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# OVC INTERVENTIONS

## APPROACHES TO DETERMINING COSTS



HIV

COSTING & MODELING

TOOLS

Worldwide, millions of children are affected and made vulnerable by HIV and AIDS. Despite continued treatment and prevention efforts, the number of orphans and vulnerable children (OVC) worldwide will likely increase, emphasizing the importance of understanding the costs of OVC interventions.

**FOR MORE INFORMATION ON OVC DATA  
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The USAID | Health Policy Initiative, Task Order 1, applied two approaches to determine the costs of OVC interventions: for example, the project applied a **microcosting approach** in Ethiopia to estimate the cost per OVC reached with a specific service and a **macrocosting approach** in Cambodia to prepare national estimates of resources required to support OVC.

The two costing approaches were designed to help countries plan programs and estimate service delivery costs to meet the needs of OVC. Such costing exercises can help determine the

- Unit costs of various OVC services over time;
- Cost drivers likely to influence the unit cost of services;
- Cost components within a cost-effectiveness, cost-utility, or cost-benefit analysis; and
- Resources needed for future interventions.

## Ethiopia: Microcosting of OVC Programs

The Health Policy Initiative estimated the costs associated with OVC service provision to inform the scale-up, management, and sustainability of existing OVC interventions in Ethiopia. This approach involved collecting data and interviewing program officers and finance managers at 17 sites. Costs were estimated for each service, including direct and indirect labor, annualized costs for capital items, donated and paid building spaces, utilities, and office supplies.

### KEY MESSAGES FOR ETHIOPIA:

- OVC programs were often one of many social interventions undertaken by organizations.
- The largest share of expenditures was for food/nutrition and education services.
- The greatest cost per child reached per year was for household economic strengthening, followed by food/nutrition, shelter care, and education.
- As the number of children served increased, the unit costs dropped significantly.

## Cambodia: Estimating the Cost of the National OVC Plan of Action

To estimate the resources required for essential OVC care and support, the Health Policy Initiative collaborated with the National Multisectoral OVC Task Force to estimate the cost of Cambodia's National Plan of Action for OVC. The project developed a survey tool to collect unit cost data (i.e., per child) for specific services and support for OVC, including current and

anticipated resource requirements. It collected unit cost data from 39 nongovernmental organizations and 19 government institutions working on OVC issues in five provinces. The data were used to calculate the annual resources required from 2008–2010 for each essential OVC service:

### Process for Calculating Annual Budget

#### For Each Essential Service:

$$\text{Target OVC Population} \times \text{Coverage Goal} \\ \times \text{Unit Cost/OVC/Year}$$

= **Annual Resources Needed** (per service)

### KEY MESSAGES FOR CAMBODIA:

- A total of \$88.8 million was required for OVC care and support in 2008; \$109.8 million in 2009; and \$126 million in 2010.
- These estimates are equivalent to a unit cost of \$75 per child per year in 2008 dollars.
- With \$2.78 million available for OVC programs in 2008, the resource gap was \$86 million.

The survey findings informed a participatory decisionmaking process to determine resource needs and gaps in implementing the first year of priority activities under Cambodia's National OVC Plan of Action.

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