# THE RESPONSE OF THE FAMILY PLANNING ASSOCIATION OF KENYA TO CHANGES IN ITS OPERATING ENVIRONMENT

By

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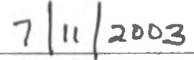
# DECLARATION

This project is my original work and has not been submitted for a degree in any other University.



Grace Soprin Amurle — Date

This project has been submitted for examination with my approval as University Supervisor

Prof. Evans Aosa
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# DEDICATION

To my family, my husband Mr. Ayiero and children, Moses, Sammy, Pamela, William, Ronald and Anita, for your support and understanding.

And in loving memory of my father, Lotudongole, Stephen.

# ACKNOWLEDGEMENTS

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It is through this support that I have managed to complete this project. May God Bless you all.

# ABSTRACT

The environment is important to any organization. Organizations must maintain a strategic fit with the environment if they are to survive, succeed and grow. They also have to respond to its dynamism, heterogeneity, instability and uncertainty. The environment is a resource and a system that if well understood and managed, can result to a sustainable competitive advantage and superior performance to any organization.

The Family Planning Association of Kenya (FPAK) is a pioneer non-government organization (NGO) in the field of population and family planning. It has been a leader in this field for a long time. This study focuses on major external environmental changes that have occurred and have affected FPAK and identifies how the organization has responded to these changes.

A case study on FPAK was used to provide an in-depth understanding of effect of environmental changes on the operation of organizations, particularly non-government, not-for-profit groups. The study analyses the environmental changes that have occurred, how these changes have affected FPAK and how FPAK has responded to these changes.

Personal interviews were conducted with the key management of FPAK who were knowledgeable on its programme activities. The research results found four major areas of change: decline in donor funding, the paradigm shift from vertical family planning to integrated sexual reproductive health, competition, and the poor economic performance of Kenya. The organization responded to the decline in donor funding by developing sustainability strategies through cost-saving measures that resulted from construction of own clinic facilities as well as its own head office. It diversified its services and products and introduced cost-recovery by charging fees for its services. The programme was restructured to match the changes and to achieve cost-effectiveness.

Pressure from competition forced FPAK to change its culture to embrace business like approach in undertaking its business, and encouraged entrepreneurship, creativity, innovation and flexibility. Decentralization of decision making to its strategic operational units enabled it to compete effectively at the market place. FPAK recognized that many of its clients including the youth have less capacity to pay for its services that now attract a fee. Provision to waive fees for those unable to pay was introduced. Diversification of services and products was done. The new services and products can generate more income. This income can then be used to subsidize the free services.

FPAK responded to the industry sector shift from vertical family planning to integrated sexual reproductive health by refusing to rest on the laurels of its past success by making a paradigm shift of its programme from vertical family planning to integrated sexual reproductive health with a focus on youth. This radical shift involved the development of a new vision, mission and strategy that would position FPAK once again as a leader in youth reproductive health information, services and advocacy. Not much has been achieved since the development of this new strategy in 2000. The organization is in the process of developing sets of goals and functional policies to define its position in the market place . Reduced funding is a constraint in implementing this new strategy.

In conclusion, effective response to environmental changes assures survival to many organizations. The dynamism, instability and uncertainty of the environment requires rapid responses if an organization is to achieve or maintain its competitive edge.

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# LIST OF ABBREVIATIONS

| | |
|---|---|
| CBO | Community-based organization |
| FP | Family planning |
| FPAK | Family Planning Association of Kenya |
| FPAs | Family planning associations |
| GDP | Gross domestic product |
| GOK | Government of Kenya |
| HIV/AIDS | Human immuno-deficiency virus/Acquired immune deficiency syndrome |
| ICPD | International Conference on Population and Development |
| IPPF | International Planned Parenthood Federation |
| IPPFAR | International Planned Parenthood Federation Africa Region |
| KDHS | Kenya Demographic and Health Survey |
| MCH | Maternal/child health |
| NASCOP | National AIDS/STD Control Programme |
| NCPD | National Council for Population and Development |
| NCSS | National Council of Social Services |
| NGO | Non-government organization |
| STI | Sexually transmitted infection |
| SOU | Strategic operational units |
| UNFPA | United Nations Population Fund (formerly UN Fund for Population Activities) |
| USAID | United States Agency for International Development |
| YMCA | Young Men's Christian Association |
| YWCA | Young Women's Christian Association |

# CHAPTER ONE – INTRODUCTION

## 1.1 Background of the Study

The origin of competitive advantage, according to Porter (1985), may be found in a firm's proximate or local environment. A profound understanding of the industry in which an organization operates must encompass a thorough knowledge of the critical success factors and the drivers of change in the industry. An organization can further compete effectively when it identifies the strategic group to which it belongs within the industry, and therefore learn more about its closest rivals and the intra-industry success factors and develop focused strategies that will enable it to occupy attractive segment(s) (Whipp and Pettigrew, 1993).

Morris and Brian (1996) note that it is now a commonplace in the business world to talk about the constancy of change and that the old certainties of stable markets, predictable sales and planned growth no longer exist. This has been brought about by foreign competition, rapid technological change, wide patterns of social and political life, and, above all, changing customer preferences.

Change is affecting every industry and sector in Kenya's economy. The economic reforms that commenced in the 1990s resulted in liberalization of the economy, privatization of state-owned corporations and gradual decontrol of prices (GOK, 1996). These economic reforms have had major impact on Kenya's business community. It is noted, however, that although economic reforms were among the key or major changes that took place, these are not the only changes that affected Kenyan organizations. Health sector reform is one such change, this in response to the programme of action of the 1994 United Nations International Conference on Population and Development (ICPD). The range of services to meet the ICPD mandate was defined in the Conference's programme of action (ICPD, 1994). As a signatory, the government developed a strategy and national reproductive health programme for 1997–2001 (GOK, 1996) with the aim of providing a comprehensive and integrated system of reproductive health care that offered a full range of services by the government, non-government organizations (NGOs) and the private sector.

Changes in the Kenyan environment are in turn putting pressure for change within organizations in Kenya irrespective of the sector in which they are. The changes are pervasive, discontinuous and inescapable. Organizations are environment dependent, and they have to constantly adapt their activities and internal configurations to reflect the new external realities; failure to do so may put the future success – even existence – of an organization in jeopardy (Aosa, 1998).

According to Andrews (1971), each company or organization is unique, with its own history, personality, capabilities and policies. Every industry is in turn unique with its circumstances and critical success factors. Equally, every period of time is also unique because both the organization and its environment are in a state of constant change. Organizations should be aware of these unique features and know the boundaries of the industry they operate in and further strive to identify the intra-industry level in which they can successfully compete in order to achieve competitive advantage. This becomes critical even for non-government organizations (NGOs), who must not only know the industry they operate in, but also the intra-industry position or strategic grouping they are in to compete effectively.

NGOs are found in practically all sectors of the economy or development, and many work in more than one sector. The 1988 Kenya NGO Directory published by the National Council of Social Services (NCSS) categorizes NGOs into 22 broad operational development orientations (see Appendix A), and notes that NGOs are by definition not-for-profit operations and their principle objectives are the development and welfare for the Kenyan people (Lekyo and Mandau, 1998). Population and family planning is one of this operational development orientation.

For a long time, the Family Planning Association of Kenya (FPAK) has been a lead NGO in the population and family planning arena. However, the proliferation of NGOs between 1970 and 1990 brought rivalry and competition to this arena (NCSS, 1988) and put pressure on FPAK to retain its lead role. In addition, ICPD marked a turning point for NGOs in the population and family planning field as well as to the government, with its shift in emphasis from controlling fertility to improving reproductive health.

This shift in focus implied that NGOs in the population and family planning category also had to transform their operations to reproductive health. This has posed challenges to the NGOs in this category, and for FPAK to maintain its leadership role, it is expected that it has responded to changes in the environment by adapting its operations to meet the new challenges.

## 1.2 Statement of the Problem

According to Porter (1996), a major structural change in the industry can be a source of stimulus for strategic change. To achieve a sustainable advantage when such change occurs, an organization must find a new position by making trade-offs and establishing a new system of complementary activities.

FPAK, whose mandate for a long time has been the provision of family planning services, is facing challenges to maintain its leadership and pioneering role in the field of reproductive health. In an attempt to maintain this leadership role, it is expected that the organization is adapting its operations to meet the needs of the changed environment. There are many environmental changes that affect the operations of an organization. This research therefore tried to determine what significant environmental changes have and are affecting FPAK? and has FPAK responded to these changes?.

## 1.3 Objectives of the Study

This study addresses two objectives: These are:

- To identify the environmental changes that have taken place affecting FPAK.
- To document FPAK's responses to these environmental changes.

## 1.4 Importance of the Study

The findings of the study are expected to be beneficial to the Government of Kenya, in particular the Ministry of Health and the National Council for Population and Development (NCPD), in formulating policies and in coordinating NGOs in population and health. The study is also expected to be of interest to the International Planned Parenthood Federation both globally and in the Africa region (IPPF/IPPFAR) for formulation of policies, rules and procedures pertaining to its affiliates, and to other IPPF affiliates and NGOs that may be affected by similar environmental changes. FPAK, which is directly affected by the changes in the environment, will also benefit from the research findings, as will members of the donor community who are partners in the field of reproductive health. Scholars, too, will find it useful, especially in areas identified as requiring further research.

