

**AN INVESTIGATION ON THE FACTORS INFLUENCING SUSTAINABILITY OF  
NGO'S IN KENYA**

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## **DECLARATION**

This research project is my original work and has not been presented for a degree at any other university.

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Signed ..... Date .....

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

Dr Josiah Aduda.

Sign ..... Date .....

## **DEDICATION**

I would like to dedicate this project to my beloved family members who gave a magnificent input and support towards the success to this work. Alongside, to my friends and colleagues whose encouragement and understanding during the period of study made the task become lighter.

## **ACKNOWLEDGEMENT**

My gratitude to the almighty God through His amazing grace, I was able to undertake and complete this study, to him I give all the glory and honour. I am deeply indebted to my supervisors Dr. Josiah Aduda whose patience, dedication and continued encouragement made it possible to complete this project. Kindly accept my sincere gratitude.

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It may not therefore be possible to mention all of them individually. However, I am greatly indebted and grateful for their contributions one way or another. I also wish to acknowledge the contributions of my classmates whose keenness to detail and critique helped in refining the document. Last but not least, I am grateful to the almighty God for the sufficiency of his grace.

## **ABSTRACT**

Sustainability implies that society must use no more of a resource than can be regenerated. Financial sustainability will be one of the key challenges for NGOs in the next decade: only those institutions that have sound financial structures and stable income flows will be able to fulfill their multiple missions and respond to the current challenges in an increasingly complex and global environment. NGOs will need to do their best to diversify their sources of funding in their bid to become more independent, as well as to widen and deepen their constituency to be able to use their membership for voluntary tasks as well as membership fees. To the researcher's knowledge, at the time of the study, no local or international studies had ever focused on the strategic responses adapted by NGO's in Kenya to the shorter life-spans. This represents a significant gap in knowledge that must be bridged since NGOs provide an important component of education, health and other social developments in Kenya. It is in this light that the researcher aimed to fill the existing gap by carrying out an investigation into the factors influencing sustainability of NGO's in Kenya.

In this study, exploratory research design was adapted. The target population of this study included NGO's based in Nairobi registered with the NGO council of Kenya that shares common characteristics. There are 288-registered NGO's in Kenya. The study sampled 30 NGO's in Nairobi Kenya that deals in relief activities. The study used both primary and secondary data. Primary data was collected using a questionnaire while secondary data was collected from the NGOs financial statements. The collected data was analyzed using both quantitative and qualitative data analysis methods. Quantitative method involved both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in form of tables and graphs. Data from questionnaire was coded and logged in the computer using Statistical Package for Social Science (SPSS V 20.0).

This study therefore concludes that NGOs and the donor community are susceptible to any number of economic and political pressures occurring everywhere from the organizational level all the way up to macro variations in national and international economies, donors are subject to funding constraints of their own and are often beholden to boards, larger organizations, government ministries, or even national legislatures that can limit their capacity to fund purely

based on the quality of a project or the good record of a grantee. Some donors can even fall victim to severely limiting budget constraints that threaten their very existence. NGOs must be aware of these possibilities and diversify their sources of funding accordingly. Hence, NGOs must begin to develop at least some degree of self-sufficiency if they are to have any medium to long term plans and aspirations.

The study therefore recommends that in order to ensure that the NGOs remain sustainable; they should procure employees that are competent in strategic planning, plan implementation and financial analysis that are seen to affect the financial sustainability to a great extent. They should also come up with income diversification strategies to enhance financial sustainability

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## **ABBREVIATIONS AND ACRONYMS**

CBOs - Church based organization

CT - Complexity Theory

FS - Financial Sustainability

ID - Income Diversification

IG - Income Generation

MDR - Management of Donor Relationship

NGO - Non-governmental Organizations

RBV - Resource-Based View

SFM - Strategic Financial Management

USAID - United States Agency for International Development

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# **CHAPTER ONE**

## **INTRODUCTION**

### **Background of the Study**

According to Nzimakwe (2008), NGOs as institutions that advance development consist of a variety of functional, geographic, membership and organizational groupings which make it complex to develop a standardized definition. However this does not mean that there have not been attempts to define the concept. The term "nongovernmental organization," or "NGO," was first formalized within the United Nations system in 1945 with its inclusion in Article 71 of the United Nations Charter. The Article 71 provides the Economic and Social Council (ECOSOC) of the United Nations with the power to "make suitable arrangements for consultation with non-governmental organizations which are concerned with matters within its competence." This brief history of NGOs is very important in indicating how their positioning in society and how their role has developed in time.

The link between ECOSOC and NGOs was further officialised in ECOSOC Resolution 1296 and ECOSOC Resolution 1996, which demarcated the standard for NGO review status with ECOSOC (Korey: 1998). Although NGOs were influential in attaining the inclusion of human rights standards in the United Nations Charter in 1945, they were a very small number at that time. According to a United Nations report, only forty-one NGOs held consultative status with ECOSOC in 1948 and fewer yet focused wholly on human rights matters. However, since 1960s, the number of NGOs and their influence both nationally and internationally has grown exceptionally (Korey: 1998:16). Korey explained that, NGOs "played a decisive role in transforming the phrase human right from but a Charter provision or a Declaration article into a critical element of foreign policy discussions in and out of governmental or intergovernmental circles" (Korey: 1998:18).

Globally, NGOs are involved in pressing forward for international human rights primarily by setting standards, documenting violations and lobbying for successful enforcement of the human rights norms. By setting the standards, NGOs were and are still instrumental in the establishment of international norms by which the conduct of states can be able to be measured or judged. NGOs also give pressure to national governments to sign and ratify the treaties that embody human rights norms and have worked to enhance the use of the complaint mechanisms of these treaties (Paul :2000).

### **1.1.1 Sustainability of NGO's**

Sustainability implies that society must use no more of a resource than can be regenerated. This can be defined in terms of the carrying capacity of the ecosystem (Hawken, 1993) and described with input-output models of resource consumption. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. In practice organizations mostly tend to aim towards sustainability by increasing efficiency in the way in which resources are utilized. It is the core of organizational effectiveness and connected to all other key components (WCC, 2005). Sustainable strategies must therefore be considered in the areas of strategic direction, spiritual values, moral values, governance, management practices, human resources, impact of service delivery, financial resources and external relations. Sustainable organizations have been found to have at a minimum: A clear mission and strategic direction, the necessary skills to attract resources from a variety of local and international sources, skills and ability to manage resources effectively and efficiently and any effort at organizational regeneration (Ogre and Gitoho 2005).

Financial sustainability will be one of the key challenges for NGOs in the next decade: only those institutions that have sound financial structures and stable income flows will be able to fulfil their multiple missions and respond to the current challenges in an increasingly complex and global environment. Indeed, financial sustainability is not an end in itself; it aims to ensure a organization's goals are reached by guaranteeing that the institution produces sufficient income to enable it to invest in its future. While a number of NGO's in

Kenya have achieved administrative efficiency, most have major difficulties. Efficiency cannot be guaranteed because of the nature of the NGO's themselves. Many of them are new, small and without guaranteed future. This is especially the case with local or national NGO's that are still struggling to put effective and efficient managements systems for good governance in place and whose survival largely depends on donor funding. There are also problems of legitimacy where NGO's may be easily set up. It all depends on whether one can write convincingly to donors. Such NGO's are weak and face the risk of lack of continuity. In Kenya, NGO's have also sustainability and replicability challenges in their projects. Sustainability has become a buzzword within the development circles. It describes the ability of a given project to remain viable even after external support is terminated. Not all are able to achieve this fete.

### **1.1.2 Factors Relating to Sustainability of NGO's**

Operational sustainability is the ability to meet the present needs without compromising the ability the ability to meet the future needs or the ability of future generations to meet their own needs. Unsustainable operations accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. While numerous organizations could become institutionally sustainable within 2-3 years, financial sustainability remains a distant goal. NGOs will need to do their best to diversify their sources of funding in their bid to become more independent, as well as to widen and deepen their constituency to be able to use their membership for voluntary tasks as well as membership fees. Although many organizations have governance structure in place, it is often focused on conformance with regulations. And this is very important, but governance should also support the organization's efforts to improve performance. (Ogre and Gitoho 2005)

Successful organizations adhere to governance principles and periodically evaluate results to ensure the continuity of effectiveness of the governance system. Based on their environment, different NGOs should adapt a governance system or change as it changes itself towards future opportunities. Transparency, effectiveness and

accountability at senior level ensure a good organizational viability. “An organization exercises good governance when it has an internal system of checks and balances that ensures the public interest is served. An NGO is accountable to its community when it demonstrates regularly that it uses its resources wisely and doesn’t take advantage of its privileges to pursue activities contrary to its nonprofits status. An NGO is accountable when it is transparent, readily opening its accounts and records to public scrutiny by funders, beneficiaries, and others. (Hawken,1993)

Through these acts of accountability, an NGO shows to be committed to democratic values and contributes to the building of civil society. From the point of view of the managerial approach of an NGO, human capacity is another necessary resource in order for an NGO to be sustainable. As this is the responsibility of the top-level leadership, the commitment to sustainability, the planning, project-writing and progress review involves directly the CEO and top board leadership therefore, “these people should possess exceptional ability in three major thinking domains of reasoning, insight and self-knowledge and be highly skilled in the internal and external processes that constitute them”. In practice organizations mostly tend to aim towards sustainability by increasing efficiency in the way in which resources are utilized. It is the core of organizational effectiveness and connected to all other key components (WCC, 2005).

### **1.1.3 NGO’s in Kenya**

Development of Ngo’s in Kenya goes way back after World War I1 with the formation of numerous ethnic and regional based associations and groups. Some were political, some economic while others had a social orientation. The war therefore catalyzed the formulation of indigenous non-profit organizations (NPOs), and also leads to the rise of self-help groups that aimed at fostering the welfare of people affected by the decline in social services due to the war. As at 2012, Kenya’s NGO sector accounted for 5% of the country’s gross domestic product and a big employer (Kenya Bureau of Statistics). Non Governmental Organization (NGOs) plays very important roles in the society, by supplementing government and foreign

missions effort in the provision of services to its citizen. For NGOs to perform this role it has to depend on donor funds.

There has been an enormous growth in the number of NGOS being registered in Kenya. However seventy percent of these NGOs do not live to celebrate their sixth birthday (NGO Council, 1996). Despite this problem, no study has been done to establish the causes leading to collapse of these organizations especially on withdrawal of donor funds. This poses a gap that the study sought to fill through an investigation of the factors that affect the operational and financial sustainability of these organizations. The financial management processes of not for- profit organizations are generally dominated by conditions of resource scarcity. Such organizations have limited opportunities for generating additional income, but are faced with an ever increasing agenda of programme and activities on which such funds could be spent (Drucker, 2000) Sustainable funding means being able to be there for your beneficiaries in the long term. An organization is financially sustainable if its core work will not collapse if its external funding is withdrawn.

