

**THE IMPACT OF EXCHANGE RATE MOVEMENTS ON  
THE FINANCIAL PERFORMANCE OF  
INTERNATIONAL NON GOVERNMENTAL  
ORGANISATIONS**

BY

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## **Declaration**

This research project proposal report is my original work and has not been presented for an award of a degree in any other University.

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## **Dedication**

To my lovely parents, James Onyancha Miyaki and Grace Moraa Onyancha for their commitment and fervent prayer to see me succeed in life.

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## **List of Abbreviations**

AIDS	Acquired Immune Deficiency Syndrome
CBO	Community Based Organization
CEEC	Central Eastern European Countries
FBO	Faith Based Organization
FDI	Foreign Direct Investment
INGO	International Nongovernmental Organization
IRS	Internal Revenue Service
NGDO	Non Governmental Development Organization
NGO	Non Governmental Organization
NKF	Net Capital Flow
REER	Real Effective Exchange Rate
SSA	Sub Saharan Africa
TB	Tuberculosis
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development

## **Abstract**

The purpose of this study was to identify the impact of exchange rate movements on the financial performance of international non governmental organizations. This study was brought about due to the significant amount of foreign aid the country receives per annum through non governmental organizations, the fluctuations of the Kenyan currency against the major world currencies and most importantly how the NGOs mitigate themselves against these risks and whether the foreign exchange gain or loss affects the financial performance of their organizations.

To do this, the researcher obtained the list of organizations registered as international non governmental organizations (INGOs) from the NGO coordination board. The researcher then obtained a sample adequate for the study and a questionnaire was administered electronically due to the large number of responses that were sought. The data obtained was then analyzed to determine whether there was an impact on financial performance caused by exchange rate movements

Based on the data collected and after analysis, it was determined that out of the financial performance indicators being tested, there was a significant indication that financial performance could be affected by foreign gains and losses and other factors most importantly management support to the INGOs. There are a number of recommendations the study has proposed to enhance efficiency, better accountability and importantly financial management.

# CHAPTER ONE

## 1.0 INTRODUCTION

### 1.1 Background

Large portions of the activities currently taking place in Kenya are funded from donors or well wishers. Donor funds are primarily used to finance activities or projects that individual organizations/ governments/institutions cannot solely fund on their own hence the need to source for funds from well wishers. Foreign finances form an integral part of a developing country's resources in the attempt to attain industrialization and economic development (Chepkairor, 1988). The primary recipients of donor funding are non-governmental organizations (NGOs, both local and international), community based organizations (CBOs), faith-based organizations (FBOs), private sector, and academic/research institutions. The size of the organization, the capacity of its staff and the amount of funding available usually determines the amount of funding such an organization can receive. Large organizations attract large donors for obvious reasons such as accountability and performance.

The term, "non-governmental organization" or NGO, came into currency in 1945 because of the need for the UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations. At the UN, virtually all types of private bodies can be recognized as NGOs. They only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal (Willets, 2002). Kameri-Mbote (2002) defines NGOs as voluntary and autonomous organizations whose life exists between the citizens on one hand and the state and market on the other. An international nongovernmental organization (INGO) is a voluntary association of organizations or individuals for worldwide or regional action.

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used

to compare similar firms across the same industry or to compare industries or sectors in aggregation (Hales, 2005). There are many different ways to measure financial performance, but all measures should be taken in aggregation. Line items such as revenue from operations, operating income or cash flow from operations can be used, as well as total unit sales. Furthermore, the analyst or investor may wish to look deeper into financial statements and seek out margin growth rates or any declining debt (Hales, 2005).

Foreign exchange is the conversion of one or more currencies to another for various purposes including their trading. When a currency is converted to another, this action is referred to as the exchange of foreign currency. An exchange rate (also known as the foreign-exchange rate, forex rate or FX rate) between two currencies is the rate at which one currency will be exchanged for another. It is also regarded as the value of one country's currency in terms of another currency (O'Sullivan & Sheffrin, 2003).

The foreign exchange market is a market where financial paper with a relatively short maturity is traded. However, the financial paper traded in the foreign exchange market is not all denominated in the same currency. In the foreign exchange market, paper denominated in a given currency is always traded against paper denominated in another currency (Riehl & Rodriguez, 1983).

A foreign exchange difference is the resultant gain or loss that arises when there is the conversion of one foreign currency to another. According to the South African Income Tax Act (1964) "exchange difference" means the foreign exchange gain or foreign exchange loss in respect of an exchange item during any year of assessment determined by multiplying such exchange item by the difference between the ruling exchange rate on transaction date in respect of such exchange item during that year of assessment, and the ruling exchange rate at which such exchange item is realized during that year of assessment.

International Accounting Standard 21 (IAS 21), the effects of changes in foreign exchange rates, provides a detailed description of the accounting techniques put in place to guide most organizations in the recognition of foreign transactions. According to the Bank of Jamaica's standards of sound business practices on foreign exchange risk management. Foreign exchange risk is the exposure of an institution to the potential impact of movements in foreign exchange rates. The risk is that adverse fluctuations in exchange rates may result in a loss to an institution. Li (2003) describes financial risk as a risk that emanates from the uncertainty of such factors as interest rates, exchange rates and stock price fluctuations and fluctuations in commodity prices.

