

**INFLUENCE OF DONOR FUNDS DISBURSEMENT
PROCEDURES ON PROJECT IMPLEMENTATION IN
KENYA: THE CASE OF NGOS IN NAIROBI COUNTY**

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**A Research Project Report Submitted in Partial Fulfillment of the Requirements for
the Award of the Degree of Master of Arts in Project Planning and Management of
the University of Nairobi**

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DECLARATION

This research project is my original work and has never been presented for any award in any University.

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

Signature.....Date.....

PROF. CHARLES M. RAMBO

DEDICATION

I dedicate this research study to my loving mother Caroline Ng'etich.

ACKNOWLEDGEMENT

I give thanks and praises to our Almighty God for His blessings, guidance and granting me good health while carrying out this study.

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LIST OF ACRONYMS AND ABBREVIATIONS

ACCA-	Association of Chartered Certified Accountants
DFID-	Department for International Development
GOK-	Government of Kenya
ICRAF-	World Agro forestry Centre
NGOS –	Non Governmental Organizations
ODA-	Official Development Assistance
RTD-	Resource Dependence Theory
SPSS -	Statistical Package for Social Sciences
UPE-	Universal Primary Education

ABSTRACT

The Non-Governmental organizations receive massive donor funding to finance their projects. According to Global Humanitarian Assistance (2011), Kenya received \$537 Million in official humanitarian assistance in 2011, making it the world's eight recipient of aid and the Kenyan NGOs received over US\$ 95 million in year 2011 for their projects. However, Kenyan NGOs are faced with challenges on funds disbursement which causes delay in project implementation. The delay in disbursement of funds from the donors is inherent in the disbursement procedures that most NGOs fail to comply with. The purpose of this study was to investigate the influence of donor funds disbursement procedures on project implementation in Kenya: the case of NGOs in Nairobi County. The study was guided by following research objectives ;to determine how the periodic donor financial reporting influence the project implementation, establish how the periodic programme reporting influence project implementation, examine how audit requirements influence project implementation, to assess the extent to which grant budget approvals influence project implementation and to establish how banking facilities influence project implementation for NGOs donor funded projects in Nairobi County. This study adopted a descriptive survey design to a target population of 1,213 donors funded NGOs operating in Nairobi County where a 10 percent sample size of 121 NGOs participated in the study. Simple random sampling technique was then employed to select the respondent NGOs based on the chosen sample. Purposive sampling was used to select one finance manager from each of the sampled NGOs as target respondents in the study. The researcher used a structured questionnaire to obtain primary data from the finance managers drawn from the selected NGOs. The reliability test Cronbach Alpha generated a coefficient of 0.75 which was highly reliable for the study. The researcher used descriptive statistics to analyze data by utilizing means, modes and standard deviation as per the research objectives. Inferential statistics analysis was done to determine the strength between independent variables and dependent variables. The results of data analysis were presented in form of frequency tables for interpretation. The study found out that periodic donor program reporting contributes the most towards project implementation, followed by donor financial reporting, then audit requirements, grant budgets and last the bank facilities. The study further found that project accounts information is regularly updated and that statutory audits are carried out every year by a qualified external auditor. The study also found out that the variables in this study explain 63.5 percent of the donor funds disbursement procedures' influence on project implementation. The study concluded that the donor periodic financial reporting, donor periodic programme reporting, audit requirements, grant budget approvals and banking facilities all influence project implementation in the NGOs. The study recommended that donors and NGOs to design and harmonize funds disbursement procedures acceptable to both parties to ensure successful implementation of the projects by the NGOs in Kenya. The study makes contribution to knowledge on financial management and project implementation for Kenya's NGOs sector.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

NGOs play a critical role in shaping governance, social and economic interventions throughout the world (Mutua, 2009). The World Bank defines NGOs as private organizations that pursue activities to relief the suffering, environment, provide basic social services or undertake community development. In Kenya, Sessional Paper No 1 of 2006 on Non-Governmental Organizations defines an NGO as a voluntary organization or grouping of individuals or organizations which is autonomous and not-for-profit sharing; operating in the voluntary sector; organized locally at the grassroots level, nationally, regionally or internationally for the purpose of enhancing the legitimate economic, social and/or cultural development or lobbying or advocating on issues of public interest or interest of a group of individuals or organizations; but shall not include Trade Unions, social clubs and entertainment sports clubs, political parties, private companies or faith propagating organizations. According to the NGO Co-ordination Board of Kenya, there are 10,018 NGOs registered in Kenya as at June, 2015.

The NGOs finance their activities through soliciting for funds from Governments agencies foundations, philanthropists or other charitable institutions. The importance of NGOs is further noted in the funding that is channeled through the NGOs. The amount of aid funding, a small increase or decrease in the effectiveness with which the aid is deployed can have substantial impact on the lives of many vulnerable people (ACCA, 2009). The funds channeled to the NGOs are guided by donor grant agreement that spells out the conditions governing the grant. One of the key elements of the grant conditions is the funds disbursement procedures during the project undertaking. Disbursement of funds determines the pace of the project implementation and this forms the basis for translating the project activities to measurable outputs. Funds must be clearly designated and committed to project so as to ensure successful implementation of the activities without delays (Keng'ara, 2014). Disbursement refers to the release of funds from one entity in this cases donor to an appointed beneficiary undertaking project implementation. Delays are defined as the timing between the pledges by a donor or international development

agency to give aid to a country and the time the country receives the money (Gaston *et al.*, 2010). Amounts allocated for project implementation should be sufficient and disbursed as per schedule to for all expenses of the implementation process and any anticipated events to avoid project stalling. Masega (2012). Amidst the accountability for funds, donors need periodic performance reporting that regularly demonstrates progress and goal achievement on a project (ACCA, 2009). Since the requirement on reporting is tied to funds disbursement procedures as per donor agreement, the project implementation is likely to be affected should there be delays in release of the projects funds.

In Germany, most of the funding is dedicated to foreign countries which place it as the second largest European government donor in 2012, spending US\$12.9 billion (€10.1 billion) on net official development assistance (ODA). Thus, most of the aid projects are in Africa countries. Since the late 1990s, the UK has expressed a desire to move away from projects towards providing budget support in order to scale-up aid for the MDGs and provide more long-term and predictable recurrent financing to recipient countries. Similarly, in the Year 2003 UK's Department for International Development (DFID) launched a General Budget Support Evaluation Study to assess how well budget support has been working, and in its latest policy paper on Poverty Reduction Budget Support, states that it will continue to assess the most appropriate aid modalities on a country-by-country basis, and that budget support will only be an option where there is not a high level of fiduciary risk that is unlikely to be reduced (Donor Tracker Report,2013).

In Sri Lanka, foreign funded projects have rapidly increased in the recent past; especially in the road sector both as reconstruction efforts after 2004 tsunami and end of a three decade-long civil conflict by 2009, in addition to general infrastructure reconstruction. Despite the fact that the project delays are common and costly in general, it becomes more significant for donor funded projects (Jeyakanthan, 2009). In Ghana, lack of proper flow of counterpart funding has affected many projects but the impact of foreign aid to developing countries has been so helpful. This has improved public procurement delivery performance in the country and has received overwhelming development assistance from donor partners over the years. The Government of Ghana in an effort to protect and to

effectively utilize these funds partly provides proportion of the needed funds to ensure that donor funds are properly managed and used for the intended purpose (Kotey, 2014). South Africa, compared to many other developing countries particularly in Sub-Saharan Africa, relies very little on donor funding. It uses aid for capacity building initiatives and assistance of a technical nature, as opposed to the development of infrastructure. This is largely a reflection of the fact that South Africa is relatively more developed, both in an institutional and infrastructure sense, than most other aid recipients. Also, South African Government plays a very active role in overall aid management to ensure that there is a strong sense of ownership and control (Yash & Mathew, 2009)

In Tanzania, Stephen *et al.*, (2013) observe that delays in funds disbursement impact on performance of development projects, it enforces adjustment of spending plans at short notice when the promised aid is not provided or when additional aid is disbursed unpredictably which lead to inability to meet intended goals. In Uganda, civil society fund report (2009) note that most organizations had financial constraints due to delay in funds disbursement. The organizations had back log ranging from a quarter to half the year of project were not done. This was attributed to late submission of reports or delays in funds disbursement. NGOs produce interim reports of their activities on a monthly, quarterly or half yearly basis. Separate interim reports are usually produced for each project undertaken (CSF report, 2009)

In Kenya, the Non-Governmental organizations receive massive donor funding to finance their projects. According to Global Humanitarian Assistance (2011), Kenya received \$537 Million in official humanitarian assistance in 2011, making it the world's eight recipient of aid and the Kenyan NGOs received over US\$ 95 million in year 2011 for their projects. However, Kenyan NGOs are faced with challenges on funds disbursement and Gaturu (2014) recommends that NGOs should create better funds to cushion any possible delay in release of donor funds especially for recurrent expenditure. In view of the foregoing, the study was to investigate the influence of funds disbursement procedures on project implementation for the NGO sector in Kenya with focus on NGOs operating in Nairobi County.

1.2. Statement of the Problem

The NGOs play a vital role in socio-economic development of Kenya as they augment the government's efforts in humanitarian and developmental programmes with major objective of alleviating poverty (Kagundo, 2012). Despite their greater role, the disbursement of funds from donors to the NGOs experience delays leading to uncertainty in project implementation. Keng'ara (2014) notes that due to that, implementation delays, the projects are never completed on time thus prompting request for extension of time. Completion of projects in a timely manner is a crucial factor and an indicator of projects' success.

Whilst the NGOs successfully source for funding through submission of good funding proposals to the donors, they experience delay in implementing the projects. The question thus arises, why is donor timing of disbursements unpredictable and why the delays? This is attributable to the factors ingrained in funds disbursement procedures required for accountability by donors which the NGOs fail to comply with. Donors do set a number of conditions that govern the entire disbursement of funds to recipients. It also sets out the accountability criteria for previously disbursed funds before additional tranches are released to project implementation unit (Nasma, 2012). To start with, the periodic financial reports are required by donors within strict timelines in order to disburse subsequent grants to the NGOs. However, it takes time to compile and review these financial reports prior to sending to the donors. Similarly, periodic program reports are needed by the donors at certain intervals to assess program delivery and whether the objectives of the projects are being accomplished. The submission of the program reports is tied to the release of funding and in an event that there is delay in complying with the stipulated timeliness as per grant agreement; the funds disbursement from the donors is likely to delay. Periodic reporting is affected by the fact that NGOs operate among communities and consultation process may take time. The accountability reports are required quickly and too frequently (ACCA 2009). These conflicting requirements could adversely affect the work of the NGO.

Third, relates to the audit requirements that stipulate the timing of an audit and expectations to be met by the NGOs in regard to the utilization of donor funds. The lengthy engagement process of finding the independent audits coupled with audit queries

compound to delay decision making for project funds release by donors. Rima (2014) notes that donor agencies of earmarked funds carry out a system and compliance audit before initial disbursement of funds. Also, the grant budget approvals are essential in determining the monetary composition of the work plans and timelines for placing funding request from the donors (Keng'ara, 2014). The last problem area relates to the banking platforms for the NGOs. Some donors prefer to have separate bank accounts through which project funds are channeled to the NGOs and this requirement puts the NGOs to open new bank accounts which is a lengthy procedure due to involvement of the board of NGOs (Naomy, 2008).As a result, funds receipt is likely to be delayed which subsequently affect the successful project implementation.

Unless the Kenyan NGOs management understand the influence of the funds procedures, then projects' success is likely to be affected. Substantial literatures on NGOs are in the areas of donor financing, sustainability and accountability. The existing literatures address aspects that affect NGOs in sourcing for funding and the sustainability of the projects. Furthermore, the available literature covers only the funds disbursement procedures for the Kenya's public sector donor funded projects which has loan component. Unfortunately, there is no literature to the limit of researcher's knowledge that covers the influence of donor funds disbursement procedures on the project implementation for NGOs in Kenya. The study sought to close this apparent research gap by investigating the influence of donor funds disbursement procedures on project implementation for donor funded NGOs in Nairobi, Kenya.

