

<b>Division:</b>	<b>External Affairs</b>	<b>Ref. No.</b>	<b>EXA-RGH-039</b>
<b>Department:</b>	<b>RACS Global Health</b>		
<b>Title:</b>	<b>Value for Money</b>		

## 1. PURPOSE AND SCOPE

This policy provides the definition of Value for Money (VFM) and outlines the assessment criteria to effectively demonstrate VFM for the RACS Global Health programs.

The VFM policy is a requirement to attain full accreditation under the Australian Department of Foreign Affairs (DFAT) Australian NGO Cooperation Program (ANCP)<sup>1</sup>.

## 2. KEYWORDS

Value for Money (VFM), Department of Foreign Affairs and Trade (DFAT), Australian NGO Cooperation Program (ANCP)

## 3. BODY OF POLICY

### 3.1 Background

Applying VFM principles contributes to ensuring that RACS Global Health programs achieve optimum impact through an efficient use of resources, strengthening project delivery, accountability to all stakeholders and support the local capacity and needs of the recipient health care system.

This policy also supports RACS' continued commitment to the guiding principles of the Australian Council For International Development (ACFID) and the DFAT in achieving VFM in its aid investments.

### 3.2 Definition

RACS Global Health defines Value for Money as “*the optimal use of resources to achieve the desired outcomes*”. This definition requires meeting the following criteria:

<b>Element of VFM</b>	<b>Definition of Success</b>
<b>Economy</b>	RACS uses reasonable costs to acquire good quality inputs that will enable realisation of the desired changes.
<b>Efficiency</b>	RACS implements programs in a productive and timely manner, with well-matched allocations of resources to outputs which leverage RACS' organisational reputation, networks, and experience.
<b>Effectiveness</b>	RACS' programs generate positive outcomes; programs have sufficient scale, reach, depth, and generate sustainable outcomes within the context it is working.

The VFM policy and associated toolkit and assessment framework will assist RACS Global Health articulate VFM approach and outcome in the implementation, evaluation and assessment of its programs.

<sup>1</sup> In 1996, the DFAT initiated an accreditation scheme for non-government organisations (NGOs) participating in the official Australian aid program. Accreditation enables NGOs to participate in the ANCP, and NGOs may seek either base or full level accreditation. While the criteria are similar for each level, the standards expected and the amount of ANCP funding available differs according to the level of accreditation. RACS was granted base level accreditation in 2015 and has maintained this status to date.

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The foregoing criteria is consistent with the DFAT guiding principles in achieving VFM in its investments under the Public Governance, Performance and Accountability Act (2013) and the Commonwealth Procurement Rules.

### 3.3 Assessment

The criteria set under Clause 3.2 must be met in order for the program to be labelled as having demonstrated Value for Money.

Where a program is found to not to fully meet the VFM criteria, the program and its activities will be reviewed and amendments made to strengthen VFM.

Ongoing assessments shall be made annually during project implementation, and/or as a part of final project evaluation.

Responsibility: Program Management Staff (Program Officer)

### 3.4 Reporting

VFM assessment will form part of the reporting requirement to DFAT and to other external funders and donors of RACS Global Health programs as required under their respective funding agreements.

## 4. ASSOCIATED DOCUMENTS

Agreements with International Project External Services Providers Policy

Agreements with International External Service Providers Policy

Agreements with RACS Global Health Partners Policy

RACS Purchasing of Goods & Services Policy

Development Principles in RACS Global Health Activities Policy

Selection of International Projects Policy

Australian NGO Accreditation Guidance Manual:

<http://dfat.gov.au/aboutus/publications/Documents/ngo-accreditation-manual.pdf>

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