

LEO: Linking expenditures to outcomes in global health programs

FHI 360 health economists have developed expenditure reporting systems to advance the common goal of bringing more transparency to resource use in global health.

PROBLEM STATEMENT

Budgeting is a nearly universal practice in donor-funded global development. Detailed budgets are used in combination with program documents to describe specific resources (such as personnel, supplies and equipment) as well as the ways those resources will be used to achieve program objectives.

What has been missing is a way to explicitly link a budget to achievement of specific program outputs and outcomes. For example, a budget for a clinic-based HIV/AIDS program may include separate line items for physicians, nurses and managers but no clear connection between the amounts budgeted for each staff resource and the program areas (such as antiretroviral therapy and HIV counseling and testing) to which they will contribute or the geographic areas where they will be used.

THE APPROACH

FHI 360's budget processing technique creates these links by allocating each line item to program and geographic areas, based on interviews with program staff who can tell us how and where each resource is being used. Once each budget line item is allocated, the information can be aggregated using a computational innovation called a "resource allocation matrix," or RAM.

In 2016, FHI 360 branded the intellectual property associated with this process as "Linking Expenditures to Outcomes," or LEO. The LEO process provides a transparent, reviewable way to align program expenditures with program costs.

WHAT LEO CAN DO

Although funders may give notional guidance to implementers on how they want resources to be spent, tracking actual expenditures across different program and geographic areas has always been a technical challenge. The LEO process can be carried out at any time after planning budgets have been formed, enabling staff to conduct a

true prospective expenditure analysis that shows funders whether resources have been budgeted to produce the “right things in the right places at the right time.”

During implementation, LEO can be used to provide routine feedback on whether spending is producing the “value for money”

originally envisioned in project design. Actual expenditures can be used to adjust the original allocation weights. The LEO estimates can also be combined with output targets to predict the unit cost of program outputs, and these estimates can be compared with actual program accomplishments.

ADDITIONAL INFORMATION

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