FAITH AND OTHER RELATED FACTORS AFFECTING PROJECT FINANCING: THE CASE OF FAITH BASED ORGANIZATIONS IN KILIFI COUNTY, KENYA.

BY

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2012
DECLARATION

This Research Project Report is my original work and has not been submitted to any other Institution or University for examination.

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DEDICATION

I dedicate this work to my beloved wife Nancy Imali, daughter Rose Kesa and mother Sabina Auma for their prayers, tenacious support and inspiration.
ACKNOWLEDGEMENT

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<td>34</td>
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ABBREVIATIONS AND ACRONYMS

AIDS
Acquired Immunodeficiency Syndrome

BARAA
Baptist Relief Agency in Africa

CACC
Constituency Aids Control Council

CBOs
Community Based Organizations

CRS
Catholic Relief Services

CSOs
Civil Society Organizations

FBOs
Faith Based Organizations

HIV
Human Immunodeficiency Virus

MEDIA
Malindi Education Development Association

NGO
Non Governmental Organization

SPSS
Statistical Package for the Social Sciences

TOWA
Total War Against HIV/AIDS

USA
United States of America
Faith Based Organizations (FBOs) are increasingly receiving attention as important players in development and an alternative to secular development models. This view is based on the realization that FBOs have a unique way of addressing human needs that endear them to the poor and the marginalized. Most development partners are however still hesitant in financing projects run by FBOs. This caution is rooted in the historical relationship between state and religion arising from the separation of the secular and the sacred. This separation resulted in the development of policies unfavorable to public funding of religious initiatives in many countries. Consequently, FBOs have to compete with secular organizations for project financing chances. Traditionally FBOs have played an important role in charity and social development through their projects. Some of these projects have been successful while others have stalled or failed to start. Most development partners and religious organizations identify project financing as one of the key challenges facing FBOs in their development initiatives. This study sought to identify faith and other related factors affecting the financing of projects managed by FBOs in Malindi, Kilifi County with a view of enhancing the involvement of FBOs in development. The focus was on Christian and Muslim FBOs and Congregations operating projects in Malindi District. The research design used in the study was descriptive survey involving 220 respondents from FBOs and key informants from finance and government institutions in Malindi District. Primary data was collected using questionnaires by the researcher with the help of field assistants. Data analysis was by inferential statistics and presented in tables form. The study findings established that legal concerns, accountability issues and project sustainability concerns have a major impact on the financing of projects by FBOs in Malindi district, Kilifi County. The analysis on the effect of faith related factors and proselytism although not conclusive, suggested that these factors have no influence on project financing in FBOs in Malindi. Further investigation was recommended to establish the effect of faith related factors and proselytism in FBOs project financing in Malindi district. The study recommendations included the formulation of policy guidelines by FBOs in Malindi on their faith values, beliefs and principles and communicate the same to their stakeholders. Formation of local forums for sharing information and experiences was recommended as the way forward in increasing the FBOs understanding and competence in emergent legal issues. Further, the study recommended funding institutions in Malindi district to revise their policies on non eligibility of FBOs for funding based on faith related factors including proselytism since these factors were not confirmed to be significant in FBOs project funding. On accountability concerns the study recommended training for FBOs staff on accountability measures and strategies since most of the FBOs surveyed were congregation based. The establishment of income generating activities, fund development and diversification were recommended as the way forward in establishing sustainability strategies for FBOs in Malindi district. The study suggested further research on the influence of faith related factors including proselytism on FBOs project financing in Malindi. Also further research is needed on how FBOs in Malindi district can improve their financial base and sustainability without over reliance on external funding.
CHAPTER ONE
INTRODUCTION

1.1 Background of the study

Faith Based Organizations (FBOs) have historically played a significant role in development. Berger (2003) points out that even though the modern way of thinking consign religion to the realm of private life, FBOs epitomize a unique blend of religious values and sociopolitical activism in society. FBOs have contributed to the advancing of social development initiatives (Walker & Benjamin, 2007; Ferris, 2005). Moreover, FBOs have the potential of being change agents by synchronizing the moral energy of faith communities in support of Development (Clarke, 2007).

In Africa, FBOs commonly provide substantial services in community development, disaster management, conflict resolution and advocacy. Within countries emerging from conflict, FBO initiatives such as schools and health centers fill service delivery gaps occasioned by inadequate state facilities. For instance, FBO managed schools in West Africa form an integral part of primary education. In Uganda, FBO administered hospitals were among the first to develop AIDS care and support programs (Marshall, 2001; Hogle, 2002). Even in the developed world there is an increase in appreciation of the contribution that FBOs make to a wide range of social services including education and community development (Berger, 2003)
Project financing, the process of determining how to obtain the resources required in managing
the costs associated with the start and operation of a project, is not new to FBOs. This process
involves the allocation of resources in order to fund the project or secure loans or other types of
financing. In FBOs this procedure includes securing a funding contract or grant from donor
agencies. There are a variety of funding sources such as foundations, the government, banks,
individuals, and other donor agencies which FBOs rely on for project financing (Walker, 1993).

Unlike secular organizations, FBOs have unique characteristics that shape their project
financing. While secular organizations tend to depend a lot on secular sources and the
government for funding, FBOs are inclined to rely heavily on religious funding sources and
member contributions (Cynthia, Hula & Reese, 2011). Most of these FBOs are associated with a
particular faith, denomination or local congregation. They are often founded on an established
local membership or affiliated to a specific congregation. This attribute makes FBOs more likely
to be accepted and entrenched in communities through extensive networking than secular
organizations (World Bank, 2006).

Despite their demonstrated accomplishments in managing projects, FBOs sometimes face
hostility due to their religious dimension. Most donors are hesitant and uncomfortable to engage
directly with the issue of religion in development because they wish to avoid any perception that
they promote partisan interests. This skepticism about religion stems from the traditional
connections between faith and development which was delicate and patchy. Here, religion was
seen as a divisive, regressive, irrelevant and insensitive negative force (James, 2011). This in turn has limited the avenues available to FBOs project financing.

The dichotomy of the sacred and the secular in Western society through development secularization efforts has resulted in the question of religion and faith becoming taboo (VerBeek 2000). Most governments today still hold the view that development is a secular pursuit. They want to associate with the institutional forms of faith, but remain suspicious about the spiritual aspects of faith (James, 2011). Although the role of FBOs in development is extensively documented, FBO project financing has often elicited mixed reactions due to the mutual mistrust between faith and secularism. In some cases donors consider FBOs with wavering financial support (Clarke, 2006). This has resulted to some FBOs occasionally finding it hard to access project financing from certain donors or being subjected to intense scrutiny by international agencies (Saddiq, 2009).

In contrast, some countries like the USA have made substantive strides in improving FBO project financing through legislative and regulatory policy frame work (Weisbrod & Mauser, 1991). As a result there is increased access by FBOs to government and public project funding (Green & Sherman, 2002). Ironically, research in the same country reveals the likelihood of FBOs identifying funding as a major barrier in project financing (Cynthia, Hula & Reese, 2011). Many donor agencies in USA have limited FBO funding due to a variety of reasons as summarized in Table 1.1
Table 1.1: Rationale for Religious Limitations by foundations in USA

<table>
<thead>
<tr>
<th>Reasons given by foundations</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Issues Involved in Funding</td>
<td>66%</td>
</tr>
<tr>
<td>Wishes of donors</td>
<td>64%</td>
</tr>
<tr>
<td>Transparency/ understanding of FBOs</td>
<td>52%</td>
</tr>
<tr>
<td>FBO Requests</td>
<td>20%</td>
</tr>
</tbody>
</table>

Adapted from Rockefeller Institute of Government (2004)

In Kenya FBOs operate under legislative and regulatory measures aimed at facilitating and consolidating NGO work (NGO coordination board, 2009). However, international pressure on Kenya government through policy changes has been a challenge affecting some FBOs especially Islamic organizations operating in northern Kenya due to uncertainty surrounding their financial sources and support. In some cases these policies have led to the withdrawal of donor support resulting into the obstruction of the flow of funds supporting legitimate social development programs (World Bank, 2006). On the other hand the participation of FBOs in applying for funding has been minimal as indicated in the Total War against HIV/AIDS (TOWA) funding in Malindi through the Constituency Aids Control Council (CACC) as indicated in Table 1.2.
Table 1.2 TOWA fund awards for the period 2007 to 2010

<table>
<thead>
<tr>
<th>Funding Period</th>
<th>No. of FBOs applying</th>
<th>No. of FBOS awarded</th>
<th>No. of CBOs applying</th>
<th>No. of CBOs awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 1 (2007)</td>
<td>2</td>
<td>0</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Round 2 (2008)</td>
<td>3</td>
<td>1</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Round 3 (2009)</td>
<td>3</td>
<td>0</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>Round 4 (2010)</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>8</td>
</tr>
</tbody>
</table>

Data source: CACC office Malindi (2012)

In Malindi district FBOs are active in advocacy, community welfare, and poverty eradication among other development and humanitarian services. Some of the FBOs like CRS Kenya have been active among the Orma and Pokomo communities in peace building and development work (Neufeldt & Gulick, 2001). In service provision, FBOs such as Christian Health Association of Kenya, Catholic Diocese and World Vision among others have taken part in health programs implementation. A study by Mullei, Wafula and Goodman (2008) reported the participation of FBOs together with other NGOs in community health care service delivery where FBOs operate nine out of 85 health facilities in Malindi district. Table 1.3 gives the summary of studies done to determine key challenges facing FBOs and other CSOs in Malindi indicate that 33% of the respondents cited challenges associated with project financing (Ecotact Ltd., 2011).
Table 1.3 Challenges facing FBOs and other CSOs in Malindi

<table>
<thead>
<tr>
<th>Challenges reported</th>
<th>% response</th>
</tr>
</thead>
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<tr>
<td>Weak capacity building</td>
<td>36</td>
</tr>
<tr>
<td>Inadequate funding</td>
<td>33</td>
</tr>
<tr>
<td>Weak capacity of beneficiaries</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Ecotact Ltd. (2011)

Although inadequate funding is not a peculiar challenge to FBOs, project financing can be an area of great concern in FBOs where religion plays an important role in society (Nolte, Danjibo, & Oladeji, 2009). In such cases FBOs project financing is addressed from the narrow religious, political or ideological views. The legal issues involved in funding, donor wishes, transparency issues and FBO concerns all affect FBO project financing by limiting their funding options. Marshall (2001) acknowledges the fact that FBOs face a challenge in many settings when seeking funds for their projects and these challenges have to be addressed in order to expand FBO project financing and increase the impact of their projects.

1.2 Statement of the Problem

Although Project financing has been acknowledged as a challenge among FBOs, not much is known about the factors that contribute to it in Malindi, Kilifi County. Research on FBO involvement in development point to the need to address barriers in FBO project financing in order to facilitate them in effective delivery on projects and realize their full potential (Cynthia, et al., 2011). Foster (2009) draws attention to the urgent need for developing mechanisms that
address FBO resource needs to enable them reinforce their effectiveness and increase the scale of their responses.

FBOs have been shown to be effective in delivering certain services. In their research (Johnson, Ralph, & Webb, 2008) discussed FBOs unique resources and strengths in helping individuals overcome difficult circumstances such as imprisonment and drug abuse. Another major strength of FBOs is that FBOs tend to be trusted by their communities in comparison to other organizations (Cynthia, et al. 2011). At the local level FBOs are supported by stable networks and bases that are in instances better than the local authorities. Hence FBOs are instrumental in providing avenues of information and resource distribution in the absence of government sponsored options (Berger, 2003).

Studies on FBOs have however tended to dwell more on capacity building and advocacy aimed at leveling the field for FBOs to compete favorably against secular organizations in project financing. Other surveys have indicated that most community FBOs lack evidence of performance to qualify for project financing compared to the more established national and international FBOs (Theisen, 2005). In their literature review, Schwartz and Austin (2009) stress the fact that FBOs face unique challenges in project financing. There is competition for funding opportunities given that FBOs share donors with secular organizations. Accordingly few FBOs at the local level are as successful as secular organizations in securing funding for their projects.
Data obtained from CACC offices in Malindi for the period 2007 to 2010 indicate fewer FBOs than secular organizations were successful in getting TOWA project funding (Table 1.3). Statistics obtained for the TOWA round one funding show that in 2007 none of the two FBOs who applied for the fund were successful for the three funding positions available. In the 2009 TOWA round two calls for proposals only one out of the three FBOs that submitted their proposals were successful as compared to six out of 15 CBOs. A similar trend is observed in the TOWA round three funding of 2009 where none of the FBOs which applied for the fund were successful as contrasted to six out of 16 CBOs. Round four TOWA project had 2 FBOs and 8 CBOs awarded funding contracts. Therefore out of the 86 organizations that applied for funding only 10 were FBOs. These observations showed a particular trend whereby few FBOs participated in bidding for public funding and from those that applied for funding few were successful. Hence, the study wanted to look into those determinants that influence project financing in FBOs.