# CHAPTER TWO – LITERATURE REVIEW

## 2.1 Importance of the Environment

For survival, an organization must maintain a strategic fit with the environment. The environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty (Thomson 1967). In addition, the competitive environment has been and continues to be driven by technological innovation, globalization, hyper competition, and extreme emphasis on price, quality and customer satisfaction. As a result, organizations must continuously create and innovate in order to stay relevant and be successful. A sustainable competitive advantage is achieved when there is a strategic fit between the external and internal environments. An organization's external environment includes economic forces, social, cultural, demographic and technological features, while its competitive environment encompasses competitors, customers and suppliers. This external component should have a strategic fit with the internal environment, which includes the organization's systems, policies, resource capability and corporate culture (Pearce and Robinson, 1997).

It is the environment that provides the inputs an organization has to draw on, the information that guides its strategic choices, and the incentives that encourage it to acquire the necessary skills and resources and to innovate. The environment shapes the way an organization configures its activities and resources to enable it to create a unique and valuable visible output in the marketplace. Customers and competitors alike will see these outputs, and the ability of the organization to sustain its market presence will be a function of the uniqueness of its resources. It is noted, however, that if a resource has little impact on the external opportunities and threats facing the organization, regardless of how rare, inimitable and non-substitutable the resource is, it will have little value (Hitt et al., 1999).

Sauvé (2002) notes that the environment is a critical factor for any organization's survival and success. It should be seen as a biosphere in which individuals and organizations live over the long term and as a community project in which to be actively involved. The environment itself is a key resource to be managed and to be shared, hence the need to effectively manage the value chain system and establish collaborations and partnerships, and to get involved in social responsibility to enrich this resource and enhance the corporate image of the organization. A survey conducted jointly by PricewaterhouseCoopers and Nation Newspapers in 2001 found that many organizations are now more than ever before involved in social responsibility activities to enhance good corporate image. This was seen as a source of competitive advantage. It is imperative that managers apply critical investigation into the realities of the changing environment of this millennium through enlightened

diagnosis of the problems it poses. The political and economic environment for example, can influence the lifestyles and the health of the people, which in turn affect their purchasing power and demand for services. This same environment should also be seen as a system that calls for profound understanding in order to improve decision making and to recognize the links between the past, present and the future and between local and global matters. Strategic managers should therefore view the environment in all its context and perspective.

## 2.2 The Concept of Strategy

An organization's success is manifested in attaining a competitive position or series of competitive positions that lead to superior and sustainable performance. Accordingly, there are three essential conditions to success. The first is that an organization develops and implements an internally consistent set of goals and functional policies that collectively define its position in the market. Strategy is seen as a way of integrating the activities of the diverse functional departments within an organization. The second condition for success is that this internally consistent set of goals and policies align the organization's strengths and weaknesses with the external opportunities and threats. Strategy again is the act of aligning an organization and its environment and to maintain a dynamic and not a static balance. The third condition of success is that an organization's strategy be centrally concerned with the creation and exploitation of its distinctive competencies, the unique strengths that make possible its competitive success (Porter, 1985). This is a clear demonstration that strategy takes a central role in linking an organization to its environment and is a unifying theme that gives coherence and direction to the actions and decisions of an organization (Grant, 2000).

Quinn (1980) notes that strategy as a plan or pattern integrates an organization's major goals and policies and helps marshal and allocate resources into a unique and viable posture on the basis of its relative internal competencies and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents. Ohmae (1983) agrees with this, saying that strategy is about competitive advantage that enables an organization to gain sustainable edge over its competitors. In this respect, therefore, managers of organizations should ask themselves the question, *How should we compete?* To do this, it becomes critical that they make trade-offs and choose among alternatives in determining the scope of the organization's operations in terms of its products or services, geographical locations, buyer segments, degree of diversification, etc., and link this with the mission and vision in determining and shaping the organization's future. Strategy can also be seen as the process of deciding a future course for a business and has a role in organizing and steering the business on that course (Webb, 1989).

According to Porter (1996: 55) strategy "is the creation of a unique and valuable position involving a different set of activities". This definition implies that to achieve this unique position, an organization must make trade-offs and hard choices in determining what to do and what not to do and perform activities differently or perform different activities from its rivals. Indeed Mintzberg (1996) agrees that strategy as a plan, pattern, position or perspective defines organizations and differentiates it from others.

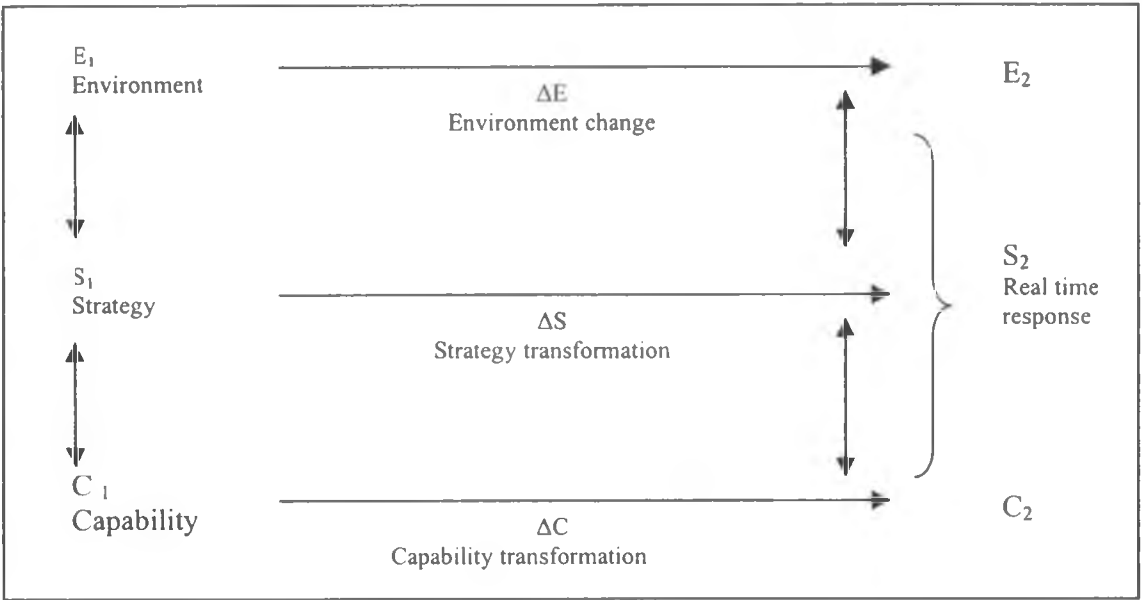
Most organizations owe their initial success to a unique strategy positioning that is usually acquired through clear trade offs and in the alignment of activities to this positioning. Through passage of time and with the pressure of growth, however, compromises are made and incremental additions of services or products and imitation of rivals become the norm. It is at this point that an organization begins to lose its clear competitive position. Strategic positioning is therefore a continuous process that is often not obvious but requires insight and creativity on the part of managers (Porter, 1996).

Pettigrew (1996) notes that the focus of strategic choice at any one time is the environment and the intra-organizational variables, which include its technology, structure, leadership, internal politics and culture. The strategic managers tasks are to have a thorough understanding of the environment they operate in, to forge a fit between the strategy and the environment, to ensure coherence in the intra-organizational variables, and to maintain consistency with the strategy.

## 2.3 Environment, Strategy and Organization Capability

An organization has two different but complementary capabilities. These are management capability, whose role is to identify, plan and guide strategic responses, and functional capability, which executes these responses (Ansoff and McDonnell, 1990). According to Grant (2000), survival and success occur when an organization creates and maintains a match between its strategy and the environment, and also between its internal capability and its strategy. The environment is not static but turbulent, discontinuous and uncertain. Strategic response calls for organizations to change their strategy to match the environment and also to transform or re-design their internal capability to match this strategy. This requires that internal resources, which include both the tangible and intangible resources, maintain a strategic fit in the organization's value chain system. Failure to match strategy to the environment will create a strategy gap, while an organization that fails to match the internal capability to strategy will experience a capability gap. Figure 1 illustrates an organization that has been able to create and maintain consistency or a match between its strategy and environment and a match between its internal capability and strategy. Such an organization has greater chances of survival and success (Ansoff and McDonnell, 1990).

**Figure 1: Relationships among the environment, strategy and organization capability**




Source: Ansoff and McDonnell (1990: 40).

