Guidance Note
Project Value for Money considerations

United Nations
Peacebuilding

The Peacebuilding Fund (PBF) is committed to value for money, which it sees as providing the maximum impact for its investment. Using the OECD DAC[1] and DFID[2] experience, the PBF sees value for money as striking the right balance between **three types of considerations:**

ECONOMY
Reducing the cost of resources used for an activity, with a regard for maintaining quality.

EFFECTIVENESS
Successfully achieving the intended outcomes.

EFFICIENCY
Increasing output for a given input, or minimising input for a given output, with a regard for maintaining quality.

While all the three considerations are important, the PBF is particularly keen to ensure the **effectiveness of programs** and is also cognisant of **additional challenges of working in peacebuilding environments**, which are more remote and volatile, often lack adequate human and technical resources, deal with unpredictable challenges, may find it more difficult to obtain operational support from other sources, may require more intensive human resources and additional security measures.

PBSO has adopted 'value for money' as one of its formal criteria for project approval, as part of its **Project Approval Score Card.** In considering this criterion, PBSO reviews the project budget tables and the Value for Money project checklist (see below) and then makes its assessment by further considering the project's specific circumstances, including: the country context, target geographic zones, type of interventions provided and the intensity of human resources required, the implementing partners' capacity in the country and project zone, security and logistical requirements, and the cost of operating in the country/ zone, so as to ensure that the project is able to achieve intended peacebuilding results while also pursuing the goals of efficiency and economy.

More broadly, please find the main measures taken by PBSO to ensure Value for Money of its projects:

☑ Full transparency for all project budgets, including by project activity and by UN Development Group Budget category. This includes transparency on all personnel charges and other operating costs. In addition, PBSO recommends:

 ✓ Project personnel cost (this does not include consultants) not exceed 20% of the total project budget, unless there are extenuating and clearly explained circumstances such as remoteness of project implementation, low ability by implementing partner to raise other funds for personnel, and the high reliance on staff time for project implementation due to specific project interventions.

 ✓ Project operational costs (direct and indirect), including travel (i.e. UN Budget categories 5, 7 and 8), do not exceed another 15-20% of the project budget in total, unless there are extenuating and clearly explained circumstances.

 ✓ Additional information on budget allocation in the narrative section to ensure a more nuanced understanding of the budget.

☑ Estimate of the number of all project beneficiaries to enable an estimate of project cost per beneficiary.

☑ Estimate of the contribution of each project activity and budget allocation to Gender Equality and Women's Empowerment.

☑ Value for Money project checklist as an Annex to all new projects starting from September 2020.

☑ PBSO approval for any budget re-allocation which either impacts outcomes or major project areas or requires a change of more than 15% in either UN budget categories or in budget allocation between outcomes.

☑ Detailed (informal) project expenditure updates every 6 months, hand in hand with updates on project progress.

☑ Value for Money as a standard PBF evaluation criterion in evaluation TORs.

1.   https://www.oecd.org/dac/effectiveness/49652541.pdf
2.   https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49551/DFID-approach-value-money.pdf &
     https://icai.independent.gov.uk/html-report/dfids-approach-to-value-for-money-in-programme-and-portfolio-management/

PBF Project Value for Money Checklist (annexed to each project document)

QUESTION	YES	NO	PROJECT COMMENT
1. Does the project have a budget narrative justification, which provides additional project specific information on any major budget choices or higher than usual staffing, operational or travel costs, so as to explain how the project ensures value for money?			
2. Are unit costs (e.g. for travel, consultancies, procurement of materials etc) comparable with those used in similar interventions (either in similar country contexts, within regions, or in past interventions in the same country context)? If not, this needs to be explained in the budget narrative section.			
3. Is the proposed budget proportionate to the expected project outcomes and to the scope of the project (e.g. number, size and remoteness of geographic zones and number of proposed direct and indirect beneficiaries)? Provide any comments.			
4. Is the percentage of staffing and operational costs by the Receiving UN Agency and by any implementing partners clearly visible and reasonable for the context (i.e. no more than 20% for staffing, and no more than another 15-20% for all other operational costs, including travel, direct operational costs and indirect project costs) unless well justified in narrative section)?			
5. Are staff costs proportionate to the amount of work required for the activity? And is the project using local rather than international staff/expertise wherever possible? What is the justification for use of international staff, if applicable?			
6. Does the project propose purchase of materials, equipment and infrastructure for more than 15% of the budget? If yes, please state what measures are being taken to ensure value for money in the procurement process and their maintenance/ sustainable use for peacebuilding after the project end.			
7. Does the project propose purchase of a vehicle(s) for the project? If yes, please provide justification as to why existing vehicles/ hire vehicles cannot be used.			
8. Do the implementing agencies or the UN Mission bring any additional non-PBF source of funding/ in-kind support to the project? Please explain what is provided. And if not, why not.			