Papyrus

Sustainable Development Models

Today, the development community[1] mantra is sustainability. The definition of sustainable is quite broad. It means "able to be maintained." A project that requires constant input from outside can be sustainable if that support is found. By this definition, the education systems of most of the world are sustainable: they still exist, even though direct revenues from the services provided are usually less than expenses.

This is more than a semantic distinction, because the difference between a project that is self-sustainable—maintains itself with inputs (usually funds) generated from within the project—and one that is merely sustainable—must receive additional inputs from outside the project—can be substantial and can create misunderstandings among partners.

A simple illustration of two sustainable projects may assist in understanding why it is important to recognize what kind of sustainability is appropriate for distinct development activity types.

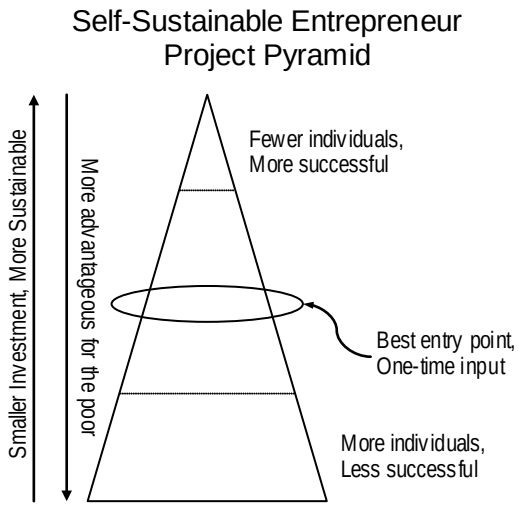
I. Self-Sustainable Project – "Sustainable Entrepreneur"

Wanting to create wealth for the poor in a sustainable manner, the donor devised a project that would find natural entrepreneurs, train them and finance their acquisition of suitable tools, such that they would be able to produce more efficiently, earn more money, and hire and pay more employees from the targeted stratum. Not wishing to introduce too many distortions into a competitive marketplace, the project had to be able to continue on its own after startup contributions from the donor.

The first challenge was finding the natural entrepreneurs. From among the mass of the targeted segment, how to find that, perhaps, five percent of the population which is sufficiently entrepreneurial with acceptable accuracy and at a reasonable cost? Once found, how to ensure that a reasonable number of them would become, and remain,

[1] By development is meant activities that seek to advance the status quo of a sector, as opposed to those of relief or mitigation, which seek to redress or alleviate losses within the sector. By development community is meant actors working for development, whether classical donors, foundations, individuals or the government.

entrepreneurs? Better to find those people, within or with ties to the target group, who have self-selected as entrepreneurs and have been relatively successful over the years. Working with this cohort to strengthen their capabilities effectively eliminates many imponderables and is more likely to be successful.



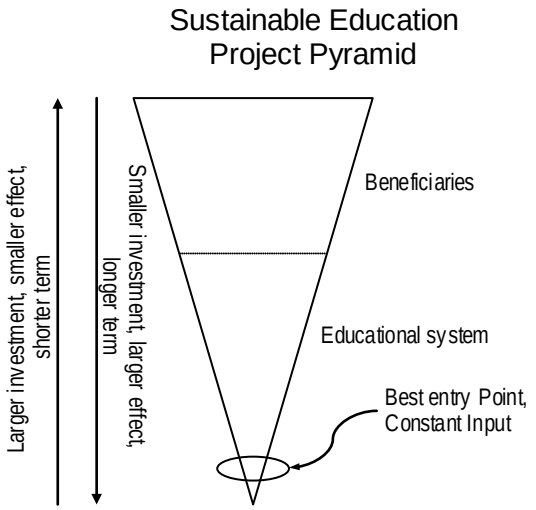
In the Entrepreneur Project Pyramid at left, the top represents the pinnacle of the entrepreneurial pool, while the bottom corresponds to the mass of the population. To have a self-sustainable entrepreneur project, the implementers will have to move far enough up the pyramid with their timed and limited investments to find the level of pre-existing entrepreneur capable of responding to the stimuli on offer. Done right, the incentives will create fresh opportunities and the newly qualified and financed entrepreneur will hire others less qualified, thereby fulfilling the donor's primary objective.

Hitting the correct point on the pyramid is the key. Go too high and the entrepreneur not only does not need project assistance, but there will likely be less trickle-down to the poor. Go too low—as so often is the case with donors—and the ancillary factors needed for project success are less likely to be present, resulting in an unsustainable project and, again, little value to the poor.

