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# Cost Reporting Guide for Higher Education Programs

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2024

This guide supplements USAID’s [Cost Reporting Guidance for USAID-Funded Education Activities](#) with [Annexes](#), and illustrates the application of both the [Cost Reporting Guidance](#) and the [Cost Reporting—Field Guide](#) to Higher Education (HE) programming.

## Purpose and Audience

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Information about the costs of developing and implementing Higher Education (HE) interventions is essential for sustaining and scaling up successful interventions and informing decision-making by USAID and stakeholders. The systematic, routine measurement of costs of HE programs increases transparency around cost drivers to improve the sustainability and overall value for money of USAID investments. Applying USAID’s cost measurement guidance to HE programs enables Missions and implementers to understand the costs of specific interventions associated with different HE functions (advancing knowledge and research, engaging and strengthening networks and communities, and providing high-quality and relevant education and workforce training) and outcomes (developing the capacity of individuals and higher education institutions [HEIs], strengthening partnerships and transnational relationships, and promoting higher education as a central actor in locally led development).<sup>1</sup> Comparative cost-efficiency and cost-effectiveness analyses across programs and contexts can help Missions and implementers understand the value-add of different components of HE programs, from individual skill-level interventions to institutional- and systems-level interventions, as well as have a deeper insight into contextual and intervention-specific cost drivers.

This guide is designed to accompany USAID’s existing guidance on cost data collection<sup>2</sup> by illustrating its application to HE programs. It is best used as an introductory document, to gain a basic understanding of USAID’s cost measurement approach in the education sector and its application to HE programming. The step-by-step directions and templates for cost reporting can be found in USAID’s guidance on cost reporting.

USAID Missions and implementing partners are the primary audience for this document. Secondary audiences include researchers and academics, HEIs, partner governments, and other stakeholders involved in developing and delivering HE programs.

## Overview of Cost Reporting

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The USAID Center for Education’s cost measurement initiative has established systems and processes for capturing, analyzing, and using the costs of USAID-funded interventions across the education continuum, including higher education programs.<sup>3</sup> Cost reporting under USAID awards occurs in real time during the activity implementation and includes reporting on all expenditures; contributions from

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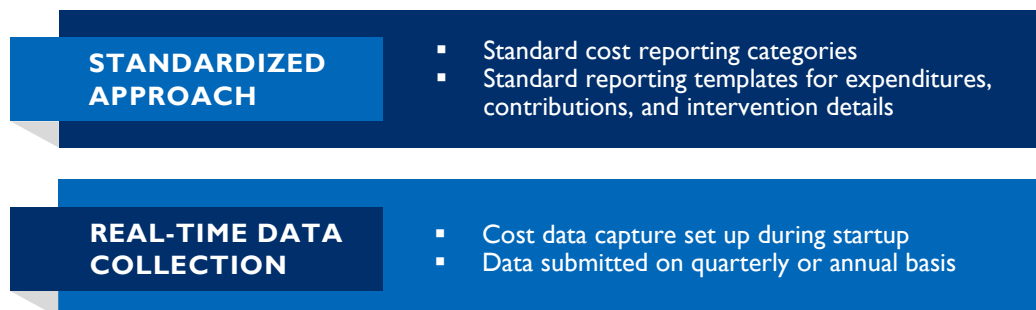
<sup>1</sup> As described in USAID’s [Higher Education Program Framework](#).

<sup>2</sup> Found under “How Do We Collect Cost Data?” tab of the [USAID Education Cost Measurement Toolkit](#).

<sup>3</sup> Guidance for collecting and analyzing cost data can be found in the [USAID Education Cost Measurement Toolkit](#).

government and nongovernment partners, including individuals, to the program implementation; and data on participant time and other inputs (Exhibit 1).

Exhibit 1: Cost reporting approach and data collection



USAID implementing partners are expected to report on the breakdown of all expenditures by both their relevant cost **categories**, as well as the cost **ingredients** (e.g., labor, materials, travel, other direct costs, etc.) (Exhibit 2).