1.3 Purpose of the Study

This study aimed at investigating faith and other related factors affecting FBO project financing in Malindi district, Kilifi County with a view to providing an understanding on approaches that may be applied to enhance project financing in FBOs.

1.4 Objectives of the Study

The objectives of this study were:
1. To assess the effect of Faith related factors influencing project financing in Faith Based Organizations in Malindi, Kilifi County.

2. To examine how legal factors affect project financing in Faith Based Organizations in Malindi, Kilifi County.

3. To establish the effect of Proselytism in Faith Based Organizations project financing in Malindi, Kilifi County.

4. To assess how accountability affects project financing in Faith Based Organizations in Malindi, Kilifi County.

5. To assess the effect of project sustainability in project financing in Faith Based Organizations in Malindi, Kilifi County.

1.5 Research Hypotheses

The study was based on the following null and alternative hypotheses:

1. \( H_0 \): Faith related factors have no influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

\( H_1 \): Faith related factors have an influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

2. \( H_0 \): Legal factors have no influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

\( H_1 \): Legal factors have an influence on project financing in Faith Based Organizations in Malindi, Kilifi County.
3. $H_0$: Proselytism has no influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

$H_1$: Proselytism has an influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

4. $H_0$: Accountability has no influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

$H_1$: Accountability has an influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

5. $H_0$: Project sustainability has no influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

$H_1$: Project sustainability has an influence on project financing in Faith Based Organizations in Malindi, Kilifi County.

1.6 Significance of the Study

Faith based organizations play an important role in development and humanitarian work in Kenya. The achievement of FBOs projects principally depend on project financing among other factors. Successful projects make a positive contribution to the development of recipient communities and the attainment of vision 2030. Much interest has recently been directed towards understanding the dynamics of working with FBOs. There is general consensus on the integral part played by FBOs in individuals and society.
This study sought to offer from its findings a better understanding of the faith related aspects affecting FBOs project financing in Malindi, Kilifi County. The findings are important in developing a platform for FBOs project planners to put in place the necessary systems and structures needed to address the challenge of FBOs project financing. Improved systems and structures will enhance accountability measures in FBOs projects hence reducing the impediment to obtaining financial support from donor agencies. On the other hand, donor communities can find conclusions from this study useful in reshaping their policies and strategies on how to partner with FBOs from a platform of mutual understanding and respect.

Furthermore, recommendations from this study are important in forming the basis for further research on FBOs. The ministry of Planning and National Development, and that of Regional Development Authorities can utilize recommendations from this study to formulate policies useful in enhancing FBOs/Government collaboration in development and humanitarian service. Such partnerships augment government service delivery to the disadvantaged areas by utilizing the extensive FBOs grassroots presence in Malindi, Kilifi County.

1.7 Limitations of the Study

The following were some of the limitations to this study:

1. The exact number of FBOs operating in Malindi was not easily ascertained due to a lack of a central data base for FBOs in the district. To correct this limitation, the study used
membership records from FBO associations and agencies to get the number of FBOs operating projects in Malindi. For Christian FBOs, membership records were drawn from the Malindi pastors association and the Baptist Relief Agency in Africa (BARAA). Muslim FBOs list was drawn from MEDA.

2. Owing to the diversity and location of FBOs operating in Malindi accessibility to some areas was constrained by the limited time available for this study. The study sought to overcome this constraint by enlisting the help of research assistants who were residents of the target areas to compensation for the short time needed for the research and the long distances to be covered. The research assistants were trained by the researcher on data collection and recording.

1.8 Delimitations of the Study

The study was carried out within Malindi district, Kilifi County among Faith Based Organizations at community level from both Christian and Muslim religious faiths. The areas covered included Magarini and Malindi divisions.

1.9 Basic Assumptions of the Study

The following assumptions formed the basis of this study:

1. The researcher hoped to receive support and cooperation from all FBOs and their umbrella bodies in the district.

2. The respondents would be willing to give honest and relevant answers to the study
1.10 Definition of Significant Terms as used in the study

The study highlighted the following important terms:

**Faith-Based Organizations**- a religious congregation (church, mosque, synagogue, or temple), an organization, program, or project sponsored or hosted by a religious congregation, a nonprofit organization founded by a religious congregation or religiously-motivated incorporators and board members that clearly states in its name, incorporation, or mission statement that it is a religiously motivated institution (AmeriCorps Guidance, 2003).

**Secular Organizations**- organizations registered as CBOs, CSOs, NGOs, self help groups and societies that are non religious in their operations.

**Donor**- a person or organization that makes a gift of money or assets to another person or institution (Oxford Advanced Learner’s Dictionary of Current English, 2010)

**Proselytism**- the act of becoming or condition of becoming a proselyte; conversion; the act or process of proselytizing (Webster, 1913)

**Faith**- a religion or strong religious belief (Oxford Advanced Learner’s Dictionary, 2010)
1.12 Organization of the study

This report is organized into five chapters. Chapter one is the introduction to the study. It presents the background of the study, statement of the problem, purpose of the study, the objectives of the study, research hypotheses, significance of the study, delimitations of the study, basic assumptions and the definition of significant terms as used in the study.

Chapter two presents the literature review which looks at faith related factors, legal factors, proselytism, accountability, and sustainability in FBOs project financing. This chapter also presents the conceptual framework of the study.

Chapter three outlines the study design, the target population, methods of data collection, validity and reliability of the research instruments and data collection procedures. The chapter also includes the ethical considerations of the study, data analysis and presentation, and the operationalization of variables.

Chapter four contains the response rate of the study, the profile of participant FBOs participating in the study and hypothesis testing on the effect of faith related factors, legal factors, proselytism, accountability and sustainability concerns in FBOs.

Chapter five presents a summary of the study findings and discusses the same with respect to the objectives stated in chapter one. The chapter also provides conclusions, the researcher’s recommendations and suggestions for further research.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to faith related aspects affecting project financing in FBOs. The review is conceived under the objectives of the study and focuses mainly on faith related factors, legal factors, proselytism, accountability, and project sustainability and their effect on project financing in FBOs. A conceptual framework drawn from these variables has been presented to indicate the relationship between the dependent and independent variables. These are the key issues in this study.

2.2 Faith Related Factors in FBOs project financing

Faith is defined by Hoffstaedter (2011) as a constitutive reality and an important part of the everyday life of most people. On the other hand Fowler (1981) defines it as an orientation of the total person, giving purpose and goal to one's hopes and strivings, thoughts and actions." Both definitions agree to the fact that faith affects individuals in the way they perceive life and interact with one another. These definitions however fail to link faith to religious belief system which is a key component of faith. In view of the discrepancies in the definitions above this study will adopt Webster (1913) definition of faith. Faith is that which is believed on any subject, whether in science, politics, or religion; especially a system of religious belief of any kind; as the Jewish or Mohammedan faith; the Christian faith; also the creed or belief of a Christian society or church. This definition is considered appropriate since it does not take a sectarian view.
One important aspect of faith is religious affiliation. Religious affiliation plays an important role in FBOs project financing as it forms the basis for fund raising. Hoffstaedter (2011) argues that the high level of some form of religious affiliation in Australia presents a huge potential for mobilization and allows FBOs to tap into a group of funding opportunities, volunteers and resources. Ebaugh, Chafetz, and Pipes, (2006), agree with this view when they discuss a number of significant areas where faith reveals itself in FBOs by arguing that religion can help or hinder the acquisition of resources. These resources include funds for operating FBOs projects. Other than resource mobilization, faith also has an influence on FBOs self identity, religious convictions of participants, the influence of religion on decision making, religious effects on the organization’s aspiration, products and services, religious control over leadership and the level to which religion determines external relationships. James (2011) agrees with this view when he states that faith is a unique and central factor in funding FBOs projects. As such faith affects the operations and interactions of FBOs depending on their environments and ideologies.

The discrimination of staff based on their religious convictions can affect how an FBO is funded. Some funding institutions, as Hoffstaedter (2011) points out, do not allow FBOs receiving their funding to discriminate along faith lines when it comes to hiring staff. However, views by Carl, H. E (2004), differ with Hoffstaedter when in his discussion he explains how Charitable Choice in the USA allows FBOs who receive state funding to hire staffs who share their belief system. This provision is meant to safeguard the identity and uniqueness of FBOs in recognition that matters of faith and religion are central in every custom and society. Kennedy and Nowlan
(2004) caution that the lack of acknowledgement of faith as a key influence on FBOs and the communities with whom they work overlooks the basic ways in which faith structures identity by forming systems of ideals and meaning. On the other hand Tyndale, (2006), argues that development agencies object working with FBOs due to the alleged negative force of faith which is seen as dangerous, divisive, irrational, and defunct when seen in regards to discrimination in staff recruitment. As such although faith can unify those who recognize it, it can likewise be instrumental in segregating those who do not profess it.

Faith influences the organizational culture of FBOs and has direct effects on the development work its staff engage in. This development work affects potential FBOs project financing by either appealing to or repelling potential funders. Hoffstaedter (2011) affirms the fact that FBOs in some settings where their religious affiliation is high have huge potential in fundraising from their members. However, support from the funding community is most likely tied with evaluation. Other funding organizations are not willing to support FBOs projects due to policy issues (Rockefeller Institute of Government, 2004). Aware of this fact James (2009) points out that some FBOs prefer to keep their faith identity obscure. He suggests that those FBOs who downplay their faith do so to appeal to as wide a funding base as possible due to the fear that clarifying their faith stand may isolate them. The resulting ambiguity can cause problems for agencies funding or interacting with the FBOs leading to a limited support for FBOs projects from such sources. It is therefore essential that FBOs clarify their faith to avoid confusion those who are interested in working with them.
Smaller FBOs unlike national and international FBOs limited funding sources for their projects. The smaller, congregation based FBOs have historically relied on program fees and member contributions, with little or no funding from government or foundations (Theisen, 2005). On the other hand development donors prefer working with established secularized FBOs. However, as James (2009) points out, this is contrary to many FBOs’ objectives which seek to meet society’s needs holistically. This view is shared by Hovland (2005) who concludes in his review that any attempt to separate out faith in FBOs is only hypothetical and unproductive. He goes on to say that it is not possible to remove the controversial faith factor in FBOs and at the same time expect FBOs to deliver the unique contribution of faith. As such the issue of faith in development needs care and understanding rather than avoidance.

The competitive world of project financing presents FBOs with a challenge in trying to meet donor requirements. Vidal (2001) identifies the challenge for FBOs to retain and draw strength from shared spiritual values in a way that is consistent with running their projects professionally. The professional practices needed may however be at variance with the FBOs spiritual values. Values like charity, forgiveness, and perseverance may dictate how FBOs run projects. On the contrary as Bratt, et al., (1994) points out, donors are keen on the FBOs willingness and ability to manage projects in a professional way; the ability to do planning; the capacity to establish and sustain systems that support good management practices. A common ground must be forged to tap into both the spiritual and professional attributes of FBOs.
FBOs are uniquely connected to society as they deal with their beneficiaries from an individual level. Kathryn, et al., (2010) explain that although FBOs have clear advantages such as broad reach and influence especially among youth and the disadvantaged, their attitude is sometimes a major barrier to service. Hence some funding agencies may hesitate to participate in FBO project financing if they perceive that their objectives will not be supported. Conversely some FBOs refuse to access certain funding opportunities available to them due to moral concerns such as accepting donations from gambling proceeds.

It is therefore evident that faith related factors whether explicit or implicit determines FBOs project operations. Hugen, et al. (2005) in their study on how faith related factors influence organizations and service delivery conclude that indeed FBOs conduct their operations different from secular organizations. The role of faith which is the distinguishing feature of FBOs cannot be overlooked especially in development work. Hence, it is important to investigate further how faith related factors affect project financing in FBOs.

