

Family Planning  
Service Expansion and Technical Support

SEATS II

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The SEATS Plan for Sustainability:  
Guidelines for Strengthening Institutions and Recovering Costs

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## List of Acronyms

ANE	SEATS Asia and Near East Regions
CBD	Community-Based Distributor
CYP	Couple-Year of Protection
FP	Family Planning
FP/RH	Family Planning/Reproductive Health
IEC	Information, Education, and Communication
IUD	Intrauterine Device
JSI	John Snow, Incorporated
MAPS	Midwifery Association Partnerships for Sustainability
MIS	Management Information Systems
NGO	Non-Governmental Organization
PHNC	Population Health and Nutrition Center
TA	Technical Assistance
RH	Reproductive Health
SEATS	Family Planning Service Expansion and Technical Support Project
USAID	United States Agency for International Development

## EXECUTIVE SUMMARY

The SEATS Plan for Sustainability is both a reference and technical tool to help program managers and technical advisors build in, implement, and monitor sustainability within subprojects. As such, the Plan addresses SEATS Strategic Objectives three and five: *providing relevant and quality technical assistance and training in management, quality of care, sustainability and other technical areas; and designing and implementing subproject sustainability plans*. The Plan is also consistent with USAID Population Health and Nutrition Center (PHNC) Strategic Objectives: *enhancing capacity for sustainable family planning programs through improved technical and management capacity within institutions providing family planning/reproductive health (FP/RH) services*.

Sustainability within SEATS is consistent with the 1995 definition put forward by the OPTIONS Project: “...the capacity of a national family planning program and the institutions within it to provide its current and potential clients with the information and services necessary to obtain the benefits of family planning -- on a continuing basis and without external aid.” In applying this definition to concrete project development and implementation, the SEATS Plan provides a framework and a set of practical tools and measures to enable tailored, incremental approaches to strengthen counterpart programs and institutions, build capacity and improve financial profiles.

Two basic premises shape SEATS’ approach to achieving sustainability in subprojects. The first requires integrating sustainability into subprojects from the first stage of design rather than including it as an add-on after subproject activities are underway. Sustainability is a filter for subproject conception, ensuring that chosen objectives, indicators and activities relate substantially to the achievement of enduring programs. Secondly, SEATS recognizes that there is no universal “blueprint” for achieving sustainability in subprojects. Consequently, the Plan includes tools to help program managers identify sustainability components that should be addressed in their subproject to enhance continuation and maintenance of service delivery over time. Every SEATS subproject addresses contextual, financial, and institutional components of sustainability.

The Plan for Sustainability includes a description of the SEATS approach and tools useful for identifying and addressing relevant components of sustainability within each subproject and for monitoring their implementation. The Plan includes three resource documents, attached as appendices. Collectively entitled the SEATS Sustainability Technical Reference Guide, these appendices are the SEATS Subproject Guidelines for Development of Sustainability Plans, the SEATS Illustrative Monitoring and Evaluation Guide, and a summary of the SEATS Staff Workshop on Sustainability held in November 1995. Together these documents provide comprehensive guidance for the development of subproject Sustainability Plans.

## **I. SUSTAINABILITY WITHIN THE SEATS II PROJECT**

### **A. Purpose of SEATS**

Consistent with the design of the SEATS II Project, the strategy for sustainability supports the achievement of the overall **Project goal**:

“To expand the development of, access to, and use of quality family planning and reproductive health services in currently underserved populations, and to ensure that unmet demand for these services is addressed through the provision of appropriate financial, technical and human resources.”

Financial and institutional sustainability are integral to the SEATS overall strategic approach to enhancing access and improving quality of family planning/reproductive health (FP/RH) service and maintaining and/or continuing to expand services after SEATS inputs have ended. Sustainability is linked to quality, increasing demand and efficiency, and improving overall management.

### **B. Sustainability within the Overall SEATS Performance-based Structure**

SEATS promotes sustainability both within overall management of the Project as well as at the subproject level. Through a strategic approach, SEATS supports and assists those aspects of FP/RH with the highest potential for return in terms of output. For example, in Cambodia, SEATS is jointly implementing a maternal and child health program with USAID, key Ministry of Health officials, and a number of cooperating agencies to use effectively both human and financial resources as well as the distinct institutional strengths of the multi-agency team. SEATS also works with key organizations in the program’s focus provinces within discrete technical areas, such as contraceptive procurement and management and development of a safe motherhood strategy and action plan, according to local needs.

SEATS actively collaborates with sister institutions and projects. Wherever possible, funding is leveraged to maximize program potential. For instance, in Eritrea, joint planning with UNFPA will ensure that a youth program designed by SEATS and its counterpart agency, the National Union of Eritrean Youth and Students, will expand beyond its initial regional focus to cover the entire country. At the subproject level, SEATS typically does not pay recurrent costs, such as salaries, and requires contributions from the counterpart agencies. In accordance with its commitment to ensuring high quality service delivery programs that will endure over time, SEATS has five far-reaching milestones in its performance-based contract related to sustainability:

- SEATS Sustainability Milestone 1** Sustainability and Cost Recovery plan approved (Project milestone 8-c: due 1/97).
- SEATS Sustainability Milestone 2** Sustainability plans implemented in 50% of subprojects (Project milestone due Year 4).
- SEATS Sustainability Milestone 3** Cost recovery implemented in 40% of subprojects (Project milestone due Year 4).
- SEATS Sustainability Milestone 4** One regional sustainability seminar completed (Project milestone due Year 4).
- SEATS Sustainability Milestone 5** Second and third regional sustainability seminars completed (Project milestone due Year 5).

Consequently, this Sustainability Plan is central to SEATS' achievements and to contributions it will thereby make to the achievement of USAID's overall goals and strategic objectives.

### **C. Purpose of the SEATS Plan for Sustainability**

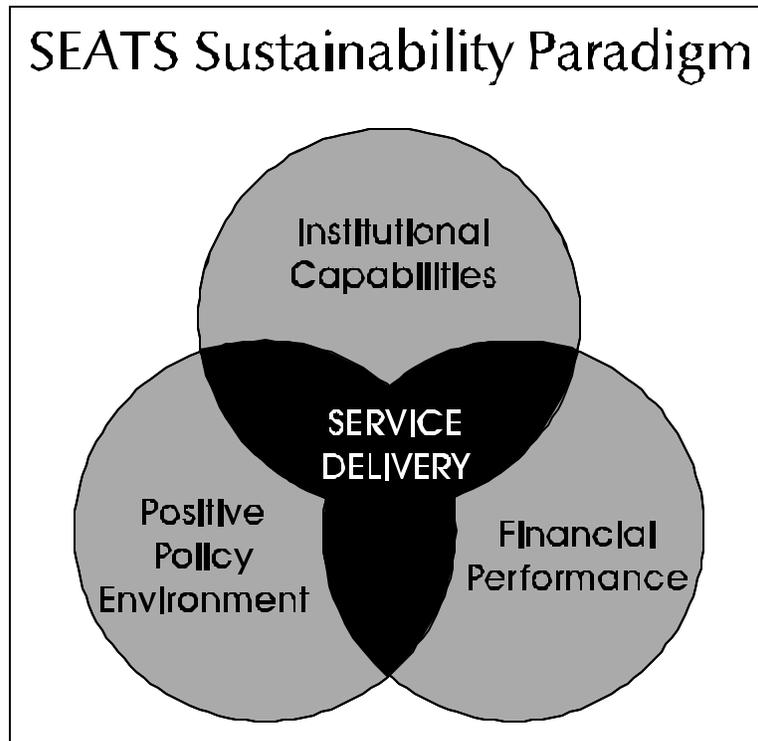
This plan summarizes the framework SEATS uses to ensure that sustainability is fully integrated into Project-level and subproject-level activities. To support achieving sustainability, SEATS has prepared an integrated set of resource documents to assist with training, design, implementation, and monitoring of sustainability components of SEATS subprojects. This plan describes the framework and provides an overview of this area of project activity; a set of resource documents, previously prepared to support the implementation of sustainability, is briefly described herein and attached as appendices.

Among several definitions put forward in recent years to articulate the range and scope of sustainability of family planning services, the following is most consistent with the SEATS approach:

*“ . . . the capacity of a national family planning program and the institutions within it to provide its current and potential clients with the information and services necessary to obtain the benefits of family planning -- on a continuing basis and without external aid.”<sup>1</sup>*

This fairly broad and all-encompassing definition covers and closely fits the general objectives of SEATS within sustainability. Though taking a broad view of sustainability, SEATS necessarily concentrates on concrete project development and implementation. The framework and practical tools and measures presented in this plan facilitate tailoring incremental approaches to strengthen counterpart programs and institutions, build capacities, and improve financial profiles.

