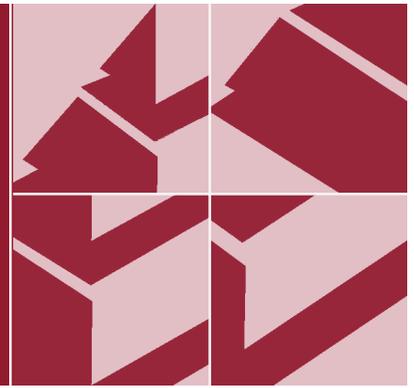




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in brief en bref en breve



Step-by-Step Methodological Guideline for HIV/AIDS Costing

The governments of many countries have recognized the need for comprehensive prevention, treatment, and care and support initiatives to reduce future transmission and to meet the growing demand for HIV/AIDS services. As a part of these national health reform initiatives, governments are exploring ways to allocate resources in the most efficient and effective way to mitigate the HIV/AIDS epidemic. However, many countries lack information on the level and nature of the costs of HIV/AIDS programs. This information is necessary to help

program managers and policymakers to know what is being spent on HIV/AIDS programs and how much more will be required in the future as the demand for services changes. In addition, cost information can be used to estimate how efficiently or cost-effectively resources are being used and where resource adjustments can be made to reduce costs and optimize outcomes.

Cost is the value of resources used to produce a product, service, or program. Expenditures are outlays made in a given time period to purchase the inputs used to produce products, services, or programs. Costs differ from expenditures when capital goods that are used in production are paid for in one time period, but used over many. They also may differ when some inputs are donated and, hence, no outlay is made for them. Cost analysis answers questions like: (1) could the product or program be produced at a lower cost? (2) what are the comparative costs of alternative methods of production? and (3) what

would it cost to expand or replicate a program (especially if all inputs had to be paid for)? Expenditure analysis can contribute to cost analysis and can help managers plan for needed spending. It helps answer questions like: (1) how much money will be needed to keep a program running in the next year? (2) when will large outlays be needed to replace worn out capital goods? and (3) how much external

PHRplus' Step-by-Step Guide for Costing HIV/AIDS Activities helps program managers and others to measure costs, look at effectiveness or cost efficiency of the program, and estimate cost implications for programs being considered.



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support should be requested (in cash or in kind) when allocated funds do not meet projected expenditures?

A Step-by-step Methodological Guide for Costing HIV/AIDS Activities, recently published by PHR*plus*, provides an introduction to the procedure for calculating and analyzing the costs of HIV/AIDS programs and describes how to measure directly the actual costs of a program that is up and running. The Guide provides project managers in the field with a framework for how to measure costs for a single, recent year in the life of an HIV/AIDS program.

The Guide describes eight analytical steps that are necessary to calculate the costs of an HIV/AIDS program:

1. Identify specific issues and define the scope of the study.

Managers of cost studies should identify particular questions that a cost study is expected to address and produce a short, concise statement of work.

2. Describe the program to be costed.

To ensure the costing study is both comprehensive and relevant, it is essential to describe all elements of the program, including program objectives, historical development, main activities, level of operations, and sources of funds.

3. Develop an activity-based cost framework.

Cost analysis should assign costs to specific activities. This makes it possible to match costs with outcomes, an important step in analyzing cost-effectiveness.

4. Assess available financial data.

Many HIV/AIDS programs track their expenditures. This information should be the starting point for a study of costs.

5. Calculate the annual value of capital goods.

To estimate financing requirements, program managers need to consider the impact of periodic purchases of large capital items over time.

6. Calculate the value of off-budget recurrent costs.

The cost analysis should include resources that are used by the program but not paid for, such as donations of goods or voluntary contributions of time.

7. Allocate shared costs.

The cost analysis must disaggregate the costs and allocate the costs of single line items that represent the cost of an input that serves several functions.

8. Complete cost tables and analyze the results.

Once all data have been collected and basic cost calculations made, the analyst can collate the data into the basic tables of a cost framework. The analyst then can transform the tables into cost profiles that provide information on efficiency or cost-effectiveness of the program.

Other stakeholders often find the results of cost studies useful, too. Policymakers and program managers use results to estimate the cost implications of programs being considered. In addition, they compare results across regions, implementing agencies, and projects to reveal relationships and make comparisons between interventions, activity packages, and costs.

Download *A Step-by-step Methodological Guide for Costing HIV/AIDS Activities* from www.PHRproject.com. For more information, contact janet_edmond@abtassoc.com