2.3 Legal factors in FBOs project financing

Legal factors in FBOs project financing refer to the status, management, and activities carried out by the project in conformity with the law. They include standards, procedures, and obligations which meet the requirements under the law. These factors dictate how FBOs operate and finance their activities as all organizations have to comply with government law and constitutional requirements. While some of the legal requirements in FBOs project financing may be restrictive, Lupu and Tuttle, (2006), report that others like the Charitable Choice in USA
facilitate and broaden the operation of FBOs projects. These legal requirements vary from one country to another.

The policy framework and legal system existing in a given setting profoundly affects project financing. According to Hein et al. (2002) FBOs project financing needs a supportive legal environment. They argue that such an environment establishes a level playing field where no group is excluded due to its creed. This legal environment should also protect the rights of people needing help and prevent FBOs from diverting public sourced funds meant for social services to private religious activities. The legal environment in any country informs the financing policies adopted by funding agencies.

Many donor agencies and governments do not fund sectarian religious activities. According to Scott (2003) legal requirements may restrict FBOs from accessing certain funding sources. In agreeing with this view, Scott and Kidder, (2004) report of many community foundations that cite legal and policy restrictions that do not allow them to fund religious activities. Activities reported as impermissible by the foundations included using funds for religious education, sponsor religious ideology and acquire religious learning materials. It is not indicative however how the legal and policy restrictions affect the funding of non religious project activities in FBOs.
The religious character of FBOs is their distinguishing feature and basis for existence. However according to Green and Sherman (2002), legal requirements may sometimes threaten the religious character and functioning of FBOs. In agreeing with this view, Canada and Ackerman, (2003) argue that while some programs like the Child Care Program in USA clearly specify that FBOs are eligible to participate, policy decisions in the past have generally required FBOs that have direct public funding to be basically secular in nature. In contrast Burke, Fossett, and Gais, (2004) argue that the religious character of FBOs receiving public funds is in some instances protected under the law. The extent to which legal and policy frameworks affect the character and functioning of FBOs is subject to further investigation.

The giving of special treatment to FBOs and other religious entities in project financing is a contentious issue. De Vita and Wilson, (2001) report that although in USA, FBOs, such as churches and mosques are exempted from labor laws that protect against bias on the basis of religion, critics question the legality of granting public financial support to programs that discriminate on the basis of religion. On the other hand Nolte, Danjibo, and Oladeji, (2009) observe how legislation in Kano State Northern Nigeria has been used to favor Muslim over Christian FBOs. Such a biased policy and legal environment impede rather facilitate FBOs operations.

However, in secular states where state and religion are separated all religions are treated equally. Many governments nonetheless require all organizations both religious and secular to comply
with applicable legislations and legal requirements such as legal registration the legitimacy of the activities undertaken. It however remains necessary to understand how these legal requirements affect project financing in FBOs. Most funding organizations require that FBOs receiving their support should be separately registered as non profits (Scott and Kidder, 2004). In Kenya FBOs such as other CSOs are requires by law to be fully registered for them to run projects (The Non-Governmental Organizations Co-Ordination Act, 1990). However, many congregations based FBOs in Kenya are not incorporated separately as non-profits. This may limit their access to certain funding sources as the legal status of FBOs determines the level of project funding it can receive (Vidal, 2001).

2.4 Proselytism in FBOs project financing

Proselytism is defined by Hoffstaedter (2011) as the practice of attempting to convert people to another religion or faith, while Hill (1997) defines it as the effort to win a person actively engaged in one faith to another. Stearns, (2008) defines proselytism as the practice of using inducements to cause someone to convert to one's own religious faith. The above definitions agree on the aspect of religious conversion but fail to bring out the non religious elements of proselytism. In view of the disparity in the above definitions this study adopts Webster’s (1913) definition of proselytism as the conversion to a religion, system or party. This definition is appropriate as it acknowledges the non religious variations of proselytism.
The connection between proselytism and development work is often contentious, especially when such a connection is perceived to be disguised. Kessler and Arkush (2009) refer to proselytism as the baggage of historical memory, such as a history of discrimination and forced-conversion which may remain in a faith community’s collective memory, leading to suspicion towards other FBOs. This skepticism is partly warranted given the fact that some FBOs, according to McGinnis (2006), engage in combinations of public service and proselytism in their projects, albeit implicitly. Lupu and Tuttle, (2006) observe that as a result most governments and donors have policies that do not support proselytizing. These policies uphold the principle of separation of state and religion.

Most FBOs have secular donors as their major project sponsors. Hoffstaedter (2011) points out those secular donors may not fund a particular FBOs project primarily due to anti-proselytism policies. He further mentions specific activities such as evangelism, missionary work, theological training and building or maintaining places of worship as some of the specific activities that may be interpreted to constitute proselytism. Ironically these same activities form the foundation of FBOs identity especially in the case of churches and mosques.

The charge of proselytism is sometimes falsely labeled at FBOs. According to Dwarswaard (2010), FBOs can easily be accused of proselytism particularly if they choose to work only with partners of the same religious faith in a multi-religious setting. These allegations can be based on the perceptions beneficiaries have of the character of the project. In her discussion she
suggests three ways in which FBOs can avoid any semblance of proselytism. The first is to ignore their religious motivation in the best way possible and only refer to it as a source of inspiration for their work. The second way is to plainly open the FBOs activities for all members of the local community, and not restrict it to members of the same religion as their development partners. Finally she suggests that FBOs ensure total openness and transparency with respect to the intentions of the organization and its activities. As such FBOs have the ultimate responsibility of opening up and allow others to participate in their activities.

The allegation of FBOs proselytism is sometimes inaccurate. Gres (2010) reasons that the debate on religious proselytism is mostly imposed on FBOs. He further argues that FBOs are not rigidly bound by their tradition, but are willing to adjust to new conditions and social-cultural environments. On the other hand, Benthall (2006) suggests that FBOs engaged in relief and development work should strive to distinguish themselves with care from Christian missionary or Muslim dawa organizations and be willing to form alliances with secular organizations. Thus although it would be unfair to treat all FBOs activities as having a disguised proselytizing agenda, FBOs should set the pace of their work with clear distinctions between development and missionary work.

There are cases however where FBOs decline to receive support from certain donors due to the fear that the donor might have hidden proselytizing agenda. Nolte, Danjibo and Oladeji (2009) suggest that this fear is more common in the Islamic world which has a long history of Western
Christian Missionaries who came to proselytize. Berger (2006) argues that the suspicion between the Islamic and Western donors means the western donor will be scrutinized about its true intention before being accepted to operate in Islamic societies. The converse is true of Muslim donors working in predominantly Christian societies.

The question of proselytism is not however confined only to FBOs. Tyndale (2006) observes that most development organizations proselytize in a way, by declaring their Western development theory to be the only true one. He further states that this is done through the promotion of the secular development model whereby religious and other elements that are difficult to measure play no role in projects. This, she argues, does not fit well with life’s reality in developing countries. Nowlan (2004) agrees with this argument by observing that many secular organizations overlook the fact that in developing countries religion plays a central role in everyday life. Ironically by championing their own development models and moral views as being the most ideal, the Western World engages in the same proselytism they try to avoid.

Proselytism can also assume a political form. According to Grim and Finke (2006) political proselytism can take different forms, depending on the interactions between the concerned parties. The initial activity however may not be inspired by a political agenda. McGinnis (2006) argues that even efforts directed entirely at religious goals can have external effects on politics, resulting in a progression of strategic interactions out of which emerge new political dynamics.
The resultant political environment will either hamper or foster the engagement of FBOs in development.

FBOs may find it a challenge on how to deal with the issue of proselytism given that they are religious organizations. Myers (1999) believes that proselytism may be appropriate if it is practiced by missionaries and churches but not for development projects as this will impact negatively on project ownership. She thus concludes that proselytism is not good for development. In contrast Simpson (2003) suggests that proselytism may be acceptable if done with permission as this will be less antagonistic to development. In view of these contradicting opinions it is necessary to examine how proselytism influences financing of FBO projects.

2.5 Accountability in FBOs project financing

Accountability as defined by Goddard (2004) means a relationship which involves the giving and demanding of reasons for conduct. While according to Keans (1994), accountability is holding individuals and organizations responsible for performance measured as objectively as possible. Again according to Dann (2006), accountability means to have to answer for one’s deed or omission, and depending on the conclusion, to be exposed to possible sanctions. Thus from the various definitions it assumes that accountability exists when there is a relationship between two or more parties. It refers to a chain of relationships in which FBOs are accountable upwards to donors and other formal authorities over the organization, downwards to beneficiaries and inwards to organizational missions, vision and values.
Accountability facilitates transparency and strengthens cooperation between donors and recipients and may determine the funding relationship between organizations and their donors. According to Olarinmoye (2012) many funding institutions have adopted performance based funding. As such FBOs that do not have strong accountability systems may be denied financial support. Bartsch (2007), states that accountability is important in international development policy and practice as it contributes to an enhanced legitimacy of global governance. However according to Hall (2002), donors growing willingness to use FBOs in development projects raise the tricky question of the accountability of religious entities in terms of financial management, service quality, and regard for the right of beneficiaries and donors. Underlying this accountability is the view that progress towards goals, commitments or responsibilities are evaluated, and those responsible for performance in these areas are held to account publicly. Accordingly, accountability has beneficial effects not only for the FBOs stakeholders, but for the organization itself. Thus the ultimate aim of accountability is not to pass judgment but to enhance performance.

Historically religious organizations have not been subjected to same accountability requirements as their secular counterparts. Hall (2002) observes that in USA religious bodies and FBOs have lost the legal immunities and political respect that had traditionally exempted them from accountability to the advantage of clients and the public. He further states that there are however in many instances constitutional limitations to the extent to which generally applicable laws and regulations can be applied to FBOs without invoking constitutional challenges on the separation
of religion and state. In addition to the erosion of the formal legal protections that had insulated FBOs from accountability, many informal obstacles to accountability have also been removed. Most important among these have been the limited resources of most government agencies entrusted with the task of overseeing FBOs.

Reporting of project activities is one way of promoting accountability in FBOs. Supporting accountability therefore requires identifying who is to be held accountable for what, to whom and how. The question of who is accountable focuses on the individual FBOs while that of to whom they are accountable helps in the identity of the principal to whom the FBOs is accountable. On the other hand the how question covers the issue of the mechanisms of accountability available to principals. Organizational structures promote responsibility sharing and accountability in organizations. As stated by Ebrahim and Weisband (2007), accountability mechanisms serve to prevent and, whenever necessary, to punish inappropriate conduct. In this way accountability safeguards the proper use of resources.

Another important measure of accountability in FBOs is auditing. Auditing employs mechanisms which are useful in giving account, taking account and holding to account to charged with responsibility. According to Goodin (2003), mechanisms of accountability are devices that serve to secure actions, results or intentions for which people are accountable. Most organizations and governments use auditing as the basic tool for accountability. However, Saperstein (2003) argues that most congregations based FBOs consider external auditing of their accounts and reporting
requirements a threat to their autonomy. Yet according to Batley and Mcloughlin (2009), in enforcing such requirements, the state seeks to guarantee that services are delivered in an efficient, fair and sustainable way, whilst bearing in mind social priorities set out by policymakers. State regulation of services forms the basis on which FBOs are barred, allowed or encouraged to operate. It can, on one hand, seek to control FBOs or, on the other, to promote it’s more efficient operations. It is therefore an efficient way of holding FBOs accountable as they are the main service providers in many developing countries.

Other than state regulation, FBOs can develop other options for regulation and accountability. Cunningham and Rees, (1997) suggest self-regulation as another option available to ensuring the accountability of FBOs. It refers to a set of institutions in which standards and rules of conduct are set by a peer organization, rather than at the governmental level. In agreeing with this suggestion, Gugerty (2007), states that self-regulatory regimes may be fully private or may involve some public-private coordination or delegation of authority to FBOs. Measures like internal auditing, seeking approval for projects and project activities reporting can be developed by FBOs to enhance self regulation. Thus self-regulatory systems can operate either as a substitute for or a supplement to government regulation. Self regulation minimizes nurtures FBOs growth in accountability while minimizing external interference.