Variation among and within countries where SEATS works, including varied levels of economic and institutional development, means that no fixed set of criteria for or measures of sustainability can be universally applied -- approaches useful and results achieved in one country setting may be insufficient in another, and *vice versa*. The relative importance of programmatic and contextual characteristics or capabilities in ensuring sustainability depends on local policies and economic conditions as well as on the local “market” or service delivery system. These change over time. **Consequently, SEATS’ approach to sustainability is to identify, select, and strengthen institutional, financial, and contextual elements directly related to a particular service delivery system or approach.** SEATS thereby significantly enhances the potential for continued FP/RH service delivery. This approach is reflected in Figure 1.



**Figure 1**

Sustainability can never be distinct from subproject design. Along with improving availability, accessibility, and quality of services, sustainability is one of the filters or criteria SEATS applies to subproject design. That is, rather than develop a potential design and then “retrofit” sustainability activities onto it, SEATS applies sustainability criteria to possible designs to make sure they “pass the test,” and then selects the design that offers the best chance of achieving service sustainability. For example, cost recovery within a proposed subproject entails considering, within the context of broader policy, institutional, and financial components, several options at the outset: user fees, budget line increase, commercial product transfers, etc. Prior assessment of the development environment combined with initial “testing” of specific options leads to subproject designs with built-in sustainability.

**D. SEATS Objectives, Milestones, and USAID’s Population, Health, and Nutrition Center (PHNC) Results**

The SEATS Plan for Sustainability addresses SEATS Strategic Objectives 3 and 5: *providing relevant and quality technical assistance and training in management, quality of care, sustainability, and other technical areas; and designing and implementing subproject sustainability plans*. These SEATS objectives are, in turn, consistent with PHNC Strategic Objectives. For example, in line with PHNC objectives calling for enhanced capacity for sustainable FP programs through improved technical and management capacity within family planning/reproductive health (FP/RH) institutions, many SEATS subprojects increase institutional capacity for sustainability by training managers and service providers in both technical and managerial skills.

The diagram on the following page (Figure 2) shows how SEATS sustainability inputs work towards SEATS’ strategic objectives, performance milestones, and USAID PHNC strategic program objectives and results.

**Figure 2. Relationship of SEATS II Sustainability Inputs and SEATS II Objectives and Deliverables to PHNC Objectives**

### SEATS II Sustainability Portfolio (Inputs)

SEATS Plan for Sustainability and Cost Recovery

Guidelines for the design of subproject sustainability plans

Sustainability indicators

Workshop Reference/Agenda

Three sustainability workshops

Project Reference Documents:

Designing a Family Planning User Fee System, SEATS 1993

Business Skills for Family Planning Managers

SEATS II Monitoring and Evaluation Strategy

SEATS II Strategy for Quality of Care in FP and RH

### SEATS II Objectives and Milestones Project Objectives

Comprehensive country strategic plans

50 multiyear FP service delivery subprojects

Technical assistance and training in sustainability and other technical areas

Sustainability plans for each subproject

#### Milestones

50 subproject agreements

700 new and improved service sites

15 Evaluation or Special Studies

Sustainability implemented in 50% of subprojects

Cost recovery in 40% of subprojects

3 Sustainability Workshops implemented

Sustainability and Cost Recovery Plan

### PHNC Strategic and Program Objectives

S.0.1. Increased voluntary fertility practices

1.2 Improved policy environment and increased global resources for FP programs

1.2.b Total financial and human resources for FP/RH programs increased

1.2.c Resources are rationally allocated to have maximum impact in achieving goals

1.3 Enhanced capacity for sustainable FP programs

1.3.a Improved technical and management capacity within FP/RH institutions

1.3.b Increased institutional financial self-reliance

1.3.c Strengthened collaboration and cooperation among relevant institutions to achieve the national FP/RH goals

1.4 Increased access to, quality of, cost-effectiveness of FP services

1.4.c Cost-effective approaches to implementation of FP and other RH service programs expanded

## II. SEATS SUSTAINABILITY STRATEGY: OPERATIONALIZING THE PLAN

### A. Tools for Implementing the SEATS Sustainability Plan

To support and guide full integration of sustainability issues into subprojects, SEATS has developed and is using a number of tools, collectively entitled the **SEATS Sustainability Technical Reference Guide**. These provide a framework for staff to target most effectively areas for technical assistance in subproject design, as well as assist partner organizations in improving their institutional and financial sustainability. For the complete Sustainability Technical Reference Guide, please refer to Appendices I-III.

The SEATS Sustainability Technical Reference Guide consists of the following resources:

“ *SEATS Guidelines for Subproject Design*

The guidelines present contextual, institutional, and financial components of sustainability in a form which assists subproject design teams to integrate strategies from the initial stages of conceptualization through to implementation. A user-friendly checklist for developing a sustainability plan is included. (See Appendix I for a list of the components.)

“ *SEATS Sustainability Indicators*

These indicators represent the sustainability component of the overall SEATS monitoring and evaluation system. A set of Project-wide sustainability indicators (such as tracking the number of subprojects with sustainability plans under implementation) and a menu of tailored, subproject-specific indicators (such as target cost recovery levels, marketing development, budget, and financial management development) are included. (Appendix II provides examples of objectives and activities to be tailored to countries with different per capita income levels.)

“ *SEATS Sustainability Workshop Agenda and References*

A workshop on sustainability was held for SEATS staff from the Washington, D.C., office and West Africa in November 1995. The structure and content of this workshop is included as Appendix III, in modular format, for easy replication and/or adaptation. As a companion to the *Workshop Report*, the *Reference Binder of Sustainability Overheads* is indexed by topic and follows the same organizational order as the Workshop Report. Through graphic depiction, presentation of these overheads assists in conceptualizing sustainability elements and suggesting additional topics to consider in assessing or developing the various elements of sustainability.

## B. Collaborating for Sustainability

The SEATS Project works with partner organizations to strengthen self-sustaining activities and assists them in developing strategies and/or plans to increase prospects for survival and growth. These strategies cover a range of concerns, including reducing donor dependency and improving donor diversity; exploring the potential for user fee systems and cost recovery; and marketing of services. The goal is to help an organization continue to provide FP/RH services after USAID support ends. *The SEATS II Guidelines for Subproject Design* were developed for staff to use in program planning, implementation, and monitoring. Activities to strengthen sustainability include training, development, and implementation of Information, Education, and Communication (IEC) programming to increase the demand for services, and strengthening the capacity of the private sector to provide, effectively and efficiently, FP/RH services. In addition, program development and implementation *vis a vis* sustainability must take into account USAID strategic objectives and other contextual factors such as financial and economic conditions of the focus country.

SEATS/Washington has conducted one large training session for all headquarters staff, and several smaller training sessions for field staff to expand and strengthen Project-wide technical capabilities. Technical assistance provided under SEATS subprojects addresses such sustainability issues as strategic planning, cost recovery, and strengthening institutional commitment to FP/RH. To complete the sustainability milestone of conducting three regional seminars by the end of Project Year 5, the Project will develop and coordinate three regional seminars for SEATS subproject partner organizations in the field and thereby provide appropriate opportunities for technical training on sustainability. One potential seminar concerns collaboration through the Midwifery Association Partnerships for Sustainability (MAPS) Special Initiative and a partner organization, the Midwifery Association in Zimbabwe, as host to other midwifery associations in the region. If feasible, SEATS may include within this strategic planning seminar for association leaders a basic one-page sustainability planner tailored to their specific priorities and organizational needs. The goal of this seminar would be to assist the midwives in developing basic strategic planning skills and thereby strengthen both the associations and their capacity to provide sustainable quality services.

The SEATS Sustainability Strategy at the subproject level is presented in detail under *The SEATS II Guidelines for Subproject Design* (Appendix I). The guidelines provide a step-by-step process for preparing a sustainability plan:

- ***Assess the Context in which the program operates*** -- Provide a picture of some of the limitations or barriers to sustainability: before beginning to plan for sustainability, understand contextual conditions or characteristics that may affect the subproject's potential.
- ***Identify Priority Contextual, Institutional, and Financial Components to work on under each subproject*** -- Select a discrete set of institutional and financial components which are feasible and relevant to the sustainability of the subproject.