II. Sustainable Project – "Sustainable Education"

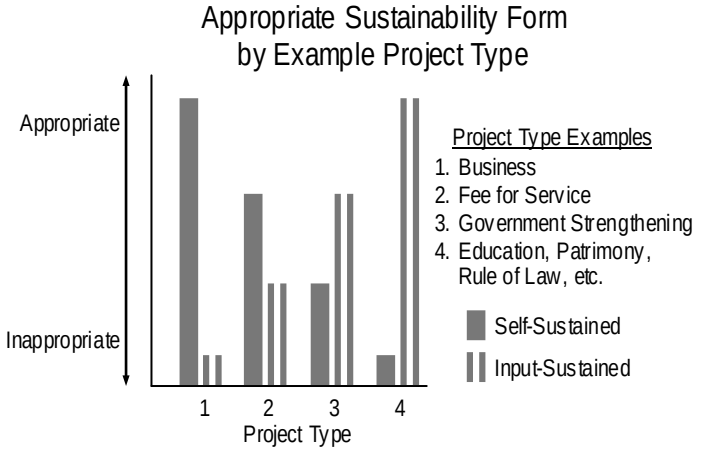
Wanting to improve the delivery of education services to many primary students in a sustainable manner, the donor designed a project that worked with a consortium of private education organizations to improve standards among its members and their relations with the Ministry of Education. The project designers realized that achieving meaningful results for the primary objectives would require years of constant input at the system level to effect the basic changes needed to improve results at the beneficiary level.

The challenge in this project was to find a source of external inputs (whether cash, technical assistance, other, or a combination) that could be counted on for the time required, as it was considered likely that a premature rupture in funding would cause most advances to be lost. Once the improved standards were attained, however, the system was expected to be able to continue to perform at the higher level with pre-project inputs, achieving sustainability through the lasting provision of a better education to the students. Having found a donor that was willing to invest constantly for the time needed to attain the objective, the project is sustainable.



In the Education Pyramid at left, the design has been reversed. The top represents the beneficiaries of the education system—the students—while the bottom represents the educational system itself, from the Ministry through to the teachers. Project inputs at or near the bottom are systemic; they can be responsive to smaller investments per student, can have an effect on more beneficiaries over time, but generally require a more long-term donor commitment. Of course, a poorly designed systemic project will not yield positive results any more than will a poorly designed direct intervention at the beneficiary level; indeed, the former can be more difficult to identify and to extricate from than the latter.

Typical development projects fall into four general categories, in terms of the appropriateness of self- or "input-dependent" sustainability, as illustrated in the figure to the right. Business activities respond better to the self-sustained model because, by its nature business tends to exploit advantages for profit.



Conversely, in business activities subsidies tend to stifle competition, introduce inefficiencies, and can do harm[2].

Fee for service projects (e.g., private health clinics, outsourced government services) can occupy a middle ground, requiring a systemic input for a medium term and having the expectation of being financially viable from generated revenues from the medium to the long term future.

Development activities such as government strengthening can be in the middle ground if the systemic inputs can lead to sustained increased tax revenues.

Activities in sectors such as education, patrimony, rule of law, and the like tend to be more responsive to the constant input sustainability model, which would be designed to improve the system to the point that the targeted beneficiaries (whether students, society, the government, or other) deem it worthwhile to maintain the improved output levels (by paying for them, respecting them, using them, etc.)

The development community is correct in insisting that the outputs of activities in which it participates continue to accrue to the intended beneficiaries once their inputs cease. To enhance the degree of sustainability achieved in a given project, it is important to choose the sustainability model that is most appropriate to the development activity proposed. In general, projects intended to increase employment through stimulating business should be supported with precisely targeted and strategically injected short-term investments designed to increase the normal flow of capital in favor of increased job creation. At the other end of the scale, projects designed to improve education services delivery to students might better respond to longer-term inputs at the systemic level, to improve the functioning of the structure to the point that the beneficiaries value it sufficiently to maintain it. Other project categories are susceptible to varying combinations of the two types of sustainability.

END.

[2] During the 1980s, Japan gave highly-subsidized fertilizer to the Haitian Ministry of Agriculture for on-sale to farmers at below-market prices. The objective was to make the ministry more responsive to farmers' needs. The subsidy damaged the market to the extent that after several years of losses the local fertilizer supplier went out of business. A year later the Japanese stopped supplying the low-priced fertilizer, which then all had to be privately imported at high prices by non-expert firms. The market took ten years to recover to the level that the local firm had built it before the Japanese subsidies began.