



COST REPORTING GUIDANCE

February 2017

What is the Cost Reporting Guidance?

The Cost Reporting Guidance, released by the USAID Office of Education in February 2017, specifies how implementing partners of USAID-funded education projects should capture and report cost data in cases where their contract/award contains a requirement to report on cost data. The purpose of the Guidance is to standardize reporting of all project-related expenditure across implementing partners and to inform how support from other sources is captured.

To which projects does the Cost Reporting Guidance apply?

This guidance is meant to be applied to USAID implementing mechanisms (e.g. contracts, grants, cooperative agreements) in the education sector that include specific reporting requirements to capture and report cost data. A/CORs should work with their implementing partners to update their cost tracking systems to align with the guidance following its release, but not retroactively apply it to data already collected and reported. This guidance does not apply to implementing mechanisms that do not include reporting requirements to capture and report cost data. Issues regarding contractual and agreement requirements for individual implementing mechanisms should be directed to the A/CORs and Agreement and Contracting Officers (A/COs) for those mechanisms.

Why does USAID want to collect cost data?

Routinely collecting standardized data on costs of producing outputs and achieving outcomes in education programming would allow USAID to

better understand the levels of investment needed, inform strategic decisions relating to education programming, and help support advocacy efforts to attract funding to education.

Does the Guidance require implementers to set up a new system for capturing financial data?

The approach outlined in the Guidance builds on the existing practices of expenditure capture such as time sheets, invoicing incurred expenses, and quarterly financial reporting to USAID. The new element introduced in the Guidance is the requirement to capture cost by standard categories: (1) general management and operations; (2) M&E and reporting, (3) teacher training, (4) teaching and learning materials, (5) policy/capacity development, (6) private sector assessment/engagement, (7) parents/community involvement, (8) safe schools and infrastructure, (9) grants, scholarships and cash transfers, and (10) block grants. Both the amount and the content of expenditure are to be reported. Additionally, projects are required to report estimates of contributions to project implementation made by host governments and non-governmental entities.

Do projects need to report on all categories?

All projects are required to report on the first two categories (General management and operations; M&E and reporting). Other reporting categories should be selected based on the project's scope of work. All of the project expenditure must be captured in the selected categories. Selection of categories should be conducted in consultation with USAID and, when applicable, evaluation partners. Addition of appropriate sub-categories is recommended for large projects, projects testing alternative models of intervention, or projects with a substantial development component.

Do subcontractors need to align their accounting system with the Guidance?

Prime awardees are responsible for reporting on cost of project implementation to USAID and should provide necessary technical assistance to their sub-contractors to ensure they capture expenditure in a way that is consistent with the recommendations in the Guidance.

How should projects report on non-USAID contributions to project implementation?

Projects are required to report estimates of substantial, project-critical contributions made by host governments or third parties (NGOs, individuals, private companies, etc.), using templates and instructions provided in the Guidance. Only direct contributions that are distinctly different from the pre-project education delivery and that are directly linked to achieving project objectives should be reported. Reporting should be based on written communication with contributors and on existing documentation. Projects 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.

Are projects required to provide cost estimates of non-USAID contributions to project implementation?

Projects are not required to estimate the value of third party contributions unless such information is readily available at no additional cost to the project. All reported estimates of contributions of host governments and non-governmental entities will be costed by USAID to ensure consistency of the costing approach.

How frequently do projects need to report on cost data?

The timeline and schedule for submitting expenditure data by implementing partners to USAID Missions will be set by the terms of the implementing mechanism. Quarterly submission is recommended, to align this

reporting with the standard financial reporting.

How will cost data be used by USAID?

Cost and ingredient data will be analyzed along with the data on external contributions and reported outputs and outcomes. In cases when rigorous evaluation data are available, cost data will be used to link costs of the intervention to outcomes of interest to enable calculations of cost per outcome. The results of data analyses will be used internally for project design, government cost estimates, as well as for other purposes. Summaries of findings may be disseminated externally for accountability as well as advocacy purposes.

The version of the Guidance released in February 2017 is marked as “pilot”. What does it mean?

Throughout 2017, the USAID Office of Education will be collecting feedback from Missions and implementing partners on the Guidance and on the reporting templates. The Office of Education will also conduct a number of in-depth case studies to document partners’ and Missions’ experiences. Collected feedback, data from initial cost reports and data from case studies will inform revisions of the Guidance and reporting templates. The revised Guidance is anticipated to be released in January, 2018.

How can implementing partners seek clarification on this reporting guidance?

All Guidance-related queries should be directed to the A/CORs and Agreement and Contracting Officers (A/COs) who can seek clarification with the Cost Reporting Guidance point of contact at E3/Office of Education. In addition, throughout the pilot year, the Office of Education will collect questions and feedback on the Guidance implementation through surveys and other means. Clarification on the Guidance will be provided through webinars and newsletters. The USAID Office of Education will also provide on-demand technical assistance to Missions and to implementing partners.