

# Tool 17

## Section Three

### *Costing an HIV/AIDS plan*

#### **Description and purpose of the tool**

Carefully costing a strategic plan is an important part of the planning process, but requires some specialised skills. This tool consists of guidelines to assist in the process of costing an HIV/AIDS plan, using a methodology known as “activity-based costing” or ABC.

This is not a resource mobilisation tool, though a resource mobilisation process may also be required.

#### **Estimated time to use the tool**



**6hrs - 8hrs**

depending on the complexity of the plan.

#### **Instructions for using the tool**

1. Follow the guidelines when costing each activity in the plan.
2. In the process, generate formulae that can be applied throughout the plan, e.g. cost per participant per day for a residential training workshop.
3. Enter the budget for each activity in the plan, but retain the calculations in order to justify the budget should that be necessary.
4. Next, calculate sub-totals for each component or cluster of activities, as well a percentage for each component of the total budget.
5. In addition, prepare a summary budget, with line items that are consistent with those used by the LA.

## Costing an HIV/AIDS plan

The LA of

**will follow these guidelines when costing our HIV/AIDS strategic plan:**

1. Gather all the information that will be required, such as:
  - ▶ Previous year's information (if available);
  - ▶ Levels of inflation;
  - ▶ Salary scales, increases and increments;
  - ▶ Estimates from suppliers – for example for materials, consumables etc.;
  - ▶ Rent and service charges;
  - ▶ Level of income or grant support; and
  - ▶ Any external factors influencing income and expenditure, such as exchange rates.
  
2. Break down each activity in the work plan into its smallest elements. For example for a training activity the following would need to be costed:
  - ▶ Venue
  - ▶ Equipment
  - ▶ Catering
  - ▶ Photocopying
  - ▶ Materials (including the cost of developing these)
  - ▶ Travel costs
  - ▶ Facilitator's costs (travel, accommodation, per diems, fees)
  - ▶ Daily allowances for participants
  - ▶ Communication costs (telephone, cell phone, fax)
  - ▶ Administration costs

In addition the calculation needs to include:

- ▶ # of participants
- ▶ # of facilitators
- ▶ # of days

The sum of these is a unit cost for a single training activity. If this is an activity that is repeated then the unit cost multiplied by the number of trainings is your activity cost.

### **Remember:**

1. Use the budget cycle of the LA, i.e. from April to March.
2. Budget for inflation if the plan extends over a single year.
3. Do not double count items that may have been budgeted for elsewhere, such as stationery.
4. Identify activities that are low cost or no cost and mark them accordingly.
5. It is useful to identify recurrent and non-recurrent costs.
6. Including a contingency (a small percentage of the overall budget) is sometimes permissible for unanticipated expenditures.
7. Budget for M&E.
8. Create a budget summary that uses either the MTP III components as headings or the regular budget headings used by LG, such as personnel, goods, services, etc.
9. Once implementation has commenced it is essential to monitor how close the actual expenditure is to that predicted. This allows those responsible for the HIV/AIDS response to keep track of the financial situation on a regular basis. Any differences or variances need to be examined and, where necessary, corrective action should be taken.

