

## Project Design Sustainability Analysis Tool

**Background:** Sustainability has been fundamentally important for USAID's work over the 50 years of its existence and it is now a core part of US global development policy and USAID's reform agenda. The Presidential Policy Directive on Global Development, the Quadrennial Diplomacy and Development Review, and the USAID Policy Framework FY 2011 - 2015 all recognize the critical importance of emphasizing sustainability in development cooperation. For the purposes of integrating sustainability into USAID's project design process, **sustainability is achieved when host country partners and beneficiaries are empowered to take ownership of development processes, including financing, and maintain project results and impacts beyond the life of the USAID project.** Sustainability is fundamental across USAID's Program Cycle and involves a multi-faceted set of issues including economic, financial, social soundness, cultural, institutional capacity, political economy, technical/sectoral, and environmental. Sustainability is fundamental to the USAID/Forward Implementation and Procurement Reform (IPR) objectives. For the IPR objective of increasing the use of host country systems and government to government implementation arrangements, project sustainability can often be closely related to the host partner government managing the activities and participating in funding leading to continuation of achievement of project results and systems after the project is concluded. For the IPR objective of enhancing local capacity through implementation arrangements that strengthen local organizations' skills, incentives, motivations and opportunities, sustainability can be achieved because those organizations will have the ability to maintain project results and processes after USAID's support is ended. Moreover, the conjunction of government and local organization capacity, supported jointly by the IPR objectives, promotes checks and balances inherent both to project sustainability, and more broadly, to healthy and sustainable societies.

**Purpose:** This paper, the Project Design Sustainability Analysis Tool (the Tool), references the new requirements for sustainability analysis outlined in the Agency's Project Design Guidance<sup>1</sup> and offers a menu of illustrative questions, issues, and examples to help USAID Project Design Teams begin to think through the sustainability objectives of projects. Project Design Teams are not expected to answer each question in their analysis, but rather reflect on those or others that can help the Mission consider how best to design projects to maximize sustainable outcomes.

**Project Design Sustainability Requirements:** The Agency's Project Design Guidance requires a new mandatory Sustainability Analysis. Project Design Teams must: work with host country partners to define the degree of sustainability that is considered essential for the success of the project; reference the sustainability objectives of the project or project components (with the understanding that not all projects aim to be fully sustainable at their conclusion); and indicate how the project intends to meet these objectives. The sustainability analysis should reference appropriate sustainability issues raised in the Country Development Cooperation Strategy (CDCS) and should highlight other projects designed under a Development Objective (DO) and Intermediate Results if these project results are considered key to the sustainability objectives of the immediate project being designed. Project Design Teams must build in monitoring and

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<sup>1</sup> The Project Design Guidance can be found at : [http://www.usaid.gov/our\\_work/policy\\_planning\\_and\\_learning/documents/PD\\_Guidance\\_Final.pdf](http://www.usaid.gov/our_work/policy_planning_and_learning/documents/PD_Guidance_Final.pdf).

evaluation in order to track a project's results in achieving sustainable outcomes during implementation and to build in learning to manage adaptively.

As noted in the Project Design Guidance, the *Project Design Concept Paper* should include a paragraph that summarizes the elements of sustainability considered essential to achieve the project purpose and provides initial thoughts on how sustainability objectives will be integrated throughout the project and how benefits and results will continue beyond the life-of-project.