1.3. Purpose of the Study

The purpose of this study was to investigate the influence of donor funds disbursement procedures on project implementation in Kenya: the case of NGOs in Nairobi County.

1.4. Objectives of the Study

The study was guided by following research objectives;

- i. To determine the extent to which the periodic donor financial reporting influence project implementation for NGOs in Nairobi County.
- ii. To establish the extent to which the periodic programme reporting influence project implementation for NGOs in Nairobi County.
- iii. To examine the extent to which audit requirements influence project implementation for NGOs in Nairobi County.
- iv. To assess the extent to which Grant budget approvals influence project implementation for NGOs in Nairobi County.
- v. To establish the extent to which the banking facilities influence project implementation for NGOs in Nairobi County.

1.5. Research Questions

The study sought to answer the following research questions.

- i. To what extent does periodic donor financial reporting influence project implementation for NGOs in Nairobi County?
- ii. To what extent does periodic donor programme reporting influence project implementation for NGOs in Nairobi County?
- iii. To what extent do the audit requirements influence project implementation for NGOs in Nairobi County?
- vi. To what extent do the grant budget approvals influence project implementation for NGOs in Nairobi County?
- vii. To what extent do the banking facilities influence project implementation for NGOs in Nairobi County?

1.6. Significance of the Study

It is hoped that the findings of this study will be beneficial to the following groups; the funding donors of NGOs, project managers of the donor funded projects in Kenya's NGO sector, finance managers of donor funded projects ,NGO Board of Kenya and future academic researchers.

To start with, donors provide the critical financial aid to the NGOs for undertaking the projects that improve the welfare of communities. Thus, the study findings inform donors of the extent to which the grant conditionality influence the project implementation and how they can assist the NGOs by offering a more conducive regulatory framework. Second, the project managers in Kenya's NGOs sector are informed of the influence that donor funds disbursement procedures have on project implementation and how to mitigate against probable delays in project implementation through adherence to the prescribed funds disbursement procedures or propose progressive changes in consultation with the donor community. Third, the findings of the study help finance managers of donor funded projects in Kenya's NGO sector manage the timely accountability mechanism ingrained in donor funds disbursement procedures and hence ensure smooth running of the projects.

As the regulator of the NGO sector in Kenya, the NGO Board is informed of influence of the donor funds disbursements procedures of the donor funded NGOs and thus facilitate a conducive regulatory framework that is favorable to the operations of NGOs in relation to the projects. Last, it is also hoped that future researchers and academicians gain from the study findings as it provides them with reference information for future studies in discipline of financial management for Non-Government organizations.

1.5. Basic Assumption of the Study

It is assumed that the NGOs sampled have salient characteristics with the NGOs operating in other parts of Kenya and that the sample represents the entire population of NGOs in Kenya. The researcher also assumes that the respondents in the study give accurate information required during data collection without reservations.

1.6. Limitations of the Study

Time constraint was a major limitation in the study since most of the target respondents engaged in busy duties of their respective organizations and this affected the questionnaire response rate. Nonetheless, the researcher made follow ups through telephone calls to the respective sampled respondents upon submission of the questionnaires.

Due to the expensive nature of research the researcher incurred costs to facilitate travelling from one place to another, stationary expenses, typing and printing expenses and binding expenses. To mitigate this challenge, the researcher budgeted for all expenses so as to facilitate the research and reached the respective respondents.

1.7. Delimitation of the Study

This study focused on influence of donor funds disbursement procedures on project implementation for NGOs donor funded projects in Nairobi County. The confinement of the study to Nairobi County is informed by the fact that unlike other parts of Kenya, Nairobi County has a high concentration of NGOs both local and international. Therefore, the amounts of donor funding involved is high which forms a proper assessment platform for this study. Also, the selection of the donor funded projects within the NGOs set up is informed by the fact that amidst accountability mechanism, donors who offer financial aid to the NGOs stipulate procedures that govern utilization of the funds in project implementation.

1.8. Definition of Significant Terms used in the study

The following are the significant terms as used in the study by the researcher.

Donor funds Disbursement -Refers to the set of conditions and criteria to procedures
. be met by the NGOs prior to the release of funds from one entity (donor) to project implementation unit in this case (NGO).

Project Implementation Projects are considered are considered successful when
Projects are completed within the set timeframes, within budget costs and acceptable quality standards.

Donor Financial Reporting- Refers to the accountability of project funds at periodic
intervals through submission of financial statements to the donors.

Donor Program Reporting- Refers to the narrative reports submitted to the donors at
periodic intervals stipulated in the grant agreement.

- Audit Requirements-** This refers to the processes of accountability systems undertaken by the NGOs as required by the donors. It encompasses the stipulation of the timing to carry out either the financial or project audits by independent parties.
- Grant Budget Approvals-** These refer to the basis for the grant will be utilized expressed in both monetary and program terms. This entails approval of work plans, grant agreement amount and the disbursement of grant in periodic intervals.
- Banking Platforms.** These are avenues through which the NGOs receive their funding

1.9. Organization of the Study

In this study, Chapter One consists of the following; background of the study, statement of the problem, purpose for the study, objectives of the study, research questions, research objectives, basic assumptions of the study, limitation of the study, delimitation of the study definition of significant terms and organization of the study. Chapter Two is on literature review organized as per the research objectives themes, theoretical framework for the study, conceptual framework that explains relationships of variables, gaps in the literature review and the summary of the literature review. Chapter Three deals with research methodology to be adopted in the proposed study. This covers the research design, target population, sampling size and sampling procedures, data collection instruments, data analysis techniques, ethical consideration and operationalization of variables. Chapter Four covers data analysis, presentation and interpretations and discussions as per each of the research objectives. Chapter Five covers the summary of the findings, conclusions and recommendations. It takes note of the contribution to the body of knowledge – new knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter reviews the related literature as per the five research objectives formulated in the study, focuses on theoretical framework for the study, conceptual framework developed by the researcher, explanation for the relationships of the variables in the conceptual framework. Also, this chapter identifies knowledge gaps in the literature reviewed and summary of the literature review. These are discussed as follows.

2.2. Periodic Donor Financial Reporting and Project Implementation

The NGOs are required to submit financial reports to the donors at a given periodic interval formulated in the grant agreement. These financial reports include project budget lines and the amount granted including portions contributed by other donors if any. Furthermore financials include exchange rates for converting local currency to the cost of project and an NGO is obligated to submit final financial report at project end. Depending on the donor requirements financial reports are submitted on monthly, quarterly, semiannually or annually basis. Disclosure statements and reports are documents that are required by donors and oversight agencies and contain both financial information and operational data about the projects.

In Tanzania, Stephen *et al.*, (2013) in their study of the causes of deviation and delays in foreign aid, used a cross-sectional research design by administering a questionnaire and interviews to a total of 75 respondents who were selected through stratified sampling method. The data was analyzed using descriptive statistics and the results found out that donors release funds on quarterly basis but due to delays, the funds are released in the second months and a financial report is needed by donors. In most cases donors would assume that there is balance of funds which may not be the case. Under this scenario, funds will not be disbursed in full leading to incomplete implementation of the project or poor quality project.

Bagoole (2011) using a descriptive design, administered a questionnaire to 113 purposively selected respondents from a target population of 160 schools. Pearson correlation analysis was used to determine the relationship between funds disbursement, monitoring, accountability and performance of Universal Primary Education (UPE) schools. Regression analysis was used to determine the relationship and impact of funds disbursement, monitoring, accountability to performance of UPE schools in Iganga district, Uganda. In the study Bagoole (2011) upon review of periodic technical and financial reports of projects revealed that the timing of disbursement of funds was affected by funds accountability requirements of the financial partners which is essential prior to disbursement of funds. This occasions a slow implementation of the projects due to unavailability of funds in good time whenever the reporting is not done as required. UNDP (2013) notes that delays in submission of financial reports create challenges for forecasting of expenses and for managing the flow of cash and reporting, which is required in order for received of funds advance it addition. Furthermore, poor accountability is attributed to delay in donor funds disbursement.

2.3. Periodic Donor Program Reporting and Project Implementation

NGO are required by donors to submit narrative reports to donors at periodic interval as stipulated in the grant agreement. Also, a final narrative is required and thus includes findings from project review or project evaluation.

In Ghana, ACCA (2009) undertook a research using a survey method comprising of focus group discussions and interviews to a purposively selected target population of 28 individuals from workers and beneficiaries of a range of welfare aid in Ghana. The study identifies key accounting and accountability mechanism for the NGOs. In upward accountability to donors, NGOs use annual reports, interim reports and performance evaluation reports at the end of each project. The project officers pointed out that a number of this upward accountability mechanism impedes improvements in the effectiveness of some aid projects. Reporting formats often appear flexible and provide little slope since they are rigidly specified by donors. The study further, notes that in some cases inflexible reporting mechanism rarely allow feedback to donors on how projects should be adapted to local conditions. Such reporting challenges hinder reports

preparation and eventually delayed disbursement of project funds due to untimely submission of reports. The ACCA (2009) report agrees with Stephen *et al.*, (2013) which notes that poor coordination and poor report preparation leads to delays in aid disbursement. Stephen *et al.*, (2013) further states that conditionality requirements of multilateral agencies cause delayed disbursement of aids. The study found out that 33% of the respondents attributed the delay for failure to meet donor requirements. Unsatisfactory proposal and delay of the previous reports caused the delay in disbursing donor funds.

In Uganda, similar views are held by CSF report (2009) which points out that most of the organizations had financial constraints due to the delay in disbursement of funds. The organizations had back log ranging from a quarter to half the year of project were not done. This was attributed to late submission of reports or delays in funds disbursement. NGOs produce interim reports of their activities on a monthly, quarterly or half yearly basis. Separate interim reports are usually produced for each project undertaken. These reports summarize the activities of the project in question for a specified period. These reports compare the planned activity and the activity that has been attained (ACCA 2009) from some such reports also give the financial resources utilized during period under review.

In Ghana, Kotey (2014) conducted a study on the effects of local counterpart funding delay on procurement of donor funded projects by questionnaire surveys using purposive sample technique, with the response and analysis of data reviewed by ranking method, using the Relative Importance Index. The target population was 85 respondents involved in management of donor funded projects both in the government and the donor agencies. The study notes that the unavailability of certain key people in project initiation could also cause delays or system collapse, which has been a problem in many local counterpart projects where some community members have come against projects in their communities.

Foreign Aid to Africa Report(1997) as [cited in Kotey,2014] notes that many of the highly trained persons are incompetent in Aid Project Development and this incompetent and inexperienced highly trained staff waste a lot of capital and human resources. These views are agrees with the research by Kotey (2014) and in my view expertise is essential component of managing donor projects since several program reports are done during project life cycle. For example, performance assessment and evaluation reports assess impact of projects, project aims, expected results and performance indicators as specified at the start of the projects. Assessment and reports to the donors are crucial as they give position of the project. Annual or (summative) reports summarize all NGO activity for the year while interim reports of NGO activities are on regular basis.

Regular reporting to the donors ensures frequent communication between donors and NGO project officers. This helps in clarifying issues and it also help to develop good working relationship between NGO staff and donors. Where donors are expected to report to the governments, which themselves want to demonstrate to their electorates their action and the impact of their aid, the result may be that important projects may be relegated if they scheme, that can only produce positive effects and deliverables over a long time.

2.4. Audit Requirements and Project Implementation

According to MANGO (2009), donors require independently audited account and audit reports at agreed periodic intervals. In addition such accounts should comply with the international accounting standards and as well as the international standards on auditing. In most cases donors reserve the right to carry out an independent project audit at any time after completion or during project implementation. Audit is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they purport to relate (Grooms, 2007).