Exhibit 2: Standard cost and ingredient categories

Standard Cost Categories in USAID Education Programming	Ingredient Categories in Cost Reporting
Cost category 1. General operations, management, and reporting	<ul style="list-style-type: none"> <li>• Local labor</li> <li>• International labor</li> <li>• Fringe benefits</li> <li>• Allowances</li> <li>• Travel and transportation</li> <li>• Equipment and supplies</li> <li>• Other direct costs</li> <li>• Indirect costs</li> <li>• Other fees</li> </ul>
Cost category 2. Assessments and evaluations	
Cost category 3. Capacity strengthening of government systems	
Cost category 4. Capacity strengthening of local organizations	
Cost category 5. Pre-service educator training	
Cost category 6. In-service educator training	
Cost category 7. Teaching and learning materials	
Cost category 8. Safe, inclusive spaces and infrastructure	
Cost category 9. Parents and community engagement	
Cost category 10. Private sector engagement	
Cost category 11. Leadership development	
Cost category 12. Scholarships and cash transfers to individuals	
Cost category 13. Other	

While cost categories represent the objectives, or the “why” of expenditures, cost ingredients represent the substance, or the “what” of the expenditures. All expenditures must be assigned both a cost category and ingredient category. For example, consider a program which provides training to teachers in a teacher’s college on a civic education curriculum. All expenditures for the training would fit into Category 5 (Pre-service educator training), because the objective of the training is to prepare pre-service teachers. Additionally, each expenditure must be organized by ingredient category, including the cost of the local trainers’ salaries (i.e., “local labor” ingredient category), travel stipends for facilitators to travel to the training location (i.e., “travel and transportation” ingredient category), and posters and markers used during the training (i.e., “equipment and supplies” ingredient category).

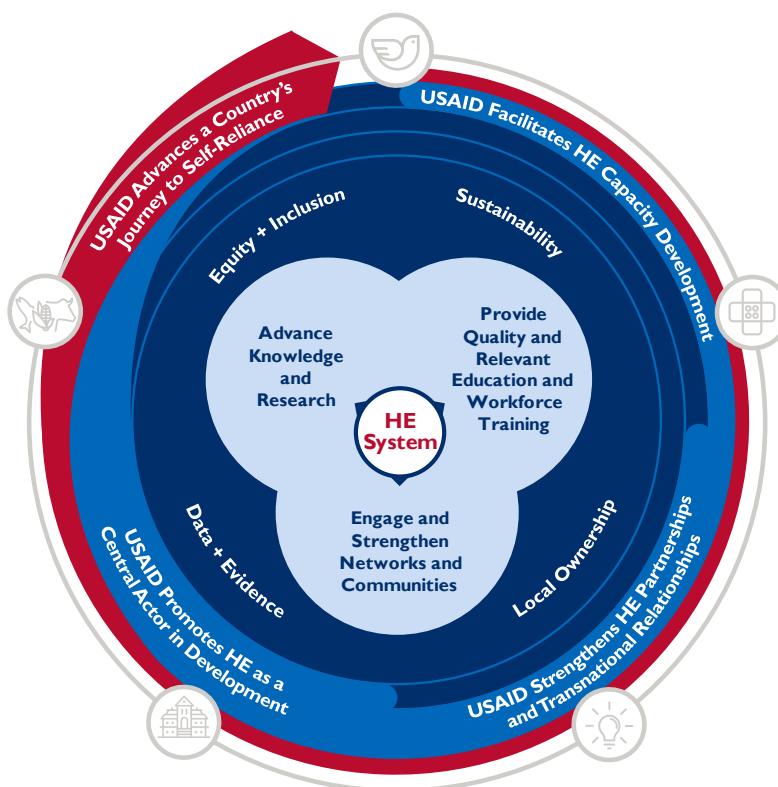
The education Cost Reporting Guidance introduced 12 standard cost reporting categories that correspond to the most common objectives of USAID-funded education activities. Many of the standard cost categories are relevant for HE programs. In cases where costs do not fit into one of the standard categories, the “Other” category should be used to capture expenditures. The standard reporting

categories, as listed in Exhibit 2, are described in detail in Annex A of the Cost Reporting Guidance.<sup>4</sup> When relevant, these categories must be used as stated, without changing the wording.

The following sections of this guide outline how HE programs can use the USAID Center for Education’s cost measurement approach to improve their sustainability and value for money.

## Overview of HE Framework

Exhibit 3: USAID Higher Education Framework



The USAID Higher Education Framework focuses on three core functions of HE systems. A higher education system:

- (1) *Provides quality and relevant education and training* (this includes supporting HEI access, retention, and completion; youth attainment of relevant skills; and strengthening of HEI capacity to deliver high-quality education);
- (2) *Advances knowledge and research* at the individual, institutional, and systems levels; and
- (3) *Engages and strengthens networks and communities.*

<sup>4</sup> Found under “How Do We Collect Cost Data?” tab of the [USAID Education Cost Measurement Toolkit](#).