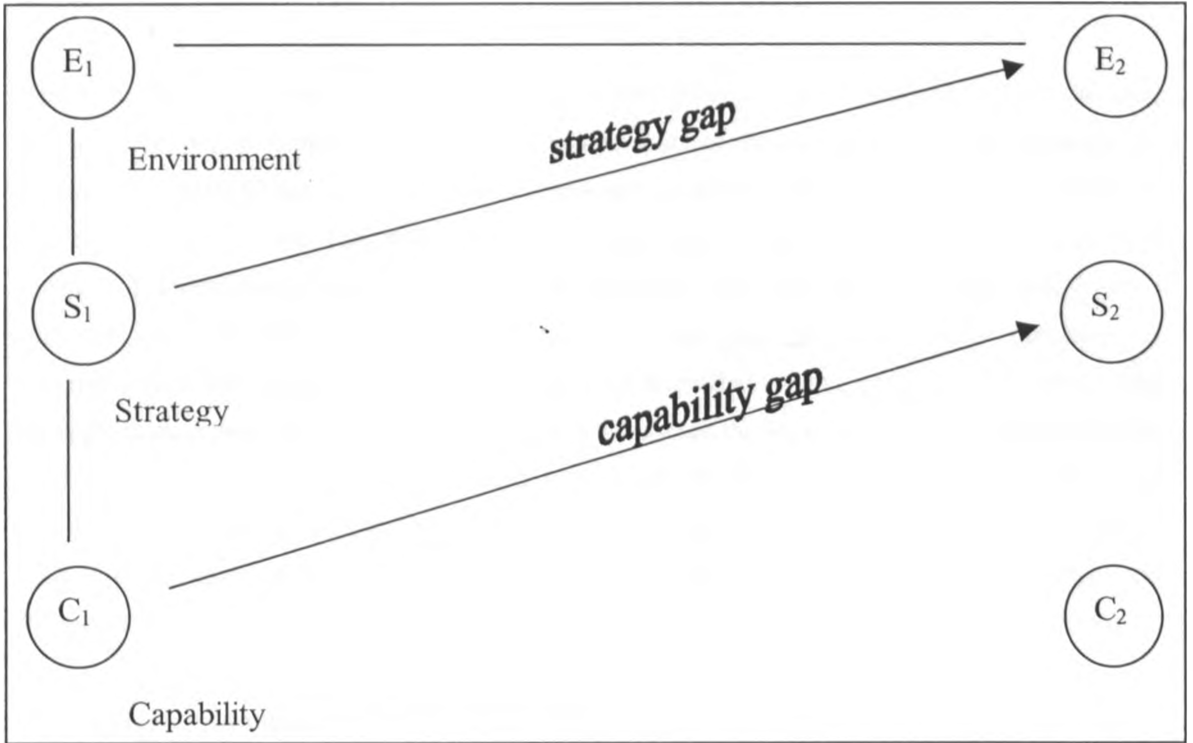
Organizations are environment dependent and a shift in the environment from $E_1$ to $E_2$ requires a shift in organization strategy from $S_1$, to $S_2$. Similarly, the internal capability must shift from $C_1$ to $C_2$. This will enable the organization to support the new strategic responses effectively (Ansoff and McDonnell, 1990).

Figure 2 illustrates a situation where the environment shifts and there is no strategic response to match the organization's strategy to the environment, as well as the case in which the strategy matches the environment but the responsiveness of the organization to its strategy does not occur (Ansoff and McDonnell, 1990).

In this case, the organization's environment changed from $E_1$ to $E_2$, but no strategic response was made to match strategy to the environment. This creates a strategy gap. A capability gap arises where an aggressive strategic response has been made to match the environment, but the organization's capability remains at $C_1$. An organization that is caught with either a strategy or capability gap may not survive for long.

An organization's competitive advantage may thus reside as much in the environment as in the individual organization. The challenge to organizations is to continuously match environment, strategy and their internal capabilities in order to survive, remain relevant and succeed (Porter, 1985).

**Figure 2: The effect of a mismatch between an organization's strategy and changes in the environment and between the responsiveness of capability to a shift in strategy**




Source: Ansoff and Mc Donnell, 1990 P.31-33

## 2.4 Strategic Management

The challenges facing organizations in their endeavour to achieve and maintain a fit between the environment, strategy and the internal capability are enormous, requiring the use of strategic management. Strategic management is defined "as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objective" (David, 2001: 10). This implies that strategic management focuses on integrating management, marketing, finance/accounting, production, research, development and information systems to achieve organizational success. The role of leadership in the strategic management process is critical in communicating the organization's unique position, and forging a fit among the various activities (Porter, 1996).

According to Hunger and Wheelen, (1999: 3) strategic management is a set of management decisions and actions that determine the long-run performance of an organization. It includes environmental

scanning (both external and internal), strategy formulation, strategy implementation and evaluation. Emphasis is on the monitoring and evaluation of external opportunities and threats in light of the organization's strengths and weaknesses. Managers of organizations should use strategic management as a tool that can assist them to systematically manage strategic change.

Real time strategic response requires that strategy formulation, implementation and evaluation occur at the corporate, divisional, and strategic business units or functional units of an organization. Competition occurs at the various levels and organizations must reinforce and support the competitive strategies at these levels. This will work well if organizations empower their various hierarchical levels and decentralize decision making where necessary to enable them to be proactive in their different environments. What will harmonize various strategic management processes is communication between the various levels. Communication that is clear, consistent and timely. The strategic management process clearly depicts the link between the organization and its environment as well as its internal functions and capabilities (Ansoff and McDonnell, 1990). The dynamism of the environment demands that the strategic management process should also be dynamic and continuous. This calls for organizations to be flexible in order to respond to competitive and market changes and ensure continuous operational effectiveness in the race to stay ahead of competitors (Porter, 1996).

## 2.5 Strategic Management Studies Done in Kenya

The business environment in Kenya changed drastically during the 1990s and the most visible of these changes have been economic reforms that led to liberalization and privatization of state-owned corporations. These and other changes created challenges to all organizations, irrespective of whether they are for profit or not for profit. A number of studies have been done on the impact of these changes. In one such study on strategic responses by East African Breweries, Ltd., undertaken by Njau (2000), it came out clearly that a change in the competitive position requires organizations to decide strategies to adopt.

Bett (1995) found that economic reforms in Kenya compelled firms in the dairy industry to make substantial adjustments in their strategic variables, which include the marketing mix components of product, promotion, place and price. Kombo (1997) also noted that firms in the motor vehicle industry adjusted by introducing new technologies in product development, differentiation and segmentation and by targeting their customers with improved customer services. All these studies, and others, emphasize relationship between external competitive environment and internal organization's operations. Kenyan organizations must recognize the importance of this relationship and continuously nurture it in order to survive and succeed.

## 2.6 The Family Planning Association of Kenya (FPAK)

### 2.6.1 The History of the Family Planning Movement in Kenya

The growth of the family planning movement in Kenya owes a great deal to the efforts of volunteer physicians and laymen. Dr. Samson Nathan Mwathi, founder of FPAK, observed that family planning is not a new phenomenon in Kenya but rather one that has been practised by its people from time immemorial and therefore not imposed by an outside force (FPAK, 1977). He further noted that sets of taboo practices and herbal medicines had been in wide application in the African traditional settings to ensure child spacing.

The demand for new and modern family planning methods arose from a range of socio-political developments, which included growth in urbanization. As a result, traditional frameworks began to crumble and traditional provisions could no longer sustain child spacing. The period 1951 to 1954, as noted by Dr. Mwathi, was a trying time for many Kenyans, particularly those who lived in towns. The state of emergency was in effect and the movement of people was restricted. Many people became concerned about the size of their families and needed advice on how to limit family sizes. The few available African doctors were not versed with the practical administration of scientific methods of contraception, because it was not included in their training programme (FPAK, 1977). The only available contraceptives were the barrier methods, which include foaming tablets, jellies, diaphragms and condoms. In 1956, a group of physicians and volunteer laymen formed the Family Planning Association (FPA) of Nairobi. Similar associations in Mombasa and Nakuru followed in 1957 and 1959, respectively. Through these associations, education on the benefits of family planning and provisions of services began.

Those who advocated for the family planning movement noted that if future population increased out of proportion to the available resources, problems such as malnutrition, starvation, increased stress on family life, reduction of education opportunities, and inadequate housing, recreation and medical care, among other problems associated with increased population, could not be effectively solved.

These advocates of family planning movement therefore, focused on two aspects:

- Concern with the quality of life of assuring greater opportunity to all citizens to attain their individual dignity and reach full potential.
- Concern to commit the government to improving the standards of living of all Kenyans.

During this period, the government and the city council of Nairobi were hesitant to be associated with family planning lest they be accused of trying to keep the population of Africans down. In this case, Africans could remain lackeys of the white people indefinitely. In one meeting addressed by Dr. Mwathi in 1958, on the benefits of family planning and child spacing, the government was not pleased about the large turnout of people. Dr. Mwathi was cautioned not to use the press or the radio for the purpose, lest appropriate action might be taken against him (FPAK, 1977). In 1961 all the family planning associations were merged to become the Family Planning Association of Kenya (FPAK), which was registered in 1962 and in the same year became the first FPA in Africa south of Sahara to be affiliated to the International Planned Parenthood Federation (IPPF).

### 2.6.2 The Growth of the Family Planning Movement

According to the 1998 Kenya Demographic and Health Survey (KDHS) , the first population census conducted in Kenya in which Africans participated was in 1948. The population was 5.5 million. By 1962, the population had increased to 8.5 million and to 11 million by 1969. The population growth rate reached 3.8% by the mid 1970s, one of the highest ever recorded in the world. The pressure of the population increase was particularly felt in schools, where the government was not able to prepare teachers fast enough or build schools quickly enough to meet the demands. At the same time, pressure on employment was already self-evident. This high rate in increase of population prompted the government to encourage and support the family planning movement in the country. This concern was articulated in Sessional Paper No. 10 of 1965, on *African Socialism and Its Application to Planning in Kenya*. In 1967, the first population and development policy that shaped Kenya's response to population and health concerns was developed.

With this conducive and positive policy environment for family planning, the FPAK programme became more aggressive, and its activities were expanded to all parts of the country. The government also recognized the expertise and pioneering role of FPAK in the family planning movement and therefore provided it with financial and technical support to take a leadership role in this field. FPAK took a role in the establishment of the National Council for Population and Development (NCPD) in 1967. NCPD has the mandate to formulate relevant policies and strategies and to coordinate population activities of government ministries, NGOs and donors in population and family planning area.

In the 1970s FPAK concentrated on the motivational and educational aspects of the national family planning programme, while the government started family planning services in all its health facilities. FPAK used field and mass campaigns including selling of this new idea by personal contacts through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a network of trained field educators throughout the country. Public lectures, film shows, seminars, participation in agricultural shows, and communication through radio and television complemented this effort. The organization worked in collaboration with all government departments, and institutions such as teachers training colleges, secondary schools, and young Women's Christian Association (YWCA) and Young Men's Christian Association (YMCA). The result of all these efforts was a success in awareness and demand creation for family planning services. This success resulted in a proliferation of NGOs between 1970 and 1990 in the areas of population and family planning (NCSS, 1998) and rivalry and competition in this field intensified. (The result was also the eventual dramatic reduction in the population growth rate, from nearly 4% in the early 1970s to about 2.6% in 1999. The total fertility rate also declined dramatically, from 7.1 children per woman in the mid-1970s to 4.7 children per woman in 1998. /KDHS, 1998/).