A normal requirement attached to the funding provided to the NGOS is that locally based NGOS have to account to the donors how their funds have been used. ACCA (2009)notes that although this requirement can help ensure that their funds is not misappropriated or

spent on undesignated project it has also been demonstrated to have problematic consequences. NGOs are audited as part of the external financial audit and as an upward accountability mechanism. It allows the funders to cross-check and monitor activities without being physically present. Naomy (2008) recommends that annual project audits should be carried out by external auditor.

Keng'ara (2014), in establishing the effect of disbursement procedures on implementation of donor funded projects in Kenya's public sector, adopted a descriptive case study design to a sample size of 45 respondents who were selected through census for the from the projects coordinators and heads of departments of projects undertaken by Government of Kenya and donors in Homabay, Kenya. The data was collected using questionnaire and interviews and analyzed by using the descriptive statistics .This study notes that unsolved audit issues result in donors suspending aid and returning unspent funds. In some cases donors withhold disbursement until audit of the financial statements is done. Such requirements and occurrences compound to slow the funds disbursement to enable project implementation.

2.5. Grant Budget Approvals by Donors and Project Implementation

MANGO (2009) guides that disbursement as per grant can only be made once the grant agreement has been signed between the donor and the NGO. This is signed against an approved budget and work plan for project and upon completion of a disbursement request form. Budgets are estimate of costs, revenues and resources over a specified period of time reflecting a forecast of financial conditions and goals. Grant agreement between the donor and the NGOs specify each party's roles and responsibilities in regard to the funds approved. Budget implementation entails the translation of approved budget estimate or the project into actionable pieces of activities as contained in the annual work plan. Disbursement requests are placed by the organization to the donor, informing of the release of the stated amount of money to be utilized in project implementation activities. Keng'ara (2014) observes that request is accompanied by a number of documents for the planned activities.

In Japan, Hideaki *et al.*, (2013) conducted an empirical analysis on preferences of donors to financial information of Civil Society Organizations. Hideaki *et al* (2013) used survey questionnaire administered purposively to 876 individual donors who had paid membership fees or gave a donation during the 2009 fiscal year and data was analyzed using descriptive statistics. The study found out that the donors of organizations considered the following to be important; purposes of activities and missions of organizations, goals of activities and budget for next year. Thus, budget formulation is a critical aspect when the organization are sourcing or requesting for project funds for undertaking the planned activities.

In a study of the significant causes and effects of project delays in Nigeria, Sunjkaet *al.*, (2013) used questionnaire survey method to a conveniently sample size of 220 participants and analyzed data using inferential statistics of Analysis of variables based on the summated scores from responses in a survey. The study notes that donor agencies such as the European Union aid NGO's partner with communities to implement the projects according to terms and conditions stipulated on MOU agreed between them and the beneficial communities. This illustrates the critical nature of agreement prior to the projects kick off. The study identifies delay is disbursement of payments as a challenge impeding project implementation.

In a study to ascertain the factors that influence project sustainability for the NGOs, Naomy (2008) used a descriptive design through structured questionnaires to 115 respondents who were selected using stratified random and simple random sampling methods from the target population of 384 NGOs in Nairobi, Kenya. The data was analyzed using descriptive statistics and found out that financial systems influence the project sustainability and that NGOs should have good financial systems in place by preparing a budget which should include enough income to pay for all planned expenditure for every project prior to project implementation.

Gaturu (2014) assessed the factors affecting the timeliness of completion of donor funded projects in Kenya. The study used a descriptive research design by administering a

questionnaire to 51 respondents who were randomly selected from the staff of World Agro forestry Centre (ICRAF), Kenya. Descriptive statistics were used to analyze general information from the respondents while inferential statistics used to describe the extent of relationship between variables at 0.05 level of significance. The study found out that untimely release of and inadequate and unpredictable release of project funds influences timeliness of completion of projects to a greater extent. However, unlike Masega (2012), the study notes that was no significant relationship between promptness in release of funds by donors and completion of projects. Conversely, the budget approvals and agreement signing determines disbursement of first tranche project at early ages. Therefore, untimely release of funds particularly during first phase of the project is a significant barrier to effective project derives of especially whose new project staff must be recruited and prerequisite field supplies purchased to kick off project activities. This necessitates the release of funds at this crucial stage.

In his study on influence of disbursement funds on implementation of projects, Masega (2012) adopted a descriptive survey design through interviews and questionnaires administered to a study population of 45 respondents selected by stratified sampling from persons involved in implementation of Thika road Project, Kenya. The data was analyzed using descriptive statistics such as mean, standard deviation, correlation and frequency distribution. The study found out those delays in funds disbursement hinders project implementation. Thus, Masega (2012) concluded that the amount allocated for the implementation of projects should be sufficient and disbursed as per schedule to cater for all the expenses of the implementation process and any other unanticipated events to avoid project implementation failure or delay causing economic hiccups. Hence, disbursement request should be forwarded in a timely manner to ensure smooth implementation of projects.

Donors usually set some conditions or requirement that regulate the funds disbursement of donor funds to recipients. In addition, accountability criteria are set to ensure that funds are properly deployed by the NGOs. Subsequent disbursement or tranches are tied

to the accounting of previously disbursed funds. This means that project funds will not be disbursed unless the prior accountability done by the NGOs.

2.6. Banking Platforms and Project Implementation

UNDP (2013) observes that bank reconciliation is conducted through reconciling monthly bank statements of special accounts with expenditure reports. The impact of such measures is that the accuracy of the provincial information contained in the reports is approved. Thus, availability of bank systems that regularly give information to facilitate bank reconciliation is crucial. Naomy (2008) in her study on the factors influencing the project sustainability notes that NGOs should ensure separate accounting data is maintained for each project. This ensures that all financial data relating to project is tracked to the bank records.

Kotey (2014) notes that donor funding come in direct payment form through a representative working in the beneficiary country and adds that opening an account in the project name, where payments are made to specific suppliers, contractors and consultants for work done is essential. Most NGOs operating restricted funding are required to operate separate bank accounts to enable tracking of the expenses reports to the bank statements. Nkamleu et al., (2011) pointed out that operations funded by the ADB repeatedly delayed at each stage of the project cycle and delays ultimately decrease project effectiveness and impact. The study further notes that delays at start-up can be minimized if the Bank undertakes adequate capacity assessment at project inception and ensures appropriate and timely training on procedures to relevant country officials.

2.7. Theoretical framework

This section covers the theoretical framework selected for the study and its relevance within the donor funding context. Theoretical framework describes a theory as a relationship between definable, observable and empirically measurable variables or constructs, the latter which can be defined as a concept operationalized with units that are approximated. This study adopts two theories namely; The Agency theory and resource dependency theory discussed as follows.

2.8. Agency Theory by Jensen and Meckling (1976)

This study adopts the Agency Theory as a theoretical framework. The Agency theory was developed by Jensen and Meckling (1976) and it focuses on the relationship in which one or more person referred to the principal contracts another person, named the agent to executive some work on their behalf. The underlying basis of agency theory is that both principals and agents are assumed to be rational economic-maximizing individuals. In addition, the principal and agent are bound by contracts that specify the rights of the agent and the performance criteria on which agents are evaluated. Under such agency situation there is bound to be conflict of interest in the discharge of duties by the agent.

Hence the principal puts in place measures to monitor the agent's behavior and to determine whether the agents have lived up to the provisions of the contract and to prevent the agent's misuse of assets due to conflicts of interest. It also includes efforts to control the behavior of the agent through budget restrictions, operating rules (Lanstrom, 1993). The agency theory model anchored on the fact that information asymmetries and pursuant of self-interests, principals lack basis to trust their appointed agents and will seek to mitigate these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetries and opportunistic tendencies

In this study, donors are seen as the principals whereas the NGOs are the agents. The donors enter into grants agreement with the NGOs to define the terms of engagement and accountability modalities. Thus a requirement is attached to ensure that funds given to the NGO are not misappropriated and accountability mechanisms such as project assessment reports, financial reports, project audit reports and evaluation reports are submitted to donors for review on periodic intervals. As resources channeled through the non-profit sector increase, NGOs are under greater scrutiny and pressure to demonstrate that they are using their resources in an efficient, accountable and transparent manner and can be held accountable for their effectiveness, organizational reliability and legitimacy (Chene, 2013). The agency relationship between the donor and NGOs ensure mutual benefit through project goal achievement hence successful project implementation.

2.9. Resource Dependency Theory by Pfeffer and Salancik (1978)

According to the Resource Dependence Theory (RTD), developed by Pfeffer and Salancik (1978) it postulates that in order to survive, organizations must acquire and maintain resources through interacting with other organizations in the environment. These interactions shape their activities and lead to different outcomes. In environments with large amounts of resources, the interdependence between organizations is minimized, while environments with more resource scarcity and greater uncertainty pose greater challenges between organizations (Pfeffer and Salancik 1978).

The theory further states that organizations are interdependent with other organizations with which they exchange monetary or physical resources, information, or social legitimacy. These asymmetrical relationships often bring organizations up against conflicting demands, where satisfying one group's demands may come at the expense of another. Organizations are vulnerable to the extent that they become dependent on particular types of exchange in order to operate. The theory notes that dependence is defined as the importance of a given resource to the organization and the extent to which the resource is controlled by a relatively small number of organizations. Individuals within organizations are thought to be rational actors who weigh out the costs and benefits.

Abouassi (2012) notes an NGO balances its internal revenues with external funding, diversifies external sources, and avoids concentrating the flow of funding from a specific source. To illustrate, an NGO with diversified external sources of funding is in a better position to respond to and balance external demands, especially when the demands are different. If one source alters conditions for funding, an NGO can fend off the pressure to comply by relying on other sources that are more resilient, including its internal revenues. An NGO can also sequentially attend to the demands of various funders, which allows the organization to positively respond to what suits its interests and defer other demands until further developments occur. An NGO can explicitly play one donor off against another benefit from available information to strengthen its position and influence or

moderate donor demands. On the other hand, as NGO dependence on resources increases, the ability of donors to constrain the organization's behavior increases, while the ability of the organization to buffer external demands decreases.

Abouassi (2012) in such a case, an NGO does not enjoy many options to respond to changes in funding conditions. The NGO complies with donor interests, whether immediately when the donor monopolizes the resource environment of the NGO or eventually when the NGO realizes its limited ability to find an alternative route. In such a case, adjustment becomes a leeway from excessive control and a strategy to buffer and moderately appeal to donors' demands and ensure the continuity of funding. RDT indicates that the organization can comply, adapt, manage, or attempt to manipulate and alter its resource environment. It needs to assess the expected repercussions of non-compliance with external demands, the cost of abandoning the available resources and securing others, and the degree of conflict between the various demands of actors on whom the organization is dependent (Oliver 1990).