Kenya, like many other developing countries has adopted a floating exchange rate which means that the price of the Kenyan shilling (ksh) with respect to other currencies is set by market forces of demand and supply. Also called currency risk, foreign exchange risk represents the risk that an investments value will change because of currency exchange rate fluctuations. Management is the discipline of organizing and managing resources in such a way that these resources deliver all the work required to complete the project within a defined scope, time and cost constraints (Berkun, 2005). Management has also been defined as methodical approach to planning and guiding project processes from start to finish. According to the Project Management Institute, the processes are guided through five stages: initiation, planning, executing, controlling, and closing.

Like any human undertaking, projects need to be performed and delivered under certain constraints. Traditionally, these constraints have been listed as scope, time and cost. This is also referred to as the Project Management Triangle where each side represents a constraint. One side of the triangle cannot be changed without impacting the others. A further refinement of the constraints separates product quality or performance from scope, and turns quality into a fourth constraint (Kerzner, 2003). Project risk can be defined as a combination of constraint and uncertainty. The risk may be reduced to an acceptable level by reducing either uncertainty or constraint, or both. In practice few people have the opportunity to reduce constraint, so most focus on the reduction of uncertainty.

The proper criteria for assessment whether an organization is global are the location of its membership, the staffing of its headquarters, and the sources of its funding and the content of its programs. An organization, such as Amnesty International, with 56 National Sections, groups in some 40 other countries, an International Secretariat from over 50 countries and an African Secretary-General is a global NGO, even if it started in Britain and has its headquarters in London. Due to the spread of democracy and the improvements in communications, many international NGOs that started in individual countries became global at the end of the twentieth century (Willetts, 2002)

The capital city of Kenya, Nairobi, epitomizes the locational advantages provided to NGOs discussed above. With a population of about three million people, it is in many respects a modernized city, served by a developed infrastructure and hospitality industry, attracting international businesses and international NGOs since the 1970s. Nairobi is the headquarters of all government offices as well as the national and regional offices of major NGOs operating in the sub-Saharan and Eastern Africa region. It also serves as headquarters for many prominent international organizations including offices of several organs of the United Nations system and international agricultural research institute (Harsh, et. al n.d)

The vast majority of donor funds are sourced from the government budgets in the developed countries. For example, government funds from taxation and investment is distributed for public expenditure. Within that budget is a portion for foreign aid. This is where developing countries receive their aid from. To manage these government funds, independent bodies are set up to disburse these funds on behalf of the respective countries and also ensure accountability.

In the European countries, the European Union together with its specialized institutions such as the European Commission is responsible for providing financial aid to the less developed countries. Such aid can be humanitarian, developmental etc. Its grants cover emergency aid, food aid and aid to refugees and displaced persons worth a total of more

than €700 million per year. The United States Agency for International Development (USAID) is the American agency responsible for the disbursement and monitoring of donor funds to developing countries. According to the agency's website, Kenya received \$ 500,427,374 in the financial year 2010 ending 31<sup>st</sup> March. The Global Fund to Fight AIDS, Tuberculosis and Malaria was created to dramatically increase resources to fight three of the world's most devastating diseases, and to direct those resources to areas of greatest need. Since its creation in 2002, the Global Fund has become the main financier of programs to fight AIDS, TB and malaria, with approved funding of US\$ 21.7 billion for more than 600 programs in 150 countries (as of 31 December 2010). According to the relief web statistics, the top 5 donors to humanitarian appeals in 2011 (as of 20<sup>th</sup> June 2011) are the United States, the European Commission, private individuals or donors, Japan and then the United Kingdom. Based on the above, funding from donors in a currency that is not the transaction currency of the recipient leads to the exposure of foreign exchange risk. As we have seen, there are several currencies in play.

The purpose of this research is to identify the impact of foreign exchange differences (gains or losses) on the financial performance of INGOs, determine the ways of mitigating or enhancing these differences and to provide a basis for the treatment of these differences where foreign finances are a crucial aspect in an organization. This project proposes to narrow the search down to International Nongovernmental organizations receiving donor funding particularly within the Nairobi County of the republic of Kenya.

In developing countries like Kenya, foreign aid helps to alleviate the impact of poverty by providing food, water, sanitation, education and health. If 30% of the total funding was to be recorded as a loss through foreign exchange translations, then 30% of the beneficiaries will not receive nutritional supplements, clean water, or even health. This research attempts to identify the impact of foreign exchange differences (gains or losses) on the financial performance of International Nongovernmental organizations thus combat the negative effects.

