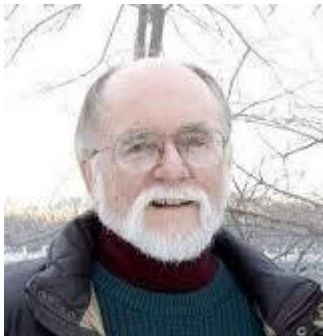




BetterEvaluation

Budgeting for Developmental Evaluation (DE)



An Interview with Michael Quinn Patton (MQP) by Heather Britt (HB) for BetterEvaluation April 2012

HB: Michael, is budgeting for developmental evaluation different from budgeting for formative and summative evaluation?

MQP: Yes, the big difference with DE is that funding has to be front-end loaded. This is in contrast with traditional summative evaluation which is back-end loaded. By this I mean that the primary expenditures for summative evaluation come at the end (though the planning must be part of the beginning) while developmental evaluation requires funding from the very start.

HB: Do you mean the front-end of the project or the front-end of the evaluation?

MQP: Well, both. DE starts quite early in the life of a project, while summative evaluation takes place after a project has stabilized or closed. In general, DE starts earlier than many formative evaluations.

Also, for DE, activities and expenditures are front-loaded in the evaluation process. There is often more work in the early phases than in later phases.

Another good reason to front-load DE is that if people find it useful then they will find additional resources to continue or do it themselves.

HB: Are organizational procurement processes set up to handle this?

MQP: Funding DE can be a real challenge because it requires quite a different approach to budgeting and contracting. Under optimal circumstances, my work with clients is characterized by a long-term relationship, regular interaction and responsive deliverables. DE requires a transparent process of identifying the available resources and then iteratively discussing how best to apply them. It's more like a consulting contract than a pre-specified evaluation design contract. Trust and good communication are essential. Currently, the contracting and

administrative processes of many organizations don't facilitate developmental evaluation.

HB: In your experience, what's the best way to go about budgeting and funding developmental evaluation?

MQP: I've used three main approaches to budget for developmental evaluation:

- 1. Retainer fee contracts**
- 2. Stepwise funding**
- 3. Speculate and allow for contingencies**

1. Retainer Fee Contacts

First, most often my DE contracts are funded on a *retainer fee* basis, the way lawyers and architects typically bill. A retainer fee is typically, but not always, an advance payment on the hourly rate for a specific case. The lawyer puts the retainer in a special trust account and deducts from that account the cost of services as they accrue. Funds are added as the retainer is used up. So, for example, I'll have a retainer fee contract for 6 months of work, 20 hours per month. The scope of work is open-ended. As opportunities for DE emerge, I design, implement and bill for discrete activities, then funds are added on a quarterly basis as needed. I've entered into retainer contracts for as much as 3 years in advance.

2. Stepwise Funding

A second approach is *stepwise* funding: I can design a DE for the beginning/start-up of a project. That work leads to a design and funding for the next phase, and then again the next phase, often done on a quarterly or 6 months basis.

3. Speculate and allow for contingencies

A third approach is to *speculate* on what a DE might involve and budget based on best-guess, but with a substantial contingency, unallocated amount, e.g., 25-50%, to be determined. This amount can also be amended if particularly exciting opportunities emerge. This approach is most similar to traditional evaluation budgeting in that we plan ahead; the difference is that we expect that plan to change and we build in the ability to shift as necessary.

This requires quite a shift in the procurement processes of many organizations, which is where in my honest opinion so many evaluations go wrong. Procurement must be more flexible and responsive, and the focus of procurement is on capability rather than a fixed design.