Sustainable funding is a process that leads to the projects having longer life-spans and is further translated to impacts that are beneficial to communities over a given period of time. Most donors are looking for a range of projects which can utilize the Sustainable Livelihoods approach to enhance activities aimed at supporting local communities to reduce poverty and disadvantage. Organizations are required to use funds wisely for the purpose intended and improve the living standards of the populations meant to benefit. Often, uses of funds are diverted to serve other interests of the organization managers outside the scope and work plans of these projects. This has resulted in surprise audits where misuses of funds are suspected by donors and in the extreme cases bank accounts have been frozen to minimize the extent. Good management practices demand that obvious key management concepts and principles such as sustainability, accountability and transparency which are necessary for institutionalized formal procedures are put in place-administrative efficiency.

Most donors attach various restrictions to their funding including among others-sound financial management systems in place, good leadership with integrity, educated staff with experience an advantage and the strategic plans of the organization. Organizations lacking these ingredients have difficulties attracting donor funding. Some donors will assess

the capacity (systems and structures) of the organization to handle funds before funding can be approved. They also consider if the potential recipient has experience and knowledge to meet deliverables. Conventional wisdom says that most nonprofits do not have sustainable funding models: that is, they cannot develop predictable, ongoing financial support that covers core operating expenses. The common image of nonprofits is that they are often led by an executive director who is not sure how he will find enough money to meet the year's budget and is perpetually pulling rabbits out of his hat to do so.

In many developing countries, the role of NGOs has evolved in response to the market gaps left by the government (Gaist, 2009). Impelled by the inadequacies of the state and the market, citizens across the globe have developed NGOs to deal with a diversity of social needs. According to Gotz (2008), the increase in NGOs is one of the most remarkable features of modern-day international politics. While states remain the major „protectors□ and abusers of human rights, NGOs have materialized as central players in the promotion of human rights around the world. They are increasingly identified as crucial role-players in community and people-centered development. Gaist (2009) stated that the NGOs have frequently been regarded as very important for democracy since they have a strong support at grassroots level and their ability to develop and empower poor communities.

NGO's in Kenya are regulated by The National Council of NGOs, popularly known as the NGO Council. This is a self-regulating, non-partisan body comprising all registered NGOs. It was established in August 1993 under the Non-governmental Organizations Co-ordination Act, 1990 as a forum of all voluntary agencies. The NGO Council membership includes international, regional and national NGOs operating in Kenya and working with a host of CBOs and groups. These NGOs are active in a cross section of sectors including: agriculture, water, education, environment, health, human rights, gender and development, children's rights, poverty alleviation, peace, population, training, counseling, small scale enterprises, disability and many others. The NGO Council provides overall leadership to the NGO sector. It champions the key values of probity, transparency, accountability, justice and good governance. It enhances the self-regulation of its members, and assists them to realize their potential in improving services that improve the socio-

economical status of Kenyan society in pursuit of sustainable development.

While a number of NGO's in Kenya have achieved administrative efficiency, most have major difficulties. Efficiency cannot be guaranteed because of the nature of the NGO's themselves. Many of them are new, small and without guaranteed future. This is especially the case with local or national NGO's that are still struggling to put effective and efficient managements systems for good governance in place and whose survival largely depends on donor funding. There are also problems of legitimacy where NGO's may be easily set up. It all depends on whether one can write convincingly to donors. Such NGO's are weak and face the risk of lack of continuity. In Kenya, NGO's have also sustainability and replicability challenges in their projects. Sustainability has become a buzzword within the development circles. It describes the ability of a given project to remain viable even after external support is terminated. Not all are able to achieve this fete.

## **1.2 Research Problem**

Humanitarian aid comprises a mixed array of operations and covers both disaster relief and continuous support for developing regions. In general, actions have to fulfill the principles of humanity, neutrality and impartiality to constitute a humanitarian operation. Kovács and Spens (2007) studied the variety of institutions that are involved in relief operations. They expressed that the main actors are nongovernmental organizations (NGOs), such as the Red Cross, which coordinate and 'operate' relief operations. The authors expressed governmental organizations are mainly responsible for providing financial funds, while business organizations produce and sell relief items. Additionally, private donors, media and military are important players in relief operations.

Malunga and Banda (2004) findings explain the impact an organization makes in its environment, its credibility and accountability to its stakeholders, and most importantly, its financial and organizational sustainability determine the organization's long term success. It is the view of Malunga and Banda (2004) that an organization can ensure its sustainability through the use of two approaches: namely, the Conventional Approach and the

Organizational Development Approach. They concluded that the two approaches are complementary, however, one is more effective in the long term.

Blazek (1996) studied the characterised of NGOs having weak relationships with citizens because of historical, cultural and political reasons; in some cases, this has led to a tendency for NGOs to be run as elite organisations. He stated that, sustainability is one of the most crucial concerns that NGOs face nowadays and that this state of affair has boxed the NGOs into a dependency syndrome which is threatening the sustainability of their programmes and their survival as institutions.

The reviewed studies have focused on different aspects of sustainable and the extent of its effects on the NGO fraternity. To the researcher's knowledge, at the time of the study, no local or international studies had ever focused on the strategic responses adapted by NGO's in Kenya to the shorter life-spans. This represents a significant gap in knowledge that must be bridged since NGOs provide an important component of education, health and other social developments in Kenya.

It is in this light that the researcher aimed to fill the existing gap by carrying out an investigation into the factors influencing sustainability of NGO's in Kenya.

### **1.3 Research Objectives**

The research problem formulated above assists in formulating the questions for the research. The study sought to answer the following research questions.

1. To determine the effect of income diversification on NGO's sustainability.
2. To establish the effect of strategic financial managements on NGO's sustainability.
3. To assess the effect of participation in income generating activities on NGO's sustainability.
4. To examine how the donor relationship management affects NGO's sustainability.

## **1.4 Value of the Study**

According to the Ministry of Planning and National Development, in Kenya the NGO Sector is one of the fastest growing in the country. The Economic Survey (2006) indicates that the sector has been creating over 100,000 new jobs since the year 2000.

The study will be important not only to NGO's under study but also other managers in the NGO sector. It will help them understand the strategic practices and how its understanding can help different and diverse NGO's sustain operations and financing long afterwards.

The study will also help other managers know the methods used in gathering and applying various strategic practices, which will help them improve their management styles. The study will also highlights other important relationships that require further research.

The results of this study would also be invaluable to researchers and scholars, as it will form a basis for further research. The students and academics could use this study as a basis for discussions on sustainable funding and the strategic processes it call for. The study is a source of reference material for future researchers on other related topics; it would also help other academicians who undertake the same topic in their studies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents review of literature on sustainable funding with reference to non-profit organizations. The sources of literature include books, journal and web articles. The chapter is organized according to the main areas of the study.

#### **2.2 Theoretical Review**

Despite the fact that NGOs are classified as non-profit making organizations, they still remain economic institutions in that they use society's scarce resources (land, labour and capital) to produce goods and services of value. These organizations have operating costs, impose costs on society to the extent that they use contributions and voluntary services to provide superior value to society and need a reliable flow of revenue to finance their mission and be financially sustainable.

The problem of how Local Non-Governmental Organizations (NGOs) can ensure their sustainability has come into focus in recent years. In the past, this problem was not so acutely felt as there were enough resources to fund projects and programmes. Moore (2005).

With the changing economic environment world-wide, sustainability, is perhaps one of the debated subjects on non-governmental organization (NGOs). With the folding up of even financially stable NGOs, the traditional view of sustainability being equated with having adequate resources is greatly challenged.

The World Bank (2009), in a paper prepared for the meeting of the Group of Twenty (G-20) Finance Ministers and Central Bank Governors held in London in April 2009 issued a warning to developing countries. It noted that developing countries faced a financing short falls in 2009 as trade income would dwindle and rich nations would vie for capital to deal with the global slump. The World Bank concluded that the impact of the economic downturn would make poor countries more reliant on development assistance because as richer

countries borrow more, it would become more difficult for poorer countries to raise capital, BBC (2009).

### **2.2.1 Resource-Based Theory**

The currently dominant view of business strategy resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making (Kay, 2005). The resource-based view (RBV) offers critical and fundamental insights into why firms with valuable, rare, inimitable, and well organized resources may enjoy superior performance (Barney, 1995). Its current prominence is reflected not only by its dominance in the academic journals, by its inclusion in leading strategic texts which warrants the conclusion that it is widely taught to students and practitioners in undergraduate, masters' and executive programs.

Building on the RBV, Hoopes, Madsen and Walker (2003) suggest a more expansive discussion of sustained differences among firms and develop a broad theory of competitive heterogeneity. The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. For example, one might argue that the RBV defines, rather than hypothesizes, that sustained performance differences are the result of variation in resources and capabilities across firms. The difference is subtle, but it frustrates understanding the Resource Based View's possible contributions (Hoopes et al., 2003). The Resource Based View's lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory's lack of specificity, one can invoke the definition-based or hypothesis-based logic any time. Again, we argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (or capabilities) (Hoopes et al. 2003). Competitive heterogeneity refers to enduring and systematic performance differences among close competitors.

The RBV uses firms' internal characteristics to explain firms' heterogeneity in strategy and performance. A firm is an organized, unique set of factors known as resources and capabilities, and RBV theory cites two related sources of advantages: resources and

capabilities. Resources are a firm's accumulated assets, including anything the firm can use to create, produce, and/or offer its products to a market. Resources are eligible for legal protection (as such, firms can exercise property rights over them; Amit and Shoemakers, 1993); can operate independently of firm members (Camisón, 2005); and intervene as factors in the production process to convert input into output that satisfies needs (Grant, 1991).

### **2.2.2 Legitimacy theory**

Legitimacy theory is value system centred (Lindblom, 1994; Suchman, 1995). A dichotomy exists between the value system of organisations and those of the society. Legitimacy exists at the organisational level when there is congruence between organisation and society value system. Legitimacy refers to perceptions by key stakeholders that the existence, activities and impacts of Civil Society Organisations (CSOs) are justifiable and appropriate in terms of central social values and institutions. Legitimacy is grounded in the perceptions of stakeholders in the larger environment in which the organization is embedded (Brown and Jagadanada, 2007). It is about an organization fulfilling its social contract with the society. Legitimacy is the right to be and do something in society- a sense that an organization is lawful, admissible, and justified in its chosen course of action (Edwards, 2000). An NGO legitimacy could be official, democratic, or earned through value added.

## **2.3 Empirical Review**

This section reviews literature on what others have established on the factors influencing operational and financial sustainability of non-governmental organizations by looking on issues such as income diversification, strategic financial managements, participation in income generating activities and donor relationship management.