## **1.2 Statement of the Problem**

The expected impact of this research is to equip officers with the required knowledge that will enable them to manage INGOs in a manner that will not affect the expected outcomes, should there be a difference in expected income brought about by foreign currency conversions. The Management of INGOs will be aware of the effects identified by this research and will thus be in a position to hedge their organizations against this imminent risks. The effects that this research seeks to relate with the foreign exchange differences are, the asset holding, the management of liabilities and the management of investments.

Pack and Pack (1990) find foreign aid had a positive effect on domestic revenues in Indonesia, while Franco-Rodriguez and Morisey (1998) find a negative relationship in Pakistan. McGillivray and Ahmed (1999) find that aid depressed tax revenues in the Philippines during the period 1960-92. The results from the Cashe-Cordo and Craig (1990) study suggest that aid has had a positive impact on revenue mobilization among African countries and a negative impact on non-African countries. Heller (1975) finds a negative effect of aid on revenue for 11 African countries.

The study identified a few studies on the financial management of NGOs in Kenya such as Wafukho (2010) who found that the major challenges facing financial management for NGOs was insufficient funds. In view of this, this study sought to identify the impact caused by exchange rate movements on financial performance as financial performance is also measured by the amount of funding received. Wafukho (2010) also found that financial management is hindered by the fact that NGOs are not profit seeking entities thus their financial management is totally different from the one which is widely covered in financial management books and cases. Based on this, the study aims at identifying the impact of exchange rate movements on the financial performance of INGOs even though they are not profit seeking entities.



### **1.3 Objectives of the Study**

The objective of the study is to determine the impact of foreign exchange differences (exchange rate movements) on the financial performance of International Nongovernmental Organizations.

### **1.4 Significance of the Study**

The beneficiaries (communities that are targeted to receive aid) will benefit from this study mainly because they will receive the full support they are entitled to. This means that if the INGO was to provide food to the people in Northern Kenya, then they will receive the full support and not a portion after foreign exchange differences.

Implementing partners (the INGOs that are going to implement the activities that the donors have obligated funds for) will benefit from this study by practicing proper management of donor funded projects while taking into account the consequences of foreign exchange differences and still meet the targets that had been agreed on.

The donors (providers of funds) will benefit from the study by realizing the effects that foreign exchange has on the implementation of projects and if properly managed, they will acquire value for the funds they provide. The donors will also be aware of which effects foreign exchange differences have, and out of the identified effects, which one affects management the most and what roles the donors can play to support the management.

## CHAPTER TWO

### 2.0 LITERATURE REVIEW

#### 2.1 Introduction

Financial risk is a very real and significant risk in the modern society and although there has been extensive discussion on risks in the physical sciences, such debates in the field of finance and economics are relatively rare (Shah, 2004). This chapter includes a review of finance theories related to the study, a review of past studies whose information the researcher feels is adequate for this research, some general literature to aid in further understanding the purpose and a summary.

#### 2.2 Review of Theories

##### 2.2.1 The International Fisher effect

This is a hypothesis in international finance that says that the difference in the nominal interest rates between two countries determines the movement of the nominal exchange rate between their currencies, with the value of the currency of the country with the lower nominal interest rate increasing. This is also known as the assumption of Uncovered Interest Parity.

The International Fisher Effect proposes that the changes in the spot rate of exchange between two currencies will be equal to the differences in their nominal rates. For example, a rise in the Swedish inflationary rate relative to the US dollar will cause a depreciation of the Swedish Krona relative to the US dollar. The nominal interest rate in Sweden will also rise relative to the US nominal interest rate (Sundqvist, 2002)

##### 2.2.2 The Fisher hypothesis

The Fisher Hypothesis states that the real interest rate in an economy is independent of monetary variables. If we add to this the assumption that real interest rates are equated

across countries, then the country with the lower nominal interest rate would also have a lower rate of inflation and hence the real value of its currency would be risen over time.

The generalized Fisher effect holds that real interest rates must be the same across borders. However, validity of the generalized Fisher effect requires capital market integration.

In order for the generalized Fisher theorem to hold, capital markets must be integrated. That is, capital must be allowed to flow freely across borders. In general, the capital markets of developed countries are integrated. However, in many less developed countries, we can observe currency restrictions and other regulation that inhibit integration (Sundqvist, 2002)

### 2.2.3 Prospect theory

This is a theory that describes decisions between alternatives that involve risk (i.e., alternatives with uncertain outcomes) where the probabilities are known. The model is descriptive: it tries to model real-life choices, rather than optimal decisions. The theory describes such decision processes as consisting of two stages, editing and evaluation. In the First, possible outcomes of the decision are ordered following some heuristic. In particular, people decide which outcomes they see as basically identical and they set a reference point and consider lower outcomes as losses and larger as gains. In the following evaluation phase, people behave as if they would compute a value (utility), based on the potential outcomes and their respective probabilities, and then choose the alternative having a higher utility (Sundqvist, 2002)

## 2.3 Empirical Literature

Although there are many and various sources of Finance for projects, it is usually possible to Find potential lenders and or Financiers. Establishing a workable Financial package is difficult and fraught with pitfall. Project managers are wise to take note of these for the pitfall snare their feet more often than they trip up corporate money managers (Chong and Brown, 2002). Project costs are denominated in one or more speciFic currencies. If

financial input and output are denominated in different currencies, exchange rate fluctuations may cause difficulties. Project finance in a currency which tends to appreciate against an organisations principal operating currency will embody an exchange (Chong and Brown, 2002)

Neely (2005) did an analysis of recent studies of the effect of foreign exchange intervention by Central Banks. He argued that even nonparametric event studies are still subject to all the econometric problems that beset more conventional econometric procedures.