Accordingly, FPAK continued to expand and change in response to the changing environment. In the 1980s, as it implemented its first strategic plan, it changed its role from motivation and education to promotion of services through model family planning clinics. It pioneered again in the community based distribution of contraceptive methods, an approach that was later adopted by the government and other NGOs. In addition, FPAK has been a regional training centre for new methods of contraception such as Norplant insertion and removal and voluntary surgical contraception. It has implemented innovative concepts such as the emphasis on male involvement, which seeks to involve men in family planning and in enhancing spousal communication on family planning matters. Other innovative projects include a study on the female condom intervention, a method that is now widely available in the Kenyan market.

FPAK therefore, grew into a leading NGO in family planning, and family planning in Kenya is synonymous with FPAK (FPAK, 2000). As of 1995, the government provided 60% of the family planning services while NGOs including religions groups and the private sector provided 40%. FPAK's market share of family planning services accounted for 7% of the NGO component and was therefore second to the government contribution (The Kenya Demographic and Health Survey (KDHS, 1994). As an affiliate of IPPF, FPAK subscribes to the principles and policies of IPPF and at the same time operates within the guidelines of the Ministry of Health (IPPFAR, 2002).

### 2.6.3 Reproductive Health

The United Nations International Conference on Population and Development (ICPD), held in 1994 in Cairo, marked a paradigm shift in population and development, from family planning as an economic development tool to the more human rights-oriented concept of reproductive health. Reproductive

health is defined as "a state of complete physical, mental and social well-being, not merely the absence of diseases or infirmity, in all matters relating to the reproductive system and to its functioning and processes" (ICPD, 1994: 43). For the first time, reproductive rights were internationally recognized by governments, and it was agreed that maternal/child health (MCH) and family planning (FP) programmes had to be expanded and transformed into reproductive health programmes. A comprehensive approach to meet the totality of people's reproductive health needs became an important issue. During this conference, it was also clear that fertility rates in many developing countries were falling faster than had been expected and policy makers were beginning to shift the emphasis from controlling fertility to improving women's reproductive health.

Concurrently, the rapid spread of HIV/AIDS has presented a major challenge to the goal of addressing reproductive health. Sub-Saharan Africa is now the epicentre of the HIV/AIDS pandemic. Out of the global figure of nearly 3 million people who died of AIDS in 2001, Africa lost 2.3 million (UNAIDS, 2002). The estimated 3.4 million new HIV infections in 2001 mean that 28.5 million in Africa now live with the virus, which is about 75% of the world's total. Young people below 25 years, who comprise 64% of sub-Saharan Africa's population, are particularly vulnerable to contracting sexually transmitted infections (STIs) including HIV (IPPF, 2001).

Kenya has not been spared of the HIV/AIDS scourge. It is estimated that 2.2 million Kenyans are now living with HIV infection and about 200,000 Kenyans develop AIDS each year. Over 1.5 million Kenyans have died of AIDS since 1984. Currently, one in every eight adults in rural Kenya is infected, while in urban areas nearly one out of every five adults is infected. Most people do not know they are infected and are the ones who can spread the virus to their sexual partners and children and therefore continuously add new cases of HIV. AIDS has become an extremely serious problem in many countries in the world, including Kenya, causing myriad devastating health, socio-economic and development problems touching on every sector in the economy. It is a threat to our very existence (NASCOP, 2001).

ICPD therefore recommended an integrated approach to the provision of reproductive health services, which now includes HIV/AIDS. Many NGOs saw this as an opportunity not only to attack the HIV/AIDS pandemic but also to enter the reproductive health field, further intensifying competition in this area. Refer to Appendix B for a breakdown of services under the reproductive health paradigm

This has posed challenges to FPAK's programme because, like other organizations the Association is called upon to widen the scope of its programme and to diversify its services. Yet as a not-for-profit voluntary organization, FPAK relies mostly on donations and in kind contributions from the

government, local and international NGOs, and development partners. With the proliferation of NGOs in this sector, competition for both customers and donors is fierce. The challenging and competitive environment means that the organization cannot afford to rest on the laurels of its past success and continue to presume that it is assured of a leadership position in the sexual and reproductive health field (IPPFAR, 2002).

# CHAPTER THREE – RESEARCH METHODOLOGY

## 3.1 Research Design

This is a case study on FPAK. The choice of FPAK is based on its position as the founder organization of the family planning movement in Kenya and the only affiliate of the IPPF in the country. The research aimed to provide an in-depth understanding of the changes that have occurred in FPAK's environment, and how these changes affected FPAK's programme and how FPAK responded to these changes. The statement of the research problem (refer to Section 1.2) guided the identification of the exact information required, the appropriate target respondents, the design of survey instruments and the data collection method to be used. The top management of FPAK involved in strategic planning and management were interviewed.

## 3.2 Data Collection

In depth interviews were carried out to determine the environmental changes that have affected the organization and strategic responses to these changes. A letter of introduction explaining the research project was issued to the respondents prior to the interview (see Appendix C). The researcher conducted personal interviews with ten senior managers including the Executive Director as well as three members of the Board of the organization. A questionnaire was used as a guide. The questionnaire contained mostly open-ended questions as this gave an opportunity for an in-depth probing of issues. It allowed for more detailed responses from respondents and helped to uncover the content and intensity of respondents' thinking and feelings. A sample questionnaire is attached in Appendix D.

Secondary data from the organization's annual reports, financial statements, strategic plan and evaluation reports, as well as sessional papers and government reports, were also used. The data collection took two months, from October to November 2002.

## 3.3 Data Analysis

The data analysis is based on the type of data collected and the case study objectives. The in-depth qualitative data were analysed using content analysis. Content analysis is a systematic, detailed

qualitative description of the objectives of the study. This method enabled the researcher to analyse and logically group the data and to compile the results of the study.

# CHAPTER FOUR – RESULTS AND DISCUSSION

## 4.1 The Organization

FPAK is a not-for-profit, non-government organization owned by a large network of volunteers from 44 districts in Kenya. It is an affiliate of the International Planned Parenthood Federation (IPPF) and collaborates closely with the government, donors and other NGOs in supplementing government efforts in the field of population, family planning and reproductive health.

### 4.1.1 The Business and Geographical Coverage

In response to the changing environment, FPAK's business and area of coverage has also changed over time. There has been a shift in focus from the mass education and motivational approaches to a more focused approach in which areas of operation are segmented according to a population's specific unmet needs. Table 1 shows the organization's geographical coverage and the type of business in each area.

**Table 1: FPAK'S business and geographical coverage**

| District | Type of business activities |
|---|---|
| Mombasa, Thika, Nyeri, Nakuru, Meru, Eldoret, Kakamega, Kisumu, Nairobi, Lugari | • Integrated reproductive health services including family planning through static clinics and network of community health volunteers<br>• Youth reproductive information and services in youth centres and outreach activities in schools and colleges<br>• Reproductive health advocacy for youth.<br>• HIV/AIDS counselling and testing centres |
| Kakamega, Busia, Nyando and Bondo | • HIV/AIDS prevention among beach communities and agro-industry workers |
| Nyambene | • Focus on female genital mutilation |
| Kilifi | • Focus on early marriage |

Source: FPAK, 2000 Annual Report.

It can be seen in Table 1 that the organization's business is diversified along the following areas:

- Reproductive health services with distinctive advantage in family planning services
- Prevention of harmful practices such as female genital mutilation and early marriage
- HIV/AIDS prevention using the behaviour change communication strategy
- Youth reproductive health information and services as well as advocacy on the reproductive rights of the youth

### 4.1.2 Resource Mobilization

The organization's resources are summarized in tables 2 to 4. FPAK has been able to achieve tremendous sustainable advantage because of its ability to mobilize community resources in its programme activities. This has enhanced ownership and ease of programme implementation, which has been done through the involvement of both programme volunteers and policy volunteers, who complement the staff (see Table 2).

**Table 2: Number of FPAK staff and volunteers**

| Year | 1970 | 1980 | 1990 | 1995 | 2000 | 2001 |
|---|---|---|---|---|---|---|
| Staff | 350 | 350 | 300 | 250 | 150 | 110 |
| Programme volunteers | - | - | 1,100 | 1,300 | 500 | 700 |
| Policy volunteers or members | 25,000 | 20,000 | 7,000 | 6,000 | 4,500 | 4,000 |

Source: FPAK Annual Reports, various years.

Programme volunteers include trained work place peer motivators, youth peer educators and community health volunteers. These are non-salaried volunteers who offer free services. Some, like the work place motivators, are salaried company staff who are trained as peer counsellors in their work places as well as their surrounding communities. In return for their free services, these programme volunteers get recognition among their peers and community members. In addition, their training on various reproductive health matters provides them with valuable knowledge and experience in this area. Some also receive motivational materials such as uniforms, bags, umbrellas and bicycles. The organization also relies on mostly sessional doctors who provide surgical and other medical services that cannot be done by its nursing staff. These sessional doctors are paid a minimal fee for each session they work.

The policy volunteers are the "owners" of the Association. FPAK members believe in a common cause, which is "to contribute to the improvement of family life and responsible parenthood among Kenyans" (FPAK, 2000). They offer their time, ideas and services for free in areas such as policy formulation, strategy development, publicity and advocacy in order for the organization to meet its aims and objectives.