Lack of useful information limits the ability of donors to participate in the activities of FBOs and to hold them to accountable. In his discussion Olarinmoye (2011) observes that FBOs
accountability mechanisms lack the capacity to hold FBOs accountable due to political and structural shortfalls arising from the inconsistencies in the enabling legislations for each mechanism. Afifuddin and Siti-Nabiha (2010) agree with the argument that most FBOs do not have the necessary control mechanism in place to safeguard their resources and inform their members of the organization’s financial condition. They further state that another challenge to enhanced accountability in FBOs is that much of their work deals with spiritual issues. Measuring the output of most religious activities poses a challenge as most of their work is not quantifiable.

The challenge of accountability is not confined to one religion. On Islamic and Christian FBOs, Afifuddin and Siti-Nabiha (2010), observe that accounting and accountability practices in general are not performed in accordance with the requirements of these religions. They conclude that FBOs need to think about how they operate and put religious values in place to avoid such weaknesses. James (2011) argues that just like many NGOs, FBOs have often failed to deliver on the accountability requirements of donors. Again he states that some FBOs lack competent human resources and insufficient stipend levels such as functional organizational structures. Few local FBOs have strong financial, monitoring and evaluation and human resource systems. It is thus important to evaluate how accountability affects the financing of FBOs projects.
2.6 Sustainability in FBOs project financing

Sustainability is defined by Whitfield, et al (2008), as the capacity of an organization to achieve long term success and stability and to serve its clients and consumers without the threat or loss of financial support and the quality of services. In agreeing with this definition, Young and Hampshire (2000) define sustainability in the context of donor-funded development programs and projects as the continuation of benefits after major support from a sponsor has been concluded. On the other hand the American Indian Associates (2001) view sustainability as maintaining and continuing program services after the funding period is over. These definitions view sustainability as the using of project and program benefits in perpetuate.

There are various factors that affect sustainability in FBOs. In their discussion, Young and Hampshire (2000), identify financial management through fund raising and funds development as key determinants of sustainability in FBOs projects. Another significant aspect affecting sustainability which they identify is local participation and ownership. They suggest that the involvement and support of stakeholders promotes project sustainability. Donor and Partner Government policies were also cited as important factors in projects. According to them donor policies influence how contracts are prepared, the funding duration, and what is funded, while government policy framework that is compatible with and supportive of project objectives is a key factor in promoting sustainability. Other factors which they suggest as affecting sustainability include management and organization, awareness and training, technology,
environment, external political and economic factors. These factors determine how services needed by a community become a permanent component of their resources.

Thus, sustainability is important in maintaining and continuing program services after a funding period is over and ensuring that the organization has become a permanent part of community resources. Furthermore, no developmental intervention can be sustainable unless the implementing organization has sustainable resources to work over a longer period of time. This ensures that the implementing organization and project benefits do not start and end with every new grant. Hence sustainable project benefits are a feature of robust organizations. Foster (2004), observes that despite natural calamities, war, despotism, and disease, FBOs have continued their work undeterred. As such FBOs commitment to social service and care is long term even when others drop out, tire or shift energies to other emergencies. FBOs mostly work with smaller budgets and over longer time frames than secular agencies making them sustainable in the long term.

The considerable amounts of resources that FBOs offer to support their activities are evidence of the sustainability of their project initiatives. Theisen, (2005), suggests FBOs projects stand out contrast to programs implemented by governments and secular organizations that are sponsored mostly by public funds. In supporting this view, Foster (2009) states that since most FBOs rely on donations for their activities and need additional resources mainly to meet basic needs they give an indication of their sustainability and service mentality. In general FBOs, especially
congregations, raise most of their own funding locally to support their projects activities, which indicates that those activities will be sustained regardless of external financial support.

External financing can damage grassroots responses and the sustainability of FBO projects. This may lead to donors being reluctant to partner with and fund FBOs. Foster (2009) state that many grants involve complicated application procedures, strict reporting requirements, and short time frames. Local FBOs are side-lined during the design of most large projects and the proposal submission process, while few contracts contain requirements to ensure local participation and accountability for project funding. This in effect denies the FBOs the chance to develop their sustainability strategies as they depend on aid.

External funding is not without its disadvantages. According to Woods and Zarafonetis (2008), external funding can create dependency, reduce local contributions, and affect FBO self-reliance and sustainability. On the contrary Foster (2004) argues that the provision of external funds has the potential to build the capacity and increase the sustainability of FBOs. It is therefore not so much funding but the operating practices of donors that erode local capacity and undermine FBOs sustainability. In light of these views it is necessary to determine how project sustainability affects project financing in FBOs.
2.7 Conceptual framework

Figure 2.1 The conceptual frame of faith related aspects affecting FBOs project financing

Faith related factors
- Religious affiliation
- Staff religious conformity,
- Incorporation of religion in fund raising

Legal factors
- Project legal status
- Compliance with legal requirements
- Legitimacy of activities

Proselytism
- Conversion as qualification for service
- Religious conformity requirements
- Aggressive conversions

Accountability
- Responsibility structures
- Authority and power structures
- Checks and balances

Project Sustainability
- Local support
- Financial sustainability
- Program benefits extension

Government and donor policy on FBOs financing
- Funding duration
- Delivery and contracting mechanisms
- Policy environment

FBOs project financing
- External project funding of FBOs
- Number of projects completed

The role of donor behavior in FBOs project financing
In the conceptual frame work portrayed in Figure 1 faith related factors, legal factors, proselytism, accountability and project sustainability are conceptualized to influence financing of FBOs projects. Faith related factors are indicated by religious affiliation, formal external religious image, incorporation of religion into service delivery, and the role of religion in hiring and motivating staff. Legal factors are characterized by the project legal status, compliance with legal requirements and legitimacy of project activities. On the other hand proselytism is indicated by conversion as a precondition for service, mandatory religious instruction in program and coercion to change values and behavior of program beneficiaries. Accountability is indicated by reporting and financial auditing, checks and balances and community participation. Lastly project sustainability is indicated by local community support, fund raising and fund development, and fund diversity.

The framework postulates the above five factors directly affects the financing of projects in FBOs as indicated by the number of projects completed, the number of successful contracts signed and funding consistency. However this relationship may be modified by government and donor policy on FBOs financing as indicated by the funding duration. Donor behavior in FBOs project financing may also modify this relationship.
Summary of Literature Review

In this literature review, the researcher discussed faith-related aspects affecting project financing related to FBOs. Particular attention was given to faith, legal, proselytism, accountability, and project sustainability factors. Faith-related factors highlighted were FBOs' religious affiliation, hiring based on religious consideration, and selecting potential funding sources based on religious convictions. These factors, though controversial, are key identity features in FBOs. The extent to which faith-related factors are expressed in FBOs determines how the wider world, including funding agencies, relates with FBOs' projects. Given that faith-related factors permeate every culture and society and affect how services are delivered, it is imperative that the role of faith-related factors in development be appreciated.

The review considered factors such as legal registration, compliance with legal requirements, and transparency of project activities as some of the key indicators of legal issues in FBOs. These legal factors create the legal environment which in turn determines the level and nature of fiscal actions in FBOs' projects. The legal environment informs the financing policies adopted by funding agencies and protects the rights of beneficiaries as well as preventing FBOs from diverting project funds to religious use. In some cases, legal factors may impede rather than facilitate project financing in FBOs.

The connection between proselytism and FBOs' projects is a controversial issue. Most religions, particularly Christians and Muslims, have a long history of engaging in proselytism. Although
proselytism may be subjective in some cases, it is upon individual FBOs to clarify their intentions in charity work. Factors considered under proselytism included conversion as qualification for service, distribution of religious materials to project beneficiaries and a demand for project beneficiaries to observe FBOs’ religious programs. Many development donor agencies aware of the controversy of proselytism decline to sponsor programs that have elements of proselytism.

Accountability facilitates transparency and strengthens collaboration between donors and local organizations. Auditing, financial management policies and the organizational chart were considered under accountability factors. Complex and myriad organizational structures in FBOs may however complicate collaboration with donors as the later struggles to understand power and authority relationships in FBOs. This leads to lack of useful information which limits the ability of donors to participate in the activities of FBOs and to hold them to accountable.

Sustainability looks at the use of FBOs project benefits beyond the funding period. Sustainability is promoted by local support, prudent financial, management and organization, and diversification of the FBOs funding base. These factors determine how services needed by beneficiaries become a permanent component of their resources as well determining how donors identify with FBOs projects. The factors discussed in this review and their effect on project financing shown in FBOs was illustrated in a conceptual framework.
3.1 Introduction

In this chapter the researcher discusses the detailed description of the research methodology that was employed in this study. More emphasis is given to the research design that was used in the study, the target population, sample size and sample procedures, data collection methods used, data collection procedures, validity and reliability of the research instruments, ethical considerations, data presentation and analysis techniques, and operationalization of variables.

3.2 Research design

The study used a descriptive survey design which was also used by Ebaugh, Chafetz, and Pipes (2006) in USA and Odumosu, Chete and Alonge (2011) in Nigeria. A survey is preferably suitable for studies where the researcher considers the economy of the study, needs rapid data collection, and can understand a population by analyzing its sample (Creswell, 2002). The survey method was particularly suitable for this research since it was extensive. The survey design enabled the researcher to rapidly collect data from a sample of the selected population and analyzed this data to determine factors that affect project financing in FBOs in Malindi district, Kilifi County.

3.3 Target population

The study was conducted in Malindi district with a target population of 509 FBOs staff members and key informants. According to data obtained from the Malindi Pastors fellowship and
Malindi Education and Development Association (MEDA), there were 56 Christian and Muslim FBOs and Congregations running projects in the district. The 56 FBOs had a total of 489 committee members and staff that formed the target population. The FBOs included in the study consisted of national affiliated, local FBOs and congregations with projects in Malindi and Magarini divisions.

From each FBO, only committee members and the staffs were considered in the target population. The choice of this group was meant to focus the study on participants who are involved in the running of FBOs projects and not on ordinary faithful especially in the case of congregations. In addition 20 funding institutions were included to provide key informants for insight and background information. The inclusion of key informants brought the total target population to 509 participants. Table 3.1 shows the target groups of respondents, their population size and distribution in Malindi district.

Table 3.1 Target population distribution in Malindi

<table>
<thead>
<tr>
<th>Target group</th>
<th>Malindi division</th>
<th>Magarini division</th>
<th>Total no. of institutions</th>
<th>Staff</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian FBOs</td>
<td>31</td>
<td>11</td>
<td>42</td>
<td>346</td>
<td>68%</td>
</tr>
<tr>
<td>Muslim FBOs</td>
<td>8</td>
<td>8</td>
<td>14</td>
<td>143</td>
<td>28%</td>
</tr>
<tr>
<td>Key informants</td>
<td>16</td>
<td>4</td>
<td>20</td>
<td>20</td>
<td>4%</td>
</tr>
<tr>
<td>Totals</td>
<td>55</td>
<td>23</td>
<td>76</td>
<td>509</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source Malindi Pastors Fellowship and MEDA (2012)
3.4 Sample size and Sample procedures

The sample size was 220 Respondents and was determined using the formula by Watson (2001).

\[
n = \left[ \frac{P(1-P)}{A^2/Z^2 + P(1-P)/N} \right] / R
\]

Where \( n \) = sample size required

- \( N \) (number of people in the population under study) = 509
- \( P \) (estimated variance in population, as a decimal for 70-30) = 0.3
- \( A \) (Precision desired, expressed as a decimal for 5%) = 0.05
- \( Z \) (based on confidence level: for 95% confidence) = 1.96
- \( R \) (Estimated Response rate, as a decimal) = 0.9

Thus, \( n = \left[ \frac{0.3(1-0.3)}{0.05^2/1.96^2 + 0.3(1-0.3)/509} \right] / 0.9 \)

\[
= \left[ \frac{0.3(1-0.3)}{0.00065 + 0.3(1-0.3)/509} \right] / 0.9
\]

\[
= \left[ \frac{0.3(1-0.3)}{0.00065 + 0.00041} \right] / 0.9
\]

\[
= \left[ \frac{0.21}{0.00106} \right] / 0.9
\]

\[
= 198 / 0.9
\]

\[
= 220 \text{ Respondents}
\]
The sample frame was grouped into three clusters. These were Christian FBOs, Muslim FBOs and Key Informants. The Cluster Random Sampling Technique was used to draw proportionate participants from both Christian and Muslim faiths (Dooley, 1995). Key informants were selected through the purposive sampling technique. This sampling technique was important in selecting key informants from funding organizations and relevant government departments. Tables 3.2 and 3.3 present summaries of sampling procedures and the total sample size.