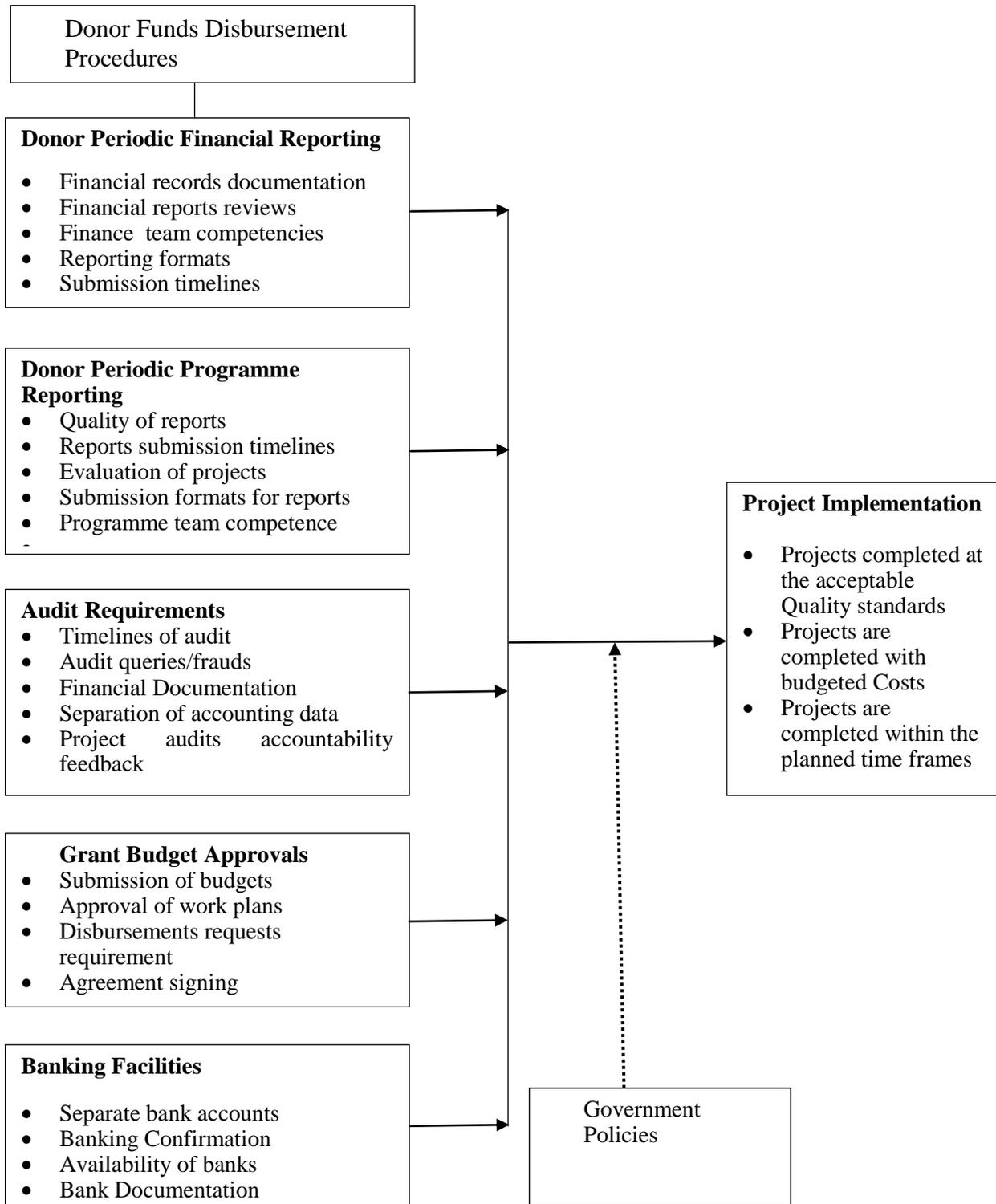
Abouassi (2012) sums that an organization characterized with high resource dependence is more likely to practice loyalty or adjustment while an organization characterized with low resource dependence is more likely to practice exit or voice. Thus, in the context of this study, the NGOs depend on the donors for financial aid amidst the limited financial or technical resources. To ensure continuity of projects, the NGOs adjust by complying with the donor imposed conditionality in order to secure funds for its operations. The conditions are ingrained within the funds disbursement procedures such as requirements for periodic financial or program reporting, compliance with audit requirements, budget approvals and reliable banking facilities.

2.10. Conceptual Framework

According to Bogdan and Biklen (2003) a conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical aspects of a process or system being conceived. It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. This study adopts the conceptual framework illustrated in Figure 1.

Figure 1: Conceptual Framework
INDEPENDENT VARIABLE

DEPENDENT VARIABLE



From the conceptual framework, the dependent variable which is project implementation by the NGOs indicated by the ability of projects to be completed within the set timeframes, within budget costs and acceptable quality standards as illustrated in figure 1. The independent variable is represented by donor funds disbursement procedures which refers to the set of conditions and criteria to be met by the NGOs prior to the release of funds from one entity (donor) to project implementation unit in this case (NGO). The donor funds disbursement procedures are conceptualized through the financial reporting, programme reporting, audit requirements, grant budget approvals and banking platforms.

Financial reporting refers to the accountability of project funds at periodic intervals through submission of financial statements to the donors. Program reporting represents the narrative reports submitted to the donors at periodic intervals stipulated in the grant agreement which precede in funds disbursement. As part of accountability, audits are undertaken to assess funds utilization and donors require audit reports prior to release funds. Last, banking platforms refers to the avenues through which the donor funds are received by the NGOs and the banking facility availability or services affect efficient project implementation. Government authorities affect the operations of the NGOs through the policies that help to regulate the NGO sector. Such policies adversely or promote the success in implementing the donors funded NGO projects in Kenya.

2.11. Gaps in literature reviewed

The gaps from the literature review is shown as per the Table 2.1

Table 2.1. Knowledge gaps analysis.

S/No	Variable	Author(s),Year	Title of the study	Findings	Knowledge gaps to be filled
1	Periodic Financial Reporting	Stephen <i>et al.</i> ,(2013)	Causes of deviation and Delays in Foreign Aid Disbursement: Evidence from Tanzania	Official procedure was the cause of delay in foreign aid disbursement	Assessment of the actual procedures need to ascertain the extent of in light of the financial reporting
		Bagoole, C.M (2011)	Funds disbursement, monitoring, accountability and performance: a case of universal primary Education schools in iganga district, Uganda	Delayed financial reporting to donors adversely affects	The specific indicators of what compounds to delay funds disbursement need to be tested.
2	Periodic Program Reporting	ACCA,2009	NGO Accountability and Aid delivery	There is apparent disconnect in donor requirements on accountability relative to reporting timelines	The issues causing delays in report preparation need to be pointed out
		Kotey (2014)	The effects of local counterpart funding delay on procurement of donor funded projects in Ghana	Unavailability of certain key people in project initiation could also cause delays or system collapse,	Ascertaining the extent of influence on funds disbursement need to be brought forth.
3	Audit Requirements	Naomy(2008)	Factors affecting Sustainability of Development Projects	The project audit affects the financial	The relation of the audit processes need to ascertain

			of NGOs in Kenya; A Case of Nairobi	systems of NGOs.	the implications of
		Keng'ara(2013)	Effect of Funds Disbursement Procedures on Implementation of Donor Projects in Homabay, Kenya	Unresolved audit issues results in donors in suspending aid	The study focused on the public sector funded projects with loan components-The context of NGOs sector need to be explored
4	Grant Budgets Approvals	Sunjka et al .,(2013)	Significant causes and effects of project delays in Niger Delta Region, Nigeria	Identified the causes of project delays	Procedural aspects of project delays need to be established.
		Hideaki Baba and Yu Ishida (2013)	An empirical analysis on preferences of donors to financial information of Civil Society Organizations in Japan	Budget formulation is a critical aspect when the organization are sourcing or requesting for project funds for undertaking the planned activities.	The extent to which budget formulation impacts on funds disbursement
	Grants Budgets Approvals	Gaturu(2014)	Factors affecting the timeliness of completion of donor funded projects in Kenya.	The study found out that untimely release of and inadequate and unpredictable release of project funds influences timeliness of completion of projects to a greater extent.	The study did not assess the procedural aspects leading to delays in funds disbursement

5	Banking Facilities	Naomy(2008)	Factors affecting Sustainability of Development Projects of NGOs in Kenya; A Case of Nairobi	The study found that separation of project accounting data is essential	Focus on of the banking facility in respect to project funds disbursement is highlighted.
		Nkamleu et al., (2011)	Always Late: Measures and Determinants of Disbursement Delays at the African Development Bank	Project cycle and delays ultimately decrease project effectiveness and impact	Specific aspects within the bank facility need to be ascertain on how it affect project implementation

2.12. Summary of literature reviewed.

The literature review offered an insight how various scholars examined the factors that affect project implementation. Accountability concerns ranging from periodic reports, budgeting, bank facilities as well as audits were assessed. It was notable that in spite of the fact that NGOs successfully source for funds from the donors, challenges on project execution is still a key concern. Thus, from the literature reviewed the knowledge gaps identified relates to the procedural aspects of the funds disbursement and the study seeks the bridge the gap by assessing the influence of funds disbursement procedures on project implementation Kenya focusing on the NGO sector.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter deals with the research methodology that was adopted in the study. It covers the research design, target population, sample size, sampling techniques, research instruments, data collection procedure, data analysis technique, ethical consideration and operationalization of variables.

3.2. Research Design

This study adopted descriptive survey research design. A descriptive study attempts to describe or define a particular subject by searching a profile of a group of problems, people or events through collection of data and the tabulation of frequencies on research variables and the research that is who, when, what, where or how much (Cooper and Schindler, 2001). This enabled the describing and analyzing of concerns that exists in donor funds disbursement procedures for the NGOs so as to make generalizations of the whole population. The descriptive research design ensured that the sampled NGOs represented the entire population and the data gathered directly comes from the respondent who is an employee of the selected NGO.

3.3. Target Population

Population describes the total collection of elements about which some inferences are made (Saunders et al, 2009). The target population for this study involved 1213 donor funded NGOs operating in Nairobi County (NGO Co-ordination Board of Kenya, June, 2015) from which a sample was drawn. The target respondents in this study were finance managers involved in donor funded projects from each of the NGOs in Nairobi County.

3.4. Sample Size and Sample Technique

This section describes the sample size and the sampling procedures that were adopted in the study as explained as follows.

3.4.1 Sample size

A sample size is a subset of total population used to give general views of the target population (Kothari, 2004). From a population of 1213 NGOs involved in donor funded projects in Nairobi County, a ten percent sample size of 121 target respondent NGOs was selected (Mugenda & Mugenda 2003).

3.4.2 Sampling procedure

Sampling is the process of selecting a number of individuals for a study in a way that the selected individuals selected represents the large group from which they are selected (Mugenda & Mugenda (2003). The donor funded NGOs participating in the study were selected based on Mugenda & Mugenda (2003), where ten percent sample from the accessible population is sufficient sample for descriptive studies and thus a total of 121 NGOs were sampled to participate. Simple random sampling technique was then applied to select the respondent NGOs. The study used purposive sampling technique to select one finance manager per each of the donor funded NGOs in Nairobi County as the respondents. This sampling technique was adopted with the reason that the researcher needs to gather knowledge from individuals who had particular expertise on the research objectives.

3.5. Research Instruments

The researcher used the structured questionnaire as the research instrument for data collection. A questionnaire is a formal set of questions or statements designed to gather information from respondents that accomplish research objectives. The questionnaires contained both closed ended and open ended questions. Closed ended questions were chosen because they were easier to analyze and facilitate harmonization of information from the respondents. Open ended questions helped in obtaining information necessary for the discussion of the results. The structured questionnaires consisted of questions which were designed in accordance with the objective of the study. A set of attributes in

form of statements were used to capture the opinions of the respondents with regard to the variables of study anchored on a 5-point likert scale. The five scale points adopted as part of the questionnaires was usually quite sufficient to stimulate a reasonably reliable indication of response direction (Frery, 1996).

The respondents in the research were the finance managers from each of the sampled NGOs. The research questionnaire for data collection in this study had six parts. Part A sought to obtain general information about the respondent NGOs, Part B solicited information on influence of periodic donor financial reporting on project implementation, Part C probed on the influence of periodic program reporting on project implementation, Part D obtained data on how audit requirements influence project implementation, Part E asked questions on influence of grant budget approvals on project implementation. Part F sought information on how banking facilities influence project implementation. Part G sought information on the dependent variable regarding project implementation. In all parts the direction for filling in the responses was provided. The questionnaires were adopted because they were stable, consistent, and uniform hence offered a considered and objective view of issues. This therefore allowed drawing of valid inferences from the study (Sarantakos, 2005).

