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# COST REPORTING GUIDANCE FOR USAID-FUNDED EDUCATION ACTIVITIES

2018

# Cost Reporting Guidance for USAID-Funded Education Activities

Office of Education, Bureau for Economic Growth, Education, and Environment (E3)

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

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# 1. Guidance Objective and Audience

This guidance document is produced by the USAID Office of Education for USAID Agreement and Contracting Officers' Representatives (A/CORs) at USAID Missions and their implementing partners. The objective of this guidance is to standardize reporting on costs of USAID-funded activities in the education sector across all USAID Missions. USAID will use cost data to advance host country self-reliance through cost data-informed decisions, and for internal planning, budgeting, and reporting to stakeholders. The guidance<sup>1</sup> builds on existing USAID systems of financial and performance reporting to avoid duplication or parallel reporting. Cost reporting is comprised of three critical areas:

1. Expenditure;
2. Contributions of government and non-government partners; and
3. Details on outputs and intervention dosage of activities, to supplement existing reporting through the PPR system.

This guidance outlines the overall principles of cost reporting. In-depth guidelines on how to report on expenditure, contributions, and details of outputs and intervention dosage are found in accompanying annexes, published as a separate document.

**In alignment with USAID Education Policy (2018) and its implementation guidance, the USAID Office of Education strongly encourages A/CORs to require cost reporting in all new USAID-funded awards (contracts and grants) beginning January 2019. Ongoing awards that already require cost reporting should be updated to reflect this guidance in future reporting, but are not required to retroactively apply it to data already reported. Ongoing awards that do not include cost reporting requirement should not be modified to require it. Issues regarding contractual and agreement requirements for individual implementing mechanisms should be directed to the respective A/CORs and Agreement and Contracting Officers (A/COs).**

## 2. Why Capture Costs?

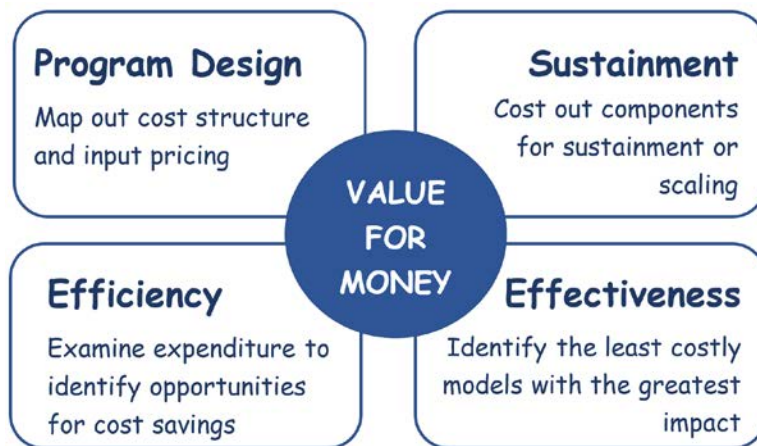
USAID's investments in education focus on improving education outcomes and safety in primary grades, livelihoods and employment outcomes in youth workforce development, and quality and equity in higher education. Central to these objectives is an understanding of what works and how best to employ resources, based on data and evidence. To ensure evidence-based programming and strong public-resource investment management, USAID needs better data on the effects of, and costs associated with, education interventions. While the field has made great strides in recent years to raise the number and quality of impact evaluations, the results are incomplete without comprehensive cost data for these interventions. These comprehensive data on the costs of USAID-funded education interventions are an essential input in determining how effective interventions can be scaled, sustained, and support each country's journey to self-reliance.

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<sup>1</sup> Guidance and templates are based on extensive consultations with USAID staff, implementing partners and experts, and were refined based on an 18-month pilot application by six partners in eleven countries.

At a fundamental level, the cost<sup>2</sup> for specific components of common USAID-funded education interventions, such as teacher training or the production of teaching and learning materials, is poorly understood. This is due to a lack of sufficiently detailed and categorized data on expenditure and external inputs. Routinely collecting such data to measure actual costs of education programming would allow the Agency to better understand the levels of investment needed to produce outputs and outcomes of interest and will inform strategic decisions relating to education programming. An analysis of costs of USAID-funded education interventions is therefore an essential part of improving accountability, transparency, and value for money. Improved understanding of the cost structure of donor-funded interventions will also help set realistic expectations and help maximize limited resources allocated to supporting education in developing countries.

