



# **USAID's approach to Value for Money: Let's See Where the Money Goes**

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# WHY FOCUS ON COST?

## Program design

Map out cost structure and needed inputs to achieve desired results

## Sustainability

Cost out intervention components for sustaining or scaling them

Improve value  
for money

## Efficiency

Examine expenditure to identify opportunities for cost savings

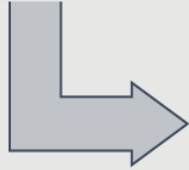
## Effectiveness

Identify the least costly models with the greatest impact

# OUR APPROACH

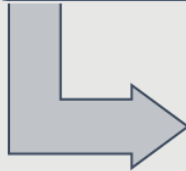
capture

Step 1. Establish foundation for cost analysis by standardizing expenditure reporting across interventions. Pilot of cost capture approach



analyze

Step 2. Develop cost analysis methodology



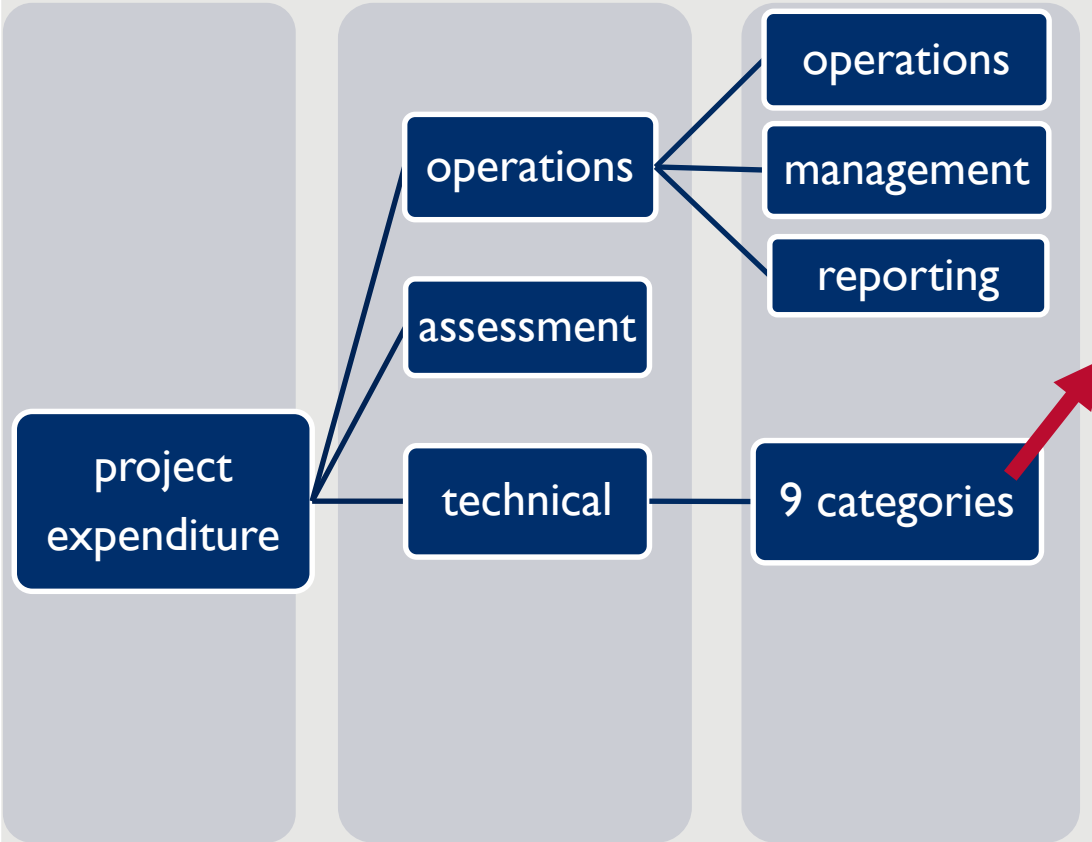
use

Step 3. Set up parameters for cost data use

## **(STEP 1) COST REPORTING GUIDANCE OBJECTIVES**

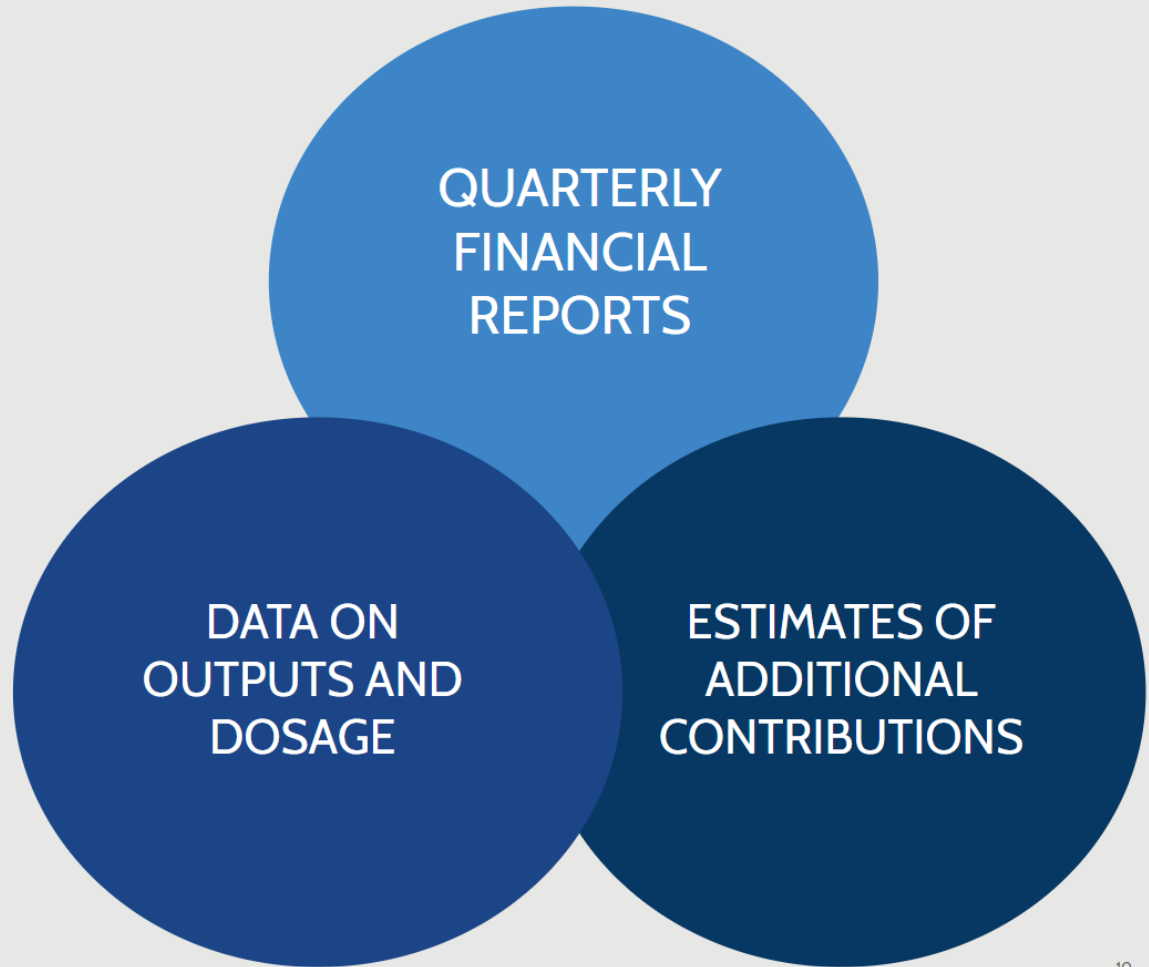
1. Standardize cost capture across implementing partners, Missions and projects
2. Standardize reporting of critical inputs from other sources
3. Standardize reporting of details of USAID-funded interventions

# COST CATEGORIES



1. Pre-service teacher training
2. In-service teacher training
3. Teaching and learning materials
4. System strengthening
5. Private sector engagement
6. Parents/Community engagement
7. Safe schools/infrastructure
8. Scholarships and cash transfers to individuals
9. Block grants to organizations
10. Other

