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| **Annex 2 Guide to Creating a Financial Proposal for a Fixed Price Subcontract** |
| The purpose of this annex is to guide offerors in creating a budget for their cost proposal. Because the subcontract will be funded under a United States government-funded project, it is important that all offerors’ budgets conform to this standard format. It is thus recommended that offerors follow the steps described below.  |
| Step 1: Design the technical proposal. Offerors should examine the market for the proposed activity and realistically assess how they can meet the needs as described in this RFP, specifically in section II. Offerors should present and describe this assessment in their technical proposals.  |
| Step 2: Determine the basic costs associated with each deliverable. The cost proposal should provide the best estimate of the costs associated with each deliverable, which should include labor and all non-labor costs, e.g. other direct costs, such as fringe, allowances, travel and transport, etc.Other direct costs, i.e. non-labor, include for example the following: 1. Local travel and transportation, and associated travel expenses, if applicable,
2. Lodging and per diem expenses associated with travel, if applicable,
3. Rent
4. Utilities
5. Communications
6. Office supplies

Under no circumstances may cost information be included in the technical proposal. No cost information or any prices, whether for deliverables or line items, may be included in the technical proposal. Cost information must only be shown in the cost proposal. |
| Step 3: Create a budget for the cost proposal. Each offeror must create a budget using a spreadsheet program compatible with MS Excel. The budget period should follow the technical proposal period. A sample budget is shown on the following page.Step 4: Write Cost Notes. The spreadsheets shall be accompanied by written notes in MS Word that explain each cost line item and the assumption why a cost is being budgeted as well as how the amount is reasonable.  |

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| **Sample Budget**  |
| Offerors should revise the budget line items accordingly in response to the technical and cost requirements of this RFP.  |



Instruction: Please use the attached budget template for creating cost proposal.