Sustainability components considered in the design of SEATS subprojects are as follows:

<i><b>ELEMENTS OF SUSTAINABILITY</b></i>
<i><b>Contextual Considerations</b></i>
' USAID country objectives and policies
' Other donors' policies and programs
' Host government policies
' The competitive environment
' Economic conditions and economic determinants of demand
<i><b>Institutional Components</b></i>
' Commodity/material procurement and management system
' Quality of care / quality improvement
' Effectiveness of annual planning and evaluation cycle
' Marketing capabilities
' Diversification of services / service mix / integration of health, FP
' Strategic planning capabilities
' Human resources / training capabilities
' Level of community involvement
' "Leveraging" and coordination with other institutions or programs
' Degree of "internal policy commitment" to key policy makers
<i><b>Financing Elements</b></i>
' Financial plan
' Presence of a functioning user fee system
' Revenue generation sources other than fee-for-service/user fees
' Financial planning, allocation, budgeting, and management capabilities
' Cost structure / use of cost analysis / cost containment / efficiency measures

Four items of information should be specified for each selected sustainability component:

- (1) Current condition or status of the component.
  - (2) Activities to be carried out to strengthen the component.
  - (3) The expected status of the subproject and participating institutions at the end of SEATS support.
  - (4) Indicators to verify progress or accomplishment of change.
- ***Incorporate Each Selected Component into the subproject sustainability plan*** -- Identify the set of contextual, financial, and institutional components to be included in the plan. Collectively, these components serve as an organizational tool to help to determine which specific aspects of sustainability are to be promoted or strengthened. By choosing a set of components in the

sustainability plan, SEATS selects strategic and priority areas through which to enhance the overall program's or partner organization's ability to continue to provide services after SEATS support has ended.

- **Select Key Indicators to monitor subproject progress** -- Identify a discrete set of indicators as part of the subproject's monitoring and evaluation plan. These indicators will serve as proxies to measure the progress of SEATS and the partner organization in strengthening sustainability. To reduce the evaluation burden, it may be possible to use indicators that already have been identified under other areas such as service delivery or quality. Please refer to the Illustrative Monitoring and Evaluation Guide (Appendix II).

# **Develop Subproject Sustainability Plan** -- Using the selected components and corresponding indicators as a framework, finalize the sustainability plan as early as possible, preferably as part of the subproject proposal. This plan should include a description of activities, inputs, and verifiable indicators including changes sought, activities required to reach the objectives, and concrete measures of success. The plan also should provide some "sustainability checks," basic information items, such as whether or not local salaries are to be included (normally they should not be), and estimated cost per CYP (as an efficiency measure). A simple form has been developed under the *Guidelines* to facilitate the design of the sustainability plan as well as the monitoring and evaluation of sustainability components and indicators. For financial sustainability, at a minimum capital and recurrent costs and sources of funding should be determined; ensure that recurrent salaries are not being funded by SEATS; and specific venues for partial cost recovery, and sources of funding after the end of SEATS support should be identified.

# **Monitor Subproject Progress on Indicators and Revise Sustainability Plan upon periodic evaluation** -- As part of the monitoring and evaluation plan under each subproject, staff should assess periodically the progress of the subproject *vis a vis* sustainability based on the status of the selected indicators. SEATS, in collaboration with the partner organization, will modify activities and the sustainability plan as appropriate.

The SEATS technical reference documents are available to guide technical assistance activities in these areas. Several manuals also have been prepared to assist in the assessment, design, and development of specific sustainability areas in more detail. These include the 10-step guide, *Designing a Family Planning User Fee System* (1993), and *Business Skills for Family Planning Managers* developed under the Enterprise Project. SEATS also has collected and distributed to staff sustainability reference documents from other cooperating agencies, including the Evaluation and Options Projects, The Futures Group, University Research Corporation, among others. SEATS also participates on the USAID/Evaluation Project Sustainability Index Task Force.

SEATS tailors its approach to sustainability. The approach is strategic, flexible, and pragmatic. Variations in project settings require strategic designs that respond to the relevant contextual, institutional, and financial factors within a subproject. For example, upper-middle income target populations may be more willing and able to pay for services and thereby support a well-managed clinic's user fee system without reducing

overall use of FP/RH services. This group also may be cognizant of FP/RH information because of their socioeconomic status. For such populations, SEATS focuses on development of effective budgeting and cost recovery systems rather than on strategies for marketing services, planning, and contraceptive management. In a situation where SEATS established linkages with a public sector clinic operating in a community with a distrust of government services, a simple marketing plan might be developed to involve the community with the partner organization in management to engender greater commitment because of shared ownership. The table below offers examples of tailored sustainability activities.

<b>TAILORING OF SUSTAINABILITY ACTIVITIES</b>		
<b>INCOME LEVEL</b>	<b>SUBPROJECT IMPLEMENTOR</b>	<b>APPROPRIATE SUSTAINABILITY OBJECTIVES</b>
Low income	Local (or rural) service delivery	<ul style="list-style-type: none"> <li>" Assessment of efficiencies and development of cost improvement plan</li> <li>" Development of basic user fee system</li> <li>" Development of budgeting capabilities</li> <li>" Development of simple marketing plan</li> <li>" Basic contraceptive management systems in place</li> </ul>
Lower-middle income	National NGO	<ul style="list-style-type: none"> <li>" Development of cost monitoring plan</li> <li>" Development of enhanced user fee system</li> <li>" Refinements in budgeting capabilities</li> <li>" Market analyses and strategies</li> <li>" Strengthening of contraceptive management capabilities</li> </ul>
Upper-middle income	National NGO in mature program; social security program	<ul style="list-style-type: none"> <li>" Regular use of cost monitoring, cost effectiveness, and cost containment mechanisms</li> <li>" Cost-based pricing, cross-subsidization, profit centers, and full cost recovery</li> <li>" Results-oriented budgeting system in place and used effectively</li> <li>" Sophisticated market analysis and segmentation</li> <li>" Effective contraceptive procurement and management practices; contraceptive cost recovery</li> </ul>

### **C. Financial Sustainability**

In this era of resource scarcity, special attention needs to be directed towards financial sustainability, combining cost recovery with efficiency improvements across all aspects of FP/RH programs. Cost recovery is, however, not limited solely to user fees. Rather, it includes recovery of some or all costs from one or more sources -- individual users as well as community beneficiaries, government budgetary resources as well as donor funds, sales for products as well as fees for services.

SEATS partner organizations are required to pay a portion of the costs associated with the subprojects. Cost-sharing from the beginning and throughout a subproject promotes sustainability for the long term.

Partners usually bear the costs of local salaries, clinic renovations, and other recurrent costs. For example, the SEATS Project may fund initial training of providers, technical

assistance, and basic clinical equipment. The partner organization would in turn be responsible for the costs associated with maintaining equipment, services, and ongoing training activities.

As noted, the key issues to be addressed for the sustainability of each subproject are cost recovery and efficiency improvement. Given the Project's limited duration, it is recognized that full sustainability of partner organizations and service delivery programs may not always be achieved during the life of the subprojects; however, SEATS will strive to assist each local partner in the development of an effective sustainability plan that promotes cost recovery and addresses funding phase-out over a period of time consistent with the financial and economic conditions of the particular country.

### ***1. Cost Recovery***

Cost recovery refers not merely to charging fees, but also to achieving balance between costs and income. If strategies to reduce costs and to generate income can be expected to reach a balance, then self-financing is within reach. An important element on the cost side of this equation is to promote efficiency in resource use such that service production costs (i.e., average unit costs) are not inflated. Important elements on the income or revenue side in most programs will be donor diversity and the enhancement of a local organization's capacity to generate revenue through user fees, cross-subsidization of services, or other options. For many SEATS programs, improving donor diversity will be a key factor to ensuring a stable financial base over the short to medium term. First and foremost, SEATS will ensure through the design and review process that its subprojects do not place any additional recurrent cost burden on counterpart institutions; that is, that activities or programs promoted by SEATS will not increase operating costs unless provisions are made, through specific financing strategies, to meet those increased costs.

While certain SEATS service delivery subprojects are appropriate candidates for development of user fee systems, few if any will have the potential to reach 100% self-financing during the period of SEATS support. Where appropriate, SEATS may carry out user fee assessments, identify current levels of cost recovery, set appropriate targets, and implement a balanced user fee development strategy. Figure 3 illustrates where SEATS support might be directed in such a scenario.

Pursued too aggressively, however, emphasis on user fees can negatively affect program performance, and actually can reduce returns on investment in those programs aimed at reaching underserved populations. Unless there are clear policy or programmatic reasons (e.g., USAID phase-out or graduation) to pursue user fees at the expense of other objectives, SEATS will strive to place user fee objectives in context with other objectives, in a balanced approach including institutional as well as financial components.

