

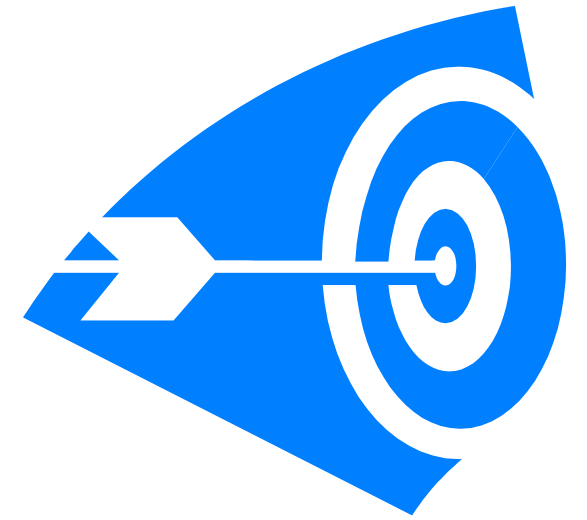
Course: DPR Preparation

Day 3

Session 2

Cost Components of DPR

Agenda

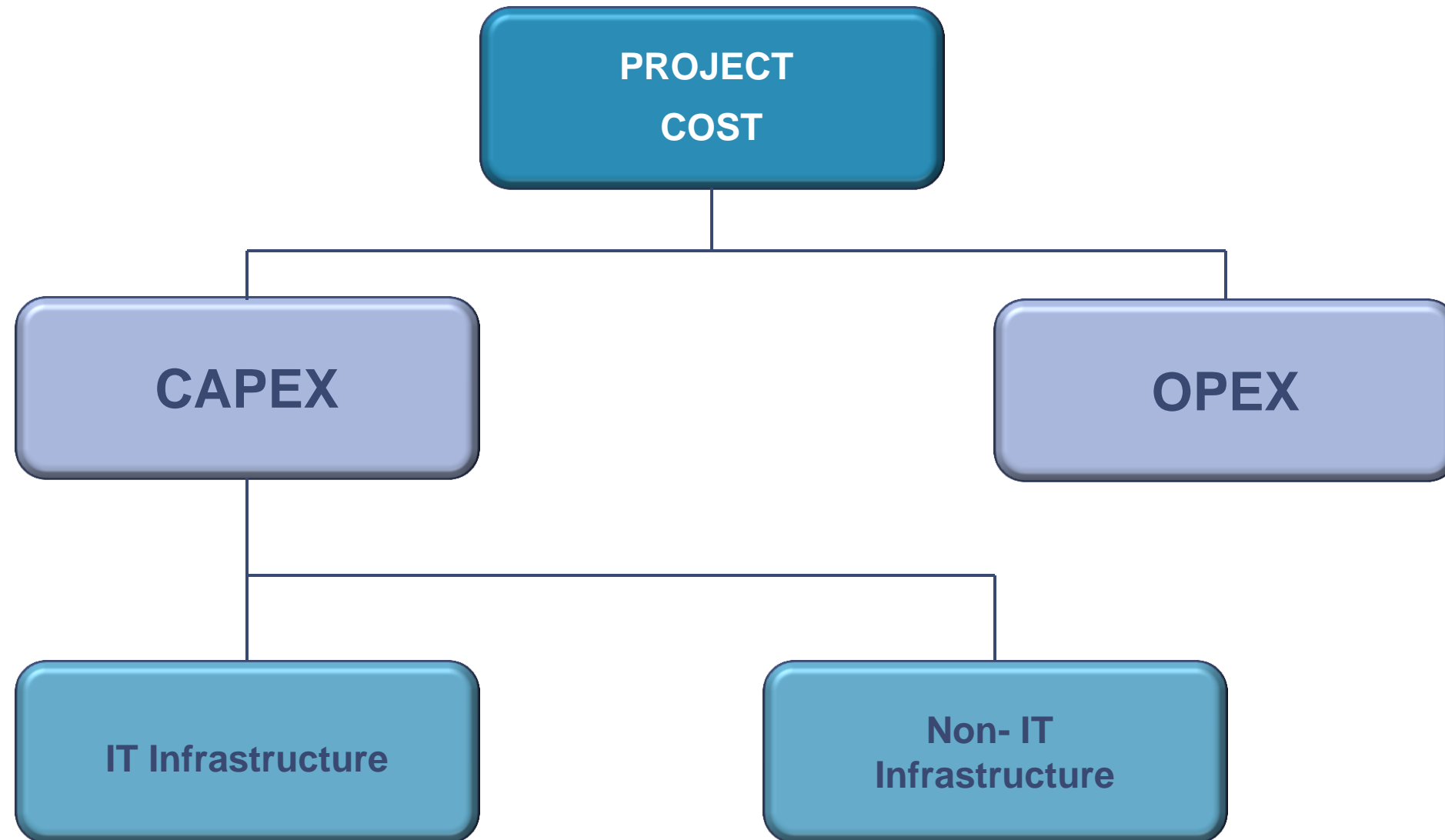


- Classification of costs
- Cost Components
- Sources of Funding
- Expenditure Forecasting

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



CAPEX – Capital Expenditure

- Also known as investment cost OR one-time cost

IT
Infrastructure

- 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.

Line Item	Year 1	Year 2	Year 3	Year 4	Year 5
Application Development					
Customizing existing applications					
Data Digitization					
Data Centre IT Infrastructure					
Data Centre Networking Infrastructure					
Operating Expenditure					
Installation and Maintenance					
Application Helpdesk					
Networking					
PMU					
Consumables					
Total					

End of Session