



January 16, 2020

VIA ELECTRONIC MAIL

Elena Walls
Bureau of Economic Growth, Education and Environment (E3)
Office of Education
United States Agency for International Development (USAID)
E-mail: ewalls@usaid.gov

RE: USAID Proposed Information Collection (Education Cost Form), 84 Fed. Reg. 232 (December 9, 2019) & as Corrected, in 84 Fed. Reg. 243 (December 18, 2019)

Dear Ms. Walls:

Humentum hereby submits comments in response to USAID's proposed education cost reporting form, as noticed in 84 Fed. Reg. 232 (December 9, 2019) and, as corrected, in 84 Fed. Reg. 243 (December 18, 2019).

Humentum is a global social enterprise dedicated to advancing the operational excellence of international development and humanitarian assistance organizations across the world. Humentum is comprised of over 300 member organizations who are among USAID's largest and most productive implementers of US foreign assistance. On our membership's behalf, Humentum undertakes targeted outreach and advocacy with USAID and other US Government donor agencies. We seek to identify obstacles to the effective implementation of US foreign assistance, articulate our member's first-hand experiences, and propose dialogue and solutions that enable positive change. It is in this spirit that Humentum submits these comments.

Background

On September 12, 2019, Humentum submitted comments in response to USAID's Proposed Information Collection, as noticed in 84 Fed. Reg. 32783-8 (July 9, 2019). In the Notice, USAID articulated its proposed intention to collect data on educational costs using a specific set of education cost reporting form(s). However, USAID declined to include these form(s) in the official notice. Because this precluded substantive public input on the necessity, impact, or burden of the proposed information collection, Humentum asked that the notice be re-issued to include any and all forms USAID intends to use for this information collection.

In the December 9, 2019 Notice, USAID included the proposed form for public comment. Humentum appreciates the Agency's responsiveness to its initial comments. It is our understanding that the form, as published in the Federal Register, represents the full and complete form the Agency intends to use for this proposed information collection. If the form, as published, is incomplete or missing any sections, Humentum respectfully requests that USAID re-issue this Notice once again to include the form in its entirety.¹

Issue 1: Use of the information collection for sustaining USAID-funded education programming beyond USAID funding

Despite its constructive intentions, the proposed information collection may be unlikely to provide an accurate estimate of the resources required to sustain activities beyond USAID funding. Conversely, we believe that the proposed information collection may lead to erroneous conclusions because the costs associated with activities will differ significantly depending on the organization implementing the activities and the context in which those activities are implemented. For example, the overall program structure and planned engagement of host country counterparts varies from procurement to procurement depending on the purpose of the USAID program and the type of award instrument (acquisition vs. assistance). When host governments are the implementing partners, the burden of obtaining accurate data is placed on the recipient/contractor. However, the recipient/contractor has a very limited ability to influence host government compliance. This could result in inaccurate estimates if the data is not readily available from the host government and, inaccurate data will lead to inaccurate and incomplete analyses of the cost of sustainability.

We propose that a more reliable way to obtain cost information would be to identify the specific cost categories applicable to the implementation context and types of implementing partners. USAID could use these categories to identify market costs on key inputs, using formulas or weighted algorithms to extrapolate and estimate sustainability in a specific country based on USAID established metrics (e.g. crisis/conflict score; civil society capacity; private sector investment, host government capacity, etc...). USAID could easily extract these estimated costs from approved proposal budgets, for which USAID will have already performed a cost reasonableness review. By extracting these data, USAID would ensure a more consistent interpretation of the criteria for each category, rather than basing its data analysis on the potentially subjective interpretation of each implementer.

Similarly, efficiency and effectiveness could be gauged by looking at projects holistically. USAID could use its monitoring and evaluation (M&E) data to determine if interventions were designed, layered, and sequenced appropriately, and if the program achieved its projected outcomes and impact. To do this, USAID could examine theoretical project designs, implementation success, and impacts to identify potential improvements in design. This, coupled

¹ The December 9, 2019, Notice includes USAID Education Cost Reporting Forms (B and C), along with Worksheets B-1, B-2, B-3, C-1, C-2, and C3. It does not include Form A and respective Worksheets A-1 and A-2. A full draft education cost form, which was informally circulated last year, included a Form A and its related worksheets. If Form A is going to go into effect along with forms B and C, it should be shared with the public for review and comment.

with competition, would result in a more complete picture of efficiency (lowest cost/best price) for effective (best design/implementation success) programming. As an example, an indicator could be: “What is the cost per Teaching and Learning Material (TLM) developed (being sure to account for staff time in development, ministry approval, printing, etc.)”? This output-level indicator would need to be paired with a causally related outcome indicator on the marginal impact on student achievements of TLM provision.