### **2.3.1 Income Diversification**

Delgado and Siamwalla (1997) studied the broad patterns of income diversification in Asia and Africa. They noted that African farmers often have highly diversified crop mixes as a strategy to reduce risks associated with weather. In contrast, crop diversity in Asia is

associated with farmers diversifying away from rice into higher-value crops and activities, such as horticulture, livestock, and aquaculture. In a study of Zimbabwe, Ersado (2003) examined the relationship between income diversification and household welfare. Using household surveys carried out in 1990–91 and 1995–96, the study measured income diversification by the number of income sources, the share of nonfarm income, and the Simpson index of diversity (see Chapter 3, section on Indicators of Diversification). The study found that in rural areas, richer households had more diversified income sources, while in urban areas the reverse was true.

Ersado (2003) also found that in his study that households living in rural areas with highly variable rainfall were more likely to have a large number of income sources, which is consistent with the idea of income diversity as a risk management strategy. Using area and production statistics, Joshi et al. (2002) examined the trends in diversification in South Asia over recent decades. They showed that the diversity of crop production has increased since 1980 in most South Asian countries. In India, the southern and western regions are diversifying away from grains toward pulses, oil seeds, fruits, and vegetables. In the northern region, farmers are turning from coarse grains to commercial production of rice, wheat, and (to a lesser degree) non-grain crops. The eastern region is poorer and less developed. Agriculture is dominated by rice, but the non-rice areas are quite diverse. Carrying out state-level time-series econometric analysis, they showed that income diversity is associated with road density, urbanization, average farm size, and per capita income. Rainfall is also a significant factor: low-rainfall areas have more diverse cropping patterns than high-rainfall areas. They concluded that diversification from coarse grains to high-yielding rice and wheat has had positive effects on food security, while diversification toward cash crops has boosted employment per hectare and agricultural exports.

Studies by Reardon, Matlon, and Delgado (1988) found that rural households in an arid village in Burkina Faso have very diverse income sources, relying on crop income, livestock income, local nonfarm activities, and migrant labor in roughly equal proportions. In contrast, another village with better agro climatic conditions earned about half of their income from crop production, but was actually more vulnerable to droughts than households in the drier

zone. Studies that focus on diversification in terms of the number and balance of income sources are relatively rare compared to studies using other definitions, particularly diversification into nonfarm activities. These studies are discussed in the next three sections.

### **2.3.2 Strategic Financial Managements**

A study by Peter (2007) shows a negative relationship between the financial sustainability of an institution and the level of subsidies received each quarter. As the level of subsidy income rises, the respective institution's financial sustainability falls. Many have argued that subsidies help microfinance institutions reach the needed operational size. However, as discussed in many previous studies, these institutions may actually be doing less good as they receive more assistance. Besides, institutions with more subsidy income have higher level of loans outstanding that is greater scale. This result may reflect the crowding out effect described above an increasing amount of grants and other subsidies are being directed to microfinance institutions that have already achieved a level of operations needed for their own continued success. Likewise, Kereta (2007) found that there is a negative relationship between dependency ratio and financial sustainability, and he further explains as reduction in dependency ratio (as dependency ratio measured by the ratio of donated equity to total Capital) decline over the years is an indication that organizations can be self-sustainable, profitable, and meet their social missions and letting the industry to be financial self-sufficient.

A study by Woller (2000) on financial viability to reassess the past performance and future prospects of village banking indicates that the number of borrowers and cost per borrower were found to be among the variables most highly correlated with financial sustainability. Later Woller and Schreiner (2002) examined the determinants of financial sustainability and it was found that productivity was significant determinant of profitability. Moreover, a recent study by Ganka (2010) on Tanzanian rural microfinance found a negative and strongly statistically significant relationship between number of borrowers per staff and financial sustainability. He justified that microfinance staff for rural MFIs are not efficient as a result they fail to manage borrowers when their number grows causing microfinance

institutions' unsustainability. However, Christen et al. (1995) found no association between productivity and financial sustainability. Besides, Ganka (2010) indicated statistically insignificant relationship between cost per borrower and financial self sustainability.

Hermes and Lensink (2007) claim that the methodology used by organizations also can be used to determine whether a mission drift exists or not. Thus, organizations that facilitate individual lending tend to focus on less poor. Cull et al. (2009) find evidence that more profitable institutions tend to use individual approaches and hence, strive towards financial performance and accordingly targeting less of the really poor. Servon (2006) emphasizes the importance of setting up social and commercial goals that are compatible as she argues that organizations often have goals that are inconsistent, which might cause a mission drift as well as difficulties in obtaining self-sufficiency.

### **2.3.3 Donor Relationship Management**

A study by Frederickson (2010) implemented experimentation and recommended the proximity argument and the slippery slope argument. The proximity argument illustrates that firms are more likely to assist those who are in need close by than the needy person far away. The donation decision, specifically how much and to whom to donate, is directly made by an authorized manager on the basis of cognitive moral rather than a set of specific criteria. Another complementary explanation, the slippery slope argument, demonstrates that if a firm begins to help people in distant places, it will be in part, not all, which seems morally unacceptable. Therefore, the firm ought to help the residual people in distant places, since it would be morally inconsistent if the firm were to help some people not at all; thus the firm has to refrain from helping people in distant places. Moreover, never-ending donations are morally unacceptable, because they cause the company to fall apart. The study supposes that the donation amount is another determinant, because the limited resource restricts the donation intention.

The study by Kamakura (2001) suggest that in the context of fundraising donor satisfaction with the quality of the service they are provided with (as donors) would drive

subsequent loyalty, but that the strength of this impact may vary by the profile of the donors in question. The position for nonprofits, however, is further complicated by the agency role that they play and it is probable that both donor service quality and the perceived quality of service delivered to the beneficiary group may be at issue, since it may be argued that donors are in fact purchasing both. Empirical work has so far failed to address this issue and the nature of these interrelationships.

A study to address donor satisfaction by Sargeant (2001) identified a positive correlation with loyalty, donors indicating that they were 'very satisfied' with the quality of service provided being twice as likely to offer a second or subsequent gift than those who identified themselves as merely satisfied. More recent work by Sargeant (2001) and Sargeant and Woodliffe (2006) have confirmed this relationship, while in the latter case simultaneously identifying a link between satisfaction and commitment to the organization. Work by Bennett and Barkensjo (2005) similarly provides support that there is a significant and positive relationship between satisfaction with the quality of relationship marketing activity (in this case, relationship fundraising) and the donor's future intentions and behavior, particularly the likely duration of the relationship and the levels of donation offered.

### **2.3.4 Participation in Income Generating Activities**

Mosse (2002) studied opportunities and experiences of seasonal rural to urban migration among Scheduled Tribe population in Western India. Urban informal sector work is highly 'ethnically' differentiated; with tribe people limited to low pay, unskilled, less secure work at destination. However, within the tribal group, the poor and better off have different experiences of migration. Whereas migration among the better off is used to manage risk and build assets, migration is more common among poorer people and often leads to labour 'bondage' or sale of assets. The poorer are more likely to undertake long-term migration of entire households to service debt accumulated at high interest rates for subsistence purposes. Because of this, migration often serves to increase intra-community inequality among Scheduled Tribe communities.

De Haan (1999) indicated in his study that social capital is often cited as a significant determinant of population mobility, particularly due to 'segmentation' of migration streams between specific regions of origin and destination due to kinship and other networks. Social networks and affiliations with formal institutions such as trade unions and community based organizations facilitate labor migration, for example by providing initial accommodation and employment at destination or information on employment opportunities facilitating job search. Migration may be too risky as an option for poor communities' lacking developed social networks with migration destinations. Sending localities may be discriminated against because of issues of culture and identity such as gender, ethnicity, religion and caste, which may disable opportunities if migration is not seen to be socially or culturally acceptable. Certain cultural groups may lack access to migrant networks, where these develop within cultural boundaries. For example, among the Fulani ethnic group in Burkina Faso migration was traditionally restricted to the high status class, although the increase in migration propensity among low status households in recent decades has diminished such distinctions. Alternatively, migration may be the -only option available to certain groups who are excluded from profitable work at origin.

## **2.5 Conclusions from literature review**

Doppelt (2003) observed that since the mid-1980s, there had been tremendous development of "sustainable development" initiatives (organizations) world-wide. Despite the increased activities of these organizations, their progress towards sustainability had been slow. In his search to find out why so few organizations had successfully adopted effective sustainability measures, Doppelt (2003) came up with seven key "Sustainability blunders". He was convinced that any organization that would take note of these blunders would be taking the first step in creating a sustainable enterprise. With no clear vision of sustainability, organization struggling to adopt a sustainable path usually lack clarity about what they are striving to achieve.

Without a clear vision, these organizations often assume that being in compliance with the law is the sole purpose of their policies. But compliance is a back ward oriented vision focused on what not to do. But sustainability is a forward looking vision that excites people

and elicits their full support. Despite the existence of Ngo way back there have been little done of how they can be self dependence without relying on donor funding a thing that result to their manipulation and when the funding is withdrawn this leads to their pull out and abandon their operations as they cannot sustain themselves on their own. Under management, Thomas and Thomas (2000) noted the factors influencing sustainability to include establishing accountability, efficient administrative systems and personnel management systems.

We can conclude that the key factors of financial sustainability include optimal use of resources, ensuring cost effective and cost beneficial interventions, availability of financial resources, access to national government and non-governmental funds, avoidance of over funding beyond the projects capability for expansion, research and monitoring and evaluation. These will require certain measures including taking advantage of multiple sources of funding, accessing governmental funds and donor funds, avoid over funding of projects and instituting cost efficiency and cost benefit analysis system.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure that was conceived to aid the researcher in answering the raised research question. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research was completed. Therefore in this section the research identified the procedures and techniques that were used in the collection, processing and analysis of data. The chapter described the research design and methodology that was used to guide the study under the following sub-headings: the research design, target population, sample and sampling design, data collection instruments, data collection procedures and data analysis procedures.

#### **3.2 Research Design**

According to Kerlinger (1986) research design is the plan and structure of investigation so conceived so as to obtain answers to research questions or test the research hypotheses. The plan represents the overall strategy used in collecting and analyzing data in order to answer the research questions. Cooper and Schindler (2003) summarizes the essentials of research design as an activity and time based plan; always based on the research question; guides the selection of sources and types of information; a framework for specifying the relationship among the study variables and outlines the procedures for every research activity.

In this study, exploratory research design was adapted. The exploratory research design using case study method is primarily used in qualitative studies to provide the overall strategy for collecting and analyzing in-depth textual data in order to gain adequate understanding of the problem from the perspectives of the research participants (Hubermann 2002).

### **3.3 Target Population**

Target population is the specific population about which information is desired. According to Ngechu (2004), a population is a well defined or set of people, services, elements, events, group of things or households that are being investigated. Mugenda and Mugenda, (2003), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The target population of this study included the management team of NGO's based in Nairobi registered with the NGO council of Kenya that shares common characteristics i.e. They deals with relief activities There are 288-registered NGO's in Kenya, (see Appendices 2).