The effect of exchange rates on foreign direct investment has been examined both with respect to changes in the bilateral level of the exchange rate between countries and in the volatility of exchange rates. Until Froot and Stein (1991), the common wisdom was that (expected) changes in the level of the exchange rate would not alter the decision by a firm to invest in a foreign country. In rough terms, while an appreciation of a firm's home country's currency would lower the cost of assets abroad, the (expected) nominal return goes down as well in the home currency, leaving the rate of return identical.

Bakardzhieva, et al (2010) conducted a study on the Impact of Capital and Foreign Exchange Flows on the Competitiveness of Developing Countries. The paper found that aggregated capital flows (NKF or Net Capital Flows) have a positive impact on real effective exchange rate (REER) in all regions under investigation, except the Central and Eastern European Countries (CEEC). These findings confirm the contention of existing literature that capital flows could result in appreciation of the REER that tend to undermine competitiveness. The explanation could be that the CEEC countries have been receiving massive foreign direct Investment (FDI) flows compared with other capital flows.

Rajan and Subramanian (2005) study the impact of remittances and find that they have no effects on external competitiveness. They explain this surprising result by the argument that remittance flows are mainly directed toward unskilled-labor activities and tradable

sector such as manufacturing. Their analysis also concludes that aid flows have systematic adverse effects on a country's competitiveness, as reflected in a decline in the share of labor intensive and tradable industries in the manufacturing sector. They find evidence suggesting that these effects stem from the real exchange rate overvaluation caused by aid flows. Fungibility means that total public spending (both government and donor financed) is adjusted to reflect the priorities of the national government rather than the uncoordinated preferences which emerge from large numbers of donor projects (Foster & Leavy 2001)

According to the International Institute for Educational planning through UNESCOs Guidebook for planning education in emergencies and reconstruction, project aid through NGO/ private providers involves subsidizing activities carried out by nongovernmental organizations. This type of donor involvement is used in situations of market failure, or when NGOs propose projects that are cost effective and provide better access to an important service. This implies using competition to ensure that the user benefits from the subsidies.

Ngugi (2007) argues that during periods when the usd is strengthening against other major currencies, income received in currencies other than the usd would be reduced when converted to usd. At the same time, it would cost the organization less to implement the same level of activities as budgeted. Reduction in income would be offset by the reduction in expenditures and as such, exchange rate fluctuations would have a less than perceptible influence on the financial situation of the project. The conclusion was that such changes would leave the organization in a similarly compensating financial position.

Many governments and citizens of developed nations are committed to spending large and increasing amounts on development aid to less developed nations, with a key aim of lifting as many people as possible in these countries out of extreme poverty. A proportion of this multi-billion dollar aid is channeled through the medium of nongovernmental Development organizations (NGDOs). Given the sizeable funds provided to NGDOs,

increasing attention has been paid to ensuring that NGDOs are accountable for how they raise and spend this money. Academic and practitioner interest in NGDO accountability has tended to focus on mechanisms for formal reporting by NGDOs upwards to donors (O'Dwyer and Unerman, 2010)

The 'success' and 'failure' of NGOs may be explained by network practices that channel both social ties and resources: the same NGOs may be defined as 'working' or 'not working', depending on the relational lens through which they are viewed. But however characterized, all NGOs must cope with the problem of accountability. When resources originate in distant lands, donors — whether they are individual persons or large multilateral organizations — have developed a strategic interest in ensuring that their resources go to the objects or activities for which they are targeted while avoiding indiscreet knowledge of resource flows (Harsh, M., Mbatia, P. & Shrum, W., n.d)

According to John et al, (2007) in the broadest terms, non profit is a designation given by the Internal Revenue Service (IRS) to describe organizations that are allowed to make a profit but that are prohibited from distributing their earnings or profits to those in control of the organizations.

The nonprofit environment is a challenging one for financial managers. Multiple stakeholders, confusion about what financial objective to pursue, limited staff, funding and technology resources, an inattention to treasury management are all factors contributing to the difficulty of the nonprofit financial management. There is much room for improvement in non profit budgeting. In a classic in depth study of seventeen large nonprofit arts, educational and healthcare agencies, the author concluded that that the budgets were not used for control. Briefly the study established that budget development and use were deficient (Anthony et al, 1981)

Many scholars have debated the role and relevance of NGOs in a developing country like India. It is fairly well recognized that the state cannot succeed completely in alleviating the status of disadvantaged groups. In fact, even when the state assumed almost total

control over the commanding heights of the economy during the planning era, it could not effectively deal a blow to poverty and unemployment problems. Social problems and Foreign aid represents an important source of finance in most countries in sub-Saharan Africa (SSA), where it supplements low savings, narrow export earnings and thin tax bases. In recent years the donor community has become more stringent about fiscal discipline and good policies, which has led to freezing of donor funds to governments that do not conform to aid conditionality's.

