INFLUENCE OF PROJECT FINANCING STRATEGIES ON ORGANIZATIONAL SUSTAINABILITY: A CASE OF HEALTH SECTOR NON-GOVERNMENT ORGANIZATIONS; NAIROBI COUNTY, KENYA

BY

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DECLARATION

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

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This research project report has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This research project report is dedicated to my wife Susan for standing with me throughout this journey and to my mum Grace for always encouraging me to be the best I can.

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LIST OF ABBREVIATION AND ACRONYMS

CSO	Civil Society Organization
HENNET	Health NGOs Network
MDGs	Millennium Development Goals
MNC	Multinational Corporation
NGOs	Non-Governmental Organization
PESTEL	Political Economical Social Technological Ecological and Legal Framework
SPSS	Statistical Package for Social Scientists software
WCED	World Commission on Environment and Development

ABSTRACT

Every organization exists to achieve certain goals and objectives but the achievement of these goals and the sustainability of the organizations are dependents on several factors among them resources availability. One of the greatest challenges facing nonprofit organizations is how to sustain themselves and support their activities financially. According to the literature reviewed NGOs are formulating different financing strategies not only because donors funding are decreasing but also because donors are shifting their focus to new areas. The purpose of this study was to examine the influence of projects financing strategies on organizational sustainability with specific reference to health sector NGOs in Nairobi County. Literature reviewed indicated that some of the financing strategies that organizations can adopt to enhance organizational sustainability are revenues diversification, organizational costs management, building strategic partnerships and maintenance of unrestricted funds. This study examined how revenues diversification, organizational costs management, building strategic partnerships and maintenance of unrestricted funds influence organizational sustainability. The sample size in this study was determined through an approach based on Precision rate and Confidence level as recommended by Kothari (2004). The formula resulted into 56 NGOs from a total population 237 NGOs. Two respondents finance and a programme staff were picked from each of the 56 NGOs resulting into a sample size of 112 respondents. The list of the 237 Nairobi based health sector NGOs was provided by the National NGOs Co-ordination Board on August 18, 2014. The research was conducted using a descriptive survey study. Questionnaires were used to collect both quantitative and qualitative data. Quantitative data was analyzed using SPSS software while qualitative data was analyzed through content analysis. The study found that costs management contribute most to organization sustainability followed by strategic partnership, revenue diversification and unrestricted fund in that order. The study also found that the four independent variables that were studied, contribute (55.1%) only of the organizational sustainability. The study recommends that to enhance sustainability the NGOs should diversify their funding base and avoids dependency on any one source of revenue whether internal or external. A balance between internally generated and externally generated revenues is highly recommended. In addition cordial relationships with strategic partners are critical as it can translate to more funding. Finally NGOs should hire competent Finance Managers that are able to manage organizations finances competently and offer appropriate advice to the management on financial matters.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study.

Every organization exists to achieve certain goals and objectives as highlighted in its mission statement. The achievement of these goals is however dependents on several factors including resources availability and how well the organization position itself in its environment. Money is one of the most important resources for NGOs. The great value of money is that it can be interchanged with other needed resources. Finances are therefore very critical to the success and survival of any organization whether profit makes or nonprofit making organizations. Like the blood stream in a living body cash is viewed as the life blood of organizations (Neale, 2009).

Over the past several decades, NGOs have become major players in the field of international development. Since the mid-1970s, the NGO sector in both developed and developing countries has experienced exponential growth. From 1970 to 1985 total development aid disbursed by international NGOs increased ten-fold (Malena, 1995). The structures of NGOs vary considerably. They can be global hierarchies, with either a relatively strong central authority or a more loose federal arrangement. Alternatively, they may be based in a single country and operate transnational. With the improvement in communications, more locally-based groups, referred to as grass-roots organizations or community based organizations, have become active at the national or even the global level. Increasingly this occurs through the formation of coalitions (Willetts, 2002).

Kenya is a developing country that has various challenges in terms of social economic development. This has necessitated the work of numerous nongovernmental organizations across the country. NGOs sustainability however is a lifeline to their existence. Several factors put NGOs sustainability to jeopardy. These include those factors that are likely to enhance organizational stability some of which are, having a clear vision and mission, finances, human resources capacities in the organization and the managerial style.

NGOs operating in the health sector assist the health sector to meet its health mandate. The mandate of the health sector is to deliver health services and also to help the government meet the national health goals as outlined in the Vision 2030 and also the Millennium Development Goals. One of the greatest challenges facing nonprofit organizations (NGOs) in Africa, and Kenya in particularly however is how to sustain and support their activities financially. Organizations all over the World develop strategies that will enable them to exist and survive in the long-run. There is a need for the NGOs to find different financing strategies for long-term survival primarily because donors funding are not only decreasing, but the donors are also shifting their focus in new areas. Mukanga (2011) noted that a sustainable approach to NGO financing is an approach that avoids dependency on any one source of revenue whether external or internal.

Abdirizak (2013) asserted that a balance between externally and internally generated resources is necessary to allow an organization to meet its operating and administrative expenses while maintaining the freedom to determine its program priorities and projects, irrespective of donor preferences. Organizations should have enough financial resources for the current needs and a well defined strategy that enables the organization to acquire the needed resources for its future needs in order to guarantee its survival and continuous rendering of services to the clientele they exist to serve.

1.2 Statement of the Problem

One of the major challenges facing the nonprofit organizations in Africa, and Kenya in particularly is how to sustain and support their activities financially. Wambua (2012) noted that some NGOs had to wind up over the past years due to financial constraints or lack of additional funds from the donors. Data from the National Council of NGOs shows that the number of NGOs in Kenya has been rising over the years and now stands at 8,000. This growth has meant that funding for individual organization is going down. The funding declined from Sh87 billion in 2007 to Sh81 billion in 2008 to Sh73 billion in 2009. The dwindling financial resources constitute a major problem for the NGOs. The most noticeable effects of these problems are the reduction of services and the demise of weak NGOs.

Mbote (2012) asserted that dependence on the Northern NGOs for support largely because of competition for funds is not sustainable in the long-run. Kimonge (2011) noted that one of the reason that business fails is inability to meet their financial obligations. Cash inflows and outflows are the heartbeat of every organization. An organization's financing strategy is one of the major indicators of whether an NGO can sustain itself in the long-run or not. It is therefore important that organizations that want to exist into the future must develop financing strategies that not only enhance their survival prospects but also success in meeting their goals as highlighted in their vision and mission statements. A number of studies have been carried out on various aspects of projects sustainability but none have dealt exclusively on the aspect of financing strategies despite the noted significance of finances on the organizational sustainability.

Some of the studies conducted on organizational sustainability includes, Chumo (2011) sustainability strategies adopted by NGOs in Nairobi, Kenya. Mukanga (2011) sustainability strategies adopted by International NGOs in Nairobi, Kenya and Onsongo (2012) strategies adopted by NGOs to achieve financial sustainability. Though all these studies contributed significantly to the available literature on organizational sustainability they did not specifically focus on project financing strategies and their influence on the organizational sustainability. Project financing strategies and their influence on organizational sustainability is therefore an area that is not sufficiently researched and this study is expected to contribute significantly to the existing literature on organizational sustainability. This study sought to establish the project financing strategies by the Health sector NGOs in Kenya and their influence on the organizational sustainability.

1.3 Purpose of the Study

This purpose of this study was to find out the influence of project financing strategies on organizational sustainability: a case of health sector Non-Governmental Organizations in Nairobi County.

1.4 Research Objectives

The following are the research objectives;

1. To establish how revenue diversification influence organizational sustainability among the Health sector NGOs in Nairobi.
2. To determine how costs management strategies influence organizational sustainability among the Health sector NGOs in Nairobi.
3. To establish how unrestricted funds policies influence organizational sustainability among the Health sector NGOs in Nairobi.
4. To assess how strategic partnerships influence organizational sustainability among the Health sector NGOs in Nairobi.

1.5 Research Questions

1. How does revenue diversification influence organizational sustainability among the Health sector NGOs in Nairobi?
2. How does costs management strategies influence organizational sustainability among the Health sector NGOs in Nairobi?
3. How does unrestricted funds policies influence organizational sustainability among the Health sector NGOs in Nairobi?
4. How does strategic partnership influence organizational sustainability among the Health sector NGOs in Nairobi?

1.6 Significance of the Study

The findings of this study would be important to the NGOs communities, financiers, policy makers, researchers, development workers, communities served by the NGOs, bankers and other actors in the sector.

The findings of this study may acts as a guide to help the NGOs management formulate financing strategies would help enhance their organizational sustainability. The researcher hopes the donors would use the findings of the study to encourage the NGOs to devise more sustainable ways of financing their operations. The policy makers may find the study useful in formulating policies that would help enhance sustainability of NGOs in the country. Other researchers may use the findings of this study as a basis for further research work and other scholarly work. The study may challenge development workers to become more innovative and devise more sustainable ways of financing their organizations activities.

1.7 Basic Assumptions of the Study

The major assumption of the study was that the respondents would give true and factual information that would enable the researcher to arrive at valid conclusions. The researcher also hoped to receive support and cooperation from the respondents.

1.8 Delimitation of the Study

The study was conducted in Nairobi County and was not extended to areas outside Nairobi County. Nairobi County was selected for the study because it has the highest concentration of Non Government Organizations in the country. These Organizations ranges from small Community Based Organizations to big International Organization and these make Nairobi County more representative than the other Counties and therefore good for this study.

1.9 Limitation of the study

The challenges encountered during this study include hesitant by some respondents to fill the questionnaire and the limited time and financial constraints. To mitigate these challenges the researcher engaged research assistants to help in data collection.

1.10 Definitions of Significant Terms

The following are the definitions of some technical terms as used in this study;

Cost management: Is the process of planning and controlling costs to ensure that only the necessary costs are incurred and to the extent possible they are kept to the minimum and maximum benefits derived from any such costs incurred.

Donor: A source of funding for an organization's program activities or operations.

Funds: Sums of money saved for a particular purpose;

Organizational sustainability: This term has been used in the study to mean the ability of a NGO to secure and manage enough resources, human and financial to fulfill its mission effectively in the long term.

Partnerships: Are arrangements in which parties cooperate to advance mutual interests or achieve a common objective of interest to all the parties involved.

Revenue diversification: Refers to a situation whereby an entity develops multiple sources of income rather than relying on any single source of income at any point in time.

Strategy: A plan, a means, a pattern in actions over time or a position which in essence reflects decisions.

Unrestricted funds: Refer to free funds in the sense that there are no restrictions on how an organization should use the funds. It is at the discretion of the management to decide on how best to utilize the funds.