In the *Project Appraisal Document (PAD)*, Missions are asked to analyze sustainability issues and factor those issues into project design including economic, financial, gender, social soundness, cultural, institutional capacity, political economy, technical/sectoral, and environmental. The PAD needs to assess the probability of and extent to which intended results will be sustained after the end of the project and list assumptions on which these results are based. For most projects, project design needs to analyze financial sustainability related to how funding streams will exist at the end of USAID funding that will provide needed resources to enable continuation of achievement of project results (e.g. cost recovery for depreciation and maintenance in the case of infrastructure and public service delivery). This analysis also requires a review of the financial costs of the program, its recurrent costs, and its maintenance capability and costs (if applicable), as well as ensuring that future revenues will be adequate to meet those needs. Sources for such funding could be host partner governments (taxes and other revenue), value chains and other market mechanisms, or the donor community. Where appropriate, the analysis should discuss generally how Implementation and Procurement Reform (IPR) objectives could help achieve sustainability goals, as mentioned above. For Presidential Initiative (PI) projects, this analysis should determine if/what democratic governance or economic growth interventions should be considered to promote sustainable outcomes and be financed through PI funding. It involves analyzing the institutional capacity that will need to be in place or developed through the project, including systems, policies, and skills. In conflict situations, or other highly volatile environments, sustainability of project benefits may be unpredictable. In those cases, this section should describe what benefits may be sustainable and what may be left to future projects to achieve. The analysis should reference the sustainability objectives of the project or project components (with the understanding that not all projects aim to be fully sustainable at their conclusion), and indicate how the project intends to meet these objectives and link to the project's logical framework. Missions should summarize this analysis in a short document to be included as an annex.

**Project Design Objectives:** As referenced above, Project Design Teams should consider the sustainability of the project as part of their Sustainability Analysis, such as:

- Fully Sustainable – All project results may be designed to be sustainable due to significant partner country buy-in, good social soundness, minimal recurrent costs within the fiscal capacities of the host partner, and other factors.
- Partially Sustainable – Certain project results may be planned to be sustainable and others are not.
- Not Sustainable – None of the project's results are designed to be sustainable, which might apply, for example, to a cash-for-work project to temporarily inject cash into an area.

It is worth noting that the degree and kind of sustainability which may be reasonably expected will differ according to the context. There may be situations where the immediate service delivery needs are paramount—particularly in fragile or post-conflict environments. Given this fact, no one threshold or standard of sustainability is universally appropriate. Rather, the analysis should encourage mindfulness of sustainability, provide an honest assessment of the sustainability of the project, and present how considerations of sustainability have impacted the design.

**Project Design Sustainability Analysis Questions, Issues, and Examples:** This Tool provides questions for Missions to consider in completing their Sustainability Analysis. The questions are grouped into a number of project design dimensions, with the understanding that not all questions will be relevant and others can be added. Some examples also are provided for how these questions may be used in hypothetical project designs.

***Overview:*** In alignment with the *USAID Policy Framework*, below are a number of questions that the Mission may consider to frame its Sustainability Analysis:

- Is there demonstrable local demand and ownership, where a broad segment of the community has a stake currently or potentially in ensuring that the activity or service continues after the USAID project ends?
- How will USAID work to build up the skills and capacity of local stakeholders whose involvement will be critical for maintaining development gains after the project ends?
- How can USAID nurture effective institutions – governmental, civil society, and private sector – to analyze, implement, and evaluate activities in the relevant development areas?
- How will USAID ensure that relevant activities or services are gradually tied to sustainable financing models, either through private-sector participation or through sustainable, publicly-managed arrangements?
- What are the financial costs of the project, its recurrent costs, and its maintenance capability and costs (if applicable), and will future revenues will be adequate?
- How can IPR objectives related to local capacity development and use of host country systems help to achieve sustainability?
- If the project is in support of the host partner government, has the project determined if this activity is represented in that government’s short term or long term planning process? And does the project support or contribute to the achievement of a partner government’s development strategy—which serves as the basis for the medium term expenditure framework (MTEF)? If it is a local civil society or private sector organization has the activity been reflected in the organization’s planning documents and proposals to other donors?

***Project Design Dimensions:*** In addition to the above overview questions, the Tool provides the following illustrative questions and examples that are issue-specific. As Project Design Teams consider these questions, they may determine that they need more in-depth analysis in any given area.

Capacities, Motivations, and Incentives: How can capacities be created and strengthened to enable the ongoing self-sustaining delivery of results and benefits by cooperating country organizations and individuals in public sector, private sector and civil society? Who are the key stakeholders who stand to benefit from the project? Who stands to benefit from the status quo? What are the incentives and motivations for sustaining results? How can increasing transparency (e.g., civil society scrutiny of government) and threat of audit findings, promote sustainability? What are the commitments of the participants to sustaining results?