Though foreign aid has continued to play an important role in developing countries, especially sub-Sahara Africa, it is interesting to note that after half a century of channeling resources to the Third World, little development has taken place. In almost all of sub-Saharan Africa there is a high degree of indebtedness, high unemployment, absolute poverty and poor economic performance. The average per capita income in the region has fallen since 1970 despite the high aid flows. This scenario has prompted aid donor agencies and experts to revisit the earlier discussions on the effectiveness of foreign aid (Lancaster, 1999)

Developing countries like Kenya, having become highly dependent on foreign aid, face huge foreign debts and cry out for debt relief—and more aid. Between 1970 and 1999, the flow of donor funds to Kenya averaged about 9% of GDP, accounting for about 20% of the annual government budget and financing slightly over 80% of development expenditures. Though aid flow to Kenya significantly increased over time (from an annual average of US\$205 million in 1970s to slightly over US\$1 billion in the 1990s before the standoffs with the donor community) the flow has not been smooth. Kenya has experienced two major donor aid freezes, in 1992 and 1997, and a minor aid suspension in 1982. It is interesting to find out how the government responded to these fluctuations in aid flows. This can be analyzed by examining the relationship between the donor funds and public expenditures by the recipient countries and assessing the question of aid fungibility (Njeru, 2003)

According to Easterly (2001). the ultimate reason behind many failures of developmental efforts is that aid policies often "did not take the heed if the basic principles of economics: people respond to incentives". From that point of view, developmental assistance deemed to fail if it does not, at least to some extent, take into account the reaction of recipient organizations to foreign aid.

Dwindling financial resources constitute a major problem for Kenyan NGOs. It is largely due to two main factors: global economic recession, and political transformation-the geopolitics in the North and foreign policy. The most visible effects of the problem include reduction of services and the demise of weak NGOs. This could however provide an opportunity for NGOs to review their mission and goals and engender sustainability in their programmes of work. Dependence on Northern NGOs for support largely because of competition for funds is not sustainable in the long run and may result in the duplication of roles as different NGOs place themselves strategically to receive resources from their northern allies. Equally problematic and attributable in part to the same trend is the rivalry, isolation and irregular, subjective documentation-all geared toward fundraising and not maximizing on the synergies between NGOs working in the same fields (Kameri-Mbote, 2002)

#### **2.4 Determinants of foreign exchange fluctuations**

According to Ngugi (2007), the determinants of foreign exchange fluctuations on international NGOs are; time lag between the receipt of pledges and their payment, monthly revaluation of monetary assets and currency conversions.

##### **2.4.1 Time lag between the receipt of pledges and their payment.**

The effect of currency exchange fluctuations on pledges depends on the timing of the pledge, the currency the pledge is denominated in, the date of payment of the pledges and the operational exchange rate in force on those dates for the organization. From the time a written pledge is received from a donor and recorded, exchange gains and losses are also recorded in the accounts till the pledge is paid in full (UNHCR 005)



#### 2.4.2 Monthly revaluations of monetary assets

At the end of each month most Non for profit organization revalue all the assets denominated in currencies other than the operational currency. This generates exchange gains or losses depending on the direction of the differences between the organization's reporting rate and the rate of exchange at the end of the month closing (UNHCR 2005)

#### 2.4.3 Currency conversions

As indicated earlier, the currencies in which contributions to international NGOs are presently received and held differ from the currencies in which a large portion of expenditures are incurred. Because of their multi currency operational environment, they must convert one currency to another to another to fund operating expenditure which exposes them to gains and losses that arise from fluctuations in their applicable operational rate of exchange following the actual fluctuation in international monetary rates. It is not possible to eliminate all gains and losses that arise from foreign exchange rate changes between the functional currency and the currency of assets/liabilities (UNHCR 2005)

#### 2.4.4 Impact on Expenditures

For an organization that incurs a large proportion of its expenditures in USD and 40% in other major currencies and which relies almost exclusively on voluntary contributions in a range of currencies, exchange rate management is an important consideration. The inevitable discrepancies between the exchange rate used and in budget preparation and the actual monthly exchange rate have a more than perceptible influence on the total projected expenditure for the year (UNHCR 2005)

However, impacts on income and expenditure are in reality non synchronous due to the factors illustrated above. While impact of exchange rate fluctuations on income is relatively easy to assess (due to the limited number of donor currencies other than USD) and is felt immediately, identifying the impact of exchange rate fluctuations on the expenditure side is challenging due to the large number of currencies used in funding operations in the field, and the movement of some of their currencies against the USD. Expenditure is incurred over several months during which applicable operational rates of

exchange will vary making it challenging to trace the impact of currency fluctuation. This study will use an average exchange rate over the projects periods to assess the impact of foreign exchange fluctuations on the expenditure side. When a developing country such as Kenya gets to receive these funds, it must provide adequate documentation that will justify the costs being incurred. Foreign funds come in foreign currency. Implementing agencies or the recipient organizations spend these funds in their local currency. Based on this, an imminent risk involving the conversion of these foreign funds into the local currency arises.