Table 3.2 Sampling of respondents

<table>
<thead>
<tr>
<th>Target group</th>
<th>Population</th>
<th>Sample</th>
<th>Proportion of FBO</th>
<th>Source: Self (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Christian FBOs</td>
<td>346</td>
<td>150</td>
<td>68%</td>
<td></td>
</tr>
<tr>
<td>Muslim FBOs</td>
<td>143</td>
<td>62</td>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>Key Informants</td>
<td>20</td>
<td>8</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Total Respondents</td>
<td>509</td>
<td>220</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.3 Sampling of key informants

<table>
<thead>
<tr>
<th>Key informant</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank institutions operating in Malindi</td>
<td>4</td>
</tr>
<tr>
<td>Malindi district development office</td>
<td>1</td>
</tr>
<tr>
<td>Local businesses and donors</td>
<td>1</td>
</tr>
<tr>
<td>CACC</td>
<td>1</td>
</tr>
<tr>
<td>APHIA plus</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Self (2012)
3.5 Data collection methods

Questionnaires were used as the key tools for collecting data. The questionnaires were selected by the researcher due to the limited time available for data collection and budget restrictions. The questionnaire was selected based on the objectives of the study, as well as the nature of data collected. This particular instrument was more preferred in the study because it can be used to collect data in a relatively short time (Oso & Onen, 2009). Furthermore, feedback is generally anonymous which encourages openness in giving views, opinions and feelings which were central in meeting the researcher’s objectives. The researcher used structured questionnaires to collect more focused information.

3.6 Data collection procedure

Permission was sought from the University of Nairobi before commencing the study. Primary data was collected from 220 participants from FBOs and Key Informants using questionnaires. The data was collected by the researcher assisted by two field assistants each assigned to one administrative division in Malindi district, Kilifi County. Respondents from FBOs in each division received questionnaires through their organizations while key respondents received their questionnaires through their offices. The questionnaires were distributed to participants by direct contact. The respondents fill in their questionnaires as indicated and the researcher assisted by the field assistants collected the completed questionnaires from participants through their respective offices for analysis.
3.7 Validity of the Research Instruments

Creswell (2002) defines validity as the extent to which an instrument measures what it is intended to measure. The study adopted content validity which indicated whether the test items represented the subject that the test was designed to measure. The pilot study was done to help in determining clarity, accuracy and suitability of the instruments by helping identify inadequate and ambiguous items. Items that were ineffective in measuring the variables they were intended to were modified or disregarded and new ones included. The instruments used in the study were examined by the research supervisor who is an authority in research for expert opinion. Specific items were constructed by harmonizing wordings so that items were not always marked in the YES or in the NO direction and the use of items that do not provoke defensiveness (Dooley, 1995).

3.8 Reliability of the Research Instruments

Reliability is defined by Kothari (2011) as the extent to which a measuring instrument provides consistent results on repeated trials. Researchers increase reliability through standardization by framing questions in the same approach and about similar content and by training research assistants to reduce raters' errors (Dooley, 1995). Consistency of the questionnaires used in this study was established through the KR-20 index. This index was selected as it is used to estimate reliability for dichotomous or Yes/No; True/False response scales (Kuder & Richardson, 1937). Reliability was computed on the pilot study results using SPSS20 which gave the KR-20 index as 0.701. Nunnally & Bernstein (1994) state that a reliability index of 0.700 or more should be
accepted. The computed reliability value of 0.701 was accepted since it was more than the minimum reliability index of 0.700. The study carried out a pilot study in FBOs and key informants that were not included in the study sample. The results obtained were used to modify the instruments and improve their validity and reliability.

3.9 Ethical considerations

Participation in the study was voluntary. The informed consent of respondents in the study sort and any issues raised by them was clarified before their involvement. Furthermore, Participants were assured of their confidentiality. The participants were assured that the information they provided will not be made available to anyone who is not directly involved in the study and will be used only for its intended purpose. The researcher remained respectful and sensitive to participants’ concerns during the course of the study.

3.10 Data presentation and analysis techniques

The study sought to demonstrate the extent to which the dependent variable is affected by the independent variables. Structured questionnaires were used to collect data from the field. The use of structured questionnaires generated qualitative data which was categorical in nature. The responses to the items in the questionnaire were coded and analyzed using inferential statistics and non parametric tests and the analysis results were presented in the form of tables. Hypothesis testing was done for every objective.
### 3.11 Operationalization of variables

#### Table 3.4 Operationalization Table

<table>
<thead>
<tr>
<th>Research Objectives</th>
<th>Type of Variable</th>
<th>Indicator</th>
<th>Measure</th>
<th>Level of Scale</th>
<th>Research Design</th>
<th>Data collection method</th>
<th>Level of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>To assess the extent to which Faith related factors affect project financing in FBOs in Malindi, Kilifi County.</td>
<td>Independent variable: Faith related factors</td>
<td>Religious affiliation, staff religious conformity, incorporation of religion in fund raising</td>
<td>Membership to a religion, staff hiring on religious basis, selecting funding sources on religious basis</td>
<td>Nominal scale</td>
<td>Survey</td>
<td>Questionnaire</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>To examine how legal concerns affect project financing in FBOs in Malindi, Kilifi County.</td>
<td>Independent variable: Legal factors</td>
<td>Legal status, compliance to legal requirements, Legitimacy of project activities</td>
<td>Official registration, approval and, reporting of project activities</td>
<td>Nominal scale</td>
<td>Survey</td>
<td>Questionnaire</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>To establish the extent to which Proselytism is a factor affecting FBO project financing in Malindi, Kilifi County.</td>
<td>Independent variable: Proselytism</td>
<td>Conversion as qualification for service, religious conformity requirements</td>
<td>Obligatory conversion before admission, mandatory religious instructions and rituals</td>
<td>Nominal scale</td>
<td>Survey</td>
<td>Questionnaire</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>Research Objectives</td>
<td>Type of Variable</td>
<td>Indicator</td>
<td>Measure</td>
<td>Level of Scale</td>
<td>Research Design</td>
<td>Data collection method</td>
<td>Data level of Analysis</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>------------------------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>-------------------</td>
<td>------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>To examine how accountability affects project financing in FBOs in Malindi, Kilifi County.</td>
<td>Independent variable: Accountability</td>
<td>Responsibility, authority and power structures</td>
<td>Organizational chart (decision making, and reporting). Financial policies, Monitoring and evaluation (auditing)</td>
<td>Nominal scale</td>
<td>Survey</td>
<td>Questionnaire</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checks and balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Non-parametric tests</td>
</tr>
<tr>
<td>To assess how project sustainability affects project financing in FBOs in Malindi, Kilifi County.</td>
<td>Independent variable: Project sustainability</td>
<td>Local support, Financial sustainability, benefits extension</td>
<td>Stakeholder participation, fund raising and funds diversity</td>
<td>Nominal scale</td>
<td>Survey</td>
<td>Questionnaire</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Non-parametric tests</td>
</tr>
</tbody>
</table>
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The study investigated faith and other related factors affecting FBOs project financing in Malindi district, Kilifi County with a view to providing an understanding on approaches that may be applied to enhance project financing in FBOs. This was in view of the fact that few FBOs participated in bidding for public funding and from those that applied for funding few were successful. The data collected was analyzed using chi-square tests. This chapter presents the analyses and interpretation of these results.

4.2 Response Rate

The study had a response rate of 80.3%. Researchers generally agree that a response rate of 80% and above is good for a survey design (Punch, 2003; Groove, 1990; Sheehan, 2001). The study distributed a total of 220 questionnaires. From the 220 questionnaires that were given out 186 were filled and returned. The 220 questionnaires were administered to FBOs with existing or past social development projects in Malindi district. The donor institutions considered were those already funding social projects through cooperate-social responsibility programs, direct funding and sub grantees, or government departments in charge of state sponsored funding programs in Malindi district, Kilifi County. Table 4.1 indicates the response rate and distribution of respondents from the two target groups.
Table 4.1: Response rate and distribution of respondents

<table>
<thead>
<tr>
<th>Target group</th>
<th>Sample size</th>
<th>Response</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBOs respondents</td>
<td>200</td>
<td>171</td>
<td>85.5</td>
</tr>
<tr>
<td>Funding organizations</td>
<td>20</td>
<td>15</td>
<td>75.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>220</strong></td>
<td><strong>186</strong></td>
<td><strong>80.3</strong></td>
</tr>
</tbody>
</table>

4.3 Profile of participant FBOs

There were two categories of respondents who participated in this study. These were participants from Christian FBOs and Muslim FBOs in Malindi district, Kilifi County. The FBOs considered in the study were those with either active community projects or had run similar projects in the past. Table 4.2 gives the proportionate participation from the two faiths, representation from Malindi and Magarini divisions as well as the proportion of national FBOs, local FBOs, churches and mosques covered in the study.

Table 4.2: The distribution of FBOs by background, type and administrative divisions

<table>
<thead>
<tr>
<th>FBOs background</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religious background</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian</td>
<td>133</td>
<td>77.8</td>
</tr>
<tr>
<td>Muslim</td>
<td>38</td>
<td>22.2</td>
</tr>
<tr>
<td>Administrative division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malindi</td>
<td>128</td>
<td>74.9</td>
</tr>
<tr>
<td>Magarini</td>
<td>43</td>
<td>25.1</td>
</tr>
<tr>
<td>Type of FBOs organization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>1</td>
<td>0.6</td>
</tr>
<tr>
<td>Local</td>
<td>17</td>
<td>9.9</td>
</tr>
<tr>
<td>Church</td>
<td>124</td>
<td>72.5</td>
</tr>
<tr>
<td>Mosque</td>
<td>29</td>
<td>17.0</td>
</tr>
</tbody>
</table>
4.4 Faith related factors affecting FBOs project financing in Malindi district.

The first objective of the study was to assess the effect of Faith related factors influencing project financing in FBOs in Malindi, Kilifi County. To achieve this objective the respondents were asked to react to three statements meant to describe faith related factors in FBOs project financing. Faith related factors were defined in terms of FBOs religious affiliation, whether religion was a consideration in staff recruitment and religious basis in deciding on potential funding sources. The participant responses are summarized in Table 4.3.

Table 4.3: Cross tabulation of faith related factors and project financing

<table>
<thead>
<tr>
<th></th>
<th>Is your FBO affiliated to any religious organization?</th>
<th>Is religious affiliation a consideration in hiring your FBO staff?</th>
<th>Is religion a factor in deciding on potential project funding sources?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>%</td>
</tr>
<tr>
<td>Is your FBO % currently being externally funded?</td>
<td>Yes</td>
<td>56</td>
<td>32.7</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>105</td>
<td>61.4</td>
</tr>
<tr>
<td>Totals</td>
<td>161</td>
<td>10</td>
<td>9.8</td>
</tr>
</tbody>
</table>

The results in Table 4.3 suggest that although most FBOs surveyed in Malindi district (94.2%) are affiliated to a religious organization, only a few receive external funding. A high majority of the FBOs consider religious affiliation an important factor in staff hiring. However, when
deciding on potential funding sources only a slight majority based their decisions on religious
considerations. Data collected on this objective was analyzed under the null hypothesis: Faith
related factors have no influence on project financing in FBOs in Malindi, Kilifi County. Chi-
square tests were performed on the cross tabulated results of FBOs external funding and faith
related factors to determine if they have a significant effect on FBOs project financing in
Malindi district. The results of the chi-square tests are summarized in Table 4.4.

Table 4.4: Chi-square test results for faith related factors

<table>
<thead>
<tr>
<th>Chi-square test for FBOs external funding and faith related factors</th>
<th>FBO affiliation to religious organization</th>
<th>Religious affiliation consideration in hiring FBO staff</th>
<th>Religious consideration on funding sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>2.602</td>
<td>1.622</td>
<td>0.774</td>
</tr>
<tr>
<td>df</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Asymp. Sig. (2-sided)</td>
<td>0.107</td>
<td>0.203</td>
<td>0.379</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>171</td>
<td>171</td>
<td>171</td>
</tr>
</tbody>
</table>

The results of Table 4.4 suggest that in all the three faith-related factors measured, there is no
adequate confirmation of their critical effect on FBOs project financing in Malindi district.
Religious affiliation had a p-value 0.107 being greater than the critical value \( \alpha \) (0.05). Staff
recruitment on religious basis had a p value (0.203) which is greater than the critical value \( \alpha \)
(0.05), while choosing funding sources on religious basis had a p-value of 0.379 being greater
than the critical value \( \alpha \) (0.05). Thus we fail to reject the null hypothesis that Faith related
Factors have no influence on project financing in FBOs in Malindi, Kilifi County; and no enough evidence to accept the alternative hypothesis that Faith related factors have an influence on project financing in FBOs in Malindi, Kilifi County. More investigation is therefore needed to establish the effect of faith related factors on project financing in FBOs in Malindi. There is thus sufficient evidence to conclude that whether FBOs in Malindi are affiliated to a religious organization, discriminate staff hiring on religious basis or choose potential funding sources on religious basis influences the financing of their projects. This means that in Malindi, the way FBOs define their religious affiliation, conduct staff hiring and consideration of potential funding sources does not affect external funding of their projects.