### **3.4 Sampling Procedure and Sample Size**

Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. From the population frame the required number of subjects, respondents, elements or firms will be selected in order to make a sample. The sampling frame for any probability sample is a complete list of all the cases in the population from which a sample is drawn (Saunders et al., 2007). A sample is a smaller and more accessible sub set of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population as a whole, with respect to the particular aspects of interests of the study.

From the population frame the required number of subjects, respondents, elements or firms were selected in order to make a sample. Stratified proportionate random sampling technique was used to select the sample. According to Oso (2009), stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population. Stratification aims to reduce standard error by providing some control over variance.

Statistically, in order for generalization to take place, the study sampled 30 NGO's in Nairobi Kenya (Cooper and Schindler, 2003). Saunders et al (2007) argue that if well chosen, samples of about 10% of a population can often give good reliability. Other literatures have shown that sample size selection largely is judgmentally decided.

### **3.5 Data Collection Methods and Procedures**

This study used questionnaires for primary data collection. The questionnaires were used because they were straightforward and less time consuming for both the researcher and the participants (Owens, 2002). The Questionnaires had a number of sub-sections that were sub-divided based on the major research questions except the first sub-section (section A) that was meant to capture the background information of the participants like gender, marital status, age, working experience, level of education. Other sections covered the main areas of the study. Questionnaires were appropriate for studies since they collected information that was not directly observable as they inquired about feelings, motivations, attitudes, accomplishments as well as experiences of individuals (Borg and Gall, 1996). Satyanarayana (1983) stated that a questionnaire is useful in obtaining objective data.

This is largely because the participants are not manipulated in any way by the researcher. According to Borg and Gall (1996) questionnaires have the added advantage of being less costly and using less time as instruments of data collection. The questionnaires were administered through drop and pick-later method to the sampled population. In analysis of document, the researcher must bring out the document type (for example: report, records etc), the kind of document it is (government or institution document), its dates, where written, author and title. The aim of the document, the factual information contained, why the document is a valuable source of information, how the document can be used, what the document does not answer and could be answered by the author should all be brought out (Marshall, and Rossman, 1998). In this study, the researcher dealt with the selected organization's narrative and financial records to establish financial sustainability issues over the last 5 years and any other document that may contribute to answering the research objectives.

### **3.6 Piloting (Instrument Validation)**

Before embarking on fieldwork, a pilot study was carried out to pre-test the instruments. This was done in order to assess the clarity of items, validity and reliability of the instruments (Mulusa 1988). It is after the pilot testing that the main survey follows.

### **3.7 Validity of the research instrument**

To ascertain the validity of questionnaire, a pilot test was carried out (Cranach, 1971). This was done by administering the questionnaire onto the pilot group. The content validity of the research instrument was evaluated through the actual administration of the pilot group. In validating the instruments, 10 staffs were selected randomly. The study used both face and content validity to ascertain the validity of the questionnaires. Face validity is actually validity at face value. As a check on face validity, test/survey items were sent to the pilot group to obtain suggestions for modification. Content validity draws an inference from test scores to a large domain of items similar to those on the test (Polkinghorne, 1988). Content validity is concerned with sample-population representativeness. I.e. the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills (Cranach, 1971).

### **3.8 Data Analysis**

The collected data was analyzed using both quantitative and qualitative data analysis methods. Quantitative method involved both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in form of tables and graphs. Data from questionnaire was coded and logged in the computer using Statistical Package for Social Science (SPSS V 17.0). This involved coding both open and closed ended items in order to run simple descriptive analyses to get reports on data status. Descriptive statistics involves the use of absolute and relative frequencies, measures of central tendency and dispersion.

Data collected through the open ended questions and analysis of documents was analyzed qualitatively through content analysis. The collected data was first be transcribed before coding the data into themes or categories this involved breaking down the data into manageable pieces, sorting and sifting while searching for types, classes, sequences, processes, patterns or themes. The aim of this process was to assemble or reconstruct the data in a meaningful or comprehensible fashion (Jorgensen, 1989). The categorizing was typically based on the major research questions guiding the study. Generalization from the themes about the phenomena in question and discussion in the light of the available

literature was then made.

### **3.9 Analytical model**

The study also made use of various inferential statistics. The variables were factored in the multivariate regression model. The measures of the independent variables, using the rating/Likert scales was converted to mean values and then to percentages to permit the application of linear regression model .Statistical significance of the independent variables was determined by using the F-test. Using the regression Durbin Watson test for autocorrelation of models residuals, t-test for coefficients significances were also tested. The regression equation

$$(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon)$$

**Whereby      Y = Sustainability**

**X<sub>1</sub> =Strategic Financial management (SFM)**

**X<sub>2</sub>= Donor Relationship Management (DRM)**

**X<sub>3</sub>= Own Income Generation (IG)**

**X<sub>4</sub>= Income Diversification (ID)**

**$\epsilon$  = Error Term**

Sustainability implies that society must use no more of a resource than can be regenerated. Strategic financial management refers to study of finance with a long-term view considering the strategic goals of the enterprise. Operationalization variables are; financial planning, financial analysis, plan implementation, asset selection, stock selection and investment monitoring

Donor relationship management- develops new and existing donors into partners who will ideally give at increasingly higher levels and more consistently. Operationalization variables are; donor segmentation, enhanced meaningful communications, use information management, providing accountability, implementing a comprehensive recognition program. Own income generation- those initiatives that affect the economic aspects of people's lives through the use of economic tools. Operationalization variables are; social entrepreneurship, unrestricted income generating activities, business activities

Income diversification- refers to as increase in the number of sources of income or the balance among different sources of income. Operationalization variables are; fundraising and development plan, tapping international funding streams, corporate donors sourcing, owning and managing businesses.

## CHAPTER FOUR

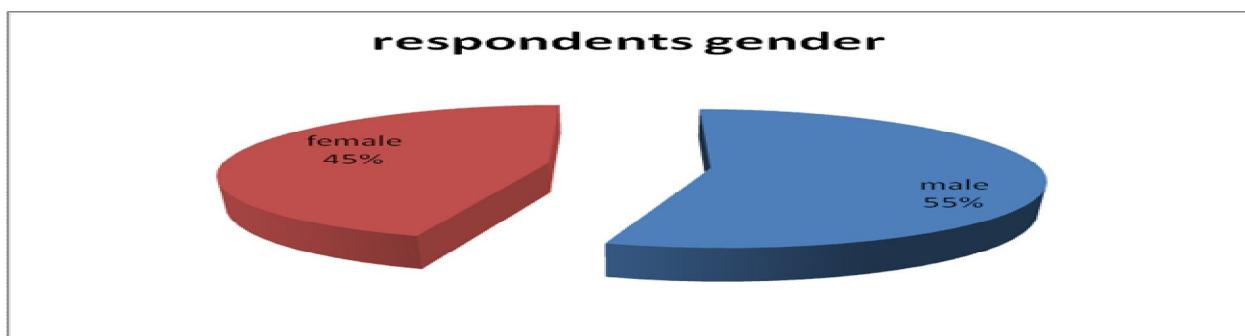
### DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

This chapter presents the analysis of data findings on the factors influencing sustainability of NGO's in Kenya. The research collected data from 30 NGO's in Nairobi and are profiled in the National Council of NGOs. Secondary data from these 30 NGOs from the year 2012 was used in the analysis. Regression analysis was used in analyzing the data. Both descriptive statistics and inferential statistics were also used to analyze the data. In the descriptive statistics, relative frequencies were used in some questions and others were analyzed using mean scores with the help of Likert scale ratings in the analysis. The commendable response rate was achievable after the researcher administered the interview guide personally and made personal visits and phone calls to remind the respondents to fill-in and return the guide.

#### 4.2: Background Information

**Figure 4. 1: Respondent's gender**

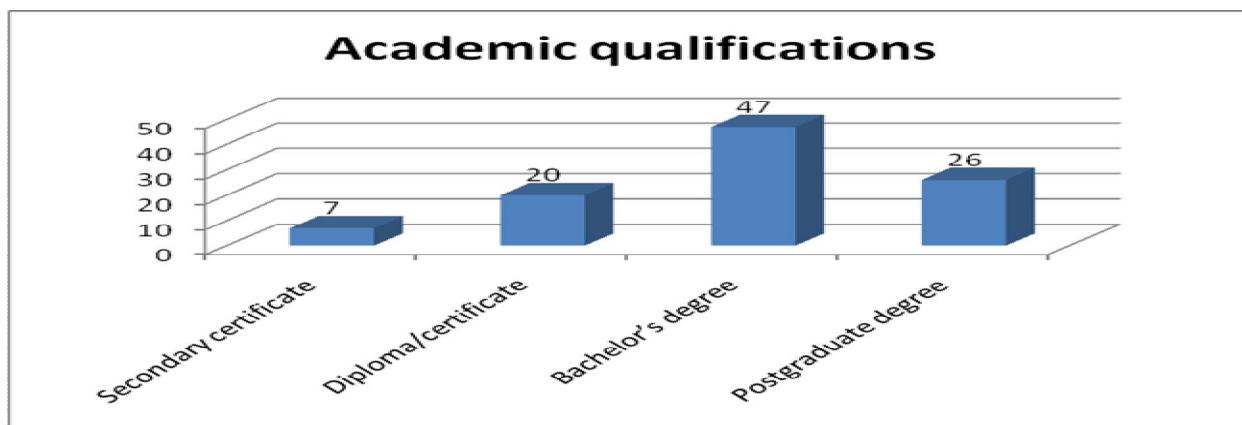


The study sought to determine the gender of the respondents and therefore requested the respondents to indicate their gender, from the findings the study found that majority of the respondents as shown by 55% indicated that they were males whereas 45% of the respondents indicated that they were females, this is an indication that both genders were involved in this study and thus the finding of the study would not suffer from gender biasness.

**Table 4. 1: Age bracket**

<b>Respondents Age</b>	<b>Frequency</b>	<b>Percentage</b>
Below 24 Years	0	0
25 - 30 Years	4	13
31 - 34 years	6	20
35 - 40 years	9	30
41 - 44 years	5	17
45 - 50 years	3	10
Over- 51 years	3	10
<b>Total</b>	<b>30</b>	<b>100</b>

From the table above on the age of the respondents, the study requested the respondents to indicate their age category, from the findings, the study found that most of the respondents as shown by 30% indicated that they were aged between 35 to 40 years, 20% of the respondents indicated 31 to 34 years, 17% of the respondents indicated that they were between 41 and 44 years, 13% indicated that they were between 25 and 30 years, 10% indicated that they were between 45 and 50 years and over 51 years whereas none of the respondents indicated that they were above below 24 years, this is an indication that respondents were well distributed in term of their age. This also shows that majority of the respondents had been in their organisation for quite some time and they had adequate knowledge on the organisation sustainability and its overall effects on the NGOs operations.

