

## ADS 201 Additional Help

# CALCULATING USAID SPENDING ON EXTERNAL EVALUATIONS

**ADS 201.3.5.13:** *OUs should devote approximately 3 percent of total program funding to external evaluation on average. This may include a mix of both required and non-required external evaluations.*

USAID strongly encourages that, on average, Operating Units (OUs) devote approximately 3 percent of total program funding to external evaluations. Evaluation spending is reported by OUs in the Evaluation Registry on at least an annual basis, and it is tracked by USAID leadership.

### **How should USAID OUs calculate and report total program dollars spent on evaluation?**

USAID OUs are required to report estimated or actual spending for each planned, ongoing or completed evaluation on an annual basis in the Evaluation Registry, which is a module in the Foreign Assistance Coordination and Tracking Information System Next Gen (FACTS Info NextGen), available at <https://nextgen.dfafacts.gov/>. This amount is an estimate while evaluations are planned or ongoing, and should be updated by OUs as evaluations are completed. PPL recommends that OUs use the same budget data they provide for ongoing and completed evaluation records in the Evaluation Registry to also calculate an annual percentage of program funds spent on external evaluations, using the numerator and denominator definitions provided below. This annual calculation should be documented by the mission, for instance, in their Performance Management Plan.

### **How does USAID calculate the proportion of total program dollars spent on external evaluation at an agency level?**

USAID's Administrator's Leadership Council provided guidance in 2015 on how the Agency will calculate evaluation spending. A decision was made to develop an Agency-wide estimate that is applied consistently across all operating units. USAID Forward OUs and USAID's four technical bureaus (Economic Growth, Education and Environment (E3); Global Health (GH); Democracy, Conflict, and Humanitarian Assistance (DCHA); and the Bureau for Food Security (BFS)) are included in this estimate. The numerator and denominator are calculated as follows:

- **Numerator for Evaluation Percentage:** The total budget reported for completed external evaluations and an annual average for ongoing multi-year external evaluations is summed to create the numerator for the total program dollars spent on evaluation in a specific fiscal year. This data comes from the Evaluation Registry and, at the headquarters level, is summed across all USAID Forward OUs and USAID's four technical bureaus.

- Denominator for Evaluation Percentage: To determine the denominator, or the total program dollars that the evaluation spending is compared to, USAID uses total obligations for a given fiscal year, which is sourced from USAID's accounting system, Phoenix. PIO transfers are excluded from that total.

## Limitations

When developing the approach described above, different methods for calculating the percentage were considered as well as trade-offs related to the cost of collecting and analyzing the data. While these trade-offs were considered, there are limitations to this approach:

- Data accuracy in the Evaluation Registry: The budget data for completed and ongoing evaluations is often an estimate made by program managers. It is not currently possible to get the actual obligation data for each specific evaluation in a cost-effective manner using existing systems, due to the fact that evaluations are commissioned in a variety of ways, including as individual task orders and also as part of larger contracts.
- Mixed fiscal year funds: Due to the way evaluations are planned for and funded, the amount reported as budgeted for evaluations completed or ongoing in a given fiscal year will include funds from other fiscal years. Obligations can also include a mix of fiscal year funds.

## Additional OU and Bureau-level analysis

The approach described above will be applied Agency-wide for initial analysis and to help compare across OUs. However, bureaus or OUs may decide to do additional analysis to better understand their evaluation spending in specific contexts. For example:

- Bureaus may calculate estimates that exclude field support funds from the bureau's total program funding denominator. Field support are funds originally allocated to Missions that are used to access support from centrally managed mechanisms. Global Health maintains a database to track field support.
- Some bureaus may also show how spending would differ if specific accounts were calculated separately (for example, the Humanitarian Assistance account).
- Some bureaus have provided funding to missions to support baseline data collection and evaluations, and that funding is then reported by the specific mission in the Evaluation Registry. BFS and GH, for example, may decide to provide an estimate that would include these funds in their evaluation spending numerators.
- Bureaus that have significant cash transfers, such as the Middle East Bureau, may calculate a bureau specific estimate that shows how their denominator and percentage would change if cash transfers are excluded.

The above are examples, and not meant to be comprehensive of all possible additional analysis or calculations that may be done to better understand evaluation spending at the OU or bureau level.

**How will USAID use this information?**

USAID will use the aggregated total to track trends in Agency evaluation spending over time and report on the status of evaluation spending to stakeholders.

Disaggregated spending data will typically not be reported publicly, but will be used internally by managers to better understand and guide evaluation resources.