*Example:* USAID planned and implemented a five year project to improve the delivery of family planning and other maternal/child health in four regions. The Ministry of Health and its sub-national and local service delivery organizations were analyzed as to the adequacy of their structure and the quality of knowledge, degree of experience and remuneration levels of all key staff at all levels. The project design team also surveyed and detailed the full range of incentives (salary, travel, career development, other recognition) and motivations of the staff. Based on the survey, USAID created a career advisory program, helped structure professional training, and provided other supports such as improving on-going practices in the delivery of the services. To improve transparency, USAID also promoted distribution of Ministry service delivery plans for public comment. The project also examined revenue sources/streams and other budgetary issues that needed to be resolved to provide for the continuation of the needed incentives beyond the end of USAID-funded activities and built in sufficient mechanisms to enable the host partners to provide those incentives.

Economic, Financial, and Policy: What are the contributions of the project to the economic welfare of the host country? What methodology will be used to determine whether the proposed activities will be cost effective? Who ascribes to this methodology, and will it be utilized after the project is completed? Will economic incentives and fiscal resources be available to sustain results? Are there policies or other aspects of the investment enabling environment that must be changed to allow sustainability? What is the opportunity cost of the successful implementation of the project, ie. given scarce resources, what alternative opportunities must agents renounce in order to implement the project successfully, ie. what are the alternative opportunities, given scarce resources, that agents are renouncing in order to have a successful intervention? What are the benefits or future gains to the target group, given the current and future sacrifices that the project will entail, stemming from implementation and successful completion of the project?

*Example:* USAID undertook economic and financial analyses of the benefits of the agricultural value chain development project. The cost/benefit and cash flow (budget) analyses identified likely thresholds for added value along the value chains that would provide sufficient returns to participants from production to processing to marketing to export to successfully engage their own investments to continue the value chain's growth after USAID funding and support is ended. Project design also built in research and subsequent project activities to promote engagement by national and local financial institutions to enhance their involvement and supply finance for value chain investments with the intention that those institutions will increase their own stake in value chain growth by the end of the project and provide financing for working and investment capital for value chain actors. In addition, the project focuses on the policy

environment to encourage value chain business development related to changes in taxes, fees, registration, regulation, and related issues.

Institutions: What are the national, sub-national and local institutions from the public sector, private sector, and civil society that are most critical to the implementation of the project's development interventions? How able and interested are their leadership and staff and how adequate are their structure and resources to build on strengths and resolve weaknesses in administrative and financial management? How do their institutional values, culture, and decision-making processes (their governance) directly affect performance and relationships with USAID and other public and private sector and civil society actors in terms of sustainability of development results? Has sufficient analysis been carried out to develop a plan of project activities that are necessary and sufficient to bring these institutions up to the level of performance necessary to their roles in the project's implementation and to sustain project results and benefits? Does the plan include an exit strategy to ensure that they will remain administratively and financially sustainable by the end of the project and equipped to continue to play their roles in local development?

*Example*: A USAID project is designed to increase transparency in and oversight of: 1) government planning and budgeting; 2) improve legislative oversight of those processes; and 3) heighten civil society participation in providing public scrutiny of those processes. They are working to build capacities of key actors in all three sets of organizations, increase public awareness and interest in governance transparency issues, and build in sufficient public and private financial sources that support maintaining on-going systematic attention to transparency, accountability, and public monitoring of public service performance. Incentive structures, constituency building, and continuous learning will all be built in to organizational development.

Social and Cultural Soundness: What are the social and cultural dimensions of ensuring the sustainability of results? If diffusion or spread of benefits occurs during the USAID intervention, how can USAID and its partners sustain diffusion? Can trends in delivering benefits to particular target groups (e.g., rural poor, youth, women, LGBT, and people with disabilities) be sustained to ensure continuing equity of access to benefits? Are there sufficient safeguards in place to ensure protection of the rights of those target groups? What are the social and cultural patterns in decision making over resources and other assets that are required for sustaining project results and what are the values inherent in those patterns?

