

Guide to Creating a Financial Proposal for a Fixed Price Subcontract

The purpose of this document is to guide offerors in creating a budget for their cost proposal. Because the subcontract will be funded under a United States government-funded project, it is important that all offerors' budgets conform to this standard format. It is thus strongly recommended that offerors follow the steps described below.

Under no circumstances may cost information be included in the technical proposal. No cost information or any prices, whether for deliverables or line items, may be included in the technical proposal. Cost information must only be shown in the cost proposal.

Step 1: Design the technical proposal. Offerors should examine the market for the proposed activity and realistically assess how they can meet the needs as described in this RFP, specifically in section II. Offerors should present and describe this assessment in their technical proposals.

Step 2: Determine the basic costs associated with each deliverable. Offerors should consider best estimate of the costs associated with each deliverable, which should include labor and all non-labor costs, e.g. other direct costs, such as fringe, allowances, travel and transport, etc.

Step 3: Create a budget for the cost proposal. Each offeror must create a budget using the format provided in Attachment B. The budget period should follow the technical proposal period. All items and services must be clearly labeled and include the total offered price. The detailed budget must show the major line items below as applicable:

- Salaries - The calculations must be presented in business days. USAID considers 260 working days per year (21.67 days/month). If the bidder operates using a different number, the bidder must submit their personnel/employment policy to document this.
- Benefits - Applicable social benefits for plant personnel, in accordance with the bidder's policy, must be budgeted and explained in detail (for example, complementary benefits, social security, etc.)
- Other Direct Costs – Bidders may propose costs related to activity implementation such as printing, stationary, and the required including DBA insurance as per clause I.11. Bidders may include annual inflation, if it is part of the bidder's accounting policy.
- Activity Service Delivery Costs – Bidders shall propose costs related to the direct implementation of their proposed activities, as per their detailed implementation plan.
- Travel and Transportation - Bidders may propose costs related to travel (airfare, gasoline etc.) that must be substantiated with organizational policy and/or price quotations or other supporting documentation. Daily rates for per diems and lodging shall be budgeted in accordance with organizational policy.
- Goods and Materials – Bidders may propose specific equipment requests as necessary for the implementation of their technical activities, considering the prohibitions on the purchase of items from prohibited sources as described in clause 1.v above.
- VAT tax (if applicable) – if your organization does not have an exemption to VAT taxes and incurs these taxes, please do include in the budget format.
- Investment Mobilized – bidders must include the amount of investment mobilized proposed.
- Indirect Costs (if applicable) - Indirect (administration costs), if applicable. Bidders must propose a methodology for the recovery of indirect expenses or general and administrative costs that is in accordance with the Bidder's policies and practices. Bidders must explain how

they normally recover these expenses and must include the necessary supporting documents to determine the reasonableness of the proposed indirect rate. This may include past contracts, company pricing policy, financial statements, etc. CFDA may request more information during the evaluation of the proposals. If a bidder includes a cost/concept as a direct cost in the budget, it must not also include it as an indirect cost.

- Fee/profit (if applicable) - Any proposed utility or profit fee (expressed as a percentage) must be justified by evidence (policy, evidence of this fee charged in other contracts and/or past agreements) and is subject to financial review by CFDA.

All cost information must be expressed in USD.

Step 4: Write Budget Narrative. The bidder must provide a detailed and clear explanation of the assumptions used for each proposed daily rate (for example, past salary, market rate, etc.) and the basis for establishing per diem and lodging rates (for example, policy of trips of the entity, costs of the region, etc.). Budget notes must be provided in the column indicated in the budget Excel in Attachment B. The bidder must also submit supporting documentation as described in the previous Section for recovery of administrative or indirect costs. Chemonics reserves the right to request additional cost information if the evaluation committee has concerns of the reasonableness, realism, or completeness of an offeror's proposed cost.