## **2.5 Financial Performance**

The measurement of financial performance is mainly through the use of financial ratios. Financial ratios are relative measures of an organizations financial position. Ratios are useful for seeing where an organization has been over time financially, the organizations financial strength at a point in time and how an organization compares to other organizations over time (Zietlow, et al, 2007). According to Zietlow et al (2007), despite their value, it was found that only four out of ten organisations use ratios as part of their financial process. Contacts with non profit organisations suggest that many charities outside the educationa and hospital sectors still do not develop and utilise ratios.

It has been said that you must measure what you expect to manage and accomplish. Without measurement, you have no reference to work with and thus, you tend to operate in the dark. One way of establishing references and managing the financial affairs of an organization is to use ratios. Ratios are simply relationships between two financial balances or financial calculations. These relationships establish our references so we can understand how well we are performing financially. Ratios also extend our traditional way of measuring financial performance; i.e. relying on financial statements. By applying ratios to a set of financial statements, we can better understand financial performance (Evans, 2000)

### **2.5.1 Solvency / Liquidity Measures**

This refers to the degree to which all debts are secured, and the relative mix of equity and debt capital used by an organisation. The total debt-to-asset ratio is one of several ratios

used to measure solvency, all of which are based on the same relationship of assets, liabilities and net worth (Evans, 2000)

### **2.5.2 Asset Management**

A second group of detail ratios is asset management ratios. Asset management ratios measure the ability of assets to generate revenues or earnings. They also compliment our liquidity ratios. We looked at one asset management ratio already; namely Total Asset Turnover when we analyzed Return on Equity. We will now look at five more asset management ratios: Accounts Receivable Turnover, Days in Receivables, Inventory Turnover, Days in Inventory, and Capital Turnover (Evans, 2000)

### **2.5.3 Leverage / Gearing**

Another important group of detail ratios are Leverage Ratios. Leverage Ratios measure the use of debt and equity for financing of assets. We previously looked at the Financial Leverage Ratio as part of Return on Equity. Three other leverage ratios that we can use are Debt to Equity, Debt Ratio, and Times Interest Earned (Evans, 2000)

## **2.6 Summary**

This chapter has attempted to reveal the various financial theories relevant to this study. In brief, there are three theories identified in international finance. In brief, the researcher has defined the international fisher effect which is also known as the assumption of Uncovered Interest Parity, The fisher hypothesis and the prospect theory.

Empirical literature on this project has been carefully analyzed in the second part of the chapter and we have observed the various contributions of several authors as far as this research is concerned. We have observed the impact of foreign exchange differences on the management of donor funded projects. We have seen that foreign exchange risk management should be emphasized even in the nonprofit sector. Proper management of Currency risk reduces the effects on management as the funds initially obligated will be realized to carry out the activities that had been planned. The empirical literature sourced

widely in the section relates to that past studies in the field of foreign finances to a wide range of charitable organizations and even governments, the issues of foreign exchange and the management of INGOs.

The third part of this chapter has explored relevant general literature about the effects of foreign exchange such as the time frame for the carrying out of activities, the scope of activities that are to be implemented and the quality of management.

This chapter also revealed to us past studies that have tried to determine the principle causes of foreign exchange differences (which is as a result of foreign exchange fluctuations). The causes as described are the time lag between the pledge agreement and the receipt of funds. This describes the duration it takes donors to fulfill their pledges, the monthly revaluation of assets and liabilities done by most INGOs and last but not least, the time of conversion when the funds need to be used for implementation. The chapter has also made an attempt at determining the financial performance indicators that will be tested to identify the impact of foreign exchange differences on INGOs. The indicators identified are the solvency/ liquidity measures, asset management ratios and leverage ratios.

## **CHAPTER THREE**

### **3.0 RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The chapter outlines the various steps that will be necessary in executing the study thereby satisfying the objectives. It is organized into 5 sections namely: Research design, Population, sample, data collection and data analysis.

#### **3.2 Research Design**

The nature of the design is the survey research design which is a very valuable tool for assessing opinions and trends. The survey research design is most often used to describe a method of gathering information from a number of individuals, a "sample," in order to learn something about the larger population from which the sample has been drawn (Frerichs, 2008). The survey research design will involve the use of a questionnaire to collect data that will be used to measure the relationship between the variables under the study.

#### **3.3 Population**

The population of interest consists of all INGOs that were carrying out operations in Nairobi between 2005 and 2009. International NGOs are considered appropriate for this study because given their relative sizes and stability; they are more likely to maintain their ledgers and books of account in the USD or other foreign currency.

