

**STRATEGIES FOR MITIGATING EFFECTS OF DONOR WITHDRAWAL IN NON
GOVERNMENTAL ORGANIZATIONS PROJECTS: THE CASE OF NGO PROJECTS
IN MOMBASA COUNTY, KENYA.**

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DECLARATION

This research project report is my original work and has not been submitted to any other university or institution of higher learning for examination.

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DEDICATION

This work is dedicated to my lovely family; you are a blessing to my life. Through you I got the inspiration to write this document and pursue the degree.

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LIST OF ACRONYMS AND ABBREVIATIONS

CBOs	Church based organization
CCT	Conditional Cash Transfer
FS	Financial Sustainability
ID	Income Diversification
IG	Income Generation
MDR	Management of Donor Relationship
MDGs	Millennium Development Goals
NGO	Non-governmental Organizations
RBV	Resource-Based View
SFM	Strategic Financial Management
SPSS	Statistical Package for Social Sciences
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund

ABSTRACT

Nongovernmental organizations for a long time have stepped in to provide services where the government and private sector for one reason or the other have been unable to provide. Government's absence from the provision of such services has mainly been as a result of budgetary constraints. These NGO's are mostly donor funded and this funding is provided for a limited period. The purpose of this study therefore was to find out the strategies for mitigating effects of donor withdrawal in NGOs projects operating in Mombasa County, Kenya. A descriptive research design was adopted for the study. In the study census survey was used in accordance to the characteristics the elements in the population possess. The research targeted all the 65 NGOs in Mombasa County. The target population was 65; since it was a manageable number the entire population was used. A pilot study was conducted to check the instruments reliability and validity. Data was collected using a structured questionnaire which was administered personally, via e-mails and picked after they had been filled. The study revealed that strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal income diversification was also another great area which nongovernmental organizations should consider in Mombasa County to mitigate effects and to be on the move. The researcher recommends that NGOs should involve themselves in activities like providing social entrepreneurship activities that are geared towards generating income for them. For example, local NGOs should involve themselves in activities like cheap education provision, selling of the golden commodities like water and selling of information. In Mombasa, as much as NGOs have been advocating for human rights, they got to focus on social responsibilities like providence of education, education etc. that are aimed at bringing an extra coin into their budgets. Finally, the researcher recommends that the NGOs relationship management with the donors and the governments should be the chore value of operations. This should be achieved through properly structured information management that will deliver the relevant and up to date information to the donors, through accountability and properly prepared/published financial statement and above all through rightfully linked communication with the donors.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Donors whether local or international have played a significant role in the social development process in all regions of the world through supporting various projects run by NGOs. They have particularly been critical in circumstances where State funds have been limited, political situations has been fluid, natural disasters resulting from both predictable and unpredictable environmental circumstances occur, ethnic strife is rampant, and the level of percapita income has severely restricted the ability to purchase needed goods and services-social, educational and economic asserts WHO (2010).

According to Polidano and Hulme (1999), cited by UNICEF (2011), donors have been providing much of the funds for reform initiatives, in particular Africa. Most donor agencies have taken the centre stage in the selection and definition of projects to finance. Theoretically donors have responded to the needs identified by client governments but practically they have often identified clients' needs for them and channeled major of the funds through the NGOs and other CBOs in these countries. An example is from the World Bank's service delivery survey methodology, which has been aiming at developing service quality standards for public bodies on the basis of user surveys, designing the best and relevant projects and at times contacting the relevant NGOs through which achievements and projects implementation could be executed (World Bank report, 2009). However, when donors like World Bank withdraw their support for the selected NGOs in various parts of the world, most NGOs fail to fully implement their projects, some of them collapse while others come up with strategies like engaging in income generating initiatives aimed at ensuring their continued survival and operations (World Bank, 2010).

From a global perspective, over 10% and 15% of all aid to developing countries (over \$6 billion) has been channeled by or through Non-Governmental Organization. Emergency assistance has accounted for a significant (and in recent years rising) share of total NGO aid flows, the majority of it providing for development projects and programmes (USAID, 2013). Donors who have funded development projects have been involved in a wide range of activities and programmes at national and regional levels whose aim has been to improve the well-being of the poor people.

Several donor agencies such as Faith- Based Organizations, NGOs such as United Nations Education, Science and Cultural Organization(UNESCO), United Nations Children's Fund (UNICEF), World Food Programme (WFP), United Nations Environmental Programme (UNEP), Red Cross International project (RCI), and other Community-Based Organizations (CBOs) have historically provided vital services to needy populations and contributed significantly to the strengthening of many individuals' lives, families and communities (Vidal, 2001, cited in CALP, 2010) .

Donors and donor agencies have acted as vehicles in which government and other agencies have channeled their resources to help the community and the poor of the poor. They have diffused political anger and roll out as aid or benevolence what people ought to have by right. With a lot of funds going into projects and with increased need of interventions especially in the social aspects of life including health, education and food security, adoption and implementation of proper M&E practices is therefore crucial to ensure sustained retention of realized benefits by these projects (Slater and Farrington 2009) . However recent M&E reports on the projects carried out by NGOs has seen a good number of donors withdraw their funds or channel them elsewhere (Ahsan and Gunawan, 2010). This saw representatives from 22 European NGOs and NGO networks, along with consultants and academics coming together in Oxford on 27 November 2012 to discuss the issue of aid withdrawal, partnership and the sustainability of civil society organizations (CSOs) and other projects in the LDCs (MDGs, 2013). This withdrawal of funds from the social protections and NGOs has seen a number of NGOs operating in most parts of the LDCs change their policies and activities thus limiting their achievements in providing the intended services.

India for example is now a lower-middle-income country, experiencing considerable economic growth and profound social change. With increased government capacity, donors are decreasing their aid for social services or pulling out from supporting various projects carried out by NGOs in the country. In response to the changing environment, a number of international NGOs have withdrawn or are withdrawing from India, sometimes driven by changing priorities of their upwards donors, sometimes due to changing needs and conditions on the ground. According to Dubochet (2012), India has been getting most of its funds for social protection, NGOs projects

and civil societies from the UK. However, the UK having reconfirmed its commitment to India in May 2012, suddenly announced in November that there would be no more Programme aid provided to India's NGOs, civil societies, social protection programmes and even government projects after 2015. Instead the UK would continue to support India through technical assistance in areas of expertise, with a strong focus on the private sector. In a recent series of workshops in India, it emerged that Community Social Organizations (CSOs) and NGOs that have long relied on external partners for support appeared completely unprepared for funding cut backs which have been happening as donors have withdrawn from the country.

This has pulled a lot of NGOs out of India as per March 2014; whereby a remarkable number of 7 NGOs operating in India have terminated their services due to the fact that the funding from the international donors in England was prematurely withdrawn (UN, 2014). This withdrawal of the donors has left many projects in India underfunded, ill funded, some closing down while some other projects have been adjusted from the initial objectives of set up; a factor that has left the NGOs at a cross road (GoI, 2014). For example, the water projects, health projects and education projects that were initially funded by the donors and run by the local/international NGOs have had recent issues due to the withdrawal of donors. In response, most NGOs like those giving social protection like community medication, protection against the vulnerable poor and save the kidney initiative operating in Manila have had adaptation strategies that saw their continual survival after the exit of the international donors. Save the Kidney Initiative for example has for three years now come up with business loans where it runs a fleet of hospitals in the rural parts of East India that are frequently troubled by conmen who lure innocent citizens towards selling their kidneys. Also it has adjusted its policies to include investment in real estate where it builds houses for the peri-urban poor so as to get extra income. The social protection scheme in India has been partnering with government and other local NGOs with the aim of raising finances to sustain their operations beyond the donor funding (PRIA, 2012). Besides, sustainability strategies supported by withdrawing donors appear to have focused mostly on internal capacity building, rather than consolidating alternative sources of funding. Such sources are growing, but slowly. These include: family and corporate philanthropy, corporate social responsibility resources (although often CSR resources are very short-term and materially

focused); tapping into support from a growing middle class; and social enterprise models (Dubochet, 2011).

In Ghana, as part of the measures aimed at addressing the conditions of the people, and as a means to redress the imbalances between rural and urban areas in terms of development and other projects aimed at raising living standards, NGOs are playing a vital role. Many NGOs are undertaking a number of activities in Agriculture, Health, Education, Research and most importantly, gender development (Ghana Budget Speech, 2011). In some deprived rural areas in Ghana, for example, the most commonly known names associated with their development is either World Vision, Plan Ghana, Action Aid, Catholic Relief Services (CRS), Adventist Development and Relief Agency, Concern Universal, among others. This is because, it was the NGOs that provided them with clean drinking water, the clinic in the village center, the afforestation project, credit facilities, school building, extension services and many more (Bob-Milliar, 2005).

The activities of some of the local and foreign NGOs operating in Ghana have transformed whole communities and have benefited a lot of the rural dwellers. Some NGOs, through their activities have replaced perpetual misery with some smiles to those poverty-stricken and almost forgotten groups of rural dwellers. This is especially true in the areas of general development, where international and national NGOs support the poor and the disadvantaged in their efforts to improve their living conditions (Edusei 1997, cited in Department of Social Welfare, 2009). However, the withdrawal of donor funding to these NGOs due to the MDGs' strategy of transforming countries from being dependence to be independent ,has left most projects cut short. According to diary graphic report on 'Dangers of dependence on external funds and market,' carried out in water and sanitation projects, medical and agricultural projects in 10 rural districts in Ghana showed that the lives of the people who depended on donor funds and NGOs for funding in various projects was miserable and in pathetic situations immediately the donors withdrew or cut their funds. This led to the failure of most of the NGOs while others had to adjust the projects they were initially undertaking so as to fit into the current demands; leading to a wider long term effects on the intended development projects (Warner,2008; 2011). According to Lka (2009), NGOs are just projects like any other project and therefore need to continually

adjust their structures, policies and ways of operations so as to continue selling in turbulent situations. It is in this view that most NGOs especially those involved in Agricultural activities in Ghana started partnering with the government in 2010, partnering with other NGOs that gave the same products and services and to other extents involved themselves in business generating activities like selling of hybrid seeds to the government and local farmers so as to maintain their capital base for continued survival.

According to a report published by the UN (2013), almost all the 21 NGOs that were initially operating in Kampala and northern Uganda parts were greatly affected when donors withdrew their support during the general election a few years ago. This forced most of these NGOs especially those fighting for the marginalized people like the Lesbians and Gays organization of Uganda restructure their operational plans, merge with other NGOs offering similar services like the civil societies and human rights organizations. Also other NGOs like the APDK Uganda went in extra activities like starting corporate business, running community based schools and managing their finances at their minimal operations so as to survive in the harsh market.

According to World Bank 2010, in Kenya, an increasing proportion of official assistance has been and is being channeled through NGOs, a trend starting in the early 1980s. Major revisions in thinking about the justification and purpose of international aid in a post-Cold War era have resulted in an expectation that NGOs as civic actors are an important institutional system which can help governmental donors achieve both sustainable development and political goals. NGO's in Kenya are regulated by The National Council of NGOs, popularly known as the NGO Council (GoK, 2013). This is a self-regulating, non-partisan body comprising all registered NGOs. It was established in August 1993 under the Non-governmental Organizations Co-ordination Act, 1990 as a forum of all voluntary agencies. The NGO Council membership includes international, regional and national NGOs operating in Kenya and working with a host of CBOs and groups. These NGOs are active in a cross section of sectors whereby they undertake various projects in areas including: agriculture, water, education, environment, health, human rights, gender and development, children's rights, poverty alleviation, peace, population, training, counseling, small scale enterprises, disability and many others.