While an individual HEI may or may not perform all three functions, the broader higher education system must.

The Framework also outlines three outcomes of higher education programming. These include (1) capacity development to improve HEI administrative, research, and instructional performance; (2) strong partnerships and transnational relationships through which HEIs can sustain and continue to improve performance across the higher education functions; and (3) promotion of higher education as a central actor in developing local solutions.

### **Application of Cost Categories to HE Programs**

Outputs and outcomes for HE programs vary by sectoral foci (e.g., education, climate and environment, agriculture and food security, global health, water and sanitation, economic growth) and by intervention type.<sup>5</sup>

Many HE programs implement multiple interventions concurrently. For example, a program can include one or more of the following interventions: supporting HEIs to achieve accreditation; developing or modernizing the curriculum to align with the needs and interests of students, employers, society, and the economy; training faculty on research generation; and organizing events that bring HEIs and their students together with the private sector. Each intervention will incur costs and produce its own outputs (although outcomes may be the same or overlap). Cost categories can be used to capture the costs of these specific interventions, to better understand the cost drivers and the potential for program sustainability—either in its entirety or specific components—and to produce the information necessary for scaling or transferring the program to a new location or new participant population. Exhibit 4 illustrates how standard cost categories (Exhibit 2) can be used to capture the costs of implementing common HE interventions.

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<sup>5</sup> For an inventory of common higher education intervention approaches, please visit [edu-links.org](http://edu-links.org) and search for the Higher Education Capacity Strengthening Toolkit which will be available in April 2024.

Exhibit 4: Examples of HE interventions and matched standard cost categories

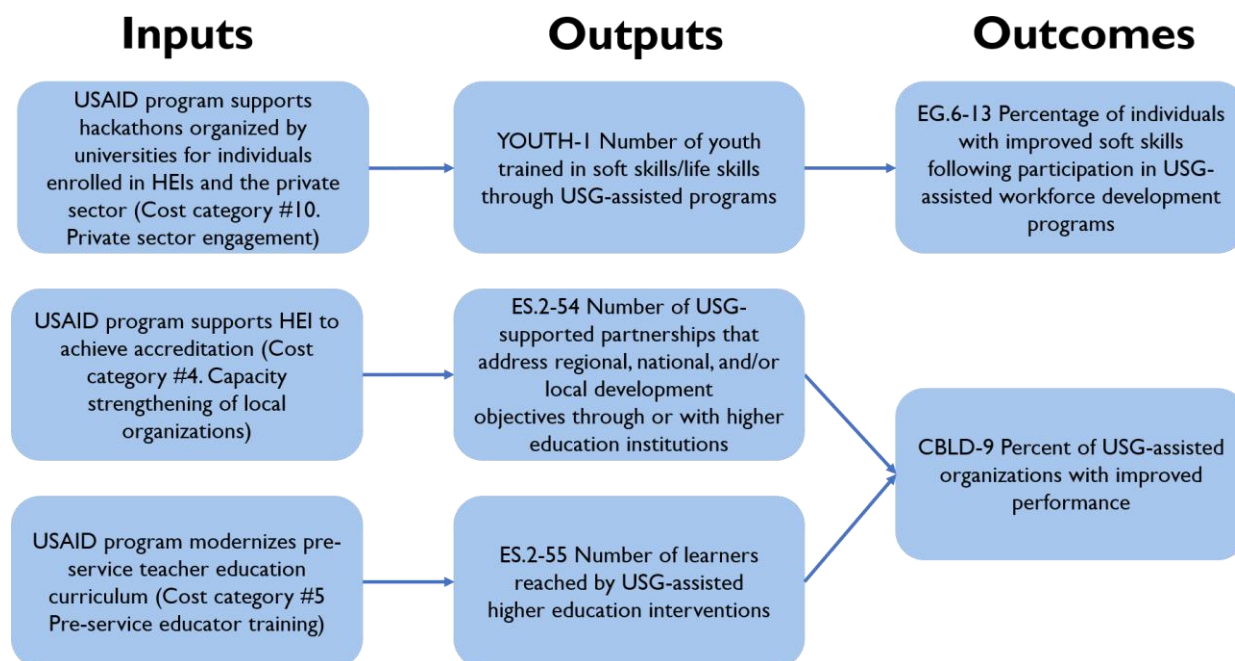


Exhibit 5 shows a few examples of HE interventions with associated outputs and outcomes (listed as indicators) and cost categories that can be used—depending on the purpose of the expenditure—to capture the costs of delivering them, organized by higher education system functions. Note that these are not the only cost categories and indicators that may apply to a particular intervention but are presented as illustrative examples to demonstrate the connection between interventions, cost categories, and outputs and outcomes.

