**Economy and key cost drivers**

Below is some standard text that can be adapted for each proposal. Note that sections are the same as those of the VFM Systems Matrix Economy section.

**Staff**: PIN's salary grid and per diem rates are reviewed annually against other international and national organisations to ensure it is both competitive and does not distort the sector.

**Procurements**: PIN has the procurement and internal auditing systems in place to ensure maximum Value For Money (minimum cost and maximum quality) and avoid corruption. PIN's procurement guidelines sets out the procedures for selecting suppliers according to the value of the procurement. These aim to select the economically (best price-quality ratio) most advantageous suppliers through transparent procurement procedures, while taking into account rules set by the Czech Public Procurement Act, donors and audit recommendations. Supplies procured will require either negotiated (€10,000-60,000) or open tender process (€>60,000) with at least 3 bids. Qualifying and objective scoring criteria are assessed by a 3-member evaluation panel. Scoring is weighted for 50-70% on price, 20-50% on quality/experience (higher when for important goods or food), and 10-20% on timely delivery; to ensure the right ratio of consideration of price vs. value. Regional procurement is prioritized over international to reduce time and costs related to transportation. Where feasible, A2015 partners will conduct joint procurements using PIN guidelines in accordance with the A2015 Value for Money Guidelines. PIN regularly reviews the market to have accurate knowledge of reasonable prices in the sector and soft intelligence on suppliers performance and reputation is kept. Internal and external (independently done) audits are regularly done.

**M&E**: The costs of data collection/analysis/validation are appropriate and in proportion to the intervention and the ultimate benefits of the data because….

**Transport**: Mechanisms are in place to monitor and control fuel expenditure, for example vehicle logbooks that record distances driven and fuel used (including receipts) are checked on a monthly basis against expected fuel usage of the vehicle.

**Flight tickets**: Tickets are bought through a travel agent that can provide lower prices, all tickets are economy class.

**Office rent**: The team of the proposed project will share an office with other projects which will reduce overall overhead costs. Office rent is checked against the local market every 6 months.

**Efficiency Indicator Justification with Equity Considerations**

**Vulnerability**: working with hard-to-reach, remote communities

**Challenging operational context** e.g. working in fragile or insecure areas

**Sustainability:** using an approach that is perhaps more expensive but the output is likely to be more sustainable e.g. we are trying to achieve institutional or system-change that can have a long-term effect

**Innovation:** as we are developing a new product or service, costs XX and XX are higher because of XXX

The selected approach is more likely to achieve the desired output compared to other cheaper approaches (remember to reference evidence/research that back up your statement – see Effectiveness section)

**Multiplier effects**: we are using an approach that is more likely to have multiplier effects and potential for scale-up (could also be through institutional change)

**Potential for learning**: the cost of delivering the output to the community is made more expensive because we have a high institutional knowledge management component and/or the project is contributing to a gap in sector knowledge

**Expertise in the sector**: we have experience in implementing the proposed approach and sectoral expertise that means we have staff already trained up and tools already developed, and therefore don't need to be budgeted for.

**Leveraging from other sources**: are we leveraging financial or in-kind contributions from other actors or stakeholders

**Targeting**: Is the beneficiary selection criteria and process well elaborated in order to ensure we are efficiently reaching those we have to in order to reach our output