1.11 Organization of the study

This project report is organized into five chapters. Chapter One provides an introduction to the study and consists of the background of the study, problem statement, purpose of the study, research objectives, research questions, significance of study, basic assumption of the study, delimitation, limitations of the study, definition of relevant terms used in the study and organization of the study section. Chapter Two covers literature review which is also divided into various topics. The conceptual framework, linking the independent and dependent variables, the research gaps and the summary of the chapter are provided at the end of the chapter of the study. Chapter Three constitutes the research methodology, which is divided into research design, target population, sample and sampling procedure, research instrument, data collection procedure and data analyses techniques. Chapter Four provides data analysis, presentation, interpretation and discussion and finally chapter Five constitutes the summary of the findings, conclusion drawn, recommendations made and suggestions for further research studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review of relevant literature on NGOs financing strategies and the organizational sustainability. Guided by the objectives of the study, several areas will be covered in the following sub-headings: Historical background of NGOs in Kenya, the concept of Sustainability, the concept of strategies, the financing strategies namely Revenue Diversification, Costs management, Unrestricted Funds Policies and Partnerships. The chapter will then examine the Theoretical and the Conceptual Framework and ends with a Chapter Summary.

2.2 The Concept of Sustainability in relation to Non Governmental Organizations.

Andres (2005) traces the emergence of sustainability in its contemporary form to the World Commission on Environment and Development (WCED) headed by Brundtland in 1983. The Commission was constituted by the United Nations and one of its core mandates was to propose long term environmental strategies for achieving sustainable development by the year 2000 and beyond. The commission came up with the Brundtland report and the report defined sustainable development as the “development that meets the needs of the present without compromising the ability of the future generations to meet their own needs”. Since then the concept of sustainability has been accorded many definitions and interpretations, for the purpose of this study sustainability refers to the continuation of a project’s goals, principles, and efforts to achieve desired outcomes (Kimonge, 2011). A project is sustainable when it continues to deliver benefits to the project beneficiaries and other constituencies uninterrupted into future.

The issue of sustainability has become a critical issue for the Nongovernmental organizations and their beneficiaries in recent times. This is mainly because the environment in which organizations operates is changing radically and this is even threatening the survival of most NGOs. According to Hooley et al, (2008), the new environment is characterized by scarce resources, increased competition, and pressure from donors, turbulences and unpredictability. According to the World Economic Forum report (2013), one of the key strategic concerns that

NGOs managers are continuously grappling with is where their funding will come from. Financial sustainability is a top priority for organizations dealing with budget cuts and the shifting priorities of the donor community. The survival of NGOs is crucial especially in developing nations like Kenya.

According to an article by Health NGOs Network (HENNET) (2013) when objecting to the Proposed Miscellaneous Amendment to PBO Act 2013, the organization noted that 47% of health care in Kenya is delivered through private sector including NGOs and Faith Based Organizations, 55% of the national health budget is funded through NGOs by external funding, NGOs accounted for KS 152 Billion (or 15% the National budget) in 2012 and over 90% of the 152 Billion was received in foreign currency making the sector a substantial foreign exchange contributor in the country. Amref report, pointed out that CSOs in Kenya and Malawi offer over 40% of medical services.

NGOs in China employ nearly six million people according to the World Economic Forum report (2013). Therefore delayed, underperforming and failed projects represent a tremendous costs not only for the affected organizations but also have huge economic effects. These include the money invested in cancelled projects, cost of failing to deliver the required services or products, costs of running inefficient operations etc. Failed projects present tremendous personal cost to the project teams, members, managers, sponsors, and other stakeholders and these underscore the importance of projects and organizational sustainability.

2.3 The NGOs financing Strategies in relation to Organizational Sustainability

Organizations respond to changes in the environment by formulating strategies. Strategies helps ensure that the day-to-day decisions fit in the long term interest of the organization. Macmillan & Tampoe (2010) defined strategy as ideas and actions to conceive and secure the future. This definition highlights the fact that strategy requires thoughts about the future and effective action to realize organization objectives. Grant (1998) noted that a strategy is a unifying theme that gives coherence and direction to the actions and decisions of an individual or organization. Strategy may therefore be seen as preparation for the uncertainty of the future.

Financing decisions is an important financial function performed by organization's financial managers. They must decide when, where and how to acquire funds to meet their financial needs through the best available sources. Funding large budgets demands significant fundraising efforts on the part of most NGOs. NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding for their work. Traditionally, NGOs rely on the goodwill and generosity of others to cover the costs of their activities through grants and donations. Today, unfortunately, NGOs find that such traditional funding sources are often insufficient to meet growing needs and rising costs. In addition, restrictions imposed on many grants and donations, along with the uncertainty of these funds over time, make it difficult for NGOs to do long-term planning, improve their services or reach their full potential. Even those NGOs fortunate enough to be fully funded in their current operations may face uncertainty over future funding. Donor fatigue may arise from funding the same project for too long. Donor generosity may shift to other needier or more popular causes.

Johnson & Rogaly (2002) noted that NGOs are increasingly being challenged by the donors to examine the financial sustainability of their programmes. They asserted that one way to look at the financial sustainability of an organization is to look at its income compared to its costs. Financial sustainability is one way of ensuring organizations are able to provide services in the long term. Failure to maintain fiscal health over the long-term is the death knell of all organization, public or private. The financial resources also facilitate programmes expansion and provision of emergency needs such as disaster and relief aids according to Kimonge (2011). NGOs must develop a strategic financing plan to ensure its long-term fiscal health. Graham (2008) pointed out that the absence of identifiable shareholders does not relieve the finance managers of NGOs from operating the organization as a business and strategically planning its fiscal health. It is the responsibility of the NGOs managers to consider all the financing options available and determines the core activities to implementation and chose the most appropriate financing strategies that will enable them achieve their mission and goals. According to literature review some of the financing strategies that organizations can implement include revenue diversification, costs management, strategic partnerships and unrestricted fund policies. As pointed out by Deich and Hayes (2007) financing strategies must be flexible. This is because Programs operate in a dynamic environment where political leaders change, champions come and go, and local circumstances and priorities change in response to larger social, economic, and political issues.

Those seeking to improve financing for the programs must be ready to adapt and take advantage of changing situations. It should also be noted that sustainability just like strategies is about the future survival of an organization. Strategies enhance organizational sustainability. The following are four financing strategies by NGOs;

2.4 Revenues diversification in Relation to Organizational Sustainability

Viravaidya and Hayssen (2001) urged that the key to financial security is diversification, which is, holding a mixed portfolio of investments rather than depending on a single investment to meet current and future income needs. This cardinal rule of investing also holds true for NGOs that need a secure flow of income to meet current and future program needs. Kissinger (2011) asserted that diversification is correlated with sustainability because if one aspect of a strategy fails, another can succeed. Norman (2011) also urged that rather than rely primarily on a single source of funds organizations must piece together capital from multiple sources a method he termed as layered financing. Viravaidya and Hayssen (2001) further noted that most NGOs in Africa remain heavily dependent on external financial assistance from foreign donors. They argued that international support constitutes the single largest source of NGO funding in the region. This presents several problems to the NGOs. First, the level of international funding is unstable.

Resources for NGOs have been decreasing because many donors have shifted their attention to other priorities, to greater need, political expediency or publicly popular regions of the world. Second, existing international funds in the region are often earmarked for particular projects or for limited project cycles and thirdly, most donors have less confidence with the capacity of local NGOs in implementing projects thus channeling fewer funds through these NGOs. In addition, most Donors frequently attach specific limitations on how the money can be spent, designating particular issues or themes, or specifying support only for program expenses. This has made it difficult for NGOs to raise adequate funds for their ongoing operational expenses. Atrill and Mclaney (2008) urged that when considering the various sources of finance it is useful to distinguish between internal and external sources of finance. Internal sources are the sources that do not require agreement of anyone beyond the management. Internal sources are flexible and need not compliance of other parties. External sources on the other hand require the compliance of others.

Graham (2008) noted that external finances are available from sources such as government, local authorities, national lottery, trusts and foundations, business and individuals. Viravaidya and Hayssen (2001) noted that NGOs can obtain funds to run their programs from three sources; Interested third parties, who give to the NGO primarily, for the personal satisfaction derived from doing good (grants and donations); then the beneficiaries of the NGOs programs, who value their participation more than the cost of participating (cost recovery) and three the unrelated third parties, who will pay the NGO in return for something of value that the NGO can make or do for them (commercial ventures). Abdirizak (2013) observed that NGO self-financing is relatively unknown in the NGO community. More attention needs to focus on how best to promote this revenue-generating alternative among NGOs in Africa and how to evaluate its overall effectiveness as a self sustaining strategy. According to the World Economic Forum Report, (2013) the organizations of Interaction, an alliance of US-based NGOs, reported that whereas they relied on official aid for 70% of their operations 20 years ago today they raise 70% of their budgets from private sources.

Another alternative according to Viravaidya and Hayssen, (2001) is for the NGO to make money through commercial ventures. A sustainable approach to NGOs financing is one that avoids dependency on any one source of revenue whether external or internal. It consists of diversifying sources of income and thus minimizing dependency on any single sources. A balance between externally and internally generated resources is necessary for an organization to meet its operating and administrative expenses while maintaining the freedom to determine its programmatic priorities and projects irrespective of donors preference.

2.5 Costs Management Strategies in relation to Organizational Sustainability

Organizations are continuously looking for ways to improve efficiency and reduce costs without compromising the quality of service to the beneficiaries or compliance with regulatory requirements. Viravaidya and Hayssen, (2001) noted that when the costs of an NGO’s core activities exceed the inflow of grants and donations, it is forced to either reduce the quantity and/or quality of its work, or to find new sources of funds to cover the difference. More and more NGOs are designing intervention strategies that incorporate cost recovery components through fees-for-services or various loan and credit arrangement. Viravaidya and Hayssen, (2001) also noted when an NGO programs bring real value to its beneficiaries, many beneficiaries (but perhaps not the poorest of the poor) will gladly pay something to participate in the programs.

By selling rather than giving away their services, NGOs can recover part or all of their costs, better allocate their services to those who truly value them. More and more NGOs are thus designing intervention strategies that incorporate cost recovery components through fees-for-services or various loan and credit arrangements. Cost recovery programs demand that NGO managers make a trade-off between their programs social goals and financing needs. They must try to serve the greatest numbers of beneficiaries while generating sufficient funds to meet whatever percentage of program costs that are not covered by donations or subsidies from other activities of the NGO. Redesigning program activities to include cost recovery components, whereby the beneficiaries or clients of the NGO pay part of program costs, is a good approach to enhance sustainability.