3.5.1. Piloting the instruments

The questionnaires designed in line with the research questions were pre-tested to determine the suitability of the tool prior to actual administration. The questionnaires were pretested to a selected sample which was similar to actual sample for the study but the findings were not included in the final study. Piloting helped to identify questions that didn't make sense to the respondents, wrong phrasing of questions and unnecessary repetition. This enabled the researcher to make meaningful observations through feedback in order to improve the questionnaire and enhance reliability of the instrument.

According to Mugenda & Mugenda (2003), a pretest sample ranges from 1% to 10% depending on the sample size. In this study the researcher adopted a 10% pretest sample which gave a sample of 12 respondents. The questionnaires were administered to the 12 finance managers who were requested to fill in the questionnaires and encouraged to give feedback regarding the questions in the research instrument. If there were any problems

encountered while filling the questionnaires, the questions were rephrased by the researcher based on the feedback and then returned to the respondents to fill again. The processing of incorporating feedback from the pretest sample was done until the questions were fine-tuned and errors in the questionnaire were corrected to ensure effective data collection process.

3.5.2. Validity of the instruments

Validity indicates the degree to which a research instrument measures what is supposed to measure (Kothari,2004)Validity assess how accurately the data obtained in the study represents the variables in a study and thus inferences based on such data will be accurate and meaningful. The study focused on the content validity and the construct validity. Content validity is concerned with whether the questions in the questionnaire answer the research objectives. Thus, the researcher sought guidance from the supervisor to give opinion as to whether the research instrument meets the criterion. On the other hand, the construct validity is concerned with framing of the questions to ensure that they are phrased logically and sequentially in a simple language and this was obtained based on the feedback from the respondents.

3.5.3. Reliability of the instruments

Reliability is a measure of the degree to which a research instruments yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003).The researcher pilot tested the research instrument by use of internal consistency technique where the instrument was subjected to a pretest sample to ensure that questions were constructed or phrased in a simple manner that was easy to understand. In this study the researcher used a pretest sample of 10% which gave 12 respondents (Mugenda & Mugenda 2003). Internal consistency technique was determined from scores obtained from a single test administered by the researcher to a sample of subjects. Cronbach's Coefficient Alpha is the computed to determine how items correlate among themselves. The formula for calculating Cronbach's Coefficient Alpha is as follows:

$$KR20 = \frac{(K)(S^2 - \sum s^2)}{(S^2)(k-1)}$$

Where: KR20 =Reliability coefficient of internal consistency

K=Number of items used to measure the concept

S^2 =Variance of all scores

s^2 =Variance of individual items

The use of this technique reduced the time required to compute a reliability coefficient in other methods. Its application resulted in a more conservative estimate of reliability (Mugenda & Mugenda, 2003). A high coefficient implied that items correlate highly among themselves implying consistency among the items in measuring the concept of interest. In this study, the researcher obtained a Cronbach Alpha of 0.75. A correlation coefficient value above 0.7 is generally sufficient and reliable as per Cronbach. Thus, the data collection instrument was reliable for data collection.

3.6. Data collection Procedures

The researcher used structured questionnaire to obtain primary data from the finance managers who were drawn from the donor funded NGOs in Nairobi county. In addition to the primary data, the researcher intended to use secondary data from accredited journal articles that were in line with the objectives of the study which were then correlated with the finding of the study. Data obtained from both the primary and secondary sources enabled the researcher to gain the ability to critically analyze each research question of the study. It also enabled the researcher to develop extensive and elaborate conclusions from the research findings.

After seeking permission from the university and the National Council for Science and Technology (NACOSTI), the researcher embarked to the field to collect data. A cover letter that explained the aims of the research and offering assurance of confidentiality and anonymity alongside questionnaires were then forwarded in hard copies to the respondents by researcher. In addition, the researcher sought the consent of the respondents to participate in the study. The researcher employed a drop and pick basis for the questionnaires. Since the target respondents were finance managers who were very busy employees of various organizations, the researcher allowed them time to fill the questionnaire and collected them after two days. To ease follow ups, the researcher requested for the respondents' telephone contacts.

3.7. Data Analysis Techniques

The researcher used descriptive statistics to analyze data by utilizing frequencies, percentages means, and standard deviation as per the research objectives. Regression analysis was done to determine the strength between independent variables and dependent variables. The results of data analysis were presented in form of tables for interpretation. Also, researcher used Statistical Package for Social Sciences (SPSS) Version 20.0 and Ms Excel software tools to aid in carrying out descriptive analysis from the quantitative data collected using questionnaires.

3.8. Ethical Consideration

Prior to undertaking field work on data collection, the researcher sought prior permission from the University of Nairobi and a research permit from the National Council for Science and Technology. A transmittal letter accompanying a questionnaire was done to introduce the researcher and clarification that data was used only for academic purposes and information was not divulged to unauthorized parties. Consent of the respondents was sought and that no respondents were coerced to participate in the study. The findings from the intended study were shared with the organization that participated.

3.9. Operationalization of variables

This sub-section identifies and operationalizes the key variables (independent and dependent variables) of the study. It further highlighted the criteria of measurement that the researcher intended to use as shown in Table 3.1

Table 3.1. Operationalization of variables

Objective	Variable	Indicator	Scale of Measurement	Tools of Analysis	Level of Analysis
To determine how the periodic donor financial reporting influence the successful project implementation for NGOs donor funded projects in Nairobi County.	Periodic donor financial reporting	<ul style="list-style-type: none"> • Financial records documentation • Financial reports reviews • Finance team competencies • Reporting formats • Submission timelines 	Ordinal	Percentages Frequencies	Descriptive statistics
To establish how the periodic programme reporting influence successful project implementation for NGOs donor funded projects in Nairobi County.	Periodic programme reporting	<ul style="list-style-type: none"> • Quality of reports • Reports submission timelines • Evaluation of projects • Submission formats for reports • Programme team competence 	Ordinal	Percentages Frequencies	Descriptive statistics
To examine how audit requirements influence successful project implementation for NGOs donor funded projects in Nairobi County.	Audit Requirements	<ul style="list-style-type: none"> • Timelines of audit • Audit queries/frauds • Financial Documentation • Separation of accounting data • Project audits accountability feedback 	Ordinal	Percentages Frequencies	Descriptive statistics

<p>To assess the extent to which Grant budget approvals influence successful project implementation for NGOs donor funded projects in Nairobi County.</p>	<p>Grant budget approvals</p>	<ul style="list-style-type: none"> • Submission of Ordinal budgets • Approval of work plans • Disbursements requirement/requests • Grant Agreement signing 	<p>Percentages Frequencies</p>	<p>Descriptive statistics</p>
<p>To establish how banking facilities influence successful project implementation for NGOs donor funded projects in Nairobi County</p>	<p>Banking Facilities</p>	<ul style="list-style-type: none"> • Separate bank Ordinal accounts • Banking Confirmation • Availability of banks • Bank Documentation 	<p>Percentages Frequencies</p>	<p>Descriptive statistics</p>

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter presents the study findings which have been discussed in line with the study objective themes and sub themes areas as follows: questionnaire response rate, reliability test, the general information of the respondents, donor periodic financial reporting, donor periodic programme reporting, audit requirements, grant budgets approvals The objective of the study was to investigate the influence of donor funds disbursement procedures on project implementation in Kenya: the case of NGOs in Nairobi County.

4.2 Questionnaire Response Rate

A total of one twenty one (121) questionnaires had been distributed to the respondents, out of which 80 were completed and returned. This gave a response rate of 66.1%. According to Mugenda & Mugenda (2003) a response rate of 50% is adequate for a study, 60% is good and 70% and above is excellent. Thus, a response rate of 66.1% was fit and reliable for the study as shown in Table 4.1.

Table 4.1. Questionnaire Response Rate

	Frequency	Percent (%)
Responded	80	66.1
Did Not Respond	41	33.9
Total	121	100

4.3. General information of the respondents

The study sought to ascertain the general information of the respondents involved in the study that included: the main area they served by their NGO, the nature of their NGO and the number of years that their NGO had been in operation. The general information points at the respondents' suitability in answering the questions and vast awareness on donor funded projects.

4.3.1 Respondents opinion on the main area served by their NGO

The respondents were requested to indicate the main area served by their NGO. The findings are as presented in Table 4.2.

Table 4.2 Respondents opinion on the main area served by respondents' NGO

	Frequency	Percent (%)
Health	33	41.25
Education	15	18.75
Environment and Climate	6	7.5
Relief	22	27.5
Governance and Advocacy	3	3.75
Water	1	1.25
Total	80	100

As per the findings, most (41.25%) of the respondents indicated that their NGO served the health sector, (27.5%) stated their NGO served relief sector, (18.75%) Education sector, (7.5%) environment and climate sector while (3.75%) and (1.25%) stated governance and advocacy and water respectively. This implies that majority of the respondents NGO served in the health sector.

4.3.2 Respondents opinion on the nature of their NGO

The respondents were requested to indicate the nature of their NGO. The findings were as shown in Table 4.3.

Table 4.3 Respondents opinion on the nature of their NGO

	Frequency	Percent
Local NGO	30	37.0%
International NGO	50	63.0%
Total	80	100.0

The findings presented in table 4.6 above depict that; majority (63%) of the respondents NGO was an international NGO; while (37.0%) said theirs was local. This shows that most of the respondents NGO were International.

4.3.3. Number of year's respondents NGO has been in operation.

Respondents were requested to indicate the number of years their NGO has been in operation. The findings are indicated in Table 4.4

Table 4.4 Number of year's respondents NGO has been in operation

	Frequency	Percent (%)
Less than 5 years	1	1.3
5-10 years	20	25.0
More than 10 years	59	73.7
Total	80	100.0

From the study findings in the Table 4.4 (73.7%) of the respondents NGO had been in operation for more than 10 years , (25%) stated the their NGO had been in operation for 5-10 years while (1.3%) staed for less than 5 years. This depicts that majority of the respodents NGO had been in operation for more than 10 years and thus reliable to have been engaged in management of donor funded projects.

4.4. Periodic donor financial reporting on project implementation

In order to determine how and whether the periodic donor financial reporting influence project implementation, the researcher sought information as per sub themes as follows:

4.4.1. Respondents opinion on whether periodic donor financial reporting influence project implementation in their NGO

The study requested the respondents to state whether periodic donor financial reporting influence project implementation in their NGO. The findings were shown in Table 4.5

Table 4.5. Whether periodic donor financial reporting influence project implementation in respondent's NGO

	Frequency	Percent (%)
Yes	72	90.0
No	8	10.0
Total	80	100.0

According to the findings in the Table 4.5, 90% of the respondents stated periodic donor financial reporting does influence project implementation in their NGO while 10% were of the opinion that periodic donor financial reporting does not influence project implementation in their NGO. This depicts that majority of the respondents stated periodic donor financial reporting does influence project implementation in their NGO.

4.4.2 Respondents view regarding influence of periodic donor financial reporting on project implementation in their NGO

Respondents were requested to indicate their level of agreement with the following statements regarding influence of periodic donor financial reporting on project implementation in their NGO. The findings were shown in Table 4.6

Table 4.6 Respondents view regarding influence of periodic donor financial reporting on project implementation in their NGO

	Percentages (%) N=80					Mean	Std.Dev
	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree		
The projects have properly kept financial records	2.5	0	0	30	67.5	4.58	0.7425
Review and authorization of financial reports by appropriate staff is done prior to submission to donors	0	2.5	7.5	15	75	4.63	0.7356
Availability of skilled and competent finance staff determine the effective financial reporting to donors	0	1.25	5	31.25	62.5	4.55	0.6541
Periodic financial reports are submitted to the donors as per required formats	0	3	6	24	47	4.44	0.7931
Financial reports are submitted to donors as per required timelines	0	0	4	26	50	4.56	0.5905
Project accounts information is regularly updated.	0	0	3	22	55	4.65	0.5535

From the findings, the respondents strongly agreed that project accounts information is regularly updated (Mean=4.65), this was followed by review and authorization of financial reports by appropriate staff is done prior to submission to donors (mean=4.63), the projects have properly kept financial records (mean=4.58), financial reports are submitted to donors as per required timelines (mean=4.56) and availability of skilled and competent finance staff determine the effective financial reporting to donors (mean=4.55). Respondents further agreed that periodic financial reports are submitted to the donors as per required formats (mean=4.44). This implies that majority of the respondents strongly agreed that project accounts information is regularly updated.