While a number of NGO's in Kenya have achieved administrative efficiency, most have major difficulties. Efficiency cannot be guaranteed because of the nature of the NGO's themselves. Many of them are new, small and without guaranteed future. This is especially the case with local or national NGO's that are still struggling to put effective and efficient managements systems for good governance in place and whose survival largely depends on donor funding (UNICEF, 2009). These difficulties in efficiency in the projects they undertake in the country, have forced most of the donors to withdraw their support. According to the World Bank report (2012), approximately twenty NGOs withdrew their services to Kenya due to underfunding/withdrawal of funding by the donors from the foreign countries. This was majorly fueled by the toughest rules and regulations put by the then seen as unstable coalition government.

NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding for their work and the projects they undertake since the introduction of the NGOs bill by President Uhuru Kenyatta last year. This has left NGOs like APDK with no option except starting projects that can sustain their funds. For example, the APDK and SOS have set some tourism attracting hotels and outdoor catering income generating activities in various parts of the country like Eldoret, Naivasha, Nyeri and Thika. Also, NGOs like maRs have partnered with other local NGOs like Transparency International and Elimu Yetu to start schools, share staff and develop common infrastructure to give them an alternative income (WHO, 2013), (NGO Council, 2012). A study carried out by the BBC international (2013) indicated that most NGOs in Mombasa region have not only felt the heat of donor withdrawal but have also taken measures that will see them survive after the exit of the donor. The Bombolulu workshop for example operating in Mombasa's Nyali constituency was started to offer both hotel, semi-banking and curving activities after the Switzerland government withdrew its funding to the disabled people living in the area. This has seen the disabled people associated with the APDK branch in Bombolulu workshop being trained and integrated in various production activities that generate income for the NGO. APDK Likoni branch has also been running the Likoni Quality furniture; a local furniture manufacturing firm that has greatly sold its products among the locals of Mombasa and the whole country at large. The KWTF for example has moved into small banking activities in Mombasa and its environs, the SOS has been running some community based water provision

services that create them extra revenue, Coast Development Initiative has been collaborating with the county and provincial leadership to get an extra source of income.

1.2 Statement of the Problem

According to the NGO report (2011), the Government encourages partnership with the private sector and other non-state actors and *Wananchi* in order to complement government efforts. NGOs have an important role to play in the provision of social and economic services via the various projects they undertake. NGOs address diverse issues ranging from lobbying, advocacy and human rights to service provision. They bring creativity, innovation and develop strong community links thereby playing a catalytic role in improving the delivery of various types of services, hence the justification of an NGO's Policy, which recognizes NGOs as development actors in their own right. Given the increasing numbers of NGOs, there is need to enhance self-regulation, transparency and accountability of NGOs and establish modalities for interaction between NGOs and the State and between NGOs and other stakeholders. Despite the increase need of donor funding to government and NGOs towards poverty reduction programs, the state of funding in Kenya has been in a volatile state due to various reasons that threaten the donors thus affecting the projects undertaken by the NGOs leading to more poverty in Kenya (Kvinna, 2011).

The World Bank 2012 reports that, with 1.275 billion dollars collected annually, Kenya is a top twenty recipient of bilateral, multilateral, governmental and nongovernmental aid/donations. The United States and the United Kingdom (U.K.) are the top two contributors to the country. USAID, the Department for International Development (DFID) and the Canadian International Development Agency (CIDA), as well as other industrialized economies, often condition development assistance on political reform or rhetoric. According to Were (2008), the United Nations, European Union (EU), and East African Community (EAC) are among the most active governmental, international and regional donors whose development assistance funds projects related to media development. Other important nongovernmental organizations that directly or indirectly contribute to the health of the media include the Christian Children's Fund (CCF), World Vision, Oxfam, and the Ford Foundation.

However, recent studies carried out after the PEV in 2007/2008 in Kenya showed that 12% of the projects planned by various NGOs could not be accomplished while 15% failed to kick off completely due to the withdrawal of both local and international donors' support. This issue even widened further due to the emergence of security threats by Al Shabaab and other criminal organizations like Mungiki towards the end of 2011/2012 that forced some internationals withdrawal both direct and indirect funding to both local and international NGOs (Kenya Open Data, 2011). This brought major effects in projects tied to NGOs dealing with health especially HIV/AIDS, education to OVCs, water and sanitation, agriculture among others (Brautigam, 2009). Many NGO's therefore continue to cease operations by the day often due to lack of sustainable funding. Many new NGOs fall into the pitfall of un-sustainability, as they operate for a summer or for a few years and then fade away.

Due to these unprepared advance effects caused by donor withdrawal on Kenyan NGOs, most of them have always run at a high speed to engage in other ways that will give them funds to continue surviving and operating. For example, most of the NGOs like KWT and Kenya Blind and Low Vision Persons have been found to have involved themselves in income generating activities, others have merged their activities with fellow NGOs, others have partnered with the government while the rest have moved at speed to adjust their policies, plans, their actions and projects so as to fit in the prevailing situation (Chauvet, Collier, Duponchel, 2010). Due to this insurgence of problems and effects associated with donor withdrawal from funding NGOs' projects in the country and struggles that the NGOs are making to sustain their projects, the research intends to investigate the influence of donor withdrawal on the sustainability of NGOs projects implementation in Kenya while focusing on NGOs operating in Mombasa County.

1.3 Purpose of the Study

The main purpose of this study was to examine the strategies for mitigating effects of donor withdrawal on the sustainability of non-governmental organizations' projects in Mombasa County, Kenya.

1.4 Objectives of the Study

This study was guided by the following objectives:

- i. To find out the extent to which involvement by NGOs in income generating activities ensure their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.
- ii. To examine how income diversification by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya.
- iii. To find out the extent to which strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya.
- iv. To examine how NGOs relationship management sustain their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya.

1.5 Research Questions

The study was guided by the following research questions:

- i. What is the extent to which involvement by NGOs in income generating activities ensure their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya?
- ii. How does how income diversification by NGOs sustains their projects against adverse effects of donor withdrawal in Mombasa County, Kenya?
- iii. To what extent to which strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya?
- iv. How does NGOs relationship management sustain their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya?

1.6 Research Hypothesis

The study was guided by the following hypothesis:

1. H₁: Involvement by NGOs in income generating activities has a great influence in ensuring their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.
2. H₁: Income diversification by NGOs has a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

3. H₁:Strategic financial managements by NGOs have a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.
4. H₁:NGOs relationship management has a significant influence in the sustainability of their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya.

1.7 Significance of the Study

With the ever increasing need for funding to NGOs' projects in the country and the LDCs at large, there is a need to look at the need of reliable donors and sustainability after the donor withdrawal. Donors have constantly withdrawn their support to NGOs undertaking various projects at the local and national levels, making a good number of them stopping their projects and some being re-adjusted to meet the constrained donor funds (GoK, 2010). The findings of this study are important to the donor fraternity and NGOs in Kenya and beyond since the insights on how NGOs are strategizing to ensure their continued survival after the donors have withdrawn.

The study has highlighted a number of strategies that should be undertaken by NGO so as to avoid being negatively affected incase the donor cut/reduce their funding. This will help the existing NGOs and the upcoming ones engage in activities that will always keep them in operation and keep them at maximum point of operation. It will also help these NGOs be in the position of restructuring their policies and plans so as to fit in the new situations after the donors have declined/reduced their funding.

Finally, the study will be useful for future researchers and academicians as it will provide them with reference information for further studies. It is worth noting that this study area has not been widely researched and therefore, the study is significant in that it will contribute to the literature.

1.8 Basic Assumptions of the Research

This study had the assumption that involvement by NGOs in income generating activities was one of the best strategies aimed at ensuring sustainability against adverse effects coming as a

result of donor withdrawal in Mombasa County, Kenya. Also the study had the assumption that income diversification by NGOs has a significant influence in mitigating against adverse effects of donor withdrawal in Mombasa County, Kenya and thus ensuring their sustainability. It further presumed that strategic financial managements by NGOs have a significant influence in mitigating against adverse effects of donor withdrawal, thus adjusting them to required sustainable measures and it finally presumes that, NGOs relationship management has a significant influence in mitigating them against adverse effects of donor withdrawal in the country.

1.9 Limitations of the Study

The major limitation of the research was time and financial resources. For example, time allocated for the research and for the work place was greatly in competition. However this was overcome by creating time during the weekends, evenings and at times travelling during lunch breaks to link with the supervisor in the University at Mombasa town as well as the respondents in various places. Financial constraints were a major challenge especially where the researcher was required to travel to rural places like Magongo and Mwakirunge to gather information. However this was overcome by using strategic informants in the field. The recent security situation in Coast region and her environs was another limitation. This made it difficult to access most of the respondents without suspicion; since they treated one suspiciously. Also most of the locals who benefit from the NGOs projects used the Mijikenda dialect and this was a challenge. However the study delimited itself by using enumerators from the local Mijikenda community and translators.

1.10 Delimitations of the Study

The study delimited itself to the sustainability strategies against adverse effects of donor withdrawal on non-governmental organizations (NGOs) projects in Mombasa County, Kenya. The geographical scope was selected from the NGOs and projects performed by these NGOs in Mombasa County. The research targeted the management/head of NGOs of projects that directly have been hit by donor withdrawal, in Mombasa County.

The researcher found it convenient doing the research since he is ailing from Mombasa County and is familiar with most of the organizations and NGOs projects that have faced donor withdrawal in this area and this would make it easier for him to obtain the required data from the target population. The researcher used a consent form seeking the acceptance or rejection of the respondents to participate in the study and this will assure the respondents of their voluntarism in participation in the research. The researcher was set to interview by administering questionnaires to the managers of various NGOs and NGOs' staff officers with knowledge on effects of donor withdrawal on projects implementation and this improved the integrity of the research in terms of quality.

The researcher administered both questionnaire and key informant guide to the respondents in order to obtain both quantitative and qualitative information and this improved the research findings in terms of quality.

1.11 Definitions of Significant Terms

Financial Management- All the efforts and measures designed to manage fraud.

Financial sustainability can be gauged by an organization's net income (the surplus of revenues over expenses); liquidity (the cash available to pay bills); and solvency (the relationship of assets and debt or liabilities).

Funds- Sum of money saved for a particular purpose.

Fund raising costs: These are amounts spent to induce others to make voluntary contributions to the NGO. It includes expenditure on advertising and direct merit materials, agent's charges for acting as fund raiser on behalf of the NGO.

Non-Governmental Organization (NGOs) - Gerald Steinber (2003) defined NGOs as autonomous non-profit and nonparty/ politically affiliated organizations that advance a particular cause or set of causes in public interest. Deborah Eade (2007) further calls NGOs as sub species of civil society, as civil society is much older, dating to back to the ancient philosophers of Greece. For this study, NGOs will include big organizations that often play an intermediary role because of their institutional capacity. The researcher has also included cooperative societies such as the micro credit associations, and those in the category of community-based organizations.

