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COSTS ANALYSIS OF LAC HEALTH PROJECT

TECHNICAL ASSISTANCE CONTRACTS

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for LAC/DR/HN

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1. LAC Health Contracts Unit Cost Patterns
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1. AID Project Officers' Guidebook, Handbook 3, Supplement A Appendix D, Government Contract Cost Estimating.
2. Self-Study Course on Contracting for Non-Procurement Personnel, Exhibit I-F, Government Cost Estimating.
3. AID Handbook 14 - Procurement Regulations
 - a. AIDAR 752.7002 Travel & Transportation
 - b. AIDAR 752.7028 Differentials and Allowances
4. Department of State, Standardized Regulations (Government Civilians, Foreign Areas).
5. Uniform Procedures for Issuance of Delivery Orders under Indefinite Quantity Contracts.
6. Project Implementation Order/Technical Services (PIO/T).

Executive Summary

In response to LAC Bureau concerns that costs of long-term technical services contracts for health projects were escalating and that Health Officers, and others, often had difficulty estimating costs for technical assistance services in Project Papers and PIO/Ts, a contractor analyzed recent contract costs experience and proposed a uniform cost estimating process.

The analysis revealed that contract total costs usually do increase substantially above the initial contract budget estimates. However, the increased costs were always in response to increased levels of effort, and contract unit costs (cost per person-month of direct labor) did not rise materially. Additions to level-of-effort represented extensions of time for existing advisors and/or additional advisors to work on new tasks. In either case, the increases were attributed to successful contractor performance, and the receptivity of host country counterparts to additional services was taken as a sign of project success.

Technical assistance plans and cost estimates included in Project Papers were very uneven in terms of level of information provided and presentation. Most Papers gave adequate descriptions of the functions expected of technical assistance, and all provided total estimates of its cost. However, very few presented detailed cost estimates or provided their methods for calculating total estimates. Furthermore, discussions of both technical assistance functions and costs were presented in different sections of Papers and in different formats, making analysis difficult.

Contractor tasks, individual advisors' scopes of work and cost estimates were presented in great detail in PIO/Ts. However, the cost estimates varied greatly in style and formats used. Although they served their purpose of providing a total for reservation of funds, and provided Contracts Officers a basis for comparing contractors' cost proposals, their unevenness suggests that the preparers may have had difficulty in the process. Furthermore, their lack of uniformity makes it difficult to know if the estimates are complete.

PIO/T cost estimates, based on U.S. salary scales, always exceeded subsequent contract budgets because contractors usually included some lower cost third country, or host country, nationals on their teams. The gap between PIO/T and contract estimates is unavoidable because Mission staff must provide sufficient funds to cover standard U.S. costs.

In response to the problems identified with cost estimating, the Contractor developed technical services cost estimation guidelines for use by Project Officers (including Health Officers) which includes worksheets for several types of contracts and detailed instructions based on AID contracting regulations.

I. Introduction and Methodology

The objective stated in the Contractor's Statement of Work is "...to develop a standard methodology for cost analysis of technical services in health projects, which can be used throughout project implementation, monitoring, and evaluation." The study was initiated because a number of health project technical assistance contracts had become large and expensive, and LAC management was concerned that those costs should not become excessive. That concern represented a part of the Bureau's overall focus on project costs containment.

The LAC/DR/HN staff recognized that there was no standard available for cost analysis of projects, contractor proposals or of services rendered. They felt that a standard cost analysis/estimation methodology could help the Bureau reduce health project technical assistance costs. They therefore requested the Contractor to develop a checklist of technical assistance cost elements and a budget estimating worksheet for health officers to use when preparing project papers and PIO/Ts.

The Bureau staff presumed that the escalation of contract costs during project implementation may have been due, in large part at least, to imprecise cost estimating at the PP and PIO/T stages, resulting in under-budgeted contracts. They included in their definition of cost estimating determination of technical assistance tasks to be performed and type and number of experts to perform them, as well as estimation of costs for specific cost elements. If the presumption were true, then use of a more precise standardized cost estimating process could reduce contract costs. But, it could also result in higher initial contract estimated costs with fewer subsequent increases.

The Contractor pursued the following tasks against that background: 1) determine the extent of contract costs escalation in the region and reasons for it; 2) analyze cost estimation practices and their impacts on contract costs; and 3) recommend appropriate measures to address problems identified. In doing so he reviewed project documents (PP, PIO/T, RFP and contract) for nine long-term institutional technical assistance contracts under eight health projects in seven LAC Missions, interviewed persons from four Missions, LAC Bureau and SER Bureau, and reviewed AID contracting regulations, and project officers' guidelines, and the workbook for the Contracting for Non-Procurement Officers course.

Projects and Contracts Analyzed

1. Haiti Rural Health Delivery (521-0091)
Contractor - Management Sciences for Health
2. Peru Extension of Integrated Primary Health (527-0219)
Contractor - Sigma One
3. Peru Integrated Health & Family Planning (527-0230)
Contractor - Westinghouse
4. Honduras Health Sector I (522-0153)
Contractor - Management Sciences for Health
5. El Salvador Health Systems Vitalization (519-0291)
Contractor - Westinghouse
Contractor - Health Information Designs
6. Belize Increased Productivity Through Better Health
(505-0018)
Contractor - Pragma
7. Dom. Rep. Health Systems Management (517-0153)
Contractor - Clapp & Mayne
8. East. Carib. Regional Pharmaceuticals Management (538-0134)
Contractor - Management Sciences for Health

Persons Interviewed

1. Lisa Early USAID/Dominican Republic
2. Tom Park USAID/Honduras
3. Norma Parker USAID/Peru (now LAC/AJDD)
4. Louise Wise RDO/C
5. Paula Feeney LAC/DR/HN
6. Robert Jordan LAC/DR/SA
7. Judith Johnson M/SER/OP/LAC
8. James Deery M/SER/OP/PS/OCC
9. Ken Monsess M/SER/PPE

II. Contracts Costs Analysis

A. Findings

1. Cost Escalation:

For this analysis we considered cost increases from contract start-up through contract termination, or the present if the contract services were still continuing. Six of the contracts were increased. Two current contracts have not been amended, and one terminated contract was reduced from its initial estimated cost. In percentage terms, the increases were as follows: Dominican Republic - 7%, Peru #2 - 43%, Haiti - 58%, El Salvador #2 - 67%, Honduras - 125%, and Peru #1 - 325%. The first represented the addition of local office support whereas the rest were due to expanded level-of-effort in terms of additional person-months of technical services. The increases were usually made incrementally as additional needs arose, or as the contract terms were extended. Annex 1 shows the cost escalation patterns for each contract and Annex 3 provides summaries of the cost analysis of each contract.

2. Unit Costs:

As Annex 1 shows, unit costs in terms of cost per person-month of services did not increase materially for any contract. We have not determined conclusively whether changes in team member qualifications or nationality occurred during contract periods and might have helped to hold down unit costs. Some manpower additions represented lower professional skill levels than the initial staff. But it is difficult to determine without closer analysis whether that materially affected overall unit costs because additions were made at the higher skill levels as well.

It appears that efforts to keep unit costs stable, including possibly providing relatively low-salaried personnel, did not detract from overall contractor performance. The contracts which increased the most in total costs (Peru - Westinghouse and Honduras - Management Sciences for Health), and yet did not increase unit costs, were praised by Mission representatives for their positive contributions. Consequently, it appears that maintenance of stable unit costs in the face of increasing total costs was not achieved at the expense of good performance.

3. Cost Estimate Presentation:

Mission presentation of technical assistance requirements and cost estimates varied widely in Project Papers. Most PPs did provide adequate discussion of the type, numbers, functions, counterparts and skills required of advisors. However, there was no uniformity in their presentation. The discussions appeared in different sections, including Project Description,

Implementation Plan, Technical Analysis, and Annexes. Sometimes the entire technical assistance was discussed in one section and in other cases broken up and discussed according to project component. While this variation may not affect project substance, it does make analysis difficult.

The technical assistance cost estimates based on the technical requirements were usually not as well developed as the technical requirements discussions. Although some PPs provided semi-detailed budget estimates and revealed how they were determined, most did not. Besides being incomplete, the estimates were not arranged uniformly, nor based on comparable factors, making analysis difficult.

By contrast, PIO/Ts always included detailed cost estimates and usually provided detailed work scopes for the key advisors. The cost estimate presentations were not uniform, but they did include the important cost elements and usually showed how the estimates were derived.

Cost estimate formats in contracts negotiated by AID Contracts Officers were also not uniform, although they varied less than PIO/Ts. AID does not require that any uniform format be used for RFPs, so consulting firms are free to submit cost proposals according to their own preferred formats, based on their own cost structures and accounting practices. And AID Contracts Officers use their discretion in selecting cost estimate formats for contracts they write. Consequently, formats vary from one contract to the next, making comparisons between them difficult.

AID contracts, in turn, do not specify any uniform format for contractors to use when requesting payments. Most request that contractors base their invoices on the cost estimate format included in their contracts. The lack of cost estimate uniformity from the Project Paper stage through the payment stage makes it very difficult to track any specific cost element through that process. For example, DBA workmen's compensation insurance is sometimes shown as a separate cost element and sometimes combined with other Fringe Benefits.

4. PIO/T Estimates:

PIO/T estimates could not always be correlated with PP estimates for several reasons. In some cases particular PIO/Ts were used to procure only part of the TA provided for in a PP. In four cases PIO/T estimates greatly exceeded the PP estimates for the same levels-of-effort. That must have been due to conservative or imprecise estimating at the PP stage. But, in most cases the PIO/T estimate was significantly higher than the eventual contracted level. It is not surprising that PIO/T estimates usually exceed initial contract costs. The PIO/T must provide enough funds to negotiate a contract even if offers are relatively high, whereas competitive pressure seems to generate offers which are consistently below the PIO/T estimates.

B. Conclusions

- Based on the above findings, we conclude that the cost increases observed in health project technical services contracts do not represent a management problem for the Bureau. That conclusion is based on the evidence that contract unit costs have not increased, and on the assertion of several Mission representatives that successful contractor performance generated the level-of-effort and cost increases.

- Conversely, we conclude that the cost estimating process and the budget/cost estimate presentation practices are inefficient and that the lack of uniformity makes comparative analysis of contract costs difficult.

- We also conclude that the fact that PIO/T estimates are consistently substantially higher than contract budgets does not mean PIO/T estimates are wrong. LAC Missions seem to estimate high in PIO/Ts to accommodate all-U.S. teams, whereas in practice, most contracts include a mix of U.S., third country, and local personnel, thereby reducing total costs. Nevertheless, Missions have no choice but to provide sufficient funds to cover U.S. standard costs.

- The regular pattern of contract level-of-effort and cost increases presents an issue as to whether some of the increases represented new procurements and should have been re-competed. We did not pursue this question because it was not within our scope of work, nor expertise.

C. Recommendations

- The LAC Bureau should not launch a technical services contracts cost containment effort aimed at reducing overall health project contract costs because costs appear to have been reasonable for the services provided.

- The LAC Bureau should introduce greater uniformity in the contract cost estimating process in order to 1) make the process more efficient, 2) prepare more accurate and complete cost estimates at the Project Paper and PIO/T stages, 3) permit comparison of contract costs between contracts and countries, and 4) facilitate monitoring of cost elements from the PP stage through the payments stage.

