

# Rural Education and Environment Development Center (REED- Nepal)

## VALUE FOR MONEY POLICY

<b>Policy Owner:</b>	Chief Executive Officer
<b>Approved by:</b>	Executive Committee of REED Nepal
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## 1. BACKGROUND AND DEFINITION

Delivering Value for Money (VFM) at a cost and non-cost level is integral to the Rural Education and Environment Development Center (REED Nepal) approach to organisational and program management. VFM in any donor's program has been broadly defined as following.

- Economy (cost effective and competitive selection processes)
- Efficiency (evidence-based decision making and proportionality)
- Effectiveness (successful outcomes, performance, risk management and innovation)
- Ethics (accountability and transparency)

These principles guide REED Nepal's organisational and program decision-making regarding the well-targeted use of resources to maximise both public and private investments.

## 2. OBJECTIVE

The objective of this Policy is to incorporate VFM throughout REED Nepal's organisational and program management to optimise the use of available resources for achieving the best development outcomes for REED Nepal's primary stakeholders.

## 3. REED Nepal COMMITMENT

As an agreement cooperation with donor agencies: REED Nepal is committed to:

- making effective use of resources and minimising financial wastage in organisational and programming management and implementation
- ensuring that systems and processes enable measurement and review of costs
- communicating with primary stakeholders accurately and transparently

In this context, REED Nepal is strongly committed to incorporating VFM throughout its management and operations and recognises that finding the right balance between economy, efficiency and effectiveness will help achieve good results. Key approaches include:

### **Economy**

Cost consciousness - Seeking reasonable opportunities to reduce costs at every level of operations with consideration of: the impact on effectiveness and efficiency; the priority of the task; and alternative ways of achieving it. REED Nepal's *Strategic Plan* commits to investing in business processes, systems and technology that support efficiency and performance.

Encouraging competition - Considering different methods and partners to select the optimal mix of costs and benefits (e.g. evaluating the key partnerships that will contribute to achieving outcomes, and competitive selection processes when selecting consultants).

### **Efficiency**

Evidence based decision-making - Systematic, structured and rational approaches based on lessons learned to inform management options. REED Nepal's *Strategic Plan* is

based on examination of different approaches and associated resource costs for achieving effective outcomes. This is a process of continuous improvement.

Proportionality – Ensuring that REED Nepal resources and systems are proportional to requirements for delivering efficient and effective outcomes. REED Nepal’s *Strategic Plan* commits to keeping administrative costs at levels appropriate for the effective and efficient management of projects and raising sufficient revenue.

### **Effectiveness**

Performance and risk management – Monitoring, evaluating and learning to ensure achievement of outcomes as reflected in: the key Guiding Principle of REED Nepal’s *Strategic Plan* that supports VFM by monitoring programs to ensure that they are evidence-based and relevant, delivered efficiently and cost effective; and REED Nepal’s *Performance Management Framework* that regularly assesses the appropriateness, value for money and timeliness of resources being provided. Robust risk management approaches are required under REED Nepal’s *Organisational and Program Risk Management Guidelines*; along with processes to prevent fraud and corruption (outlined in REED Nepal’s *Fraud and Anti-Corruption Policy*).

Results focus - Effective program design and implementation with clear goals and performance targets. The *Strategic Plan* commits REED Nepal to maintain community-based, practical and cost-effective project management models and practices to maximise benefits to the people most in need in the Himalaya. Non-cost VFM factors such as risk management, sustainability, compliance and monitoring effectiveness are also incorporated in quality design and implementation approaches.

Experimentation and innovation – carry out new ways of delivery based on clear and logical evidence with flexibility to achieve results in often, unpredictable environments with changing priorities. REED Nepal is committed to piloting innovative integrated community development approaches as a more economic, efficient and effective means of achieving whole-of-community outcomes than siloes sectoral approaches.

### **Ethics**

Accountability and transparency – Ensuring accountability both to funders and primary stakeholders, and holding with different stake holders’ delivery partners accountable and requiring transparency at all levels - to strengthen responsibility for results and contribute to continuous improvement of processes. REED Nepal is also committed to rights-based approaches as a means to achieving VFM by ensuring that the most disadvantaged groups benefit from its programs.

## **4. MANAGEMENT ARRANGEMENTS**

REED Nepal Directors, staff, volunteers, program partners and stakeholders will be informed and educated about the importance of VFM commitments and approaches (as outlined above). All REED Nepal Directors and staff are responsible for incorporating VFM in their daily operations and monitoring and reporting on VFM. Policies and operational guidelines that guide VFM across REED Nepal’s organisational and program management include:

***Related documents:***

Head Agreement between REED Nepal and donors  
REED Nepal's Strategic Plan 2015-2021 (reviewing new strategies 2022 to 2026 ongoing)  
REED Nepal's Performance Management Framework 2015-2021( review on going)  
REED Nepal Organisation and Program Risk Management Guidelines  
REED Nepal's Fraud and Anti-Corruption Policy  
REED Nepal's Communications Policy  
REED Nepal Program Management Procedures Manual  
REED Nepal Financial Management Procedures Manual