Figure 1. Objectives of Cost Reporting



Specifically, collecting cost data will help USAID accomplish the following objectives (Figure 1):

1. Program design: map out program cost structure, including country-level pricing for common inputs to inform program design, planning, and budgeting.
2. Efficiency: examine expenditure to identify opportunities for cost savings and estimate levels of investment needed to produce desired outputs; calculate unit costs of producing the same outputs across different contexts.
3. Effectiveness: calculate cost per attributable outcome and cost-effectiveness of comparable interventions to identify the least costly models with the greatest impact on the outcomes of interest.
4. Sustainment: cost out intervention components for scaling or sustainment by partner governments.

To accomplish these objectives, the USAID education sector must improve the comparability of cost data across its education programs. To do this, USAID is standardizing reporting of: 1) activity-related<sup>3</sup> expenditure across implementing partners, and 2) how data on inputs from other sources are captured. Standardization will enable USAID Missions and USAID/Washington to conduct routine analyses<sup>4</sup> of cost data, including associated context and intervention information as well as evaluation data,<sup>5</sup> where available.

<sup>2</sup> While the approach described in this guidance was informed in large part by the work of H. Levin, P. McEwan, and others who developed the “ingredients method” in the cost-effectiveness analysis in education, there are practical constraints for using their definition of “cost” in the international development context. While Levin and McEwan define cost as “the value of the resources that are given up by society to effect the result,” this guidance uses the term “cost” as a sum of actual expenditure and the value of contributions by other parties, including the opportunity cost of donated labor.

<sup>3</sup> Throughout this document, the definition of “activity” follows ADS 201: “An activity carries out an intervention, or set of interventions, typically through a contract, grant, or agreement with another U.S. Government agency or with the partner country government.” (USAID ADS 201, p.138, 2016)

<sup>4</sup> USAID’s Cost Data Analysis Toolkit for the Education Sector will be released in 2019.

<sup>5</sup> USAID partners are encouraged to analyze their cost data to inform planning, budgeting, and management of their activities.

The result of these analyses will be used to inform our understanding of the current structure of expenditure across the USAID education portfolio, understand regional and program-related cost differences, establish relationships between levels of investment and results, and understand the role of such mediating factors as the amount of government and/or non-government support, among other things. The findings will inform dialog with host country governments on scaling and sustaining education interventions, as well as internally for project and activity planning and budgeting by USAID Missions.

### 3. Cost Reporting Categories

The guidance outlines how to track and report on expenditures for USAID-funded education activities. This approach is based on the Agency’s experience with implementing interventions to improve education and workforce development outcomes over the past decade. It builds on existing practices of expenditure reporting, which involves capturing staff time spent on tasks using time sheets and reporting to USAID Missions through financial reports and invoicing. The approach outlined in this Guidance modifies existing practices through the introduction of **standard reporting categories** that correspond to the most common tasks of USAID-funded activities in education. These standard reporting categories, as listed below, are described in detail in Annex A of the guidance.

#### Standard Cost Categories in USAID Education Programming

- |                   |  |
|-------------------|--|
| Cost category 1.  | General operations, management, and reporting                    |
| Cost category 2.  | Assessments and evaluations                                      |
| Cost category 3.  | Higher education/Pre-service teacher training                    |
| Cost category 4.  | In-service teacher training                                      |
| Cost category 5.  | Teaching and learning materials                                  |
| Cost category 6.  | System strengthening   |
| Cost category 7.  | Private sector engagement  |
| Cost category 8.  | Parents/community engagement                                     |
| Cost category 9.  | Safe schools and infrastructure                                  |
| Cost category 10. | Grants, scholarships, and cash transfers to individuals/families |
| Cost category 11. | Grants to organizations  |
| Cost category 12. | Other  |

Partners are expected to report on the breakdown of expenditure for each cost category using components referred to as “ingredients.” “Ingredients” are: labor, materials, rent, travel, and other types of expenditure, as captured through the partner’s accounting system for the reporting period (Figure 2). Labor costs are to be captured in real time, using time sheets. In reporting, it is recommended to use standard invoice line items, including associated overhead recovery. Labor costs of international staff are to be reported separately from locally hired labor.