- In light of the pattern of contract level-of-effort and cost increases in the region, Missions should anticipate such increases in their RFPs and contracts to avoid problems of re-competition, when that would be detrimental to project performance.

III. The Cost Estimating Process

This section addresses the second recommendation above and the principal task of the Contractor's statement of work. However, before proposing a new cost estimating procedure, we review below the findings from our analysis of the nine contracts discussed above, of current AID contracting practices and policies, and of existing guidelines available to health officers, and other project designers and implementors.

A. Findings

1. The concern of LAC/DR/HN that Mission health officers have difficulty in preparing appropriate technical assistance cost estimates for PPs and PIO/Ts is warranted since we found that those estimates vary greatly in terms of completeness, level of detail and format. That suggests that they are not following any standard guidelines and that time is probably lost while trying to determine how to prepare the estimates. We did not find evidence in our contracts costs analysis that the cost estimating process, imperfect as it is, had any impact on the actual contract budgets, probably because they are determined by competitive proposals and Contracts Officers' negotiations, and not by PIO/T estimates. Consequently, the management issue presented by the lack of uniform cost estimating practices concerns the inefficiency of the process (time lost by health officers), and the fact that the lack of uniformity makes comparative analysis of technical services costs estimates very difficult.

2. AID is not organized to devote careful attention to technical services contract cost estimating and contract cost monitoring. No single person or unit is responsible for the process from beginning to end, although each technical project officer is responsible for the project served by the contract. Unlike some federal agencies, AID has no cost estimating specialists. This may be warranted because technical services costs estimates are actually relatively simple to make, if the cost elements are well understood.

AID Contracts Officers are only responsible for negotiating contracts based on PIO/Ts received from project officers. They sometimes assist with cost estimates, but are not required to do so. Following contract negotiation, the Contracts Officers are not concerned with contractor performance or payments. Mission Controllers make payments based on project officers' approval of invoices and are not concerned with performance or with monitoring costs against plans. Consequently, technical project officers, who must focus on substantive aspects of their projects, are the only persons concerned with the entire process. For that reason, AID has attempted to make them capable of performing all of the contract management steps except negotiation and payment. Our analysis reveals that that approach is not yet successful.

No real financial management.
DS

3. The Project Officers' Guidebook, 1986 Edition (Revised) includes a good discussion of "Government Cost Estimating" in its Appendix D. (See Attachment 1). It provides definitions of the most common cost elements, such as salaries, fringes, allowances, etc., with suggestions for project officers as to how to estimate their costs.

The work book which accompanies the AID Self-Study Course on Contracting for Non-Procurement Personnel, December 1985 devotes several pages to "Government Cost Estimating" also. (See Attachment 2). The definitions and suggestions appear to be taken from the Project Officers' Guidebook. They are incomplete but are helpful. It also includes a sample budget, which unfortunately is very misleading because it is for a short-term contract which does not include many of the most important cost elements of concern to us. It does not correspond to the workbook discussion of long-term contract cost elements and, therefore, probably confuses the students.

4. According to M/SER/PPE, there is no AID standard format for preparing technical services contract cost estimates, nor for use with RFPs or contracts. Contracts Officers are free to use their judgement in each case depending on the nature of the services to be provided. Contractors are free to submit cost proposals according to their own accounting formats and to request payments accordingly. SER/OPS/LAC advised the Contract that the typical Contracts Officer in the field has neither sufficient time nor information to advise health officers (and other project officers) on PP and PIO/T cost estimating, and that the LAC Bureau should not expect them to do so. SER/OPS' position is that the technical officers are responsible for cost estimating as part of project design and implementation and that appropriate AID and Federal Government regulations and guideline are available to them to equip them for the task. However, we found that, although the regulations referred to (AIDAR, AIDPR) provide helpful definitions of many cost elements, they are written as guidance to Contracts Officers about contracts negotiations and do not provide sufficient guidance for cost estimating by project officers. The "Cost Estimating" section of the Project Officers' Guidebook is the best available reference, but it does not go far enough through the process.

B. Conclusions

- Despite the availability of numerous regulations, manuals and guidebooks, health officers encounter difficulty preparing cost estimates and rely on judgement of experienced persons and established Mission-specific norms for estimating purposes. We conclude that they would be assisted by a simple worksheet that would lead them through the process step-by-step.

- We also conclude that the lack of uniformity of cost estimation formats and contract budgets exacerbates the cost

estimating problems by making it very difficult to draw guidance from previous PPs,PIO/Ts and contracts.

C. Recommendation

LAC should field test the draft Project Officers' Cost Estimating Worksheet methodology prepared by the Contractor. It should be reviewed first with M/SER/PPE, which is concerned with contracting policy, and M/SER/OPS/LAC, which oversees LAC Missions' contracting operations. We feel that if a field test with LAC health officers yields positive results the methodology will be helpful to AID project officers in all sectors.

IV. Technical Services Cost Estimation Guidelines

A. Discussion

1. Introduction

The objective of the guidelines and worksheets which follow is to make the tasks of preparing technical services cost estimates at the project paper and PIO/T stages of health project design and implementation more accurate and easier. They will serve that objective by identifying each cost element on a worksheet which provides a simple mechanism for project officers to provide quantities and cost factors required to arrive at estimated costs for each cost element, and a total estimated contract cost. Use of uniform formats provided by the worksheets throughout the region would also facilitate comparative analyses between projects and countries, which is very difficult now.

The worksheet and instructions which follow are based on standard AID contracting guidelines and apply to multi-year technical services contracts with commercial management consulting firms. Additional worksheets provided in Annex 2 were adapted from the first one for use for less complex contracts, including personal services contracts, short-term contracts, and indefinite quantity contracts work orders.

2. PID Preparation

Project designers should make a rough estimate of the types and level-of-effort of technical assistance (TA) anticipated for the project and apply prevailing "rule of thumb" per person month contract rates to that estimate. They should assume that a commercial firm will be contracted competitively. Appropriate "rule of thumb" rates can be obtained from the USAID project development, contracts, controller or executive officers.

3. Project Paper Preparation

Project designers should make detailed estimates of the types and levels of TA requirements for the duration of the project, including tasks, counterpart entities, advisor qualifications, number of person months for each long-term and key short-term advisor. They should also make their best estimates of timing, travel requirements, equipment and supplies support, office/secretarial support, and any other technical and administrative requirements to accomplish the TA objectives. If some TA requirements beyond an initial period (two to three years) cannot be firmly estimated, the project budget should reserve some funds as contingency for TA expansion, beyond the routine contingency allowances provided for small unforeseen expenses.

Project Paper financial plans should include TA estimates based on separate detailed TA cost estimates using a standard format

which will be used subsequently for the PIO/T. Technical officers on design teams should supply estimates of technical services and seek advice, when necessary, from other specialists regarding appropriate cost factors to apply to obtain total line item cost estimates. The format used for the Project Officer's Worksheet which follows includes all standard cost elements commonly found in any technical services contract. Since technical assistance services cost estimates at the PP stage should include total services, we recommend that the worksheet for long-term institutional contracts be used for estimating costs at this stage. If some services are subsequently procured through short-term or personal services contracts, the relevant worksheets can be used for that at the PIO/T stage.

4. PIO/T

If the basic Project Officer's Worksheet was completed in detail at the PP stage, project officers will merely have to update the information in them to be sure they include any changes which may have occurred between preparation of the PP and PIO/T. If the Worksheet was not completed earlier, then the necessary analysis and planning must be done at this stage. If PIO/Ts must be prepared to procure short-term or personal services contract services, the cost estimating worksheets provided in Annex 2 should be used.

B. PROJECT OFFICERS'
 COST ESTIMATION WORKSHEET
 (Long-Term Institutional Contract)

	Quantities	Factors	Costs
1. Salaries			
1.1 In-country			
1.11 LT Advisors			
1.12 ST Advisors			
1.13 Support Staff			
1.2 Home Office			
1.21 Technical			
1.22 Administrative			
Total Salaries			
2. Fringe Benefits			
Total Salaries & Fringe			
3. Overhead			
4. DBA Insurance			
5. Travel & Transportation			
5.1 U.S. Travel			
5.2 International Travel			
5.3 In-country Travel			
5.4 Per Diem			
5.41 U.S.			
5.42 In-country - capital			
5.43 In-country - field			
5.5 Transp. of HHE & Vehicles			
5.6 Storage of HHE			
5.7 Unaccompanied Baggage			
5.8 Other			
Total Travel & Transport.			
6. Allowances			
6.1 Post Differential			
6.2 Living Quarters			
6.3 Temporary Lodging			
6.4 Post Allowance			
6.5 Supplemental Post Allow.			
6.6 Education			
6.7 Educational Travel			
6.8 Separate Maintenance			
6.9 Danger Pay			
Total Allowances			
7. Other Direct Costs			

- 8. Equip., Vehicles & Supplies
 - 8.1 Equipment
 - 8.2 Materials & Supplies
 - 8.3 Vehicles
 - 8.4 Freight
 - Total Equip.& Supplies
- 9. Participant Training
 - 9.1 Training Costs
 - 9.11 Long-term
 - 9.12 Short-term
 - 9.2 Travel, Subsist. & Other
 - Total Training
 - Sub-Total
- 10.G & A
 - Total Costs
- 11.Fixed Fee
- Grand Total

B.

PROJECT OFFICERS'

COST ESTIMATION WORKSHEET
(Long-term Institutional Contract)

Sample

	Quantities	Factors	Costs (\$000)
1. Salaries			
1.1 In-Country			
1.11 LT Advisors	108	\$ 5,000	540
1.12 ST Advisors	60	\$ 5,000	300
1.13 Support Staff	108	\$ 750	81
1.2 Home Office			
1.21 Technical	6	\$ 5,000	30
1.22 Administrative	36	\$ 2,000	72
Total Salaries			1,023
2. Fringe Benefits	\$1,023,000	25%	256
Total Salaries & Fringe			1,279
3. Overhead	\$1,278,750	100%	1,279
4. DBA Insurance	\$ 840,000	2.6%	22
5. Travel & Transportation			
5.1 U.S. Travel	3	\$ 700	2
5.2 International Travel	140	\$ 1,000	140
5.3 In-Country Travel	100	\$ 300	30
5.4 Per Diem			
5.41 U.S.	21	\$ 100	2
5.42 In-country - Capital	1,500	\$ 85	128
5.43 In-country - field	3,000	\$ 40	120
5.5 Transp. of HHE & Vehicles	3	\$ 2,000	6
5.6 Storage of HHE	36	\$ 100	4
5.7 Unaccompanied Baggage	6	\$ 200	1
5.8 Other	-	-	0
Total Travel & Transport.			433
6. Allowances			
6.1 Post Differential	\$ 540	15%	81
6.2 Living Quarters	108	\$ 1,500	162
6.3 Temporary Lodging	90	\$ 75	7
6.4 Post Allowance	n.a.	n.a.	0
6.5 Supplemental Post Allow.	n.a.	n.a.	0
6.6 Education	6	\$ 3,000	18
6.7 Educational Travel	6	\$ 1,000	6
6.8 Separate Maintenance	1	\$18,000	18
6.9 Danger Pay	\$ 840,000	10%	84
Total Allowances			376
7. Other Direct Costs			100

8. Equip., Vehicles & Supplies			
8.1 Equipment			50
8.2 Materials & Supplies			100
8.3 Vehicles	4	\$15,000	60
8.4 Freight			10
Total Equip. & Supplies			220
9. Participant Training			
9.1 Training Costs			
9.11 Long-term	3	\$10,000	30
9.12 Short-term	15	\$ 2,000	30
9.2 Travel, Subsist. & Other	-	-	30
Total Training			90
Sub-Total			3,798
10. G & A			0
Total Costs			3,798
11. Fixed Fee	10%	*	380
Grand Total			\$3,178

* \$3,798,000

C. Cost Estimation Worksheet Instructions
(Long-term Institutional Contract)

1. Salaries

1.11 In-country Long-Term Advisors: Provide total person months of all advisors who will be assigned for a minimum of 12 consecutive months in-country in the Quantities column. Provide an estimate of average per-month salary in the Factor column based on careful analysis of the skills, qualifications and experience required of the advisors. The salary estimates should not include any fringe benefits.