It is noted from Table 2 that from 1970 to 1990 the organization's staff establishment was high. This was because of the large number of field educators who covered every division in the county. They performed the task of motivating people on family planning and its benefits. In the 1990s, a large portion of this cadre of staff had either been retrenched or absorbed as community-based distributors or clinic counsellors. This was in response to changes in the environment, which included customer demand for services following the high level of awareness already created. Further reduction of staff through retrenchment followed as a response again to the strategic changes in the programme. By the end of 2001, the organization's staff establishment was 110 fulltime employees. There were 700 programme volunteers and 4,000 policy members.

As shown in Table 3, FPAK's income increased from Ksh21,668 million in 1990 to Ksh238,447 million in 2001, largely because of the expansion of its programme and diversification of business activities especially during the period 1996–2000. During this period, a major project on male involvement in family planning was implemented. The organization's own income, which is generated mainly from fees for service to clients, has increased from Ksh2,839 million in 1990 to Ksh38,711 million in 2001. Although this income has increased steadily over the years, the organization's dependency on donations has declined only marginally, from 87% in 1990 to 84% in 2001.

**Table 3: FPAK's income and expenditure trend, 1990 to 2001 (Ksh '000)**

| **Year** | **1990** | **1991** | **1992** | **1993** | **1994** | **9995** | **1996** | **1997** | **1998** | **1999** | **2000** | **2001** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | | | | |
| Donations | 18,829 | 22,634 | 106,576 | 152,900 | 202,040 | 93,610 | 192,500 | 184,043 | 189,844 | 177,194 | 249,372 | 199,736 |
| Own income | 2,839 | 4,215 | 10,405 | 10,469 | 15,813 | 12,486 | 17,519 | 15,968 | 21,041 | 25,082 | 28,625 | 38,711 |
| Total Income | 21,668 | 26,849 | 116,981 | 163,369 | 217,853 | 106,096 | 210,019 | 200,011 | 210,885 | 202,276 | 277,997 | 238,447 |
| **Expenditure** | 20,571 | 25,543 | 109,578 | 148,090 | 208,232 | 101,001 | 234,558 | 233,183 | 188,439 | 202,041 | 278,303 | 236,991 |
| **Surplus/ Deficit** | **1,097** | **1,306** | **7,403** | **15,279** | **9,621** | **5,095** | **(24,539)** | **(33,172)** | **22,446** | **235** | **(306)** | **1,456** |

Source: FPAK's audited accounts.

The organization's assets, as seen in Table 4, have grown from Ksh14,141 million in 1990 to Ksh259,105 million in 2001. Significant in this is the increase in leasehold land and buildings, which occurred through the construction of own clinic facilities as well as the organization's head office. The value of leasehold land and buildings increased from Ksh3,750 million in 1990 to Ksh231,107 million in 2001. The organization now operates eight out of its 12 model clinics in its own premises. The government donated plots and provided funds from its development budget for the construction of these clinics, while one of the donors funded the construction of the head office.

**Table 4: FPAK'S assets 1990 to 2001 (Ksh '000)**

| **Year** | **1990** | **1991** | **1992** | **1993** | **1994** | **1995** | **1996** | **1997** | **1998** | **1999** | **2000** | **2001** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Leasehold | | | | | | | | | | | | |
| Land & builds | 3,750 | 7,417 | 7,318 | 19,790 | 40,185 | 80,604 | 88,277 | 150,433 | 186,187 | 222,626 | 231,107 | 238,447 |
| Other assets | 10,391 | 7,602 | 6,510 | 7,627 | 6,967 | 17,681 | 20,706 | 24,420 | 15,788 | 12,949 | 23,658 | 20,658 |
| **Total assets** | **14,141** | **15,019** | **13,828** | **27,417** | **47,152** | **98,285** | **108,983** | **174,853** | **201,975** | **235,575** | **254,765** | **259,105** |

Source: FPAK's audited accounts.

During the 1970s the main donors who supported FPAK were IPPF, Pathfinder and the Government of Kenya. In the last ten years, diversification of donor support was enhanced and donors such as the United States Agency for International Development (USAID), Rockefeller Foundation, United Nations Population Fund (UNFPA) and the European Union among others, supported the organization's programme.

## 4.2 Environmental Changes that have affected FPAK and responses to these changes

The respondents identified four major external environmental changes that have affected FPAK: decline in donor funding, paradigm shift from vertical family planning to reproductive health, competition, and the poor economic performance in Kenya. These changes and the organization's response to them are discussed in turn.

### 4.2.1 Decline in Donor Funding

Donor funding received by FPAK is in two forms, restricted funds and unrestricted funds. Restricted funds are given for a specific project for a specific period of time. They cannot be used for or relocated to other activities. According to the respondents, most donors prefer to fund specific project(s) and would not normally support the capacity building component of the organization other

than those costs that are directly related to the project they fund. Restricted funds account for about 50% of the total donations to the organization. Except for the period after 2000 (Table 3), restricted funding to FPAK has been growing year after year.

Unrestricted funds are funds given in lump sum for the organization to apportion to various projects and activities according to its own priorities. The source of this funding is normally IPPF and FPAK'S own internally generated income. It is through this funding that FPAK can meet its administrative costs and capacity building component. The respondents reported that the unrestricted funding from IPPF has been declining. They attributed this to two main factors. The first was the increase in the number of new family planning associations who need support. This has meant reduced allocation of funds to older family planning associations like FPAK.

The second factor was the decline in donations to IPPF itself. Respondents pointed out that IPPF is not a donor per se, but solicits funding mainly from governments and foundations for its affiliates. IPPF thus relies on the political will of the governments in place at any one time. The respondents cited as an example the reinstatement of what is termed the "Global Gag Rule" by President George Bush of the United States of America on his second day upon taking over office after the 2000 general elections. The Global Gag Rule prohibits US assistance directly or indirectly for any abortion related activities; the implications are that any organization that provides any type of abortion-related services including post-abortion care is not eligible for US assistance *even if that assistance would otherwise be earmarked for non abortion related activities.* Any foreign NGO that wished to access US assistance was thus required to sign provisions that stipulated the restrictions on the use of the assistance.

IPPF did not sign these provisions since they are not in line with its principles and beliefs. As a result of the Global Gag Rule, IPPF immediately lost a large amount of grant support from the US government. This effect trickled down to its affiliates in two forms. First, the unrestricted funding available from IPPF declined drastically. FPAK'S annual funding from IPPF for example, was cut by 23.2%. Secondly, most FPAS including FPAK did not sign the provisions of restrictions. This was in support of its parent organization, IPPF. These FPAS therefore, cannot access to any direct or indirect funding on population and family planning activities including technical assistance, commodity or any other donations from any U.S agency, NGO or other U.S institutions.

The respondents described a number of other characteristics of donor funding. For example, they said that donors are now stressing that the projects they support must be innovative and cost effective, as well as able to demonstrate greater impact on the social needs they address. In addition, donors prefer



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to enter into partnerships with organizations with proven record of sound management, good corporate image and high performance. Or "donor fatigue" sets in as donors simply lose interest in funding the same organization or programme for long. They start reducing their support or considering withdrawal altogether as they look for projects that are more in vogue. Competition for funding has therefore become intense as new and younger high performing entrepreneurial NGOs enter the arena. Even so, most donors don't want to commit themselves for the long term. They prefer projects that range between one and five years, with the average project duration being three years. And, overall donor support is decreasing from its levels in the 1980s and early 1990s. The respondents reported that FPAK donor funding in 2001 declined by 20% (Table 3). This trend, they noted, is likely to continue in the year 2002 and beyond.

The unpredictable nature of donor interest was also pointed out. Donors have predetermined areas of focus, and these typically change over time. Each new focal area brings new strategies, goals and priorities. For NGOs to enter into partnership with the donors, their strategies, goals, priorities and areas of focus should also be in line with that of the donor(s). This way both the donor(s) and the NGO can achieve their goals simultaneously. Here, too, however, there may be a "catch". Most donors support only direct costs for the projects they fund. This excludes the administrative costs and sometimes salaries for the project staff. They argue that their support goes to organizations that have all the capabilities in place.

All the respondents cited the decline in donor funding as the major environmental change that has affected FPAK's operations. This has limited the expansion of its programmes to a wider geographical area. The respondents feel that the organization's response to declining donor funding has been encouraging. Since the 1980s the leadership has entrenched the concept of sustainability of the organization beyond donor funding. It seized opportunities to solicit for plots and funds from the government and donors. It was the first of IPPF's affiliate FPAs to develop a strategic plan, back in 1987, and is now implementing its third strategic plan. The organization has restructured its operations and moved aggressively to respond to the changing environment and reduce dependency on donor support. The construction of its own clinic facilities as well as its head office was one such step, and has resulted in rental cost saving of about Ksh20 million annually even as it has provided spacious facilities that adequately meet its requirements. The organization's image has been enhanced considerably as well.

Other cost cutting measures have been achieved through restructuring of the programme. The closure of the regional administrative offices and abolition of regional volunteer meetings has resulted in a lean and cost-effective structure. The introduction of fees for service has increased internally

generated income from Ksh2,839 million in 1990 to Ksh38,711 million in 2001; significantly, these revenues represent unrestricted income. The organization has also diversified its products by introducing new services and programmes, as summarized in Table 5.