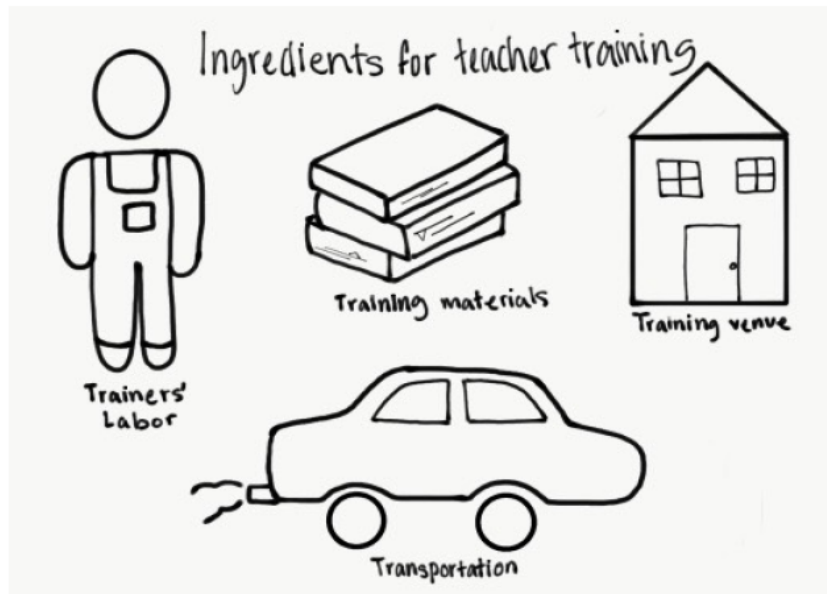
# THE KEY COMPONENTS OF COST CAPTURE



# INGREDIENTS OF COST REPORTING

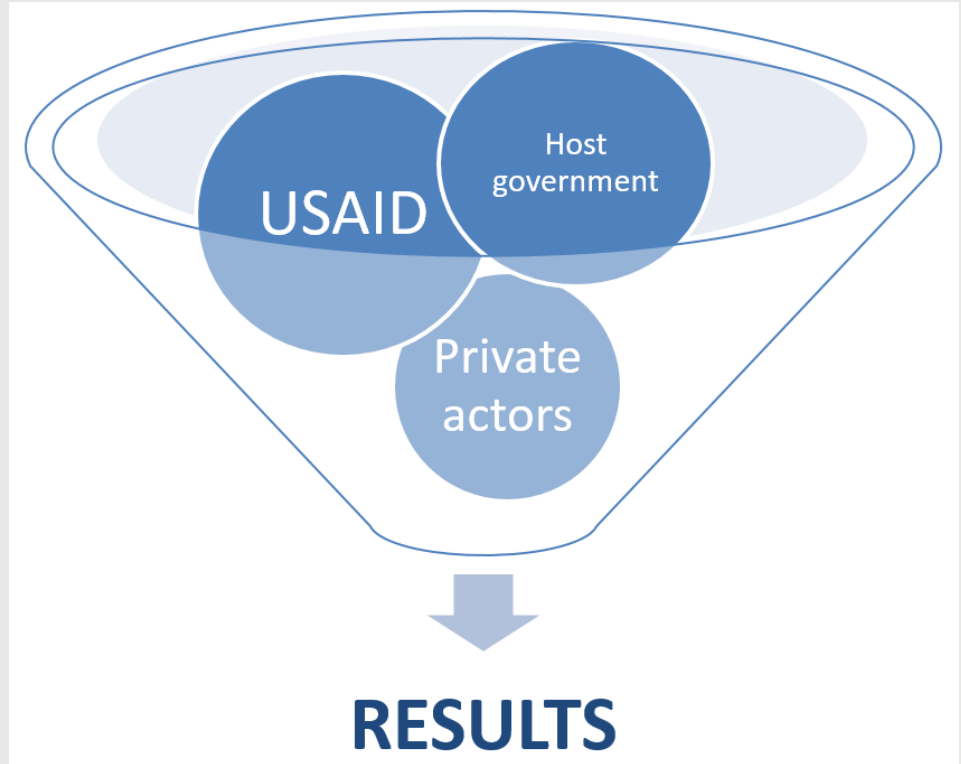
- International labor costs
- Local labor costs
- Allowances
- International travel, transportation, and per diem
- Local travel, transportation, and per diem
- Equipment and supplies
- Subcontracts or subgrants
- Other direct costs
- Grants under contract
- Overhead