Deich and Hayes (2007) asserted that targeting existing funding is often the first step in implementing strategic financing improvements. Efforts to make better use of existing resources frequently focus on reducing service and administrative costs through operational efficiencies, so that scarce dollars can be stretched further. This may involve exploring approaches to cut costs for individual program elements, finding ways to achieve economies of scale across programs, and changing rules and regulations to make it easier for programs to access and blend available funding. Organizations can consider outsourcing administrative functions, such as payroll and accounting and maximizing the use of volunteers and in-kind contributions. Outsourcing is an effective cost-saving strategy when properly used by organizations. This is a practice used by different organization to reduce costs by transferring portions of work to outside suppliers rather than doing it internally.

Lysons & Farrington (2012) defined outsourcing as a management strategy by which major non-core functions are transferred to specialists, efficient external provider. It is sometimes more affordable to purchase a good from companies with comparative advantages than it is to produce the good internally. World Economic Forum Report (2013) stated that organizations can use the services of volunteers to support the organizations. Many organizations are increasingly re-evaluating staff positions when they become vacant before back-filling with replacement employees. This strategy requires management to either fully justify filling a vacant position or eliminate it through consolidation of staff responsibilities where possible. As attrition occurs unless when very necessary many organization re-allocating the remaining staff to areas in the organization most in need of resources, resulting in a much leaner and more efficient organization.

The services of a volunteer to such organizations are thus very beneficial to the organization. A volunteer is a person who performs a service or task willingly and without pay. A Volunteer can therefore be a major asset to an organization. By contributing time, energy and talents, volunteers can generate enthusiasm, provide new skills, increase community engagement, serve as bridges to target populations, augment fundraising efforts and complement the work of paid staff. They can be an especially vital resource for organizations straining to meet the needs of beneficiaries with limited staff and budgets. In addition to staff reductions, the organizations routinely can utilize temporary employees to satisfy certain staffing needs, like specialized technical skills or peak workloads in various locations. This philosophy is designed to facilitate efficient operations with reduced overall costs. Capable Partners Program FHI 360 report noted that In-Kind Contributions are non-cash resources contributed to a project. This may include volunteer services, equipment or property.

Keller (2010) urged that as the economy worsens, most organizations quickly employs basic belt tightening strategies and reduces nonessential spending. The challenge for most organizations is to reduce costs in a way that has the least effect on the quality and sustainability of their services. There are concerns that cutting back in certain areas could lead to a loss in productivity that would outweigh any savings, thus weakening their organization. For example, cutting back on fundraising expenditures could further reduce the organization's revenue and create a vicious cycle of reduced funding. Several strategies proposed for reducing costs while maintaining program quality, including protecting core services (i.e., the services most important to the organization and its constituency), developing contingency plans, and carefully examining overhead costs. Underlying each strategy is the principle that organizations should first clearly understand and protect what they do best. Rather than quickly making across-the-board budget cuts, leaders can cut specific costs that are less likely to negatively impact the organization. Identifying these costs requires thinking carefully about how cuts may affect an organization over time.

2.6 Partnerships in Relation to Organizational Sustainability

Partnerships are especially important strategy when it comes to financing and sustaining programs according to Deich and Hayes (2007). The two noted that building, nurturing, and sustaining partnerships takes a regular investment of time but over the long run, partnerships can mean the difference between program success and program failure. Partnerships come in many varieties. All successful partnerships share several key characteristics including representatives from the public and private sectors-businesses, associations, philanthropic groups, community organizations, and local government entities - coalesce around an agenda of common concern. The partners contribute time, money, expertise, or other resources to the partnership and find opportunities to gain from the joint endeavor. They work together toward common goals or objectives and they may share in decision-making and management responsibilities. Participation in a partnership typically goes well beyond financial contributions and often includes assuming leadership roles, providing technical support to build the capacity of programs, and championing the successes of programs to bring new attention and resources.

According to Lewis and Kanji (2009) partners work together and share the risk or benefit from a joint venture. The role of partner reflects the growing trends for the NGOs to work with the government, donor and private sector on joint activities such as providing specific input within a broader multi agency programme or project. It also includes activities that take place among NGOs and with communities such as capacity building work which seek to develop and strengthen capabilities. Eade and Ligteringen, (2004) noted that partnerships are emerging between NGOs and the corporate sector as large companies, and particularly multinational corporations (MNCs), become increasingly concerned about the impacts of their activities in less developed countries. NGOs in turn recognize the increasing importance of companies in development, both locally and internationally, especially as flows of official aid fall, and governments are less able to provide adequate services.

Viravaidya and Hayssen, (2001) noted that large companies operating in Africa must fulfill their social responsibility which include making donations, events, giving grants for socially worthwhile projects and so on. This potentially could become one of the strategies for promoting NGO financial sustainability in Africa. However, good corporate citizenship is not just about donating money. Eade and Ligteringen, (2004) urged that there are many creative ways to invest in the community, including partnerships with community-based organizations, employee-volunteer programs, membership on non-profit boards and in-kind donations of goods and professional services. Capable Partners Program FHI 360 urges that Effective marketing contributes to an organization's public image, which, when developed effectively and reinforced by the good work by an organizations staff helps earn the trust and confidence of beneficiaries, local leaders and donors and can improve an organization's ability to attract funding, serve more beneficiaries and advance its mission. It can help enhance an NGO's sustainability. Effective marketing can strengthen an organization's identity, raise its visibility and reinforce its credibility with beneficiaries and donors alike.

NGOs are being exhorted to enter into partnerships with corporate sector, on the grounds that this represents an enormous potential source of sustained flows of financial resources to NGOs. Ross (2011) urged that in order to sustain organizational growth NGOs need to look beyond the current round of funding. They need what many companies can offer. Non-profit can build successful partnerships with companies by assessing themselves to see how they can add value to a company partners. This may involve identifying those partners whose interests are important to the sustainability of the project in terms of providing tangible and intangible resources and support. Choose those who have real and mobilizable resources for they are the ones who can directly influence sustainability. The resources stakeholders provide include policy (related to issues and interests), as well as financial and other tangible support. Policy support or hostility comes from a variety of sources, including national and local government, nongovernmental agencies, the for-profit sector, funding agencies, and the beneficiary community, all of whom have interests at stake.

Capable partners maintained that maintaining good relationships with the donors is critical to the survival of an organization. It is through the relationship with donors that organizations become connected with potential funding. The deeper the relationship, the stronger that connection, and the more likely that donor will support an organization and its mission. Donor loyalty and trust must be earned again and again. This is done through complying with the rules for funding, demonstrating effectiveness of an organization's interventions and effective communication. When communicating with donors, three main concerns shape a donor's perceptions and willingness to continue supporting a program. Donors want reassurance that the organization is using its funds effectively and efficiently for the purpose originally intended, effecting positive change on the lives of the individuals or communities the donor aims to serve and reflecting positively on the donor through a good image and reputation.

Accountability and trust are keys to building relationships with donors who will sustain the long-term financial health of your organization. Keller (2010) observed that forming partnerships is one of the most powerful strategies that organizations can use to control their costs and generate new revenue. Strategic partnerships can result in access to volunteers and in-kind resources, increase eligibility for funding sources, reduce administrative costs, and promote more coordinated projects. Forming and maintaining partnerships however is not without its challenges. Developing strong partnerships takes time. In addition, it often requires compromise, because organizations with different missions must agree on certain goals and values. However, successful partnerships can be very effective in helping organizations achieve goals they could not have accomplished alone.

2.7 Unrestricted Fund Policies in relation to Organizational Sustainability

Two overarching types of NGO financing are restricted and unrestricted funds. Restricted funds are earmarked for a specific purpose as dictated by the donor. The only typical requirement for unrestricted funds is that they be used to help the NGO accomplish its mission. Restricted funds are often specific to a type of project or other need that is outlined during the grant application process. Typically the overall required focus is dictated by the donor, while the NGO can determine the specifics that apply to its particular needs. There may also be restrictions as to how or when the money will be spent once it is awarded. Unrestricted funds can be an important part of NGO financing as they may be used to fill whichever need is most urgent. Often they will be used to cover non-specific operational and other ongoing costs that are usually difficult to fund with grant money.

Common sources of unrestricted funds include donations from the general public, money earned by the NGO selling products or offering services, and institutional funding. http://www.wisegeek.com/what-are-the-different-types-of-ngo-financing.htm. The purpose of the Unrestricted Funds Policy is to ensure stability and advancement of an organization's mission and goals, address the ongoing operations of the organization and provide a source of internal funds for NGOs priorities. These are resources not subject to donor imposed restrictions. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden unanticipated loss in funding as well as one time unbudgeted or temporary bridged expenses. It is not intended to replace a permanent loss of funding or eliminate an on-going budget gap. It serves a dynamic role and will be reviewed and adjusted in response to both internal and external changes.

Deich and Hayes (2007) noted that creating more flexibility in existing categorical funding streams is essential. Most public funding streams are categorical. They tend to support programs and services with narrowly defined purposes that provide specific types of assistance to specific projects normally outlined in the donors' laws and regulations. The results are programs and services that are disconnected and duplicative and that often make it difficult to coordinate resources to address an organizations multiple needs. Creating more flexibility in existing categorical funding streams can be key to supporting positive development efforts; this strategy encourages funding for an array of needed services when one funding stream cannot do the job alone. In large part, creating more flexibility in existing funding is a good strategy.

Restricted funds can only be used for specific purposes that have been agreed with the donor. Project-based funding from external donors is nearly always restricted. It is useful because it provides money for an NGO to pursue its objectives but, it also brings problems in that it may need a big investment in writing proposals and developing relationships with donors, it is unpredictable, it tends to be tied to donors' priorities not necessarily the NGOs' priorities. It can also create dependency and often comes with specific conditions attached to how it can be spent and it tends to be project specific and this may make it hard to adapt to changing local circumstances, or meet unforeseen costs. Unrestricted funds however can be used for any purpose that helps an NGO to achieve its mission. It is liberating because it allows an organization the flexibility to pursue whatever objectives and strategies it deems best. It also helps in the long term planning. Unrestricted funding may come from an organization self-financing.

NGOs may be able to generate income themselves, e.g. by charging membership fees, selling services or renting out spare office space. It can also come from local financing**.** NGOs may be able to raise funds from the local community and local institutions, such as businesses or specific professions. General donations can be unrestricted though they may not always be reliable year after year. Every NGO has different opportunities and constraints in winning unrestricted funding. It needs an entrepreneurial approach, careful planning and commitment from senior managers. Generating own income can have a big impact on your NGO's culture and may also have legal or political implications.

