





The UK Department for International Development is committed to helping partners in the developing world work towards sustainability in sexual and reproductive health programmes. One of the central discussions is whether programmes can improve service quality and coverage (including reaching the poorest) while increasing sustainability. The emerging consensus is that more donor support is needed to assist civil society organisations including non-governmental organisations (NGOs) working towards sustainability. This support should include technical assistance in financial and strategic planning, applied research, and a secure base for strategic development through guaranteed funding.



Over the last decade, the concept of sustainability has shifted from an almost exclusive focus on cost-recovery and cost-sharing (financial sustainability) to include organisational sustainability, capacity to create and sustain effective partnerships, and the sustainability of health and demographic benefits. Financial and organisational sustainability have common aims that include cost effectiveness, which requires organisational efficiency and well-developed accounting systems that help with cost recovery and diversification of funding sources. Sustainable benefits or outcomes are achieved when desired behaviours – delayed age of first sexual intercourse, safer sex, condom use, fertility regulation etc. – are maintained with minimal resource subsidy.

However, a widely accepted programmatic definition of sustainability is still a long way off. The box below provides a selection of current definitions, and illustrates the continued emphasis on the financial dimension of sustainability.

Sustainability defined

The ability of an organisation¹

- Define a relevant mission, follow sound management practices, and develop diversified sources of income, in order to ensure the continuity of high quality services and meet the needs of all its constituents
- Meet its mission goals and develop a diversified funding base
- Achieve financial self-reliance
- Diversify sources of donor funding
- Use income from client fees to cover recurrent costs
- Provide current and potential clients with information and services on a continuing basis without external aid
- Create effective and mutually beneficial partnerships with like-minded organisations including government institutions

The ability of a project or programme to

- Continue to deliver services after external technical, managerial and financial support has ceased
- Improve efficiency, generate income, and provide quality services

¹ The term organisations, unless stated otherwise, refers to civil society organisations



Financial Sustainability

Within the context of limited resources and growing demand for sexual and reproductive health services, financial sustainability strategies include

- generating revenue through client fees or by selling other related services at prices high enough to subsidise services
- reducing the number of clients served through the public sector through social marketing, training of private doctors and midwives etc.
- providing quality services at lower cost by reducing excess capacity in delivery systems and minimising unnecessary and or costly procedures
- pursuing cost recovery through user fees or through income generation from service diversification by identifying new markets for sales of products and services
- diversifying the organisation's funding base by expanding the existing donor base – mobilising resources from the public, seeking donations of goods and services at little or no cost, and cost-sharing in partnership with government, other civil society organisations and the private sector

Measuring financial sustainability

Financial self-sufficiency can be measured using a range of ratios and indices.

The **self-sufficiency ratio** is the ratio of locally generated income – usually including funding from government – to total expenditure (often expressed as a percentage):

$$\frac{\text{Local Income}}{\text{Total Expenses}} \times 100$$

The **replacement factor** tracks replacement of donor contributions by locally generated income:

$$\frac{(\text{self-sufficiency ratio this year}) - (\text{self-sufficiency ratio in baseline year})}{\% \text{ costs donated by major donor in baseline year}}$$

Other financial sustainability measures include

The **donor diversity index**:

$$\frac{\text{income from top (two) donors}}{\text{total income}} \times 100$$

The **cross-subsidy index**, which is the percentage of subsidised programmes, paid for through net income from commercial/diversified programmes

$$\frac{\text{surplus from profitable activities}}{\text{deficit from non-profitable activities}} \times 100$$

(Source: adapted from the IPPF Western Hemisphere Region's USAID-funded Transition Project)



Organisational sustainability

Organisational sustainability depends on an organisation's ability to develop administrative, programmatic and financial systems to allow effective managerial decisions to be made using timely and reliable data. Organisational sustainability will be facilitated or improved by