Risk Management: Is a comprehensive and systematic approach aimed at identifying, measuring and controlling an entity's exposure to accidental loss, theft and liability involving human, financial, physical, and natural resources. The term has been used with reference to organization re-orientation towards attainment of financial sustainability.

Strategy: The many definitions of strategy found in the management literature fall into one of four categories namely plan, pattern, position, and perspective. According to these views, strategy is a plan or a means of getting from here to there, a pattern in actions over time, a position, which in essence reflects decisions to offer particular products or services in particular markets and a perspective, that is, a vision and direction, a view of what the company or organization is to become (Nickols, 2000).

Strategic financial management: Strategic financial management involves planning, organizing, controlling and reporting on the financial resources of an organization to achieve organizational goals (David, 1989). Strategic financial management has been used to imply a deliberate and integrated set of actions or strategies aimed at increasing the long term well-being and strengths of an Organization relative to its competitors financially.

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

1.12 Organization of the Study

This research is organized as follows, Chapter one is the introduction which includes the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, statement of the problem, purpose of the study, objectives of the study, research questions, research hypothesis, significance of the study, delimitations of the study, basic assumptions and the definition of significant terms. Chapter two covers literature review, the key theories of the independent variables are discussed and then summarized in a conceptual framework. Chapter three describes the research methodology providing a justification of the choice of research design, demonstrating how data collection instruments were validated and concludes with an operationalization of variable table.

Chapter four outlines the presentation, analysis and interpretation of the data. Chapter five provides the summary of findings, discussions, conclusions, recommendation and suggestions for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section summarizes the literature that is already in existence regarding non-governmental organizations and strategies they use to increase their funding and how to mitigate effects of donor withdrawal. It presents an overview of previous work on related topics that provide the necessary background for the purpose of this research.

2.2 Participation in Income Generating Activities as a Strategy of mitigation by NGOs

According to Dubochet, (2012), Nongovernmental organizations experience difficulty in finding sufficient, appropriate and continuous funding for their work and future planned/intended projects effectively and efficiently. They find accessing donors as challenging as dealing with their funding conditions. They perceive there to be certain cartels of individuals and Nongovernmental organizations that control access to donor funds. They have limited resource mobilization skills and are often not looking for funds that are available locally, preferring to wait for international donors to approach them through volunteer help/forced partnerships. Local Resource Mobilization provides potential for Nongovernmental organizations to raise funds from local businesses, individuals, government and locally generated income avenues (Chauvet, Collier and Duponchel, 2010). To do this, nongovernmental organizations must have strong governance and accountability mechanisms, clear strategies and targets, strong monitoring and evaluation teams, well laid down and convincing vision/objectives and local credibility. There is a high dependency of donors and a tendency to shift interventions to match donor priorities since in most local NGOs; there is a lack of financial, project and organizational sustainability.

A study carried out by PRIA (2012) on the Civil Society in Changing India after the much experienced donor withdrawal from major cities across India in 2010/2011, it was recommended that, local Nongovernmental organizations must be concerned with three aspects of sustainability: enduring impact, the continuity of resources, and the viability of the organization. Sustainability within each category requires insightful agility; overall sustainability depends on creating a virtuous spiral linking the three categories in a positively reinforcing way. The study noted that there is often a wide gap between what Nongovernmental organizations say, what

NGOs do, and how people perceive Nongovernmental organizations. Despite all the rhetoric about participatory development and building stronger civil society, very often nongovernmental organizations tend to ignore actively communicating with and listening to their local constituency. Business activities generate income for Nongovernmental organizations through "rent" on factors of production, and the skillful combination of these factors in "income generation programmes". The very idea of dabbling in business speculation and risk-taking with an eye on profit making appears to be anathema to Nongovernmental organizations (Lka, 2009). Many simply do not have the skills to do any kind of business - that's why they are there in the Nongovernmental organization sector, anyway.

However, studies across the world have shown that NGOs operating in developed countries and developing countries like USA, Canada, and Malaysia have been and are still engaging in some community based business activities that are generating an extra revenue to the otherwise strained NGO budgets. Barka (2011) carried a study in Brazil about empowerment and discovered that the almost 45 big and small NGOs that had suffered the setbacks of donor withdrawal were forced to engage in various income generating activities that aimed at substituting their budgets. In the central and the eastern parts of Brazil, three small community based NGOs (Save the Poor Talented in Brazil, Women and Talents in Brazil and Save the Forgotten Girl Child in Brazil) changed their tune and started doing business with the local institutions of learning by designing and selling them sports uniforms besides identifying young talented poor, women and girls in football whom in turn they sold to major clubs at big profits. From these two activities, the groups had the international recognition whereby they gave 8 out of the 22 women who participated in the 2008-2010 women's leg ball team that also participated in the women's' leg ball world cup. This in average earned the three community based NGOs a sum of \$ 2,015,000 that was divided equally among themselves in 2011 after taxing. Barwale Foundation (2011) carried out a research in South Africa and discovered that most NGOs operating in Soweto slums had been denied funds since they were perceived to have been unfair to most of the refugees and immigrants from Zimbabwe. The overall reaction was that the NGOs operating in this region started engaging in income generating activities like building hospitals, schools and coming with bottled water; goods and services that were sold to offer them and alternative source of funds.

According to Ahsan, Gunawan (2010), it is clear that many NGOs are working in areas where both markets and government policy have failed. The works of such NGOs need to be supported with public funds, whether they are from international donors, government sources, or any other as yet unlikely source - the public or various "publics". The time has come for the NGO community to consider going to the publics to raise funding for their work. In his report, Ahsan argues that NGOs therefore must identify these gaps/needs of the community that have not been met and offer goods and services at a minimum operating cost that will see them continue to exist. World Bank, FAO and IFAD (2009) published reports on the state of operations by two NGOs operating in Tana River and Mwea Tebere that called themselves Help the Old woman. These NGOs closely worked with the Help Age that dealt with helping the old and unfortunate women in the society especially those had felt the impact of HIV/AIDS in their lives. According to the report, Help the Old woman organizations were tied to the Help Age but made their own operational funds by engaging themselves and their members in businesses activities like maize milling, planting sorghum that was drought resistant and breeding goats for milk production. This made them free from dependency on the otherwise donors who had started withdrawing from Kenya due to the PEV that locked the country in 2007/2008.

According to United Nations (2009), if NGOs are to concentrate on what they can do best - social work, then Marketing and Fundraising become boundary management activities, which are of utmost importance, and yet should not demand too much time from NGO leaders, who very frequently may not have the best skills and attitudes for such work .NGOs with excess assets can use them to generate income which may be used as the NGO future funding for sustainable financial management. Some NGOs in Nairobi, Kampala and Zanzibar for example have considered renting buildings, providing consultancy, offering training, trading on their name or with locally made products (Kabeer, 2009). Molyneux, (2009) in a research aimed at empowering women by NGOs in Kajiado pointed out that the participatory element embodied in the development strategy of NGOs might not always enhance the economic benefit of women beneficiaries of an economic development program. It requires the accountability of an organization towards their members to increase the economic benefit. She emphasized that higher member accountability of an organization brings larger socio-economic benefit to their

beneficiaries. Communities have assets, wisdom, labor, time, and skills to be applied to their own development programmes.

Income generating programs (IGPs) are intended to enable NGOs to attain self-sufficiency by providing economic inputs and activities like agriculture, service provision (e.g. food vending, charcoal making) or trade (Holmes and Jones, 2011). The idea behind self-sufficiency or self-reliance is that most NGOs are able to support themselves and should not be forced to depend on assistance while awaiting their return. Governments therefore allow NGOs to pursue income generating activities. In a few cases, IGPs are linked to a policy of local integration, where NGOs are helped to pursue their livelihoods as part of the host community; as seen in the case of APDK that has for a long time been supported by the government in activities like making carvings and furniture including those done by the Likoni Quality Furniture in Likoni. OECD (2009a) report shows that researches have been done in the past in developing countries on NGOs' engagement in income generating activities but detailed studies have not been done in Kenya and Rwanda; an issue that leaves a gap for this research.

2.3 Income Diversification as a Strategy for mitigation by NGOs

Diversification of funding sources is essential to increase the stability of Nongovernmental organizations income streams today and in the future. As a response to the economic crisis experienced in most developing, underdeveloped and developed countries, tapping international funding streams might be more important than ever (Molyneux 2009). In particular, funding from international governments and their respective bilateral aid agencies has provided excellent opportunities for the NGOs. With the funding challenge, most Nongovernmental organizations have responded with the same entrepreneurial spirit, good planning and hard work that brought them success in their core activities (OECD, 2011). They have expanded fund-raising activities directed at the general public, tapped new corporate donors for monetary and in-kind support, and held one-time events. They have redesigned program implementation strategies to include cost-recovery components whereby the beneficiaries of the program pay part, and sometimes all, program costs (Henin, 2002 cited by Clarke and Oswald, 2010). And today we even see

Nongovernmental organizations owning and managing restaurants, tour companies, matatus, banks, clinics and other businesses.

One definition of income diversification, perhaps closest to the original meaning of the word, refers to an increase in the number of sources of income or the balance among the different sources (Eyben, 2010). Thus, an organization with two sources of income/donors would be more diversified than an organization with just one source, and an organization with two income sources, each contributing half of the total, would be more diversified than an organization with two sources, one that accounts for 90 percent of the total (Unsworth and Moore, 2010). Nazeen and Sultan (2011) carried out a research in 2010 on the source of strength of the six most powerful NGOs in Sub Saharan Africa and the developing countries of Asia. The NGOs included were: Word Vision, SOS, Oxfarm, Plan International, BIEC and Red Cross International. In the research, Nazeen and Sultan found out that the NGOs had a strong diversified source of income whereby they got funding and donations from more than one international donor at a particular shared ratios and agreed time period allowing the management to sustainably plan for the cash expected within the enlisted period. SOS operating in South Africa for example, received its funds from the larger UNICEF, UNDP, WHO, WFP and other two local NGOs fighting for human rights in the Soweto slums making it very stable and sustainable for future operations.

Maathai (2009) argues that, for many Non-governmental organizations, social enterprise serves as a strategy to diversify their funding base, decrease reliance on donors, and recover or subsidize program costs. In these cases, the social enterprise offers a means to reduce program deficits and employ resources more efficiently. Nongovernmental organizations seeking means to diversify income may set modest financial objectives and laid down rules that will be appealing to not only one donor but a series of them. There are neither magic answers, nor simple solutions and every Nongovernmental organization is unique. But there are ideas, information and sources of practical support for Nongovernmental organizations wanting to broaden their income base and explore sustainable funding not as a single source of income but as a process comprising several related parts (Kaaria, et al. 2009). For example, in Uganda, NGOs that were found to fight for gays and lesbians' rights were receiving diversified donations

from various international bodies in UK and USA irrespective of the initial objectives in operations. Therefore when and NGOs engages in an activity/offers a service that is in agreement with many international/outside countries, it receives much funding irrespective of its initial planned objectives.