Statistics from the NGO coordinating directory (July 17, 2011) reveals that there were 1.834 INGOs in Kenya.

#### **3.4 Sample**

According to Daniel and Terrell (1975), as a rule of thumb, the sample size widely used is 30 or more. The simple random sampling method was used to ensure that all the

elements in the population had an equal chance of being selected and was applied in two steps involving listing and the use of the random number table. All the international NGOs were listed and given numbers. To obtain the random sample, the researcher used the random number table to select numbers at random. Out of the listed INGOs, those that were selected through the random number table formed the sample that the researcher sought. The sample size that would provide an adequate representation of the population was 298.

### **3.5 Data Collection**

This study utilized both primary and secondary data. The secondary data was obtained from documentation that was retrieved from organizations websites and primary data collected using a questionnaire. The data was obtained as follows: The researcher made the questionnaire available to the relevant officers in each of the organizations within the sample. The data collection tool provided the respondents with the opportunity to express their unbiased opinion with regard to the research hence provide useful data that was used to analyze the problem at hand. The data collection tool was applied to the relevant officers to test the effects of exchange rate movements on the financial performance of INGOs with specific emphasis on asset, liability and investment management.

### **3.6 Data Analysis**

This study utilized the statistical package for social sciences (SPSS) Version 17 for data analysis and output. The data that was analyzed incorporated the various effects that foreign exchange differences have on the financial performance of INGOs.

### **3.7 Data Validity and Reliability**

Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research

instrument is considered to be reliable. Validity in quantitative research according to Joppe (2002). determines whether the research truly measures that which it was intended to measure or how truthful the research results are. In other words, does the research instrument allow you to hit "the bull's eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others.

The data collection tools provided valid and reliable data that was used to analyze and form logical conclusions as far as this research was concerned. To ensure the data collected was reliable & valid, a standard questionnaire was developed and pilot tested on 5 random respondents to check for validity. The questionnaire was subsequently amended after which it was served on respondents electronically. A time frame of seven days was allowed for the respondents to complete and submit the form electronically. The responses were then coded and analyzed after which reports were generated.

## CHAPTER FOUR

### 4.0 DATA ANALYSIS AND INTERPRETATION OF FINDINGS

#### 4.1 Introduction

This chapter presents the analysis of the data collected and interpreted on the impact of exchange rate movements on the financial performance of INGOs.

179 questionnaires were duly submitted online for the analysis. This is the number that has been used so far.

#### 4.2 Asset Management

To test this variable the questionnaire obtained the following information from the respondents.

Table I

**Assctl Asset management-affect projected asset budget**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2.00 Disagree	9	5.0	5.0	5.0
3.00 agree	42	23.5	23.5	28.5
4.00 Strongly Agree	128	71.5	71.5	100.0
<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 71.5% of the respondents strongly agreed that exchange rate gains and losses would affect the asset budget maintained by INGOs.

Tabic 2

**Asset2 Asset mnngt-compromise procurement of quality materials**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	7	3.9	3.9	3.9
2.00 Disagree	11	6.1	6.1	10.1
3.00 agree	98	54.7	54.7	64.8
4.00 Strongly Agree	63	35.2	35.2	100.0
<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	



Based on table 2, 54.7% and 35.2% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the overall asset holding maintained by INGOs.

Table 3

**Asset3 Asset mngt-affect amount available for implementation**

		Frequency	Percent	Valid Percent	Cumulative %
Valid	1.00 Strongly Disagree	11	6.1	6.1	6.1
	2.00 Disagree	17	9.5	9.5	15.6
	3.00 agree	66	36.9	36.9	52.5
	4.00 Strongly Agree	85	47.5	47.5	100.0
	<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 36.9% and 47.5% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would lead to a reduction in current assets of INGOs.

As far as the management of assets was involved, the study found that the majority of the respondents agreed that there would be an impact should there be a foreign exchange gain or loss. This is shown by the mean of 3 on all the factors tested.

Cable 4

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
1. Exchange rate gains/losses affect the projected asset budget that can lead to readjustments on the scope of the project due to deficits or surpluses caused there from	179	2	4	3.66	.570
14. Foreign exchange gains/losses may affect the amount of Funding available for implementation hence a reduction In current assets	179	1	4	3.26	.868
3. Exchange rate gains/losses can lead to compromise on procurement of quality materials and therefore affect the overall assets holding	179	1	4	3.21	.726
Valid N (listwise)	179				

**4.3 Liability Management**

To test this variable the questionnaire obtained the following information from the respondents

Table 5

**Liability/ liability management-affect expenditure coverage adversely affecting financing of liabilities**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	6	3.4	3.4	3.4
2.00 Disagree	15	8.4	8.4	11.7
3.00 agree	70	39.1	39.1	50.8
4.00 Strongly Agree	88	49.2	49.2	100.0
Total	179	100.0	100.0	

Based on the figures derived from table 5, 39.1% and 49.2% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the financing of liabilities of INGOs

Table 6

**Liability2 Liability management- leads to budget constraints leading to inability to obtain debt**

		Frequency	Percent	Valid Percent	Cumulative %
Valid	2.00 Disagree	35	19.6	19.6	19.6
	3.00 agree	89	49.7	49.7	69.3
	4.00 Strongly Agree	55	30.7	30.7	100.0
	Total	179	100.0	100.0	

Based on the above, 49.7% and 30.7% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the ability to acquire debt financing for INGOs. Also worth noting is the fact that none of the respondents strongly disagreed with this question.