*Example*: USAID designed and is implementing its Young Women's Empowerment in Education project taking into consideration the roles of young women in the educational system and limitations on their access to post-secondary education system leadership positions. They need to understand and work to change the perceptions of young women's capabilities, access to opportunities, and social position in order to enable them to continue to enter leadership roles when USAID assistance is completed.

Presidential Initiatives<sup>2</sup>: What are the democratic governance, institutional, and economic growth interventions that should be considered to promote sustainable outcomes? What do the analyses

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<sup>2</sup> These include the Feed the Future (FTF), Global Health (GHI), and Global Climate Change (GCC) Initiatives.

state about requirements to meet the financial costs of the program, recurrent costs, maintenance capability and costs (if applicable) and future revenues? Will they be adequate and ensure sustainability? What are the key institutional capacities that will need to be in place, including systems, policies, and skills to sustain Presidential Initiative progress? Do the Mission's plans for participation in the Initiative meet the sustainability requirements in the Agency global policy or strategy for that Initiative?

*Example:* USAID decided in its CDCS to move the emphasis of all Development Objective (DO) interventions from national institutions and national impacts, to focus increasingly on 19 priority Districts. To do that will require careful integration of governance issues that will be common to both Global Health Initiative (GHI) and Feed the Future (FTF) programs. The Mission developed a coordinated effort district by district, linking the GHI and FTF teams with the Governance DO, to consider weaknesses, strengths, and capacity issues in each District which might affect overall impact and long term sustainability. The issues to be addressed by the GHI and FTF teams were quite different in some respects, given the nature of the interventions, but considering what would be the status of each District at the end of the CDCS period proved to be critical in identifying synergies, and flagging areas of possible focus for specific Projects for both the DO supporting GHI and the DO supporting FTF

Climate Change: Will the project affect, or be effected by, medium and longer-term climate change impacts? Will the project create greenhouse gas emissions and, if so, how can such emissions be lowered? How should the project's design be adjusted in consideration of climate change vulnerabilities to enable adaptation to climate change? The basis of this analysis should be a review of a country's medium to long-term climate change vulnerability forecast, i.e. how and where within a country will climate change vulnerability manifest itself. Sustainability considerations, for example, may affect which crops are planted and in which areas, water resource and management requirements, and choice of location for implementing activities. If the project is expected to lead to greenhouse gas emissions, then alternative lower-carbon emissions development strategies should be considered. The project design team will need to review the issue of sustainability in the USAID Global Climate Change and Development Strategy issued in January, 2012.<sup>3</sup>

*Example:* USAID is working in a country that is both a major source of greenhouse gas emissions and that is affected heavily by climate changes that are shifting major food crop production zones increasingly into more permanently semi-arid and arid conditions as well as threatening low-lying coastal urban settlements and coastal fishing and tourism. The Mission is engaged in design of Lower Emissions Development and Climate Change Adaptation projects funded by Global Climate Change Initiative resources. Technology and agricultural value chain choices and development and promotion actions center on how to minimize the future trends in emissions and maximize the flexibility and success of adaptation to inevitable rainfall and other hydrological cycle changes. Coastal settlements and economic activities are also being considered to increase resilience.

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<sup>3</sup> Link to GCCD Strategy is [http://www.usaid.gov/our\\_work/policy\\_planning\\_and\\_learning/documents/GCCS.pdf](http://www.usaid.gov/our_work/policy_planning_and_learning/documents/GCCS.pdf)

Conflict, Crises, Security<sup>4</sup>: In highly volatile and unpredictable situations, particularly those with major conflicts, what are the prospects of even partially sustainable results? What are the keys to mitigating and planning for the causes and effects of conflict in sustaining USAID results? What results and benefits are harder and easier to sustain in such situations? What are the causes and consequences of violence and instability in a given country context and how do they rank in terms of importance or priorities? How do existing development programs interact with these factors? Where can development and humanitarian assistance most effectively enhance resilience to support local efforts to manage conflict, recover from crises, and build peace (summarized from the Conflict Assessment Framework from USAID's Office of Conflict Management and Mitigation)? Such analysis serves as a foundation for more effective U.S. engagement in most countries where USAID is present, thus is generally undertaken in conjunction with strategic planning.