**Figure 4.2: Highest education level**

From the figure above on the respondent highest level of education, the study found that 47% of the respondent indicated that they had attained a university degree, 26% of the respondent

indicated that they had attained a post graduate qualifications, 20% had a diploma or a certificate and only 7% indicated to have reached primary level as their highest academic qualification. This show that respondent in the NGOs well educated and would be able to clearly distinguish the internal and external factors affecting sustainability of NGO's in Kenya

**Table 4.2: Working Experience in the Organization**

<b>Respondents Age</b>	<b>Frequency</b>	<b>Percentage</b>
1-2 years	5	17
2-4 years	11	37
5 years and above	14	47
<b>Total</b>	<b>30</b>	<b>100</b>

From the finding on the time of service, the study found that majority of the respondents as shown by 47% indicated that they had served in the NGO for over 5 years, 37% indicated 2 to 4 years, whereas 17% indicated to have served for between 1-2 years. This is an indication that majority of the respondents had served in this the NGOs for more than 3 years and so give credible information. This is an indication that the respondents had adequate information in regard to the sustainability and have also witnessed the NGO growth for the several years it has existed.

**Table 4.3: Please indicate the level of funding of your NGO**

<b>Amount funded in 2012</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 50 million	0	0
Between 50 and 100 million	9	30
Between 100 and 500million	15	50
over 1 billion	9	30
<b>Total</b>	<b>30</b>	<b>100</b>

The study further wanted to investigate the funding range of respondents respective organisations in 2012, from the study majority of the respondents indicated that their organisation had been funded for between 100 to 500 million in 2012 as shown by 15%, 9% indicated that their organisations were funded an amount between 50 and 100 million, 9% indicated an amount exceeding 1 billion and none of the respondents indicated to have received less than 50 million.

**Table 4.4: Budget deficit in 2012**

<b>Deficit registered in 2012</b>	<b>Frequency</b>	<b>Percentage</b>
Less than Ksh.5, 000,000	4	13
5,000,000-10,000,000	8	27
10,000,000-100,000,000	16	53
Above 100,000,000	2	7
<b>Total</b>	<b>30</b>	<b>100</b>

The study further wanted to establish the budget deficit in the various NGOs interviewed, from the study 53% indicated that they had a budget deficit of between 10 to 100 million, 27% indicated a budget deficit of 5 million to 10 million, 13% indicated of a budget deficit less than 5 million and finally 7% indicated of a deficit which was over 100 million. This is an indication that all the NGOs had undergone a budget deficit which would affect its sustainability and maybe affect its overall performance.

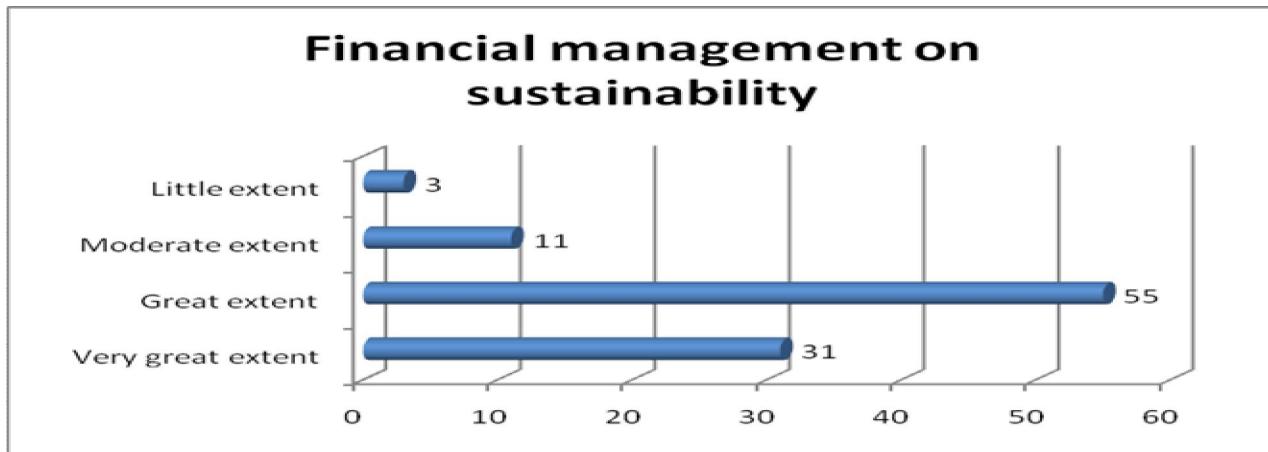
**Table 4.5: Sustainability of NGO in the last five years**

Trends	Greatly	Improvin	Stable	Deterioratin	Greatly	Mea	Std
	g	g	g	g	n	Deviation	
	Improvin	Constan		Deterioratin			
Cash Flows	3	11	9	5	2	2.73	0.13
Cost Recovery Rate	5	15	7	2	1	2.30	0.19
Unrestrictic d Income	3	6	16	4	1	2.80	0.20

The study also sought to determine the trend of measures of sustainability for the NGO in the last five years. From the findings, majority of the respondents felt that cost recovery rate was improving as shown by a mean score of 2.30 while cash flows and unrestricted income were stable/constant as shown by a mean score of 2.73 and 2.80 respectively. This is an indication that these NGOs need to put decisive measures to ensure that their cash flows improve and greatly improve their modes of cost recovery.

#### 4.3: Strategic financial management

**Figure 4.3: Strategic financial management and sustainability**



The researcher also requested the respondents to indicate the extent to which strategic financial management affect the financial sustainability of the NGO. According to the findings 55% of the respondents reported that strategic financial management affect the financial sustainability of the NGO to a great extent, 31% indicated that it affect sustainability to a very great extent, 11% indicated moderate extent while 3% said strategic financial management affect the financial sustainability of the NGO to a little extent

**Table 4.6: Extent of sustainability of NGO**

Financial management	Very great	Great	Moderate	Little	Not at all	Mean	Std deviation
Strategic planning	12	11	4	3	0	1.57	0.17
Financial analysis	16	11	3	0	0	1.93	0.24
Plan implementation	9	14	4	2	1	2.07	0.18
Asset selection	5	7	12	4	2	2.70	0.13
Investment monitoring	6	13	7	3	1	2.33	0.15

The study inquired on the extent that aspects of strategic financial management affect the financial sustainability of the NGO. From the findings, majority of the respondents felt that the aspects of strategic financial management affect the financial sustainability of the NGO to a great extent include strategic planning, plan implementation, financial analysis and investments monitoring as shown by a mean score of 1.57, 1.93, 2.07 and 2.33 respectively.

They also indicated that asset selection affect the financial sustainability of the NGO to a moderate extent as shown by a mean score of 2.70 respectively.

#### **4.4: Income Diversification**

**Table 4.7: Income Diversification**

Income diversification	1	2	3	4	5	Mean	Std deviation
Risk management	15	9	3	3	0	1.80	0.20
Mitigation of negative consequences of a sudden	12	16	2	0	0	1.67	0.25
Fueling further growth of the NGO's activities	17	11	1	1	0	1.60	0.25
Gaining more flexibility in their internal financial	9	7	11	2	1	2.30	0.15
Reducing the danger that a withdrawal of funding forces the organization to close down	15	13	1	1	0	1.53	0.24
Increasing the longer-term reliability of the income stream	2	9	7	2	0	1.97	0.16
Reducing the impact of exchange rate fluctuations on income in local currency	4	8	11	3	3.17	0.11	
Reducing the impact of economic downturns	6	8	7	7	2	2.70	0.08
Being able to decide how to generate and spend financial resources without	9	11	5	3	2	2.27	0.13
Being able to fund projects according to your	9	11	5	3	2	2.27	0.13
Being able to say no to some sources of income because they do not fit in the organization's	7	6	13	3	1	2.50	0.15

On the importance of various drivers for income diversification in the NGO, majority of the respondents indicated that the drivers for income diversification that were important include reducing the danger that a withdrawal of funding forces the organization to close down as shown by a mean score of 1.53, fueling further growth of the NGO's activities as shown by a mean score of 1.60, mitigation of negative consequences of a sudden drop in income and gaining more flexibility in the internal financial management as shown by a mean score of 1.67, risk management 1.80, increasing the longer-term reliability of the income stream as shown by a mean score of 1.97. However, reducing the impact of exchange rate fluctuations on income in

local currency and reducing the impact of economic downturns were rated as less important as shown by a mean score of 2.27 and 3.17 respectively

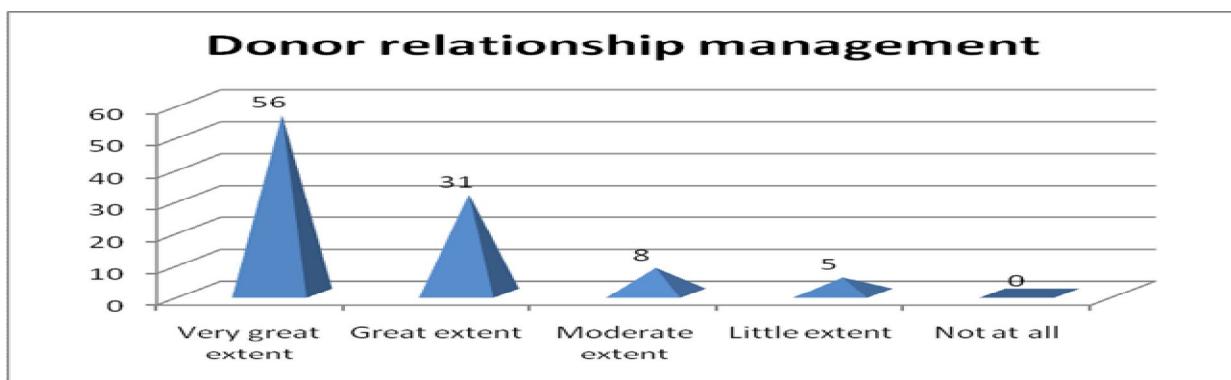
**Table 4.8: Effectiveness of income diversification strategies**

Diversification Strategies	1	2	3	4	5	Mean	Std Deviation
Social entrepreneurship	12	13	3	1	1	1.87	0.20
Fundraising and development plan	15	10	3	2	0	1.73	0.21
Tapping international funding streams	18	10	2	0	0	1.47	0.26
Corporate donors sourcing	13	15	2	0	0	1.63	0.25
Owning and managing businesses	8	10	7	3	2	2.37	0.11

The study also sought to determine the effectiveness of various income diversification strategies in enhancing financial sustainability at the organization. According to the findings, majority of the respondents reported that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses as shown by a mean score of 1.47, 1.63, 1.73 and 1.87 respectively.