4.5. Periodic Donor Program Reporting influence on project implementation

In order to establish how and whether the periodic donor program reporting influence project implementation, the researcher sought information as per sub themes as follows:

4.5.1 Respondents opinion on whether periodic donor program reporting does influence project implementation in their NGO

The respondents were requested to state whether periodic donor program reporting does influence project implementation in their NGO. The findings were as shown in Table 4.7

Table 4.7 Respondents opinion on whether periodic donor program reporting does influence project implementation in their NGO.

	Frequency	Percent (%)
Yes	56	97
No	24	3
Total	80	100.0

From the findings 97% of the respondents indicated that periodic donor program reporting does influence project implementation in their NGO while 3% were of a contrary opinion. This implies that majority of the respondents indicated that periodic donor program reporting does influence project implementation in their NGO.

4.5.2 Respondents opinion on the influence of periodic donor program reporting on project implementation in their NGO

The respondents were requested to indicate their agreement relating to the influence of periodic donor program reporting on successful project implementation in your NGO. The findings were as shown in the Table 4.8

Table 4.8. Respondents opinion on the influence of periodic donor program reporting on successful project implementation in their NGO

Statement	Strongly Disagree	Disagree	Moderate	Strongly Agree	Strongly Agree	Mean	Std.Dev
Review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports	0	0	2.5	30	67.5	4.65	0.5301
Donors are satisfied with the quality of the periodic program reports submitted	0	0	16.25	42.5	41.25	4.25	0.7204
Periodic donor program reports are submitted to the donors on a timely basis	0	2.5	13.75	40	43.75	4.38	0.7356
There is provision of feedback through project evaluation for the projects undertaken	1.25	2.5	7.5	41.25	47.5	4.31	0.8205
The program reports are always submitted to donors as per set formats	0	2.5	6.25	18.75	72.5	4.61	0.7203
The program department has competent staff to ensure quality programs to donors	1.25	2.5	2.5	25	68.75	4.58	0.7758

From the findings, the respondents strongly agreed that review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports (Mean=4.65), this was followed by the program reports are always submitted to donors as per set formats (mean=4.61), and The program department has competent staff to ensure quality programs to donors (mean=4.58). Respondents further agreed that periodic donor program reports are submitted to the donors on a timely basis (mean=4.38), there is provision of feedback through project evaluation for the projects undertaken (mean=4.31) and donors are satisfied with the quality of the periodic program reports submitted (mean=4.25). This implies that review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports.

4.6. Audit Requirements influence on project implementation.

To examine how and whether the audit requirements reporting influence project implementation, the researcher sought information as per sub themes discussed as follows:

4.6.1 Respondents view on whether audit requirements influence project implementation in their NGO

Respondents were requested to indicate whether audit requirements influence successful project implementation in their NGO. The findings were as shown in Table 4.9

Table 4.9 Respondents view on whether audit requirements influence project implementation in their NGO

	Frequency	Percent (%)
Yes	75	93.75
No	5	6.25
Total	80	100.0

As per the findings, majority (93.75%) of the respondents said that audit requirements influence project implementation in their NGO whereas 6.25% were of the contrary

opinion. This implies that audit requirements influence successful project implementation in their NGO.

4.6.2. Respondents opinion on influence of audit requirements on project implementation in their NGO

The respondents were requested to indicate their level of agreement on the influence of audit requirements on successful project implementation in your NGO. The findings were as shown in Table 4.10

Table 4.10. Respondents opinion on influence of audit requirements on project implementation in their NGO

Statement	Strongly disagree	Disagree	Moderate	Agree	Strongly Agree	Mean	Std.Dev
Statutory audits are carried out every year by a qualified external auditor	1.25	0	1.25	16.25	81.25	4.76	0.6005
Audit results are reported to concerned officials as soon as audits are concluded	0	0	2.5	27.5	70	4.68	0.5223
Audit queries are resolved in good time	0	2.5	8.75	43.75	45	4.31	0.7394
The auditors get all documents requested for review during auditing	0	0	15	32.5	52.5	4.38	0.7356
Separate accounting data is maintained for each project to ease accountability for differently funded projects	0	0	3.75	28.75	67.5	4.64	0.5568
The donors are motivated by the audits and accountability to fund more projects	3.75	2.5	5	25	63.75	4.43	0.9779

From the findings, the respondents strongly agreed that statutory audits are carried out every year by a qualified external auditor (Mean=4.76), this was followed by the Audit results are reported to concerned officials as soon as audits are concluded (mean=4.68), and separate accounting data is maintained for each project to ease accountability for differently funded projects (mean=4.64). Respondents further agreed that the donors are motivated by the audits and accountability to fund more projects (mean=4.43), the auditors get all documents requested for review during auditing (mean=4.38) and Audit queries are resolved in good time (mean=4.31). This implies that statutory audits are carried out every year by a qualified external auditor.

4.7. Grant Budget Approvals influence on project implementation

To assess the extent to which grant budget approvals influence project implementation, the researcher sought information as per sub themes as follows:

4.7.1 Respondents opinion on whether grant budget approvals influence project implementation in your NGO

Respondents were asked to state whether grant budget approvals influence project implementation in your NGO. The findings were shown in Table 4.11

Table 4.11 Respondents opinion on whether grant budget approvals influence project implementation in your NGO

	Frequency	Percent (%)
Yes	74	92.5
No	6	7.5
Total	80	100.0

The findings presented in Table 4.11 above depict that; majority (92.5%) of the respondents were of the opinion grant budget approvals influence project implementation in their NGO while (7.5%) were of a contrary opinion. This shows that majority of the respondents were of the opinion grant budget approvals influence project implementation in their NGO.

4.7.2. Influence of grant budget approvals on project implementation in respondents' NGO

The respondents were requested to indicate their level of agreement on the influence of grant budget approvals on project implementation in your NGO. The findings were as shown in Table 4.12

Table 4.12. Influence of grant budget approvals on project implementation in your NGO

Statement	Strongly disagree	Disagree	Moderate	Agree	Strongly agree	Mean	Std.Dev
A budget is prepared for every project before the project starts.	0	0	1.25	28.75	70	4.69	0.4928
Grant budgets are approved by the donors	0	0	3.75	23.75	72.5	4.69	0.5418
Grant agreement are always signed prior to project implementation	0	0	10	30	60	4.5	0.6751
Work plans are reviewed prior to submission to donors for approvals.	0	1.25	12.5	13.75	72.5	4.58	0.7593
Grant disbursement request to donors are always done as per the budgets	0	1.25	5	36.25	57.5	4.5	0.656
Proposed projects are discussed and agreed upon by senior management and donors prior to starting projects	1.25	1.25	7.5	17.5	72.5	4.59	0.7907

From the findings, the respondents strongly agreed that a budget is prepared for every project before the project starts and grant budgets are approved by the donors respectively (Mean=4.69), this was followed by the proposed projects are discussed and agreed upon by senior management and donors prior to starting projects (mean=4.59), work plans are reviewed prior to submission to donors for approvals (mean=4.58), grant agreement are always signed prior to project implementation and grant disbursement request to donors are always done as per the budgets (mean=4.50). This implies that a budget is prepared for every project before the project starts and grant budgets are approved by the donors.

4.8. Banking Facilities influence on project implementation.

In order to establish how and whether the banking facilities influence project implementation, the researcher sought information as per sub themes as follows:

4.8.1 Respondents view on whether banking facilities influence project implementation in your NGO

The study requested the respondents to state whether banking facilities influence successful project implementation in your NGO. The findings were shown in Table 4.13

Table 4.13 Respondents view on whether banking facilities influence project implementation in your NGO

	Frequency	Percent (%)
Yes	54	67.5
No	26	32.5
Total	80	100.0

From the findings, the study established most (67.5%) of the respondents stated that banking facilities influence project implementation in their NGO while (32.5%) of the respondents stated that banking facilities do not influence project implementation in their NGO. This shows that majority of the respondents indicated banking facilities influence project implementation in their NGO.

4.8.2. Influence of banking facilities on project implementation in your NGO

The respondents were requested to indicate their level of agreement on the influence of banking facilities on successful project implementation in your NGO. The findings were shown in the Table 4.14

Table 4.2. Influence of banking facilities on project implementation in respondents NGO

Statement	Strongly disagree	Disagree	Moderate	Agree	Strongly Agree	Mean	Std.Dev.
Separate bank accounts are maintained for each project as per donor requirement	1.25	0	3.75	32.5	62.5	4.55	0.6917
Bank reconciliation reports are prepared on a monthly basis based on the bank statements	2.5	0	2.5	30	65	4.55	0.7779
Banks forward the bank statements on a monthly basis	0	0	8.75	38.75	52.5	4.44	0.653
Banking institutions always provide prompt audit confirmation to the auditors.	2.5	5	6.25	33.75	52.5	4.29	0.9704
Proper documentation is done	1.25	0	10	30	58.75	4.45	0.7779
Availability of banking facilities enable the NGO to access funds for the projects at all times	2.5	2.5	1.25	21.25	72.5	4.59	0.8523

From the findings, the respondents strongly agreed that availability of banking facilities enable the NGO to access funds for the projects at all times (Mean=4.59), this was

followed by separate bank accounts are maintained for each project as per donor requirement and bank reconciliation reports are prepared on a monthly basis based on the bank statements respectively (mean=4.55). Respondents further agreed that proper documentation is done (mean=4.45), banks forward the bank statements on a monthly basis (mean=4.44) and banking institutions always provide prompt audit confirmation to the auditors. (mean=4.29). This implies that availability of banking facilities enable the NGO to access funds for the projects at all times.

4.9. Project Implementation in respondents' NGOs.

The researcher also wanted to know the status of project implementation by the respective respondents' NGOs in terms of project completion timelines, budget and quality aspects as presented as follows.

4.9.1. Completion of projects in NGO

The respondents were requested to indicate their feedback on the aspects relating to completion of projects in their NGO. The findings were as shown in the Table 4.15.

Table 4.3. Completion of projects in NGOs

Statement	Percentages (%) N=80				Mean	Std.Dev
	Never True	Sometimes True	Mostly True	Always True		
Projects are completed within stipulated time frame	3.75	20	57.5	18.75	2.91	0.7325
The overall projects costs are always within budgeted amounts	10	26.25	45	18.75	2.73	0.8855
Measure are taken to ensure quality for the implemented projects	16.25	22.5	38.75	22.5	2.68	1.003
Donors are satisfied with the project implementation	6.25	47.5	18.75	27.5	2.68	0.9517
Targeted Beneficiaries are satisfied by the quality of services provided.	13.75	20	42.5	23.75	2.76	0.9710

From the findings, the respondents stated that sometimes it's true that projects are completed within stipulated time frame (Mean=2.91), this was followed by targeted beneficiaries are satisfied by the quality of services provided. (Mean=2.76), the overall projects costs are always within budgeted amounts (mean=2.73), measure are taken to

ensure quality for the implemented projects and donors are satisfied with the project implementation respectively (mean=2.68). This implies that projects are completed within stipulated time frame.

4.9.2. Variable influence on project implementation

The respondents were requested to indicate the extent to which the following variables influence project implementation in their respective NGOs. The findings were shown in Table 4.16.