USAID-funded education activities should select which cost categories to report on based on the statement of work. It is not expected that any activity will need to report on all categories; activities will select those categories that are most closely aligned with their scope of work and report only on those. While the overall expenditure **categories** are expected to be adopted by implementing partners without modifications, most of the illustrative **sub-categories** (Table 1) are flexible and should be established through a consultative process with the USAID Mission, host country government, the implementing partner, and, if applicable, the evaluation partner. Section 4 of this guidance illustrates how cost analysis questions help determine which sub-categories are needed to answer specific policy or research questions that the Mission, the government, or implementing partner may have.

Figure 2. Examples of ingredients in teacher training cost reporting category

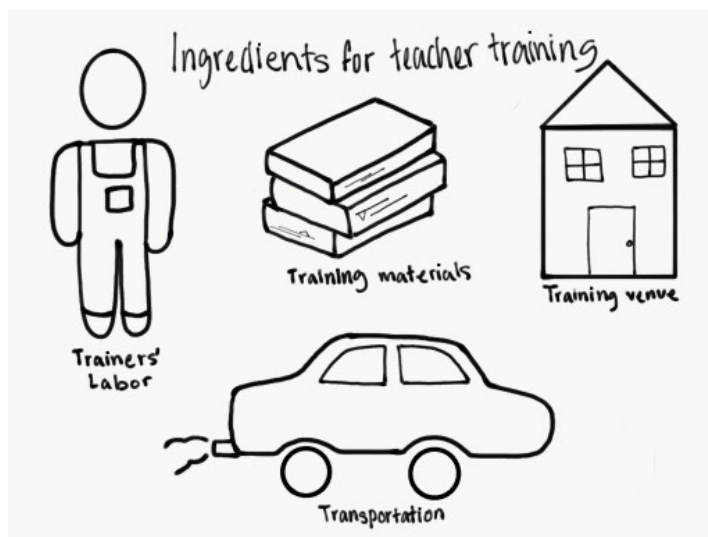


Image credit: Eimear de Bhaile

Table 1. Standard Cost Reporting Categories and Sub-Categories

#	Standard Category	Illustrative Sub-Categories
1.	General operations, management, and reporting	a. General operations b. General management c. Donor reporting
2.	Assessments and evaluations	a. Learning assessments and evaluations b. Research and learning agendas
3.	Higher education/Pre-service teacher training	a. Intervention development (non-recurrent costs) b. Intervention implementation (recurrent costs)
4.	In-service teacher training	a. Intervention development (non-recurrent costs) b. Intervention implementation (recurrent costs)
5.	Teaching and learning materials (TLM)	a. New TLM development and testing (non-recurrent costs) b. Production and distribution of TLMs (recurrent costs)
6.	System strengthening	a. Policy revision/development b. Capacity building c. Data systems strengthening (monitoring, EMIS)
7.	Private sector engagement	a. Public-private partnership development b. Internships/direct placement c. Labor market assessments
8.	Parents/community engagement	a. Intervention development (non-recurrent costs) b. Intervention implementation (recurrent costs)
9.	Safe schools and infrastructure	a. Permanent schools/classrooms (construction, furniture, supplies) b. Temporary schools/classrooms (construction, furniture, supplies) c. School policies relating to safety

#	Standard Category	Illustrative Sub-Categories
10.	Grants, scholarships, and cash transfers	a. Scholarships b. Grants to individuals c. Cash transfers
11.	Block grants	a. To government institutions b. To non-government organizations c. Payments for direct service delivery
12.	Other (if applicable)	As appropriate

Determining whether and which sub-categories to include in the cost reporting system must be driven chiefly by policy and sustainability questions. The following sections outline the main considerations for decision making relating to selection of sub-categories.

### Sub-Categories for Policy or Research Questions

USAID Office of Education recommends isolating costs through sub-category codes when it helps to answer important policy or research questions. The selection of sub-categories determines which types of cost analyses are possible once the data are collected, and what questions can be answered.