Exhibit 5: Examples of HE interventions, matched standard cost categories, and indicators

Examples of Interventions	Relevant Cost Categories	Examples of Relevant Output and Outcome Indicators
<b>Core Function I: Providing Quality and Relevant Education and Training</b>		
Support to improve HEI admission processes and procedures	<i>Category #4: Capacity strengthening of local organizations</i> captures the costs of strengthening the capabilities of admissions units in HEIs	ES.2-1 Number of host country higher education institutions receiving capacity development support with USG assistance  CBLD-9 Percent of USG-assisted organizations with improved performance
Developing distance learning materials	<i>Category #7: Teaching and learning materials</i> captures the costs of developing and modifying curricula and materials for distance learning modalities	ES.1-10 Number of primary or secondary textbooks and other teaching and learning materials (TLM) provided with USG assistance

Examples of Interventions	Relevant Cost Categories	Examples of Relevant Output and Outcome Indicators
Establishing or supporting student clubs focused on academic and professional areas of interest	<i>Category #11: Leadership development</i> captures the cost of developing, launching, and supporting student clubs	<p>YOUTH-1 Number of youth trained in soft skills/life skills through USG-assisted programs</p> <p>YOUTH-6 Number of youth who complete USG-assisted leadership programs</p> <p>EG.6-13 Percentage of individuals with improved soft skills following participation in USG-assisted workforce development programs</p>
Modernizing pre-service teacher education curriculum	<i>Category #5: Pre-service educator training</i> captures the cost to develop new curricula for pre-service educator training programs	<p>ES.2-1 Number of host country higher education institutions receiving capacity development support with USG assistance</p> <p>CBLD-9 Percent of USG-assisted organizations with improved performance</p>
Facilitating dialogue and supporting development of national higher education policy	<i>Category #3: Capacity strengthening of government systems</i> captures the costs of time and services provided to support policy reform efforts	ES.1-59 Education system strengthened through USG-assisted policy reform
<b>Core Function 2: Advancing Knowledge and Research</b>		
Training faculty members on research generation and dissemination	<i>Category #4: Capacity strengthening of local organizations</i> captures the costs of developing and implementing faculty member training	ES.2-52 Number of individuals affiliated with higher education institutions receiving capacity development support with USG assistance
Construction of new laboratory spaces	<i>Category #8: Safe, inclusive spaces and infrastructure</i> captures the cost of constructing laboratories	ES.2-53 Number of physical spaces built, repaired, or refurbished for higher education with USG assistance
<b>Core Function 3: Engaging and Strengthening Networks and Communities</b>		
Working with HEIs to develop free courses for community members to strengthen their knowledge of sustainable agricultural practices	<i>Category #4: Capacity strengthening of local organizations</i> captures the costs of developing courses that strengthen community member knowledge	ES.2-54 Number of USG-supported partnerships that address regional, national, and/or local development objectives through or with higher education institutions
Developing private sector partnerships to connect HEI students with internship opportunities	<i>Cost Category #10: Private sector engagement</i> captures the costs of organizing the hackathon events	<p>ES.2-55 Number of learners reached by USG-assisted higher education interventions</p> <p>ES.2-54 Number of USG-supported partnerships that address regional, national, and/or local development objectives through or with higher education institutions</p>

# Steps for Setting Up Cost Reporting and Analysis in Higher Education Programs

The [Cost Reporting Guidance for USAID-Funded Education Activities](#) and [Cost Analysis Guidance for USAID-Funded Education Activities](#) describe several steps that must be completed during activity startup so that all activity expenditures are accurately recorded by USAID standard cost-reporting categories and to ensure all data are collected and organized to answer the identified cost questions.

## Step 1: Select Cost Questions

USAID’s cost analysis approach is designed to answer cost analysis questions that directly support the objective of improving sustainability and the value for money of USAID investments. Cost analyses can be used for a variety of purposes: They can support government policy objectives, provide data for future USAID investment decisions, or help inform discussions with sector stakeholders. USAID Mission staff and their partners, in collaboration with the partner government and local stakeholders, can identify cost analysis objectives that will support specific strategic or operational priorities in the country.