Table 4.4. Variable influence on project implementation

Variable	Percentages (%) N=80					Mean	Std.Dev
	Not at All	Small Extent	Some Extent	Large Extent	Very Large Extent		
Donor Periodic Financial Reporting	2.5	0	10	62.5	25	4.08	0.7593
Donor Periodic Programme Reporting	2.5	5	8.75	58.75	25	3.99	0.8786
Audit Requirements	2.5	2.5	17.5	46.25	31.25	4.01	0.9070
Grant Budget Approvals	0	0	15	52.5	32.5	4.18	0.6708
Banking Facilities	3.75	10	25	35	26.25	3.70	1.0838

From the findings, the respondents indicated to a large extent that Grant Budget Approvals influence successful project implementation (Mean=4.59), this was followed

by Donor Periodic Financial Reporting (mean=4.08), Audit Requirements (mean=4.01), Donor Periodic Programme Reporting (mean=3.99), and Banking Facilities (mean=3.70). This implies that Grant Budget Approvals influence successful project implementation.

4.10. Respondents Recommendation to Their NGOs That Can Facilitate Project implementation.

Respondents were asked to state which recommendations they can give to their NGOs to facilitate successful project implementation. Majority of the respondents stated NGOs should engages the stakeholders more to harmonize its goals and objectives with the aspirations of the stakeholders and reduce dissonance levels thereby increasing satisfaction and avoiding embezzlement of funds, hire qualified staff and in addition, train them to enable them deliver services optimally.

4.11. Regression Analysis

The researcher conducted a multiple regression analysis so as to assess relationship among variables (independent) on influence of donor funds disbursement procedures on project implementation in Kenya. The researcher applied the statistical package for social sciences (SPSS V 20.0) to code, enter and compute the measurements of the multiple regressions for the study.

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (project Implementation) that is explained by all the five independent variables (donor periodic programme reporting, donor periodic financial reporting, audit requirements grant budget approvals and banking facilities)

4.11.1. Model Summary

Table 4.17. Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.797	0.635	0.592	0.043

The five independent variables that were studied, explain only 63.5% of influence of donor funds disbursement procedures on project implementation in Kenya as represented by the R^2 . This therefore means that other factors not studied in this research contribute 36.5% of the influence of donor funds disbursement procedures on project implementation in Kenya. Therefore, further research should be conducted to investigate the influence (36.5%) of donor funds disbursement procedures on project implementation in Kenya.

4.11.2. Coefficient of Determination

Table 4.18 .Coefficient of Determination

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.127	0.2235		5.132	0.000
	Donor Periodic Programme	0.652	0.1032	0.1032	7.287	.000
	Donor Periodic Financial Reporting	0.587	0.3425	0.1425	3.418	.000
	Audit Requirements	0.445	0.2178	0.1178	4.626	.000
	Grant Budget Approvals	0.339	0.1937	0.0937	4.685	.000
	Banking Facilities	0.324	0.1234	0.0845	4.646	.000

Multiple regression analysis was conducted as to determine Project Implementation and the five variables. As per the SPSS generated table below, regression equation

$$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon) \text{ becomes:}$$

$$(Y= 1.127+ 0.652X_1+ 0.587X_2+ 0.445X_3+ 0.339X_4+ 0.324X_5 + \epsilon)$$

According to the regression equation established, taking all factors into account (donor periodic programmer reporting, donor periodic financial reporting, audit requirements, grant budget approvals and banking Facilities) constant at zero, Project Implementation in Kenya will be 1.127. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in donor periodic programme reporting will lead to a 0.652 increase in Project Implementation; a unit increase in donor periodic financial reporting will lead to 0.587 increase in Project Implementation, a unit increase in audit requirements will lead to a 0.445 increase in Project Implementation, a unit increase in grant budget approvals will lead to a 0.339 increase Project Implementation, while a unit increase in Banking Facilities will lead to a 0.324 increase Project Implementation, This infers that donor periodic programme reporting contributes the most towards project implementation followed by donor periodic financial reporting.

4.12. Discussion of findings

The study findings have been discussed as per the research objectives themes as follows:

4.12.1 Periodic donor financial reporting influence project implementation

The study found out that periodic donor financial reporting does influence project implementation in the respective NGOs. The study established that project accounts information is regularly updated which plays critical role in the generation of financial reports. In addition, the study found out that financial reports are reviewed and authorized by appropriate staff prior to submission to the donors. The findings are in line with study by Bagoole (2011) that revealed that the timing of disbursement of funds was affected by funds accountability requirements of the financial partners which is essential prior to disbursement of funds. This occasions a slow implementation of the projects due to unavailability of funds in good time whenever the reporting is not done as required.

4.12.2 Periodic donor program reporting influence project implementation

The study found that periodic donor program reporting does influence project implementation in their NGO. The study further established that review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports. This concurs with a study by Kotey (2014) who asserts that expertise is essential component of managing donor projects since several program reports are done during project life cycle. For example, performance assessment and evaluation reports assess impact of projects, project aims, expected results and performance indicators as specified at the start of the projects. Assessment and reports to the donors are crucial as they give position of the project. Annual or (summative) reports summarize all NGO activity for the year while interim reports of NGO activities are on regular basis.

4.12.3 Audit requirements influence on project implementation.

The study established audit requirements influence project implementation in their NGO. The study further established that statutory audits are carried out every year by a qualified external auditor. The study is in contrary with the study done by MANGO (2009), which states that donors requires independently audited account and audit reports at agreed periodic intervals. In addition such accounts should comply with the international accounting standards and as well as the international standards on auditing. In most cases donors reserve the right to carry out an independent project audit at any time after completion or during project implementation. Audit is an examination of accounting records undertaken with a view to establishing whether they correctly and completely reflect the transactions to which they purport to relate (Grooms, 2007)

4.12.4 Grant budget approvals influence project implementation

The study established that majority of the respondents were of the opinion grant budget approvals influence project implementation in their NGO. The study established that projects are completed within stipulated time frame. The study established that a budget is prepared for every project before the project starts and grant budgets are approved by

the donors. This is in agreement with a study done by Naomy (2008) who found that financial systems influence the project sustainability and that NGOs should have good financial systems in place by preparing a budget which should include enough income to pay for all planned expenditure for every project prior to project implementation.

4.12.5 Banking facilities influence on project implementation.

The study established that majority of the respondents indicated banking facilities influence successful project implementation in their NGO. The study further established that availability of banking facilities enable the NGO to access funds for the projects at all times. This agrees with a study by Kotey (2014) who notes that donor funding come in direct payment form through a representative working in the beneficiary country and adds that opening an account in the project name, where payments are made to specific suppliers, contractors and consultants for work done is essential. Most NGOs operating restricted funding are required to operate separate bank accounts to enable tracking of the expenses reports to the bank statements.

4.12.6 Respondents' recommendation to the NGO.

The study finally established that majority of the respondents stated NGOs should engages the stakeholders more to harmonize its goals and objectives with the aspirations of the stakeholders and reduce dissonance levels thereby increasing satisfaction, hire qualified staff and in addition, train them to enable them deliver services optimally. This is in contrary to a Foreign Aid to Africa Report, (1997) which notes that many of the highly trained persons are incompetent in Aid Project Development and this incompetent and inexperienced highly trained staff waste a lot of capital and human resources.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of study findings, conclusion and recommendations on influence of donor funds disbursement procedures on project implementation in Kenya: the case of NGOs in Nairobi County.

5.2 Summary of findings

The study findings have been summarized as per the themes as follows; influence of periodic donor financial reporting, periodic donor program reporting, audit requirements, grant budget approvals and banking facilities.

5.2.1 Periodic donor financial reporting influence on project implementation

The study found that periodic donor financial reporting does influence project implementation in their NGO. Majority of the respondents (90%) agreed that periodic donor financial influence project implementation while 10% gave a contrary feedback. The study further found out that the respondents strongly agreed that project accounts information is regularly updated (Mean=4.65), this was followed by review and authorization of financial reports by appropriate staff is done prior to submission to donors (mean=4.63), the projects have properly kept financial records (mean=4.58), financial reports are submitted to donors as per required timelines (mean=4.56) and availability of skilled and competent finance staff determine the effective financial reporting to donors (mean=4.55). Respondents further agreed that periodic financial reports are submitted to the donors as per required formats (mean=4.44). This implies that majority of the respondents strongly agreed that project accounts information is regularly updated. Overall, when a unit increase in donor financial reporting leads to 0.587 increase in project implementation when all other variables are held constant.

5.2.2 Periodic donor programme reporting influence on project implementation

The study sought the respondents' opinion on whether periodic donor program reporting influence project implementation in their NGO. Based on feedback, majority of the respondents (97%) agreed that periodic donor program reporting influence project implementation for the NGOs while 3% of the respondents gave a contrary view. The study further established that the respondents strongly agreed that review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports (Mean=4.65), this was followed by the program reports are always submitted to donors as per set formats (mean=4.61), and The program department has competent staff to ensure quality programs to donors (mean=4.58). Respondents further agreed that periodic donor program reports are submitted to the donors on a timely basis (mean=4.38), there is provision of feedback through project evaluation for the projects undertaken (mean=4.31) and donors are satisfied with the quality of the periodic program reports submitted (mean=4.25). This implies that review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports. Unit increase in donor program reporting leads to 0.652 increase in project implementation when all other variables are held constant.

5.2.3 Audit requirements influence project implementation

The study sought to establish whether audit requirements influence project implementation in the respondents' NGO. The study found out that majority (93.75%) of the respondents said that audit requirements influence project implementation in their NGO whereas 6.25% were of the contrary opinion. This implies that audit requirements influence project implementation in their NGO.

The study further established that statutory audits are carried out every year by a qualified external auditor. Statutory audits are essential in compliance with the legal requirements from the government and thus facilitate transparency in the governance within the NGO sector. From the findings, the respondents strongly agreed that statutory audits are carried

out every year by a qualified external auditor (Mean=4.76), this was followed by the Audit results are reported to concerned officials as soon as audits are concluded (mean=4.68), and separate accounting data is maintained for each project to ease accountability for differently funded projects (mean=4.64). Respondents further agreed that the donors are motivated by the audits and accountability to fund more projects (mean=4.43), the auditors get all documents requested for review during auditing (mean=4.38) and Audit queries are resolved in good time (mean=4.31). This implies that statutory audits are carried out every year by a qualified external auditor. With a unit increase in audit requirements leads to 0.445 increase in project implementation when all other variables are held constant.

5.2.4 Grant Budget approvals influence project implementation

The study sought to assess the extent to which grant budget approvals influence project implementation in respondents' NGO. Majority (92.5%) of the respondents were of the opinion grant budget approvals influence project implementation in their NGO while (7.5%) were of a contrary opinion. This shows that majority of the respondents were of the opinion grant budget approvals influence project implementation in their NGO. The respondents strongly agreed that a budget is prepared for every project before the project starts and grant budgets are approved by the donors respectively (Mean=4.69), this was followed by the proposed projects are discussed and agreed upon by senior management and donors prior to starting projects (mean=4.59), work plans are reviewed prior to submission to donors for approvals (mean=4.58), grant agreement are always signed prior to project implementation and grant disbursement request to donors are always done as per the budgets (mean=4.50). This implies that a budget is prepared for every project before the project starts and grant budgets are approved by the donors. Unit increase in grant budget approvals leads to 0.339 increase in project implementation when all other variables are held constant.

5.2.5 Banking Facilities influence on project implementation

The researcher sought to establish how the banking facilities influence project implementation in their respective NGOs. The study established that most (67.5%) of the respondents stated that banking facilities influence project implementation in their NGO

while (32.5%) of the respondents stated that banking facilities do not influence project implementation in their NGO. This shows that majority of the respondents indicated banking facilities influence project implementation in their NGO.