According to James (2010), diversification should begin with a strategic analysis of the status quo, the institutional strengths, specificities and opportunities, as well as a scan of the competitive environment. Pre-existing additional income streams should be included in the overall evaluation. Apart from undertaking an appropriate analysis of cost effectiveness and risk of various activities, institutions need to assess the appropriateness of these activities in relation to the Nongovernmental organizations' mission and culture. The leadership's commitment to this process is of crucial importance. The leadership is best placed to project a vision and build the case for diversification activities, as well as engage the broader church community in the process (Department for International Development (DFID, 2010). Nongovernmental organizations leaders also play an important role in shaping the necessary change processes related to diversification, be it a cultural change or an organizational change. For example, a research done by Dauncey (2009) on the role of leadership in income opportunities for NGOs indicated that most NGOs operating in Thika, Nyeri, Maralal, Northern Kivu, Kigali and Brazzaville had diversified income opportunities since they had well ground touching objectives, had qualified staff, good linkage and interaction with the local culture and had positive cultural attitude towards the society and social work. The report also mentioned one NGO (Women's Network Centre, Mombasa) operating in Mombasa (then coast province) which in 2008/2009 had about five international donors who funded its projects. Major reasons cited for this NGO's support were: the availability of expert financial managers, well laid down plan for the beneficiaries and the capacity of marketing managers in marketing the NGO.

Many activities to increase and generate new income sources need new expertise, which does not necessarily always exist within the institution. Churches offering CBS may recruit professionals from outside the congregation or invest in the development of staff to acquire these skills (Dauncey, 2009). When external staff is recruited, it is important that they understand the specificities of the research and education environment or are integrated in an established team.

Professionalization is relevant at all levels, including human resources management, knowledge transfer activities, research administration, financial management, etc. A gradual approach to structured development of staff capacity may be best adapted considering the fact that the potential to invest in human resources is reduced in times of financial constraints (IDS, 2011). Given the high relevance of building up these skills for successful income diversification however, targeted support from governments towards this end would have a high leverage effect. The success of income diversification strategies largely depends on the ability of the institution's leadership to communicate effectively with the church community as well as with external stakeholders. Nongovernmental organizations need to reinforce awareness around the range of activities they undertake and the added value they create for society, helping potential partners to evaluate funding options (Kabeer, Mahmud and Isaza, 2010).

Developing additional funding streams becomes necessary to mitigate negative consequences of a sudden drop in income or to fuel further growth of the NGOs activities. Nongovernmental organizations also tend to approach income diversification as a means to gain more flexibility in their internal financial management. Income generated by the institution often responds to different rules in terms of allocation, types of use allowed, etc. There is a commonly shared perception that additional income sources may involve fewer administrative requirements, although this is not necessarily so in reality. High fragmentation of donor funding exacerbates this issue, with different donors often having complex and different rules and requirements (Amsler, 2009). This demands swift action by donors to streamline funding modalities across the different funding entities. Large, broadly based Nongovernmental organizations are generally better equipped to diversify their funding sources than smaller NGOs. They can take advantage of their recognizable name and logo. They have more technical skills on which to build commercial activities. They have more contacts and connections with outside groups with which to form partnerships. And internally they have more experience adopting new programs and adapting to organizational change. These Nongovernmental organizations also often have a greater need to seek outside funding because of their higher costs for support services and overhead (USAID, 2013). On the other hand, smaller NGOs have the advantage that relatively small amounts of self-generated funds can make a big difference in ensuring their financial viability.

However a report by Kenya Open Data (2011) has shown that out of the 62 NGOs, CBOs and social organizations operating in Mombasa and the coastal environments in Kenya, only 12 have more than one donor and these were found to be big NGOs like APDK, SOS, World Vision-Kenya, Red Cross and many more. The small NGOs like Community Based Nutri Programme, Mombasa and Choice Humanitarian, Mombasa were found to have only one source of funds that were greatly constrained and limited their operations. The report continues to show that NGOs operating in Malindi area were the most affected ones whereby they totally relied on seasonal donors most of whom were found to be seasonal tourists. In Mombasa area for example, some church organizations under the organization of churches were found to have invested in even various diversified activities. Milele beach hotel that run one of the re-known beach resort hotel in Mombasa and a fleet of tour guide cars besides the semi-banking services is under a church organization. It has been pointed out that the organization also receives a series of support from different spheres-both local and international of the economy like the IEBC, government and many more (NGO Report, 2011). The report however just mentioned NGOs in Mombasa meaning that there is no study that has been carried out in Mombasa's NGOs and how they diversify their incomes to enhance their projects sustainability; leaving a big gap that was aimed at by the research.

2.4 Strategic Financial Managements as a Mitigation Strategy by NGOs

Financial management in Nongovernmental organizations is concerned with ensuring funds are available when needed and that they are obtained and used in the most efficient and effective way to the benefit of the Nongovernmental organization (UN, 2012). From an organizational point of view, the process of financial management is associated with financial planning and financial control. Financial planning seeks to quantify various financial resources available and plan the size and timing of expenditures. Financial management practices requirements can impose a significant burden on NGOs (NGO Report, 2011). Managing the movement of funds in relation to the budget is essential for a NGO. At the corporate level, the main aim of the process of managing finances is to achieve the various goals a NGO sets at a given point of time (World Bank, 2012).

According to James, (2010), financial managers aim to boost the levels of resources at their disposal. They employ various mechanisms of utilizing the available NGOs resources effectively and efficiently while bearing in mind the risks that could be uncertainly experienced in the future as a result of shortage of such funds. IFAD (2010) carried a research on the Agricultural women empowerment CBOs in Africa and Asia and noted that financial instruments were employed by various NGOs to strategically manage and position their finances to take care of the future unexpected risks such as financial shortage or donor withdrawals. A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. The financial instruments of the organization mainly comprise available for: Sale financial assets (investments in equity securities and government securities), Originated loans and receivables (loans and receivables created by the organization for providing money to a debtor) these include debtors, prepayments and grants receivable, and, Financial liabilities (the Organization has financial liabilities) which consist mainly of trade creditors and unexpended grants (IDS, 2011). Used appropriately, financial management tools can help an organization to deliver its mission better and to ensure the best and most beneficial use of resources. The consequences of bad financial management are therefore very serious.

According to Kaaria, et al. (2009), good financial management requires sound organizational planning and the set-up and implementation of workable systems, policies and procedures which can respond to, accommodate and overcome the financial challenges a Nongovernmental organization may face. All organizations need money to run various departments and achieve their mission. Alongside staff, money is the one thing that takes up most management time and the only factor that plays a central role in NGO management whether local or international. NGOs usually exist because they have a mission: to cure the sick, to advance a profession, to discover new technologies, to educate the public. According to Maccatory (2010), the end of project funding all too often means beneficial impacts that should have been sustained are lost. Therefore establishment of trust funds which gather financial resources together on either an individual NGO or collective model is very necessary for NGOs as a strategic positioning for the exit of the donors. Investing those resources provides long-term income from interest or a combination of interest and principal. Meeting financial goals is essential to fulfilling this mission. Wanyama, Develtere and Pollet (2009) for example carried out a research in Kenya and

Uganda's Busia regions on the reasons of existence of some CBOs' projects in the market long days after the major donors withdrew their support and found out that, 6 of these 13 CBO, NGOs had well laid down rules and regulations that clearly had strategies that carefully managed the finances and these finances could sustain these NGOs' projects years later.

In their support for the role of financial management in keeping strategic money aside for NGOs' projects, Ruel, et al. (2010) argued that it is important to recognize that aspirations and financial resources are related, and that it is management's task to co-ordinate the two. All Nongovernmental organizations require a financial management system; although many NGOs only have an accounting or book keeping system. Accounting or book keeping is a subset of financial management. Ruel continued to argue that about 19 NGOs operating in Manila crumbled immediately the donors reduced/withdrew their support since they had no organized financial management systems. Eyben, (2010) in his study in areas in Northern Uganda and Northern parts on Tanzania found out that 45% of the NGOs operating in these regions lacked a strategic financial management system beyond the normal book keeping system. The financial manager must also be able to maintain perspective so that activity and administrative objectives are directed towards achieving organizational goals, therefore, the need for a strategic financial manager is necessary in any NGO for its better future operations. The finance manager is in a position to have a bird's eye view of the day-to-day operations of the organization and will be able to see trends, strengths, weaknesses and opportunities for improvement. This unique position allows the finance manager to play an active role in strategic planning that focuses on the long-term goals and objectives of the Nongovernmental organization and should, at a minimum, include the Board of Directors and the key management staff of the organization.

Tornqvist, Annika and Schmitz (2009) concluded that ethical environments are more important than codes of conduct in influencing finance managers in organizations when resolving ethical dilemmas. They also found out that management's attitude toward internal control was significant when accountants were asked to evaluate the control environment of an organization. Sound financial management practices, good governance, and accountability are essential building-blocks for driving improvement and better-value for money in faith based organizations, NGOs, CBOs etc. Gray et al. (2009) surveyed NGOs, civil society and

accountability in 2009 in East Africa and found out that 57% of the NGOs that operated in Kenyan slums lacked financial boards/management team with a positive attitude and focused emergency plans, in Tanzania and Burundi, the NGOs were 69% disadvantaged in financial management while in Rwanda the groups were at 45%. This means that most NGOs in east Africa were at a position of failure in cases where the donors shook/withdrew their support.

Gray too indicted that financial statement are important tools that were never used by most NGOs and CBOs in financial management and withdrawal risks. Financial statements may be used by users for different purposes. For example, owners and managers require financial statements to make important business decisions that affect its continued operations. Financial analysis is then performed on these statements to provide management with a more detailed understanding of the figures thus acting as a stabilizing function of NGOs management and preparedness for future risks. Financial management plays an important role in supporting new programs to be diffused in practice. According to the report published by OECD (2010b), 43% of NGOs operating in Kenya are made up of briefcase employees most of whom are just new graduates from the local institutions of learning, who have very little knowledge on financial management; leaving them with little knowledge on financial management. According to the report, most NGOs in Kenya's coast like Madrassa Resource Centre Mombasa, Location Development Committee Mombasa and Kuhenza for the Children's Foundation Mombasa used unqualified financial managers. Therefore, from time to time they lacked proper financial strategies that could see their projects continual during the financial shook up times and donor withdrawal periods. This has left the question that need to be addressed by this research since the research done by OECD only focused only 3 NGOs out of the 60 NGOs and small CBOs operating in the Kenya's coast region.

2.5 Donor Relationship Management as a Mitigation Strategy by NGOs

Donor Relationship Management is not just a tool to collect data from donors; it is a holistic strategy, a methodology of collecting, organizing and analyzing every aspect of your donors. Ahsan, Gunawan, (2010) recognized the need for what he termed relationship fundraising that involves dealing with donors individually, recognizing each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the charities being

supported. The entire relationship with a donor, he argued, should be viewed holistically and fundraising decisions taken in light of the perceived value of the overall relationship. Recognizing the benefit of a future income stream, NGOs are not afraid to invest in their donors and allow them greater flexibility over the content, nature, and frequency of the communications they receive. According to Kvinna (2011), the initial costs of implementing such a strategy are undoubtedly higher, but the benefits in terms of an enhanced pattern of donor loyalty and the future revenue stream far outweigh this investment. Donors should be able to choose when communication is initiated and the form that it might take. It seems that one way in which NGOs might achieve this goal is to ensure that they give ongoing and specific feedback to donors as to how their funds have been put to use, in particular the benefit that has resulted for the beneficiary group (Plummer, 2009). If this feeling of impact on the cause is not strengthened, it seems less likely that donors will view other causes as being more deserving than those they already support.

