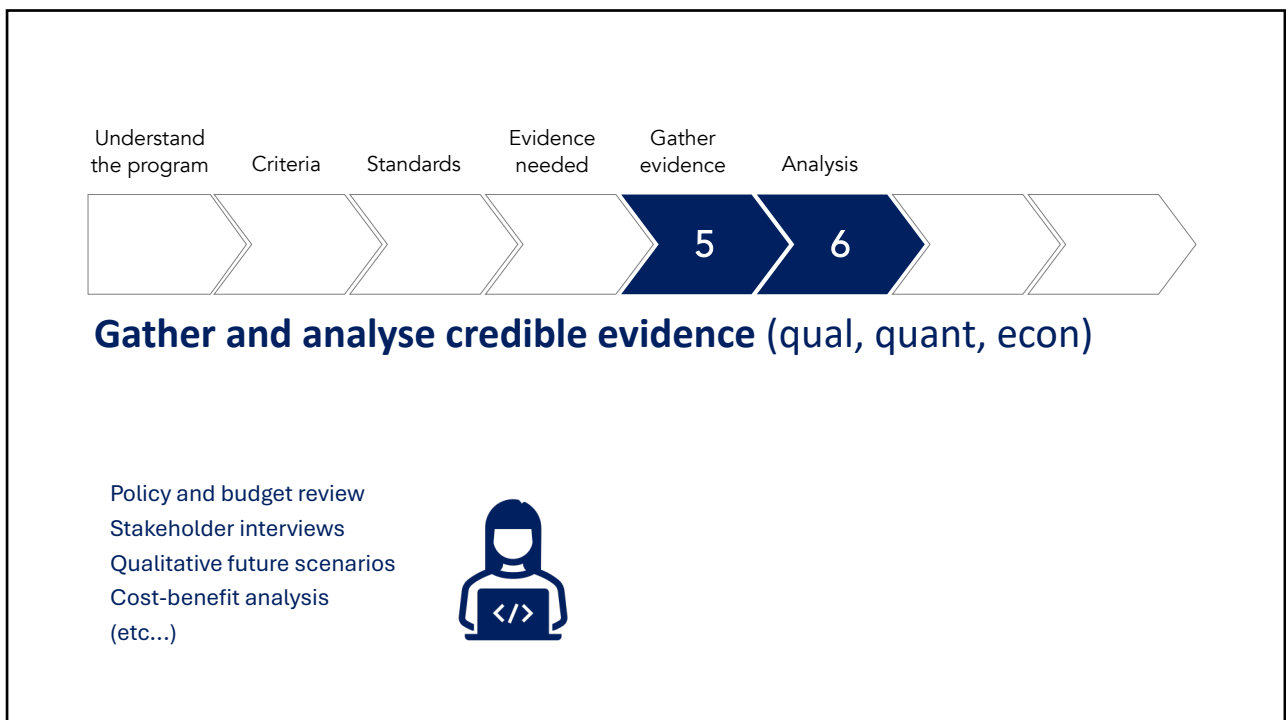
	Excellent	Good	Adequate	Poor
Economy				
Efficiency				
Effectiveness				
Cost-effectiveness				
Equity	Affected communities are central to decision-making; engagement is proactive, inclusive, and leads to shared solutions.	Communities are regularly consulted and involved; feedback is incorporated, but some groups may be under-represented.	Communities are informed and occasionally consulted; engagement is mostly reactive and limited to key issues.	Communities are minimally involved or only informed after decisions are made; feedback is rarely considered.

Example:

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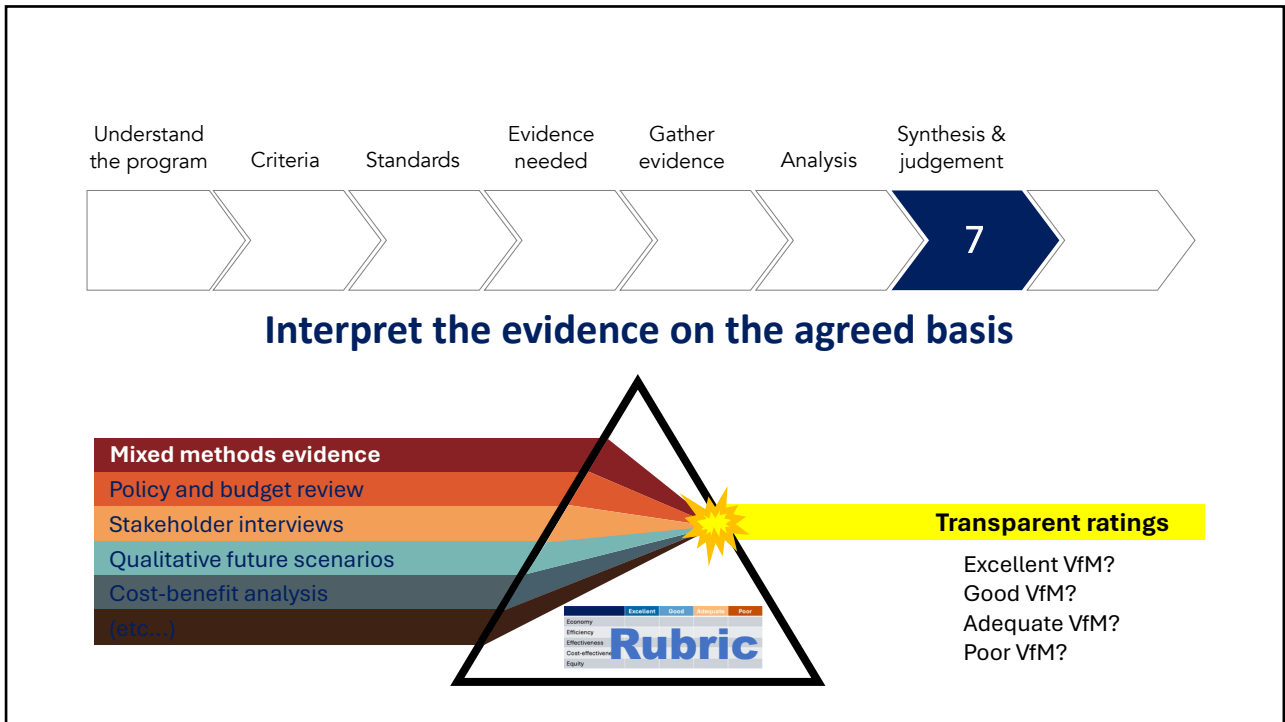


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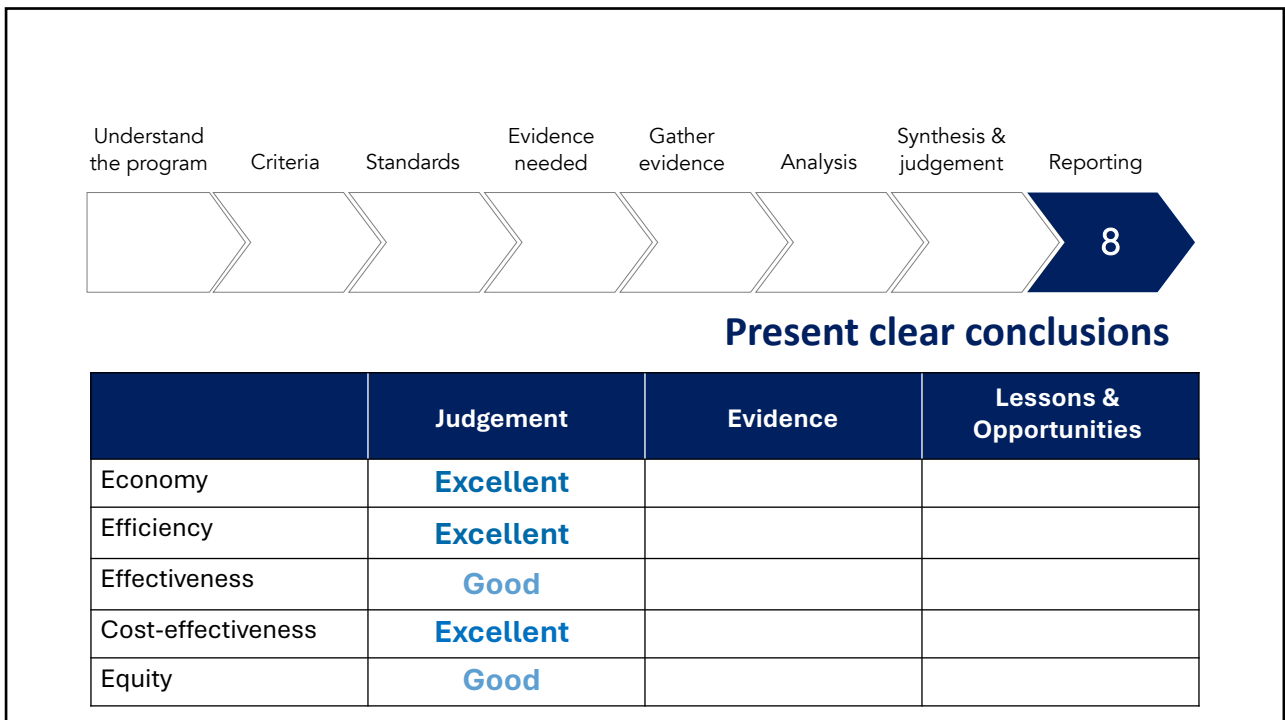