From the findings, the respondents strongly agreed that availability of banking facilities enable the NGO to access funds for the projects at all times (Mean=4.59), this was followed by separate bank accounts are maintained for each project as per donor requirement and bank reconciliation reports are prepared on a monthly basis based on the bank statements respectively (mean=4.55). Respondents further agreed that proper documentation is done (mean=4.45), banks forward the bank statements on a monthly basis (mean=4.44) and banking institutions always provide prompt audit confirmation to the auditors. (mean=4.29). This implies that availability of banking facilities enable the NGO to access funds for the projects at all times

5.2.4 Completion of projects in the NGOs

The study sought to assess the project completion in the respondents' NGO. From the findings, the respondents stated that sometimes it's true that projects are completed within stipulated time frame (Mean=2.91), this was followed by targeted beneficiaries are satisfied by the quality of services provided. (Mean=2.76), the overall projects costs are always within budgeted amounts (mean=2.73), measure are taken to ensure quality for the implemented projects and donors are satisfied with the project implementation respectively (mean=2.68). This implies that projects are completed within stipulated time frame.

5.2.5 Variable influence of project implementation by NGOs

The respondents were requested to indicate the extent to which each of the variables (periodic financial reporting, donor periodic program reporting, audit requirements, grant budget approvals and banking facilities) influence project implementation. From the findings, the respondents indicated to a large extent that Grant Budget Approvals influence successful project implementation (Mean=4.59), this was followed by Donor Periodic Financial Reporting (mean=4.08), Audit Requirements (mean=4.01), Donor

Periodic Programme Reporting (mean=3.99), and Banking Facilities (mean=3.70). This implies that Grant Budget Approvals influence successful project implementation.

The study finally established that majority of the respondents stated NGOs should engage the stakeholders more to harmonize its goals and objectives with the aspirations of the stakeholders and reduce dissonance levels thereby increasing satisfaction, hire qualified staff and in addition, train them to enable them deliver services optimally.

5.3 Conclusion

First the study concluded that that periodic donor financial reporting does influence successful project implementation in respondents' NGO. The study further concluded that project accounts information is regularly updated. The study also concluded that periodic donor program reporting does influence successful project implementation in their NGO.

Second the study concluded that audit requirements influence successful project implementation in their NGO. The study further concluded that statutory audits are carried out every year by a qualified external auditor. The study also concluded that projects are completed within stipulated time frame. In addition the study concluded that a budget is prepared for every project before the project starts and grant budgets are approved by the donors.

The study concluded that availability of banking facilities enable the NGO to access funds for the projects at all times. The study also concluded that majority of the respondents stated NGOs should engage the stakeholders more to harmonize its goals and objectives with the aspirations of the stakeholders and reduce dissonance levels thereby increasing satisfaction, hire qualified staff and in addition, train them to enable them deliver services optimally.

Finally the study concluded that donor periodic programme reporting contributes the most to the integration and project implementation followed by donor periodic financial reporting.

5.4 Recommendations

5.4.1 Recommendations for practice

The researcher makes the following recommendations to the stakeholders involved in project implementation in NGOs in Kenya.

1. In view of the fact that project implementation is pegged on availability of funds, it is crucial that the donors and project implementation units (NGOs) need to design and harmonize funds disbursement procedures acceptable to both parties. The processes especially in regard to replenishment requests, the reporting formats or timelines and classification of expenses and their eligibility for financing by the donor must be expressly stated.
2. Donors should move away from the tendency of withholding disbursement of funds in the current year whenever there are issues that need to be addressed before disbursing funds. Projects should be allowed to retain the unspent funds at the end of the financial year so as to continue with project implementation activities in the subsequent periods.
3. To ensure accountability and statutory compliance, NGOs need to allocate funds for undertaking timely statutory audits by independent external auditors in order to instil confidence among all stakeholders.

5.4.2 Suggestions for further research

This study makes fundamental contribution to knowledge on funds disbursement decisions for project management in NGOs. It develops a model for the influence of funds disbursements on project implementation in NGO sector. Despite this, the study opens critical areas for further research proposed as follows:

1. Further research should be conducted to investigate the influence of the other factors that contribute to donor funds disbursement procedures' influence on project implementation by NGOs in Kenya. Secondly,
2. The study focused on NGOs in Nairobi County with a minimal sample size of 121. Future research should then be directed to a larger geographical area and a larger sample size.

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APPENDICES

APPENDIX 1: LETTER OF TRANSMITTAL.

The Finance Manager,

.....

Dear Sir/Madam,

RE: REQUEST TO COLLECT DATA FROM YOUR NGO.

My name is Dominic Too, a Master of Arts (Project Planning and Management) student at the University of Nairobi. As partial fulfillment of the degree, I am conducting a research on influence of the donor funds disbursement procedures on project implementation for donor funded NGOs in Nairobi county. Your NGO has been sampled to be a respondent in this survey.

Thus, I kindly request you to respond to the questions attached as per the questionnaire. The information you give on this questionnaire will be treated with confidentiality and at no instance will it be used for any other purpose other than the academic. The researcher will be available to clarify any issue during the data collection process.

Your assistance is highly appreciated. I look forward for your prompt response.

Yours faithfully,

Dominic Too

APPENDIX II: QUESTIONNAIRE FOR THE MANAGEMENT OF NGOS

SECTION A: GENERAL INFORMATION

(Please tick where appropriate)

1. Name of the NGO (Optional):.....

2. Please indicate the main area served by your NGO.

Health

Education

Environment and Climate

Relief

Governance and Advocacy

Water

Communication

Others (specify).....

3. Indicate the nature of your NGO

Local NGO International NGO

4. Please indicate the number of years that your NGO has been in operation

Less than 5 years 5-10 years More than 10 years

PART B: PERIODIC DONOR FINANCIAL REPORTING

5. Does periodic donor financial reporting influence project implementation in your NGO?

Yes []

No []

6. What is your level of agreement with the following statements relating to influence of periodic donor financial reporting on project implementation in your NGO? **Please select the scale relevant to you as per likert scale where; 1=Strongly Disagree 2=Disagree 3= Moderate 4= Agree 5=Strongly Agree**

Statements	Scale(please tick one relevant for you)				
	(1)	(2)	(3)	(4)	(5)
The projects have properly kept financial records					
Review and authorization of financial reports by appropriate staff is done prior to submission to donors					
Availability of skilled and competent finance staff determine the effective financial reporting to donors					
Periodic financial reports are submitted to the donors as per required formats					

Financial reports are submitted to donors as per required timelines	(1)	(2)	(3)	(4)	(5)
Project accounts information is regularly updated.	(1)	(2)	(3)	(4)	(5)

Others (Please state)

.....

PART C: PERIODIC DONOR PROGRAM REPORTING

7. Does periodic donor program reporting influence project implementation in your NGO?

Yes []

No []

8. What is your level of agreement with the following statements relating to influence of periodic donor program reporting on project implementation in your NGO? **Please select the scale relevant to you as per likert scale where; 1=Strongly Disagree 2= Disagree 3= Moderate 4= Agree 5=Strongly Agree**

Statements	Scale(please tick one relevant for you)				
	(1)	(2)	(3)	(4)	(5)
Review and authorization of periodic narrative reports are always done by designated staff prior to submission to donors to ensure quality of reports					

Donors are satisfied with the quality of the periodic program reports submitted	(1)	(2)	(3)	(4)	(5)
Periodic donor program reports are submitted to the donors on a timely basis	(1)	(2)	(3)	(4)	(5)
There is provision of feedback through project evaluation for the projects undertaken	(1)	(2)	(3)	(4)	(5)
The program reports are always submitted to donors as per set formats	(1)	(2)	(3)	(4)	(5)
The program department has competent staff to ensure quality programs to donors	(1)	(2)	(3)	(4)	(5)

Others (Please state)

.....

.....

PART D: AUDIT REQUIREMENTS

9. Do audit requirements influence project implementation in your NGO?

Yes []

No []

10. What is your level of agreement with the following statements relating to influence of audit requirements on project implementation in your NGO? **Please select the scale relevant to you as per likert scale where; 1=Strongly Disagree 2= Disagree 3= Moderate 4= Agree 5=Strongly Agree**

Statements	Scale(please tick one relevant for you)				
	(1)	(2)	(3)	(4)	(5)
Statutory audits are carried out every year by a qualified external auditor					
Audit results are reported to concerned officials as soon as audits are concluded					
Audit queries are resolved in good time					
The auditors get all documents requested for review during auditing					
Separate accounting data is maintained for each project to ease accountability for differently funded projects					
The donors are motivated by the audits and accountability to fund more projects					

Others (Please state).....

PART E: GRANT BUDGET APPROVALS

11. Do grant budget approvals influence project implementation in your NGO?

Yes []

No []

12. What is your level of agreement with the following statements relating to influence of grant budget approvals on project implementation in your NGO? **Please select the scale relevant to you as per likert scale where; 1=Strongly Disagree 2= Disagree 3= Moderate 4= Agree 5=Strongly Agree**

Statements	Scale(please tick one relevant for you)				
	(1)	(2)	(3)	(4)	(5)
A budget is prepared for every project before the project starts.					
Grant budgets are approved by the donors					
Grant agreement are always signed prior to project implementation					
Work plans are reviewed prior to submission to donors for approvals.					
Grant disbursement request to donors are always done as per the budgets					

Proposed projects are discussed and agreed upon by senior management and donors prior to starting projects	(1)	(2)	(3)	(4)	(5)
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Others (Please state)

.....

PART F: BANKING FACILITIES

13. Do banking facilities influence project implementation in your NGO?

Yes []

No []

14. What is your level of agreement with the following statements relating to influence of banking facilities on project implementation in your NGO? **Please select the scale relevant to you as per likert scale where; 1=Strongly Disagree 2= Disagree 3= Moderate 4= Agree 5=Strongly Agree**

Statements	Scale(please tick one relevant for you)				
Separate bank accounts are maintained for each project as per donor requirement	(1)	(2)	(3)	(4)	(5)
Bank reconciliation reports are prepared on a monthly basis based on the bank statements	(1)	(2)	(3)	(4)	(5)

Banks forward the bank statements on a monthly basis	(1)	(2)	(3)	(4)	(5)
Banking institutions always provide prompt audit confirmation to the auditors.	(1)	(2)	(3)	(4)	(5)
Proper documentation is done	(1)	(2)	(3)	(4)	(5)
Availability of banking facilities enable the NGO to access funds for the projects at all times	(1)	(2)	(3)	(4)	(5)

Others (Please state)

.....

PART G: PROJECT IMPLEMENTATION

15. Give your feedback on the following aspects relating to completion of projects in your NGO. Scale (1=Never True, 2=Sometimes True, 3=Mostly True, 4=Always True)

Statements	Scale (please tick one relevant for you)			
Projects in the are completed within stipulated time frame	(1)	(2)	(3)	(4)
The overall projects costs are always within budgeted amounts	(1)	(2)	(3)	(4)

Measure are taken to ensure quality for the implemented projects	(1)	(2)	(3)	(4)
Donors are satisfied with the project implementation	(1)	(2)	(3)	(4)
Targeted Beneficiaries are satisfied by the quality of services provided.	(1)	(2)	(3)	(4)

15 Rate the extent to which each of the variable influence project implementation in your NGO. **Scale 1=Not at all,2=Small Extent,3=Some Extent,4=Large Extent 5=Very Large**

Variable	Scale(please tick one relevant for you)				
Donor Periodic Financial Reporting	(1)	(2)	(3)	(4)	(5)
Donor Periodic Programme Reporting	(1)	(2)	(3)	(4)	(5)
Audit Requirements	(1)	(2)	(3)	(4)	(5)
Grant Budget Approvals	(1)	(2)	(3)	(4)	(5)
Banking Facilities	(1)	(2)	(3)	(4)	(5)

16 What recommendations can you give to the NGOs to facilitate successful project implementation?

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.....

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Thank you for your time.