*Table 2. Examples of Using Sub-Categories to Answer Policy/Research Questions*

Common Policy/Research Questions	Sub-Categories to Add
The host government partner wants to know the cost of producing books in a mother tongue compared to development and production of books in English.	“Category 5 – TLMs” should include a sub-category for TLMs in the mother tongue and a separate sub-category for TLMs in English.
The Mission wants to know the cost effectiveness of teacher coaching versus the cascade teacher training model, to establish sustainability potential of coaching.	“Category 4 – In-service teacher training” should include a sub-category for developing and/or implementing the coaching model, and a sub-category for developing and/or implementing a cascade teacher training model.
The implementing partner wants to know cost of building schools in remote versus accessible areas (addressing equity considerations).	“Category 9 – Safe schools” should include separate sub-categories for construction in remote areas and accessible areas

### Sub-Categories for Scale and Sustainment Questions

The **development** and **implementation** sub-categories allow for the capture of differences in upfront, non-recurring<sup>6</sup> investments for designing different components (“development” costs), and in expenses incurred for implementing each of them on an ongoing basis, including any necessary adaptations (“implementation” costs). Isolating development costs allows analysts to more accurately estimate the

<sup>6</sup> Adaptation of the implementation approach or specific content is not considered to be “development.” For example, if a project is being gradually rolled out in multiple provinces, an adaptation of the strategy, materials, etc., may be necessary in each new province. Generally, such adaptation does not warrant a creation of the “development” sub-category. Furthermore, projects are generally expected to routinely learn from their implementation process and adapt in response. Only substantial, non-recurring development activities should be captured under “development” sub-category.



cost of scaling or sustaining interventions by partner governments or private donors after the end of the USAID-funded activity. Activities that include a substantial development component in their scope of work, e.g., around or exceeding 3 to 5 percent of the overall budget, should capture differences in expenditure between development and implementation through dedicated sub-categories.

Table 3 shows a few common examples of when and how to divide a cost category into “development” and “implementation” sub-categories.

*Table 3. Examples of Applying Development and Implementation Sub-Categories*

<b>Cost Category</b>	<b>Examples of Tasks to Include in Development Sub-Category</b>	<b>Examples of Tasks to Include in Implementation Sub-Category</b>
In-Service Teacher Training	Labor and other costs associated with designing teacher training model, developing training materials	Labor and other costs associated with delivering training, all other recurrent costs
Teaching and Learning Materials	Labor and other costs associated with developing curricula and materials, creation of instructional software	Production and distribution of books and materials, instructional technology
Parents/Community Engagement	Labor and other costs associated with designing parent training approach	Labor and other costs associated with delivering training to parents

Adaptations, course corrections, and adjustments made during implementation as part of adaptive management of the project are considered a part of the implementation process and should not be billed to “development” sub-categories.

## Understanding USAID-Specific Costs

In addition to cost data disaggregation by different types of common education-activity tasks, it is important to isolate costs of operations that are unique to USAID-funded programs. These costs include expenditure to set up and close out the activity, costs associated with USAID compliance and reporting, security, transportation, and rent. When estimating costs of the scale-up or sustainment of the intervention by host country governments, these costs should not be included since the county education system is likely to have those inputs already available. As such, they need to be recorded separately in the cost data, so they can be omitted at the analysis stage. These **USAID-specific** costs must be captured accurately in Category I: General operations, management, and reporting.

To enable USAID to more accurately estimate costs of operations in different contexts, partners are encouraged to report cost data on the following sub-categories: a) operations, b) management, and c) donor reporting. It is important to only include management of the entire project in the “management” sub-category of Category I, such as labor and travel of the project director and the chief of party. Management labor for specific technical tasks should be billed to associated technical cost categories. See Annex A for definitions and guidance on reporting.

## 4. Selecting Reporting Categories

During an activity startup phase, it is important to consult with key stakeholders when deciding on which cost categories and sub-categories should be included in the activity accounting system. These stakeholders are likely to include USAID, host country government, and the evaluators engaged with the activity. In considering stakeholders, it is important to involve those who might be using the results of cost analyses in future. The steps below illustrate this process of selecting cost reporting categories.

**Step 1.** Match activity objectives with expenditure categories; select the most appropriate categories. “Category 1. General operations, management and reporting” is expected to be included in cost reporting for all activities. “Category 2. Assessments and evaluations” is also likely to be part of reporting by USAID-funded activities.

**Step 2.** Determine which categories will need sub-categories. For example, activities with large development components are required to separately track development and implementation tasks within relevant cost categories. This step requires consultation with the Mission, and if applicable, an external evaluation partner, to determine what data are needed to answer key policy questions. Policy and research questions should also be considered.