Donors viewing the communications they receive as informative, courteous, timely, appealing, and convenient appear to remain loyal for a greater period of time. The issue then becomes how best to achieve this perception (Dorothy 2009). The donor, ideally, should be able to select the pattern of communication he or she wishes to receive. Some NGOs offer donors the opportunity to specify how frequently they would like to hear from the organization, whether they would like news about how their gift has been employed, whether they would like such news but not additional letters asking for money, and so on. Such practices are likely to improve perception of the quality of communication received and thereby enhance loyalty (Evans, 2010). Furthermore, it seems clear that NGOs could also offer donors some choice over whether or not they wish to be asked for a specific sum. Some donors may welcome guidance about the appropriateness of certain gift levels. Others may prefer to take such decisions themselves and not be prompted by the NGO (Tescopoly, 2009). Dorothy (2009) carried a research in major NGOs' relationships with their donors in East Uganda and proposed that, the relationship quality construct is critical in guiding relationship management and its understanding will guide the field of services management in general in NGOs and other charities thus attracting more donors and building their bond. Indeed, an understanding of the processes and the development of the relationship quality within the charity-donor dyad is considered central to implementing any relationship

fundraising marketing strategy that will for a great time position NGOs in a better position of managing their survival in cases where donors want to withdraw. Several researches have been done on beneficiary perceived relationship quality (Dubochet, 2011), the influence of quality perceptions of donor satisfaction and behavior (Lka, 2009) and the development of the relationship quality construct (Shabbir et al, 2007), little empirical enquiry has explored the role that relationship quality may have in assisting the effects of identity-based constructs by NGOs.

Lka, Lytvynov, (2009) in his book on the strategic management of NGOs in India argued that, religiosity and relational independent self-construal are selected as two important identity-based constructs which may impact on future giving intentions through the mediating effect of relationship quality. Despite the importance of these constructs in charitable giving behavior, there is a lack of knowledge concerning their role in improving donor-perceived relationship quality. The powerful influence of these constructs is evident in the success of faith-based and medical charities in the UK. Faith-based giving, for instance attracts £4.6bn in the UK (Chauvet, Collier, Duponchel, 2010). Medical charities have consistently remained the largest recipients of individual donations in the UK for the past decade (Tornqvist, Annika and Schmitz (2009). Faith-based charities also appeal to the religious or spiritual identity, whereas medical charities commonly use relational-based self-identity appeals, often by reminding donors of the value of familial utility and lives of people (United Nations, 2009). The effect on charity of both of these constructs is also well known in global giving cultures and has consistent nonprofit sector donors tend to have relationships with two to three organizations. These relationships are stable, typically based upon (often deeply) personal commitments to the mission of each organization they support. As with customers in the for-profit world, a nonprofit's existing donors are frequently their most valuable donors, and can be a key engine for growth. While the nonprofit world is rapidly evolving technologically, with the emergence of sophisticated online donor management and analytical tools, the ability to create a single donor view of giving throughout and across the organization remains elusive. As Nongovernmental organizations began to recognize the true value of maintaining and upgrading a donor's relationship and support, the roles of acknowledgment, recognition, and stewardship shifted from being rote activities to being strategic actions (OECD, 2010b). The field of donor relation management became the responsibility of the professional staff and the principles of donor relations were integrated into

the many aspects of the development and institutional advancement programs at charitable organizations and Nongovernmental organizations.

Molyneux, (2009) carried a research on the CCT for the aged in Sudan and found out that, most of the NGOs that survived in the Arabic dominated country were well familiarized with the donors' policies, rules and regulations, and most of them offered services that were indeed urgent to the locals like healthcare and education. These helped about 34% of the CBOs and the FBOs operating in Khartoum survive at its best for about 2 decades now. Barwale Foundation (2011) reported that SOS, UNICEF and World Vision operating in the nomadic homes of northern Uganda were never faced with shortage of funds in the fiscal years operations. This was as a result of the 3 NGOs' way of permanent personal and permanent consolidated with their donors in the mother countries. SOS for example has a department that is in charge of communication and international relations which analyses the international trends and needs of the donors, looks at the future prospects and ways of survival that should be adopted so as they can continue operating and getting support from their donors.

According to Ahsan, Gunawan, (2010), great project managers look at sources of funds for their organizations and tend to maintain a solid hand with these funders so as their projects can be taken as core projects in the donors' core plans thus receiving a sustained and stable financial support continually. Therefore, NGOs should set aside a structured body that faithfully and religiously gives the right information to the donors, integrates the donors' rules and regulations and gives priority to the needs of the local population. However, little studies have been carried out on the role of donor -NGO relationships in Kenya as a way of positioning the NGOs' projects against failure due to donor withdrawal in funding. World Bank, FAO and IFAD (2009) carried a study on the relationship held between the NGOs operating in Kenya's Thika town, Kibera and Mukuruini and found out that about 55% of the NGOs had no link with their donors and most of the donors didn't trust the projects carried by these NGOs especially those in the slums and by extend viewed them as ghost NGOs. No studies have been carried out in Mombasa County in the same view.

2.6 Conceptual Framework

The conceptual framework outlines the dependent, independent and intervening variables as discussed in the literature review and elaborated in the Figure 1 below. It helps one to understand the relationship between the variables of the study.

Independent variables

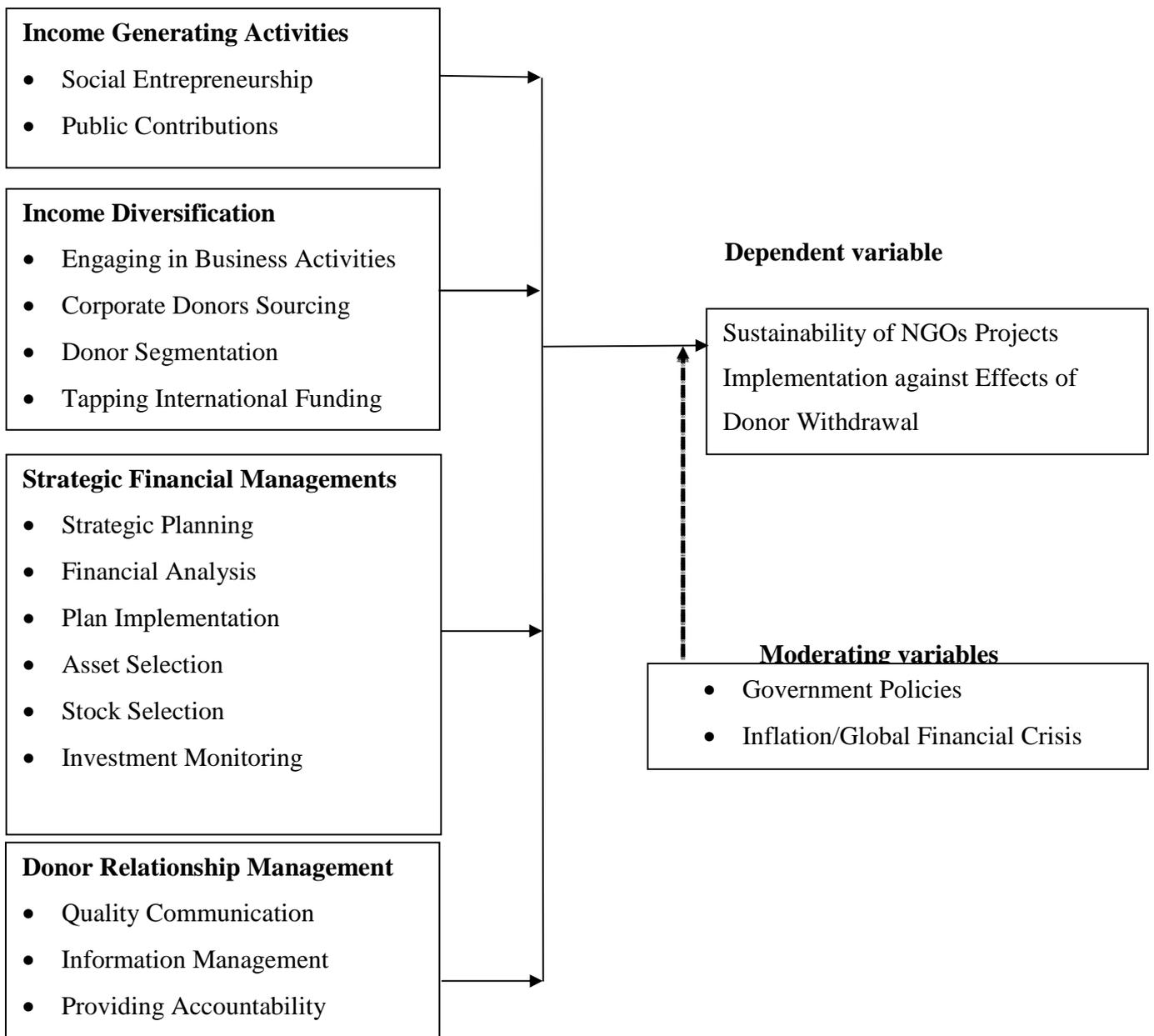


Figure 1: Conceptual Framework

This research aimed at investigating the sustainability strategies taken by NGOs in mitigating effects that could befall their projects immediately the donors withdrew their support. The factors identified included: income generating activities, income diversification, strategic financial managements and donor relationship management.

Sustainability of NGOs Projects Implementation against Effects of Donor Withdrawal is the dependent variable that is greatly influenced by the four independent factors as shown above. Through participation in income generating activities by NGOs in the community, they can easily position themselves in a better strategic way that will help them curb any adverse effects in case donors withdrew their funding unexpectedly. Activities here include social entrepreneurship like community schools, community hospitals, and community water pumps offering services at subsidized costs and public contributions

Income diversification, strategic financial managements and donor relationship management have greatly influenced the rate at which NGOs strive to strategically position themselves for any uncertainties in donor withdrawal.

2.7 Summary of chapter and research gap

A series of researches have been carried out in the world on NGOs sustainability and reports from various spheres have been given. However, little has been done on the factors that influence NGOs future projects sustainability in the country and more specifically the Mombasa County.

The research therefore intended to address the issue of strategies being taken by NGOs in mitigating against donor withdraw. This chapter highlighted the theoretical reviews of literatures which was guided by the objectives and are under different sub-topics which are; income generating activities, income diversification, strategic financial managements and donor relationship management. The chapter also highlighted the conceptual framework, relationship between variables and research gaps. Finally it was noted that a number of studies have been done on NGO's sustainability strategies an issue the researcher aimed at addressing.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was used to conduct the study, focusing on research design, study location, target population, sampling procedures and sample size, research instruments, questionnaires, pilot study, reliability, validity, data collection procedure and methods of data analysis.

3.2. Research Design

Research design refers to the procedures selected by a researcher for studying a particular set of questions or hypothesis; this includes the researcher's choice of quantitative or qualitative methodology, and how, if at all, causal relationships between variables or phenomena are to be explored (Orodho, 2009). This study employed the use of a descriptive survey research design. Kraemer (1993) describes a descriptive survey as a means of gathering information about the characteristics, actions or opinions of a large group of people. Surveys are capable of obtaining information from large samples of the population. This design was suitable as it brought out information on attitudes that would be difficult to measure using observational techniques. Equally, surveys require minimal involvement to develop and administer and are quite easy for making generalizations (McIntyre, 1999).