*Figure A2-1. Examples of ingredients in teacher training cost reporting category*



# INPUTS FROM OTHER SOURCES

- Estimates of contributions
  - Host government
  - Private actors
- Other donors' activity
- How?
  - Templates included in the Guidance
  - USAID will establish monetary value





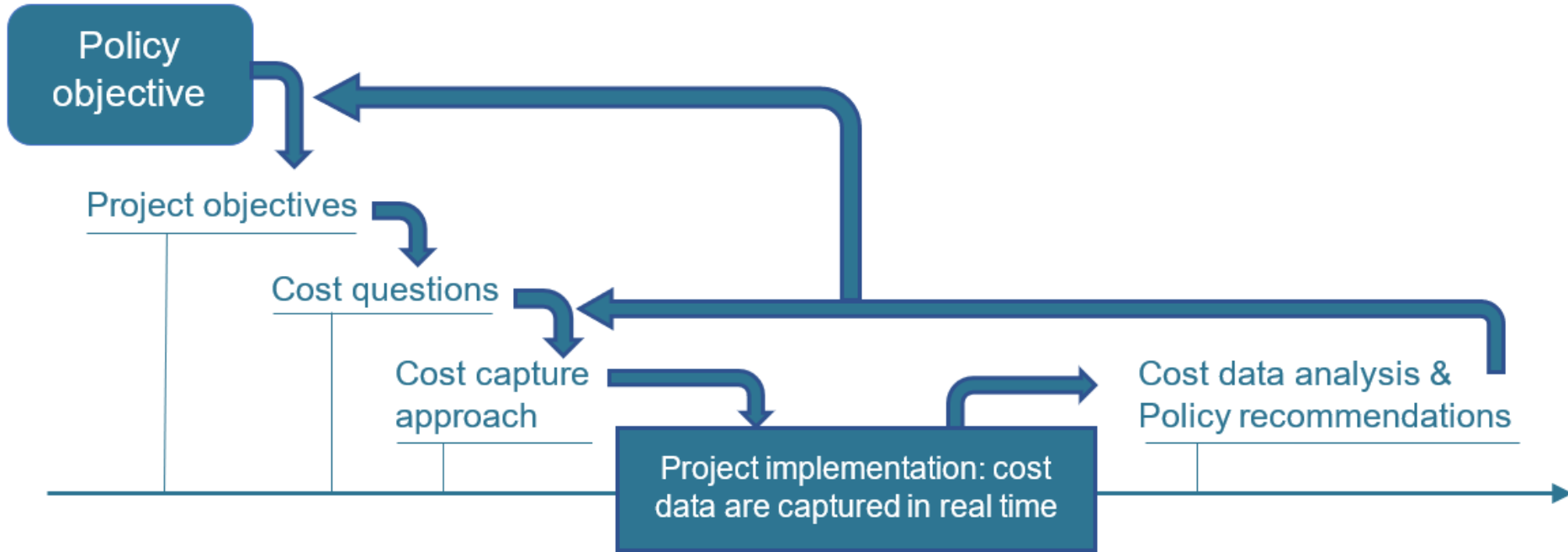
# BUT WHAT DID IT BUY US?



# KEY PRINCIPLES OF COST CAPTURE

- Applicable across entire education portfolio
- Builds on existing systems of reporting
- Differentiates between non-recurrent (development) and recurrent (implementation) costs
- Allows for customization at a sub-category level

# Timeline of cost measurement



# Overview of Cost Analysis

# PURPOSE OF COST ANALYSIS

- **Project/country level:**

- Improve use of resources via data-driven project management
- Ensure achievement of project results

