



# Handout: The Basics of Costing



## What is “costing”?

“Costing” is the process by which the cost of a specific intervention or service is estimated within a particular context (location, time, population, etc.). “Cost” is a general term that refers to the value of resources/inputs used to produce a good or service, which may be expressed as a monetary or non-monetary value.



‘Costing’ is the estimation of the **cost** of health interventions or services in a specific context (location, time period, population, and other characteristics).

‘Cost’ is a general term that refers to the value of resources/inputs used to produce a good or service, which may be expressed as a monetary or non-monetary value.



## Why is costing data useful?

Estimating costs is an important aspect of informing decision making when implementing global health interventions. Cost data can be used at multiple points in time to have an impact on program planning and evaluation:

- ❖ **Before implementation**, cost data can help set priorities in a program. Results of economic evaluations, such as cost-effectiveness and benefit-cost ratios, can be used, both of which include costs
- ❖ **After priorities are determined**, costs are then needed to inform initial budgeting and planning processes
- ❖ **Once interventions begin to be implemented**, routinely reported financial and cost data are key to improve accountability and oversight

## What type of cost data already exists in family planning?

FP programs have historically had limited financial data for decision-making around program implementation and resource allocation and prioritization. To address this, the Gates Foundation-funded Track20 project produces annual spending estimates of domestic family planning expenditures. While there are some family planning cost data, most are outdated. The Track20 project is applying the Activity-Based Costing and Management (ABC/M) approach to provide detailed cost data not previously available. Details on the ABC/M approach can be found in the ABC/M Training on the Track20 website.

To learn more about Track20 visit <http://www.track20.org/>

This handout is part of Track20’s Family Planning Costing 101 Online Training available at [http://track20.org/pages/track20\\_tools/FP\\_Costing\\_101/](http://track20.org/pages/track20_tools/FP_Costing_101/)