3.3 Target Population

Target population is a set of people or objects the researcher wants to generalize the results of the research (Borg and Gall, 1989). Mugenda and Mugenda (2003) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. According to the NGOs council report 2013, in Mombasa County there are 65 NGOs that operate as NGOs, CBOs, FBOs and civil societies.

Table 3.1 Target Population

NGOs Category	Total Number	Percentage
Government Funded NGOs	12	18.46%
Church/Religious Organizations	10	15.38%
Regional Research Groups	10	15.38%
Rest	33	50.78%
Total	65	100%

Source: NGOs Council Report 2013.

3.4 Sample Size and Sampling Procedure

A sample is a smaller and more assessable sub set of the population that adequately represents the overall group, thus enabling one to give an accurate (within acceptable limits) picture of the population as a whole, with respect to the particular aspects of interests of the study.

3.5 Data Collection Instruments

The questionnaires are the main instruments of data collection that were used. The questionnaire helped the researcher to collect data on knowledge, opinions as well as attitudes of respondents towards NGOs' strategies that aimed at mitigating against adverse effects of donor withdrawal and ensuring sustainable measures. The questionnaire is suited for this study because it is practical and is used to collect data from a large number of people within a short time and in a relatively cost effective manner. The questionnaires were used to collect data from the permanent/temporary employees and the people who directly benefit from NGOs projects. Observation was expected to be used to help gather crucial data that couldn't be obtained through questionnaires.

Piloting was done to test the validity and reliability of the instruments. The instruments were piloted in 3 NGOs and the procedure repeated in three weeks. The NGOs where the piloting was done were part of the study sample to avoid biased results of the study. Piloting helped the

researcher to eliminate any ambiguity in the research instruments to ensure they generate valid results of the research. The questionnaire was administered by the researcher and selected enumerators. Both open ended and closed ended questions were used. Open ended questions enabled respondents to provide sufficient details while close ended questions enabled the researcher to easily quantify results by the use of SPSS.

3.6 Validity and Reliability of Research Instruments

Validity is a measure of how well a test measures what it is supposed to measure. It is the degree to which results obtained actually represent the phenomenon under investigation. Reliability is the measure of the degree to which a research instrument yields consistent results after a repeated trial.

3.6.1 Validity of the Research Instrument

Norland (1999) refers to validity as the quality that a procedure or instrument or a tool used in research is accurate, correct, true and meaningful. The research used content validity as a measure of the degree to which the data collected using the questionnaire represents the objectives of the study. The instrument will be verified by the supervisor and other two senior lecturers in the University of Nairobi, Mombasa campus.

3.6.2 Reliability of the Research Instrument

Mugenda (2003) says that reliability is concerned with estimates of the degree to which a research instrument yields consistent results after repeated trials. In this study, reliability was determined by a test-retest administered to 10 subjects not included in the sample. Inputs from invaluable sources were obtained during the study that was useful in modifying the questionnaire before a final set of questions was produced.

3.7 Data Collection Procedure

A questionnaire was used since it was the best tool for this study. The questionnaire was prepared on the basis of a review of literature on NGOs projects sustainability. Data collection tools were piloted and suggestions made before finalizing the questionnaire. The study utilized a self-administered questionnaire and equally referred to the existing secondary data. The

researcher got a permit from the graduate school and County NGOs coordinator. The researcher visited the sample, used enumerators to access some other people in far areas and e-mail a questionnaire to some respondent who could be committed for one on one filling. Appointments to the sampled NGOs and beneficiaries were arranged prior to the visits to avoid any inconveniences to the respondents. The researcher emphasized that the information given was to be specifically used for the study and it was to be private and confidential and that names were not necessary.

3.8 Data Analysis

Quantitative data obtained from the open ended questions was coded to facilitate quantitative analysis. The coded data was analyzed by use of descriptive statistics comprising of frequency tables. The hypothesis was tested by use of Chi Square. Data analysis was done by use of SPSS 17.0

3.9 Ethical Considerations

All government and county authorities were informed prior to the study to avoid suspicions and resistance from the community members and NGOs employees. Consent was sought from the respondents whose participation in this study was voluntary. The information they provided was treated with utmost confidentiality. Privacy and dignity of the respondents was considered during the research. Names of the respondents were exposed and codes were used instead. The respondents were assured that a feedback session could be organized in order to disseminate the research findings to the NGOs council and other interested stakeholders.

3.10 Operational Definition of Variables

Table 3.3 Operationalization Table

Objective	Variable	Indicators	Scale	Types of analysis
To find out the extent to which involvement by NGOs in income generating activities ensure their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.	Income Generating Activities	Social Entrepreneurship Public Contributions	Nominal Scale	Descriptive
To examine how income diversification by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya.	Income Diversification	Engaging in Business Activities Corporate Donors Sourcing Donor Segmentation Tapping International Funding	Nominal Scale	Descriptive
To find out the extent to which strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya.	Strategic Financial Managements	Strategic Planning Financial Analysis Plan Implementation Asset Selection Stock Selection Investment Monitoring	Nominal Scale	Descriptive
To examine how NGOs relationship management sustain their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya.	Donor Relationship Management	Quality Communication Information Management Providing Accountability	Nominal Scale	Descriptive

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.1 Introduction

The data that was collected from the field was keyed and analyzed by simple descriptive analysis using Statistical Package for Social Scientists (SPSS) 17.0 software. The data was then presented through frequency tables and narrative form. In this note therefore, this chapter presents results of the research in different sub-sections that focuses on the objectives of the study.

4.2 Response Rate

In the study, questionnaires were administered the total population of 65NGOs in Mombasa whereby the respondents targeted were the managers of these NGOs. The return rate was 100% positive; while those ones not fully valid for the study were 00.The valid sample used for the study was 65.

4.3 Basic Information

The study wanted to find out the bio data of respondents, age and educational level of the respondents and the results below were reached upon.

Gender Information

The study found out the sex composition of the respondents as shown in the table 4.1 below.

Table 4.1 Gender Distribution of Respondents

Gender	Frequency	Percentage
Female	26	40%
Male	39	60%
Total	65	100%

In the responses given, the male respondents were the majority while the female were disadvantaged. Male respondents made majority of the respondents at 60% while the female respondents who participated in the study made 40%.

4.3.2 Age Distribution

The study sought to find out the age brackets of the respondents and the results were as shown in table 4.2 below.

Table 4.2 Age Distribution

Age	Frequency	Percentage
Below 24 Years	5	7.7%
25 - 30 Years	10	15.38%
31 - 34 years	20	30.77%
35 - 40 years	7	10.77%
41 - 44 years	7	10.77%
45 - 50 years	10	15.38%
Over- 51 years	6	9.23%
Total	65	100%

From the responses, ages below 24 years attracted 5 respondents, 25 - 30 years attracted 10, 31 - 34 years attracted 20 respondents, 35 - 40 years attracted 7, 41 - 44 years attracted 7 respondents, 45 - 50 years attracted 10 and finally over- 51 years attracted 6 respondents.

Educational Level

The study sought to establish the level of education of the respondents and the results indicated.

Table 4.3 Academic Qualification

Level	Frequency	Percentage
Primary certificate	0	0%
Secondary certificate	7	10.77%
Diploma/certificate	12	18.46%
Bachelors' degree	38	58.46%
Postgraduate degree	8	12.31%
Others	0	0%
Total	65	100%

Respondents with a diploma level of education had 18.46%. Those with a degree were 58.46% those with secondary certificate at 10.77%; others were 0%, primary certificate were 0% while those at postgraduate level had 12.31%.

4.3.4 Working Experience

The working experience of the respondents was as shown in the table 4.4 below.

Table 4.4 Work Experience of the Respondents

Level	Frequency	Percentage
1-2 years	20	30.77%
2-4 years	20	30.77%
5 years and above	25	38.46%
Total	65	100%

20 of the respondents were with 1 to 2 years of work experience, 2 to 4 years had 20 of the respondents, above 5 years had 25 of the respondents.

Participation in Income Generating Activities

The researcher sought to find out the role of NGOs' participation in income generating activities and ensuring their sustainability and the following results gotten in the sub-headings below:

Results on Extent of Participation in Income Generating Activities

In this section, respondents were asked state the extent to which participation in income generating activities has been employed as a strategy of sustainability by NGO projects and the results below given. The results showed that, respondents who went for very great extent was [20], great extent [20], moderate extent [10], little extent [7], and not at all [8]. Therefore, the great and very great extent has over 50% of the responses.

Rating of Income Generating Factors on a Scale

Respondents were asked on a rating, to indicate to what extent the following affected NGOs projects' strategies of sustainability and NGOs cautioning against donor withdrawal, and the results below gotten. (**Not at all=1, little extent=2, Moderate extent=3, Great extent=4, Very great extent=5**).

Table 4.5 Rating of Involvement in Income Generating

Factors	1	2	3	4	5
Social entrepreneurship by NGOs.	5	5	10	20	25
Public contribution for the NGOs.	5	6	10	24	20
Participation in community based business	5	5	19	16	20

Form the responses, means were calculated and computed results as follows: In relation to Social entrepreneurship by NGOs, the calculated mean (**M**) 4.15; meaning the respondents agreed to a great extent that the said factor was a strategy for sustainability. As per the Public contributions for the NGOs, the calculated mean [**M**= 3.7) indicated that, the respondents were in agreement to moderate extent with the statement. Finally, participation in community based businesses factor gave **M**=3.6 meaning that the respondents on average were in agreement to a moderate extent that the factor above is NGOs sustenance strategy.

When asked to give their reasons for the above supports with relevant examples, 50 respondents said that a number of NGOs in Mombasa county own small community services at a fee like water vending centres in areas like Mvita and Central girls primary school whereby the locals get water in drums at a cost. Also some have been learning schools at a small fee like the Bridge International as supported by 45 respondents and finally 45 respondents said that NGOs have been encouraging the public to participate in walks and donations like that of Red Cross and UNICEF as seen in the areas where they organize for walks to raise funds, seminars, blood donations, tins in all supermarkets where shillings are dropped and many more.

Results of Item on Income Diversification

The respondents were asked a number of questions in relation to an item on Income Diversification and different results given as follows.

Table 4.7 Income Diversified Responses

Respondents were asked whether NGOs in Mombasa have effectively diversified their income sources and results below arrived at.

Gender	Frequency	Percentage
Yes	45	69.23%
No	20	30.77%
Total	65	100%

From the responses, 45 respondents supported the idea by saying yes while 20 of the total 65 went against the idea. This represented 69.23% and 30.77% respectively. When asked to give their reasons for the above responses, those who argued that NGOs have diversified incomes argues that almost all the NGOs they knew had more than one international donor and funder. Those who said no had the view that NGOs mostly dependent on mother NGOs from the diaspora.