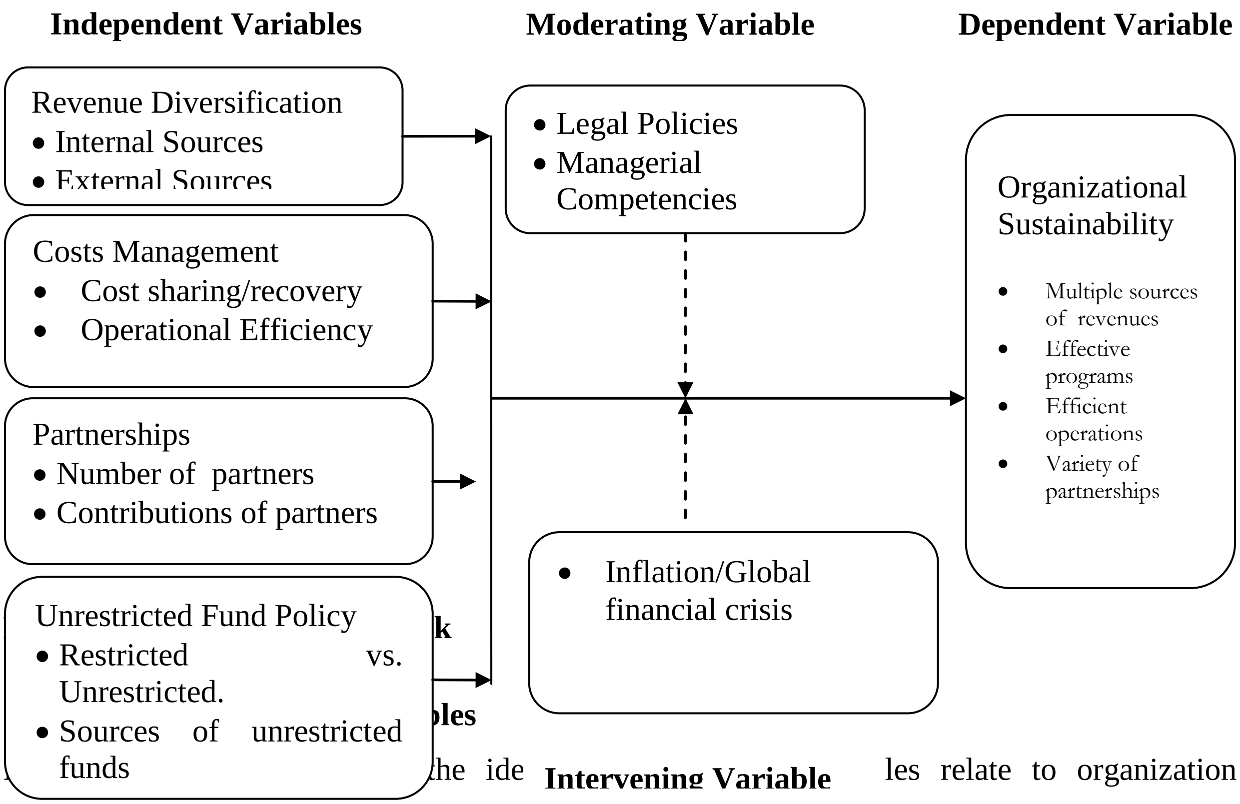
2.8 Theoretical Framework

Theoretical frame work is a collection of interrelated ideas based on theories. It accounts for and explains the phenomena attempting to clarify why things are the way they are based on theory. Financing theories attempts to explain how firms finance their operations and what factors influence these choices.

This study is guided by the Pecking Order Theory attributed to the works by Myers and Majluf (1984). The theory states that firms have a pecking-order in the choice of financing their activities. Roughly, this theory states that firms prefer internal funds rather than external funds. Therefore firms should avoid external financing if they have an availability of internal financing option**.** This theory, though geared more toward the profit making sector it is very relevant to the Nongovernmental organizations. This is because the managers in the NGOs sector are also confronted by similar decisions of how to finance their organizations activities and are required to make critical financing decisions. The theory therefore offers critical and fundamental insights into why and how Nongovernmental organizations source finances for their organization. The capital structure of the corporate sector organizations have two main sources of finances namely, borrowed capital and Owners capital. The NGOs sector sources their finances externally from donors or internally generated finances. Pecking Order theory states that firms prefer internal funds rather than external funds.

2.9 Conceptual Framework

The conceptual framework indicates the relationships among all the variables under study in a schematic drawing. It is the main structure or skeleton that not only gives form and shape but also support and holds together all the other elements in a logical configuration. Figure 1 gives the conceptual framework depicting the relationship between the variables under study.



he ide les relate to organization sustainability, the dependent variable. Legal policies and Managerial Competencies are seen as moderating and intervening variables respectively. Revenue diversification, cost management, partnership and unrestricted fund policy are thought to influence NGOs sustainability.

2.10 Research Gaps

Though a number of studies have been carried out on various aspects of projects sustainability none have exclusively and exhaustively dealt on the aspect of projects financing strategies despite the noted significance of finances on the organizational sustainability. Some of the studies conducted on organizational sustainability includes, Chumo (2011) sustainability strategies adopted by NGOs in Nairobi, Kenya. Mukanga (2011) sustainability strategies adopted by International NGOs in Nairobi, Kenya and Ali (2012) factors influencing sustainable funding of NGOs in Kenya. All these studies contributed significantly to the available literature on organizational sustainability but they did not specifically focus on project financing strategies and their influence on the organizational sustainability. The other areas that has been overlooked is on how the NGOs can source funding from the banks and other financial institutions. This has been covered extensively in relation to the profit making entities and but not on the NGOs sector. The literature available is also limited on how the local NGOs can partner with Corporate bodies as source of financing. A lot of money is spent on by Companies on Corporate social responsibilities and this is an area the NGOs can tap in. Of late most Companies are starting foundations and this could be to fill the gaps not adequately filled by NGOs. This area has also not been adequately researched.

2.11 Summary of Chapter Two

This chapter has addressed the importance of financial strategies as a powerful means of obtaining sustainability in NGOs. Lack of funds limits the quantity and quality of the important work NGOs undertake. NGOs increasingly find that grants and donations are inadequate to meet current program needs and even less to expand program activities. Dependence on grants and donations also inhibit the autonomy of NGOs to choose which program activities to undertake and to select the most effective intervention strategies to achieve program goals. The chapter revealed that there are several financing strategies an NGO can implement that ultimately influence the organizations sustainability. These include revenue diversification, costs management, partnerships engagement and implementing unrestricted fund policy. The onus is on management to implement the strategies which works best for their organization.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This Chapter describes the method that was employed to provide answer to the research objective stated in Chapter one. It provides a step by step outline on the collection, measurement and analysis of the data for the study. The following aspects of research methodology are discussed; research design, study population, research instruments, validity and reliability, data collection procedure and data analysis.

3.2 Research Design

This study was conducted through a descriptive survey method. According to Cooper and Schindler (2003), a study design is descriptive when it is concerned with why and how a variable produces change in another variable. According to Kothari (2004) descriptive survey is concerned with describing, recording, analyzing and interpreting conditions that either exist or existed. It constitutes the blue print for data collection, measurement and analysis of data. This design is appropriate because it focuses on how the finance strategies as the independent variables influence the organizational sustainability which in this case is the dependent variable. Similar studies have been used successfully by Wambua (2012), Chumo (2011), Mukanga (2011) among others.

3.3 Target Population

The population of interest in this study consisted of all the 237 Health Sector NGOs working in Nairobi County provided by the NGOs Coordination Board on August 18, 2014. Nairobi is more representative and this makes it more suitable for this study and also because of time and costs considerations.

3.4 The sampling Procedure and the Sample size

Sampling techniques provides a range of methods which enables reduction of data to be collected, by focusing on data from a sub-group rather than all cases of elements. The sampling design was both systematic sampling and non-probabilistic since it allows a selection of individuals who have been involved in formulation and implementation of financing strategies that are best suited to answer the research question. This technique is suitable since it caters for cases that are particularly informative. The sample size in this study was determined through an approach based on Precision rate and Confidence level as recommended by Kothari (2004), hence the formula to be used according to Kothari is:

Where:

n = desired sample size

= is the standard variate at the required confidence interval (C.I).

p = is the sample proportion in the target population estimated to have the characteristics measured

q = 1- p

N = size of the target population

= acceptable error (the precision)

In this study I used confidence interval of 95%, P value of 0.05 (p =0.05) and acceptable error (the precision) of 0.05 (e = 0.05). Z was 1.96 as per table area under normal curve for the required C.I of 95% and N was 237, i.e. the number of NGOs in the Health Sector in Nairobi County as per the list provided by NGOs Coordination Board office on August 18, 2014.

Therefore the sampled number of NGOs is as follows;

n = 55.95 ~56 NGOs

The formula gives a sample size of 56 NGOs. To select the 56 NGOs from the total population of 237 NGOs, the NGOs were first arranged in alphabetical order, and the NGOs for the study to be picked using the interval method where every fourth NGO was picked. This gave a total of 56 NGOs that were used in this study. Two respondents were selected from each of the 56 NGOs making the total sample size of 112 respondents. The respondents consisted of program coordinators and senior program accountants as indicated below;

Table 3.1 Sample Size

No. of NGOs	No. of Program Coordinators per NGO	No. of Accountants per NGO	Total of Respondents
56	1		56
56		1	56
Total	**56**	**56**	**112**

The Program coordinators and senior program accountants are involved in strategies formulation and implementation and this make them best suited to provide the information required for this study.

3.5 Data Collection Instruments

The study used questionnaire as the preferred data collection method. In order to cover all areas of interest, both open and closed ended questions were used. The questionnaires were used because they are straightforward and less time consuming for both the researcher and the participants. Structured questionnaire helped to collect more focused information and also help to save time as well as facilitate an easier analysis while unstructured questions were used to encourage the respondents to give in-depth responses.

3.6 Pilot of the Research Instrument

The questionnaires were reviewed by the researcher's professional peers and the research supervisor and then tested on a small pilot sample of respondents with similar characteristics as the study respondents. The pilot sample consisted of 11 staff from the NGOs. The pilot group was done through random sampling. Mugenda and Mugenda (2003) suggest that the piloting sample should be 1 to 10% of study sample depending on the study sample size. Piloting of research instrument help in revealing questions that could be vague which allows for their review until they convey the same meaning to all the subjects (Mugenda and Mugenda, 2003).

3.7 Validity of Research Instruments

The questionnaires were reviewed by my supervisor and it was also given to some professional to critique it. The professionals were required to suggest the necessary areas to change in order to establish the content validity of the instrument. This resulted in a final copy of a more improved questionnaire. This ensured that the structured questionnaire remains focused, accurate and consistent with the study objectives.