## **2. Efficiency Improvements**

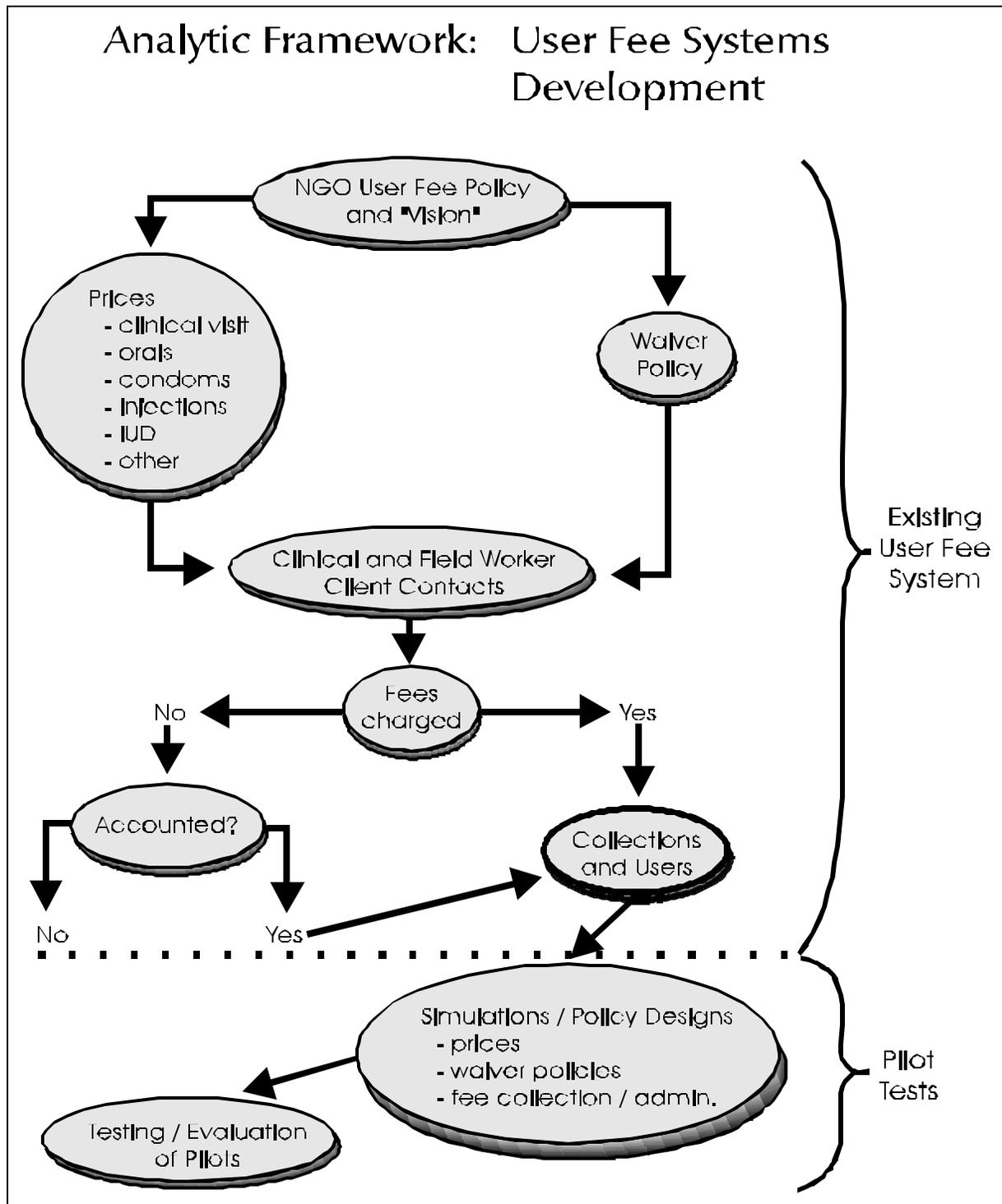
In many programs, particularly those in the public sector and those with a long history of substantial donor support, efficiency improvements may represent the greatest potential for changing the financial sustainability equation. That is, a reduction in service delivery costs (such as average unit costs), through improvements in the allocation of resources, improvements in overhead structures, and reduction or elimination of less productive activities (such as unnecessary clinical visits, or repeated community-based distributor (CBD) contacts which result in neither resupply of contraceptives nor in new acceptors) may save a substantial proportion of program costs; this proportion may be greater than the potential revenues which can be generated through user fees. And, for long-term sustainability, identifying and containing these efficiencies will be essential to make services affordable to the target populations. SEATS will therefore place special emphasis on identifying inefficiencies and improving the cost structure of services in the programs it supports.

## **3. Cost per CYP**

It is useful to keep unit costs in mind as a gauge to ensure that the subproject is not producing services that are too expensive to be continued on a long-term basis. For example, of the specific targets which SEATS II is required to meet, perhaps the most challenging is to provide 2 million CYP. Assuming that full funding of subprojects is available and this project milestone is retained, this implies an average cost of about US\$ 9 per CYP, and the total funds available to SEATS imply an average cost per CYP of about US\$ 29. We assume that about 15% of the subprojects will involve activities not directly tied to service provision, and therefore these average costs must be adjusted slightly. As a very rough guide, then, on average subprojects will spend about \$8 per CYP, and SEATS-wide the average will be about \$25. This is consistent with general “efficiencies” or costs reported in countries around the world. While some subprojects may be more productive than others, overall these averages provide a general gauge of how well SEATS is keeping costs in line with CYP targets.<sup>2</sup>

At the level of the individual subproject, financial indicators will be developed where appropriate. Specific indicators at this level may include the following:

- < Completion of cost and efficiency assessments
- < Existence of a functional user fee system
- < Performance of user fee systems (percentage of costs recovered)
- < Income generated from sources other than user fees
- < Demand (rate of increase)
- < Functional commodity procurement and management system in place
- < Functional budgeting system in place



**Figure 3**

### III. MONITORING AND EVALUATION

SEATS' approach to the monitoring and evaluation of program sustainability is based on the measurement of progress towards inputs, outputs and outcomes as outlined in the SEATS project proposal, as illustrated in the following table.

<b>STRATEGIC OBJECTIVE #5: DESIGN AND IMPLEMENT SUSTAINABILITY PLANS</b>	
<i>INPUTS (Indicators)</i>	
C	Technical assistance in policy, institutional, and financial sustainability (trip reports, project documentation).
<i>OUTPUTS (Indicators)</i>	
C	Plans and actions to promote sustainability by creating positive policy environment (involvement in development planning, policy analysis, awareness raising, strategic planning, dissemination, national coordination, advocacy, contribution to supporting family planning)
C	Plans and actions to promote institutional sustainability (strategic plan, operational targets, organizational structure, staffing, financial management, access and use of information, and systems in place for service delivery, training, supervision, commodities and logistics, IEC, quality of care, monitoring, evaluation, and research).
C	Plans and actions to promote financial sustainability and cost recovery (financial management systems, extent of cost recovery, user fees, endowments, government and donor support, involvement of private and public insurance systems, private sector participation).
<i>OUTCOMES (Indicators)</i>	
C	Progress in degree of subproject sustainability (development of a composite indicator to scale achievement in policy, institutional, and financial sustainability).

## **A. SEATS Project-level Monitoring**

The overall SEATS project level indicators are based on SEATS milestones and evaluate general project-wide activities that support sustainability. These indicators (or milestones) are monitored on an ongoing basis through a milestone tracking database. The SEATS Evaluation Plan provides more detail on this system and the overall set of milestones. The project-level sustainability milestones include:

- “ The number of subproject sustainability and cost recovery plans (including efficiency and use-fee approaches) approved.
- “ The number/proportion of sustainability plans under implementation.
- “ The number/proportion of cost recovery strategies under implementation (including both efficiency and user-fee elements).
- “ The number of regional sustainability seminars completed.

## **B. SEATS Subproject-level Monitoring**

Sustainability indicators and targets at the subproject level are established in the subproject’s sustainability plan according to its objectives, and are reported quarterly. Thus the monitoring of the progress of sustainability activities of a subproject is done on an individual basis at the time of quarterly reporting, supervisory visits, or any other time that progress toward targets is measured. An illustrative list of subproject-level sustainability indicators from which the individual plans are developed can be found in Appendix II.

To facilitate the overall monitoring of subproject progress in sustainability, SEATS is developing a component matrix which outlines the major sustainability elements in which each subproject is actively working, has planned to work in, or has completed work. This matrix is a tool that allows SEATS to assess overall sustainability progress of all subprojects. The sustainability component matrix will be included regularly in SEATS’ semiannual reporting and in milestone submissions.

#### IV. CONCLUSION

The objective of the SEATS Project in the majority of its subprojects is to assist counterparts to enhance their institutional and financial profiles, make their programs more attractive as overall investments, and leverage non-USAID funds from a combination of other donor and local resources. In the final year of activity within each subproject, individual subproject sustainability plans and performance against those plans will be reviewed and adjusted to enable SEATS to consolidate sustainability gains at the subproject level. As has been made clear in this plan, adjusted subproject sustainability plans will continue to be based on achieving an optimal balance of both institutional and financial capabilities. Figure 4 depicts the direction in which SEATS will move the subprojects.