**Table 5: Range of FPAK services and products**

| Before 1990 | After 1990 |
|---|---|
| **1. Family planning services**<br>▪ Products<br>*Barrier methods*<br>- Male condoms<br>- Diaphragm<br>- Jellies<br>*Temporary methods*<br>- Pills<br>- Injectables<br>*Long-term methods*<br>- Intra uterus devices (IUD's)<br>*Permanent methods*<br>- Vasectomy<br>- Female sterilization<br><br>▪ Counselling for family planning services<br><br>**2. Pap smear services** For prevention of cervical cancer<br><br>**3. Youth services**<br>▪ Peer youth education through family life education programme<br>▪ Counselling services<br><br>**4. Prevention of harmful practices** like female genital mutilation and early marriage<br><br>**5. Information, education and communication** | **1. Integrated reproductive health services**<br>▪ Family planning services with new products like Norplant and female condom and hence a wider choice of products for clients.<br>▪ Maternal/child health (MCH) services. These include immunization and child welfare and pre and post natal care for mothers.<br>▪ Prevention and treatment of sexually transmitted diseases and reproductive tract infections.<br>▪ Counselling and testing for HIV/AIDS through its voluntary counselling and testing centres.<br>▪ Maternity services – One maternity is set to be opened in 2003.<br>▪ Pap smear services – The organization is a leader in the provision of this service aimed at detecting cancer of the cervix and subsequent treatment.<br>▪ Curative services – In response to client needs, this service has been introduced in most of the organization's facilities. Doctors have been recruited in response to this need.<br>▪ Laboratory services – The organization has established laboratory services in all its clinic facilities and employed skilled and competent staff in this area.<br>▪ Pharmaceutical services – Pharmacies have been opened in all the clinics and adequately stocked.<br><br>**2. Youth services**<br>▪ Peer education and motivation through outreach services and static youth centres<br>▪ Provision of integrated reproductive health services to the youth<br>▪ Counselling against drug abuse and other |

| | |
|---|---|
| | problems faced by the youth<br>▪ Counselling and testing for HIV/AIDS<br>▪ Income-generating activities<br>▪ Behaviour change communication programmes<br><br>**3. Male involvement**<br>▪ Participation in family planning and reproductive health issues<br>▪ Enhancing spousal communication in sexual and reproductive health issues<br>▪ HIV/AIDS prevention through its peer education and behaviour change communication programme<br><br>**4. Options for improving the status of women**<br>▪ Prevention of harmful traditional practices such as female genital mutilation and early marriage<br><br>**5. Community health services**<br>▪ Provision of non-prescription family planning services and treatment of minor ailments in rural and poor urban communities by trained community health workers. |

Source: FPAK, Annual Report, 2001.

According to Table 5, before 1990 the organization's services were mostly provision of family planning services with limited products. There was more effort on education and motivation on family planning issues and limited emphasis on youth activities. The range of services and products has increased since the second half of the 1990s, in response to the ICPD recommendations as well as to the client needs. Clients can now walk into any clinic and get more comprehensive reproductive health services other than just family planning services. This has removed the stigma that most clients faced in visiting a family planning clinic. The organization has further responded to this by branding its clinics as Family Health Centres and not Family Planning Clinics. The expanded range of services and products has also resulted in increased income for the clinics.

### 4.2.2 The Paradigm Shift from Vertical Family Planning to Integrated Sexual and Reproductive Health Services

In 1992 IPPF, on the occasion of its 40th anniversary, unveiled its *Vision 2000* strategic plan, which was to guide the Federation's work in the decade up to the year 2000, and beyond. In its strategic plan, IPPF reinforced its culture by refusing to rest on the laurels of its past success and once again become a pioneer organization by adopting causes that others are shy to expose, seizing opportunities to be innovative and persevering in its capacity as the voice of the voiceless (IPPF, 2000).

This strategy is aimed at ensuring that IPPF and all its FPAs become leaders in reproductive health and family planning in the non-government sector. IPPF's strategic plan emphasized six challenges: sexual and reproductive health, empowerment of women, unsafe abortion, youth, family planning, and quality of care. Two years later, the 1994 ICPD programme of action, which emphasized a shift from vertical family planning to reproductive health, reaffirmed IPPF's strategic direction.

Seeking to rationalize the ICPD programme of action and IPPF's Vision 2000 strategic plan, the IPPF Africa regional office held a meeting in Johannesburg, South Africa, in 1998. In this meeting, which was attended by all FPAs in the Africa region, it was agreed that the ICPD scope of reproductive health is quite large. In order to cut a niche in the reproductive health field, these FPAs agreed that the unmet needs of the youth in Africa was a primary critical social factor. Nine FPAs including FPAK were selected to pioneer the shift to youth and become centres of excellence, by transforming their programmes from vertical family planning to sexual and reproductive health with a focus on young people.

The respondents noted that FPAK has long had programmes aimed at improving the sexual and reproductive health knowledge and status of young people, a programme that included family life education (FLE). An evaluation of this programme after ten years revealed the need to respond to the demand for counselling and other services by the youth, which FPAK did in 1988 by establishing two youth centres. These centres incorporate peer education programmes and provision of reproductive health information, counselling and services including referrals. The respondents noted that over time, the FPAK youth programme has continued to expand and now includes nationwide radio programmes for youth. It has also included operational research to test innovative models for delivery of sexual and reproductive health services to young people using private practitioners.

According to the respondents, the need to shift the programme to focus entirely on youth arises first because FPAK's youth programme has been on an incremental basis and has therefore not been able

to make significant impact on the Kenyan youth. In that regard, the resource allocation to youth programmes has been minimal, about 9% of the total annual budget. Second, until very recently there has been no national policy guideline that addresses the issues of the adolescents sexual and reproductive rights and access to services. (A national Adolescent Reproductive Health and Development Policy, whose development was spearheaded by NCPD, was in press at the time of writing this report.

Finally, according to the respondents, the unmet reproductive health needs of the youth are many and increasing – early childbearing, unwanted pregnancies, unsafe abortions, sexually transmitted diseases, violence and sexual abuse and exploitation, and HIV/AIDS. The 1998 KDHS found that the median age at first sex for men is 16.8 years, while for women it is 16.7 years. Close to half (44%) of girls in the 15–19 years age bracket have had sexual intercourse, while a fifth (19%) are sexually active. On the other hand, contraceptive use among adolescents is relatively low, with only 6.6 per cent of persons aged 15–19 reporting the use of any method of family planning in 1998. Of these, only 4 per cent were using modern methods. In addition, it is estimated that 700 abortions per year are done to girls aged 15–19 years.

FPAK has responded to these challenges by re-defining its role and unveiling its mission and vision in a new strategic plan (2000–2005), with the intent of repositioning itself to become a leading organization in youth reproductive health information, services and advocacy. This it aims to achieve by working in partnership with other youth serving organizations with similar goals. This will be done by gradually refocusing the organization's programme whereby the youth aged 10–24 years in and out of school become primary clients and adults become secondary clients. The period of transformation is five years, by which time FPAK intends to have increased the budget allocated to serving youth from 9% to 60%; increase the percentage of youth patronizing its clinics from 30% to 70%; established a youth reproductive heath training centre at its Nairobi West centre; transformed a clinic each year into a youth friendly clinic; and strengthen the existing youth centres.

In order to achieve this, the internal capability of the organization was assessed to determine its strengths and weaknesses. The aim was to design the systems, structures and leadership needed to match the new strategy. According to the respondents, however, by the end of 2001 not much had been achieved in matching the internal capabilities to the new strategy. They noted that the process had slowed because of the shortage of funding to put the strategy into operation.

### 4.2.3 Competition

The respondents pointed out that competition in the field of population and family planning intensified from 1980s. Many NGOs, private hospitals, mission hospitals, and private practitioners and chemists now offer reproductive health and family planning services as an integral part of their other services and products. The customers, too, have become aware of their rights and demand quality services. The newly competitive market calls for competitive strategies to ensure survival and success in the organization's activities. While the respondents expressed the concern that more needs to be done in marketing the organization's services and products, they said FPAK has made a number of efforts to be more competitive. Among the achievements in creating and sustaining a competitive edge measures can be grouped into four categories: cultural change, cost recovery mechanisms, marketing of services and alignment with donor concerns.

***Cultural Change***

FPAK for a long time has been perceived by the public as part of the government institution or a part of the Ministry of Health (FPAK, 2000). This could have been as a result of its close collaboration with the government as well as the government's support to its programme. In this respect, the public expects free services from FPAK'S clinics just like they get from the government clinics. They would therefore resist payment of fees charged for services that are offered for free at the government or municipal council clinics. In addition, the culture within the organization among staff, especially service providers, is the belief that what the organization receives in form of commodities and contraceptive as well as grants is free. The respondents noted that cost consciousness and efficiency in utilization of resources had not been a priority for a long time.

The notion that products, services and other resources are donated free and therefore, should be given for free has since changed through staff sensitization and training on cost-effectiveness and efficiency. A new culture in which planning and all other activities are undertaken in a businesslike manner, instilling an entrepreneurship motivation that encourages creativity and innovation, is now a common practice in the organization. The respondents noted that all FPAK's clinics now operate as strategic operational units (SOUs). These clinics prepare their annual business plans, which calls for a continuous assessment of the external environment in order to establish threats and opportunities. At the same time they are required to undertake an assessment of the internal environment to establish strengths and weaknesses. The aim is to exploit opportunities with the strengths they have and minimize threats and weaknesses. The annual performance projections of services, income and expenditure are based on the issues arising from this environmental analysis. This planning process has enabled the organization to respond adequately, on a continuous basis, to market signals and

client needs. For example, it was reported that all clinics have been renovated and furnished to meet the needs of the clients and all service providers trained on customer care, marketing and other regular updates on reproductive health technology.

