

Incorporating Sustainability Plans into Grant Programs

Q. What Is Sustainability?

A. From the perspective of a grant-funded development project, sustainability generally refers to a project's ability to continue after a grant period ends. Since grants essentially may be viewed as investments and sustainability represents an increased return on investment, it is arguably a worthy goal in this context. However, the number of projects that disappear when funding ends is still greater than the number of projects that continue to thrive without the particular source of funding.

While sustainability conceptually speaks to what happens after the grant period, plans to promote it should inform the design of grant programs from the outset. To help development professionals and grant makers better understand how to do this, this paper divides sustainability into three types, not all of which may be relevant for every project:

- 1. Sustainability of project results**—Even when project activities cease, in most cases the impact of those activities can and should continue. For example, while a grantee may be unable to train new individuals, those individuals who were trained during the grant period will continue to have the ability to draw upon and implement skills and knowledge gained.
- 2. Sustainability of project activities**—In many cases, sustaining project activities beyond a grant period is also an important and appropriate goal. For example, if a project focuses on developing parent-teacher associations (PTAs), sustaining project activities could mean continuing to support the schools that have established PTAs or introducing PTAs at additional schools. Donors can encourage this type of sustainability by helping their local implementers attract other sources of financing as well as gain the technical skills required to continue providing relevant services. Unfortunately, alternative sources of funding—particularly those from local sources—are often underdeveloped, and local NGOs frequently lack the skills needed to identify or cultivate such resources. If continuing project activities is an important consideration, donors may need to incorporate approaches to help local partners identify and access financial resources.
- 3. Sustainability of project implementers**—Finally, in some cases donors may wish to invest significantly in the organizational and financial capacity of a key project implementer, or grantee, to ensure that a stable organization continues to exist in the future. While such investments may ultimately have the greatest long-term impact, they are also the most challenging and difficult to measure in the short term.

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NGOs must learn that although they are financially accountable to their donors, it is their local communities to whom they must be primarily accountable.

The challenge for donors is to continue providing financial support and technical assistance to the sector while simultaneously encouraging local NGOs to be more independent of them, and more integrated and responsive to their communities.

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Sustainability Index for Central
and Eastern Europe and Eurasia

Sectoral Sustainability

While beyond the scope of this paper, it is important to note that success in promoting the sustainability of project activities and implementers is closely linked to the overall environment in which non-governmental organizations (NGOs) operate. USAID's NGO Sustainability Index for Central and Eastern Europe identifies seven interlinking dimensions for sectoral sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure and public image. While addressing these will be outside the scope of work of most projects, implementers should be aware of factors in the environment in which their partners operate that may help or hinder efforts to promote sustainability.

For more information on the NGO Sustainability Index, please visit:
http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/.

Sustainability of Project Results

A project whose impact does not extend beyond the grant period is unlikely to be a worthy investment unless it is a demonstration or pilot project. This is true whether talking about a small infrastructure project that builds a water system that ceases to operate as soon as grant money runs out or a health center that must close at the end of the grant period.

Sustainability of project results should, therefore, always be a consideration in the design stage of a grant program. But, assuming it is a desired outcome, how can you ensure that a project will have an impact beyond the grant period, whether it is a few months or a few years?

At a minimum, before making funding decisions, a grant maker should ensure that a project is competently designed. A well-designed project is based on the real problems of the community, takes local dynamics (including power relations, political forces and gender and class interests) into consideration and is accepted and desired by the community. On the other hand, a poorly-designed project does not address a core problem or is not workable over the long-term. For example, if a program to address HIV/AIDS distributes condoms to women, but the women's husbands beat them for suggesting they use condoms, the project's impact is not only unsustainable, but negative. If

a land registration program results in a violent backlash against poor farmers by larger landowners, the impact is unlikely to be sustainable. Grant makers should take the time and effort to ensure that potential grantees have thought through the possible outcomes and problems of the proposed intervention.

A grant maker may also want to consider asking the potential grantee to incorporate additional activities into its project to try to increase the chances of sustainability of results. For example, if the project includes a training component, in addition to making sure that the skills or information provided in the training are relevant and useful and that appropriate trainees are selected, grantees may require participants to do something with their newly developed skills. For instance, in Croatia, a group of trainers received intensive training on a quality-assurance system for NGOs. In exchange, each trainee had to help at least three NGOs implement the system free-of-charge over a six-month period. As a result, the participants gained hands-on experience with the system, and other NGOs benefitted.

Sustainability of Project Activities

In many cases, donors have an interest in promoting the continuation of project activities. Most grants are awarded for

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periods ranging from a few months to a few years, despite the fact that the issues they seek to address are often complex and unlikely to be “solved” in a short timeframe. For this and other reasons, donors like to see the activities they support continue beyond the grant period. In this regard, sustainability of project activities may refer to continuing the same activities funded under the project, replicating activities in additional locations and/or implementing appropriate follow-on activities.