- defining a relevant mission that should be client-orientated, based on a commitment to quality of care and meeting the needs of the underserved
- determining a niche with regards to other service providers – a process which may impact on mission development
- adopting effective management practices, including knowledge of the operating environment, ongoing strategic planning, evaluation, quality control mechanisms, and effective advocacy and resource development
- developing and utilising information systems to evaluate and monitor progress, optimise resource allocation, and support efficient and effective management and services
- collecting accurate and timely financial management information and service data, undertaking cost analysis as part of strategic planning, and establishing a cost-recovery policy
- monitoring institutional performance using consistent, sensitive and accurately-measured indicators of cost-effectiveness, collaborative potential of operating environments, and share of service coverage compared with other providers
- providing effective staff development which reflects the organisation's changing role and also good human resource management
- working in partnerships or alliances to maximise impact and to increase the likelihood of sustaining activities and interventions



Partnerships in sustainability

Partnerships represent opportunities for NGOs and other civil society organisations to move from instrumental service delivery roles into areas of campaigning, policy advocacy and innovation. They also represent opportunities for governments to increase effectiveness through private-public sector synergy. However, partnerships should not be viewed exclusively in instrumental terms. They will only be effective if they emerge out of shared risk, joint commitment, and negotiated roles linked to a clear set of purposes.

Some of the most striking examples of good practice in development partnership come from the response to HIV/AIDS, where the involvement of people living with HIV has become a standard feature of service provision and advocacy at community and global levels. However, many partnerships are of a passive or dependent nature, largely because they are forced on agencies or organisations. To be active, meaningful and creative, the respective roles and obligations between partners need to be clearly established and agreed in advance, and partners must be free to renegotiate and reassess their roles where necessary.

Essential principles for partnerships include

- **equity** which does not imply equality but refers to value placed on each partner's knowledge, skills and experience
- **transparency** in collaborative work, which provides a foundation on which trust can grow
- **mutual benefit** whereby all partners are striving for and benefit from agreed objectives

Partnerships can also make significant contributions to widening access and coverage of services, to improving impact, and to sustaining benefits. Some partnerships emerge spontaneously, but it is possible and appropriate to plan – strategically – how and when to develop partnerships.

² For further information, see the 1998 paper produced by International HIV/AIDS Alliance for the UK International NGO Working Group on ICPD+5 (O'Malley, 1998).



Seeking Effective Partnerships: Recommendations²

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Create multisectoral partnerships. Creating partnerships with groups outside the health sector – education, the trade union movement, social welfare etc. – broadens focus and provides access to new ideas, new methods of working, and also to marginal or vulnerable groups.

Avoid partnerships that create expectations or demands rather than opportunity and synergy. National governments and donor agencies increasingly approach partnerships with civil society organisations as a sub-contracting arrangement. Sub-contracting can undermine innovation in civil society organisations. Effective health promotion and service delivery require local leadership, flexibility and innovation. A contract culture also undermines the mutual respect and shared objectives that are central to successful partnerships.

Improve the sharing of policy and programme data. There remains little commitment to information sharing. Greater transparency is required to build trust and accountability into partnerships. Increased access to policy and programme data (such as evaluations) is necessary in order to identify genuine opportunities for partnerships and mutual learning.

Strengthen partnerships with advocacy groups. Civil society organisations must move beyond service delivery. Traditional gender roles and relations, poverty, inequality and violence against women all undermine sexual and reproductive health. Partnerships with advocacy groups are likely to facilitate improvements in sexual and reproductive health and rights.

Move beyond partnerships to alliances. While partnerships still need to be established, strengthened and renewed, the basis of partnerships is an agreement to work towards shared goals. Alliances are reciprocal, negotiated agreements to support each organisation's goals even though these may not be shared.

SERVICE SUSTAINABILITY STRATEGIES IN SEXUAL
AND REPRODUCTIVE HEALTH PROGRAMMING PAPERS:

- Paper 1** **Sustainability: Key concepts and issues**
- Paper 2** **User fees**
- Paper 3** **Social marketing**
- Paper 4** **Community-based distribution**
- Paper 5** **References and key readings**



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