Checklist for Assessing Level of Effort and Budgets

This tool is designed to assist USAID program managers and evaluation specialists to develop a realistic Level of Effort (LOE) and budget for performance evaluations. A recent study of USAID Evaluation Statements of Work (SOW) found systematic deficiencies related to a low estimation of level of effort and budget required to conduct evaluations given USAID's priority evaluation questions.[1] The study indicated that only 11% of USAID Evaluation SOWs had an appropriate number of evaluation questions and only 11% made a serious attempt to prioritize the questions. The weakest part of the SOWs was that only 7% were judged adequate in terms of the amount of LOE and budget allocated to the evaluation to address the evaluation questions.

USAID evaluations must include a realistic level of effort and budget in order for the evaluation to be conducted thoroughly and accurately. USAID's New Evaluation Policy specifies that on average 3% of program budget should be dedicated to external evaluation. This tool is designed to help teams understand the work break down structure for evaluations as a fundamental tool for labor and budget estimation. The tool also provides suggestions for reducing the costs for performance evaluations. It should be noted that **impact evaluations** require a larger and more complex work structure and budget than do performance evaluations and a separate Checklist will be prepared on that topic.

1. Understanding the Work Structure for Performance Evaluations

USAID estimates that over the coming years 80-85% of evaluations will be contracted out to specialist firms, NGOs and universities. The work structure for external performance evaluations has a common structure.

- Preparation and desk review
- Evaluation team planning
- Instrument development and testing
- Data collection
- Data analysis
- Report preparation and revisions
- Evaluation briefings and presentations
- Travel and logistics support for evaluation teams

In terms of time and budget allocation to each of these tasks earlier studies[2] and current experience confirm the following basic time allocation for performance evaluation tasks:

Table 1: Overarching Work Structure of Performance Evaluations[3]

[1] Quality Review of Recent Evaluation Statements of Work, USAID/LER, March 2010. Study conducted by MSI.
[2] See original Managers Guide to Data Collection. USAID, 1979. http://pdf.usaid.gov/pdf_docs/PNAAH434.pdf

Stage	Percent of Total LOE	Activities Included	Activity as a Percent of LOE at Stage
Planning	15	Desk review of program documents	15
		Team planning meetings to reach agreement on objectives, measures, procedures, deliverables, schedules	45
		Establish detailed data requirements	40
Preparations	15	Select interviewers/sites/projects/groups	5
		Select and prepare sites	15
		Establish field procedures	20
		Train field staff and interviewers	25
		Field test data collection instruments/methods	15
		Develop detailed data analysis plan	20
Field Implementation	30	Provide coordination and administration	20
		Undertake data collection	50
		Maintain data collection quality control	10
		Complete preliminary processing	20
Data Analysis	10	Prepare preliminary analysis	65
		Solicit feedback and revise analysis	35
Reporting	25	Write and revise report. Prepare evaluation summary. Report quality assurance	85
		Presentation of findings, conclusions, and recommendations to client and other stakeholders	15
Travel and logistics	5	International and local travel	60
		Logistics	40

In addition to understanding the overarching work structure of performance evaluations, USAID managers need to define the detailed work structure of field data collection to plot a realistic level of effort needed to answer the evaluation questions.

Example: Estimate Detailed Work Structure for Field Visits to Schools

1. Four site visits to be visited in each of four districts
2. Interview and structured classroom observation instruments developed and tested
3. Interviews required with school heads, two male and two female teachers at each site
4. Two structured classroom observations and two separate focus group interviews with girls and boys (these might be done by skilled local evaluators managed by the prime contractor to save costs)
5. Travel time between sites
6. Data analysis

[3] Adapted from Managers Guide for Data Collection.

Example (continued): Detailed Data Collection Plan for each of 16 Schools

Time	Activity
8:00	Interview School Head
9:30	Interview Teacher 1
10:15	Interview Teacher 2
11:00	Interview Teacher 3
12:00	Lunch
1:00	Interview Teacher 4
2:00	Girls group interview
3:30	Boys group interview

Travel time: ½ day per school
Analysis time: 1.5 days per school

2. Allocating Resources to Support the Evaluation Work Structure

The cost of personnel is the largest single item in a budget, and it is therefore crucial that careful attention is given to the type and amount of effort that will be required in order to complete the evaluation as proposed. Managers need to determine what resources/expertise are needed to complete the evaluation's technical *and* managerial tasks and how much of each resource (or Level of Effort-LOE) to allocate to each task in the work structure. USAID SOWs and level of effort estimates have typically not allocated sufficient time for these important evaluation tasks: 1) desk review and preparatory work; 2) logistics and management support for the evaluation team; 3) data analysis; and 4) quality assurance, report revisions and editing.

Keeping in mind these common areas for poor resource estimation you can now consider typical resource requirements for an external performance evaluation:

- Evaluation Team Leader (ETL)
- International Technical Expert 1 (IE1)
- International Technical Expert 2 (IE2)
- Local Expert 1 (LE1)
- Local Expert 2 (LE2)
- Logistics Expert (LGE)
- Peer Reviewer/Quality Assurance (PR)
- HQ Management Backstop (MB)
- Report editor (ED)

Once you have identified the resources you can allocate them across each of the evaluation tasks:

Table 2: Illustrative LOE Allocation for Performance Evaluation

Evaluation Stages/Tasks	Resources Required	Days per resource	Total Days
Planning	ETL, IE1, IE2,	5	15
	LE1, LE2, LGE	3	9
	PR	1	1
	MB	1	1
Preparation	ETL, IE1, IE2, LE1, LE2, LGE	5	30
	MB	1	1
Field Implementation (based on estimate of micro work structure)	ETL, IE1, IE2, LE1, LE2,	12	60
	LGE	4	4
	MB	1	1
Data Analysis	ETL, IE1, IE2, LE1, LE2	3	15
Reporting	ETL	10	10
	IE1, IE2, LE1, LE2	5	20
	PR	2	2
	ED	3	3
	MB	1	1
International and local travel	ETL, IE1, IE2	5	15
	LE1, LE2	3	6
TOTAL Person Days/LOE			194

Once you have prepared your LOE chart look at an actual calendar and see how the work flows from the anticipated start-date to the anticipated end date for the evaluation. Will key stakeholders be available to participate in the evaluation when the team is in-country? Are there any holidays? Will the rainy season slow/prevent access to field sites? Are there political or security obstacles? Will the evaluation team travel over weekends? What is the contingency plan if the schedule slips?