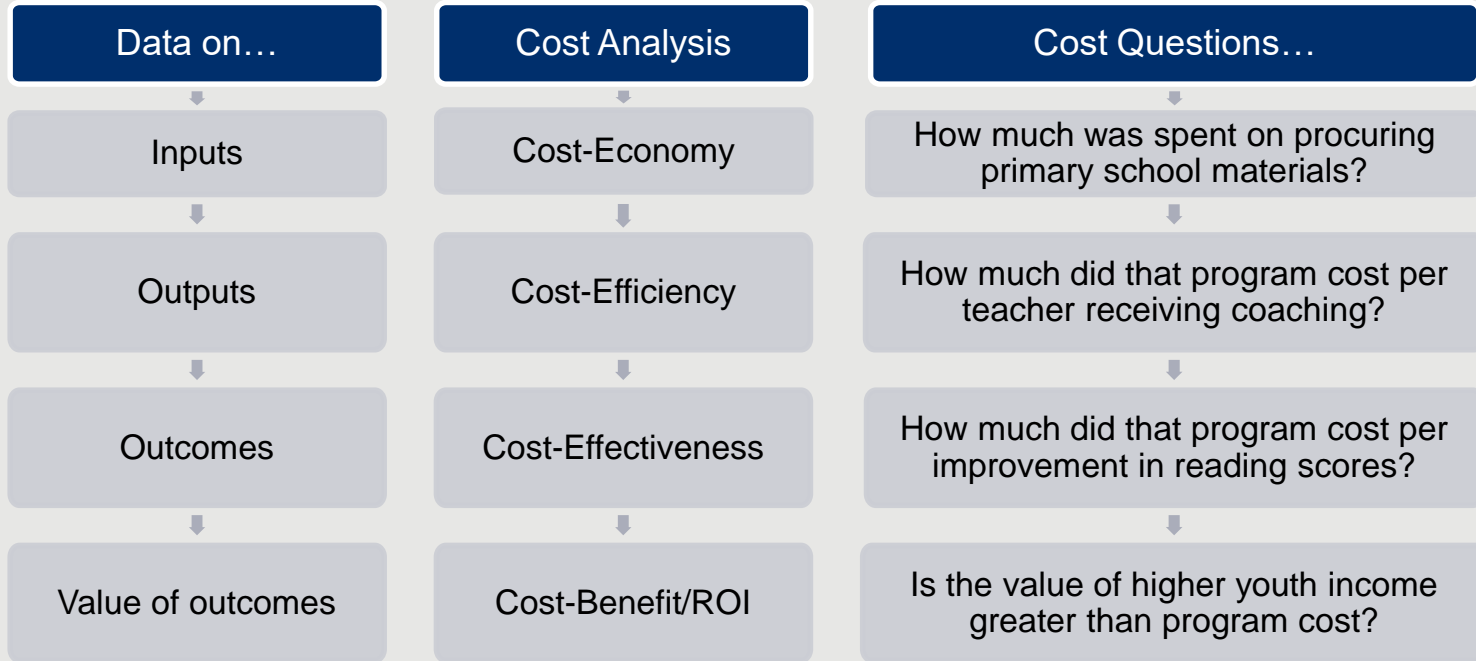
- **Global level:**

- Country-level database of prices for standard input and expected cost of operations, to improve cost estimates
- Levels of necessary expenditure to achieve desired results (unit costs)

# DATA INPUTS

- **Project-level data**
  - Expenditure data
  - Contributions data
  - Implementation data (outputs, outcomes, dosage)
- **To explore: including extant data**
  - Education system data (ratio, attendance, etc)
  - Education expenditure, infrastructure

# Types of Cost Analysis



# USAID Cost analysis guidance

## Part 1: Cost analysis overview for USAID, managers

- Types of cost questions
- Cost analysis methods
- Learning from cost analysis results
- Applying cost analysis results to another context: practical guide

## Part 2: Application of cost analysis methods to USAID programming

Step 1: Conducting data check

Step 2: Mapping cost analysis objectives/questions to data

Step 3: Developing data analysis plan

Step 4: Preparation for data analysis

Step 5: Implementing the analysis

Step 6: Reporting the results



# RESULTS

- **Project-level analytics:**

Structure, changes overtime, unit costs for outputs, level of external support, unit costs for outcomes

- **Country-level analytics:**

Range of input costs, range of unit costs for standard outputs, range of external support, range of unit costs for outcomes

- **Global level:**

Output and outcome-level analytics, project structure variation depending on context, context variables' effect on unit costs for outputs/outcome

# QUESTIONS