Issue 2: Quality, utility and clarity of information requested

To support sustainability, measuring the cost effectiveness of different education approaches is a valuable exercise. However, USAID’s proposed information collection may not produce the high-quality, reliable data that USAID requires. In part, this is because costing data would not be comparable across all reporting entities. Indeed, different organizations will have different cost structures. For instance, where one reporting entity might earmark a specific cost as a ‘direct’ project cost, another might classify that same cost as ‘indirect’. When reporting indirect costs across all categories as a percentage of the total indirect costs, the total cost in any category will differ depending on that organization’s cost structure. Moreover, costing information will not be comparable across organizations, as these reporting entities may use different exchange rates for foreign currency conversions.

Additionally, because of the inconsistencies between acquisition and assistance awards, it will be challenging to collect accurate, uniform data. Such inconsistencies include:

- Cost sharing is reported on SF425; yet, cost sharing is not required on acquisition awards unless USAID elects to use a Cost Sharing contract pursuant to FAR 16.303;
- Labor hours for prime contractors and first tier subcontractors are reported through the SAM system pursuant to FAR 52.203-14; this data is not required under assistance awards;
- Lower tier subaward/subcontract data is reported through the FFATA reporting portal;
- USAID has implemented the separate tracking of funding under assistance awards by Operating Unit and Program Area in the Payment Management System; this tracking is not done under acquisition awards;
- Data in Section C of the information collection form, as noticed, is available from the scopes of work/program descriptions and workplans that are already submitted under awards, and the data in Section C is duplicative of some of the data reported in M&E reports that are negotiated and approved on an award-by-award basis.

Moreover, the information gleaned from the use of standard cost tracking categories may not align with the variables required for specific cost effectiveness research questions. By imposing standard cost categories which an organization would apply regardless of specific research needs, USAID may be limiting the range of possible research questions. It could be more effective to tailor cost tracking structures to address specific research questions and expected outcomes, where necessary, than to try to adjust research questions to fit standard cost categories.

Issue 3: Burden of collection on respondents

The proposed information collection is complex and may be overly burdensome on reporting entities. The enterprise resource planning (ERP) solutions available in the market and commonly used by international development and humanitarian organizations are typically not capable of hosting collection, validation, tracking and reporting of the data fields included in Forms A, B and C. Thus, collection, validation, consolidation, and monitoring of this information would need to be completed manually across the chain of parties involved in the information collection, i.e., teachers, school administrators, host government ministry personnel, subrecipient and pass-through entities. Moreover, if cost tracking and dosage reporting are subject to financial audits or the Data Quality Assessment process, the burden on reporting entities to gather the documentation to meet audit requirements would be much greater than the value of collecting this data in the first place. Unless USAID provides additional funding for these efforts, the money to cover costs of training staff and reporting systems/structures would need to be diverted from programmatic implementation.

We believe it is not realistically possible to assess the full burden on responding entities because that burden will vary depending on the capacity and structure of the host government, and lower tier implementers. Undoubtedly, the burden may be magnified for USAID's new, underutilized and locally established implementing partners. Together, USAID's New Partnership Initiative (NPI) and Acquisition and Assistance (A&A) Strategy articulate the Agency's intention to broaden the engagement of local partners. At the same time, USAID has identified administrative burden as one of the key barriers to this engagement. On page 10 of the Strategy, under *Standardizing Practices and Reducing Process Bureaucracy*, USAID makes clear: "As USAID shifts from transactional operations to be more results-driven, **reducing process bureaucracy is vital**. We will shift from focusing on low-value, time-consuming activities to high-value work, and empower our partners to make decisions and manage awards **without cumbersome reporting** requirements as much as prudence allows" (emphasis added). However, USAID's cost reporting form contains no fewer than **66 footnotes solely to explain how to complete the form**. This exemplifies the type of cumbersome reporting requirement that USAID has committed to reducing.

Humentum and its members encourage USAID to revisit the premise, structure, and mechanisms it has proposed to collect the required education cost data, and to collectively work with implementers in the sector to devise a more appropriate and less burdensome strategy that will be more likely to produce the desired outcomes and ensure its success. Thank you for your attention to this matter.

Sincerely,



Dr. Christine Sow
President & CEO

CS/cms

CC: Humentum membership