3.8 Reliability of Research Instruments

Reliability is defined by Kothari (2011) as the extent to which a measuring instrument provides consistent results on repeated trails. The reliability of the questionnaire was determined during the pilot study. The researcher used the Cronbach's Coefficient method to test the reliability of the data collection instruments. Table 3.2 shows the result of the findings.

Table 3.2 Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Revenue diversification	0.718	7
Cost management	0.752	8
Partnership strategies	0.735	4
Unrestricted fund	0.704	3

The researcher carried out a pilot study to pretest the validity and reliability of data collected using the questionnaire. The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Cronbach's Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. The findings of the pilot study shows that questions on cost management had the highest reliability (α=0.752) followed by partnership strategies (α=0.735) and then revenue diversification (α=0.718) and finally unrestricted fund ((α=0.704). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Nunnally, 1978).

3.9 Data Collection Procedures

Before the actual data collection the data collection instrument were piloted to help identify the problems that the respondents may encounter when filing the questionnaires. This involved conducting preliminary tests of the data collection tools. The pre-testing was administered to respondents with similar characteristics to the actual respondents and the feedback received incorporated in the final questionnaire to make it more relevant and effective. The researcher engaged two research assistants to administer questionnaires to the respondents. Both quantitative and qualitative data were collected to enhance the research findings. The questionnaire was divided into three sections. Section one covered the demographic characteristics of both the respondents and the NGOs. Section two and three covered the core of the study and dealt specifically with NGOs financing strategies and their influences on the organizational sustainability.

3.10 Data Analysis

Data analysis usually involves reducing cumulative raw data to manageable size that allows developing summaries, looking for patterns and applying statistical techniques. In this study the raw data gathered from the respondents were sorted out, categorized, edited, processes and analyzed by content using both excel and SPSS software. Descriptive statistics were used to analyze the quantitative data. The statistical techniques included frequencies and measures of central tendencies such as means, standard deviations etc while content analysis was used for the qualitative data. Mean scores shows the ranking of the various financing strategies existing in the surveyed organizations, hence indicating the aggregate relative prevalence of each strategy while the Standard deviations will show variations of the strategies across the surveyed organizations. The research conclusions and recommendations were based on the findings of the study.

3.11 Ethical Considerations

Ethics are norms governing human conducts which have a significant impact on human welfare. It involves making a judgment about right and wrong behavior. Ndemo (2012), it is the responsibility of the researcher to carefully assess the possibility of harm to research participants and the extent that it is possible; the possibility of harm should be minimized. The researcher recognizes that the issue under study is sensitive because it involves core financing secrets of the organizations. Therefore there was need to protect the identity of the respondent as much as possible. This means that the questionnaire did not require the names of the respondents or details that may reveal their identity. The researcher also obtain a letter from the University of Nairobi allowing to undertake the study and an introductory letter explaining the purpose of the study and confidentiality was upheld for all the respondents.

3.11 Operationalization of Variables

Variables tested were operationalized as shown in the Table 3.2.

Table 3.3 Operationalization of Variables

Objective	Variable	Indicator (s)	Measurement	Scale	Tool	Data Analysis
To establish how revenue diversification influence organizational sustainability among the Health sector NGOs in Nairobi.	Independent Revenue Diversification	Policy document on Fundraising and resource mobilization Funds from external Sources Funds generated internally	Number of fundraising activities Number of external donors	Ordinal	Questionnaire	Descriptive statistics
To assess how costs management strategies influence organizational sustainability among the Health sector NGOs in Nairobi.	Independent Costs Management	Policy documents on efficiency and costs minimization Cost sharing Outsourcing Use of Volunteers and in-Kind Contributions	Existence of relevant policy documents Number of services offered on cost share terms. Number of operations outsourced Number of volunteers/ interns in the organization	Nominal Ordinal	Questionnaire	Descriptive statistics

To examine how partnerships influence organizational sustainability among the Health sector NGOs in Nairobi.	<u>Independent</u> Partnerships	Policy documents on partnership Varieties of partners e.g. communities, NGOs, government, Private sector etc Contribution to the organization by the partners.	Existence policy document on partnership and MOUs with partners The number of current active partners The types of contribution to the organization by the partners.	Nominal Ordinal Nominal	Questionnaire	Descriptive statistics
To establish how unrestricted fund policies influence organizational sustainability among the Health sector NGOs in Nairobi.	<u>Independent</u> Unrestricted Funds	Unrestricted fund policy General donations from public and other organizations Internally generated income	Existence of unrestricted funds Amounts of general donations from the public and donors.	Nominal Ordinal	Questionnaire	Descriptive statistics
To establish how financing Strategies influencing Organizational Sustainability	<u>Dependent Variable</u> Organizational Sustainability	Existence of financing strategies	The number of financing strategies adopted by the organizations	Ordinal	Questionnaire	Descriptive statistics

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents the summary of the analyzed data. The results are presented based on the objectives of the study which aimed at examining the influence of project financing strategies on organizational sustainability with focus on health sector NGOs in Nairobi County, Kenya. The researcher made use of frequency tables and figures to present data.

4.2 Questionnaire Return Rate

The study sampled 112 respondents from the target population and the questionnaire return rate results are shown in Table 4.1.

Table 4.1 Response Rate

Response	Frequency	Percentage
Responded	99	88
Non response	13	12
Total	**112**	**100**

Out of the targeted 112 respondents, 99 filled in and returned the questionnaire representing 88% response rate. This response rate was attributed to the data collection procedure where the researcher engaged research assistants to administer the questionnaires and waited for the respondents to fill in the questionnaire, and where they were left with the questionnaires follow-ups were made through phone calls and this contributed to the high return rate. According to Mugenda and Mugenda (1999) questionnaire return rate of above 50% is considered adequate for the analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The questionnaires that were not returned were due to reasons like, the respondents not available or unwilling to fill them even with persistence follow-ups. However the response rate demonstrates a willingness of the respondents to participate in the study.

4.3 Demographic Characteristics of the Respondents

The study targeted staffs from health sector NGOs in Nairobi County working in the finance and operations/programmes departments. The demographic characteristics of the respondents were investigated in the first section of the questionnaire and the focus was to establish the number of years of experience of the respondents in the NGOs sector and in particular in their current organization. This may have a bearing on how well they understand the financing strategies of their organizations.

4.3.1 Duration of Working in Current Position

The study requested the respondents to indicate the number of years they have worked in their current positions and the findings were as follows;

Table 4.2 Duration of Working in Current Position

	Frequency	Percentage
Less than 3years	31	31
3 to 5 years	35	35
5 to 7 years	21	21
Over 7 years	12	12
Total	**99**	**100**

4.3.2 Duration of Working in NGOs Sector.

The respondents were asked to indicate the number of years they have worked in the NGOs sector and the results were as indicated in Table 4.3.

Table 4.3 Duration of Working in NGOs

	Frequency	Percentage
Less than 3years	23	23
3 to 5 years	28	28
5 to 7 years	32	32
Over 7 years	16	16
Total	**99**	**100**

From the respondents 32 respondents (32%) had worked within the sector for a period between 5-7 years, 28 respondents 28% had worked for a period of 3-5 years, 23 respondents (23%) had worked for less than 3years while the remaining 16 respondents (16%) had worked for over 10 years. This implies that the respondents in this study had worked for a number of years in the sector and therefore had experiences in the sector and thus conversant with sustainability issues affecting the organizations within the sector. This implies that the responses from the respondents were reliable.

4.3.2 Duration of Organization Operation

Table 4.4 illustrates the number of years the target organizations have been in operation.

Table 4.4 Duration of Organization Operation

	Frequency	Percentage
less than 1 year	9	9
1 to 3 years	21	21
3 to 5 years	27	27
5 to 7 years	17	17
7 to 10 years	11	11
over 10 years	14	14
Total	**99**	**100**

From the findings 27 respondents (27%) pointed that their organization had been in operation for a period of 3 to 5 years, 21 respondents (21%) for a period ranging between 1 to 3 years, 17 respondents (17%) for between 5 to 7 years, 14 respondents (14%) for a period of over 10 years, 11% had been in operation for a period of between 7 and 10 years while the rest 9% had been in existence for a period of less than 1year. This implies that most of the organizations have been in operation for an ample time and thus they are familiar with the dynamics and the challenges of the not-for-profit sector in which they operate.

4.3.4 Scope of the NGO

The study further sought to establish the scope of the NGOs used in this study.

Table 4.5 Scope of the NGO

	Frequency	Percentage
Community Based Organization	20	20
City wide NGO	3	3
National NGO	9	9
International NGO	36	37
A Foundation	31	31
Total	**99**	**100**

From the findings, (37%) of the NGOs were international NGOs, 31% were foundations, 20% were community based organizations, 9% were National NGOs while the rest 3% were city wide NGOs. This implies that various categories of NGOs were involved in this study and thus the finding is representative.

4.3.5 Sectors served by NGO Apart from Health

Further the study requested respondents to indicate the other sectors their NGOs participate in, other than the health sector. From the findings, most of the NGOs also engage in other activities such as agriculture, water, education, environment, human rights, poverty alleviation, peace, population, training, counseling and advocating for orphans and disabled among others humanitarian services.

4.4 Revenue Diversification

4.4.1 Number of donors to the NGOs

The researcher wanted to find out the level of revenue diversification in terms of the number of donors funding the NGOs. The results are indicated in Table 4.6. The findings indicate that 33% of NGOs had between 1 and 3 donors, 26% had more than 10 donors, and 21% had between 4 and 6 donors while the rest 19% had between 7 and 10 donors.

Table 4.6 Number of donors to the NGOs

	Frequency	Percentage
1 to 3	33	33
4 to 6	21	21
7 to 10	19	19
more than 10	26	26
Total	**99**	**100**

The finding indicates that most of the NGOs have diversified their funding source and they don’t rely on one donor to finance their operations.

4.4.2 Donors Specification on Activities to Fund

The study further aimed to investigate whether donors specify activities that they would fund. Table 4.7 shows the research findings;

Table 4.7 Donors Specification on Activities to Fund

	Frequency	Percentage
Yes	77	78
No	22	22
Total	**99**	**100**

Out of the 99 respondents 77 respondents (78%) indicated that donors were specific on the activities that they fund while (22%) indicated that the donors were not specific on activities to fund. This shows that most of the donors are keen on how their funds are spent and would want their funds to go where they can make the most impact. As a way of monitoring the usage of their funds the donors ask the NGOs to provide periodic financial and technical reports and they also do ask for period projects evaluations.

