

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

All project concepts/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 concept/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