1.12 In-country Short-Term Advisors: Provide the same information as for the LT Advisors, using the same per-month salary factor unless the ST Advisors will warrant higher or lower rates based on the nature of their assignments and qualifications.

1.13 In-country Support Staff: Many contractor teams will require some in-country secretarial and office support. Consider carefully if such support will be required and, if so, enter the total person-months in the Quantities column and an average monthly salary in the Factor column. Non-salary support costs should be provided below in lines 7 and 8.

1.21 Home Office Technical Salaries: These pertain to Contractor technical and management personnel who oversee contractor performance and provide periodic technical backstopping to the field team. Most LAC health project contracts have required little of this and it should generally be kept to a minimum, unless specific requirements have been identified. The anticipated total number of months and average monthly salary should be entered in the Quantities and Factor columns respectively.

1.22 Home Office Administrative Salaries: Secretarial and other administrative backstopping services should be estimated, keeping in mind that long-term advisors normally do not require extensive backstopping services.

Note: Firms may offer "consultants" or "sub-contractors" to perform some of the services requested in the PIO/T. If so, they will be presented separately in their cost estimates. USAID staff should include all salaries costs in this section because they will not know how offerors will propose to meet the requirements. Total costs should be approximately the same regardless of the arrangements proposed.

2. Fringe Benefits

Fringe Benefits usually include sick and annual leave, health and life insurance and pension contributions, workmen's

compensation for U.S.- based employees, and FICA (Social Security) contributions. While fringe benefits vary among contractors, you should enter 25% in the Factors column and multiply by Total Salaries, which should be entered in the Quantities column.

3. Overhead

Overhead, or indirect costs, are incurred by contractors in the general operation of their businesses. The costs include facilities, officers' salaries, utilities, rents, etc. Overhead costs are expressed as a percentage of some base, which distributes the costs proportionally among the organizations' contracts. For cost estimating uniformity in the LAC region, use Total Salaries & Fringe as your base, enter it in the Quantities column and multiply by 100% in the Factors column. Defense Base Act Insurance (DBA):

4. Defense Base Act Insurance (DBA):

DBA insurance is workmen's compensation insurance required by law to be provided for all overseas advisors. Enter total in-country salaries in the Quantities column and 2.6% in the Factors column.

5. Travel & Transportation

For all anticipated travel by advisors, dependents and Contactor staff, enter the estimated number of round trips for each category in the Quantities column and an estimated average cost per trip in the Factors column.

5.1 U.S. Travel: Most TA contracts will require very little travel completely within the U.S., but you should consider carefully if some will be necessary and provide for it if so.

5.2 International Travel: Include all round trips which the LT advisors (and dependents) will make, including home leaves and R & R, trips required for the ST advisors, and occasional supervision trips by home office personnel.

5.3 In-country Travel: Estimate the total number of trips which the team members will be required to make within the country by air or other commercial means for which funds must be provided. Trips by vehicle should not be included here unless the vehicles must be rented each time. Costs of vehicles purchased will be included in section 8 below.

5.4 Per Diem: Estimate the average length of each trip shown above and enter the total number of days for each of the three per diem categories in the Quantities column, and provide prevailing per diem rates in the Factors column. Be sure to distinguish between days spent and per diem rates in the capital city versus provincial or "field" sites because the latter are usually considerably less than the former.

5.5 Transport of HHE & Vehicles: LT advisors usually receive the same benefits as AID direct-hire personnel, so enter the number of LT advisors in the Quantities column and the prevailing cost estimate for one round trip transport in the Factors column.

5.6 Storage of HHE: Enter the total LT advisor person-months in the Quantities column and an estimated monthly storage cost in the Factors column.

5.7 Unaccompanied Baggage: Enter the number of LT advisors (plus number of home leave trips, if any) in the Quantities column and the prevailing unaccompanied baggage air freight cost estimate in the Factors column.

6. Allowances

Contractors usually receive the same allowances as AID direct-hire personnel. Each allowance is described in detail in Section 752.7028 Differentials and Allowances of the AID Acquisition Regulation (AIDAR) which is contained in AID Handbook 14. They are discussed in more detail in the Department of State Standardized Regulations (Government Civilians, Foreign Areas). For allowances based on family size, an average family size of four persons should be used.

6.1 Post Differential: Post differential is an additional compensation for service at places in foreign areas where conditions of environment differ substantially from conditions in the continental U.S. and warrant additional compensation. Enter total LT salaries in the Quantities column and the prevailing percentage rate for your post in the Factors column.

6.2 Living Quarters Allowance: This is an allowance to reimburse long-term contractor personnel for substantially all of his/her cost for residence quarters. Enter the estimated total person-months of LT advisor services in the Quantities column and an estimated average monthly housing cost in the Factors column.

6.3 Temporary Lodging Allowance: This allowance may be granted for the reasonable cost of temporary quarters for up to three months after first arrival at post, and for up to one month immediately preceding final departure from post. Provide a reasonable estimate of days in the Quantities column based on the number of LT advisors and common practices at your post and multiply by an average daily rate entered in the Factors column.

6.4 Post Allowance: This is a cost-of-living allowance granted to an employee assigned to a post where the cost of living, exclusive of quarters cost, is substantially higher than

in Washington, D.C. This is not a factor in most LAC region countries. However, if it is required you should apply the prevailing allowance percentage rate against the total LT Advisors salaries.

6.5 Supplemental Post Allowance: This is granted to an employee to defray extraordinary subsistence costs. At the present time LAC Missions should not include this allowance in contract cost estimates because it has not been required in the past.

6.6 Education Allowance: This is to assist an employee meet the extraordinary and necessary expenses incurred in providing adequate elementary and secondary education for his/her children. For estimating purposes, assume two children per LT Advisor, enter that total in the Quantities column and multiply by the prevailing allowance at your post.

6.7 Educational Travel: This allowance may be provided for travel to and from a school in the U.S. for secondary and college education. It may not be paid for persons whose assignments are for less than two years. For estimating purposes, assume one round trip per year per LT Advisor. Enter that figure in the Quantities column, and multiply by the average cost of a round trip ticket to the U.S.

6.8 Separate Maintenance Allowance: This is provided to assist an employee who is compelled, by reason of dangerous, notably unhealthful, or excessively adverse living conditions at post of assignment, or for the convenience of the Government, to meet the additional expense of maintaining his/her dependents elsewhere than at such post. If this condition prevails at your post, enter the prevailing allowance in the Factors column and multiply by the number of LT Advisors.

6.9 Danger Pay Allowance: This provides additional compensation to an employee in a foreign area where civil insurrection, civil war, terrorism or wartime conditions threaten physical harm or imminent danger to the health or well-being of the employee. The danger pay allowance is in lieu of that part of the post differential which is attributable to political violence. Consequently, the post differential may be reduced while danger pay is in effect to avoid dual crediting for political violence. For estimating purposes, enter the LT and ST Advisors' salaries costs in the Quantities column and 10% in the Factors column, unless your rate is different.

7. Other Direct Costs

This is a miscellaneous category for small cost items such as telephone, telex, printing, etc. A single lump sum estimate should be entered in the Costs column unless some specific large items are identified. If so, they should be listed separately within this category.

8. Equipment, Vehicles, Materials and Supplies

8.1 Equipment: Relatively large equipment items should be estimated separately by entering the total number of units in the Quantities column and unit costs in the Factors column. For small value miscellaneous equipment, an aggregate total amount should normally suffice.

8.2 Materials & Supplies: This should include office supplies, specific materials and supplies related to the advisors' work, fuel and parts for vehicles, etc. It may be useful to separate them into several sub-categories for estimating purposes and to show quantities and factors in the columns provided, as appropriate.

8.3 Vehicles: The number of units to be purchased, if any, should be entered in the Quantities column and the average unit cost shown in the Factors column.

8.4 Freight and Insurance: Costs of shipping equipment and vehicles to the country should be estimated as a lump sum in the Costs column.

9. Participant Training

If the Contractor will be responsible for managing participant training, you should apply the Training Cost Analysis methodology for cost estimating and enter the results in this section of the Worksheet.

10. General & Administrative Costs

Many firms charge a G & A cost as well as Overhead so you should consider including an estimate for this. However, these charges are often difficult to distinguish from Overhead and a recent analysis by M/SER/PPE revealed that use of a 100% estimate for Overhead will cover G & A as well. Therefore, if using 100% for Overhead as suggested above, omit G & A completely. Alternatively, a combination of 75% for Overhead and 10% for G & A will yield the same result. If G & A is used, the rate should be entered in the Factors column and multiplied against the Total immediately preceding it, which should be entered in the Quantities column.

11. Fixed Fee

A maximum fee of 10% may be charged against the Total Costs immediately preceding this item. Enter that total in the Quantities column and 10% in the Factors column.

Annex 1

LAC Health Contracts

Unit Cost Patterns

LAC HEALTH CONTRACTS

Annex 1

UNIT COST PATTERNS

			Total AID (\$000)	Total TA (\$000)	Total PM	PM/\$ (\$000)	Comments
Haiti (521-0091)							
PP	8/78		16,000	2,422	336	7.2	
PIO/T	11/79			3,393	328	10.3	
Contract	6/80 -	9/83		2,790	328	8.5	MSH
Final		6/86		4,420	491	9.0	
Peru (527-0219)							
PP	9/79		7,150	196	28	7.0	
PIO/T	4/85			285	19	15.0	
Contract	5/85 -	6/86		262	28	9.4	Sigma I
Final		12/86		374	38	9.8	
Peru (527-0230)							
PP	4/81		10,800	680	244	2.8	
PIO/T	12/82			920	72	12.8	
Contract	5/83 -	5/85		765	72	10.6	Westing
Final		12/86		3,248	295	11.0	house
Honduras (522-0153)							
PP	6/80		15,391	2,739			
PIO/T	1/82			1,700	156	10.9	
Contract	1/82 -	6/84		1,841	156	11.8	MSH
Final		6/85		4,139	404	10.2	
PIO/T	2/85			4,144	282	14.7	
Contract	6/85 -	12/87		4,723	282	16.7	MSH
El Salvador (519-0291)							
PP	9/83		25,000	1,503			
PIO/T	3/84			997	42	23.8	
Contract	8/84 -	9/85		498	44	11.3	Westing
Final		12/85		559	86	6.5	house
PIO/T	8/85			2,750	106	25.9	
Contract	9/85 -	12/86		2,198	106	20.7	Hlth
Final		7/87		3,671	330	11.1	Info.