4.4.3 Timeline for Funding a Project

Table 4.8 shows the finding of the study on the duration donors' funds projects.

Table 4.8 Timeline for Funding a Project

	Frequency	Percentage
1-5 years	18	18
6-10 years	31	31
11-15 years	27	27
more than 15 years	23	23
Total	**99**	**100**

31 respondents (31%) revealed that donors were funding projects for a period of between 6 to10 years, 27 respondents (27%) indicated that donors fund projects for a period of between 11 to 15 years, 23 respondents (23%) indicated that donors fund projects for more than 15 years while (18%) indicated that donors were funding projects for between 1and 5 years.

Most organization would prefer extended duration of funding as this guarantee them an extended period of time in operation and also the ability to meet their objectives without interruptions.

4.4.4 Written Fund Raising Strategy

Further the study sought to establish if the organizations have written funding raising strategies. Table 4.9 shows the results findings;

Table 4.9 Written Fund raising Strategy

	Frequency	Percentage
Yes	79	80
No	20	20
Total	**99**	**100**

From the findings, majority (80%) of the respondents indicated that their organizations have written fund raising strategies while the rest (20%) of the respondents did not have written fund raising strategies. Grants writers, Finance Managers and Operations Managers are responsible for funding raising in their organizations. These findings indicate that fund raising is a key function in NGOs and a lot of attention and resources is committed to this activity. Majority of the NGOs seems to have appreciated that without a good fund raising strategy it is difficult to get enough revenue for their activities and to ensure tier continued existence.

4.5 Cost Management Strategy in Relation to Organization Sustainability

4.5.1 Procurement Policy in Relation to Organization Sustainability

The study requested the respondnets whether thier organizations have procurement policies in place. The findings were as shown in Table 4.10;

Table 4.10 Procurement Policy in Relation to Organization Sustainability

	Frequency	Percentage
Yes	61	62
No	38	38
Total	**99**	**100**

According to the findings, 61 respondents (62%) of the repondnets indicated that they have pocurement policies in place while the rest (38%) indicated they dont. Control of procurement practices ensures that organizational resources are effectively and efficiently utilized and this enhances organizational sustaianbility.

4.5.2 Organization Restructuring

The study requested the respondent to indicate whether their organizations had undergone restructuring during the past two years. The results are in Table 4.11;

Table 4.11 Organization Restructuring

	Frequency	Percentage
Yes	57	58
No	42	42
Total	**99**	**100**

From the findings, 57 respondents (58%) pointed out that their organization had undergone some form of restructuring while 42 respondents (42%) indicted they have not undergone any restructuring. Those who had undergone restructuring noted that the restructuring was intended to enhance the organizational performance, to ensure organization structure supports the institution goals and to align the organization structure with organization operation procedures.

4.5.3 Organization Benefits from Volunteers

Table 4.12 present the results finding on whether the organizations benefits from volunteers.

Table 4.12 Organization Benefits from Volunteers

	Frequency	Percentage
Yes	69	70
No	30	30
Total	**99**	**100**

Majority of the respondents 69 representing (70%) indicated that their organizations had engaged the services of volunteers, intern and/or temporary staff within the last two years while (30%) of the organizations presented had not. Volunteer workers supplements the effort of organization employees and are generally associated with NGOs. A volunteer is a person who performs a service or task willingly and without pay. This is one way used by organizations to keep their costs low since unlike employees who demand high salaries and other fringe benefits volunteers offer free services but at the discretion of the organization they can get small allowances for their upkeep. By contributing time, energy and talents, volunteers can generate enthusiasm, provide new skills, increase community engagement, serve as bridges to target populations, augment fundraising efforts and complement the work of paid staff. They can be an especially vital resource for organizations straining to meet the needs of beneficiaries with limited staff and budgets. The finding conforms to the World Economic Forum Report (2013) assertions that organizations can benefits immensely from the use and services of volunteers to support the organizations activities.

4.5.4 Outsourcing of Some Operation

The study also sought requested the respondents to indicate whether their organization outsource some operation.

Table 4.13 Outsourcing of Some Operation

	Frequency	Percentage
Yes	57	58
No	42	42
Total	**99**	**100**

From the findings, majority (58%) of the respondents indicated that they outsource some functions while the rest (42%) of the respondents opined that they do not outsource any functions. Distributions of goods, security, cleaning services, supplies of foods, were some of the functions outsourced by the NGOs. Deich and Hayes (2007) noted that organizations consider outsourcing administrative functions, such as payroll and accounting and maximizing the use of volunteers and in-kind contributions. Outsourcing is an effective cost-saving strategy when properly used by organizations. This is a practice used by different organization to reduce costs by transferring portions of work to outside suppliers rather than doing it internally. It is sometimes more affordable to purchase a good from companies with comparative advantages than it is to produce the good internally.

4.5.5 Cost Sharing Services

Table 4.14 present the result of the finding on whether organization offer some services on a cost sharing basis; the results were as follows

Table 4.14 Cost Sharing Services

	Frequency	Percentage
Yes	54	55
No	45	45
Total	**99**	**100**

Out of the 99 respondents 54 respondents (55%) of the respondents indicated that their organization offer some services on a cost sharing basis such as offering transport services for other organizations, training and consultancies, drilling services among others while 45% indicated their organizations don’t offer any services on cost share basis .

4.6 Partnership Strategies in Relation to Organization Sustainability

4.6.1 Partners

The study also aimed to investigate whether organizations have partnered with other organizations and what is the effect of such partnerships on the organizations sustainability. From the findings 56 respondents (57%) of the respondents indicated that they have partnered with other organization while 43 respondents (43%) indicated that they have not partnered..

Table 4.15 Organizations in Partnerships

	Frequency	**Percentage**
Yes	56	57
No	43	43
Total	**99**	**100**

The organizations that have partnered did so in order to attain the goals of the organizations with the help of the partners and also to create confidence to the beneficiaries and stakeholders at large. Deich and Hayes, (2007) asserted that Partnerships are especially important strategy when it comes to financing and sustaining programs. The partners contribute time, money, expertise, or other resources to the partnership and find opportunities to gain from the joint endeavor.

4.6.2 Existence of Partnership Policy

Table 4.16 illustrates the study findings on the whether the organizations have formulated a partnership policy.

Table 4.16 Existence of Partnership Policy

	Frequency	**Percentage**
Yes	57	58
No	42	42
Total	**99**	**100**

Majority 57 respondents (58%) of the respondents indicated that their organizations have partnership policies in place while 42 respondents (42%) indicated that they do not have partnership policies set by their organization. Keller (2010) observed that forming partnerships is one of the most powerful strategies that organizations can use to control their costs and generate new revenue. Strategic partnerships can result in access to volunteers and in-kind resources, increase eligibility for funding sources, reduce administrative costs, and promote more coordinated projects.

4.7 Unrestricted Fund in Relation to Organization Sustainability

4.7.1 Maintenance of Unrestricted Fund

Table 4.17 shows the finding of the study on whether their organization maintain unrestricted fund.

Table 4.17 Maintenance of Unrestricted Fund

	Frequency	**Percentage**
Yes	68	69
No	31	31
Total	**99**	**100**

From the findings, 68 respondents (69%) pointed that their organizations operates unrestricted fund while the 31 respondents (31%) indicated that they do not maintain unrestricted fund. Restricted funds are earmarked for a specific purpose as dictated by the donor. Unlike the restricted or designated funds, the management have free hand on the use of the unrestricted funds and such funds are left to the discretion of the management to decide which project or activity would benefit the organization more with the use of such funds. Common sources of unrestricted funds include donations from the general public, money earned by the NGO selling products or offering services, and other institutional funding. The purpose of the Unrestricted Funds Policy is to ensure stability and advancement of an organization's mission and goals, address the ongoing operations of the organization and provide a source of internal funds for the NGOs priorities.

4.7.2 Bank loan

Further the researcher requested the respondents to indicate whether their organization have ever taken any loan from the bank. Table 4.18 shows the findings;

Table 4.18 Organization that have benefited from Bank loans

	Frequency	Percentage
Yes	54	55
No	45	45
	99	**100**

From the findings, majority (55%) of the respondents indicated that they have taken loan from the bank to accomplish the project they were undertaking while the rest (45%) of the respondents opined that they had not taken any loan from the bank. Bank loans should be used cautiously but a good working relationship between NGOs and the bank sector can help bridge the short term finances among the NGOs.

4.8 Project Financing Strategies and Organization Sustainability

Table 4.19 illustrates the finding of the study on the extent to which project financing strategies influences organizational sustainability. From the findings, most of the respondent pointed that management of the organization's costs and strategic partnerships influence organization sustainability to a very great extent as depicted by mean score of 4.65 and 4.53 respectively. Also respondents pointed that revenues diversification and existence of unrestricted funds influence organizational sustainability to a great extent as illustrated by mean score of 4.44 and 4.36 respectively. A project is sustainable when it continues to deliver benefits to the project beneficiaries and other constituencies uninterrupted into future. Hooley (2008) noted that the environment in which the organizations operates in is characterized by scarce resources, increased competition and pressure from donors, turbulences and unpredictability. The World Economic Forum report (2013) asserted that one of the key strategic concerns that NGOs managers are continuously grappling with is where their funding will come from.

Table 4.19 Project Financing Strategies and Organization Sustainability

	Mean	STDev
Revenues diversification	4.44	0.015
Management of the organization's costs	4.65	0.482
Strategic Partnerships	4.53	0.062
Existence of unrestricted funds	4.36	0.542

4.9 Relationships between the Financing Strategies and the Organizational Sustainability

To establish the relationship between the independent variables and the dependent variable the study the following analysis were conducted; coefficient of correlation, coefficient of determination and multiple regression analysis.

4.9.1 Coefficient of Correlation

In trying to show the relationship between the study variables and the findings the study used the Karl Pearson's coefficient of correlation (r). Table 4.20 below shows the results;

Table 4.20 Coefficient of Correlation

		Organization sustainability	Revenue diversification	Cost management	Strategic partnership	Strategic partnership
Organization sustainability	Pearson Correlation	1				
	Sig. (2-tailed)					
Revenue diversification	Pearson Correlation	.5210	1			
	Sig. (2-tailed)	.0032				
Cost management	Pearson Correlation	.6180	.3421	1		
	Sig. (2-tailed)	.0021	.0014			
Strategic partnership	Pearson Correlation	.5870	.1240	.0621	1	
	Sig. (2-tailed)	.0043	.0120	.0043		
Unrestricted funds	Pearson Correlation	.5530	.3420	.0000	.1660	1
	Sig. (2-tailed)	.0172	.0031	1.000	.0031	

According to the findings, there was a positive correlation between revenues diversification as represented by a correlation figure of (0.521), cost management by (0.618) strategic partnerships by (0.587) and unrestricted by (0.553) respectively with organization sustainability. This figures above shows that there was a positive correlation between organization sustainability and revenue diversification, cost management, strategic partnership and unrestricted funds.