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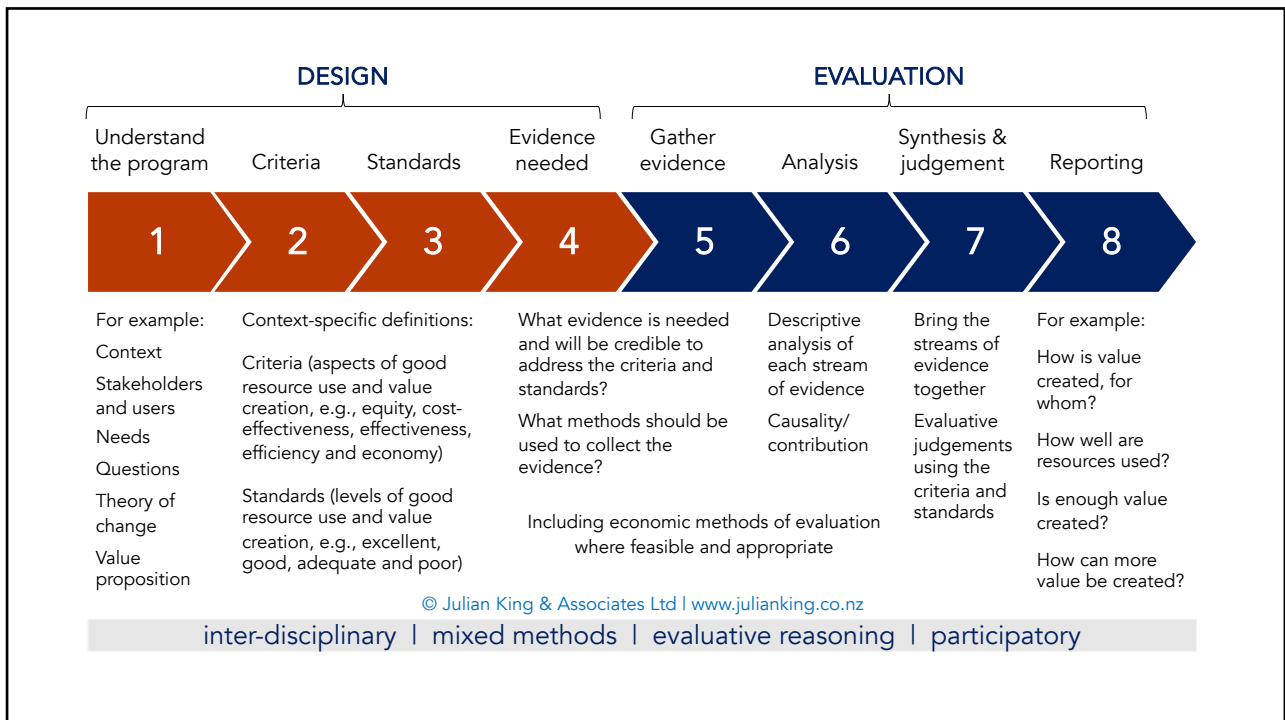




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## Not just value for money...



Value for Investment  
*Te Kōunga o te Werawera*

- ✦ Policies & programs aren't just costs
- ✦ They're *investments* in value propositions
- ✦ Describe the value proposition
- ✦ Evaluate how well it is met

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Examples: [www.julianking.co.nz/vfi/resources](http://www.julianking.co.nz/vfi/resources)

Aged care, agriculture, climate, community services, conservation, disability, disaster risk management, early childhood development, economic development, education & training, emergency preparedness & response, energy, environment, female economic empowerment, financial inclusion, governance, health care, housing, humanitarian assistance, indigenous development, insurance, international aid & development, justice, labour force, law enforcement, local government, market development, mental health & addictions, nutrition, philanthropy, public financial management, research & development, science, social development, social impact, trade & enterprise, transport, urban design, women's rights & health.

Clear answers to VfM questions

Doesn't replace existing methods

Adds a sense-making framework for:

- Defining VfM in context
- Selecting an appropriate mix of methods
- Making robust, transparent judgements
- Clear reporting

Can include economic evaluation in the mix

A viable alternative when economic evaluation isn't possible

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## Open access





[www.julianking.co.nz](http://www.julianking.co.nz)

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## Discuss...

How could these principles improve VfM assessment and decision-making in your organisation?

What opportunities and challenges do you see in applying these principles in a Danish context?

inter-disciplinary | mixed methods | evaluative reasoning | participatory

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