

## USAID PASCO – RFP 465.003 – Last Mile Distribution of Health Commodities – Luanshya Hub

### Annex 2 Guide to Creating Cost Proposal and Establishing Prices

This annex does not replace or supersede the guidance provided under Section I.4.B.3. Rather, it provides additional guidance to aid offerors in developing their cost proposals. Chemonics has requested that offerors prepare and submit cost proposals showing their prices according to Table 1 to receive consideration. Chemonics recommends the following broad steps in order to aid the offerors in preparing their table of prices. Offerors, at their own discretion, may follow these steps in order to first understand their organizational costs, and then develop a table of prices as requested below:

Step 1: Read the Scope of Work as provided under Section II.2

Step 2: Design a technical proposal in response to the requirements requested in the Scope of Work under Section II.2 of this RFP. Offerors should examine the market for the proposed activity and realistically assess how they can meet the needs and services as described in this RFP, specifically in Section II.

Step 3: Determine the basic costs associated with performing the work and preparing each deliverable and report requested, and then develop a detailed budget that captures all such costs in the offeror's own budget template.

Step 4: Translate the offeror's own budget into a table of prices. Complete the price table below.

Step 5: Write Cost Notes. Offerors should prepare cost notes to identify the types of costs included in its all-inclusive proposed prices (for example, insurance, fuel, maintenance, labor, data charges). The offeror is required to submit costs notes.

The pricing for this RFP and any resulting award will be divided into two types:

- **Type 1:** Routes/facilities that are generally accessible and can be reached using conventional vehicles (a 4x4 SUV at a minimum). Per km pricing shall apply based on vehicle type.
- **Type 2:** Routes/facilities that require specialized equipment and/or any combination of unconventional forms of transportation (i.e. fully kitted SUV with winch and accessories, water-based transport, motorbike, oxcart, etc.) Fixed unit rates for delivery shall apply on a 'per drop' basis to reach a facility.

**NOTE THAT LUANSHYA HUB CURRENTLY HAS NO FACILITIES IDENTIFIED UNDER THE TYPE 2 CATEGORY. HOWEVER, WE HAVE RETAINED THIS INFORMATION IN THE EVENT THAT FACILITIES ARE IDENTIFIED DURING THE COURSE OF IMPLEMENTATION.**

#### **Price Table Type 1 – Conventional Routes/Facilities (exclusive of facilities requiring 'per drop' pricing)**

For the purposes of this RFP and any resulting IQS, 'conventional routes' or 'conventional facilities' shall be defined as facilities that can be reached using conventional vehicles, to include 4x4 SUVs, and therefore do not require specialized equipment (i.e., winches, sandtracks, hi-lift jack) or unconventional transportation (i.e. water-based transport, motorbike, oxcart). For sites that are seasonally inaccessible, the conventional pricing shall apply during periods in which the site can be reached via conventional 4x4 SUV.

Pricing under any resulting IQS for conventional routes will consist of three elements: fixed base cost per kilometer by vehicle size, variable fuel cost per kilometer by vehicle size, and distance.

- a) *Fixed base cost per km.* The fixed base cost is an all-inclusive cost per kilometer that will remain valid for the duration of any subcontract and should account for recovery of costs for the totality of operations, except for fuel. The fixed base cost per km shall include costs for reverse logistics, as denoted in Section A.2., Scope of Work.

- b) *Variable fuel cost per km.* Given regulatory fluctuations in fuel prices, the rate for fuel is based on estimated fuel economy per vehicle size, and is based on established national pricing by the Energy Regulation Board (ERB). ERB pricing under any resulting IQS shall therefore be reviewed monthly by all parties. Should changes be introduced by the ERB during the period under review, the pricing will be updated by a Pricing Agreement to be signed by all parties. The Pricing Agreement shall include an updated copy of the Price List Table, updated to reflect the variable fuel rate. The fixed based unit cost and estimated fuel economy per vehicle size shall not be adjusted during this period. Pricing shall be effective for POs issued after full execution of a Pricing Agreement.
- c) *Distance.* During implementation of any resulting IQS, Chemonics, ZAMMSA, and the Awardee will agree on distances using one of the following methodologies:
  - o A Standard Distance Agreement (SDA), to be developed and reviewed periodically by all parties in the Subcontract for current and additional destinations. All changes to an SDA shall be mutually agreed upon by all parties and shall be implemented via full execution of an updated SDA, which shall be binding upon execution and replace any previously signed SDAs.
  - o ZAMMSA’s Dispatch/Route Optimization Tool, which relies on a database of GIS points and OpenStreet maps.
  - o Routes created in OpenStreet maps, Google maps, or other online mapping programs.
  - o As otherwise agreed in writing via the distribution plan and approved purchase order.

Pricing should be proposed in the below format. Pricing which does not conform to this guidance may not be considered.

Vendors should use the below table when providing their rates. A copy of the below table in Excel can be found in Annex 19 ‘Pricing Table and Per Drop Price List.’ As stipulated in Section 3 ‘Cost Proposal’ of the RFP, *offerors may propose different tables for different zones/points of origin*, to allow for factoring in variability in operational costs based on geographic accessibility and terrain.

