Course: DPR Preparation
Day 3

Session 2
Cost Components of DPR
Agenda

- Classification of costs
- Cost Components
- Sources of Funding
- Expenditure Forecasting
Why Costing?

- DPR is primarily used to obtain financial approval for projects.
- Costing allows project team to decide on business model and the type of PPP format (if applicable).
- It allows for budget forecasting.
- Budgeting enables monitoring for cost over-runs.
Classification of Costs

- **PROJECT COST**
  - CAPEX
    - IT Infrastructure
  - OPEX
    - Non-IT Infrastructure
CAPEX – Capital Expenditure

• Also known as investment cost OR one-time cost

Hardware
• PCs, laptops, scanners, printers,

Software
• System Software (OS, Office suite, anti-virus, EMS, RDBMS license, etc.
• Application Software
• Data Centre / Disaster Recovery Centre
• Networking Infrastructure
• Other IT infrastructure
• RFID tags, barcode, etc
• Installation and deployment
CAPEX – Capital Expenditure

- Also known as investment cost OR one-time cost

Non-IT Infrastructure

- Site Preparation Cost (DPR/DRC)
- Data Digitization & Migration
- Third Party Audit
OPEX – Operating Expenditure

• Also known as recurring cost

IT Infrastructure

• AMC for system software
• Application Enhancement
• Application Maintenance
• Application Helpdesk
• Connectivity
• Consumables
OPEX – Operating Expenditure

• Also known as recurring cost

Non-IT Infrastructure

- Programme Management Unit (PMU)
- Change Management
- Training & Capacity Building
- Monitoring & Evaluation
Sources of Funding

- At the state level there would be 3 primary sources of funding:
  - Departmental Budget
  - Funding by Central Line Ministry
  - Funding by external agencies like World Bank, UNDP, ADB and other agencies
Expenditure Forecasting

- Expenditure Forecasting is important for the following reasons:
  - Useful in working out the business plan and PPP model
  - Enables departments to factor project expenditure in their annual budgets
  - Enables project team to control cost over-runs
  - Enables corrective action to be taken in time
Expenditure Forecast

- Expenditure forecasting is for a given time period.

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End of Session