		Total AID	Total TA	Total PM	PM/\$	Comments
Belize (505-0018)						
PP	12/84	7,000	2,627		14.0	
PIO/T	4/85		2,620	185	14.2	
Contract	2/86 - 3/89		2,697	190	14.2	Fragna
Dominican Rep. (517-0153)						
PP	1/84	8,000	5,200	360	14.4	
PP Amend	7/85	1,500	850	54	15.7	
PIO/T	3/86		1,070	54	19.8	
Contract	8/86 - 9/88		655	54	12.1	Clapp &
Final			702	54	13.0	Mayne
Eastern Carib. (538-0134)						
PP	8/85	3,500	1,814	126	14.4	
FFF	11/85			126		
Contract	4/86 - 9/90		1,907	126	15.1	MSH

Annex 2

Supplementary Cost Estimation Worksheets

PROJECT OFFICER'S
COST ESTIMATION WORKSHEET

(Long-Term Personal Services Contract)

	Quantities	Factors	Costs
1. Salaries			
1.1 In-country			
1.11 LT Advisor			
2. Fringe Benefits (% salaries)			
Total Salaries & Fringe			
3. Travel & Transportation			
3.1 U.S. Travel			
3.2 International Travel			
3.3 In-country Travel			
3.4 Per Diem			
3.41 U.S.			
3.42 In-country - capital			
3.43 In-country - field			
3.5 Transport of HHE & Vehicle			
3.6 Storage of HHE			
3.7 Unaccompanied Baggage			
Total Travel & Transport.			
4. Allowances			
4.1 Post Differential			
4.2 Living Quarters			
4.3 Temporary Lodging			
4.4 Post Allowance			
4.5 Supplemental Post Allow.			
4.6 Education			
4.7 Educational Travel			
4.8 Separate Maintenance			
4.9 Danger Pay			
Total Allowances			
5. Other Direct Costs			
Total Costs			

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PROJECT OFFICER'S

COST ESTIMATION WORKSHEET

(Short-Term Personal Services Contract)
(Less than 12 months)

	Quantities	Factors	Costs
1. Salaries			
1.1 In-country			
1.11 ST Advisor			
2. Fringe Benefits (% salaries)			
Total Salaries & Fringe			
3. Travel			
3.1 International Travel			
3.2 In-country Travel			
3.3 Per Diem			
3.31 In-country - capital			
3.32 In-country - field			
Total Travel			
4. Allowances			
4.1 Danger Pay			
5. Other Direct Costs			
Total Costs			

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PROJECT OFFICER'S
COST ESTIMATION WORKSHEET
(Indefinite Quantity Contract)

Quantities Factors Costs

- 1. Salaries
 - 1.1 In-country
 - 1.11 ST Advisors
(# days x fixed daily rates)*
- 2. Travel
 - 2.1 International Travel
 - 2.2 In-country Travel
 - 2.3 Per Diem
 - 2.31 In-country - capital
 - 2.32 In-country - field
 - Total Travel
- 3. Other Direct Costs
- 4. Total Costs

* Fixed daily rate is based on salary times a multiplier negotiated by SER/OPS for each IQC firm. If you do not know the multiplier for the IQC firm you plan to use, apply 100% to the estimated salary for each advisor to determine an estimated "fixed daily rate" for each. Enter the number of work days for each advisor in the Quantities column and the estimated "fixed daily rate" for each in the Factors column and multiply to determine estimated salary costs.

PROJECT OFFICER'S

COST ESTIMATION WORKSHEET

(Short-Term Institutional Contract).
(Less Than 12 Months)

	Quantities	Factors	Costs
1. Salaries			
1.1 In-country			
1.11 ST Advisors			
2. Fringe Benefits (% salaries)			
Total Salaries & Fringe			
3. DBA Insurance			
4. Overhead (% salaries & fringe)			
5. Travel			
5.1 International Travel			
5.2 In-country Travel			
5.3 Per Diem			
5.31 In-country - capital			
5.32 In-country - field			
Total Travel			
6. Allowances			
6.1 Danger Pay			
7. Other Direct Costs			
Sub-Total			
8. G & A			
Total Costs			
9. Fixed Fee			
Grand Total			
3. Other Direct Costs			

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Annex 3

**Summaries of
Contracts Costs Analyses**

Haiti - Rural Health Delivery System (521-0091)

1. PP (8/78):

Total AID funds were \$16,000,000 of which \$2,400,000 were for Technical Assistance. It anticipated 144 pm of long-term advisors and 27 pm short-term for \$1,386,000 (\$8,105 per pm) plus a TA contingency component of 120 pm long-term and 15 pm short-term services for \$1,036,000 (\$7,674 per pm). A 10% annual inflation factor was included in the cost estimates.

2. P10/T # (11/79):

The P10/T combined the initial and contingency TA described in the PP and requested 228 pm long-term and 100 pm short-term services for a total estimated cost of \$3,392,840 (\$10,344 per pm). This compares with \$2,422,000 for 330 pm (\$7,339 per pm) provided in the PP.

3. Contract #0125 (6/3/80 - 9/30/83):

The contract awarded to MS4 provided the 328 pm as requested but for a total estimated cost of only \$2,790,000 (\$8,506 per pm).

4. Contract Amendment #5 ():

This extended the contract completion date to 11/30/83, added 50 pm for new nutrition activities and increased total costs to \$3,204,000 (\$9,476 per pm).

5. Contract Amendment #11 (12/7/83):

This extended the completion date from 11/30/83 to 6/30/84.

6. Contract Amendment #13 (6/11/84):

This amendment extended the completion date to 12/31/85, increased level of effort from 487 pm to 525 pm, and increased total cost from \$3,204,000 to \$4,443,132 (\$9,334 per pm).

7. P10/T #50163 (12/16/85):

This extended the completion date to 6/30/86, added 15 pm for new total of 491 pm, and added \$152,000 for new total cost of \$4,419,500 (\$9,001 per pm).

Observations:

- Total cost increased from \$2,422,000 (PP-8/78) to \$4,419,500 (6/86), or 82%.

- Total level of effort increased from 330 pm (PP - 8/78) to 491 pm (6/86), or 49%.

- Per month cost increased from \$7,339 (PP estimate) to \$9,001

(actual), or 23%, but only 6% above the initial contract rate of \$9,506.

- Level of effort and tasks did not change between the FP and contract award - two year period.

- The FP underestimated, and the FIO/T overestimated costs for the initial contract.

- During the contract period (6/80 - 6/96) the level of effort increased by 50%, total costs increased by 58%, and per month costs increased by only 6%.

Conclusions:

- Total cost escalation was due to additional level of effort and time to meet project requirements rather than to cost estimating problems. There is no evidence that costs had to be adjusted upwards because specific line items had been overlooked or poorly estimated by Mission staff.

- Contract costs on a person month basis appear to have been very reasonable.

Peru - Extension of Integrated Primary Health (527-0219)

1. PP (9/6/79):

Provides total AID funds of \$7,150,000 of which \$196,000 is for 28 pm of TA (\$7,000 per pm). PP is very specific in terms of identifying each TA specialty and number of months for each, but does not include work scopes.

2. P10/T #50031 (4/1/85):

P10/T provides \$284,914 to procure 18.5 pm of technical services from Sigma I Corp. (\$15,400 per pm). It includes 12 pm of the nutrition planner proposed in the PP with various ST support specialists.

3. Contract #5088 (6/18/85):

Contract signed with Sigma I Corp. for \$261,599 for 27.8 pm (\$9,410 per pm). Additional nine pm is for a "programmer". Contract period is 5/1/85 - 6/30/86.

4. P10/T #50162 (6/86):

Extends contract to 12/31/86, adds some short-term consultants, and increases budget by \$126,279 for total of 10 additional pm. (\$12,628 per pm).

5. Contract #5088 Amendment (6/86):

Extends contract to 12/31/86, raises total level of effort to 38pm and increases total cost to \$374,217 (\$9,848 per pm). Need for extension attributed to delayed implementation due to MOH problems.

Observations:

- Very long gap between PP and P10/T - 4 1/2 years.
- TA cost estimate in PP was low.
- P10/T total cost estimate was close to contracted cost but was much higher on per month basis. Addition of low-cost programmer (9 pm) brought that down.
- Total cost rose by 91% from PP estimate to final cost whereas level of effort rose only 36%. However cost rose by only 31% from the initial P10/T.

Conclusions:

- The PP cost estimates were too low for procurement of U.S. advisors, even in 1979. The Mission may have anticipated using local expertise. But the P10/T estimates in 1985 were reasonable for U.S. advisors. The contractor was able to provide a higher level of effort within that figure by using some local personnel.

- LAC Missions seem to estimate high in P10/Ts to accommodate all-US teams. In practice, many contracts include a mix of US, third country and local personnel, thereby reducing pm costs and total costs. Nevertheless, Missions have no choice but to provide sufficient funds to cover US standard costs.

- This contract does not represent a real cost estimation problem.

Peru - Integrated Health & Family Planning (527-0230)

1. FP (4/21/81):

Total AID funds of \$10,800,000 of which \$680,000 for 244 pm of TA. It anticipates 37 pm of foreign short-term advisors at \$10,000 per month and 207 pm of national long-term advisors at \$1,500 per month. Average per month cost would be \$2,787.

2. P10/T #0219-3-90100, 0219-3-90101, & 0230-3-10075 (12/2/82):

Funds from both projects provided for 72 pm of technical services estimated to cost \$919,518 (\$12,771 per pm). The P10/T requests 42 pm of long-term services of foreign advisors and 30 pm of foreign short-term advisors, departing radically from the FP plan.

3. Contract #3024 (5/1/83 - 5/14/85):

A contract was awarded to Westinghouse Health Systems to provide the 72 pm requested for \$765,031 (\$10,625 per pm).

4. P10/T Amendment 2 (12/22/83):

Contract #3024 Amendment 2 (3/5/84):

Adjusted mix of advisors but did not change number of months, and added \$12,367 for secretarial services and office supplies. Net total cost of \$777,297 (\$10,796 per pm).

5. P10/T #30125,30118,40028 (4/11/84):

Extends services to 12/30/86, adds 207 pm services including 24 months each for 6 regional advisors (new positions), for estimated additional cost of \$2,220,517 (\$10,728 per pm).

6. Contract #3024 Amendment 3 (5/11/84):

Extends completion date from 5/14/85 to 6/30/86, adds 183 pm for new total of 255pm, and adds \$2,157,669 for new total estimated cost of \$2,934,966 (\$11,510 per pm).

7. P10/T # 20170,30166 & 50060 (5/3/85):

Provides \$530,000 to increase level of effort by 30 pm.

8. Contract #3024 Amendment 6 (6/24/85):

Added 30 pm for new total of 285 pm, but adds only \$312,691 for new total cost of \$3,247,657 (\$11,395 per pm).