1.5 Legal factors affecting FBOs project financing in Malindi district

The second objective of this study was to examine how legal concerns affect project financing in FBOs in Malindi, Kilifi County. To attain this objective the study participants were asked to respond to several statements meant to describe the legal factors in FBOs project financing. FBOs project legal issues were established in terms of FBOs legal registration with proof of certification, approval of FBOs project activities by relevant authorities before commencement and whether FBOs file their project reports with the government and other pertinent authorities. The responses from participants on these items in terms of tallies and frequencies are summarized in Table 4.5.
The results in Table 4.5 indicate that project legal factors are important in FBOs project financing in Malindi. A majority of FBOs surveyed indicated they were registered (85.4%) although a few reported operating without registration (14.6%). A higher proportion of FBOs which were registered (31.6%), sought approval for their projects (29.2%) and reported their activities (26.3%) received external funding as compared to FBOs which did not comply with legal requirements of registration, approval of activities and reporting (1.7%, 4.1% and 7.0%) respectively. Data collected on this objective was analyzed under the hypothesis: Legal concerns have no influence on project financing in FBOs in Malindi, Kilifi County. The chi-square test were performed on legal factors to determine if they have a significant effect on FBOs project financing in Malindi district and the results summarized in Table 4.6.
Table 4.6: Chi-Square Tests for legal factors

<table>
<thead>
<tr>
<th>Test of independence between FBOs external funding and legal factors</th>
<th>FBOs legal registration with certification</th>
<th>Approval of project activities before commencement</th>
<th>Project activities reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>5.997</td>
<td>6.959</td>
<td>8.553</td>
</tr>
<tr>
<td>df</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Asymp. Sig. (2-sided)</td>
<td>0.014</td>
<td>0.008</td>
<td>0.003</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>171</td>
<td>171</td>
<td>171</td>
</tr>
</tbody>
</table>

The results from Table 4.6 show that analysis on legal registration had p-value (0.14) less than the critical value $\alpha$ (0.05), approval of project activities before commencement had a p-value 0.008 less than $\alpha$ (0.05) while reporting of project activities had a p-value of 0.003 less than $\alpha$ (0.05). Thus the test statistics are significant at the 5% level in all the three legal factors investigated. These results are in agreement with those in Table 4.5. There is therefore sufficient evidence to reject the null hypothesis and accept the alternative hypothesis that legal concerns have an influence on project financing in FBOs in Malindi, Kilifi County. These results mean that legal issues are a critical factor in the financing of FBOs projects in Malindi district.

4.1 Proselytism concerns affecting FBOs project financing in Malindi district

The third objective of this study was to establish the extent to which Proselytism is a factor affecting FBOs project financing in Malindi, Kilifi County. To achieve this objective the study participants were asked to state whether religious teachings, distribution of religious literature
and participation in religious programs are necessary requirements for project beneficiaries. The response results are summarized in Table 4.7.

Table 4.7: Cross tabulation of proselytism factors and project financing

<table>
<thead>
<tr>
<th>Is your FBO currently being externally funded?</th>
<th>Is religious teaching a necessary part of your project activities?</th>
<th>Does the FBO distribute religious materials to project beneficiaries?</th>
<th>Does the FBO require project beneficiaries to participate in its religious programs?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Yes FBO%</td>
<td>46</td>
<td>11</td>
<td>40</td>
</tr>
<tr>
<td>No FBO%</td>
<td>100</td>
<td>14</td>
<td>70</td>
</tr>
<tr>
<td>Totals</td>
<td>146</td>
<td>25</td>
<td>110</td>
</tr>
<tr>
<td>%</td>
<td>85.4</td>
<td>14.6</td>
<td>64.3</td>
</tr>
</tbody>
</table>

The results in Table 4.7 suggest that most FBOs in Malindi consider religious teaching a necessary part of their project activities and distribute religious literature and materials to project beneficiaries. However, there was little difference between those who required project beneficiaries to participate in religious programs and those who did not. Data collected was analyzed under the hypothesis: Proselytism has no influence on project financing in FBOs in Malindi. The chi-square test was performed to determine if proselytism factors have a significant effect on FBOs project financing in Malindi district. The results of the chi-square test are summarized in Table 4.8.
The results in Table 4.8 indicate that both religious teachings and distribution of religious materials have p values 0.221 and 0.259 respectively greater than the critical value $\alpha 0.05$. This indicates that these two factors may not be critical. However, the requirement for project beneficiaries to participate in religious programs had p-value 0.001 being less than $\alpha 0.05$ which is significant. There is therefore insufficient evidence to reject the null hypothesis and no enough evidence to accept the alternative hypothesis. More investigation is needed to establish the effect of proselytism in FBOs project financing in Malindi district. These findings however suggest that religious promotion has no influence on the financing of projects in FBOs in Malindi.
4.7 Accountability concerns affecting FBOs project financing in Malindi district

Under the fourth objective the study examined how accountability affect project financing in FBOs in Malindi, Kilifi County. Participants in the study were asked to react to a set of questions on whether their FBOs had organizational charts, written financial policies and had audited financial records. The results are summarized in Table 4.9.

Table 4.9: Cross tabulation of external funding and accountability factors

<table>
<thead>
<tr>
<th></th>
<th>Does your FBO have an organizational chart?</th>
<th>Does your FBO have written financial management policies?</th>
<th>Are your FBO records audited?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Is your FBO currently% being externally funded?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>53</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>31.0</td>
<td>2.3</td>
<td>29.2</td>
</tr>
<tr>
<td>No</td>
<td>79</td>
<td>35</td>
<td>69</td>
</tr>
<tr>
<td>%</td>
<td>46.2</td>
<td>20.5</td>
<td>40.4</td>
</tr>
<tr>
<td>Totals</td>
<td>132</td>
<td>39</td>
<td>119</td>
</tr>
<tr>
<td></td>
<td>77.2</td>
<td>22.8</td>
<td>69.6</td>
</tr>
</tbody>
</table>

The results in Table 4.9 suggest that most of the FBOs surveyed in Malindi district have developed organizational charts while only a majority of the FBOs have written financial policies and conduct project record auditing requirements. These results suggest that accountability concerns are an important factor in FBOs project financing. Data collected was analyzed under the hypothesis: Accountability concerns have no influence on project financing in FBOs in Malindi, Kilifi County. Chi-square tests were performed to determine if
Accountability factors have a significant effect on FBOs project financing in Malindi district and results of the tests are summarized in Table 4.10.

<table>
<thead>
<tr>
<th>Chi-square tests for internal funding and accountability factors</th>
<th>FBO organizational chart</th>
<th>Written financial management policies</th>
<th>FBO records auditing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>12.108</td>
<td>13.278</td>
<td>31.179</td>
</tr>
<tr>
<td>d.f.</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Imp. Sig. (2-sided)</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>of Valid Cases</td>
<td>171</td>
<td>171</td>
<td>171</td>
</tr>
</tbody>
</table>

The results from Table 4.10 indicate that p-values for organizational chart (0.001), financial policies (0.000) and auditing (0.000) are all less than α (0.05). The test statistic for all the three factors is significant at the 5% level. These results confirm the findings in Table 4.9. Therefore sufficient evidence to reject the null hypothesis of accountability concerns having no influence on project financing in FBOs in Malindi district; and accept the alternative hypothesis that accountability concerns have an influence on project financing in FBOs in Malindi district. This means that whether FBOs have an organizational chart, written financial policies and have their records audited will affect the financing of its projects.
The fifth objective of this study was to assess how project sustainability affects project financing in FBOs in Malindi, Kilifi County. To achieve this objective, the participants in the study were asked to react to statements on the role of the local community in the FBOs projects, the current funding status of the FBOs, the number of funding sources and engagement in income generating activities. The results are summarized in Table 4.11.

Table 4.11: Cross tabulation of sustainability factors and project financing

<table>
<thead>
<tr>
<th>Does the local community play any role in your project?</th>
<th>Does your FBO have more than one funding source?</th>
<th>Does your FBO have income generating activities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Is your FBO currently being externally funded?</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Yes</td>
<td>57</td>
<td>0</td>
</tr>
<tr>
<td>%</td>
<td>33.0</td>
<td>0.0</td>
</tr>
<tr>
<td>No</td>
<td>104</td>
<td>10</td>
</tr>
<tr>
<td>%</td>
<td>61.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Totals</td>
<td>161</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>94.2</td>
<td>5.8</td>
</tr>
</tbody>
</table>

The results in Table 4.11 suggest that from the FBOs surveyed in Malindi district, many have projects with no external funding support, rely on single project funding sources and have no income generating activities. These results suggest that project sustainability in most FBOs depends on member contributions. Data collected was analyzed under the hypothesis: Project sustainability concerns have no influence on project financing in FBOs in Malindi, Kilifi
Chi-square tests was performed to determine if project sustainability factors have a significant effect on FBOs project financing in Malindi district and the results are summarized in Table 4.12.

<table>
<thead>
<tr>
<th>Test of independence between FBOs external funding and sustainability factors</th>
<th>Does the local community play any role in your project?</th>
<th>Does your FBO have more than one funding source?</th>
<th>Does your FBO have income generating activities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>5.311</td>
<td>74.957</td>
<td>5.717</td>
</tr>
<tr>
<td>Df</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-sided)</td>
<td>0.021</td>
<td>0.000</td>
<td>0.017</td>
</tr>
<tr>
<td>Of Valid Cases</td>
<td>171</td>
<td>171</td>
<td>171</td>
</tr>
</tbody>
</table>

Table 4.12 results indicate that community participation; fund diversification and income generating activities have p-values 0.021, 0.000 and 0.017 respectively, being less than the critical value α (0.05). This finding confirms results suggested in Table 4.11. The study hence establishes that project sustainability factors influence FBOs project financing in Malindi district. There is thus sufficient evidence to reject the null hypothesis and accept the alternative hypothesis. This means that the fund raising strategies adopted by FBOs, funds diversity and whether FBOs have income generating activities or not affect FBOs projects financing. None of the organizations which reported no local community participation received external funding.
Informant Response analysis

A survey was conducted and a number of local funding institutions and government departments involved in funding FBOs projects were surveyed as key informants. The aim was to highlight project financing aspects considered critical by funding institutions. The responses from key informants are summarized in Table 4.13.