A grantee’s ability to sustain project activities often depends on its ability to find the necessary financial resources to replace those that are ending. Donors often unrealistically assume that other sources of funding will automatically appear to support. As this rarely happens, donors should work with grantees from the outset to think about future funding sources. This is particularly important if local NGOs do not have the skills and experience needed to identify and cultivate such sources. Some ways donors can encourage their local partners to secure alternative funding include:

- **Cost-share requirements**—Requiring cost share from grantees encourages project sustainability by ensuring that there are other sources of support for a project from its inception, which reduces the level of funding that must be replaced when a grant ends. Cost share from local sources—whether it be local governments, corporate contributions or volunteer work—is especially valuable since funding from other international donors is equally likely to be short-term.
- **Declining funding**—Gradually phasing out funding for a project over time will encourage grantees to find alternative sources of funding in an incremental manner. Such an approach is most relevant to longer-term projects. For example, while funding in the first year may cover 100 percent of needed ex-

penses, it can be reduced to 75 percent in year two and 50 percent in year three before being phased out altogether. In this way, grantees have time to gradually develop alternative sources of funding. For such an approach to work, this scheme must be written into the design of the grant program so that grantees understand this when proposing projects.

- **Fundraising or income-generation training**—If NGOs do not have the skills needed to identify or cultivate potential sources of funding, particularly local resources, providing training in fundraising, proposal writing or income generation for grantees can be useful. A more hands-on approach that involves one-on-one consulting and mentoring of grantees or brokers relationships between grantees and prospective donors may be even more effective.
- **Asset provision** —Another possibility is to provide assets that NGOs can use to earn money in the future, such as endowment funds that generate interest or equipment or real estate that can be rented out. However, since USAID policies place many restrictions on such uses of funds, USAID-funded projects should engage in the appropriate due diligence to determine if this is allowable before venturing too far down this path.

Sustainability of Project Implementers

While helping local NGOs gain the skills to secure future funding is the most obvious way to support lasting project operations, investing in the sustainability of the organization itself may also be an appropriate goal. Donors can do this by ensuring that grantees develop relevant technical skills, such as cutting-edge technologies in their field (i.e., education, health, etc.) or project management and monitoring skills to ensure they are able to track demand for their services, identify

Experience has shown that investments in organizational capacity tend to be most effective when they respond to the self-identified needs of the target organization.

and respond to changing situations and develop appropriate partnerships.

To help build these technical skills, donors can support the participation of local staff members in various educational programs or conferences, or arrange exchange or mentoring programs with more developed organizations working in the same field. Additionally, if a grantee has only a few employees, encouraging “cross training” within the organization, wherein employees learn the responsibilities and duties of another position, can facilitate the continuation of project activities in the event of the departure of a key staff.

This approach to sustainability works best when efforts are responsive to the self-identified needs of the target organization. Rather than determining the types of assistance that will be provided, the donor should engage the target organization(s) in a facilitated self-assessment process. The self-assessment can identify the areas in which the organization shows the greatest weaknesses and can serve as the basis for designing appropriate interventions.

Depending on the donor’s resources and interests, subsequent interventions can

then take the form of individualized or group training programs, consultancies or other activities. These activities should focus on developing new systems and/or increasing organizational capacity in areas such as strategic planning, financial management, human resources, effective governance systems, service delivery, monitoring and evaluation and developing partnerships with other organizations or sectors.

When considering whether and how to effectively support the sustainability of NGOS, donors should bear in mind the commitment they are making. Investing in the organizational sustainability of key partners in a meaningful way requires long-term commitment and a partnership based on trust and mutual understanding.

Donor should also understand that new organizational structures and systems put in place in the short-term are unlikely to result in changes that are immediately visible. Donors should think carefully about how to measure the impact of such investments. One common way of tracking progress is by repeating the organizational assessment to check any changes in the level of development.

For more information:

This NGO Tips brief is available online at www.NGOConnect.NET. This dynamic and interactive site is dedicated to connecting and strengthening non-governmental organizations (NGOs), networks, and support organizations worldwide.

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CAPABLE
PARTNERS PROGRAM

Case Study: Organizational Capacity Building in Poland and Croatia

NGO development programs in Poland and Croatia offered several types of grants with strong organizational capacity building components—each grant had a specific amount of funding that could only be used for organizational development purposes. To ensure that the recipients felt full ownership over these funds, they first completed a facilitated self-assessment. Then, based upon the results, they developed a Training and Development Plan (TDP) which was then implemented with their capacity building funds. Grantees were responsible for identifying the types of activities that would be most helpful to them in meeting organizational weaknesses and identifying appropriate consultants or training providers to work with them. In this way, the relevance of the assistance was assured.