9. P10/T # 20170,30166 & 50060 Amend.1 (6/23/86):

Contract #3024 Amendment #7 (7/8/86):

Extended contract completion date to 12/31/86 and adds 10 pm for final level of effort of 295 pm. Total cost of \$3,247,657 is not changed (\$11,009).

Observations:

- The level of effort and budget for TA provided in the PP were very low (37 pm for expatriate advisors and \$680,000). AID wanted more, but the GOI was skeptical of its value and refused to increase it at that time.
- The FIO/T was for significantly more TA than anticipated in the PP (72pm expatriate advisors and \$919,516). A more receptive MOH project manager had been appointed and the USAID was able to negotiate a higher level of TA.
- The USAID Contracts Officer worked closely with the technical officers in preparing the FIO/T. He supplied them with cost information to use in preparing cost estimates and the FIO/T budget.
- The original contract period was short (24 months) because MOH was uncertain about value of TA, even though willing to try it. It was subsequently extended to 48 months.
- Level of effort expanded from 72 pm to 295 pm (310%). Final was close to the 244 anticipated in the PP, although most of that was expected to be national advisors.
- Total cost increased by 325% above original contract level and by 373% above the PP base rate.
- Cost per pm increased by only 3.6% above the initial contract level.
- Westinghouse offer, and corresponding contract, was substantially lower than FIO/T (which was reasonable).
- As Westinghouse team proved their worth the MOH asked to extend and expand their services. Nevertheless, the basic functions remained focused on improving management practices.

Conclusions:

- The contract cost escalation was the result of incremental expansions of level of effort from a very low base, as the contractor proved its worth to the HC counterparts and additional needs and opportunities arose for additional services to help accomplish the original project objectives. The cost increases were not caused by imprecise budget line item estimates.
- The contract remained very stable on a per person month cost basis at a very reasonable level.

Honduras - Health Sector I (522-0153)

1. FP (6/80) - Financial plan provides \$2,789,000 for TA of total project of \$15,391,000. Detailed tasks for 20 long and short-term advisors are described for each project component. But person months are not provided nor is method of calculating the total cost estimate. But, Annex II E states estimate of \$75,000 per consultant year.
2. FIO/T #00116 (1/82) - Requests noncompetitive procurement of 156 pm of technical services and provides budget of \$1,700,000 (\$10,897 per pm). Detailed work scopes are provided for long and short-term advisors. Services are requested for 30 months.
3. Contract #2005 (1/82) - Contract signed with MSH 1/22/82 for 156 pm at \$1,841,046 (\$11,802 per pm). Contract period is 30 months.
4. Contract Amendment #1 () - Increased total amount to \$2,020,586. No explanation provided.
5. Contract Amendment #3 (8/10/83) - Added 24 pm and increased cost to \$2,953,162 (\$18,073).
6. Contract Amendment #4 (3/24/84) - Added net 4.5 pm and increased cost to \$2,449,211 (\$16,275 per pm).
7. Contract Amendment #5 (7/5/84) - Increased level of effort from 172.5 pm to 243 pm and increased cost to \$2,541,391 (\$10,453 per pm).
8. Contract Amendment #6 (9/13/84) - Increased level of effort from 243 pm to 312 pm, extended completion date from 7/31/84 to 12/31/84, and increased cost to \$3,140,430 (\$10,065 per pm).
9. FP Amendment #1 approved (11/84) - Increased total AID project funds to \$26,700,000, but gave no details about TA.
10. Contract Amendment #8 (2/4/85) - Increased level-of-effort to 434 pm, extended completion date to 6/30/85, and increased cost to \$4,133,729 (\$10,244 per pm).
11. FIO/T #50040 (2/20/85) - Requested solicit proposals for 282 pm technical services for \$4,143,887 for 30 months to continue services of MSH contract #2005 (\$14,695 per pm).
12. Contract #5379 (6/14/85) - Contract signed with MSH to provide 282 pm of field advisors and consultants over 30 months (7/1/85 - 12/31/87) for \$4,723,315 (\$16,749 per pm).
13. FP Amendment #2 (7/86) - Increased total AID project funds to \$30,750,000.
14. A contract amendment is being prepared which will extend the completion date to 6/30/86.

Observations:

- The initial contract was for only a part of the total technical assistance anticipated by the FP. It began 18 months after Project authorization and therefore had only 30 months until the PACD. The GOH had selected MSH through host country contracting process but asked USAID to negotiate contract as direct AID procurement because of difficulties they encountered.

- According to Tom Park, the scope of contract services was more limited than FP anticipated because MOH was skeptical of value of foreign TA at outset.

- The contract was increased steadily from 1983 through 2/85, from \$1,700,000 to \$4,138,729, but level of effort kept pace and person months costs decreased from \$11,802 to \$10,244. According to Park, steady contract services expansion was due to the fact that the consultants proved their worth to the MOH who then asked for more assistance, in additional areas and for more time. Expansion did not occur immediately (1/82 - 8/83) because that was period of consultants and counterparts getting acquainted and consultants becoming productive.

- Park feels steady expansion is result of two factors: 1. successful performance brought requests for additional assistance in excess of FP expectations; and 2. Health Sector I Project and its MSH TA contract were convenient vehicles for using supplemental LAC health funds for Honduras as result of Jackson Plan.

- The basic nature and objective of TA services has not changed throughout the steady expansion. It is still focused on management skills as opposed to health services technologies.

- The new contract cost per pm is a substantial increase over the previous one.

Conclusions:

- The steady cost escalation of this contract corresponded to comparable level-of-effort expansions which were result of successful performance. There were valid reasons for initiating the contract at less than full level-of-effort anticipated in the FP. The incremental approach followed was prudent.

- The contract costs on a per person month basis were very reasonable (\$10,244), but cannot be compared with FP cost estimate because per month costs were not presented, nor was a method of calculating the total TA cost estimate provided.

El Salvador - Health Systems Vitalization (519-0291)

1. PP (Project authorized 9/20/83):

Total AID funds of \$25,000,000 of which \$1,503,000 was for technical assistance. PAOD is 1/31/86. PP includes thorough description of MDH problems and functions of advisors. Detailed work scopes are provided for each advisor within each project component, including person months for each. TA costs estimates are shown per project component.

2. PIO/T #30093 (3/16/84):

Requests 42 pm of TA over 12 month period with intent to extend Team Leader 6 months. Detailed SOAs for Health Supply Mgt Adv. (Team Leader) (12pm), Biomedical Equip., Maintenance Advisor (12pm), Vehicle Maint. Advisor (6pm), and Health Planning Advisor (12pm). Very detailed budget estimates for each advisor plus home office and local office estimates. Total cost estimate \$997,720 (\$23,755 per pm). PIO/T provided only \$750,000.

3. PFF 84-012 (4/9/84, closing 5/24/84):

Requests same LOE and tasks as PIO/T#30093. Provides AID form 1420-1B (10-79) Offeror's Analysis of Cost Proposal, format 1420-41B (4-81) as sample budget format, and 1420-41c (10-82) documentation for Payment format, all slightly different.

4. Contract #4287 (8/10/84):

Contract with Westinghouse for period 8/9/84 to 9/30/85 to provide 44pm of direct labor for \$497,739 (\$11,318 per pm). Level-of-effort same as PIO/T and PFF plus 2pm extra.

5. PIO/T #30093 Amend 1 (1/28/85):

Earmarks \$18,000 for Westinghouse contract #4287 to do civilian trauma victims study. Adds \$18,000 to contract.

6. PIO/T #30093 Amend 2 (2/20/85):

Requests extend vehicle maintenance advisor by 6 months. Adds \$48,000 to contract #4287.

7. Contract #4287 Amend #1 (4/9/85):

Extends Vehicle Maintenance Advisor from 6pm to 10pm and adds Trauma Study to team work scope. Increases total level-of-effort to 86pm (including some local personnel) and adds \$61,047 to budget for new total of \$558,786 (\$6,498 per pm).

8. PIO/T #30093 Amend 4 (7/3/85):

Restores Vehicle Maintenance Advisor to 12 pm from 10 and changes Team

Leader from Health Supply Mgt. Advisor to Health Planner. Also adds \$39,204 to Westinghouse contract #4287 for total of \$597,990.

9. P10/T #40150 (8/26/85):

Provides \$2,749,680 for 106 pm of direct labor technical services for 16 month period until 12/31/86. (\$25,940 per pm). Specialties requested by P10/T is somewhat different from those projected by PP, but emphasis is still on supply management.

10. Contract # 5547:

Health Information Designs contracted for period 9/1/85 to 12/31/86; budget \$2,198,404. Copy available does not mention pm but does identify advisors by functions and with detailed work scopes which conform to P10/T. (\$20,740 or \$22,433 per pm).

11. PP Amendment approved by USAID 9/30/85:

Raises total AID funds to \$35,605,000 and adds \$1,500,000 for TA for a total of \$3,005,000. Revises work scopes and provides detailed job descriptions for each.

12. Contract #4287 (Westinghouse) Amend #2 (12/2/85):

Changes team leader designation from Supply Mgt. Advisor to Health Planner; increases Vehicle Maintenance Advisor from 10pm to 30pm; and rearranges budget line item totals but keeps grand total same at \$558,786 (\$6,352 per pm assuming total 88pm. But, based on 48pm of "key personnel", final unit cost was \$11,645).

13. P10/T Amend #1 (40150)- 3/17/86:

Requests amend contract #5547 with Health Information Designs. Adds some new types of advisors for new total of 248 pm direct labor. P10/T budget not increase from original \$2,749,680 (\$11,087 per pm).

14. Contract #5547 Amend I 9/1/86:

Increased total cost from \$2,198,404 to \$2,511,015 and raises LOE to 248 pm, including 96 pm of new "health assistants". Changes team makeup to conform to PP Amend. and P10/T Amend. (\$10,125 per pm with local health assistants; \$16,519 w/o HA's).

15. PP Project #0308 Health Systems Support - 8/4/86:

Total AID funds \$48,000,000 o/w \$5,855,000 for TA. Proposes LOE of 513 pm for \$11,413 per pm. Essentially continues TA of Project #0291. Focus still on logistics management but makes Health Planner team leader instead of MIS advisor of 0291 contract amendment and adds health services research, training and health education advisors.

16. Contract #5547 Amend.#2 - 11/14/86:

DB

Adds \$408,661 for purchase of MIS equipment. No new pm added. Rest of budget stays the same. New budget \$2,919,676.

17. FIO/T Amend #6 - 12/2/86:

Extends contract from 12/31/86 to 4/30/87 to provide transition to new project 0303. Adds 47 pm direct labor and adds \$516,900 to total \$3,436,576. ($\$3,436,576 - \$408,661 = \$3,027,915/295 = \$10,264$ per pm or \$15,216 per pm w/o local HA's).

18. Contract #5547 Amend #4 - 12/31/86:

Extends completion date to 4/30/87; adds \$516,900. LOE not mentioned in copy available.

19. Contract #5547 Amend #5 - 5/1/87:

Extends completion date to 7/31/87 and adds \$643,504 for new total \$4,080,680. LOE not mentioned in copy available.