<table>
<thead>
<tr>
<th>Issues on FBOs projects</th>
<th>Yes</th>
<th>% yes</th>
<th>No</th>
<th>% no</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility of FBOs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund local organizations</td>
<td>7</td>
<td>87.5</td>
<td>1</td>
<td>12.5</td>
</tr>
<tr>
<td>FBOs eligible</td>
<td>6</td>
<td>75</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>Non discrimination of staff requirement</td>
<td>8</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Scoping for Policy influence of religion in FBOs projects</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Legal issues in FBOs projects</td>
<td>2</td>
<td>25</td>
<td>6</td>
<td>75</td>
</tr>
<tr>
<td>Proselytism in FBOs projects</td>
<td>2</td>
<td>25</td>
<td>6</td>
<td>75</td>
</tr>
<tr>
<td>Accountability in FBOs projects</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Project sustainability factors</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Scoping for Policy influence of religion in FBOs projects</td>
<td>1</td>
<td>12.5</td>
<td>7</td>
<td>87.5</td>
</tr>
<tr>
<td>Legal issues in FBOs projects</td>
<td>5</td>
<td>62.5</td>
<td>3</td>
<td>37.5</td>
</tr>
<tr>
<td>Proselytism in FBOs projects</td>
<td>4</td>
<td>50</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>Accountability in FBOs projects</td>
<td>4</td>
<td>50</td>
<td>4</td>
<td>50</td>
</tr>
<tr>
<td>Project sustainability factors</td>
<td>1</td>
<td>12.5</td>
<td>7</td>
<td>87.5</td>
</tr>
<tr>
<td>Religious worship or instruction</td>
<td>2</td>
<td>25</td>
<td>6</td>
<td>75</td>
</tr>
<tr>
<td>Group prayer in meetings</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Purchase religious materials</td>
<td>5</td>
<td>62.5</td>
<td>3</td>
<td>37.5</td>
</tr>
<tr>
<td>Religious mission statement</td>
<td>1</td>
<td>12.5</td>
<td>7</td>
<td>87.5</td>
</tr>
<tr>
<td>Project activity in places of worship</td>
<td>0</td>
<td>0</td>
<td>8</td>
<td>100</td>
</tr>
<tr>
<td>Proselytism</td>
<td>7</td>
<td>87.5</td>
<td>1</td>
<td>12.5</td>
</tr>
</tbody>
</table>
The results in Table 4.13 suggest that most funding institutions in Malindi district (75%) indicate FBOs as eligible for social program funding. This means FBOs in Malindi have many funding opportunities available from local funding institutions. All the institutions surveyed indicated a requirement for those projects they support not to discriminate in the hiring of project staff on religious basis. However, Table 4.3 indicated that FBOs which discriminated in hiring staff on religious basis still received external funding. This may suggest that the policy on non-discrimination by funding institutions is not strictly enforced in Malindi.

Institutions which indicated that they declined funding FBOs cited legal and proselytism concerns as the main reasons for the non-eligibility of FBOs. This means that religion promotion factors cited have a legal implication on the funding institutions as they would be seen to be promoting a sectarian agenda. Those institutions that fund FBOs projects still indicated declining funding specific activities due to legal, proselytism and accountability concerns in FBOs. This may suggest that funding institutions prefer maintaining a neutral religious position because of their public business orientation and accounting for their social programs.

These findings suggest that most funding institutions in Malindi consider the use of donor funds to purchase religious literature materials, religious ideology promotion and discrimination in FBOs staff hiring based on religion as impermissible activities. None of the funding institutions surveyed however indicated group prayers or activities carried out in places of worship as permissible. This might be due to the religious disposition of the community in Malindi.
CHAPTER FIVE
SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND REMENDATIONS

Introduction

This chapter gives the summary of findings and presents the discussion of key findings on faith aspects affecting FBOs project financing in Malindi district, Kilifi County. Conclusions on findings are made by addressing the purpose of the study and offer recommendations for further research.

Summary of findings

Legal factors, accountability and project sustainability concerns were found to influence project financing in Malindi district. Results on faith related factors and proselytism were however inconclusive and needed more investigation to ascertain their effect on FBOs project financing in Malindi. Findings on faith related factors show that 94.2% of the FBOs studied are affiliated to a religious organization, 67.8% confirmed religious concerns in hiring staff while mentioned religion to be a factor in deciding on potential project funding sources. Data on FBOs affiliation to religious organizations gave the chi-square test as $\chi = 2.602; \text{df} = 1; \text{p-value} = 0.107; N = 171$. Analysis on staff hiring on religious basis had $\chi = 1.662; \text{df} = 1; \text{p-value} = 0.203; N = 171$. Analysis on choosing funding sources had $\chi = 0.774; \text{df} = 1; \text{p-value} = 0.378; N = 171$. All the three indicators had p-values greater than the critical value $\alpha = 0.05$, thus
to reject the null hypothesis that faith related factors have no influence on project
ting in FBOs in Malindi district.

resses analysis on legal factors in FBOs project financing indicated that 85.4% of the FBOs
ed are registered, 75.4% had project activities approved by the necessary authorities and
report project activities to the government. The chi-square tests for FBOs legal
ration gave $\chi = 5.997; \ df = 1; \ p\text{-value} 0.14; \ N=171$. Approval of project activities had $\chi =
; \ df = 1; \ p\text{-value} 0.008; \ N=171$. Reporting of project activities had $\chi = 8.553; \ df = 1; \ p-
0.003; \ N=171$. All the tree factors analyzed had their p-values less than $\alpha$ (0.05) so there
sufficient evidence to reject the null hypothesis.

ysis on proselytism factors gave mixed responses with 85.4% participants considering
ious teaching a necessary part of their projects, while 64.3% reported issuing religious
ials along with project services. However, only 48.5% required project recipients to adhere
igious programs. The chi-square test for religious teachings as part of project activities gave
1.499; \ df = 1; \ p\text{-value} 0.221; \ N=171$. Analysis on distribution of religious materials had $\chi =
4; \ df = 1; \ p\text{-value} 0.259; \ N=171$. Analysis on the requirement for project beneficiaries to
icipate in religious programs had $\chi = 11.249; \ df = 1; \ p\text{-value} 0.001; \ N=171$. The p-values on
igious teachings and distribution of religious materials were greater than the critical value $\alpha$
while the p-value for participation in religious programs was less than $\alpha$ 0.05 so there was
sufficient evidence to reject the null hypothesis.
Data analysis on accountability concerns in FBOs project financing show that accountability is a critical issue in most organizations with 77.2% indicating that they had developed an organizational chart, 69.6% had written financial policies and 68.4% had their project records audited. The chi-square test on FBOs organizational chart gave $\chi = 12.108; \text{df} = 1; \text{p-value} = 0.01$ being less than $\alpha (0.05)$. Analysis on written financial policies gave $\chi = 13.278; \text{df} = 1; \text{p-value} = 0.000$ being less than $\alpha 0.05$ while analysis on FBOs records auditing gave $\chi = 79; \text{df} = 1; \text{p-value} = 0.000$ less than $\alpha 0.05$. Thus, there was sufficient evidence to reject null hypothesis of accountability factors having no influence on project financing in FBOs in Malindi.

Interventions to project sustainability concerns indicated that most FBOs in Malindi district do not depend on external funding for financing their projects. Only 33% of the FBOs surveyed which have community support indicated an external funding source for their projects. On funding sources, 26.9% said they had more than one funding source. Income generating activities were reported to be operated by 45% of the FBOs surveyed. The chi-square test for local community participation gave $\chi = 5.311; \text{df} = 1; \text{p-value} = 0.021$ being less than $\alpha (0.05)$. Analysis on FBOs with more than one funding source gave $\chi = 74.957; \text{df} = 1; \text{p-value} = 0.000$ less than $\alpha 0.05$. Analysis on income generating activities gave $\chi = 5.717; \text{df} = 1; \text{p-value} = 0.017$ being less than $\alpha 0.05$. There was sufficient evidence to reject the null hypothesis that project sustainability factors have no influence on project financing in FBOs in Malindi.
5.3 Discussion of key findings

The first objective of this study was to assess the extent to which faith-related factors affect project financing in FBOs in Malindi, Kilifi County. Data analysis and interpretation of questionnaire responses from FBOs staff did not confirm that faith-related factors affect FBOs project financing in Malindi district. The findings suggested that faith-related attributes such as affiliation to a religious organization, staff recruitment on religious basis and choosing funding sources on religious considerations may not be critical factors in financing FBOs projects in Malindi. These findings disagree with views by Hoffstaedter (2011) who argues that religious affiliation allows FBOs to take advantage of vast funding opportunities and resources for their projects.

Faith, as defined by Hoffstaedter (2011) is a constitutive reality and an important part of the everyday life of most people. The role of faith in development work is underscored by religion’s long history in addressing both the spiritual and material concerns in development (Riddell, 2005; Scott, 2007 and Olson, 2008). Hovland (2005) shows the inseparability of faith in FBOs arguing that any attempt to separate out faith in FBOs is only hypothetical and unproductive and negates on the expectation of FBOs delivering the unique contribution of faith.

The importance of faith to FBOs is confirmed by the high proportion of FBOs (94.2%) in this study who claimed affiliation to a religious organization. However, most FBOs in Malindi seem not to take advantage of their religious affiliation, long history of religion in development and
lished structures to secure external funding for their projects. This is reflected in the fact many of the FBOs affiliated to a religious organization in Malindi are likely to report not being externally funded. Discrimination in hiring new staff (67.8%) and choosing funding sources based on religious considerations may narrow the FBOs funding base and compromise quality of their project work. Most funding institutions surveyed in Malindi singled out discrimination in staff recruitment as being impermissible thus declining funding FBOs projects are not equal opportunity employers.

The second objective, the study sought to examine how legal concerns affect project financing FBOs in Malindi, Kilifi County. Data analysis and interpretation of questionnaire responses indicated that legal factors affect FBOs project financing in Malindi district. These findings imply that legal concerns are an important factor in financing FBOs projects. They must therefore be taken into consideration in the development of FBOs project fundraising strategies.

This finding is in conformity with views by Scott and Kidder (2004) who asserts that most funding organizations require FBOs receiving their support to separately register as non profits. Alal (2001) agrees with this view in arguing that the legal status of FBOs determines the level of project funding it can receive.

The importance of legal concerns in FBOs project financing is underscored by the development of supportive legal and policy environments by some countries with the aim of bringing FBOs in their development forums. For instance the Charitable Choice in USA was formulated with the
of facilitating and broadening funding and operation of FBOs projects within the law without compromising FBOs identity (Lupu and Tuttle, 2006). In Kenya the law requires FBOs to be fully registered in order to run projects (The Non-Governmental Organizations Co-Operation Act, 1990).

Regulation of policies and legal requirements are meant to regulate FBOs within the law. Confirmation by the findings in this study of 85.4% FBOs surveyed as registered, 75.4% with government approval and 63.7% reporting their activities to relevant authorities indicates that legal issues are considered critical to FBOs project financing. Although most institutions in Malindi district indicated fewer restrictions on FBOs project eligibility, legal concerns as the reason for declining funding FBOs projects. Thus an understanding of donor and government legal requirements is essential in enhancing the funding of FBOs projects in Malindi district.

The objective sought to establish the effect of Proselytism in FBOs project financing in Kilifi County. Data analysis and interpretation of questionnaire responses did not clearly show that proselytism influences FBOs project financing in Malindi district. These findings indicate that more investigation is needed to establish the effect of proselytism in FBOs financing in Malindi district. The study findings disagree with views by Dwarswaard and McGinnis (2006) who argues that proselytism affects funding of FBOs projects due to competition given the fact that some FBOs engage in combinations of public service and
Proselytism in their projects, although implicitly. Responses from participants in this study indicate that although 85.3% of FBOs consider religious teaching a necessary part of their projects, only 48.5% of the total respondents required project recipients to adhere to their religious programs. The ambivalence on religion promotion by FBOs may explain the conclusiveness of this study on the effect of proselytism on FBOs project financing in Malindi. This means that most FBOs in Malindi are not likely to use their projects to promote religion, a fact that makes them eligible to most donors funding.

The fourth objective of this study was to assess how accountability affects FBOs project financing in Malindi, Kilifi County. Data analysis and interpretation of questionnaire responses indicated that accountability influences FBOs project financing in Malindi. These findings mean that accountability concerns are an important factor in financing FBOs projects. They must therefore be taken into account when developing FBOs project funding proposals and control systems. This finding is in agreement with observations by Olarinmoye (2012) who argues that many funding institutions have adopted performance based funding which in essence restricts funding to FBOs with strong accountability structures.

Accountability as defined by Keans (1994) is holding individuals and organizations responsible for performance measured as objectively as possible. And according to Hall (2002), funding institutions increasing readiness to use FBOs in development projects raise the delicate question of the accountability of FBOs in terms of financial management, service quality, and regard for
the right of beneficiaries and donors. Research findings in this study showed that 77.2% of the FBOs surveyed had an organizational chart, 69.6% had written financial policies and 68.4% audited their records. Most of the FBOs surveyed in Malindi had good accountability strategies and practice. However, some of the FBOs have not developed accountability structures. FBOs that had developed accountability structures and systems in Malindi were more likely to receive external funding than those FBOs with no accountability measures. With the new trend in performance based funding, FBOs in Malindi must develop their accountability structures in order to attract meaningful external funding.

The fifth objective of the study was to assess the effect of project sustainability on project financing in FBOs in Malindi, Kilifi County. Data analysis and interpretation of questionnaire responses indicated that sustainability factors affect FBOs project financing in Malindi. These findings indicate that sustainability is an important factor in financing FBOs projects. It should therefore be taken into consideration in the development of FBOs continuity and strategic plans. This finding agrees with views by Hampshire (2000) who identified financial management through fund raising, funds development and local participation as a key determinant of sustainability.