***Cost Recovery***

The organization's clinics now charge a subsidized fee for their products and services. In order to determine the pricing strategy, a detailed cost per service was undertaken and standard costing established. It is on this basis that a pricing strategy was established. The basic pricing strategy is cost plus method whereby the organization charges only a percentage of the cost of its services and not the full cost. It allows for flexibility depending on what other competitors charge and the economic status of the clients in a particular market segment. The organization has a policy of waiving the fee on any service or products for those clients who cannot afford to pay. In addition, services to the youth are given for free. According to the respondents, the organization's clinics were able to recover about 59% of their total costs in 2001. They noted, however, that the organization is facing a critical challenge of balancing between financial sustainability as a response to declining donor funding and living to its mission of providing reproductive health services to the most needy and poor people in the society who have little ability to pay for its services.

***Marketing of Services***

The respondents indicated that the organization has tried to differentiate itself from the government and municipal clinics by offering high quality services and this has given it a competitive advantage. A continuous assessment of client needs is done through such tools as client interviews, suggestion boxes, client oriented provider efficiency (COPE) and use of mystery clients. One example, given by the respondents, is in one of the FPAK's clinic in Phoenix House, which is located in the centre of Nairobi. Clients visiting this clinic are in the middle to high income bracket and most of them are working class. Most of these clients value time and would not like to wait too long for service. The same clients would not mind paying more for quality services. Time is therefore one of the critical components of quality that the organization had to respond to, in order to satisfy the clients of this clinic. The organization has hired more qualified staff in this clinic, set higher fees, refurbished the clinic and equipped it with modern equipments and improved technology by computerizing client records, registration and fee payments. As a result of this response to client needs, the clinic's cost recovery increased to 80% by 2001 (FPAK, 2001 Annual Report).

***Alignment with Donor Priorities***

As indicated earlier, competition for donor funding is also a challenge reported by the respondents. Most donors fund new and innovative projects that are cost effective and expected to have higher

impact. They also prefer partnership with local NGOs that are well established and have a good corporate image, as well as the ability to network with other NGOs and community-based organizations (CBOs). Transparency, accountability and a good financial management track record are other aspects that donors look for. FPAK has taken steps to embrace strategic planning and management concepts, as can be seen in the development of the latest strategic plan. Additional efforts have been made to build the capacity of their intangible assets such as the skills, competence, morale and loyalty of employees, leadership, goodwill, and image. Furthermore, through the emphasis on youth, FPAK has determined an innovative programmatic focus and the distinctive competencies that can enable it to create projects that are attractive to donors, even as they meet institutional priorities. Despite this progress, however, the respondents feel that this is an area that requires additional strengthening if FPAK is to increase the diversification of its funding base.

### 4.2.4 Poor Economic Performance of Kenya

The economy of Kenya has been on the decline since the mid 1970s (Table 6), as indicated by a declining gross domestic product (GDP), and the trend worsened dramatically over the 1990s. This persistent poor economic performance worsened the poverty situation, with the per capita income in constant 1982 prices declining from US$271 in 1990 to US$239 in 2002 (GOK, 2003). The number of people living in poverty, as noted by the Government in its strategy on "Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007", is estimated to have risen from 11 million or 48% of the population in 1990 to 17 million or 56% of the population in 2001. At the growth rate of between 1 and 2%, GDP did not increase fast enough to keep pace with the rate of population growth (2.6% in 1999)

**Table 6: GDP growth rate in Kenya, 1963–2001**

| Period | Average GDP growth rate |
|---|---|
| 1963–1972 | 6.5% |
| 1973–1980 | 5.2% |
| 1980–1985 | 2.5% |
| 1997 | 2.4% |
| 1998 | 1.8 % |
| 1999 | 1.4% |
| 2000 | -0.2% |
| 2001 | 1.2% |

Source: KDHS 1998; *Statistical Abstract*, Central Bureau of Statistics, 2002.

The poor economic growth, coupled with the increase in population, has led to a decrease in the government's contribution to the health sector across the board, including support to NGOs and the private sector. This has posed challenges to NGOs like FPAK who must now strive for financial sustainability and embrace business related principles and practices in order to survive.

FPAK has responded to this challenge by developing financial sustainability strategies. One of these strategies is to charge user fees to clients who use the organization's services. The respondents feel that the poor economy of the country has affected the willingness and the ability to pay of those seeking FPAK services. Family planning services are still offered free in government hospitals and health centres, including the city council and municipal council clinics. This means that those clients who are unable to pay will not visit the FPAK clinics. At the same time, family planning services is not considered a priority among many Kenyans who subsist below the poverty line and they do not seek such services unless they are easily accessible and affordable.

Among the response to this environmental change has been the diversification of services and products beyond family planning services only. FPAK now offers curative services, laboratories, pharmacies, circumcision, maternity, and maternal and child health services, among other reproductive health services (see Table 5). In addition, the organization has trained about 500 community health volunteers who provide basic reproductive health services as well as health care to the poor in targeted areas. The respondents feel, however, that pressure for financial sustainability compromises the organization's mission, which is to serve the under-served and underprivileged members of the society. The respondents noted that the organizations policy to waive fees for those seeking its services is not adequate. They feel that for the organization to retain its mission and be financially sustainable, creativity and innovation in mobilizing resources are needed. This could include being subcontracted by the government or the city council to provide services for which organization has comparative advantage and expertise.

# CHAPTER 5 – SUMMARY AND RECOMMENDATIONS

## 5.1 Environmental Changes

The first objective of the study was to identify major environmental changes that have affected FPAK. The findings of this study indicate that declining donor funding, competition, the paradigm shift from vertical family planning to reproductive health, and poor economic performance of Kenya are the four major external environmental changes that have occurred over the last ten years and have affected the operations of this organization.

FPAK lost 23.2% of its annual funding from IPPF in 2001. One of IPPF's major donor supporters changed its priorities, and IPPF funding to FPAK declined significantly during the same period. This contributed to the decline in FPAK's income from donations from Ksh249,372 million in 2000 to Ksh199,736 million in 2001. This is a 20% drop in income. Donor funding is no longer guaranteed; it is now more competitive, short term, targeted and unpredictable.

The 1994 ICPD programme of action emphasized a shift from vertical family planning to integrated reproductive health. To put the ICPD programme of action into operation, IPPF challenged its affiliates including FPAK to respond to this new shift by seizing this opportunity to be pioneer organizations and become leaders in reproductive health and family planning in NGO sector. FPAK identified a niche in sexual and reproductive health with youth as the focus.

Competition in the field of population and family planning intensified through the 1990s. Many NGOs, private hospitals, mission hospitals, private practitioners and chemists now offer reproductive health and family planning services as an integrated part of their services. Clients have become more aware of their rights and, therefore, demand for better and quality service.

The economy of Kenya has been on a serious decline for more than a decade. This has increased the number of people living in poverty. FPAK is facing challenges in trying to respond to the decline in donor funding, and competition and at the same time living to its mission of serving the under-served and under privileged members of the society.

## 5.2 Responses to the Environmental Changes

The second objective of the study was to document the FPAK responses to the environmental changes. From the findings of this study, it is noted that FPAK responded strategically to the challenges that it faced through diversification of services, differentiation, segmentation and later a change of its mission to serving a different clientele, the youth. This response has enabled the organization to grow and survive in a fast changing environment. This achievement has largely been through its strategic planning process, which started in 1987 when many NGOs had not envisaged the need for strategic thinking. The shift from vertical family planning to reproductive health with a focus on youth has enabled the organization to attract new funding and enhanced its image as an innovative organization.

It is noted that the organization was able to respond adequately to changes in its environment during the period 1950 to 1980, when changes in the environment were familiar, predictable, not rapid and arising from the organization's traditional business. The current changes in the environment are rapid and unpredictable, however, and arise from many angles and businesses that are unfamiliar to the organization. This new terrain requires a strategic issue management system that allow for early identification and fast responses to surprises from both inside and outside the organization. In addition, adequate management capacity – which calls for investment in intangible assets and identification of the distinctive competitive aspects – is critical in maintaining the competitive advantage of the organization.

Table 7 summarizes the external environmental changes identified in this study as well as the responses by the organization.

**Table 7: Summary of environmental changes and FPAK's responses**

| External environmental change | FPAK response |
|---|---|
| 1. Decline in donor funding | ▪ Revision of vision, mission and strategy, with intention to re-position itself to become a leading organization in youth reproductive health information, services and advocacy. |
| 2. The paradigm shift from vertical family planning to integrated sexual and reproductive health with focus on youth. | ▪ Cultivation of changes in culture, from the notion of free services and products to a businesslike approach in undertaking organization's business.<br>▪ Flexibility that encourages entrepreneurship, creativity and innovation.<br>▪ Decentralization of decision making to strategic operational units (SOUs)<br>▪ Use of business planning concept, as a planning tool that allows for continuous review of the external environment and use of issues arising as |

| | |
|---|---|
| | an input in the review of the business plan.<br>▪ Staff development and training in such skills as financial management, supervisory skills, customer care and marketing.<br>▪ Cost recovery through the establishment of cost of services and development of pricing strategy.<br>▪ Marketing strategies that include differentiation, segmentation and branding of clinics.<br>▪ Improved transparency, images and accountability.<br>▪ Enhanced internal capability through the hiring of qualified staff, staff training and development and improved technology, in addition to the renovation of facilities to match client needs. |
| 3. Competition | ▪ Diversification of services and products.<br>▪ Provision of free services to the youth and those unable to pay.<br>▪ Making services accessible through the use of trained community heath volunteers who can provide basic health care services in the poor communities. |
| Poor economic performance of Kenya | - |

### 5.3 Recommendations

The organization's response to declining donor funding, competition and the poor economy is encouraging. Its efforts to be self-sustainable financially will take a long time, however. The percentage of the organization's own income to external donations is 19% as at the end of the year 2001. Most of the organization's programmes are not designed to generate resources and these kinds of programmes will continue to require external financial support. It is recommended that the organization define financial sustainability and consider it as adequate financial support for its set programme priorities.

