Center
of Excellence
in Finance

Costing of ERP structural reforms

Data requirements and sources

How is costing done for ERP

The costing table

Table 10a: Costing of structural reform measure:
(NAME OF THE MEASURE) (in EUR) (Fill in one per reform)

Year	Salaries	Goods and services	Subsidies and transfers	Capital expenditure	Total
Year X					
Year X+1					
Year X+2					

Only "additional costs" - costs that would not be there if there was no measure.

If a measure is composed of several activities, a sub-table for each of them has to be prepared as an input for the summary table

How is budgeting done for ERP

The financing table

Table 10b: Financing of structural reform measure:
(NAME OF THE MEASURE) (in EUR) (Fill in one per reform)

Year	Central budget	Local budget	Other public finance	IPA funds	Other grants	Project loans	To be deter-mined	Total
Year X								
Year X+1								
Year X+2								

Only financial resources 'to be realistically provided'.

Example 1

Increasing inclusion in pre-school education

Parliament approved a law on compulsury pre-school education at the age of 5, with accompanying measures to increase enrolment from 75 to 100 % in 3 years.

Activities:
- Opening of new pre-school centres
- Hiring of additional teachers
- Subsidy to poor families for cost of pre-school

Questions
- How would you approach the costing of this measure?
- What kind of data would need?
- Where would you look for this data?

Example 2

Youth employment support programme

Government approved a set of measures to support youth employment, to be implemented by Public Employment Service (PES).

Activities:
- Developing labour market information system
- Hiring 20 additional employment consultants at the PES
- Training of the newly employed consultants
- Provision of wage subsidy (25% of total wage cost)

Questions
- How would you approach the costing of this measure?
- What kind of data would need?
- Where would you look for this data?

Summary

Sources of data typically used for costing

Accounting records

Statistical data

Invoices and contracts

Administrative records

Inventory lists

Project planning documentation

Procurement reports

Market scoping

Budget/expenditure reports

Support

Use of standardized unit prices for typical inputs

Salaries by qualification/rank

Office equipment, supplies, communication – per person/year

Office rent, utilities, maintenance – per square meter

Training – per person/day, at home or abroad

Expertise – per expert/day, national/international; per unit of output

Awareness materials – printed material, webpage, advertising space, event

Any existing normatives – travel and per diem allowances

Monitoring of actual cost

Requires tagging accounting records of expenditured for activites – by budget activities, action plan activities, or specially designed codes

Helps re-estimation of cost estimates during implementation

Enables reacting to cost over-runs / shortfall of financing

Provides an input to economic / eficiency evaluation

Requires – same as costing – cooperation between policy and budget department in the ministry / implementing institution

Budgeting for costs

Results of costing should **feed directly into the medium-term and annual budget planning process**.

Institutions responsible for implementation should use the results of the costing exercise **to produce well-justified mid-term and annual budget requests to the MoF**, in accordance with the national budget planning formats and requirements, **as well as funding proposals for donors**.

The government and donors should use this information for the purpose of mid-term and annual budget and financial planning.

Financial planning based on properly costed action plans should also **contribute to better coordination of the overall government and donor support**, avoiding duplication of effort and creating synergies.