**Step 3.** If the cost-effectiveness of different models is a key policy and/or sustainability question, determine if there is need to collect cost data separately for different intervention models. For example, if the activity is implementing different models of entrepreneurship training and the evaluation is designed to compare the results, collecting cost data on each model is necessary to enable cost-effectiveness comparisons of these different models. In such cases it would be necessary to report on cost data for different models separately.

In the first quarter of the activity, the partner is responsible for selecting the overall cost reporting categories and developing a cost reporting manual, with descriptions of each category for staff and sub-contractors. Descriptions of what activities are included within each of the cost reporting categories enable staff and sub-contractors to easily categorize and bill their time correctly.

A selection of sub-categories may be warranted if important policy or research questions can only be answered by using data from such sub-categories, or if the anticipated expenditure for the sub-category is likely to exceed 5 percent of the total budget.<sup>7</sup> It is also essential to include relevant sub-categories if the activity is implementing distinct intervention modalities and cost is an important factor in evaluation data analysis.

Table 4 shows an example of cost reporting for an early grade reading activity. The first column shows which categories were selected for cost reporting. The selection of sub-categories in the second column shows the activity working in two different languages and the decision to capture costs of development and production of materials in each language. It also shows the breakdown of expenditure reporting for policy work and for strengthening data systems work under “Category 6. System strengthening.”

*Table 4. Illustrative Code Structure for an Early Grade Reading Activity*

Components of an EGR Project	Project Code
(1) General operations, management, and reporting	Operations: XXXX.XX.01.001 General management: XXXX.XX.01.002 Reporting: XXXX.XX.01.003
(2) Assessment and evaluations	XXXX.XX.02.000
(4) In-service teacher training	Development: XXXX.XX.03.001 Implementation: XXXX.XX.03.002
(5) Teaching and learning materials	Development of TLMs in Language 1: XXXX.XX.04.001 Development of TLMs in Language 2: XXXX.XX.04.001 Production/distribution of TLMs in Language 1: XXXX.XX.04.003 Production/distribution of TLMs in Language 2: XXXX.XX.04.004

<sup>7</sup> Five percent is proposed for moderately sized awards (10 to 25 mln); the percent could be smaller for large awards and larger for small awards.

Components of an EGR Project	Project Code
(6) System strengthening	Policy: XXXX.XX.06.001 Data systems: XXXX.XX.06.002
(8) Parents/Community involvement	Development: XXXX.XX.07.001 Implementation: XXXX.XX.07.002

It is reasonable to anticipate that some project staff might work on more than one component of the project. In such cases, it is recommended that staff record their time on a timesheet according to the tasks that they spent time on. Any staff member who splits their time across *all* categories most likely should bill their time to “Category 1 - General operations, management, and reporting.” The detailed description of each category in Annex A should help clarify how to allocate expenditure across reporting categories.

Activities selected for external impact evaluations are expected to collaborate with the evaluation partner to establish which categories are necessary to include in cost reporting to enable cost-effectiveness analysis of intervention models.

### Sub-Contractor Reporting

Many USAID-funded education activities are implemented by multiple partners, including local partners.

- In cases where two or more large international NGOs partner on a single activity and each partner is involved in implementing a range of tasks corresponding to different cost categories, each partner is required to report on costs using the same agreed-upon cost categories and sub-categories.
- When a large international NGO sub-contracts to a local NGO for a specific task, the entirety of the expenditure of the subcontractor can be categorized using the appropriate cost category. For example, if the iNGO has engaged a local partner to support parent intervention, then the entirety of the local partner expenditure can be billed to “Category 8 - Parents/community engagement.”

The entirety of USAID funding must be accounted for in cost reporting.

## 5. Reporting on Inputs from Other Sources

In addition to routine reporting on the amount and structure of expenditure in each category selected by the activity as appropriate for their scope of work, activities are required to report **estimates**<sup>8</sup> of **substantial** and **activity-critical** contributions by host government and non-governmental actors. Estimates of host government contributions include host government staff time dedicated to the USAID activity, host government facilities used by the USAID activity, and materials and other in-kind donations. Estimates of non-government, corporate, and individual contributions may include time volunteered by individuals, NGO or corporate donations (labor, monetary, or in-kind).