Creativity and innovativeness in acquiring and maintaining a competitive edge even in a social programme like reproductive health is now a common phenomenon. NGOs like FPAK should continuously maintain this to enable them to attract new donor funding.

Investment in capacity building in the areas of leadership, management capability and image become more critical in this aspect than the value of tangible assets. Areas that can be explored include entry into partnership or strategic alliances with other NGOs or community-based organizations (CBOs).

The paradigm shift from vertical family planning to integrated sexual reproductive health with a focus on youth is still posing challenges to the organization. This is because not much has been achieved since the development of this new strategy in 2000. While there is a change in the organizational vision, mission and strategy, the organizational capability has not been matched adequately to this new strategy. There is a danger therefore of a possible mismatch of strategy with the organizational capability. This could be a result of the drastic change in strategy, coupled with discontinuous, rapid and unfamiliar changes in the environment.

These changes require rapid responses if the organization is to achieve its envisioned new leadership role. In addition, networking, collaboration or partnership with various youth servicing organizations can be considered. The image of the organization is still to a large extent that of family planning. Consideration should therefore, be given to the change of name or to the formation of a subsidiary or affiliate of FPAK that will grow and expand as a youth programme. This programme can run independently, but under the umbrella of FPAK. Increased resources can be allocated to the programme while at the same time it can market itself and attract new donor funds. The older family planning programme is expected to continue with the businesslike approach to attain self-sufficiency.

It is also recommended that in planning to initiate change, an organization should at the same time plan for the implementation of this change. This will enable it to assess how it can achieve its mission using the resources available. It is possible to prepare for change by selecting an appropriate alternative approach. This takes cognisance of the resources which are available, to overcome resistance and to have the capacity to cope with change challenges.

Other organizations, especially NGOs, can learn from this study and note how FPAK started in 1950s with a mission that was unpopular and controversial, and has grown to become a leader in the field of population and family planning. This has been achieved through strategic responses to environmental changes. It is noted that FPAK developed its first strategic plan in 1987 and is now operating on its third such plan (2000–2005). In the new vision and mission of FPAK, it is clear that the organization refused to rest on the laurels of its past success and once more is set to position itself as a leader in reproductive health with a focus on youth. All that is in response to changes in the environment. Through this case study, organizations similar to FPAK will learn and appreciate the valuable and unique approaches that FPAK used to respond to the challenges that were brought about by the major environmental changes that may be facing these organizations too. The relationship among the variables or the environmental challenges are important in formulating responses that addresses these aspects in holistic manner. The non-for profit organizations will learn that to survive and succeed in the current dynamic environment, they have to embrace the business like culture and marketing.

There are challenges that still face FPAK, importantly including building the capacity to manage and make rapid responses to the dynamic and uncertain environmental changes. To live its mission and at the same time strive to be financially sustainable is yet another challenge to FPAK.

## 5.4 Limitations of the Study

This study encountered minimal limitations. The availability of the respondents took longer than expected, since the researcher relied mostly on personal interviews to get in-depth information on the environmental changes and responses to these changes.

It is noted that the organization provided the information that was requested and availed reports and data that were appropriate for the study.

## 5.5 Suggestions for Further Research

Additional research into the management and operation of non-government, not-for-profit organizations in sub-Saharan Africa is sorely needed. Future research tackling the following important areas would therefore be very useful:

- The achievements of FPAK's new vision and mission as a leader in reproductive health with a focus on youth.
- An investigation of why in planning a new strategy, implementation should be considered.
- An investigation of the effect of a mismatch in organizational capability to shift in strategy.

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# APPENDIXES

## APPENDIX A – CATEGORIES OF NGOS

- Recreation
- Charity
- Community development
- Technology
- Health
- Food and nutrition
- Water and sanitation
- Education and training
- Shelter
- Environment
- Energy conservation and development
- Counselling
- Employment
- Population and family planning
- Relief and development
- Handicapped
- Children
- Youth
- Women
- Destitute
- Religion
- Transport and Com

Source: The NGO Directory, 1988, p. 2.

# APPENDIX B – COMPONENTS OF REPRODUCTIVE HEALTH CARE

- Family planning counselling, information, education, communication and services
- Education and services for prenatal care, safe delivery, and postnatal care, especially breast-feeding, infant and women's health care
- Prevention and appropriate treatment of infertility
- Prevention of abortion and the management of the consequences of abortion
- Treatment of reproductive tract infections, sexually transmitted diseases and other reproductive health and responsible parenthood
- Referral for family planning services and further diagnosis and treatment for complications of pregnancy, delivery and abortion, infertility, reproductive tract infections, breast cancer and cancer of the reproductive system, sexually transmitted diseases and HIV/AIDS
- Active discouragement of harmful practices such as female genital mutilation.

Source ICPD, 1994, Paragraph 7.6, p. 44.

# APPENDIX C – SAMPLE LETTER OF INTRODUCTION

To the Respondent

Dear Sir,

**RE: MBA RESEARCH PROJECT**

I am a student in the Faculty of Commerce, University of Nairobi, Kenya. In partial fulfilment of the requirements of the degree of Master of Business Administration (MBA), I am conducting a study entitled "Responses to Environmental Changes: A Case of Family Planning Association of Kenya (FPAK)"

This questionnaire is designed to gather information on the environmental changes and the strategic responses used by FPAK.

Any information you might provide to make this study more revealing will indeed be appreciated.

The information and data required is needed for academic purpose only and will be treated in strict confidence. In no instance will your name be mentioned in the report. Thank you in anticipation.

Yours faithfully,

**GRACE S. AMURLE**
**(MBA Student)**

# APPENDIX D – SAMPLE QUESTIONNAIRE

**Questionnaire**

| | |
|---|---|
| | 2002 |

**Date**

Name of respondent :........................................

Designation :........................................

Name of organization :.......................................

Address :........................................

Please answer the following questions by either filling in the spaces provided or ticking against the alternative given.

**Section A: Organization's profile**

1. Which year was the organization established? ................................................

2. Why was the organization established? Explain

   ....................................................................................

   ....................................................................................

   ....................................................................................

3. What business was the organization in when it started?

   ....................................................................................

   ....................................................................................

4. What business do you consider your organization to be in now?

……………………………………………………………………………………..

……………………………………………………………………………………..

……………………………………………………………………………………..

5. Which programme orientation development category(s) of NGOs does the organizations programme fall?

…………………………………………………………………………………….

…………………………………………………………………………………….

6. Who are the shareholders or owners of the organization?

……………………………………………………………………………………

……………………………………………………………………………………

7. The number of directors or board members

……………………………………………………………………………………

……………………………………………………………………………………

8. Who are the major stake holders of the organization's programme? List them in order of importance

1…………………………………………………………………….

2..............................................................

3..............................................................

4..............................................................

5..............................................................

9. Is the organization a member of a local or international organization?

............................................................................

(i) If yes, what is the name of this organization?

................................................

10. How many employees did the organization have in:

1990 1995 2000 2001

.............. ............... ........... ...........

11. Annual income and expenditure of the organization (Ksh)

| | 1990 '000' | 1995 '000' | 2000 '000' | 2001 '000' |
|---|---|---|---|---|
| Income | | | | |
| Donations | | | | |
| Own income | | | | |
| Total Income | | | | |
| Expenditure | | | | |
| Surplus/Deficit | | | | |

12. Value of the organization's assets in Ksh:

1990 '000' 1995 '000' 2000 '000' 2001 '000'

........... .......... ........... ..........

13. List the geographical locations (Districts) in which the organization carries its business and specify the type of business.

| District | Type of Business |
|---|---|
| ................................ | ........................................................... |
| ................................ | ........................................................... |
| ................................ | ........................................................... |
| ...................................... | ............................................................................ |
| ................................ | ........................................................... |
| ...................................... | ............................................................................ |

14. How has the organization structured its operations?

.......................................................................................................

.......................................................................................................

.......................................................................................................

**Section B: Environmental Scanning**

1. What external changes have taken place in the last 10 years which have affected the organization?

.......................................................................................................

.......................................................................................................

2. Rank the changes in order of importance to the organization and explain their importance.

**Environmental change (EC)** **Importance**

1.................................... ....................................

2. .................................... ....................................

3.................................... ....................................

4.................................... ....................................

5 .................................... ....................................

6.................................... ....................................

7.................................... ....................................

Others (Specify)

.................................... ....................................

.................................... ....................................

4. List in order importance the major drivers of change in the industry/sector

..........................................................................................

..........................................................................................

..........................................................................................

..........................................................................................

5. How would you describe your business or operation's environment. Explain

..........................................................................................

..........................................................................................................

..........................................................................................................

..........................................................................................................

**Section C: Responses to environmental changes**

1. How has FPAK responded to the environmental changes listed above?

..........................................................................................................

..........................................................................................................

..........................................................................................................

..........................................................................................................

2. List in order of importance the key success factors in the industry/sector

..........................................................................................................

..........................................................................................................

..........................................................................................................

3. List in order of importance any constraints that the organization has/is experiencing that will hinder it from achieving its objectives.

..........................................................................................................

..........................................................................................................

..........................................................................................................

4. What effect if any have these constraints hindered the achievement of the organizational objectives?

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

5. What is the organization doing to reduce the impact of these constraints?

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

6. How does the organization measure its performance? Please explain

Short term

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

Long term

……………………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………