Observations:

- Contract period requested by FIO/T #30093 was very short - 12 months. But estimated cost was high.
- Westinghouse contract #4237 terminated on schedule after 12 months.
- FIO/T #40150 requested contract with 8a firm Health Information Designs to continue services provided up to that point by Westinghouse.
- FIO/T pm cost estimate very high at \$25,058 for field advisors. Contract came in at \$22,433 which is also very high, but better. Pm costs improve steadily with amendments, but I do not have final LOE figure.
- TA tasks modifications kept focus on supply management while refining some task definitions based on current needs.
- Total contract costs increased by 171% over the PP estimate, but by only 86% over the initial contract estimate. The LOE increased from 106 pm in the initial contract to 295 (12/2/86) or by 178%. By contrast, person month costs decreased from \$25,940 to \$10,264 (12/2/86).

Conclusions

- Costs did not escalate on a per person month basis, nor due to imprecise line item cost estimating.
- The TA services required were described in great detail in the PP and subsequently in FIO/Ts and contract documents. Some changes were

made from the FP and from the initial contract but they represent reasonable response to changing circumstances and project progress rather than to faulty project design.

- Project 0308 proposes some further changes in TA tasks but essentially continues same basic effort begun by 0291.

Belize - Increased Productivity Through Better Health (505-0018)

1. PP 12/84 and Project authorized 3/21/85. Total AID funds \$7,000,000 of which \$2,627,000 for TA. PP identifies specific long and short term advisors/consultants with number of months and estimated costs for most. Tasks and counterpart units for each advisor are described. Although total pm cannot be determined precisely, average person month cost was estimated to be approximately \$14,000.
2. P/O/T #50007 4/85 requests negotiation of S2 contract to provide 185 pm of long (132pm) and short-term (53pm) technical services for estimated total cost of \$2,620,361 (\$14,164 per pm). Work scopes are taken directly from PP.
3. Contract #6206 signed 2/18/86 with The Pragma Corp. Effective date 1/1/86 and estimated completion 3/31/89. Total estimated cost \$2,697,370 for 190 pm of technical services (\$14,196 per pm).

Observations:

- The contract conforms very closely to the P/O/T and PP in terms of tasks, person months and cost.

Conclusion:

- There has been no cost escalation to date in this procurement.

Dominican Republic - Health Systems Management (517-0153)

Tasks and level-of-effort estimates:

1. PID (7/83) - Estimated 270 pm of long-term TA and 900 pm of short-term TA.
2. PP (1/84) - Estimated 270 pm of long-term TA and 90 pm of short-term TA. Project Description section describes proposed project interventions, including the role of the TA team. It discusses the functions of each long-term advisor and identifies the MOH counterpart unit for each. An illustrative list of short-term consultants is also provided. The TA team functions are discussed frequently throughout the Project Description section. No detailed work scopes are provided in the PP but discussion throughout the text gives a good idea what the advisors are expected to do.

The PP identifies five long-term advisors for 54 pm each (270 pm) plus 90 pm of short-term advisors. Total cost is estimated at \$5,200,000.

3. PP Amendment (7/85):

Project total reduced to \$1.5 million from \$8.0 million. Project Description describes type, level-of-effort and counterpart relationships of advisors - one long-term for 24 months plus 30 pm of short-term consultants. Entire project is now provision of TA (\$1.1 million) with related activities (\$0.4 million). The Financial Plan allocated the \$1.1 million as follows: \$950,000 for 54 pm of TA (\$15,741 per mo.), \$20,000 for a vehicle, and the balance for local office support, residential furniture, and additional technical services if required.

4. P10/T #50143 and 40155 (3/86):

The Mission withheld \$30,000 from the P10/T to purchase residential furniture separately and provided the remaining \$1,070,000 for contracting for the 54 pm of TA, including \$92,550 for local office support, and an unspecified amount available for contingencies. Although recognizing that the funds were probably more than required for the level of services requested, they chose to provide them all in the P10/T in case they were needed.

5. Contract #6038 (8/86):

The winning proposal was for \$660,846 and the total estimated cost of the contract was \$654,769. However, the RFP omitted the local office support component and it was not included in the contract. Consequently, \$46,741 was added to the contract for that purpose in January 1987 for a new total cost of \$701,510 (\$12,991 per pm).

6. Observations:

- The tasks and level-of-effort described in the PP Amendment in July 1985 did not change through the P10/T and contracting stages.

- The contract, as amended, cost \$368,490 less than amount provided for by the PP and P10/T. However, the larger amount represented an allowance for some additional TA if needed for the project and liberal cost estimates as insurance against high proposals. As it turned out, the offers were very reasonable.

- The Mission staff reported that they had no formal guidelines to use for estimating TA costs when preparing PPs and P10/Ts when this procurement was initiated. But soon after, the Mission prepared guidelines for all staff to use.

7. Conclusions:

- This procurement does not represent a problem of cost escalation.

- The PP Amendment cost estimate of \$850,000 for 54 pm of TA was reasonable (\$15,741 per pm).

- Inclusion of the entire \$1,070,000 available from the project in the P10/T created the appearance that the Mission staff greatly overestimated the actual costs.

Caribbean - Regional Pharmaceuticals Management (530-0134)

1. PP 8/85 - RADD 8/5/90:

Total AID funds \$3.5 million, of which \$1,814,400 for TA. Proposed 100 pm LT and 24 pm ST TA (14,400 per pm). TA tasks are described in Implementation Plan, but detailed work scopes are not provided in PP. TA estimated costs are itemized per advisor plus separate amounts for Home Office and Local Office. Advisor cost estimates per month are based on detailed monthly estimate including Overhead, Fee Allowances and Travel.

2. P10/T:

No P10/T because host country contract, although USAID prepared estimates and draft RFP and contract.

3. RFP Issued 11/12/85; closing 12/23/85:

Requests same TA level-of-effort and tasks as proposed in PP. Included description of responsibilities and qualifications for each advisor, and responsibilities for local and home office support. RFP includes equipment component (\$574,500) and participant training component (\$195,100) from PP. RFP does not provide AID cost analysis forms and does not provide any format for offerors' cost proposals.

4. Contract (no number because HQ) 4/23/86:

Term of contract with Management Sciences for Health is 50 months. Total cost estimate is \$2,528,722 of which \$1,907,301 is TA, \$471,600 is equipment, and \$195,000 is Participant training. Level-of effort is 126 pm (\$15,138 per pm for TA only).

Observations:

- PP included more detailed TA cost estimates than most PPs. It showed methodology for arriving at totals.

- Level-of effort and tasks did not change from PP to RFP to contract. Total cost of contract was very close to PP estimate, as was person month unit cost.

Conclusion:

- PP cost and task estimates were well done.

Annex 4

**Sample Cost Estimates
(Project Papers, PIO/Ts & Contracts)**

HAITI - RURAL HEALTH DELIVERY SYSTEM (521-0091)
PROJECT PAPER - Financial Plan

	<u>F.X.</u>	<u>L.C.</u>	<u>TOTAL</u>
VI. <u>Training</u>	<u>400</u>	<u>1,455</u>	<u>1,855</u>
<u>Orientation/Refresher Courses</u>		<u>495</u>	<u>495</u>
<u>Auxiliary Nurses</u>		<u>364</u>	<u>364</u>
<u>Technical Exchange</u>	<u>400</u>		<u>400</u>
<u>Health Agents</u>		<u>313</u>	<u>313</u>
<u>Environmental Sanitation Officers</u>		<u>283</u>	<u>283</u>
VII. <u>Technical Assistance</u>	<u>2,422</u>		<u>2,422</u>
<u>Health Planner (24 P.M.)</u>	<u>177</u>		<u>177</u>
<u>Supply System (36 P.M.)</u>	<u>280</u>		<u>280</u>
<u>Transportation Specialist (48 P.M.)</u>	<u>392</u>		<u>392</u>
<u>Vehicle Maintenance Specialist (12 P.M.)</u>	<u>122</u>		<u>122</u>
<u>Information Systems Specialist (36 P.M.)</u>	<u>280</u>		<u>280</u>
<u>Personnel Mgmt. Specialist (12 P.M.)</u>	<u>111</u>		<u>111</u>
<u>Health Education Trainer (3 P.M.)</u>	<u>24</u>		<u>24</u>
<u>Technical Assistance Contingency</u>	<u>1,036</u>		<u>1,036</u>
Program Budget Advisor (24 P.M.)	177		177
Personnel Training Specialist (24 P.M.)	177		177
Facility Maintenance Advisor (24 P.M.)	177		177
Transportation Training Specialist (24 P.M.)	177		177
Central Regional Supply Training Specialist (24 P.M.)	177		177
Other Short-Term Technical Assistance	151		151
VIII. <u>Evaluation</u>	<u>100</u>		<u>100</u>

HAITI - RURAL HEALTH DELIVERY SYSTEM (521-0091)

PROJECT POPPA - Detailed Cost Analysis

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Annex IV
Page 3 of 7
Exhibit 1
Page 3 of 4

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Item	Unit Cost	Year 1		Year 2		Year 3		Year 4		Year 5		Units	Cost
		Units	Cost										
<u>VI. SALARIES</u>													
Health Agents	\$ 650 ^{5/}	250	162,500	509	330,850	213	138,450	182	118,300	346	224,900	1,500	975,000
Health Agents Trng. Teams	11,400 ^{6/}	5	57,000									5	57,000
Facility Mnt. Tms.													
Port-au-Prince	81,125			1	81,125							1	81,125
Dist/Reg	10,000			2	20,000	1	10,000	1	10,000	1	10,000	5	50,000
Dist.	7,750			4	31,000	1	7,750	2	15,500	4	31,000	11	85,250
<u>VII. TRAINING</u>													
Health Agents	\$ 150 ^{7/}	509	76,350	213	31,950	182	27,300	646	96,900			1,550 ^{9/}	232,500
Auxiliary Nurses	450 ^{8/}	136	61,200	84	37,800	114	51,300	224	101,700			560 ^{10/}	252,000
Refresher/Courses Orient.	75,000		75,000		75,000		75,000		75,000		75,000		375,000
Sanitary Off.	1,000	96	96,000	48	48,000	48	48,000	28	28,000			220	220,000
Technical Exc.	80,000		80,000		80,000		80,000		80,000		80,000		320,000
<u>VIII. TECHNICAL ASSISTANCE</u>													
Health Planner	\$ 6,000 P.M.	1	6,000	12	72,000	11	66,000					24 P.M.	144,000
Supply Specialist	6,000 P.M.		6,000	12	72,000	12	72,000	11	66,000			36 P.M.	216,000
Trans. Specialist	6,000 P.M.	1	6,000	12	72,000	12	72,000	12	72,000	11	66,000	48 P.M.	288,000
Veh. Mnt. Spec.	8,000 P.M.			3	24,000	9	72,000					12 P.M.	96,000
Personnel Spec.	8,000 P.M.	1	8,000	11	88,000							12 P.M.	96,000
Health Ed. Trnr.	8,000 P.M.	1	8,000	2	16,000							3 P.M.	24,000
Information Syst. Spec.	6,000 P.M.	9	54,000	12	72,000	12	72,000	3	18,000			36 P.M.	216,000
Tech. Ass't Contingency													
Long-Term	6,000 P.M.			30	180,000	30	180,000	30	180,000	30	180,000	120 P.M.	720,000
Short-Term	8,000 P.M.			6	48,000	6	48,000	3	24,000			15 P.M.	120,000