#### 4.5: Donor Relationship Management

**Figure 4.4: Donor relationship management on sustainability**



The researcher also requested the respondents to indicate the extent that donor relationship management affects the financial sustainability of the organization. According to the findings, 56% indicated that donor relationship management affects the financial sustainability of the organizations to a very great extent, 31% said to a greater extent, 8% said to a moderate extent

while 55% of the respondents said donor relationship management affects the financial sustainability of the organizations to a little extent

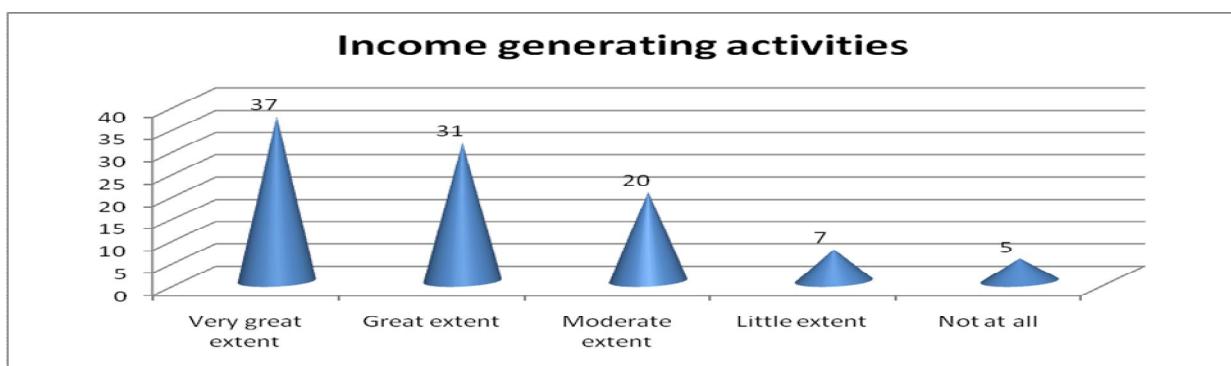
**Table 4.9: Sustainability of NGO?**

Attribute	1	2	3	4	5	Mean	Std deviation
Donor Segmentation	13	8	6	1	2	2.03	0.16
Use information	12	11	4	3	0	1.93	0.17
Providing accountability	15	11	2	1	1	1.73	0.22
Implementing a	18	6	4	2	0	1.67	0.24

The study also wanted to establish the extent that various aspects of donor relationship management affect financial sustainability of NGO. From the results in the above table, the majority of respondents indicated that the aspects of donor relationship management affect financial sustainability of NGOs to a great extent include use information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program as shown by a mean score of 1.67, 1.73 1.93 respectively and while donor segmentation affect to a moderate extent as shown by a mean score of 2.03

#### **4.6: Participation in Income Generating Activities**

**Figure 4.5: Participation in income generating**



The respondents were also requested to indicate the extent that participation in income generating activities affects the financial sustainability of the organization. According to the finding, majority of the respondents indicated that participation in income generating activities affect the financial sustainability of the organization to a very great extent as represented by 37%, 31% stated to a great extent, 20% indicated moderate extent, 7% indicated little extent while those who said not at all were shown by 5 %.

**Table 4.10: Increased sustainability in NGO**

<b>Attribute</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std deviation</b>
Social entrepreneurship	11	14	3	1	1	1.87	0.20
Unrestricted income generating	12	12	3	3	0	1.90	0.19
Business activities	18	10	2	0	0	1.47	0.26
Trust or endowment fund	13	9	8	0	0	1.83	0.19
Public contributions	8	10	7	3	2	2.37	0.11
Corporate alliances	12	9	7	2	0	1.97	0.16

The study further sought to establish the influence of participation in income generating activities on financial sustainability of NGO. From the study findings, majority of the respondents said that business activities, corporate alliances, trust or endowment fund and unrestricted income generating activities affect the financial sustainability of NGO to a great extent as shown by a mean score of 1.47, 1.83, 1.87, 1.90 and 1.97 respectively while public contributions affect to a moderate extent as shown by a mean score of 2.37

**Table 4.11: Model Summary**

In the model summary the following were the various parameters used to come up with the regression model representing all the variables of this study

Sustainability= NGOs budget variance

Strategic Financial management=actual budgeted amount

Donor Relationship Management=Amount received from donors

Own Income Generation=other income received

Income Diversification= NGOs investments returns

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.0.784 <sup>a</sup>	.783	.754	.632

Adjusted R squared is coefficient of determination which tell us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.754 an indication that there was variation of 75.4% on NGOs

Sustainability due to changes in the independent variable which are strategic financial management, donor relationship management, own income generation and income diversification.

This show that 75.4% changes in on NGOs Sustainability could be accounted for by strategic financial management, donor relationship management; own income generation and income diversification at 95% confidence interval. R is the correlation coefficient which shows the relationship between the study variable, from the findings shown in the table above there was a strong positive relationship between the study variable as shown by 0.784.

**Table 4.12: Anova**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>1</b> Regression	0.644	2	0.322	1.3529	.050 <sup>b</sup>
Residual	6.426	27	0.238		
<b>Total</b>	<b>7.07</b>	<b>29</b>			

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of 5% which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value ) is less than 5%. It also indicates that the model was statistically significant.

**Table 4.13: Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	Constant	2.321	.433		5.360	.032
	Strategic Financial management	1.613	.063	.164	25.603	.036
	Donor Relationship Management	2.316	.086	.237	26.930	.049
	Own Income Generation	0.128	.230	.278	0.557	.050
	Income Diversification	0.963	.684	.036	1.408	.038

The established regression equation was

$$Y = 2.321 + 1.613 \text{ Strategic Financial management} + 2.316 \text{ Donor Relationship Management} + 0.128 \text{ Own Income Generation} + 0.963 \text{ Income Diversification}$$

From the above regression equation it was revealed that holding Strategic financial management, own income generation, income diversification and donor relationship management at 95% confidence interval to a constant zero , sustainability of the NGOs would stand at 2.321, a unit increase in Strategic Financial management would lead to increase in sustainability of the NGOs by a factors of 1.613, unit increase in Donor Relationship Management would lead to increase in sustainability of the NGOs by factors of 2.316, unit increase in Own Income Generation would lead to increase in sustainability of the NGOs by a factor of 0.128, further unit increase in Income Diversification would lead to increase in sustainability of the NGOs by a factors of 0.963.

#### **4.7: Summary and Interpretations of Findings**

This study therefore revealed that the funding range of most of these organisations in 2012 was between 100 to 500 million and majority had a budget deficit of between 10 to 100 million. This is an indication that all the NGOs had undergone a budget deficit which would affect its sustainability and maybe affect its overall performance.

The study further revealed that cost recovery rate was improving in the NGO and this was represented by a mean score of 2.30. It also established that cash flows and unrestricted income were stable/constant. This is an indication that these NGOs need to put decisive measures to ensure that their cash flows improve and greatly improve their modes of cost recovery. The study also revealed that strategic financial management affects the financial sustainability of the NGO to a great extent and this was in form of strategic planning, plan implementation, financial analysis and investments monitoring. This is in agreement with Waddell (2000) that financial management practices requirements can impose a significant burden on NGOs. Good financial management requires sound organizational planning and the set-up and implementation of workable systems, policies and procedures which can respond to, accommodate and overcome the financial challenges a nongovernmental organization may face. Ebrahim (2005) also found that establishment of trust funds which gather financial resources together on either an individual NGO or collective model. Investing those resources provides long-term income from interest or a combination of interest and principal.

On income diversification, the study found that the drivers for income diversification that were important include reducing the danger that a withdrawal of funding forces the organization to close down, fueling further growth of the NGO's activities, being able to say no to some sources of income because they do not fit in the organization's values, risk management and being able to fund projects according to your priorities. This is in line with Kurosaki (2003) that diversification of funding sources is essential to increase the stability of nongovernmental organizations income streams. As a response to the economic crisis, tapping international funding streams might be more important than ever. In particular, funding from international governments and their respective bilateral aid agencies has provided excellent opportunities for the NGOs.

It was clear that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses. This agrees with Barrett, Bezuneh, Clay and Reardon (2000) that with the funding challenge most nongovernmental organizations have responded with the same entrepreneurial spirit, good planning and hard work that brought them success in their core activities. They have expanded fund-raising activities directed at the general public, tapped new corporate donors for monetary and in-kind support, and held one-time events.

The study also sought to determine the effectiveness of various income diversification strategies in enhancing financial sustainability at the organization. According to the findings, majority of the respondents reported that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses.

The study deduced that strategic financial management affects the financial sustainability of the NGO to a great extent. The aspects of strategic financial management affect the financial sustainability of the NGO to a great extent include strategic planning, plan implementation and financial analysis. This is in agreement with Waddell (2000) that financial management practices requirements can impose a significant burden on NGOs. Good financial management requires sound organizational planning and the set-up and implementation of workable systems, policies and procedures which can respond to, accommodate and overcome the financial challenges a nongovernmental organization may face. Ebrahim (2005) also found that establishment of trust funds which gather financial resources together on either an individual NGO or collective model. Investing those resources provides long-term income from interest or a combination of interest and principal.

**Donor Relationship Management** The study further found that donor relationship management affects the financial sustainability of the organizations to a great extent. This agrees with Burnett (2002) who recognized the need for what he termed relationship fundraising – dealing with

donors individually, recognizing each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the charities being supported.

The aspects of donor relationship management affect financial sustainability of NGOs to a great extent include use information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program. This agrees with Plummer (2009) that donors should be able to choose when communication is initiated and the form that it might take. According to him, it seems that one way in which NGOs might achieve this goal is to ensure that they give ongoing and specific feedback to donors as to how their funds have been put to use, in particular the benefit that has resulted for the beneficiary group.

If this feeling of impact on the cause is not strengthened, it seems less likely that donors will view other causes as being more deserving than those they already support. Further, Matten and Moon (2008) observes that donors viewing the communications they receive as informative, courteous, timely, appealing, and convenient appear to remain loyal for a greater period of time. The issue then becomes how best to achieve this perception.

The study also deduced that participation in income generating activities affect the financial sustainability of the organization to a great extent. It is clear that business activities, corporate alliances, trust or endowment fund and unrestricted income generating activities affect the financial sustainability of NGO to a great extent. These findings are in line with World Bank (2000) income generation is a key programmatic strategy to address the need to find alternative means to make a living in a dignified way: it aims at creating opportunities for the use of resources among NGOs in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to offer services to the community they serve. Further, according to CRDA (2001) NGOs need to develop more business-like operations, focusing on the most practicable forms of enterprise structure but without losing their priority of seeking to benefit the poor and other disadvantaged groups.

The established regression equation was

$$Y = 2.321 + 1.613 \text{ Strategic Financial management} + 2.316 \text{ Donor Relationship Management} + 0.128 \text{ Own Income Generation} + 0.963 \text{ Income Diversification}$$

From the above regression equation it was revealed that holding Strategic financial management, own income generation, income diversification and donor relationship management at 95% confidence interval to a constant zero , sustainability of the NGOs would stand at 2.321, a unit increase in Strategic Financial management would lead to increase in sustainability of the NGOs by a factors of 1.613, unit increase in Donor Relationship Management would lead to increase in sustainability of the NGOs by factors of 2.316, unit increase in Own Income Generation would lead to increase in sustainability of the NGOs by a factor of 0.128, further unit increase in Income Diversification would lead to increase in sustainability of the NGOs by a factors of 0.963.