3. Estimating the Evaluation Budget—Labor and Other Direct Costs

Performance Evaluation budgets have two main components: Labor Costs and Other Direct Costs
(or ODCs). Following are some simple steps for estimating each category of costs.

A. Estimating Labor Costs

USAID has a wide variety of contracting mechanisms to support evaluations and upstream planning work for evaluations, including impact evaluations. Several frequently used mechanisms include:

- Evaluation Services Indefinite Quantity Contract (IQC)
- Transparency, Accountability and Performance (TAP) IQC
- Democracy and Governance Analytical Services III IQC
- Various sectoral IQCs

In addition, USAID's New Evaluation Policy specifies that operating units may seek to procure their own specialized evaluation services. In some cases missions and operating units "bundle" their evaluation needs and issue new procurements to meet their specialized needs.

The contracting mechanisms provide streamlined access to USAID evaluation services. Each mechanism contains its own price schedule with pre-determined (already negotiated) costs for different categories of labor. Many of the price schedules include "loaded" labor costs or labor costs that include contractor overhead and fee as part of the daily rate for that labor category. For example, from one of the evaluation IQCs you may find:

Table 3. Illustrative Labor Costs from a USAID Evaluation Contract

Labor Category	Loaded Daily Rate
Senior Evaluation Methods Expert	$1100
Mid-level Evaluation Methods Expert	$500
Senior Agricultural Analyst	$1000
Logistics Manager	$300
Etc.	

Use the pricing schedule from a contracting mechanism that suits your needs to build up your labor budget following estimates from your LOE chart.

B. Reducing Labor Costs

There are several strategies for reducing the labor costs:

- If high quality performance data is available for the project it may reduce some of the requirements and costs for supplemental data collection. Be sure to signify the availability and limitation of performance data in the evaluation SOW.
- Use local universities or evaluators to support on-the-ground data collection efforts. Request that the prime contractor engage local experts as part of the evaluation team. However, the prime contractor will need to add effort to manage the local firms/experts.
- Have USAID Evaluation Specialists participate as evaluation team members. If USAID can participate in data collection, analysis and report writing it can significantly reduce the costs for the outside contractors. However, if USAID only participates in limited data collection, analysis and report writing it will not significantly reduce costs.
- Consider joint evaluations following Paris Declaration principles. These evaluations may integrate team members from other donors and the host country government and reduce out of pocket costs for data collection, however, they involve much heavier labor costs related to coordination and reporting writing that is acceptable to all parties. If outside contractors are the coordinators for joint evaluations rather than USAID, the overall costs for the evaluation may actually increase.

C. Estimating Other Direct Costs

Other key elements of an evaluation budget include allowances for travel, per diems, supplies and materials, communications, and potentially equipment. Without adequate resources for these items, the evaluation might be compromised. As such, when assessing a budget, ensure that the following areas are addressed:

☐	International travel
☐	Domestic travel (By air? Rental car? Etc…)
☐	Per diem following State Department location schedules
☐	Local workshop or conference facilities to facilitate evaluation workshops and presentation. Allowances for snacks and refreshments
☐	Communications
☐	Supplies: These include those necessary to facilitate a focus group, create reports and/or presentations, distribute surveys, and others.
☐	Subcontract budget allocation for local research or survey firms

Now you can estimate your total performance evaluation costs by adding A. Labor and B. Other Direct Costs!

4. Summary Budget Checklist

Use the following Summary Budget Checklist to assess and revise your evaluation budget as needed:

☐	The LOE for the Evaluation is commensurate with the evaluation scope and the number of evaluation questions that are being asked?
☐	You have completed a detailed work break down structure for the evaluation
☐	The work break down structure includes tasks for: • Evaluation management • Logistics • Desk review and preparatory work • Evaluation Team planning • Instrument design and testing • Field visits and data collection (based in an analysis of work structure at field locations) • Data analysis • Report writing and revision • Technical quality assurance • Evaluation briefings and dissemination workshops • International and local travel
☐	A realistic level of effort (LOE) has been estimated for each of the tasks in the work

	break down structure: • Evaluation management • Logistics • Desk review and preparatory work • Evaluation team planning • Instrument design and testing • Field visits and data collection (based in an analysis of work structure at field locations) • Data analysis • Report writing and revision • Technical quality assurance • Evaluation briefings and dissemination workshops • International and local travel
☐	You have assessed the anticipated start-date for the evaluation and calendar against the LOE. The schedule is realistic in terms of: • No major political or security obstacles • Rainy season and access to field sites • No conflicts with national holidays • Availability of local stakeholders to participate in the evaluation • Contingency plans if the anticipated start-date is delayed
☐	You have reviewed USAID contracting mechanisms and related cost schedules and selected the best mechanism to suit your needs
☐	You have determined labor costs based on the LOE estimates and contract price schedule
☐	You have calculated Other Direct Costs (ODCs) using the ODC checklist
☐	You have estimated a total budget based on projected labor cost and ODCs
☐	As you step back from the budget you continue to anticipate that the evaluation benefits are well worth the costs!