HAITI - RURAL HEALTH DELIVERY SYSTEM (521-0091)

ESTIMATED BUDGET

I. Long-Term T.A Salaries:	<u>Position</u>	<u>Person-Months</u>	<u>Annual Cost</u>	<u>Total Cost</u>
	Health Planner (Chief)	36	\$ 45,000	\$135,000
	Management Systems Specialist	24	35,000	70,000
	Training Specialist	24	35,000	70,000
	Financial Advisor	24	35,000	70,000
	Supply system Advisor	24	35,000	70,000
	Vehicle Maintenance Specialist	24	30,000	60,000
	Facility Maintenance Specialist	24	30,000	60,000
	Personnel Specialist	24	35,000	70,000
	Transportation Specialist	24	35,000	70,000
	Totals	228	315,000	675,000

Local Hire (office administration)

1 Secretary	24	7,000	14,000
1 Office Manager	24	15,000	30,000
	48	22,000	44,000
<u>Salary Totals</u>			<u>\$719,000</u>

II. Fringe Benefits = 30% x Salary Costs = \$215,700

III. Overhead = 100% x Salary/Fringe Benefits = \$934,700

V. <u>Allowances</u> = \$10,000/yr x 19 person years . =	<u>\$190,000</u>
VI. <u>Equipment</u> : Office Equipment Required for TA Team (eg. 3 typewriters, desk calculators, etc.)	<u>3,000</u>
VII. <u>Travel and Transportation</u>	<u>\$152,000</u>
VIII. <u>Other Direct Costs</u> :	<u>\$ 20,000</u>
IX. <u>Short-Term Consultants</u> (100 person-months x \$8500/mo.)	<u>850,000</u>
X. <u>Fee</u> (10% of Total)	<u>308,440</u>
Grand Total	<u>\$3,392,840</u> ←

HAITI - RURAL HEALTH DELIVERY SYSTEM PROJECT (521-0091)
Contract w/ MSH

level of effort or until the estimated cost of the work for such period shall have been expended.

ARTICLE VI - ESTIMATED COST, FIXED FEE, AND FINANCING

A. The total estimated cost of this contract to the Government, exclusive of the fixed fee is \$2,660,000. The fixed fee is \$130,000.

B. The Contractor will be reimbursed for the costs incurred by him in performing services hereunder in accordance with the applicable provisions of the Schedule and the General Provisions, subject to the following limitation made in respect thereto:

- | | |
|---|--------------------|
| 1. Total AID dollar funds available for payment and allotted to this Contract. See the clause of the General Provisions entitled "Limitation of Funds" and the article of the Schedule entitled "Budget," if applicable | \$ 843,000 |
| 2. Estimated additional funds which may be provided, if funds are available. See the clause of the General Provisions entitled "Limitation of Funds" and the article of the Schedule entitled "Budget," if applicable | <u>\$1,947,000</u> |
| Total Estimated Contract Cost | <u>\$2,790,000</u> |

ARTICLE VII - BUDGET

The following budget sets limitations for reimbursement of dollar costs for individual line items. Without the prior written approval of the Contracting Officer, the Contractor may not exceed the grand total set forth in the budget hereunder nor may the Contractor exceed the dollar costs for any individual line item by more than 15 percent of such line item.

A. Salaries and Wages

1. Home Office	\$111,500	
2. Field Staff	664,187	
3. Local Staff and fringe benefits	<u>72,750</u>	
	\$848,437	\$848,437

B. <u>FRINGE BENEFITS</u>		\$ 38,784 ✓
C. <u>Consultants</u>		230,000 ✓
D. <u>Overhead</u>		
1. Consultants	\$103,500	
2. Employees	<u>594,564</u>	
	\$698,064	698,064
E. <u>Travel and Transportation</u>		
1. U.S.	\$ 4,500	
2. International	<u>339,600</u>	
	\$344,100	344,100
F. <u>Other Direct Costs</u>		82,462
G. <u>Equipment and Vehicles, Materials and Supplies</u>		
1. Vehicles	\$ 60,000	
2. Equipment and Supplies	<u>11,000</u>	
	\$ 71,000	71,000
H. <u>Allowances</u>		<u>347,153</u>
	TOTAL	\$2,660,000

NOTE: As indicated in Article VI above, the amount of funds currently obligated and available is \$843,000. It is anticipated that this amount will be sufficient for the initial 12 months of contract performance.

ARTICLE VIII - COSTS REIMBURSABLE AND LOGISTIC SUPPORT TO CONTRACTOR

A. United States Dollar Cost -

The United States dollar costs allowable under the contract shall be limited to reasonable, allocable, and necessary costs determined in accordance with the Clause of the General Provisions of this Contract

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BELIZE PROJECT PAPER
INCREASED PRODUCTIVITY THROUGH BETTER HEALTH
(505-0018)

TABLE 5
TECHNICAL ASSISTANCE*
(U.S. \$000)

	FY 85	FY 86	FY 87	FY 88	FY85-88
	84	106	77	78	345.2
I. <u>NMCS/AACP</u>					
<u>A. NMCS</u>	<u>49</u>	<u>60</u>	<u>49</u>	<u>46</u>	<u>204</u>
Entomology	14	7	7	7	35
Epidemiology	14	4	--	4	22
Training	21	7	7	--	35
Management	--	14	7	7	28
Research	--	28	28	28	84
<u>B. AACP</u>	<u>35</u>	<u>46</u>	<u>28</u>	<u>32</u>	<u>141</u>
Entomology	14	7	7	7	35
ULV	14	21	14	14	63
Epidemiology	7	4	--	4	15
Management	--	7	--	--	7
Research	--	7	7	7	21
II. <u>WS/S</u>	<u>259</u>	<u>211</u>	<u>190</u>	<u>172</u>	<u>832</u>
1) <u>WS/S Advisor</u>	<u>160</u>	<u>160</u>	<u>160</u>	<u>160</u>	<u>640</u>
2) <u>Short-term</u>					
<u>Consultants</u>	<u>99</u>	<u>51</u>	<u>30</u>	<u>12</u>	<u>192</u>
- <u>Rural Sociologist/</u>					
<u>Community Development</u>	42	12	12	12	78
- <u>Drilling Rig</u>	12	6	6	--	24
<u>Instructor</u>					
- <u>Appropriate</u>					
<u>Technology</u>	24	12	12	--	48
- <u>Water quality lab</u>	21	21	--	--	42
III. <u>Project Management</u>					
<u>Support</u>	<u>400</u>	<u>400</u>	<u>370</u>	<u>280</u>	<u>1,450</u>
A. <u>Project Manager</u>	180	180	180	180	720
B. <u>CD/HE/T Advisor</u>	160	160	160	70	550
C. <u>Vehicle Maintenance</u>					
<u>Specialist</u>	60	60	30	30	180
<u>TOTAL</u>					
<u>Technical Assistance</u>	<u>743</u>	<u>717</u>	<u>637</u>	<u>530</u>	<u>2,627</u>
A. <u>Long-term</u>	500	500	500	340	1,840
B. <u>Short-term</u>	243	217	137	190	787

Consultant costs estimated at \$14,000/mo; long-term technical assistance costs at \$160,000 to \$180,000 per year. Figures shown here are unadjusted. The inflation and contingency adjustments are made only in the summary tables (1,2, and 3).

TABLE 3

Use of A.I.D. Funds
(U.S. \$ 000)

	FY 1985		FY 1986		FY 1987		FY 1988		FY 1985-88	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
1. <u>Technical Assistance</u>	743	-	717	-	637	-	530	-	2627	-
I. <u>NMCS/AACP</u>	84	-	106	-	77	-	78	-	345	-
A. NMCS	49	-	60	-	49	-	46	-	204	-
B. AACP	35	-	46	-	28	-	32	-	141	-
II. <u>WS/S</u>	259	-	211	-	190	-	172	-	832	-
III. <u>Management Support</u>	400	-	400	-	370	-	280	-	1450	-
2. <u>Operational Research</u>	7	10	28	24	21	23	21	15	77	72
I. <u>NMCS/AACP</u>	5	7	25	20	20	20	18	11	68	58
A. NMCS	5	7	22	18	17	18	16	8	60	51
B. AACP	-	-	3	2	3	2	2	3	8	7
II. <u>WS/S</u>	2	3	3	4	1	3	3	4	9	14
A. Supply & San.	1	2	2	2	1	2	1	2	5	8
B. Quality Control	1	1	1	2	-	1	2	2	4	6
3. <u>Training</u>	46	31	53	24	75	22	53	20	227	97
I. <u>NMCS/AACP</u>	10	10	33	10	45	12	39	12	127	44
A. NMCS	15	1	20	1	30	1	14	1	79	4
B. AACP	21	20	-	13	-	9	-	7	21	49
II. <u>WS/S</u>	-	165	-	-	-	-	-	-	-	165
4. <u>Construction</u>	-	125	-	-	-	-	-	-	-	125
I. <u>NMCS/AACP</u>	-	40	-	-	-	-	-	-	-	40
II. <u>WS/S</u>	-	-	-	-	-	-	-	-	-	-

ILLUSTRATIVE BUDGET

The technical services required by this PIO/T are expected to begin on June 15, 1985 and end on March 31, 1989.

<u>CATEGORY</u>	<u>DESCRIPTION</u>	<u>ESTIMATED COST</u>	<u>1st Year</u>
Long-term Advisor's Salaries and Post Differential	Project Manager 48 pm (\$4,150/month + 25%)	LOP \$199,200 49,800	\$ 49,800 12,450
	Sub-total	\$249,000	\$ 62,250
	Community Development/Health Educator/Trainer 36 pm (\$3,250/month + 25%)	\$117,000 29,250	\$ 39,000 9,750
	Sub-total	\$146,250	\$ 48,750
Water Supply and Sanitation Advisor 48 pm (\$3,250/month + 25%)	Water Supply and Sanitation Advisor 48 pm (\$3,250/month + 25%)	\$156,000 \$ 39,000	\$ 39,000 \$ 9,750
	Sub-total	\$195,000	\$ 48,750
	Total	\$590,250	\$159,750
	Fringe Benefits	FICA (7.05% of salaries) DBA Insurance (2.25% of salaries and post differential)	\$ 41,612 \$ 13,281
	Total	\$ 54,893	\$ 14,857
Transportation and Travel	International Travel		
	To and from post x 3 families 600 each person		
	R & R from post x 3 families 620 each person		
	HL from post x 3 families 600 each person	\$ 16,380	\$ 5,400
	In-country travel	\$ 5,000	\$ 1,700
	Total	\$ 21,380	\$ 7,100
Allowances	Housing and utilities x 3	\$264,000	\$ 72,000
	Shipping to post and return (Air freight/HHE/car/and HL air freight)	\$ 26,600	\$ 13,300
	Temporary lodging x 3	\$ 13,500	\$ 13,500
	Foreign transfer x 3	\$ 2,250	\$ 2,250
	Total	\$306,350	\$101,050
Consultants	Various short-term technicians (see Attachment 1) (includes all costs for consultants)	\$787,000	\$262,350

Other Direct Cost	Secretarial services 96 pm (\$450 pm)	\$ 43,200	\$ 10,200
Overhead	Estimated at 50% of direct costs	295,125	\$ 79,875
Fixed Fee or Profit	Estimated at 10%	\$ 180,308	\$ 55,375
Inflation	5%	\$ 114,000	\$ 34,450
Contingency	10%	\$ 227,855	\$ 68,900
		<u>\$2,620,361</u>	<u>\$794,507</u>
rounded to			\$800,000

MELI/E 505-0018
Contract w/ The Program Corp.