## **CHAPTER FIVE**

### **DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary of the Findings**

This study was intended to investigate the factors influencing sustainability of NGO's in Kenya. In order to achieve this objective, the study was designed to collect and analyse the relevant data of 30 NGOs in Nairobi County. The study sought to determine the effect of income diversification on NGO's sustainability, to establish the effect of strategic financial managements on NGO's sustainability, to assess the effect of participation in income generating activities on NGO's sustainability and to examine how the donor relationship management affects NGO's sustainability.

This study therefore revealed that the funding range of most of these organisations in 2012 was between 100 to 500 million and majority had a budget deficit of between 10 to 100 million. This is an indication that all the NGOs had undergone a budget deficit which would affect its sustainability and maybe affect its overall performance. The study revealed that NGOs need to put decisive measures to ensure that their cash flows improve and greatly improve their modes of cost recovery. This should be in form of strategic planning, plan implementation, financial analysis and investments monitoring.

The study further revealed that good financial management requires sound organizational planning and the set-up and implementation of workable systems, policies and procedures which can respond to, accommodate and overcome the financial challenges a nongovernmental organization may face.

According to the findings, majority of the respondents reported that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses. This is in agreement with Waddell (2000) that financial management practices requirements can impose a significant burden on NGOs.

The study further revealed that donor relationship management affect financial sustainability of NGOs to a great extent include use information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program. Moon (2008) observes that donors viewing the communications they receive as informative, courteous, timely, appealing, and convenient appear to remain loyal for a greater period of time. The issue then becomes how best to achieve this perception.

The study further revealed that participation in income generating activities affect the financial sustainability of the organization to a great extent. These findings are in line with World Bank (2000) income generation is a key programmatic strategy to address the need to find alternative means to make a living in a dignified way: it aims at creating opportunities for the use of resources among NGOs in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to offer services to the community they serve.

## **5.2 Conclusion**

This study therefore concludes that NGOs and the donor community are susceptible to any number of economic and political pressures occurring everywhere from the organizational level all the way up to macro variations in national and international economies.

Donors are subject to funding constraints of their own and are often beholden to boards, larger organizations, government ministries, or even national legislatures that can limit their capacity to fund purely based on the quality of a project or the good record of a grantee.

Some donors can even fall victim to severely limiting budget constraints that threaten their very existence. NGOs must be aware of these possibilities and diversify their sources of funding accordingly. Hence, NGOs must begin to develop at least some degree of self-sufficiency if they are to have any medium to long term plans and aspirations.

## **5.3 Recommendations**

From the findings of the study, it was apparent that strategic financial management such as strategic planning, plan implementation and financial analysis affects the financial sustainability of the NGOs. The study therefore recommends that in order to ensure that the NGOs remain

sustainable; they should procure employees that are competent in strategic planning, plan implementation and financial analysis that are seen to affect the financial sustainability to a great extent.

The study further recommends that since income diversification strategies enhance financial sustainability at the organizations to a great extent, the NGO management should increase their income sources from their usual ones. Such ventures could include owning and managing businesses, corporate donors sourcing, tapping international funding streams and fundraising activities.

The study also recommends that since donor relationship management affects the financial sustainability of the organizations, the management should ensure that they maintain a good relationship with the donors mainly by information management, ensuring there is accountability and meaningful communications.

In order to enhance financial sustainability that the study found to influence financial sustainability, the study recommends that the NGOs should participate more in more income generating activities such as corporate alliances, and unrestricted income generating activities that will go a long way in enhancing their sustainability. They must however be careful that this does not dissuade them from their original objectives.

Network of local supports as potential customers, providers of skills lacking in the NGO and promoters of the NGOs business; International donors as potential providers of funds, technical expertise and links with international markets;

#### **5.4: Limitation of the Study**

This study was not without limitations. Secondary data was collected from the NGOs financial reports. The study was also limited to the degree of precision of the data obtained from the secondary source. While the data was verifiable since it came from the NGOs Regulatory Authority publications, it nonetheless could still be prone to these shortcomings.

The study also faced challenges in terms of the financing the research and also the available time frame to fully conclude the entire data collection and make the best conclusions.

The study was limited to investigation into the factors influencing sustainability of NGO's in Kenya. For this reason the NGOs operating outside Nairobi County could not be incorporated in the study.

The study was based on a one year study period that is year 2012. A longer duration of the study will have captured periods of various economic significances such as booms and recessions. This may have probably given a longer time focus hence given a broader dimension to the problem.

## **5.5: Suggestion for Further Research**

This study investigated the factors influencing sustainability of NGO's in Kenya. The study recommends that further research should be done on the very same topic but this time round concentrate on those NGOs working in the rural areas and more so agricultural oriented.

Further studies should be done on the role of human resource sustainability of nonprofit making organizations in Kenya.

It is therefore important that further research be carried out other emerging factors affecting the financing of NGOs and its overall effects on its operations.

Finally the researcher suggests further investigation to be done on project sustainability by NGOs and determine those factors hindering projects sustainability.

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## APPENDICES

### **Appendix 1: Research Questionnaire**

#### **Section A: Background Information**

1. Your gender:      Male [ ]      Female [ ]

2. Your age bracket (Tick whichever appropriate)

Below 24 Years [ ]      25 - 30 Years [ ]

31 - 34 years [ ]      35 - 40 years [ ]

41 - 44 years [ ]      45 - 50 years [ ] Over- 51 years

3. What is your highest education level? (Tick as applicable)

Primary certificate [ ]      Secondary certificate [ ] Diploma/certificate [ ]

Bachelors degree [ ]      Postgraduate degree [ ]

others- specify.....

4. Working Experience in the Organization

a) 1-2 years ( )      b) 2-4 years ( )

c) 5 years and above ( )

5. Please indicate the level of funding of your NGO

Category	Year
----------	------

2012

Less than Ksh.50, 000,000 [ ]

50,000,000-100,000,000 [ ]

100,000,000-500,000,000 [ ]

Above 1billion [ ]

6. Kindly indicate the budget deficit that your NGO registered in 2012

Less than Ksh.5, 000,000	[ ]
5,000,000-10,000,000	[ ]
10,000,000-100,000,000	[ ]
Above 100,000,000	[ ]

7. What is the trend of the following measures of sustainability for your NGO in the last five years?

	Greatly	Improving	Stable/	Deteriorating	Greatly
Cash Flows					
Cost Recovery Rate					
Unrestricted Income					

## STRATEGIC FINANCIAL MANAGEMENT

7. To what extent does strategic financial management affect the sustainability of your NGO?

Very great extent	[ ]	Great extent	[ ]
Moderate extent	[ ]	Little extent	[ ]
Not at all	[ ]		

8. To what extent do the following affect sustainability of your NGO?

Financial management	Very great	Great	Moderate	Little	Not at
Strategic planning					
Financial analysis					
Plan implementation					
Asset selection					
Stock selection					
Investment monitoring					

## INCOME DIVERSIFICATION AND FINANCIAL SUSTAINABILITY

9. How important are the following driver for income diversification in your NGO? Use a scale of 1-5 where 1= very important and 5 = unimportant

	1	2	3	4	5
Risk management					
Mitigation of negative consequences of a sudden drop in income					
Fueling further growth of the NGO's activities					
Gaining more flexibility in their internal financial					
Reducing the danger that a withdrawal of funding forces the organization to close down					
Increasing the longer-term reliability of the income stream					
Reducing the impact of exchange rate fluctuations on income in local currency					
Reducing the impact of economic downturns					
Being able to decide how to generate and spend financial resources without restrictions					
Being able to say no to some sources of income because they do not fit in the organization's values					

10. How effective are the following income diversification strategies in enhancing sustainability at your organization? Use a scale of 1-5 where 1= very effective and 5 = ineffective

	1	2	3	4	5
Social entrepreneurship					
Fundraising and development plan					
Tapping international funding streams					
Corporate donors sourcing					
Owning and managing businesses					

## DONOR RELATIONSHIP MANAGEMENT

11. To what extent does donor relationship management increase the sustainability of your organization?

Very great extent [ ] Great extent [ ]  
 Moderate extent [ ] Little extent [ ]

12. To what extent do the following improve sustainability of your NGO?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Donor Segmentation					
Enhanced meaningful communications					
Use information management					
Providing accountability					
Implementing a comprehensive recognition program					

## **PARTICIPATION IN INCOME GENERATING ACTIVITIES**

13. To what extent does participation in income generating activities improve the sustainability of your organization?

Very great extent    [ ] Great extent    [ ] Moderate extent    [ ] little extent    [ ]  
Not at all                 [ ]

14. To what extent do the following increase sustainability of your NGO?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Social entrepreneurship					
Unrestricted income generating activities					
Business activities					
Trust or endowment fund					
Public contributions					
Corporate alliances					

**THANK YOU**

## **Appendix 2: List of NGO's In Nairobi Kenya.**

- 1 Abc Children's Aid Kenya.
- 2 Accident Victims Relief Foundation.
- 3 Action In Focus.
- 4 Action Now Kenya.
- 5 Active Association For Community Development.
- 6 Adra South Sudan.
- 7 Africa Muslims Agency - Kenya.
- 8 Afica Rebulding Foundation.
- 9 Africa Rural Link.
- 10 Africa Solidarity Fund.
- 11 Africa Solutions.
- 12 Africa Wheels Of Hope Kenya.
- 13 African Foundation For Civil Society Organization.
- 14 African Old Age Network In Kenya.
- 15 African Poverty Research Network.
- 16 Afrika Neema Foundation.
- 17 Afro Vision Foundation.
- 18 Agency For Technical Co-Operation And Developmentkenya.
- 19 Al - Momin Foundation.
- 20 Al-Munntada Al-Islami Trust.
- 21 Amazing Grace International Inc - Kenya Chapter.
- 22 Amurt- Switzerland.
- 23 Arise And Help International.
- 24 Association For Aid And Relief (Ar) Japan.
- 25 Barhostess Empowerment & Support Programme.
- 26 Benando Breakthrough Support Mission.
- 27 Boma Welfsre Organization.
- 28 Born To Aid.
- 29 Bread For Children Kenya.
- 30 Brook Of Cherith Organization.
- 31 Buckner Kenya.
- 32 Caring For Environment For Development.
- 33 Caris Foundation International - Kenya.
- 34 Catholic Fund For Oveseas Development.
- 35 Centers For International Programs - Kenya.
- 36 Centre For Artists For Dvelopment.
- 37 Centre For Community Law And Rural Development.
- 38 Change Agent For Peace International.
- 39 Child Counselling And Related Issues Advisory And Consultancy.
- 40 Child Ife Missions Of Kenya.
- 41 Child Servval Centre.
- 42 Children Welare Association Fund (Cwaf).
- 43 Christian Aid ( Uk/1 )
- 44 Christian Reformed World Relief Committee - Kenya.
- 45 Combined Fellowship Of Pastors And Leaders.