### Financial Sustainability Over Time

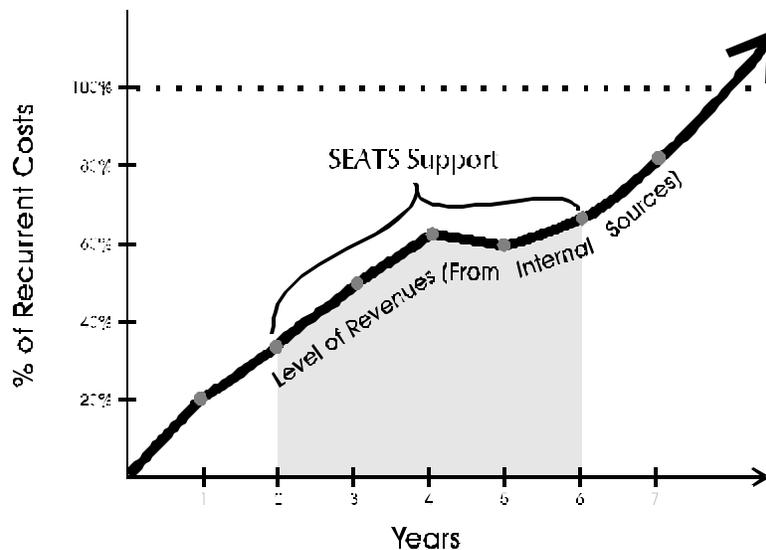


Figure 4

In general terms, this plan has described the strategy, approach, and implementation and monitoring phases of the sustainability component of SEATS. Under this plan, priority institutional and financial elements are identified, technical assistance activities are carried out, and sustainability indicators are tracked. This is an evolutionary process; overemphasis or oversimplification, such as setting cost recovery in isolation of efficiency, institutional development, or other considerations, will not advance the underlying service expansion, quality, and sustainability objectives of SEATS. Necessarily, each subproject is tailored to fit its particular contextual, institutional, and financial context, and these will be updated as needed. As outlined in this plan, SEATS is committed to promoting the institutional and financial sustainability of all counterparts and programs receiving Project support.

## **End Notes**

1. The Options Project (1995).

2. On average, a subproject with a budget of \$160,000 would be expected to produce about 20,000 CYP (the budget divided by the average cost of \$8). This general gauge should be kept in mind during subproject design. If the cost per CYP is out of line with this gauge, then it probably will be necessary to re-examine CYP estimates and/or budget estimates, and perhaps more fundamental design issues. This is referred to as the “25/8 gauge.”

## APPENDIX I

### SEATS SUBPROJECT DESIGN: GUIDELINES FOR DEVELOPMENT OF SUSTAINABILITY PLANS

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These guidelines have been prepared to assist those persons/teams designing SEATS subprojects as they conceptualize and articulate the sustainability aspects of those designs. The following pages present in abbreviated fashion the rationale, context, and elements of sustainability as related to subprojects. **Annex 1 provides a suggested format for preparing a subproject sustainability plan. Please review Annex 1 before reading the guidelines.**

SEATS does not insist on a rigid or fixed set of elements for the sustainability plans. We believe that “cookie-cutter” approaches cannot possibly embrace the many conditions and opportunities that can affect a program’s sustainability. Nor is sustainability a static quality; the conditions that would lead us to say that a program has a high likelihood of sustainability this year may not be sufficient a few years down the road, or may not be sufficient in a different country setting. Notwithstanding such limitations, we can use sustainability plans to enhance a program’s sustainability in at least two ways. First, we know that any program is at risk of developing certain characteristics that can limit its sustainability -- these may include overburdening or over complicating a service delivery structure, or making the costs of services too expensive to produce -- we can therefore use the sustainability plan to make sure some of these risks are avoided. Second, there are always some characteristics of any program (such as its contraceptive logistics system, financial management system, marketing capabilities, or other institutional and financial capabilities) that can benefit from some improvement; we can therefore use the sustainability plan to identify these weaknesses and to organize activities to strengthen them.

#### WHY DO WE NEED SUSTAINABILITY PLANS ?

The sustainability of programs has become an important issue in strengthening family planning service delivery and achieving efficient allocation of resources for program planners, implementors, evaluators, and donors alike. More and more projects are integrating specific activities to promote sustainability; and are being evaluated based on ability to diversify their funding base and to continue programs after donor funding has ended. Projects that include capacity-building and cost-sharing components are also more attractive to donors. In short, sustainability is part of sound project design, and is particularly important in today’s funding climate.

For SEATS, as for other USAID-funded projects, sustainability is especially important. A number of countries already have been designated as “phase-out” countries, indicating that in coming years they will no longer be eligible to receive USAID support. Even in those countries which are still active, projects that are inefficient or not sustainable in the long run cannot expect substantial levels of donor support.

Aside from these changes in donor policies, SEATS emphasizes sustainability in all subprojects for a number of important reasons. Sustainability is one of the strategic objectives of SEATS; two of the eight recommendations in the SEATS I Final Evaluation refer to sustainability; and cost recovery plans are specified as project outputs for 40% of subprojects and sustainability plans for 50% of subprojects.

All SEATS subprojects should have a sustainability plan. These plans should *not* be “retro-fitted” onto subproject designs, but should be part of the basic architecture of those designs. By emphasizing sustainability in subproject design, we do not assume that all subprojects will lead to fully self-financed programs. Indeed, financing is just one aspect of sustainability. Nevertheless, it is important to consider the financial aspect of all programs. Figure 1 illustrates how SEATS II can support sustainability; it is a continual process by which we help our counterparts move toward sustainability, even though in many cases this will not result in financial independence during the period of SEATS support. It is imperative, however, that SEATS support not make it more difficult for counterparts to continue programs than had SEATS not provided support to begin with. Ongoing counterpart dependence on SEATS (or on any donor) is not consistent with sustainability. Therefore, the sustainability plan is really an articulation of one aspect or perspective of the subproject blueprint, the aspect of how the subproject will strengthen the ability of the implementing organization to continue to provide services after SEATS support has ended.

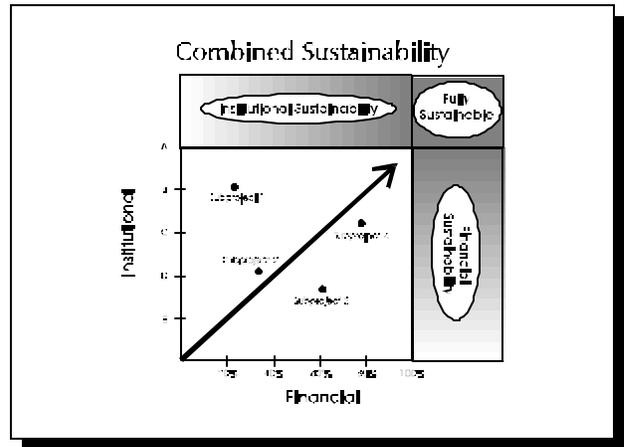


Fig. 1

Therefore, the sustainability plan is really an articulation of one aspect or perspective of the subproject blueprint, the aspect of how the subproject will strengthen the ability of the implementing organization to continue to provide services after SEATS support has ended.

These Guidelines provide three steps to preparing sustainability plans:

- 1) **Assessment of the Context** in which the program operates, to provide a picture of some of the limitations or barriers to sustainability.
- 2) **Selection of Institutional and Financial Components** that are feasible and relevant to the sustainability of the subproject.
- 3) **Development of Sustainability Plan: Description of activities, inputs, and verifiable indicators** including changes sought, activities required to reach these objectives, and concrete measures of success. This plan also should provide some basic information items as “sustainability checks,” such as whether or not local salaries are included (normally they should not be), and estimated cost per CYP (as an efficiency measure).

The key thing to remember in developing sustainability plans is that the subproject designs should demonstrate a *strategic* approach to strengthening program sustainability from the first conceptualization through implementation and onwards to evaluation.

#### **STEP ONE: ASSESSMENT OF PROGRAM CONTEXT**

Before we can begin to plan for sustainability we need to understand **contextual conditions or characteristics** that may affect the subproject’s potential. These may be of a social, political, or economic nature; most likely, context will be determined by a combination of all three. *It is important to identify these conditions, and any obstacles or limits they may present to sustainable programming.* For example, host government policies may prohibit certain kinds of charges, or economic conditions may force us to keep service delivery models streamlined lest they become too expensive to maintain after donor support has ended. It also may be possible to identify opportunities which present themselves within these conditions. In many cases, SEATS cannot attempt to change directly or modify contextual conditions, but their review can guide subproject design and implementation. Sometimes it is possible to address directly particular contextual components. For example, if in a certain country public policies inhibit the ability of the private sector to expand services (such as restrictions against franchising or laws restricting types of services which can be provided by certain providers), there may be opportunities to include modifications to these conditions as an objective of the subproject. Or, these objectives may be sought in coordination with other USAID projects. Other contextual conditions (e.g., macroeconomic situation) are not within the scope of SEATS subprojects, but they should be included in the initial step of preparing the plan for the reasons discussed above.