4.9.2 Coefficient of Determination

The coefficient of determination was carried out to measure how well the statistical model was likely to predict future outcomes.

Table 4.21 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.742	0.551	0.641	0.0438

The coefficient of determination, r^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the four independent variables (revenue diversification, cost management, strategic partnership and unrestricted funds) to the dependent variable.

Of the four independent variables that were studied, explain only (55.1%) of the organizational sustainability as represented by the adjusted R^2. This therefore means that other factors not studied in this research contribute 44.9% of organization sustainability. Therefore, further research should be conducted to investigate the other factors (44.9%) that determine organization sustainability.

4.9.3 Multiple Regression

The researcher further conducted a multiple regression analysis so as to identify the influence of project financing strategies on organizational sustainability.

Table 4.22 Regression Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	1.279	1.316		1.451	0.357
Revenue diversification	0.514	0.310	0.172	4.242	.0276
Cost management	0.613	0.322	0.067	3. 452	.0202
Strategic partnership	0.525	0.156	0.210	3. 382	.0285
Unrestricted fund	0.508	0.245	0.148	3.358	.0249

Multiple regressions show the relationship between several independent and a dependent variable. The researcher used (SPSS) to generated Table 4.22 and the equation.

($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$) becomes:

$Y = 1.279 + 0.514\ X_1 + 0.613X_2 + 0.525X_3 + 0.508X_4$

The regression equation above has established that taking all factors into account constant at zero, organization sustainability among NGOs will be 1.279. The findings presented also shows that taking all other independent variables at zero, a unit increase in revenue diversification will lead to a 0.508 increase in organization sustainability; a unit increase in cost management will lead to a 0.613 increase in organization sustainability; a unit increase in strategic partnership will lead to a 0.525 increase in organization sustainability and a unit increase in unrestricted funds will lead to a 0.514 increase in organization sustainability. This infers that cost management determine organization sustainability to a great extent followed by strategic partnership then revenue diversification while unrestricted fund determine the little to organization sustainability within NGOs.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings, the conclusions and recommendations of the study based on the objectives of the study. The chapter finally presents the suggestions for further studies.

5.2 Summary of the Findings

The study sought to establish the influence of financing strategies on the Organizational sustainability by NGOs in Kenya with focus on Nairobi based health sector NGOs. Four aspects of financing strategies were examined and the findings were as follows;

5.2.1 Revenues diversification; the study established that (66%) of NGOs had more than 3 donors and only (33 %) had had between 1 and 3 donors. The study also established that (78%) of donors are specific on the activities that they would want their funds to be spent with only 22 % of donors leaving this to the discretion of the Organizations Management. The study also revealed that 81% of the donors fund projects for more than 5 years and 80% of the NGOs have a written fund raising strategy.

5.2.2 Costs management; the study established that majority (62%) of NGOs have pocurement policies in place, which was closely followed. The NGOs were keen on ensuring quality goods and services were procuired and they obtain value for money. 58% of the respondents stated that thier Oorganizations have undergone restructuring in the past two years in order to enhance the organizational performance, to make the organization more efficient and as a cost. 70% of the respondents noted that their organizations have benefited from the use of volunteers while 30% have not engaged volunteers in the last two years. On outsourcing of goods and services (58%) of the respondents stated that their organizations have been outsourcing some functions and majority mentioned security and cleaning services among other. 55% of the respondents noted that their organizations have offered some services such as trainings on a cost share basis.

5.2.3 Partnerships; the study found that (57%) of the organizations are in some form of partnerships with other organizations. Mutually beneficial partnerships help the organizations to meet to meet their common objectives. The study also found that (58%) of the NGOs had formulated partnerships policies to guided them on the kind of partnerships they should participate in.

5.2.4 Unrestricted fund; the study found that majority of the organizations maintain unrestricted fund as depicted by 69% of the respondents while (31%) indicated that their organizations do not maintain unrestricted fund. The study further noted that some 55% of the organizations have at some point taken some banks. Unrestricted fund influence organization sustainability to a very great extent as depicted by 65% of the respondents.

The study noted a positive correlation between revenues diversification, costs managements, partnerships, unrestricted funds and organizational sustainability as denoted by correlation figures of 0.521, 0.618, 0.587 and 0.553 respectively. The coefficient of determination figure depicted that the above financing strategies contribute 55.1% of the organizational sustainability while the remaining 44.9% is contributed by other factors.

The multiple regression analysis indicates that among the four independent variables cost management determine organization sustainability to a great extent followed by strategic partnership, revenue diversification and unrestricted fund in that order.

5.3 Discussion of the Findings

The study sought to examine the level of revenue diversification and its influences on the organizational sustainability among the Health sector NGOs in Nairobi, to establish the costs management strategies adopted the NGOs and their influences on the organizational sustainability among the Health sector NGOs in Nairobi, to find out the unrestricted fund policies and their influence on the organizational sustainability among the Health sector NGOs in Nairobi and to assess the influence of partnerships on organizational sustainability among the Health sector NGOs in Nairobi.

5.3.1 Revenues diversification; the study established that (66%) of NGOs had more than 3 donors with (26 %) having more than 10 donors. This conform to Viravaidya and Hayssen (2001) assertion that most NGOs dependent heavily on external financial assistance from the donors to finance their operations. The two argued that international support constitutes the single largest source of NGO funding in the region. Mbote (2012) asserted that dependence on the Northern NGOs for support is not sustainable in the long-run. There are a number of factors that make heavy reliance on donor funding risk. There is no guarantee that donor funding will keep streaming in into the future. As the number of NGOs increases and donor priorities changes those NGOs that heavily relies on donor funding may find it difficult to continue in operations. In October last year Kenya Parliament introduced an amendment bill to the PBO Acts that intended to limit NGOs funding from external donors to 15%. Should this bill be re-introduced and pass most of the NGOs will be affected and this will put their future existence in jeopardy.

According to Mukanga (2011) a sustainable approach to NGO financing is an approach that avoids dependency on any one source of revenue whether internal or external. While revenue diversification is good for organizational sustainability, a balance between externally and internally generated resources is necessary but more focus should be put on internally generated revenues as this is more reliable and at the control of the organization.

The study also established that (78%) of donors are specific on the activities that they would want their funds to be spent with only 22 % of donors leaving this to the discretion of the Organizations Management. This is consisted with Atrill and Mclaney (2008) assertion that most Donors frequently attach specific limitations on how the money can be spent, designating particular issues or themes, or specifying support only for program expenses. This has made it difficult for NGOs to finance their ongoing operational expenses. Norman (2011) also pointed that donation from donors are often earmarked for particular projects or for limited project cycles and that most external donors have less confidence with the capacity of local NGOs in implementing projects thus putting a lot of conditions on the use of their fund. This put further the case for internally generated funds that have no restrictions and the NGOs should embrace the social entrepreneurial concept as one way of enhancing their organizational sustainability.

5.3.2 Costs Management; the study established that (62%) of the NGOs have pocurement policies and 58% have undergone restructuring during the last two. 70% of the respondents noted that their organizations have benefited from the use of volunteers and (58%) of the

Organizations have been outsourcing some goods and services. 55% of the respondents noted that their organizations have offered some services like trainings for a fee or on cost share basis. This is consistent with Deich and Hayes (2007) assertion that Organizations eefforts to make better use of existing resources frequently focus on reducing service and administrative costs through operational efficiencies, so that scarce dollars can be stretched further. This may involve costs cutting approaches, outsourcing administrative functions, finding ways to achieve economies of scale across programs etc. Outsourcing is an effective cost-saving strategy when properly used by organizations. This is a practice used by different organization to reduce costs by transferring portions of work to outside suppliers rather than doing it internally. Keller (2010) also urged that as the economy worsens, most organizations employs basic belt tightening strategies and reduces nonessential spending. While Costs Management is a good strategy that contribute to organizational sustainability Organization should strike a balance to ensure the cost management strategies adopted are not to the detriment of the core program activities.

5.3.3. Strategic Partnership; On Partnerships the study found that (57%) of the organizations are in some form of partnerships with other organizations. Mutually beneficial partnerships help the organizations to meet to meet their common objectives. The study also found that (58%) of the NGOs had formulated partnerships policies to guided them on the kind of partnerships they should participate in. This finding conforms to Lewis and Kanji (2009) assertion that partnerships reflects the growing trends for the NGOs to work with the government, donor and private sector on joint activities. Ross (2011) urged that in order to sustain organizational growth NGOs need to look beyond the current round of funding and enter into partnerships with corporate sector, on the grounds that this represents an enormous potential source of sustained flows of financial resources to NGOs. Strategic partnerships can result in access to volunteers and in-kind resources, increase eligibility for funding sources, reduce administrative costs, and promote more coordinated projects. The finding that partnerships enhances organizational sustainability is therefore not in doubt, however care should be taken to ensure an organization does not compromise its values and is not diverted from its core mandate and it is therefore important for the Organizations to vet potential partners before entering into partnership.

5.3.4 Unrestricted fund: the study established that majority of the organizations maintain unrestricted fund as depicted by 69% of the respondents. As Deich and Hayes (2007) noted creating flexibility in fund use is a good strategy. The purpose of the Unrestricted Funds Policy is to ensure stability and advancement of an organization's mission and goals, address the ongoing operations of the organization and provide a source of internal funds for NGOs priorities. These resources are not subject to donor imposed restrictions, however proper internal guidelines should be formulated on the use of unrestricted funds as it is more prone to abuse than the restricted funds.

5.4 Conclusions of the Study

The study set out to establish the influence of project financing strategies on organizational sustainability with focus on health sector NGOs in Nairobi County, Kenya. From findings the study concludes that most NGOs have diversified their revenue base with majority NGOs having more than three donors. Revenue diversification enhances organizational sustainability however there is a need to balance between internal and external sources of revenue. Majority of donors attach conditions to their funds and specifies the activities their fund should support. Most donor funds projects for a period more than 5 years which contributes to organizations sustainability.

On cost management, study concluded that NGOs have pocurement policies in place. Majority of organization were forced to restructure to the organization that have undergone restructuring, they undergone restructuring to enhance the organization performance. Organizations were forced to outsource some operation such as security and cleaning supplies of foods as supported by 58% of the respondents.