Sustainability, as defined by Whitfield, et al (2008), is the capacity of an organization to achieve long term success and stability and to serve its customers without the threat or loss of financial support and the quality of services. Most FBOs especially congregations, due to their affiliation
established religious organizations and the ability to raise funds from their local members has been considered a strong indication of sustainability (Foster, 2004; Theisen, 2005). Findings from this study confirm this view as 67% of the respondents indicated that they do not have an external source of funding while only 45% of the participants said they have income generating activities. This means that most FBOs in Malindi rely on member support to run their projects. However over reliance on member contributions may limit the scope and level of projects that the FBOs can manage. Huge projects require large amounts of funds which FBOs local members may strain to support. As such equal emphasis must be directed towards the development of effective fundraising strategies, diversification of external funding base and establishment of income generating activities. It is therefore important for FBOs to seek and develop self reliable strategies in funding their projects and gain on their strategic advantage of volunteerism and selfless service.

4 Conclusions

The first objective of this study was to assess the effect of faith related factors influencing project financing in FBOs in Malindi, Kilifi County. Analysis of data collected suggested that faith related factors do not have a major impact on FBOs project financing in Malindi. More investigation is therefore required to ascertain the significance of faith related factors on FBOs projects in Malindi. The second objective of the study was to examine how legal factors affect project financing in FBOs in Malindi, Kilifi County. Data analysis established that legal factors have an influence on FBOs project financing in Malindi. They are therefore to be considered in FBOs project planning and implementation.
The first objective was to establish the effect of proselytism in FBOs project financing in Kilifi County. Data analysis suggested that proselytism factors of religious teaching as project activities and distribution of religious materials alongside services to project beneficiaries may not be critical in the financing of FBOs projects in Malindi. However the requirement for project beneficiaries to participate in FBOs religious programs was found to be significant in the financing of FBOs projects. Thus these findings were exploratory demanding for more investigation to establish the effect of proselytism in FBOs financing in Malindi district.

The fourth objective was to assess how accountability affects project financing in FBOs in Kilifi, Kilifi County. Accountability factors in terms of records auditing, reporting of project processes and development of the organizational chart were found to be critical to FBOs project financing in Malindi. The fifth objective of this study was to assess the effect of project sustainability in project financing in FBOs in Malindi, Kilifi County. The study established that sustainability in terms of fund development, diversification and income generating strategies has an influence on FBOs project financing in Malindi.

**Recommendations**

From the findings of this research study, faith related factors were not found to influence project financing in FBOs in Malindi. They however seemed to dictate the interaction of FBOs by influencing hiring of new staff and decisions on funding sources. This practice may however
on the motive and sincerity of FBOs projects. To reduce mutual suspicion and support for FBOs' initiatives and decisions, the researcher recommends the development of clear policy guidelines by FBOs delineating their core beliefs, values and missions. These policy guidelines should be made available to all FBOs' stakeholders including organizations, government agencies and the public.

Legal requirements are vital to the existence and operation of FBOs. The findings from this study indicate that a majority of FBOs in Malindi district comply with legal requirements in their project implementation, while a few FBOs show less familiarity with legal requirements applicable to social projects. This indicates a need for common forums for FBOs to share and learn from each other. Therefore, the researcher recommends FBOs to form forums where they can share experiences and learn from each other on legal issues and policy requirements that affect their work.

Promotion is sometimes a controversial issue. Findings from this study show that most FBOs in Malindi district are not keen on promoting their religion. This means that there is less chance of generating and mistrust on partnering with FBOs in Malindi. The researcher recommends revisions which cite proselytism as the reason for non-eligibility of FBOs in their projects to review these policies in view of the findings of this study.

Accountability is central to the efficiency and effectiveness of resource utilizations. FBOs being resources from God need to embrace and promote accountability in their work.
from this study indicate that a few FBOs do not practice basic accountability elements in their projects. The researcher recommends the training of all FBOs staffs in accountability and management, especially from congregational organizations in order to improve their management. Most respondents (89%) were from congregational FBOs.

Sustainability is important for the sustenance of services and their quality without fear of discontinuation or abrupt end. Historically FBOs are considered sustainable organizations. This revealed that in Malindi district most FBOs surveyed do not rely on external funding or income generating activities. This means that most of the FBOs support is from their membership. Over reliance on member donations may lead to FBOs members developing fatigue. Hence, the researcher recommends FBOs to enhance their funds development, diversification and embrace income generating activities for their projects.

Questions for further studies

From this study on faith related factors and proselytism produced mixed responses and elusive. The researcher recommends further investigation to establish the effect of faith factors and proselytism on FBOs project funding. Furthermore many of the FBOs indicated having no external financial support, no income generating activities and no more than one funding source. The researcher recommends further research on specific strategies that FBOs in Malindi district can adopt to improve their financial base and sustainability without over reliance on external funding.
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Appendix 1: Letter of Transmittal

David Simiyu Wafula
O Box 5060-80200
Ndindiri, Kenya
Cell phone +254 724 784 150
Email david.simiyu.w@gmail.com

8th April 2012

Dear Sir/Madam,

**E: Request to Participate in Research**

I am a postgraduate student at the School of Continuing and Distance Education in the University of Nairobi and pursuing Masters of Arts Degree in Project Planning and Management. My Registration number is L50/64961/2010. I intend to carry out research on Faith and Other Related Factors Affecting Project Financing: the Case of Faith Based Organizations in Kilifi County, Kenya. This study is part of the fulfillment for the course that I am undertaking.

The study entails collection of data from which an analysis will be made and a final report written. Findings and recommendations from this study will be useful in strengthening project financing in FBOs and enhance their contribution to development. I kindly request you to participate in the study by filling the attached questionnaire. You will also be required to fill the attached informed consent form. The information collected will be for academic purposes only and will be treated with utmost care and confidentiality.

Thank you for your cooperation.

Yours Sincerely,

David Simiyu Wafula
INFORMED CONSENT FORM

Simiyu Wafula
Baptist AIDS Response Agency in Africa (BARAA) Malindi
-80200, Malindi
254 724 784 150
simiyu.w@gmail.com

I am invited to take part in a research study. This study is being carried out with
the University of Nairobi. Before you decide to participate in this study, it is
important that you understand why the research is being done and what it will involve. Please
read the following information carefully. You are free to ask the researcher if
something is not clear to you. This study is part of the fulfillment for the attainment of
an honors degree in Project Planning and Management

Any information gathered from the field during this research is solely for academic purposes and
will not be shared with any unauthorized person. All participants involved in this study will not
be identifiable, and their anonymity will be maintained. By signing this consent form, I confirm
that I have read and understood the information and have had the opportunity to ask questions. I
declare that my participation is voluntary and that I am free to withdraw at any time, without
cost and without penalty. I understand that I will be given a copy of this consent form. I
agree to take part in this study.

Sign........................................Date /__/2012

Sign........................................Date /__/2012
RESPONDENTS QUESTIONNAIRE

The Identification Information

<table>
<thead>
<tr>
<th>Code</th>
<th>R0/<strong>/</strong>/__</th>
<th><strong>/</strong>/2012</th>
</tr>
</thead>
</table>

- Re division: 1 Malindi [ ]  2 Magharini [ ]
- organization: 1National FBO[ ]  2Local FBO[ ]  3Church[ ]  4Mosque[ ]
- background of FBO: 1Christian[ ]  2 Muslim [ ]

...
Please tick in the box against your response to the YES/NO questions.

**Section A: Expression of faith related factors in FBO projects**

<table>
<thead>
<tr>
<th><strong>Question</strong></th>
<th><strong>Yes</strong> [0][ ]</th>
<th><strong>No</strong> [1][ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is your FBO affiliated to any religious organization?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Was religious affiliation an important consideration in hiring your FBO staff?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Was religion a factor in deciding on potential project funding sources?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section B. FBO projects’ legal issues**

<table>
<thead>
<tr>
<th><strong>Question</strong></th>
<th><strong>Yes</strong> [0][ ]</th>
<th><strong>No</strong> [1][ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your organization have a certificate of registration?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are your FBO project activities approved by necessary government authorities before commencement?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does your FBO file its project activity reports with the government?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Section C. Religion promotion**

<table>
<thead>
<tr>
<th><strong>Question</strong></th>
<th><strong>Yes</strong> [0][ ]</th>
<th><strong>No</strong> [1][ ]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is religious teachings a necessary part of your project activities?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the FBO distribute religious literature and materials alongside services to</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>9. Does your FBO require project beneficiaries to participate in its religious programs and observations like holidays?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>Section D: Accountability in FBOs projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Does your FBO have an organizational chart?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>11. Does your FBO have written financial management policies?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>12. Are your FBO records audited?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>Section E. FBOs project sustainability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Does the local community play any role in your project?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>14. Is your FBO currently being externally funded?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>15. Does your FBO have more than one funding source?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
<tr>
<td>16. Does your FBO have income generating activities?</td>
<td>Yes [0][ ]</td>
<td>No [1][ ]</td>
</tr>
</tbody>
</table>
Thank you for offering your time to participate in this study.

Appendix 4

KEY INFORMANTS QUESTIONNAIRE

<table>
<thead>
<tr>
<th>Questionnaire identifier information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondent Code</td>
</tr>
<tr>
<td>Date of Interview</td>
</tr>
<tr>
<td>Type of institution granting interview</td>
</tr>
</tbody>
</table>

You have been purposively selected to participate in the research on Faith and Other Related Aspects Affecting Project Financing: the Case of Faith Based Organizations in Kilifi County, Kenya. This study is being carried out by David Simiyu Wafula with permission from the University of Nairobi. It is part of the fulfillment for the attainment of Masters of Arts in Project Planning and Management. Although your participation is voluntary, it is important for the purpose of this study that all questions be answered.

Thank you for accepting to participate in the survey. For the function of facilitating clarity on any words as used in this study, the researcher adopts the following definition of Faith Based Organizations as given by AmeriCorps Guidance (2003) as a religious congregation (church or mosque), an organization, program, or project sponsored or hosted by a religious congregation (may be incorporated or not incorporated) a nonprofit organization founded by a religious congregation or religiously-motivated incorporators and board members that clearly states in its name, incorporation, or mission statement that it is a religiously motivated institution.
The institution’s policies concerning the funding of FBOs projects

1. Does your institution fund social programs through local organizations?  
   Yes [0][ ]  
   No [1][ ]

2. Are FBO projects eligible for funding by your institution?  
   Yes [0][ ] (skip to 8)  
   No [1][ ] (proceed with 3)

For questions 3 to 7 indicate which factors contributed to the non-eligibility of FBO funding policy by your institution.

3. Concern over the influence of Faith related factors in FBO projects.  
   Yes [0][ ]  
   No [1][ ]

4. Concern over legal issues involved in funding an FBO project.  
   Yes [0][ ]  
   No [1][ ]

5. Concern over proselytism or religious ideology promotion  
   Yes [0][ ]  
   No [1][ ]

6. Concern over accountability in FBOs projects.  
   Yes [0][ ]  
   No [1][ ]

7. Concern over project sustainability in FBO  
   Yes [0][ ]  
   No [1][ ]

8. Does your institution choose to decline the funding of religious activity carried out by FBOs?  
   Yes [0][ ] proceed with 9  
   No [1][ ] skip to 14

90
For questions 9 to 13 indicate the factors that contributed to the policy in your institution on declining the funding of FBOs religious activities.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Concern over the influence of Religion or Faith in FBO projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Concern over legal issues involved in funding an FBO project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Concern over proselytism or religious ideology promotion</td>
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<tr>
<td>12. Concern over accountability in FBOs projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Concern over project sustainability in FBOs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For question 15 to 19 indicate activities that would generally be regarded as impermissible according to your institution’s definition of religious activity.

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. Religious worship and religious instruction?</td>
<td></td>
<td></td>
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<tr>
<td>15. Group prayer before a meal, at the beginning or ending of activities?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
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<td>-----</td>
</tr>
<tr>
<td>16. Using funds to purchase religious literature materials?</td>
<td></td>
<td></td>
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<tr>
<td>17. Mission statements that reference religious values or motivation?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Activity carried out in places of worship?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Activity that proselytizes or promotes a religious ideology?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Does your institution require that FBO grant recipients not discriminate in hiring, firing, and promoting employees based on their faith?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thank you for offering your time to participate in this study.