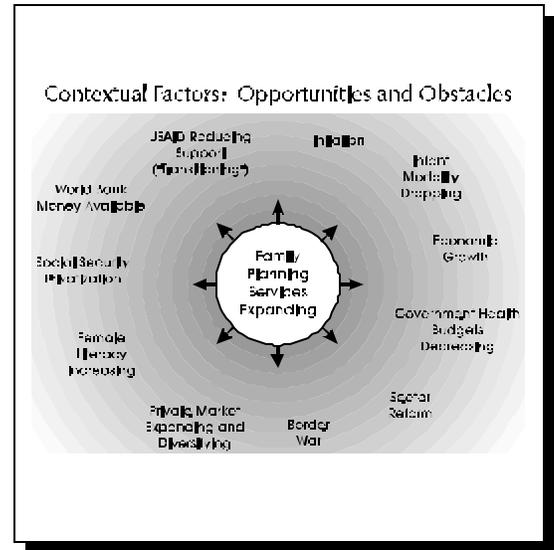


Fig. 2

The five following contextual conditions can have significant effects on subproject design and should therefore be considered; others may become apparent in particular subproject settings.

- ‘ **Host Government Policies and Objectives:** Many government policies, even if they are not explicit about family planning, can have supporting or limiting effects on service expansion. In the public sector, policies may be unclear or ambiguous about whether or not, or to what extent, facilities can charge for services, or they may restrict local facilities’ ability to apply fees generated for quality or other improvements. Public policies on subsidization (“free services for all”) may make it difficult for the private sector to serve clients who would otherwise be able to pay, as competition with “free services” can be especially difficult. Many medical barriers also may exist such as policies mandating unnecessary lab tests before the provision of a contraceptive. Government policies also can facilitate family planning service delivery by, for example, establishing systems and resources for key target populations such as youth. SEATS programs typically operate in support of the host country’s health and population objectives.
- ‘ **USAID Country Objectives and Policies:** Most USAID Missions will have current documents on file that are available to the SEATS Project, including sector strategies that state objectives in the area of population. HPN Officers will also have information which may at times be more up-to-date than written documentation. These information sources will help the subproject design team to understand Mission objectives and priorities. These objectives may include supporting NGOs, developing models in the commercial sector, or strengthening Ministry of Health services. While this is NOT an area where

subprojects will attempt to bring about changes, subprojects must be consistent with Mission objectives in each country, including exit strategies.

- ' **Other Donors' Policies and Programs:** Other donors and technical agencies, including multilaterals (e.g., World Bank, UNFPA, the Asian Development Bank) and bilaterals (e.g., GTZ, Scandinavian donors) support family planning and reproductive health programs in many countries where SEATS is active. Understanding their objectives is important not only to avoid duplicating activities (or possibly conflicting activities) but also to create opportunities for close coordination and at times even segmentation of program activities and costs. Complementary programming also helps country programs to diversify their donor bases away from dependence on USAID.
  
- ' **The Competitive Environment:** A key consideration in determining technical and geographical issues of service expansion is the existing health services market. The "competition" should be identified whether in the form of a significant supply of providers in the local market, or commercial sources of contraceptives, or other competitive considerations. If there is existing competition in the subproject catchment area, explanation of (1) why new services are justified, and (2) what competitive advantage the subproject will have, should be provided in the Sustainability Plan.
  
- ' **Economic Conditions and Economic Determinants of Demand:** Finally, we need to be realistic about the economic environment. For example, we cannot expect a subproject in a very low-income region, targeting low-income clients, to move from 0% to 100% self-financing during the period of SEATS support. Nevertheless, simply assuming that a population is low-income and therefore user fees are not possible at any level does not necessarily promote the objectives of sustainability within a balanced subproject design. The assessment of contextual components should consider the economic conditions and how they affect demand in order to identify limits to the financing options, such as partial cost recovery, which may be considered in the sustainability plan.

Again, while there may be cases in which it makes sense to try to target some of these issues, in most cases they will not be addressed through specific objectives of the subprojects. At the very least, however, the effects they may have on limiting program expansion need to be identified and articulated, and subsequently reflected in the subproject designs.

## ***STEP TWO: IDENTIFYING CURRENT INSTITUTIONAL AND FINANCING COMPONENTS***

With the contextual components identified and understood, we can concentrate on the list of institutional and financial components from which sustainability plans will be drawn. The particular components selected in the plan will provide the framework for subsequent subproject activities. It will normally not be possible (or even desirable) to include all of the institutional and financial components. In most cases, however, the plans should include some institutional components and at least one financing component.

Following are brief descriptions of 15 such institutional and financing components (10 institutional and 5 financial) to consider in planning. Other variations may emerge as individual subproject sustainability plans are prepared. For more discussion of these 15 components than we are able to provide here, SEATS has prepared a document on the Sustainability Workshop held in Arlington, Virginia, in November 1995. (See Appendix III.)

## *Institutional Components*

“Institutional components” refer to all of the program, management, and administrative systems that enable an institution (public sector, nonprofit/NGO, not-for-profit, or for-profit) to be able to implement family planning services and to monitor and improve those services on a continual basis. Sustainability plans should identify problem areas and inefficiencies, as well as opportunities for change. A short list of institutional components is provided below. Not all elements are equally important; as a general rule, the first two institutional elements (procurement/logistics and quality of care) will be essential, as will the first financial element (a financial plan), and the remainder will be more or less important depending on the nature and objectives of each program.

- 1) Commodity/material procurement and management system:** Commodities represent a major expense category for family planning services. As donors revise policies or withdraw from donating contraceptives, this becomes a critical sustainability issue. The ability to procure contraceptives independently (or in association with other group purchasers), to pay their costs, to account for costs and revenues, and to manage logistics with a minimum of loss or waste, will have long-term implications for sustainability; without contraceptives (and other supplies), no services can be provided.
- 2) Quality of care / quality improvement:** Quality is crucial to service delivery for ethical reasons (client safety) as well as practical reasons (e.g., good quality generates more clients, increases willingness to pay). An organization should have systems in place for monitoring quality and identifying areas for quality improvement, and should take concrete steps to improve quality (e.g., training, new procedures, improved equipment) on an ongoing basis. Quality of Care monitoring in subprojects is also a separate SEATS milestone, so the link to sustainability should be made clear.
- 3) Effectiveness of annual planning and evaluation cycle:** Each partner institution should base its operations on an annual cycle involving: (a) setting objectives and targets; (b) identifying systems, including personnel, for monitoring performance against these targets; (c) periodically evaluating performance (i.e., annually) and reasons for particular shortfalls or successes; and (d) making appropriate changes in planning the next cycle.
- 4) Marketing capabilities:** The ability to promote or “market” the services being offered is key to sustaining and increasing demand. Increased demand is key to increasing the ability to generate revenues, improve efficiency, and so forth. Marketing capabilities encompass an analytic dimension (understanding market characteristics) and a promotional dimension (IEC, etc.). Marketing activities can include such areas as local market research; community-based [promotion and] distribution (CBD) with clinical referrals; mass promotion; selling of services to new clients such as employers, cooperatives, men, and youth; franchising of service sites; and other areas which expand the client base (particularly of paying clients).
- 5) Diversification of services / service mix / integration of health and family planning:** Certain services (e.g., short-term or barrier methods) are known to be less cost-effective than other services, owing to the need for more frequent clinical visits and resultant increases in recurrent costs. We should seek a diversified service base (offering a range of services), along with a cost-effective service mix (offering long-term methods) and integration into a package of other services (such as family health, STD and other reproductive health services, pediatric services, etc.). This approach can defray an institution’s costs and offer a more accessible and responsive service for clients, thereby increasing demand. This is closely related to the efficiency issue discussed below.