**Only those contributions that are necessary for delivering activity objectives and that would otherwise have to be purchased must be reported.** “Substantial” refers to the amount of the contribution, which may differ depending on the size of the activity. “Activity-critical” refers to the

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<sup>8</sup> Estimates can be derived from a variety of sources, including verbal and written communication by authorized representatives of the host government, documentation and written communication by authorized representatives of NGOs and private entities, activity own documentation, etc. No verification of host government contribution is required solely for the purpose of this reporting.

importance of the contribution in achieving the activity's goals. See Annex B for detailed guidance on determining whether a contribution is substantial and activity critical.

The main objective of collecting data on contributions is to produce estimates of the total costs of USAID-funded education interventions, inclusive of USAID and non-USAID funding. These estimates are critical for replication, scale, and sustainment, as well as overall learning.

USAID education activities are typically designed to leverage the inputs of existing institutions and infrastructure (Figure 3). While costing out the existing local education system is outside the scope of the cost measurement objectives, to the extent practical, it is important to capture essential activity inputs, even if they were not paid for by USAID. This helps improve estimates of the total costs of outputs and outcomes of the intervention.

Figure 3. Fixed system costs versus marginal costs incurred by USAID

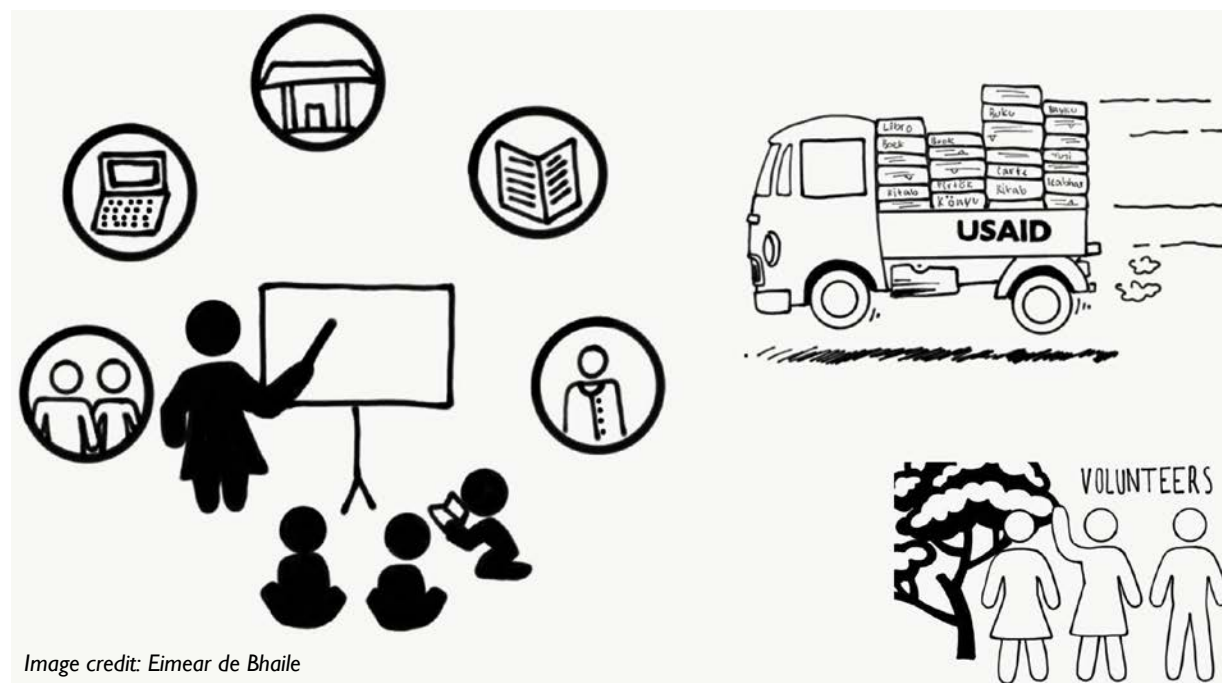


Image credit: Eimear de Bhaile

*USAID-funded activities operate within the context of the country education system, building on existing infrastructure and human resources (fixed costs). In estimating costs of sustaining USAID-funded interventions, the costs of the existing system (on the left) should not be included. Only new, or marginal, costs of USAID-funded interventions and leveraged contributions (on the right) should be included.*

The estimates of host government and non-government contributions can be reported in non-monetary terms, per templates in Annex B. Partners are not responsible for monetizing the reported inputs. See Annex B for detailed guidance.