On the partnership, the study established that organizations have partnered with other organization in order to attain the goal of the organization particularly on the project they were undertaking. Organization has a set partnership policies that guided them in partnership process and procedures.

On the unrestricted fund, the study established organizations maintain unrestricted fund while some of the NGOs do not maintain unrestricted fund. Some organizations opt to take loan from the banks to sustain their unrestricted fund which influence organization sustainability to a very great extent.

For NGOs to raise sufficient funds for their operations a financing strategy is critical. A sustainable approach to NGOs financing is one that avoids dependency on any one source of revenue whether external or internal. It consists of diversifying sources of income and thus minimizing dependency on any single sources.

5.5 Recommendation of the Study

From the study findings it is clear that financing strategies such as revenues diversification, costs management, strategic partnerships and unrestricted fund policies influence organizational sustainability. The researcher therefore recommends:

1. NGOs should diversify their funding base and should try to strike a balance between internally generated and external funding. To mitigate against the uncertainty surrounding external donor funding
2. NGOs should invest in competent Finance Managers who are able to manage organization resources competently and offer sound advice to the management on critical and strategic financial decision.
3. NGOs should partner more with the corporate entities and tap into the vast resources at the disposal of the corporate bodies. Companies are making millions of money and the NGOs should provide an avenue through which they can give back to the community. NGOs should be more innovative and tap into the huge budgets that Companies spend in marketing. This can work well especially by targeting the companies in the same sector as the NGOs. The millions of dollars that comes to the NGOs as funding are channeled through the banks. NGOs should ask the banks to devise financial products specifically targeted to this sector.
4. To NGOs should focus more on internally generated funds and more income generating activities should be implemented without diverting from the core business of the organization. Internally generated funding will not only supplement the donor funds but also evoke a sense of independence and enhanced sustainability.

5.6 Suggestion for Further Studies

The study has explored influence of project financing strategies on organizational sustainability with focus to health sector NGOs in Nairobi County, Kenya. NGOs in Kenya however are comprised of various other categories which differ in their way of management and have different settings all together. This warrants the need for other studies which would ensure generalization of the study findings for all the NGOs in Kenya and hence pave way for new policies.

1. The study therefore recommends other studies be done with an aim to investigate determinants of project financing strategies in NGOs other than those in health sectors

2. The study also suggested a study to be done on the same in other counties in order to give a general result that depict real situation in the NGOs sustainability.

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APPENDICES

Appendix I: Letter of Introduction

DAVID MWANGI
P.O BOX 57484-00200
NAIROBI

Dear Sir/Madam,

RE: <u>REQUEST FOR YOUR PARTICIPATION IN M.A RESERCH PROJECT.</u>
I am a student at the University of Nairobi pursuing a Master of Arts degree in Project Planning and Management. A part of my coursework, I am required to carry out and submit a research project on the financing strategies adopted by Health sector NGOs in Kenya and how they influences organizational sustainability.

To achieve this objective, I kindly request for your assistance in completing the attached copy of questionnaire. I assure you that the information you provide is purely for academic purposes and will be treated with utmost confidentiality. Should the findings of this Research Project be of interest to you or your organization, a copy will be available at the University of Nairobi Library. Kindly spare some time to complete the questionnaire attached.

Thank you in advance

Yours Sincerely,
David Mwangi Gucheca
Reg. No. L50/83151/2012

Appendix II: Research Questionnaire

Please tick (√) the box that matches your answer or fill the space provided.

PART A: General / Demographic Data Date……………………….

Respondent Data

What is your position/title in the organization?

……………………………………………………………………………….

How long have you been working in your present capacity?

Less than 3years ( ) 3 to 5 years ( ) 5 to 7 years ( ) Over 7 years

How long have you worked with Not-for-profit organization(s)?

Less than 3years ( ) 3 to 5 years ( ) 5 to 7 years ( ) Over 7 years

Organization's Bio-data.

How long have your organization been in operation?

Less than one year ( ) One to three Years ( ) Three to five years ( )

Five to seven years ( ) Seven to ten years ( ) Over 10 years ( )

Apart from Health which other sector/s is your organization in;

…………..…………………………………………………………………..

………………………………………………………………………………

How would you describe your organization?

Community Based Organization ( ) City wide NGO ( ) National NGO ( )

International NGO ( ) A Foundation ( ) Other; Please explain…..…………

PART B:

How many donors does your organization currently have? …………………….…………….

b) Are the donors' specific on the activities they fund or they leave it to the management to decide on what to do with the funds?

……………………………………………..…………………………………………………

c) On average how many years do your organization donors funds a given project?

……………………………………………..…………………………………………………

Does your organization have a written fundraising strategy? Please tick the appropriate box. Yes ( ) No ( )

b) If Yes, who is responsible for fundraising activities? ……………………………………….

c) Please list some of the fundraising activities undertaken by your organization …………………………………………………………………………………….……..………

…………………………………………………………………………………………………

Does your organization have a procurement policy? Yes ( ) No ( )

b) Please list some of the things checked before procurement of goods or services is approved………………………………………………………………………………………

…………………………………………………………………………………………………

Have there been any restructuring, redesigning or reorganization in your organization within the last two years? Yes ( ) No ( )

b) If Yes, what prompted the restructuring, redesigning or the reorganization? ....

Has the organization benefited from the services of Volunteers, interns or temporary staff during the last two years? Yes ( ) No ( )

Does the organization outsource some functions, operations or services? Yes ( ) No ( )

If Yes, Please give examples

………………………………………………………………………………………………….

Does your organization offer some services or products on a cost-share basis i.e. for some fees? Yes ( ) No ( )

If Yes, Please give some examples

…………………………………………………………………………………………………

………………………………………………………………………………...…………

Have your organization partnered with other organizations in the recent past? Yes ( ) No ( )

If Yes, please list some of the ways your organization have benefited from working with partners…………………………………………….……..……………………………………

……………………………………………………………………..……………………………

Does your organization have a policy on partnerships? Yes ( ) No ( )

Does your organization maintain unrestricted funds? Yes ( ) No ( )

How does your organization generate the unrestricted funds? ……………..…………………….………………………..………………………………………

Have your organization ever taken a bank loan to finance some activities? Yes ( ) No ( )

If No,why...

PART C:

To what extent is your organization sustainability influenced by each of the factors listed below? Please tick in the columns.

	Very great extent (5 Marks)	Great extent (4 Marks)	Moderate extent (3 Marks)	Little extent (2 Marks)	Very Minimal extent (1 Marks)
Management of the organization's costs					
Revenues diversification					
Strategic Partnerships					
Existence of unrestricted funds					

In your opinion what would your organization do to enhance your organizational sustainability?

……………………………………………………………………………………………………

…………………………………………………………………………………………………

Thank you for taking your precious time to fill the questionnaire and for your cooperation.

Appendix III: List of NGOs

	List of the NGOs Sampled for the Study
1	ACTION AFRICA HELP KENYA
2	ADVENTIST DEVELOPMENT AND RELIEF AGENCY - KENYA
3	AFRICA OUTREACH ROHI PROGRAMME
4	AFRICAN MENTAL HEALTH FOUNDATION
5	AMERICAN REFUGEE COMMITTEE
6	ASSOCIATION OF ITALIAN FRIENDS OF RAOUL FOLLEREAU - KENYA
7	BICYCLE MISSION WORLD INC
8	CAPTURE FOUNDATION INTERNATIONAL
9	CENTRALE HUMANITAIRE MEDICO - PHARMACEUTIQUE
10	CENTRE FOR THE STUDY OF ADOLESCENCE
11	CHILDFUND KENYA
12	CHRISTIAN MISSION AID
13	COMMUNITY BEST FIT PROGRAMS
14	CONCERN WORLDWIDE
15	CONSORTIUM FOR NATIONAL HEALTH RESEARCH
16	COORDINATED HUMANITARIAN AND DEVELOPMENT SERVICES
17	ENGENDER HEALTH
18	FAMILY CARE INTERNATIONAL
19	FAMILY PROGRAMMES PROMOTION SERVICES
20	FORUM FOR INTERNATIONAL CO-OPERATION
21	GERMAN AGRO ACTION
22	GOLD STAR KENYA
23	GROUP FOR TRANSCULTURAL RELATIONS - GRUPPO PER LE RELAZIONI TRASCULTURALI
24	HEALTH RIGHTS ADVOCACY FORUM
25	HOSANNA MISSION INTERNATIONAL FOUNDATION IN KENYA
26	IMBAKO PUBLIC HEALTH, INC
27	INTERNATIONAL INSTITUTE OF RURAL RECONSTRUCTION-AFRICA REGIONAL
28	INTO ABBAS ARMS
29	JOY CHILDREN EDUCATION AND DEVELOPMENT PROGRAMME

30	KENYA COMMUNITY BASED HEALTH FINANCING ASSOCIATION
31	KENYA ORPHANS RURAL DEVELOPMENT PROGRAMME
32	LIFE CARE AND SUPPORT CENTRE KENYA
33	MAKE WAY PARTNERS
34	MARAFIKI COMMUNITY INTERNATIONAL
35	MEDECINS SANS FRONTIERES – SWITZERLAND
36	MEDICAL EMERGENCY RELIEF INTERNATIONAL (MERLIN)
37	MINORITY COMMUNITIES IN AFRICA
38	MOGRA SOUL WINNER RESCUE CENTRE
39	MWANGAZA MWINGI CENTRE
40	NETWORK OF AIDS RESEARCHERS EAST & SOUTHERN AFRICA
41	ORGANIZATION OF LOCAL COMMUNITIES AGAINST POVERTY
42	PEER RESOURCE INITIATIVE
43	PLUMBERS WITHOUT FRONTIERS
44	PRO LABORE DEI IN AID OF DESTITUTES
45	PROVIDENCE WHOLE CARE INTERNATIONAL
46	REGIONAL COUNSELLING AND PSYCHOSOCIAL ORGANISATION
47	RESTORATION AND REHABILITATION CENTRE
48	SAFEGUARD YOUNG LIVES ORGANIZATION (SAY LIVE)
49	SAMARITAN'S PURSE INTERNATIONAL RELIEF
50	SAVE THE CHILDREN FUND (UK)
51	SKYBRIGHTERS INTERNATIONAL RELIEF ORGANIZATION
52	SOLAR ENERGY FOUNDATION(STIFTUNG SOLARENERGIE)
53	TAUSA DEVELOPMENT PROGRAMME
54	THE FRED HOLLOWS FOUNDATION KENYA
55	THE NATIONAL HEALTH DEVELOPMENT ORGANISATION
56	TUMAINI FUND FOR ECONOMIC DEVELOPMENT INTERNATIONAL