- 6) **Strategic planning capabilities:** This is tied to many other components. The ability not only to define the institution's strategic objective but to articulate its vision for future service delivery is crucial for resource planning, quality improvement, and long-term survival of the program. With a clear strategy and clear objectives (such as which population to target, which costs to cut), many of the institutional and financing priorities also will become more clear. It is not necessary to over complicate "strategic planning;" it often involves identifying strengths and weaknesses, threats and opportunities, and developing or refining a direction based on this systematization.
- 7) **Human resources / training capabilities:** An organization's greatest resource is its personnel. The ability to develop and maintain skills, including administrative, evaluative, clinical, and marketing skills, is therefore an important aspect of its ability to function effectively and efficiently. Since training can be an expensive requirement, and one which is often funded by donors, careful thought should be given to the training and human resource needs of the organization after donor support ends. This is of course closely linked to quality improvements mentioned above under element 2.
- 8) **Level of community involvement:** Community support for family planning and/or organizations involved in the subproject is crucial to a subproject's impact and success. What level of community participation in the design and/or implementation phase is planned? Is there significant community distrust of public or private sector institutions, particularly health and FP agencies? Community participation, in the design and implementation phases, can help to increase acceptability to local residents. People are also more willing to contribute to costs when a program is perceived as a community activity.
- 9) **"Leveraging" and coordination with other institutions or programs:** Not all costs need to be borne directly by SEATS or by the host organization. Outside funding and resources may be leveraged to absorb various expenses. One example is the coordination or sharing of costs of infrastructure development with other donors. Many other examples, such as combined marketing or public communication activities, can be identified.
- 10) **Degree of "internal policy commitment":** SEATS subprojects may involve organizations which are not primarily organized around the promotion and delivery of family planning services (e.g., in social security systems or private multipurpose health providers). After SEATS or other donor support ends, these organization may be tempted to assess the costs of the program and to consider cutting costs through reductions in family planning support. Family planning is particularly vulnerable in this sense, as the benefits which accrue to an organization, such as savings from births averted and investments in services and infrastructure which would otherwise eventually become necessary, may take years to become fully apparent. A declaration of mission and commitment, periodically reaffirmed, is one way to begin to strengthen organizational commitment; other strategies can involve documenting savings gained as a result of the project, or periodically presenting an exciting aspect of the project to key policy makers.

### *Financing Components*

- 11) **Financial plan:** All sustainability plans should include a financial plan that addresses the following: (a) any recurrent costs paid by SEATS are justified and will be absorbed by the subproject counterpart at the end of the funding period; and (b) the counterpart's financial position will be stronger or better at the end of SEATS support than at the beginning. As a general rule, SEATS does not pay recurrent salary costs.

To pay these would be to encourage counterparts to add long-term personnel who cannot be funded after SEATS support has ended.

**12) Presence of a functioning user fee system:** User fees can be an important part of almost any service delivery system. Not only do they help to raise revenues for program operating needs and quality improvements, but they also encourage accountability, accounting, and efficiencies. (Two SEATS publications, “User Fees for Sustainable Family Planning Services” and “Designing a Family Planning User Fee System,” provide more detailed information on this subject). Even though few subprojects will achieve 100% cost recovery through user fees alone, many may benefit from some kind of user fee system strengthening. One widespread source of revenue can be found in ancillary services, such as laboratory and pharmacy services, which generally recover more than 100% of operating costs.

**13) Revenue generation sources other than fee-for-service/user fees:** User fees constitute one approach to improving financial sustainability. A number of other important possibilities that can be included in subproject design are listed below:

- Revolving drug funds, in their simplest form, are separate funds or subaccounts which are fully replenished in each cycle through a slight mark-up on pharmaceutical resale prices.
- Prepayment is simpler where needs such as maternity services can easily be anticipated; more sophisticated “prepayment plans” are possible in larger programs. Development of a simple registration fee or a membership card is a simple way to generate revenues (through a small semiannual or annual fee); these revenues can be targeted to specific services (special discounts on priority services to entitled registrants or members).
- Bundled payments are a simple way to cross-subsidize; for example, prenatal care or postpartum IUD insertion can be included in the price of a maternity service package.
- Third party payment is often possible where insurers, employers, social security, or cooperatives enter into agreements to pay for certain services for their beneficiaries.
- Donor diversification is a valid financing strategy for sustainability, as a diversified funding base is less vulnerable or susceptible to changes in donor policies or priorities.
- Sales of other services or special capabilities which the organization may be able to offer, such as training, communications, or market research, can help to diversify its sources of income.

**14) Financial planning, allocation, budgeting, and management capabilities:** While virtually all subproject counterparts will have budgeting processes, the use of the budget as a tool may be less common. For example, appropriately matching available financial resources to programmatic activities in order to strengthen service delivery and sustainability may not be a strong skill of counterpart organizations. A fully sustainable program or institution will have the capacity to plan, balance prospective budgets, place more resources into the most productive and efficient activities (e.g., see service mix above), and enhance revenues while controlling costs. Sound financial management practices and reporting are essential to any expanding program, particularly where user fees are in place.

**15) Cost structure / use of cost analysis / cost containment / efficiency measures:** The costs of providing services, with measures such as the “average unit costs of production” of a particular service, are one part of the overall equation of how many services a program can provide (there are other variables such as

the total level of resources available). Unit costs are influenced by three main components: first, the input costs (prices paid for labor, contraceptives, materials, and so forth); second, the efficiency with which they are produced -- time spent, overhead, etc.; and third, the total volume of services produced, as in general, the unit costs will go down as the volume goes up, all other things being equal (this is known as “economies of scale”). ***In other words, expansion of services can result in lower cost of service provision per client.*** One example is working with CBD agents to incorporate additional methods in their range of contraceptives and thereby increase client choice of methods at a minimal cost. Of course, as a point of departure, one must be able to estimate what those costs are. SEATS subprojects can improve cost structures through costs analyses, identification of inefficiencies, and changes in the provision of services and in the service mix which can bring down unit costs.

At a minimum, determine capital and recurrent costs and source of funding; ensure that recurrent salaries are not being funded by SEATS; identify specific venues for partial cost recovery; and identify sources of funding after the end of SEATS support.

It should be clear that for subproject design purposes, the articulation of components is primarily an organizational tool to help to determine which aspects of sustainability need promoting or strengthening. By choosing a set of components in the sustainability plan, we are not disregarding other aspects; rather we are actually choosing strategic and priority areas through which we hope to enhance the overall program’s or organization’s ability to continue to provide services after SEATS support has ended. The following section provides additional suggestions on how to take the components identified thus far and further develop them into a clear sustainability plan by specifying activities, inputs, and verifiable indicators.

### ***STEP THREE: DEVELOPMENT OF THE SUSTAINABILITY PLAN: DESCRIPTION OF ACTIVITIES, INPUTS, AND VERIFIABLE INDICATORS***

Having identified or selected the components to be included in the sustainability plan, each should be described in greater detail at this point. (The sustainability plan is expected to be 1-2 pages in length.) Four items of information should be specified for each component:

- (1) Current condition or status of the item.
- (2) Activities which will be carried out to strengthen this component.
- (3) Expected status of the subproject and participating institutions at the end of SEATS support.
- (4) Indicators to verify progress or accomplishment of this change.

Activities to promote these components must be articulated in the subproject design. This involves not only a listing of activities, but also a description of how they will be carried out. For example, if the component involves increasing use (demand) through a combination of:

- (a) strengthening marketing capabilities and
- (b) improving quality, while also
- (c) increasing the level of cost recovery from, say, 35% of recurrent costs to 50% of recurrent costs,

then what specific activities need to be carried out, and who will have responsibility? To use this example, the plan may include provisions for these activities in response to the three components just listed above:

- (a) carrying out a local market study and subsequent planning to target specific segments of the market;
- (b) carrying out a quality review, developing clinical and counseling training, establishing regular periodic client satisfaction surveys, and developing indicators on client follow-up, revisits, and dropouts within the HIS/MIS (Health Management Information System); and
- (c) an analysis and technical support for enhancement of the user fee system.

The sustainability plan should relate briefly the selected components to the overall strategy of the subproject. For example, a component may have been chosen because it reflects a strategy that the partner institution already has identified as a priority.

The Indicator chart listed in the Illustrative Monitoring and Evaluation Guide provide examples of objectives, activities, and verifiable indicators for each of the institutional and financing components discussed above. Of course, the unique circumstances of each subproject, and the experience and creative skills of the subproject design team, will result in many different examples.

## SUSTAINABILITY PLAN FORMAT

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The following format will help to organize the subproject sustainability plan. This format is suggested to assist in preparation of the plan, but is not intended as a rigid requirement. Additional information on each item is included in the Guidelines. Many of these items may be covered in other sections of the subproject proposal. If not, they should be addressed in the sustainability plan.

### A. BASIC INFORMATION ITEMS

1. Subproject budget: \_\_\_\_\_
2. Are any local salaries included in budget? Yes / No  
If “yes,” please explain/justify; normally SEATS does not support recurrent salary costs.

### B. CONTEXT AND RATIONALE

1. Brief description of how design fits into USAID country program.
2. Brief description of what other (non-USAID) donors are doing in family planning.
3. Brief description of host government policies which encourage or inhibit family planning service expansion.
4. Brief description of other providers in the area: who else is providing the kinds of services that are being expanded under the SEATS subproject in the same catchment area, what segments of the “market “ are being covered by which providers, etc.
5. Brief description of local economic conditions, including income levels (e.g., per capita income) among the target population.

### C. INSTITUTIONAL SUSTAINABILITY

1. Brief description of institutional sustainability strategy of the subproject.
2. Identification of institutional elements to be included.

INSTITUTIONAL ELEMENTS			
Element to be included	Current status or condition	Expected status or condition at end of SEATS support	Indicator for verifying change in status or condition

**D. FINANCIAL SUSTAINABILITY**

1. Brief description of financial sustainability strategy of the subproject.
2. Identification of financial elements to be included.