- 46 Community Emergency Response Volunteers.
- 47 Community Intergrated Development International.
- 48 Community Leadership Advancement Network.
- 49 Community Organization And Training For Risk Reduction.
- 50 Community Progress Empowerment Programme.
- 51 Community Transformation And Rural Development.
- 52 Compassion International Inc.
- 53 Compassionate Hearts Organization.
- 54 Compassinate Neighbors Mission.
- 55 Concern Worldwide.
- 56 Counselling And Health Information Centre.
- 57 Danoko Outreach Organization.
- 58 Darat Hiv/Aids International Agency.
- 59 Deaf Community Development And Relief Services
- 60 Desert Rose Organization
- 61 Development And Relief Organization Of Kenya
- 62 Diakonie Emergency Aid
- 63 Direct Aid International
- 64 Disaster Support Agency
- 65 Dorcas Aid International - Africa
- 66 Dorcas Aid International - Kenya
- 67 Dr. Taaitta Toweett Foundatin
- 68 Dream Builders Initiative Programme
- 69 Dutch International
- 70 Education And Public Awareness Media Centre
- 71 Empower Africa
- 72 Ethiopian Relief And Rehabilitation Organization
- 73 Expert Foundation
- 74 Faith Homes Of Kenya
- 75 Family Care Relief Organization
- 76 Family Enrichment Organization
- 77 Feed The Children Kenya
- 78 Focus 2000 Child Rescue Programme
- 79 Focusing On Women And Children Organization
- 80 Forum For Environmental Sustainability, Poverty Eradication And Gender Equality (Fespege)
- 81 Forum For International Co-Operation
- 82 Foundation For Biodiversity Conservation
- 83 Foundation For Human Rights And Resources Monitoring
- 84 Fred Outa Foundation
- 85 Friends For Children Development Initiative
- 86 Friendship Awards Organization
- 87 Furaha Children's Home And Rehabilitation Centre
- 88 Global Children International
- 89 Global Forces Support Programme
- 90 Global Fund Kenya
- 91 Global Rescue Emergency Disaster Victims And Development ( Gredvad Rescue International )

- 92 Global Victims Support Programme
- 93 Golden Services Organization
- 94 Good People World Family
- 95 Great Hope Resource Youth Centre
- 96 Gusii Poverty Eradication Programmes
- 97 Halal Development Organization
- 98 Hand In Hand Kenya
- 99 Hands Of Compassion Support Project
- 100 Harambee In Progress (Kenya)
- 101 Health Serve Kenya
- 102 Health Support International
- 103 Help Child/Mother Organisation
- 104 Helpers Of Africa International
- 105 Helping Hands International Foundation Inc
- 106 Heshima Kenya
- 107 Hope Africa Management Initiative
- 108 Hope For The Nations Kenya
- 109 Hope Of Grace International
- 110 Hope Poverty Eradication Organisation
- 111 Horn Relief
- 112 Humanitarian Aid And Development Organization (Had) Kenya Chapter
- 113 Humanitarian Assistance For South Sudan
- 114 Humanitarian Development Organization Inc
- 115 Ideal Educational Counseling Center
- 116 Imani Rehabilitation Agency
- 117 Impact On Health
- 118 Institute For Development And Welfare Services
- 119 Institute Of Capacity Development
- 120 Institute Of Democracy And Governance
- 121 Intergrated Pastoralist Assistance And Development
- 122 Intergrated Programme On Hiv/Aids In Kenya
- 123 International Association For The Marginalized Chil dern
- 124 International Association For The Protection Of Marginalized Children
- 125 International Community Assistance Organisation (Icao)
- 126 International Development And Peace Organization
- 127 International Medical Collaboration Unit Kenya
- 128 Intex Welfare Foundation
- 129 Isukha Heritage Organisation
- 130 Jabali Development Organization
- 131 Jitolee - East African Volunteering
- 132 Joy Homes Africa Services
- 133 Julikei International Women And Youth Affairs
- 134 Jumuika Empowerment Programme
- 135 Kensudan Youth For Peace And Development Agency
- 136 Kenya Basic Support Foundation
- 137 Kenya Community Health Network

- 138 Kenya Disaster Concern
- 139 Kenya Drug Education Programme
- 140 Kenya Peace Association Ministry
- 141 Kenya Red Cross Society
- 142 Kenya Relief And Educational Services
- 143 Kenya Support Of Centers And Children Homes
- 144 Kenya Urban Slum Service Organisation
- 145 Kenya Youth Development Assistance
- 146 Kibera Human Development Project
- 147 Kibera Slums Community Development Program
- 148 King Of Kings International
- 149 Landmine Action (Kenya)
- 150 Life Focus Network
- 151 Life In Abundance- Kenya
- 152 Life Reformation International
- 153 Lifebloom Services International
- 154 Love A Child Africa
- 155 Manna Programme Community Center
- 156 Masinet World Agencies
- 157 Mchanganyiko Unity Women Organization
- 158 Medical Aid And Disaster Management Services
- 159 Mennonite Board In Eastern Africa
- 160 Merciful Children Care And Education Centre
- 161 Merciful International Guild
- 162 Mercy Corps
- 163 Mercy Usa For Aid And Development Kenya
- 164 Mission Of Hope International
- 165 Mitigation International
- 166 Mooyo International
- 167 Mount Olives Learning Centres
- 168 Moving Mountains Kenya
- 169 Multi-Sectoral Development Programme
- 170 Muslim World League
- 171 Muungano Wa Wanawake Na Watoto Wa Kenya
- 172 National Organization For Private Public Partnership
- 173 Natural Health Organization
- 174 Natural Resources And Environment Conservation Partnership Of Kenya
- 175 Nazarene Compassionate Organization
- 176 Network For Education And Development Foundation
- 177 New Sudanese Indigenous Ngos Network (Nesi-Network)
- 178 Nile International Development Programme
- 179 Noble Charity Homes For Destitutes
- 180 Norwegian Church Aid
- 181 Novib Oxfam Netherlands
- 182 Nub Relief, Rehabilitation And Development Organization
- 183 Nuba Relief Rehabilitation And Development Organisation

- 184 Oasis Of Friends Restoration Centre
- 185 Odyssey Women International Education Services
- 186 Ogiek Rural Integration Project
- 187 Orphelins Sans Frontieres France
- 188 Oxfam Gb
- 189 Pamoja Charity Foundation
- 190 Paramount Integrated Relief Initiative
- 191 Partners With Vision
- 192 Passionate Funds International
- 193 Peace And Developmentpartners
- 194 Peace Building, Healing And Reconcilliation Programme
- 195 Peace Officers For Christ International
- 196 Peacebulding Healing And Reconcilliation Programme
- 197 Poverty Alleviation Partners For Africa
- 198 Practical Action
- 199 Prieumber Charity Fund
- 200 Program For Indigenous Community Iniativates
- 201 Progressive Initiatives And Methodologies For Social And Economic Enhancement In Kenya
- 202 Provide International
- 203 Ranalo Child And Old - Age Development Programme
- 204 Ravens Mueller Foundation
- 205 Refugee Consortium Of Kenya
- 206 Regional Communication And Development Organizaiton
- 207 Regional Counselling And Psychosocial Organisation
- 208 Regional Strategies Organization
- 209 Relief International - Kenya
- 210 Relief, Reconstruction And Development Organization
- 211 Rescue Youth Africa
- 212 Resourceevaluation And Community Intensive Participation To Eradicate Poverty In Kenya
- 213 Restoration And Rehabilitation Centre
- 214 Revive Africa International
- 215 Roots Africa Development Organization
- 216 Rural And Urban Community Initiative Support Organization
- 217 Rural Initiative Approach
- 218 Safe Harbor International Relief
- 219 Salama Community Association
- 220 Samaritan's Purse International Relief
- 221 Save A Soul Organization
- 222 Save Sub-Saharan Orphans
- 223 Seeds Of Compassion
- 224 Shelter 2000
- 225 Skills For Living - Kenya
- 226 Skills For Living- Kenya
- 227 Slums First-Kenya
- 228 Social Needs Network
- 229 Southern Economic Development Organization

- 230 Special Ministries
- 231 Springs Of Life International
- 232 Stara Peace Women Organisation
- 233 Stay Alive Community Organization
- 234 Stepping Out By Choice International
- 235 Strategic Rural Economic Empowerment Project
- 236 Strategy For Poverty Eradication And Advancement
- 237 Sub-Sahara Development Initiative
- 238 Sudan Education And Development Organisation
- 239 Sudan Relief And Rehabilitation Association
- 240 Support Initiative For Health Education And Development
- 241 Sustainable Agriculture Community Development Program
- 242 Sustainable Development For All - Kenya
- 243 Tact Africa
- 244 Tawa Economics Empowerment Organization
- 245 Tender Hands Initiative
- 246 The Bridge Network
- 247 The Great Altermitt Fellowship Ministry
- 248 The Hut Of Orphans Of Kenya
- 249 The Junior Shelters
- 250 The National Health Development Organisation
- 251 The National Organization For Private Public Partnerships
- 252 The Sanctuary
- 253 The Source Solution Intergration Programme Kenya
- 254 The Turning Point Trust-Kenya
- 255 The Usenge Community Health And Education Organization - Kenya
- 256 The Worldlife Foundation
- 257 To Love Children Educational Foundation International - Kenya
- 258 Tolosio Community Health Organization
- 259 Tumaini Fund For Economic Development International
- 260 Under Forty Patriots
- 261 United Kenya Environmental Development Program
- 262 United Scholars Association International Cooperation
- 263 Uppernile Kalaazar Education Association
- 264 Urafiki Wa Kutoa Misaada Ya Kimataifa - Kenya
- 265 Urban Centre International
- 266 Value Addition And Cottage Industry Development Initiative Africa
- 267 Vetworks Eastern Africa
- 268 Village Women Organization - Kenya
- 269 Vision Africa Give A Child A Future
- 270 Vision Integrated Community Development Programme
- 271 Wings Of Hope
- 272 Wish Kenyan Children Well
- 273 Woman To Woman Africa
- 274 Women Against Poverty International
- 275 Women Awareness And Development Initiative

- 276 Women Capacity Development International Organization
- 277 Women Federation For World Peace - Kenya
- 278 Womens Federation For World Peace - Kenya Chapter
- 279 World Concern International
- 280 World Service Of Mercy
- 281 World Vision Kenya
- 282 Young Muslim Association
- 283 Youth Alliance For Leadership And Development In Africa - Yalda ( K )
- 284 Youth Impact Network International
- 285 Youth Peace Alliance
- 286 Youth Peace For Africa International
- 287 Zion Counselling And Education Support Centre International
- 288 Zoa Refugee Care-Netherlands