Reporting on contributions of third parties should be based on written communication with contributors and on existing documentation, and it is not expected to be precise, validated by partner staff, or monitored using USAID's resources. Partners are not expected to engage in any verification activities to establish accuracy of contributions reported by third parties. Reporting on contributions of others is understood to be an estimate and will not be subject to an audit.

## 6. Reporting on Details of the Intervention

Every cost analysis requires associated data on details of the intervention and the outputs and outcomes produced, as well as the intervention dosage. USAID’s standard indicators typically do not capture details of dosage, outputs and outcomes with sufficient granularity to enable unit cost computations and other analyses outlined in the Purpose section of this guidance. Therefore, a key component of cost data collection is data on the details of implementation; this includes information on beneficiary-level dosage of core intervention activities and products, outputs by cost category, and beneficiary-level outcomes, as available. As outlined on pages 1-2 of this guidance document, cost data will be matched with dosage and counts of outputs or outcomes, and analysts will need to ensure that the cost and output/outcome data cover the same geographic areas, time period, and program dosage to ensure accuracy.

Tables 5 and 6 show what intervention details should be reported as part of cost reporting, corresponding to standard indicators commonly used by education activities.

*Table 5. Details of primary grade intervention to report on, associated with standard foreign assistance indicators*

Standard Output Indicators	Details of Intervention to Report On
ESI-5. Number of learners reached in reading programs at the primary level	Amount of reading instruction as specified in the curriculum. <sup>9</sup> per week. <i>Disaggregation: grade, language, type (formal, non-formal), location (urban/rural), disability<sup>10</sup></i>
<p>ESI-6. Number of primary or secondary educators who complete professional development (PD) activities with USG assistance</p> <p>ESI-7. Number of primary school educators who complete professional development activities on implementing evidence-based reading instruction with USG assistance</p> <p>ESI-8. Number of primary or secondary school educators who complete professional development activities on teaching students with special educational needs with USG assistance</p> <p>ESI-9. Number of primary or secondary school educators who complete professional development activities on peace education, conflict sensitivity, or conflict transformation with USG assistance</p>	<p>Number of hours of PD received by educators in a reporting period. <i>Disaggregation: grade, subject, format of PD (group, individual)</i></p> <p>Additional disaggregation by content of training is warranted if the same teachers receive training in multiple content areas (e.g. separate training activities in reading instruction and in conflict sensitivity)</p>
ESI-10. Number of primary or secondary textbooks and other teaching and learning materials (TLM) provided with USG assistance	Number of TLM beneficiaries received in a reporting period, per beneficiary. <i>Disaggregation: beneficiary type (teacher, student), type of TLM (book, workbook, teaching guide), grade, subject, language</i>
ESI-14. Number of primary or secondary classrooms built or repaired with USG assistance	Number of schools built; number of schools repaired. number of classrooms built; number of classrooms repaired. <i>Disaggregation: region, level (primary, secondary)</i>

<sup>9</sup> Only intended instructional time is to be reported; partners are not required to monitor the actual adherence to the curriculum by teachers.

<sup>10</sup> If applicable.

Table 6. Details of youth workforce intervention to report on, associated with standard foreign assistance indicators

Standard Indicators	Details of Intervention to Report On
Number of at-risk youth trained in social or leadership skills through USG-assisted programs	Number of person-hours in training. <i>Disaggregation: type of training, region</i>
Number of individuals who complete USG-assisted workforce development programs	Number of person-hours in training. <i>Disaggregation: type of training, region</i>

If the activity reports on custom indicators that are central to its performance management, those should also be included in the reporting on details of the intervention. Illustrative worksheets for reporting on details of the intervention are included in Annex C. **Reporting on details of intervention must be aligned with cost reporting to allow for unit cost computation.** For example, if the activity is developing and producing teaching and learning materials in two languages and is reporting the expenditure associated with developing and producing materials in each language, then the associated output data should also be reported for both languages.

Information on outcomes will be collected separately from the associated evaluation reports.