Table 4.8 Responses on Rating of Income Diversification

When asked to rate various activities in relation to income diversification strategies for sustainability on a scale of 1-5 where 5= very effective, 4= effective, 3=weakly effective, 2= ineffective, 1 = very ineffective

Factor	1	2	3	4	5
Engaging in business activities by NGOs.	6	10	17	20	12
Corporate and multiple donors sourcing by NGOs.	4	3	10	23	25
Donor Segmentation and equalizing donors' shares.	7	2	12	22	22
Tapping international funding channels for extra funds for the NGOs.	5	7	9	22	22

From the computed means, the respondents on average had their views as follows: in relation to engaging in business activities by NGOs, calculated mean (M) =3.3 showed that respondents went for weakly effective idea. In relation to corporate and multiple donors sourcing by NGOs, M=3.9 meaning that on average the respondents argued that this was weakly effective. Donor Segmentation and equalizing donors' shares had an average as M=3.7; meaning that on average the respondents went for weakly effective. Finally, tapping international funding channels for

extra funds for the NGOs had the mean as, $M=3.7$; meaning the respondents on average went for weakly effective.

Item on Strategic Financial Managements

Respondents were asked to rate the extent to which strategic financial management influence NGOs’ strategies sustainability against donor withdrawal by use of very great extent , great extent , moderate extent, little extent and not at all .From the responses, results indicated that, Very great extent attracted 31 respondents, Great extent attracted 15, Moderate extent attracted 10, little extent attracted 3 while the remaining 6 attracted not at all.

Table.4.9 Degree of Support on Strategic Financial Managements

Respondents were asked to rate in a scale of 1-5 on how they agreed with the following statements where: Strongly Disagree = 1, disagree = 2, weakly agree =3, agree =4 strongly agree =5 and results were given in the table below.

Factors	1	2	3	4	5
Strategic planning has a great influence in NGOs sustainability.	2	2	4	24	33
Financial analysis plays a significant role in NGOs sustainability.	9	2	9	22	23
Plan implementation has been used by all NGOs as a strategy for sustainability	3	9	2	20	31
Asset selection is crucial and has been considered by many NGOs’ sustainability	8	9	7	30	11
Stock selection has been used by almost all NGOs for sustainability	6	9	12	22	16
Investment monitoring is being used by several NGOs for sustainability.	10	10	11	22	12

From the study, Strategic planning has a great influence in NGOs sustainability had a mean of $M=4.2$ showing that on average, respondents agreed with the statement. Financial analysis plays a significant role in NGOs sustainability had a mean of $M=3.7$ meaning that respondents weakly agreed. Plan implementation has been used by all NGOs as a strategy for sustainability had a

mean of 4.3 showing that on average the respondents agreed with the statement. Asset selection is crucial and has been considered by many NGOs' sustainability had a calculated mean of 3.4 indicating that on average, the respondents weakly agreed with the issue. Stock selection has been used by almost all NGOs as a strategy for sustainability role attracted a calculated mean of 13.5 meaning that on average the respondents weakly agreed with the statement. Investment monitoring is being used by several NGOs for sustainability attracted a mean of 3.2; indicating that the respondents weakly agreed with the idea.

Item on Donor Relationship Management

Table.4.10 Rating of Donor Relationship Management

Respondents were asked a number of questions in relation to influence of donor withdrawal on NGOs projects and their strategies for sustainability. A number of responses were given as shown below. On a scale of 1-5 where, =1 Not at all, little extent =2, Moderate extent=3, Great extent =4, Very great extent =5).

Factor	1	2	3	4	5
Quality communication	2	7	14	20	22
Information management	5	8	9	20	23
Providing accountability	0	5	9	18	33

From the responses, the calculated means for each of those statements showed that, Quality communication had an average mean of M=3.8 indicating that on average the respondents said the issue has been considered to moderate extent. Information management had a mean of M=4.6 meaning that respondents went for great extent on average. Finally, providing accountability by these NGOs attracted a mean of M=4.5 indicating that the respondents felt that this was done to a great extent.

When asked to give reasons for the above arguments, over 57% of the respondents had the idea that, the NGOs have had various strategies for their projects sustainability through the employment of quality, well-coordinated and planned communication with their donors and other stakeholders. Over 59% of the respondents argued that NGOs are using the modern technology of managing their information and that technology that aimed at ensuring accountability. This way, they will be able to avail information to the donors, international

community and other stakeholders who in turn have and will be able to support their activities even in situations where things are getting from bad to worse.

4. 8 Testing the First Hypothesis

H₁: Involvement by NGOs in income generating activities has a great influence in ensuring their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

Table.4.11 Showing Observed and Expected Responses

Scale	NAA (1)	LE(2)	ME(3)	GE(4)	VGE(5)
Observed (O)	5	5	10	20	25
Expected (E)	13	13	13	13	13

Table 4.12 Showing Chi-Square Testing

O	E	(O-E)	(O-E) ²	(O-E) ² /E
5	13	-8	64	4.92
5	13	-8	64	4.92
10	13	-3	9	0.69
20	13	7	49	3.77
25	13	12	144	11.1
				$\sum (O-E)^2/E = 25.4$

$\chi^2_c = 25.4 > \chi^2_{\alpha, 0.05} = 9.488$ at 4 degrees of freedom and 5% level of confidence.

Since the calculated chi-square value of 25.4 is greater than the critical chi-square value at 5% level of confidence, we accept the alternative hypothesis. Thus, involvement by NGOs in income generating activities has a great influence in ensuring their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

4.9 Testing of the Second Hypothesis

H₁: Income diversification by NGOs has a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

Table 4.13 Showing Observed and Expected Responses

Scale	VI	I	WE	E	VE
Observed (O)	4	3	10	23	25
Expected (E)	13	13	13	13	13

Table 4.14 Showing Chi-Square Testing for the Second Hypothesis

O	E	(O-E)	(O-E) ²	(O-E) ² /E
4	13	-9	81	6.23
3	13	-10	100	7.69
10	13	-3	9	0.69
23	13	10	100	7.69
25	13	12	144	11.1
				$\sum (O-E)^2/E = 33.4$

$$\chi^2_c = 33.4 > \chi^2_{\alpha, 4} = 9.488 \text{ at 4 degrees of freedom and 5\% level of confidence.}$$

0.05

Since the calculated chi-square value of 33.4 is greater than the critical chi-square value at 5% level of confidence, we accept the alternative hypothesis. Thus, income diversification by NGOs has a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

4.10 Testing of Third Hypothesis

H₁: Strategic financial managements by NGOs have a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya.

Table 4.15 Showing Observed and Expected Responses

Scale	VI	I	WE	E	VE
Observed (O)	2	2	4	24	33
Expected (E)	13	13	13	13	13

Table 4.16 Showing Chi-Square Testing for the Third Hypothesis

O	E	(O-E)	(O-E) ²	(O-E) ² /E
2	13	-11	121	9.3
2	13	-11	121	9.3
4	13	-9	81	6.23
24	13	11	121	9.3
33	13	20	400	30.77
				$\sum (O-E)^2/E = 64.9$

$\chi^2_c = 64.9 > \chi^2_{\alpha, 0.05} = 9.488$ at 4 degrees of freedom and 5% level of confidence.

Since the calculated chi-square value of 64.9 is greater than the critical chi-square value at 5% level of confidence, we accept the alternative hypothesis. Thus, strategic financial managements by NGOs have a significant influence in their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya

4.11 Testing of the Last Hypothesis

H₁: NGOs relationship management has a significant influence in the sustainability of their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya.

Table 4.17 Showing Observed and Expected Responses

Scale	NAA (1)	LE (2)	ME (3)	GE(4)	VGE(5)
Observed (O)	5	8	9	20	23
Expected (E)	13	13	13	13	13

Table 4.18 Showing Chi-Square Testing for the Last Hypothesis

O	E	(O-E)	(O-E) ²	(O-E) ² /E
5	13	-8	64	4.92
8	13	-5	25	1.92
9	13	-4	4	0.31
20	13	7	49	3.77
23	13	10	100	7.69
				$\sum (O-E)^2/E = 18.61$

$\chi^2_c = 18.61 > \chi^2_{0.05} = 9.488$ at 4 degrees of freedom and 5% level of confidence.

Since the calculated chi-square value of 18.61 is greater than the critical chi-square value at 5% level of confidence, we accept the alternative hypothesis. Thus, NGOs relationship management has a significant influence in the sustainability of their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the study findings, discussions, conclusions and recommendation of the research. The chapter also contains suggestions of related studies that may be carried out in the future.

5.2 Summary of Findings

The aim of this study was to investigate the influence of donor withdrawal on sustainability of NGOs projects implementation in Mombasa County, Kenya. From an analysis and review of the research data and additional data gathered through interviews and questionnaires filled, a number of issues were realized as summarized below.

As per the first objective that sought to find out the extent to which involvement by NGOs in income generating activities ensure their projects sustainability against adverse effects of donor withdrawal in Mombasa County, Kenya. Variant responses became apparent as per questionnaires filled. For example, from the responses, means were calculated and computed results as follows: In relation to Social entrepreneurship by NGOs, the calculated mean (M) = 4.15; meaning the respondents agreed to a great extent that the said factor was a strategy for sustainability. As per the Public contributions for the NGOs, the calculated mean M= 3.7 indicated that, the respondents were in agreement to moderate extent with the statement. Finally, participation in community based businesses factor gave M= 3.6 meaning that the respondents on average were in agreement to a moderate extent that the factor above is NGOs sustenance strategy.

In relation to the second objective which sought to examine how income diversification by NGOs sustains their projects against adverse effects of donor withdrawal in Mombasa County, responses were as follows. From the computed means, the respondents on average had their views as follows: in relation to engaging in business activities by NGOs, calculated mean 3.3 showed that respondents went for weakly effective idea. In relation to corporate and multiple

donors sourcing by NGOs, $M=3.9$ meaning that on average the respondents argued that this was weakly effective. Donor Segmentation and equalizing donors' shares had an average as $M=3.7$; meaning that on average the respondents went for weakly effective. Finally, tapping international funding channels for extra funds for the NGOs had the mean as, $M= 3.7$; meaning the respondents on average went for weakly effective.

On the third objective that sought to find out the extent to which strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya had the following results: Strategic planning has a great influence in NGOs sustainability had a mean of $M=4.2$ showing that on average, respondents agreed with the statement. Financial analysis plays a significant role in NGOs sustainability had a mean of $M= 3.7$ meaning that respondents weakly agreed. Plan implementation has been used by all NGOs as a strategy for sustainability had a mean of 4.3 showing that on average the respondents agreed with the statement. Asset selection is crucial and has been considered by many NGOs' sustainability had a calculated mean of 3.4 indicating that on average, the respondents weakly agreed with the issue. Stock selection has been used by almost all NGOs as a strategy for sustainability role attracted a calculated mean of 3.5 meaning that on average the respondents weakly agreed with the statement. Investment monitoring is being used by several NGOs for sustainability attracted a mean of 3.2; indicating that the respondents weakly agreed with the idea.

In relation to the last objective that sought to examine how NGOs relationship management sustain their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya had responses as follows: From the responses, the calculated means for each of those statements showed that, Quality communication had an average mean of $M=3.8$ indicating that on average the respondents said the issue has been considered to moderate extent. Information management had a mean of $M=4.6$ meaning that respondents went for great extent on average. Finally, providing accountability by these NGOs attracted a mean of $M=4.5$ indicating that the respondents felt that this was done to a great extent.