*Example:* USAID is managing its rural infrastructure construction and maintenance project portfolio in an environment of chronic conflict over rights to and benefits from land and other productive resources. The infrastructure investments are complicated due to several local groups' possible ties to violent extremist groups. The Project must monitor ongoing and intermittent conflict and track the root causes as well as screen organizations to eliminate those tied to violent extremism. They have built conflict risk analysis and mitigation activities into their project designs and implementation processes linked to planning and use of options in delivery of services and funding. They consistently look for and implement organizational engagements that can quickly produce self-directed planning, construction, and maintenance in incremental expansion of infrastructure if they need to suspend or withdraw implementing partner activities. They also attempt to build in local revenue generation and management and community labor contributions to provide for road maintenance.

Political Economy: What are the societal forces supporting and inhibiting sustainable change, based on an assessment of the underlying political dynamics of the society? What are the root governance challenges that stand in the way of good development performance and successful achievement of the project purpose? What are the principal economic interests and related motivations of political actors and forces affecting the project's governance challenges and how can the project shape them to advance sustainability of results achievement? Who will lose and who will win during project implementation and how will benefits be distributed?

*Example:* USAID carried out political economy analysis as part of its CDCS development. When they designed the Feed the Future Initiative project focused on increasing basic grain value chain internal trade and export, they undertook comprehensive political economy analysis of all public and private actors and organizations throughout the value chains. They examined the policy and regulatory enabling environment and public and private source of finance to look for impediments and solutions for value chain growth. They also engaged participation from potential project beneficiaries and other actors to determine winners and losers. They paid special attention to women's empowerment and gender equality and other issues related to delivering project benefits equitably to poor and disadvantaged communities. Based on this

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<sup>4</sup> Project Design Teams are encouraged to review the USAID Policy on the Development Response to Violent Extremism and Insurgency at [http://www.usaid.gov/our\\_work/policy\\_planning\\_and\\_learning/documents/VEI\\_Policy\\_Final.pdf](http://www.usaid.gov/our_work/policy_planning_and_learning/documents/VEI_Policy_Final.pdf)

analysis, they built a coalition between lowlands farming associations and shipping companies at the port, in order to convince central authorities to pave additional roads enabling lower cost grain export, despite the opposition of several MPs.

Natural Resource Management (NRM): How sustainable are project approaches to overall natural resources management, particularly the country's soils, water, and animal and plant biodiversity, particularly forests? Can these resources be counted on to provide the bases of many development sectors on into the future? How are the incentives, motivations, and beliefs of poor people factored into NRM improvement planning and implementation? How is the capture and control of natural resources through elite exploitation monitored and mitigated by governance activities?

*Example*: USAID designed and is implementing a protected areas planning and management project. They are emphasizing capacity development equally with the provision of alternative livelihood strategies for poor communities who have been implicated in deforestation and bush meat poaching in protected areas. A policy component works to understand and monitor the challenges of elite capture of forest resources that strengthens negative sanctions on protected area managers and other public officials who are complicit in such capture.



## Annex 1 – Additional Sustainability Analysis References

Australian Agency for International Development. 2000. Promoting Practical Sustainability.  
<http://www.aisaid.gov.au/publications/pdf/sustainability.pdf>

USAID. 2011. Administrator's Sustainability Guidance for USAID in Afghanistan.  
[http://www.usaid.gov/locations/afghanistanpakistan/documents/afghanistan/sustainability\\_guidance\\_final.pdf](http://www.usaid.gov/locations/afghanistanpakistan/documents/afghanistan/sustainability_guidance_final.pdf)

USAID and the University of Maryland, International Development Management Center. 1988. A Conceptual Framework for Institutional Sustainability.  
[http://pdf.usaid.gov/pdf\\_docs/PNABF611.pdf](http://pdf.usaid.gov/pdf_docs/PNABF611.pdf)

World Bank's page on inclusive growth analytics:

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTDEBTDEPT/0,,contentMDK:21870580~menuPK:4875916~pagePK:64166689~piPK:64166646~theSitePK:469043~isCURL:Y,00.html>

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