### Summary: Key Principles of Cost Reporting

1. The main cost categories cannot be re-named or collapsed.
2. All activities must include the first expenditure category (“General operations, management, and reporting”) in their cost reporting. Other categories should be selected based on the activity’s scope of work.
3. The entirety of the activity expenditure must be reported.
4. Both expenditure and ingredients must be reported for each cost category. Ingredients include international and local salaries and wages, equipment and supplies, rent, travel and per diem, participant costs, and grants under contract/award.
5. For specific components of the activity, associated management and technical assistance must be reported in the corresponding expenditure category, not general management.
6. Use of sub-categories may be warranted if the anticipated expenditure for the sub-category is likely to exceed 3-5 percent of the total budget, depending on the size of the activity, or if it is necessary for answering policy/research questions.
7. If the activity is developing a new intervention or materials, relevant expenditure must be reported in a dedicated “development” sub-category.
8. The final list of categories must balance the desire for precision with the need to reduce burden of using too many different sub-categories.
9. Estimates of contributions of the government and private actors must be documented and reported.
10. Details of intervention and associated outputs must be reported concurrently with cost and align with cost categories, when possible.



## 7. Submitting Cost Reports

All cost data along with associated M&E data will be housed by USAID’s Development Data Library (DDL). The timeline and schedule for submitting cost data by implementing partners to the A/CORs and DDL will be set by the terms of the implementing mechanism (e.g. contract, agreement).

All cost data submitted to the DDL should include the following:

A Risk-Utility Assessment Tab

- Proposed Access Level: “Non-Public”

A Data Detail Tab

- Keywords: “Education,” “Cost,” and, as applicable, “Quarterly Financial Report,” “Annex A,” “Annex B,” “Annex C,” and/or “Cost Reporting Manual”
- Sector: “Basic Education” or “Higher Education” (as applicable)
- Program code: Basic Education - 184:020 / Higher Education - 184:021 (as applicable)

Quarterly submission is recommended for all contracts, to align this reporting with the standard financial reporting. A/CORs are responsible for verifying that each cost report contains the following:

1. Expenditure by cost category for the reporting period with details of expenditure, including labor costs (separately reported international and local salaries, fringe benefits), other costs (materials, travel, etc), and overhead recovery, for each cost category;
2. Information on government and non-government contributions to the activity, by cost category, following agreed-upon templates; and
3. Details of the intervention/outputs for the reporting period, including a quarterly progress report.

Reporting on expenditure should follow standard USAID financial reporting template. The templates and instructions for reporting on contributions and details of the intervention are provided in the annexes to this guidance.

During the startup phase of the activity, the awardee should develop a cost reporting manual that documents roles and responsibilities for cost reporting as well as provides guidance to partner staff on how to record their time correctly. The manual should be submitted to the A/COR and updated annually or more frequently to reflect any significant changes in staffing or roles.

USAID A/CORs should periodically review cost data submissions, including invoices, for accuracy of cost reporting. Cost reporting manual submitted by the partner can be used to help with data review.

## 8. Data Analysis and Use

To accomplish objectives of cost capture and reporting stated in the opening section of the guidance, the USAID Office of Education will conduct routine analyses of reported cost data at activity, country, and portfolio levels, and will support Missions with targeted cost analyses of their projects or activities. The Cost Analysis Toolkit for USAID-Funded Education Activities (forthcoming in 2019) describes analytical techniques for different types of cost analyses, types of questions that can be answered using cost data, and recommended approaches toward resolving common cost analysis challenges.

USAID Office of Education will analyze cost and ingredient data along with the data on external contributions and reported dosage and outputs. In cases where rigorous evaluation data are available, cost data will be used to link costs of the intervention to outcomes of interest in order to enable cost per outcome calculations. The results of data analyses will be interpreted within the context of their implementation to guard against the misinterpretation of observed cost differences. The results will be

provided back to Missions for their use in conversations with the host country government regarding planning for scale and sustainment of activity components. The results will also be used internally by USAID for project/activity design, planning, and internal government cost estimates, as well as for other purposes. Summaries of findings<sup>11</sup> may be disseminated externally for sustainability, accountability, and advocacy purposes.

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<sup>11</sup> In cases where summaries of cost data analysis will be published, USAID will ensure the confidentiality of financial information of individual implementing partners, and will only report aggregated summaries.



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