5.3 Discussion of Findings

Results from the above have shown a number of issues that are tied with the finding in the review of the secondary information in chapter two, also called literature review. In this regard, from the findings on the support on the first objective that sought to find out the extent to which involvement by NGOs in income generating activities ensure their projects sustainability against adverse effects of donor withdrawal in Mombasa County, variant responses became apparent. For example, from the responses, means were calculated and computed results as follows: In relation to Social entrepreneurship by NGOs, the calculated mean 4.15; meaning the respondents agreed to a great extent that the said factor was a strategy for sustainability. As per the Public contributions for the NGOs, the calculated mean 3.7 indicated that, the respondents were in agreement to moderate extent with the statement. Finally, participation in community based businesses factor gave 3.6 meaning that the respondents on average were in agreement to a moderate extent that the factor above is NGOs sustenance strategy.

This is in agreement with a number of scholars discussed in the literature review. According to Barka (2011) for example carried out a study in Brazil about empowerment, discovered that the almost 45 big and small NGOs that had suffered the setbacks of donor withdrawal were forced to engage in various income generating activities that aimed at substituting their budgets. In the central and the eastern parts of Brazil, three small community based NGOs (Save the Poor Talented in Brazil, Women and Talents in Brazil, and, Save the Forgotten Girl Child in Brazil) changed their tune and started doing business with the local institutions of learning by designing and selling them sports uniforms besides identifying young talented poor, women and girls in football whom in turn they sold to major clubs at big profits. From these two activities, the groups had the international recognition whereby they gave 8 out of the 22 women who participated in the 2008-2010 women's leg ball team that also participated in the women's' leg ball world cup. This in average earned the three community based NGOs a sum of \$ 2,015,000 that was divided equally among themselves in 2011 after taxing. Barwale Foundation (2011) also carried out a research in South Africa and discovered that most NGOs operating in Soweto slums had been denied funds since they were perceived to have been unfair to most of the refugees and immigrants from Zimbabwe. The overall reaction was that the NGOs operating in this region

started engaging in income generating activities like building hospitals, schools and coming with bottled water; goods and services that were sold to offer them and alternative source of funds.

In relation to the second objective which sought to examine how income diversification by NGOs sustains their projects against adverse effects of donor withdrawal in Mombasa County, responses were as follows. . From the computed means, the respondents on average had their views as follows: in relation to engaging in business activities by NGOs, calculated mean 3.3 showed that respondents went for weakly effective idea. In relation to corporate and multiple donors sourcing by NGOs, 3.9 meaning that on average the respondents argued that this was weakly effective. Donor Segmentation and equalizing donors' shares had an average as 3.7; meaning that on average the respondents went for weakly effective. Finally, tapping international funding channels for extra funds for the NGOs had the mean as, $M= 3.7$; meaning the respondents on average went for weakly effective. According to Nazeen and Sultan (2011) who carried out a research in 2010 on the source of strength of the six most powerful NGOs in sub Saharan Africa and the developing countries of Asia with the NGOs included being: Word Vision, SOS, Oxfarm, Plan International, BIEC and Red Cross International. In the research, Nazeen and Sultan found out that the NGOs had a strong diversified source of income whereby they got funding and donations from more than one international donor at a particular shared ratios and agreed time period; allowing the management to sustainably plan for the cash expected within the enlisted period. SOS operating in South Africa for example received its funds from the larger UNICEF, UNDP, WHO, WFP and other two local NGOs fighting for human rights in the Soweto slums thus, making it very stable and sustainable for future operations.

On the third objective that sought to find out the extent to which strategic financial managements by NGOs sustain their projects against adverse effects of donor withdrawal in Mombasa County, Kenya had the following results: Strategic planning has a great influence in NGOs sustainability had a mean of 4.2 showing that on average, respondents agreed with the statement. Financial analysis plays a significant role in NGOs sustainability had a mean of 3.7 meaning that respondents weakly agreed. Plan implementation has been used by all NGOs as a strategy for sustainability had a mean of 4.3 showing that on average the respondents agreed with the statement. Asset selection is crucial and has been considered by many NGOs' sustainability had

a calculated mean of 3.4 indicating that on average, the respondents weakly agreed with the issue. Stock selection has been used by almost all NGOs as a strategy for sustainability role attracted a calculated mean of 3.5 meaning that on average the respondents weakly agreed with the statement. Investment monitoring is being used by several NGOs for sustainability attracted a mean of 3.2; indicating that the respondents weakly agreed with the idea. In agreement to this, in their support for the role of financial management in keeping strategic money aside for NGOs' projects, Ruel et al. (2010) argued that it is important to recognize that aspirations and financial resources are related, and that it is management's task to co-ordinate the two. All Nongovernmental organizations require a financial management system; although many NGOs only have an accounting or bookkeeping system. Accounting or bookkeeping are a subset of financial management. Ruel continued to argue that about 19 NGOs operating in Manila crumbled immediately the donors reduced/withdrew their support since they had no organized financial management systems.

In relation to the last objective that sought to examine how NGOs relationship management sustain their projects implementation against adverse effects of donor withdrawal in Mombasa County, Kenya had responses as follows: the calculated means for each of those statements showed that, Quality communication had an average mean of 3.8 indicating that on average the respondents said the issue has been considered to moderate extent. Information management had a mean of 4.6 meaning that respondents went for great extent on average. Finally, providing accountability by these NGOs attracted a mean of 4.5 indicating that the respondents felt that this was done to a great extent., Ahsan and Gunawan (2010) recognized the need for what he termed relationship fundraising that involves dealing with donors individually, recognizing each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the charities being supported. The entire relationship with a donor, he argued, should be viewed holistically and fundraising decisions taken in light of the perceived value of the overall relationship. Recognizing the benefit of a future income stream, NGOs are not afraid to invest in their donors and allow them greater flexibility over the content, nature, and frequency of the communications they receive.

Recommendations

Based on the findings of the study that has come from the respondents in the field and the literature review, the researcher recommends that NGOs should involve themselves in activities like providing social entrepreneurship activities that are geared towards generating income for them. For example, local NGOs should involve themselves in activities like cheap education provision, selling of the golden commodities like water and selling of information. In Mombasa, as much as NGOs have been advocating for human rights, they got to focus on social responsibilities like providence of education, education etc. that are aimed at bringing an extra coin into their budgets.

The study also recommends that NGOs should diversify their sources of income by moving from the traditional one donor to other multiple donors from the middle east and other giant Asian countries like China and India, instead of sticking to the traditional trend of getting funds from the western countries that attach their funds to very tedious and unnecessary rules and conditions.

The study farther recommends that the NGOs should employ modern financial management criterion that are aimed at properly managing the little available finances according to clear laid plans, policies and regulation on financial management. Also, the managers should be taught on how they should be lead managers by getting the necessary financial management information and by properly being trained so that they can predict the future financial trends.

Finally, the researcher recommends that the NGOs relationship management with the donors and the governments should be the chore value of operations. This should be achieved through properly structured information management that will deliver the relevant and up to date information to the donors, through accountability and properly prepared/published financial statement and above all through rightfully linked communication with the donors.

5.6 Suggestions for Further Research

This study was carried out in one county only and therefore, similar studies can be done in other counties and by extension in the whole country.

This research can be re-done again. This is because the time spent in this study was not enough to cover all the massive information available in the region.

A study can be done to investigate the sustainability strategies by NGOs implementing Human Rights Programmes in the county.

Finally, a study can be done to examine the negative impact of donor withdrawal on selected NGOs projects implementation in the county.

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APPENDICES

APPENDIX 1:

Letter of transmittal

Kenneth Ondieki

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Email: kennethgitonga02@yahoo.com

Dear participant,

My name is Kenneth Ondieki and I am a student undertaking a Master of Arts Degree in Project Planning and Management at the University of Nairobi, Mombasa Campus. To fulfill the completion of this course, I am carrying out a study on the strategies of cautioning against adverse effects of donor withdrawal on NGOs' projects in Mombasa County, Kenya. Since the matter affects the whole community, I am inviting you to participate in this research study by completing the attached questionnaire.

If you choose to participate in this research, please answer all questions as honestly as possible. Participation is strictly voluntary and you may decline to participate at any time. In order to ensure that all the information will remain confidential, you do not have to include your name. The data collected will be for academic purposes only.

Thank you.

Yours faithfully

.....

Kenneth Ondieki.

APPENDIX 2:

Research Questionnaire

Section A: Background Information

- 1. Your gender: Male [] Female []
- 2. Your age bracket (**Tick whichever appropriate**)
Below 24 Years [] 25 - 30 Years [] 31 - 34 years [] 35 - 40 years [] 41 - 44 years
[] 45 - 50 years [] Over- 51 years
- 3. What is your highest education level? (**Tick as applicable**)
Primary certificate [] Secondary certificate [] Diploma/certificate [] Bachelors' degree []
Postgraduate degree [] Others-specify.....
- 4. Working Experience in the Organization
a) 1-2 years () b) 2-4 years () c) 5 years and above ()

Section B: Participation in Income Generating Activities

- 5. To what extent does participation in income generating activities has been employed as a strategy of cautioning against adverse effects of donor withdrawal on NGO projects?
Very great extent [] Great extent [] Moderate extent [] Little extent [] Not at all []
- 6.a According to rating, to what extent do the following affect NGOs cautioning against donor withdrawal? (**Very great extent=1, Great extent=2, Moderate extent=3, Little extent=4, Not at all=5**).

Factor	1	2	3	4	5
Social entrepreneurship by NGOs					
Public contributions for the NGOs					
Participation in community based businesses					

6 b. Support your answers above by giving relevant examples.
.....
.....
.....

Section C: Item on Income Diversification

7. Do you think NGOs in Mombasa have effectively diversified their income sources as a strategy of sustainability against effects of donor withdrawal?

Yes () No () Not sure ()

8. Briefly give reasons for your answer in 7 above-----

9. How effective are the following income diversification strategies in enhancing sustainability on donor withdrawal by NGOs in Mombasa County? Use a scale of 1-5 where 5= very effective, 4= effective, 3=weakly effective, 2= ineffective, 1 = very ineffective

Factor	1	2	3	4	5
Engaging in business activities by NGOs					
Corporate and multiple Donors Sourcing by NGOs					
Donor Segmentation and equalizing donors' shares					
Tapping international funding channels for extra funds for the NGOs					

Section D: Item on Strategic Financial Managements

10. To what extent does strategic financial management influence NGOs' strategies sustainability against donor withdrawal?

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

11. To what extent do you agree or disagree on the following factors' influence on NGOs strategic cautioning against donor withdrawal? Use a scale of 1-5 where **1= strongly disagree; 2 = Disagree; 3 =Not sure; 4 =Agree; 5 = strongly agree.**

Factor	1	2	3	4	5
Strategic planning has a great influence in NGOs cautioning					
Financial analysis plays a significant role in NGOs cautioning					
Plan implementation has been used by all NGOs as a strategy					
Asset selection is crucial and has been considered by many NGOs					
Stock selection has been used by almost all NGOs as a strategy					
Investment monitoring is being used by several NGOs					

Section E: Item on Donor Relationship Management

12. To what extent do the following factors influence NGOs' cautioning against adverse effects of donor withdrawal and their sustainability? Use a scale of 1-5 where, **Very great extent=1, Great extent=2, Moderate extent=3, Little extent=4, Not at all=5**).

Factor	1	2	3	4	5
Quality communication					
Information management					
Providing accountability					

13. Briefly explain your position in 12 above-----