ZONE NAME / POINT OF ORIGIN:							
A			B	C	D	E	F
Vehicle Size	Vehicle Description	Minimum Required Enclosed Storage Capacity (cubic meters, cbm)	Total Rate per Km (ZMW) (C+F)	Fixed base Cost per km(ZMW) Vendor to propose base	Fuel economy (Litres/Km) Vendor to denote	Fuel price (ZMW) Per Energy Regulation Board	Proposed variable fuel cost per km (D * E)
SUV, single-cab truck, or van (4x2)	Vehicles must have fully enclosed cabs that meet storage volume. Two-wheel drive vehicles are acceptable in this cost category. Vehicles must meet ZAMRA requirements as per Annex 007 b.	2.71					
SUV or single-cab truck (4x4)	Land Cruiser 76 series or similar models of vehicles required. Functioning four-wheel drive required. Single-cab trucks must have fully enclosed cabs that meet storage volume. Vehicles must meet ZAMRA requirements as per Annex 007 b.	2.71					
3.5-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	18.48					
5-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	19.18					
10-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	31.5					
15-ton	Vehicle storage must be containerized and otherwise meet ZAMRA requirements as per Annex 007 b.	34.65					

Using the total rate per km as calculated in the tables above in column B, the price per route will then be calculated as follows:

- For direct, single-drop routes:

**(One-way distance\* 2 \* total rate per km)** \*Note that a multiplier of two will be applied to account for base and variable costs for the return trip to point of origin.

- For multi-drop routes:

**(Total route distance, inclusive of return to origin \* total rate per km).** See example below of total route distance calculation:

Route Information	Km
Origin to Point A	30
Point A to Point B	40
Point B to Point C	50
Point C to origin	20
<b>Total route distance</b>	<b>140</b>

**Price Table Type 2 – ‘Per drop’ Pricing NOTE THAT LUANSHYA HUB CURRENTLY HAS NO FACILITIES IDENTIFIED UNDER THE TYPE 2 CATEGORY. HOWEVER, WE HAVE RETAINED THIS INFORMATION FOR INFORMATIONAL PURPOSES IN THE EVENT THAT FACILITIES ARE IDENTIFIED DURING THE COURSE OF IMPLEMENTATION.**

For the purpose of this RFP and any resulting IQS, ‘per drop’ pricing using a fixed unit rate for delivery shall be applied to sites that cannot be reached using conventional vehicles on either a permanent or seasonal basis. These sites may require a fully kitted SUV with specialized equipment (i.e., winches, sandtrack, hi-lift jack) and/or unconventional transportation (i.e. water-based transport, motorbike, oxcart). For sites that require these forms of distribution on only a seasonal basis, the ‘per drop’ pricing shall apply only during periods in which the sites require specialized equipment or unconventional transportation.

For these cases, Offerors shall propose a fixed unit rate for delivery to each of the facilities included in the zone of operation for which they are preparing an offer. This rate shall apply regardless of volume and regardless of transportation methodology/methodologies. This rate shall also assume variability in fuel pricing for portions of the route that may require fuel. Vendors should therefore carefully consider the facility locations, facility sizes, and access routes when determining fixed unit rates on a per drop basis. Vendors should assume delivery to these facilities will occur every two months. The list of facilities shall be periodically reviewed during the course of any resulting subcontract via an Annex of sites requiring ‘per drop’ pricing. Should new facilities be added, prices will be negotiated and documented via updates to the Annex.

The list of sites and rates will be included in an Annex to any resulting IQS and will be updated via tripartite signature of the Annex based on new additions to the list of sites requiring per drop pricing.

Please use Annex 19, ‘Pricing Table and Per Drop Price List,’ when preparing pricing. Please note that Offerors only need to propose per drop pricing for facilities that fall within the zones of operations for which they are preparing an offer. Please see the ‘Primary Supply Point’ column to determine the zones for Annex 19.

Note that the completed pricing tables and per drop price lists may be submitted in Excel format for proposal submission.

The offeror’s fixed prices (for both per km or per drop pricing) should include all of the offeror’s organizational costs to meet the specified operations. No profit, fees, taxes, labor or any other additional costs can be added after the award. As per Subcontractor Responsibilities highlighted below, the Subcontractor must provide branded vests

and hats for all drivers conducting USAID-PASCO funded distribution, and these costs shall also be included in the fixed prices proposed by the Subcontractor. All cost information must be expressed in Zambian Kwacha (ZMW). At the award stage, after evaluation is complete, a successful offeror's prices will be established as fixed prices in an IQS between Chemonics and the winning offeror/s. Chemonics will thereafter, at its sole discretion, order from the IQS holder/s, using POs, at the fixed prices established in the IQS. As a result, offerors are strongly encouraged at this time to propose and submit their best, most realistic and reasonable prices in response to this RFP.

Because this Offer will require close coordination with ZAMMSA and the MOH, occasional and ad hoc travel may be required for stakeholder activities, such as government introductions, courtesy calls, and public events. Please include these potential costs within the fixed unit rate operating costs. Historically, this travel has comprised up to two trips per year for 2-3 staff members.

### **Cost Evaluation**

Using the tables above, Chemonics will calculate the average monthly cost of distribution using the Offeror's proposed pricing for each offered zone, using historical average order data for each zone as per Annex 03 and, where applicable, estimating distribution every two months to sites requiring per drop pricing.

To aid in the development of pricing, please reference Annex 3, Historical 3PL Data and Site List. Annex 3 provides historical data on routes serviced, to include deliveries, vehicle sizes, and volumetric data. Annex 3 also includes a list with all sites, specifically denoting sites requiring per drop pricing. The information in Annex 3 is to be considered illustrative for the purpose of this RFP.

As the historical data is reviewed, please note:

- Future iterations of this work are expected to entail increased deliveries to hard-to-reach areas by 3PL in exchange for ZAMMSA increasing its servicing of closer to reach facilities.
- Future iterations of this work will introduce different vehicle categories as compared to historical work, specifically segregating out two-wheel drive vs four-wheel drive SUVs and also providing an option for a 3.5 ton vehicle.

A walkthrough of the pricing table and evaluation will be done at the bidder's conference.