

## **Value for Money – is it easier, or harder, than it looks?**

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The Australian aid program has pursued an active agenda on Value for Money (VFM) in recent years. In policy documents, this agenda has been expressed in terms of “VFM and Results” or “VFM and Effectiveness”, rather than VFM as an isolated concept. However, the strong message from high levels that VFM is a Very Important Thing has not yet led to a consistent understanding of how this should be addressed in practice, or application of a coherent approach around VFM across the Australian aid program. This has led at times to mixed messages, simplistic scrutiny of budget lines and other unproductive attempts to ensure that the VFM box has been appropriately ticked. As many have noted, this risks pushing NGOs to focus more on delivering easily counted traditional outputs and less on transformative approaches and contributing to social change.

As not-for-profit organisations, subject to strong accountability processes and a high level of cost consciousness, NGOs are confident intuitively in their fundamentals around VFM. However, they can face difficulties in demonstrating and articulating this when challenged. A number of agencies are working collaboratively to develop a better understanding around VFM issues and work towards improved methods. This presentation will touch on approaches being examined or trialled by different agencies, and outline some of the lessons and principles emerging. These include recognising the multifaceted nature of VFM issues; incorporating perspectives on value from program beneficiaries; ensuring that VFM considerations are closely integrated with monitoring and evaluation processes rather overlaid separately; thinking about longer term programming and implications for VFM analysis; and ensuring that VFM assessment processes are themselves efficient and effective.