FINANCIAL ELEMENTS			
Element to be included	Current status or condition	Expected status or condition at end of SEATS support	Indicator for verifying Change in status or condition

**ILLUSTRATIVE MONITORING AND EVALUATION GUIDE  
FOR EACH COMPONENT OF SUSTAINABILITY**

COMPONENT	POSSIBLE OBJECTIVE	POSSIBLE ACTIVITIES	APPROPRIATE INDICATORS
<i>Institutional</i>			
1. Commodity procurement/ management	Strengthen ability to procure contraceptives at affordable prices and to eliminate loss due to wastage	<ul style="list-style-type: none"> <li>- Review of procurement and logistics systems</li> <li>- Training in logistics management</li> <li>- Development of L/MIS</li> </ul>	<ul style="list-style-type: none"> <li>* Reflects the collective contribution of multiple functional areas, not just training</li> <li>- Improvements in commodity procurement</li> <li>- Completion of CPTs and use for forecasting</li> <li>- Percentage change in lost or wasted contraceptives, orals, etc.</li> </ul>
2. Quality of care	Develop system for continuous assessment and improvements of quality of family planning services	<ul style="list-style-type: none"> <li>- Quality assessments</li> <li>- Client satisfaction surveys</li> <li>- Establish an organizational Quality Council</li> <li>- Establish Quality teams or circles</li> <li>- Gather information on clients' expectations and needs and use it</li> <li>- Define key organizational quality concepts</li> <li>- Develop standards, guidelines, and/or protocols</li> <li>- Conduct quality assessments and implement related improvements</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of quality improvement plan</li> <li>- Percentage of clients reporting satisfaction with services</li> <li>- Organization and provision of services based on clients' expectations and needs</li> <li>- Measurable decreases in drop-out rates*</li> <li>- Continuation rates*</li> <li>- CYP*</li> </ul>
3. Annual planning cycle	Develop capability for planning and evaluation	<ul style="list-style-type: none"> <li>- Develop annual planning targets</li> <li>- Develop evaluation plan</li> <li>- Develop/improve and implement an HMIS for regular monitoring and reporting against targets</li> <li>- Train staff in analysis and use of HMIS outputs</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of functioning HMIS</li> <li>- Use of annual plans for programming and evaluation</li> <li>- Quarterly reporting completed in a timely manner</li> </ul>

<b>COMPONENT</b>	<b>POSSIBLE OBJECTIVE</b>	<b>POSSIBLE ACTIVITIES</b>	<b>APPROPRIATE INDICATORS</b>
4. Marketing capabilities	Develop program's ability to create demand for services	<ul style="list-style-type: none"> <li>- Carry out marketing analysis</li> <li>- Develop special programs for marketing to target client groups</li> <li>- Develop new client profile analysis capabilities</li> </ul>	<ul style="list-style-type: none"> <li>- Completion of market analysis</li> <li>- Implementation of marketing plan</li> <li>- Number of new clients</li> </ul>
5. Diversification of services / service mix / integration	Develop a broader and more appealing package of services	<ul style="list-style-type: none"> <li>- Carry out service diversification plan</li> <li>- Introduce new FP and health services</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of service diversification plan</li> <li>- Presence of additional services added to clinical offerings</li> <li>- Percentage of total clinical visits attributable to new service offerings</li> </ul>
6. Strategic planning capabilities	Develop organization's ability to set strategic objectives and targets	<ul style="list-style-type: none"> <li>- Carry out strategic analysis</li> <li>- Carry out training of leadership in strategic planning</li> </ul>	<ul style="list-style-type: none"> <li>- Preparation and approval of strategic plan</li> <li>- Implementation of changes specified in strategic plan</li> <li>- Number trained in strategic planning</li> </ul>

COMPONENT	POSSIBLE OBJECTIVE	POSSIBLE ACTIVITIES	APPROPRIATE INDICATORS
7. Human resources/ training	Develop organization's ability to identify and meet staff development needs within strategic framework	<ul style="list-style-type: none"> <li>- Carry out staff development needs assessment</li> <li>- Prepare training plan/strategy</li> <li>- Develop master training team</li> <li>- Develop staffing plan</li> </ul>	<ul style="list-style-type: none"> <li>- Number of people trained</li> <li>- Needs assessment carried out by organization</li> <li>- Training and/or staff development activities are provided based on: <ul style="list-style-type: none"> <li>-- clients' needs and expectations,*</li> <li>-- organizational needs and strategy,*</li> <li>-- standards in training and service delivery,* and</li> <li>-- the individual staff member's job responsibilities, performance level.*</li> </ul> </li> <li>- Approval and implementation of training strategy</li> <li>- Use of standards for training and/or service delivery in routine and periodic performance assessment</li> <li>- Number of competent service providers (or other specified staff) regularly providing service <i>per</i> the total number of competent staff needed by the organization*</li> </ul> <p>* Reflects the collective contribution of multiple functional areas, not just training.</p>

COMPONENT	POSSIBLE OBJECTIVE	POSSIBLE ACTIVITIES	APPROPRIATE INDICATORS
8. Community involvement	Increase the level of participation and "ownership" on the part of organized community groups	<ul style="list-style-type: none"> <li>- Formation of community representative committee for selection of extension workers</li> <li>- Formation of community oversight committee for management of revolving drug fund or user fee fund</li> </ul>	<ul style="list-style-type: none"> <li>- Committee quorum and meetings held</li> <li>- Community represented on boards and in decision making</li> <li>- Improved client satisfaction with services*</li> </ul>

9. “Leveraging” and coordination	Identify complementary areas which can be addressed with activities or funds from non-SEATS or non-USAID sources	<ul style="list-style-type: none"> <li>- Identification of areas likely to obtain non-SEATS or non-USAID funding</li> <li>- Development of activity plan for submission to non-USAID sources</li> <li>- Obtaining complementary funding or co-sponsorship of activities</li> </ul>	<ul style="list-style-type: none"> <li>- Existence of written coordination plan with other (non-USAID) donors</li> <li>- Percentage of total program costs “leveraged” from outside sources</li> </ul>
10. Internal policy commitment	Integrate family planning/RH as a central purpose of the organization’s mission	<ul style="list-style-type: none"> <li>- Policy mapping of organization’s decision-making processes</li> <li>- Development of plan for increasing policy commitment on the part of leadership</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of family planning objectives in organization’s annual plan</li> <li>- Inclusion of family planning advocates on oversight boards</li> <li>- Change in policy favorable to FP/RH</li> </ul>

COMPONENT	POSSIBLE OBJECTIVE	POSSIBLE ACTIVITIES	APPROPRIATE INDICATORS
<i>Financing</i>			
11. Financial plan	Prepare a three-year financing plan which shows projections of expenses and income and improvements in the expenses/income ratio and/or donor diversification.	<ul style="list-style-type: none"> <li>- Projections of expenses over three years</li> <li>- Projections of revenues over three years</li> <li>- Exercises in cost containment or revenue generation which result in improvements in the expenses/income ratio.</li> </ul>	- Existence of credible financial plan
12. User fee system	Develop a functioning and efficient user fee system which generates revenues, increases accountability, and contributes to improved efficiency and quality	<ul style="list-style-type: none"> <li>- Analysis of existing user fee system</li> <li>- Design of improved system including target setting, pricing, piloting, and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of functioning user fee system</li> <li>- Percentage of recurrent costs generated from user fees</li> </ul>
13. Financial allocation and management	Develop organization's ability to use budgets as management tools	<ul style="list-style-type: none"> <li>- Development of budgeting models with performance targets</li> <li>- Revisions in financial management systems</li> <li>- Training in budget development and implementation</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of functioning budget process</li> <li>- Correspondence of approved budget with executed budgets</li> </ul>
14. Revenue-generation sources other than user fees	Identify and develop services which generate more than 100% of their recurrent costs	<ul style="list-style-type: none"> <li>- Identification of potential for generating "profits" from laboratory, pharmacy, etc.</li> <li>- Development of cross-subsidization targets and mechanisms</li> <li>- Monitoring of performance of cross-subsidizations</li> </ul>	<ul style="list-style-type: none"> <li>- Percentage increase (from baseline) of revenues generated from target services or programs</li> <li>- Implementation of cross-subsidization mechanism</li> <li>- Percentage of cross-subsidization targets met</li> </ul>
15. Cost structure	Identify and remedy major inefficiencies in service production costs	<ul style="list-style-type: none"> <li>- Analysis of unit costs and cost structures</li> <li>- Development and implementation of improvements in cost of productivity structure (changes in personnel mix, number of (consultations per provider per hour, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Completion of cost analyses</li> <li>- Implementation of revised cost structure</li> <li>- Percentage change in unit costs of selected services</li> </ul>