Translating priorities and objectives into cost analysis questions requires consulting with key stakeholders early in the process to ensure consensus on the intended result of the cost measurement activities. Cost questions should be answerable and aim to inform concrete decisions. Early consensus on these questions is important because different cost analysis objectives and questions will necessitate the collection of different data. To answer questions about the cost of sustaining an intervention, for instance, we need to know how much the USAID-funded activity spent on both developing and implementing the intervention. Questions about the cost-effectiveness of different intervention models will require impact data and detailed cost data for each model. Articulating cost questions early in the process will enable the collection of the most appropriate data throughout implementation of the intervention.

## Step 2. Select Cost Reporting Categories and Sub-Categories

Together with the Agreement or Contracting Officer’s Representative, the partner selects appropriate categories from the list of 12 standard cost reporting categories, based on the objectives of the activity. The “Other” category should be used to capture costs related to objectives that do not fit into the 12 standard categories, and may be named to reflect the category it represents. It is important to consider broad activity and policy objectives when selecting cost categories. As described in the [Field Guide](#), the partner may create additional sub-categories to further disaggregate cost data to allow for answering specific cost questions. Exhibit 6 shows how sub-categories can be created to answer essential cost-related questions.

Exhibit 6: Examples of using sub-categories to capture costs

Common Policy/Research Questions	Cost Sub-categories
The USAID Mission wants to understand the effectiveness of delivering university courses online versus in-person for students who are affected by crisis and conflict.	<i>Category #7: Teaching and learning materials</i> would need to have sub-categories to reflect two different types of teaching and learning materials: (Sub-category 1) digital materials, and (Sub-category 2) physical materials.



## Common Policy/Research Questions

The USAID Mission wants to understand whether providing group tutoring to scholarship students throughout their studies has a higher value for money than short preparatory courses offered before they begin their studies.

## Cost Sub-categories

Category #12 “Other” should include a sub-category for developing and implementing the regular group tutoring and a sub-category for developing and implementing the short preparatory courses.

### Step 3. Develop the Cost Reporting Manual

As described in the [Field Guide](#), the cost reporting manual provides partner staff with clear guidance on how to code their labor, travel, and other expenses. Once cost reporting categories are decided, the partner will need to create codes that allow tracking of expenses so they can be disaggregated by cost category and ingredient category. USAID provides a [template](#) for a Cost Reporting Manual that implementing partners are encouraged to use. The key objective of the Cost Reporting Manual is to “map” the activity’s theory of change and associated workstreams, or interventions, to standard cost categories. Another important objective of the Cost Reporting Manual is to document cost-related questions that the activity may help answer through cost data. Finally, the manual should include information about the specific cost-reporting roles and responsibilities of various individuals involved in the activity.

### Step 4. Train Staff on Cost Reporting

As described in the Cost Reporting Guidance documents, the partner must train field staff to meet USAID cost reporting requirements, such as recording staff time at the end of every day, billing the correct cost category from the first day working on the activity task, billing time to the most appropriate cost category, and separately reporting international and locally hired labor. In addition, the partner should explicitly ensure that field staff fully understand the objectives of cost reporting and the cost questions that the activity will be able to answer using cost data.

### Step 5. Reporting on Contributions and Details of the Higher Education Interventions

Cost data include both information about expenditures and data on contributions from other sources. Such contributions can come from private individuals, partner governments, or nongovernmental entities. Participants’ time in training is also considered a contribution, since they forego other opportunities to participate in training. Without information on the contributions of others, our understanding of what is needed to implement the intervention will be incomplete. USAID provides [templates and guidance](#) for documenting contributions. Reporting on contributions should follow the schedule established in the terms of the award.

Every cost analysis also requires associated data on details of the intervention and the outputs and outcomes produced, as well as the intervention dosage. As the USAID Cost Reporting Guidance for USAID-Funded Education Activities, Section 6 notes, “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.” A key component of cost data collection is data on the details of implementation, including information on the beneficiary-level dosage of core intervention activities and products, outputs by cost category, and beneficiary-level outcomes, as available. USAID provides

[templates and guidance](#) for documenting intervention details. This reporting should also follow the schedule established in the terms of the award.

USAID Missions and implementing partners should refer to Sections 7 and 8 of the Cost Reporting Guidance for USAID-funded Education Activities for steps related to submitting costs and conducting data analysis. All cost data associated with monitoring and evaluation will be submitted to USAID's Data Development Library (DDL). The timeline and schedule for submitting costs will be determined in collaboration with the A/COR depending on the contract or mechanism. USAID's Center for Education and any other internal USAID Offices, Bureaus, or Missions will be responsible for analyzing cost data.

For additional questions or support, please contact [educost@usaid.gov](mailto:educost@usaid.gov).