**FCO Project Proposals: Assessing Value for Money and Activity Based Budgets - Guidance for Implementers**

All project proposals will be assessed for value for money against 3 headline criteria:

* **Economy**: have costs have been reduced as far as possible
* **Efficiency**: will the project deliver the best product for the best price
* **Effectiveness**: will the project support and deliver against FCO objectives

A clear and appropriately detailed Activity Based Budget (ABB) is essential in order to assess value for money:

**Good ☺**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Activity | Component | Unit  | Number of units | Cost per unit | March | April | May  |
| 1.1 Visit to UK by 8 scientists | Flights post-London | Return flight, economy class | 8 | 320 | 2560 |  |  |
| Hotels  | Night in marker hotel B&B | 8 | 110 | 880 |  |  |
| Meals | Lunch and dinner per day | 16 | 30 | 480 |  |  |
| 1.2 Development of policy recommendations | Scientists’ fees | Day | 20 | 100 |  | 2000 |  |
| Printing | Copy of recommendations | 35 | 5 |  | 175 |  |
| 1.3 Briefing for Finance Ministry on visit and policy recommendations | Venue  | Daily use | 1 | 0 |  |  | 0 |
| Trainers’ fee | Daily rate | 3 | 150 |  |  | 450 |
| Sandwich lunch | Per person | 15 | 5 |  |  | 75 |
| TOTAL | 3920 | 2175 | 525 |
| ☺ Costs linked numerically to activities in the project proposal☺ Activity costs broken down into constituent parts☺ Costs minimised  | ☺ Unit costs identified, as well as number of units, to show exactly what the FCO is getting for its money |

**Bad ☹**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Activity  | Total | March | April | May |
| Flights | 2560 | 2560 |  |  |
| Accommodation and meals | 1435 | 1360 | 75 |  |
| People costs | 2450 | 2000 |  | 450 |
| Printing | 175 |  | 175 |  |
| Admin charge | 1000 | 333 | 333 | 334 |
| Contingency (5%) | 380 | 200 | 90 | 90 |
| TOTAL | 6453 | 673 | 874 |
| ☹ Costs not linked directly to activities☹ Unclear how many units (eg flights) are included and how much we are paying for each | ☹ Admin charge disproportionately high☹ Budget includes a contingency |