Attachment A

Budget

(1/1/86 - 3/31/89)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>YEAR 4</u>	<u>Total</u>
1. Salaries	122,378	124,763	132,572	40,715	420,428
2. Consultants	17,600	17,600	17,600	15,400	68,200
3. Fringe Benefits	42,832	43,667	46,400	14,250	147,149
4. Overhead	106,030	107,897	114,012	40,812	368,751
5. Travel/Transportation	24,829	11,619	16,070	13,275	65,793
6. Allowances	55,304	55,758	56,924	17,985	185,971
7. Other Direct Costs	11,960	11,534	11,694	5,300	40,488
8. Subcontract	<u>350,900</u>	<u>426,978</u>	<u>368,953</u>	<u>76,263</u>	<u>1,223,094</u>
TOTAL ESTIMATED COSTS	731,833	799,816	764,225	224,000	2,519,874
9. Fixed Fee	<u>51,524</u>	<u>56,284</u>	<u>53,794</u>	<u>15,794</u>	<u>177,396</u>
TOTAL ESTIMATED COST PLUS FEE	783,357	856,100	818,019	239,794	2,697,270

2. Financial Plan

A brief explanation of each project component is provided below:

a. Technical Assistance: (\$1,100,000 Grant; 250,000 GODR)

The technical assistance component involves one long-term resident advisor for 2 years and 30 person-months of short-term technical assistance (\$850,000). Funds will also be available to provide 1 bilingual secretary, minimum office furniture and equipment, and a set of residential furniture for the long-term advisor. A general purpose vehicle will be purchased for project support (\$20,000). The balance of the foreign exchange currency for this category will be reserved for contracting additional technical services if required. The GODR contribution involves in-kind contributions to cover salaries of the SESPAS Project Coordinator and counterpart staff to the long and short-term advisors, and office space.

USAID will contract the technical assistance firm on behalf of SESPAS.

b. Management Interventions: (\$50,000 GODR)

These monies represent in-kind and cash counterpart contributions for salaries, per diem, materials and computer analysis to carry out the baseline survey.

c. Skills Training: (\$25,000 Grant; \$25,000 GODR)

Skills training will center on teaching new administrative procedures through workshops and seminars. Grant funds will cover materials development and per diems while the GODR will cover salaries, some materials and training facilities.

d. Participant Training: (\$15,000 Grant)

This sum will provide several key SESPAS staff members with the opportunity to attend short-term courses in the U.S. or a third country on the management of health services. Courses sponsored by U.S. universities, PAHO and PVOs will be considered.

e. Disease Control: (\$250,000 Grant; \$150,000 GODR)

The disease control component will be carried out in conjunction with the Center for Disease Control. Under the dengue/yellow fever element (\$100,000), A.I.D. will finance a small amount of laboratory equipment and training of Dominican laboratory personnel in disease identification and surveillance. Under the schistosomiasis element A.I.D. funds (\$150,000) will finance two

ILLUSTRATIVE BUDGET

The technical assistance to be provided under this budget consists of one long-term resident advisor (24 months) and 30 person-months of short term consultation services.

	<u>AMOUNT</u> (US\$)	<u>SUB-TOTAL</u> (US\$)
I. <u>Salaries</u>		301,000
Long-term TA (1 technician for (2 years at \$55,000 p/a)	110,000	
Short-term TA (30 p/m at \$4,500 p/m)	135,000	
FICA (7.15% of base salaries, up to \$42,000)	16,000	
Local Short-term TA to complement US TA	40,000	
II. <u>Allowances</u>		70,100
Post Differential (LT-TA at 10% of Salary)	11,000	
Housing Allowance (LT-TA only based on family of four).	19,800	
Education Allowance (LT-TA only based on two children of HS age at \$3,700 ea.)	14,800	
Shipping UAB (airfreight) (LT-TA only based on family of 700 lbs/Chicago - Santo Domingo - Chicago).	2,000	

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Shipping/storage of HHE (LT-TA only. Combined total 18,000 lbs; store 10,800 lbs; ship 7,200 lbs. Chicago - Sto. Dgo. - Chicago via surface)	20,000	
Shipping POV (LT-TA only Chicago- Sto. Dgo.)	2,500	
III. <u>Travel</u>		17,330
LT-TA assignment to post and return (family of 4 Chicago - Santo Domingo - Chicago at \$ 624./trip)	2,496	
LT-TA int'l travel (2 work-related RT to US at \$600 ea.)	1,200	
LT-TA in-country travel (based on 10 trips at \$50 ea.)	500	
LT-TA R+R travel (4 RT Sto. Dgo. - Mexico - Santo Domingo)	2,400	
ST-TA int'l travel (based on 4 ST consultants at 4 RT ea from Chicago - Santo Domingo - Chicago)	9,984	
ST-TA in-country travel (based on 15 trips at \$50 ea.)	750	



IV.	<u>Per diem</u>		58,730
	LT-TA assignment to post-travel status per diem \$20 per person	80	
	LT-TA int'l travel (based on 12 at \$75.00/day)	900	
	LT-TA in-country (based on 30 days at \$45/day)	1,350	
	ST-TA int'l travel (based on 16 RT at \$75 per day in each direction)	2,400	
	ST-TA in-country (based on 900 days at \$60 /day average)	54,000	
V.	<u>Office Costs</u> (Dom. Rep.)		92,550
	Program Analyst (\$650 per month including fringe for 2 yrs.)	15,600	
	Secretary, bilingual (\$400 per month including fringe for 2 yrs.)	9,600	
	Driver/Messenger (\$200 per month including fringe for 2 yrs.)	4,800	
	Office Equipment	-	
	2 elec. typewriters at \$800 ea.	1,600	
	1 calculator	150	
	1 copy machine (lease)	1,000	

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2 air conditioners	1,000	
1 PC Computer with software, UPS and stand.	12,000	
Office Furniture	8,000	
Office Supplies	8,000	
Telephone and mail (at \$250 per mon.)	6,000	
Vehicle, general purpose (incl. shipping)	20,000	
Vehicle maintenance (at \$200/month)	4,800	
VI. <u>Other Expenses</u>		
Contractor Overhead (based on 125% of salaries)		356,250
U.S. Embassy JAO Administrative fee (LT-TA only)		10,000
Fixed fee, misc. expenses, and contingency		<u>164,040</u>
	TOTAL	<u>1,070,000</u>

Drafted by:
 HPD:LRHougen:ao
 2/26/86

ID-0152h

DOMINICAN REPUBLIC
(517-0153)

CONTRACT w/ CLAPP + MAYNIE

B. Itemized Budget

<u>Category</u>	<u>Budget Amount</u>
Salaries and Wages	\$ 152,884
Fringe Benefits and DEA	25,806
Overhead	107,214
Consultants	
Subcontracts	236,474
Travel, Transportation, and Storage	14,324
Allowances and Per Diem	57,667
Other Direct Costs Incl. Communications, Visas, Med. Exams and Misc.	6,400
	600,769
<i>Fixed Fee</i>	<i>54,000</i>
TOTAL ESTIMATED COST	<u>654,769</u>

C. The Contractor agrees to furnish data which the Contracting Officer may request on costs expended or accrued under this contract in support of the budget information provided herein.

4. Cost Reimbursable and Logistic Support to the Contractor

A. United States Dollar Cost

The United States dollar costs allowable under this contract shall be limited to reasonable, allocable, and necessary costs determined in accordance with the clause of this contract entitled "Allowable Cost and Payment."

B. Logistic Support

SESPAS will provide the Contractor with office space. AID will provide furniture and household equipment (HHE) to the long term advisor. The long term advisor will have duty free entry for HHE and a personal vehicle. Health Room and Commissary privileges will be provided in accordance with Mission policy.

5. Payment of Fixed Fee

At the time of each payment to the Contractor or account of allowable dollar costs, the Contractor shall be paid a dollar amount which is in the same ratio to the total fixed fee as the related payment being

AID FINANCED TECHNICAL ASSISTANCE COSTS

	Project Year					TOTAL
	1	2	3	4	5	
1. Long-Term Personnel (\$12,000/mo)						
- Project Director/Logistics Mgmt Specialist	96,000	144,000	144,000	48,000		432,000
- ECDS Interim Director for Procurement and Drug Services	96,000	144,000	120,000			360,000
- Logistics Management Advisor # 1	96,000	120,000				216,000
- Logistics Management Advisor # 2	96,000	120,000				216,000
2. Short-Term Personnel (\$12,000/mo)						
- Assistance primarily to the ECDS regional center	36,000	24,000	12,000	24,000	24,000	120,000
- Assistance primarily to the country level	24,000	24,000	24,000	48,000	48,000	168,000
<u>Sub-total Long + Short Term TA Costs:</u>	444,000	576,000	300,000	120,000	72,000	1,512,000
3. Home Office Backstopping for TA (12% of above sub-total)	53,280	69,120	36,000	14,400	8,640	181,440
4. Local Office Support for TA (8% of above sub-total)	35,520	46,080	24,000	9,600	5,760	120,960
TOTAL	532,800	691,200	360,000	144,000	86,400	1,814,400
Start-up PSC (3 months)						
- Salary \$4,000/mo	12,000					12,000
- Per diem \$100/day	9,000					9,000
- Airfares 12 trips @ \$165/trip + 1 @ \$600	2,580					2,580
- Miscellaneous expenditures @ \$1,000/mo	3,000					3,000
PSC Sub-Total	26,580					26,580

CARIBBEAN PROJECT (538-0134)

Contract w/ MSH

ANNEX 11

CONTRACT BUDGET

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salaries :	\$ 66,370	1210,750	1108,100	1 98,052	1 43,647	4610,543
Consultants :	0	7,075	0,000	0,482	0	24,826
Overhead :	51,233	170,799	147,201	70,472	32,654	476,379
Travel, Per Diem :	110,997	124,374	172,109	93,357	16,655	517,491
Allowances :	27,466	67,706	47,112	8,954	0	151,438
Other Direct Costs:	14,976	40,456	40,678	23,569	6,803	126,484
Equip., Vehicles Materials & Supp :	162,700	114,700	99,700	24,500	0	401,600
Partic. Training :	0	65,000	60,000	60,000	10,000	195,000
Subcontract Comp. Services :	3,750	11,250	10,000	0	0	25,000
GRAND TOTAL :	1437,494	1820,510	1765,411	1395,585	1109,760	12,528,762

Total Amount of this contract may not be exceeded, however, amounts in the line items above may be adjusted by 15% within the total cost of this contract without prior approval of the Contracting Agency.

The budget has been prepared according to MSH fiscal years which begin on July 1 and end on June 30. The first budget year therefore covers the period from the beginning of this contract until June 30, 1986