Table 7

**Liability3 Liability management-can result in inability to repay debts**

		Frequency	Percent	Valid Percent	Cumulative %
Valid	1.00 Strongly Disagree	10	5.6	5.6	5.6
	2.00 Disagree	28	15.6	15.6	21.2
	3.00 agree	84	46.9	46.9	68.2
	4.00 Strongly Agree	57	31.8	31.8	100.0
	Total	179	100.0	100.0	

Based on the above, 46.9% and 31.8% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the ability repay debts for INGOs.

Table S

<b>Descriptive Statistics</b>					
	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>2</b> Exchange rate gains/losses are acute in Kenya and therefore expenditure coverage within the project period is greatly affected and this can affect the financing of liabilities	179	1	4	3.34	.772
<b>4</b> Exchange rate gains/losses can lead to budget constraints that result in the inability to obtain debt during the project period and therefore affect the ability to acquire debt financing	179	2	4	3.11	.702
<b>5.</b> Exchange rate gains/losses are acute in Kenya and therefore if left unchecked can lead to adverse outcomes as a result of the inability to repay debts incurred by the organization	179	1	4	3.05	.836
<b>Valid N (listwise)</b>	<b>179</b>				

As far as the management of liabilities was involved, the study found that the majority of the respondents agreed that there would be an impact should there be a foreign exchange gain or loss. This is shown by the mean of 3 on all the factors tested.

#### 4.4 Investment capacity

To test this variable the questionnaire obtained the following information from the respondents.

**Table 9**

<b>invest3 Management delays</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative %</b>
<b>Valid</b>	<b>1.00 Strongly Disagree</b>	<b>27</b>	<b>15.1</b>	<b>15.1</b>	<b>15.1</b>
	<b>2.00 Disagree</b>	<b>45</b>	<b>25.1</b>	<b>25.1</b>	<b>40.2</b>
	<b>3.00 agree</b>	<b>62</b>	<b>34.6</b>	<b>34.6</b>	<b>74.9</b>
	<b>4.00 Strongly Agree</b>	<b>45</b>	<b>25.1</b>	<b>25.1</b>	<b>100.0</b>
	<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 25.1%, 34.6% and 25.1% of the respondents disagreed, agreed and strongly agreed respectively, that exchange rate gains and losses would affect investments.

**Table 10**

<b>invest2 Delays- project budgets</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative %</b>
<b>Valid</b>	<b>1.00 Strongly Disagree</b>	<b>23</b>	<b>12.8</b>	<b>12.8</b>	<b>12.8</b>
	<b>2.00 Disagree</b>	<b>32</b>	<b>17.9</b>	<b>17.9</b>	<b>30.7</b>
	<b>3.00 agree</b>	<b>58</b>	<b>32.4</b>	<b>32.4</b>	<b>63.1</b>
	<b>4.00 Strongly Agree</b>	<b>66</b>	<b>36.9</b>	<b>36.9</b>	<b>100.0</b>
	<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 32.4% and 36.9% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the implementation of investments for INGOs.

Table 11

**investl Delays in funds by donors expose the project to exchange rate risk and compromise on the appointments of qualified project agents**

	Frequency	Percent	Valid Percent	Cumulative %
<b>Valid 2.00 Disagree</b>	<b>38</b>	<b>21.2</b>	<b>21.2</b>	<b>21.2</b>
<b>3.00 agree</b>	<b>58</b>	<b>32.4</b>	<b>32.4</b>	<b>53.6</b>
<b>4.00 Strongly Agree</b>	<b>83</b>	<b>46.4</b>	<b>46.4</b>	<b>100.0</b>
<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 32.4% and 46.4% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the implementation of investments for INGOs. Also worth noting is that none of the participants strongly disagreed with this question.

As far as the management of investments was involved, the study found that the majority of the respondents disagreed that there would be an impact should there be a foreign exchange gain or loss. This is shown by the mean of 2 on two of the factors tested and three on one.

Table 12

**Descriptive Statistics**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>6. Delays in the release of funds by donors expose the project to exchange rate risk and compromise on the appointments of qualified project agents and can therefore affect investments</b>	179	2	4	3.25	.785
<b>10. Delays in the release of funds by donors leads to changes in projected budget values due to exchange rate gains/losses that affect the implementation of investments</b>	179	1	4	2.93	1.031
<b>12. Lack of proper collaboration amongst partners leads to delays that expose the project exchange rate risk and hence reduction in investments</b>	179	1	4	2.70	1.010
<b>Valid N (listwise)</b>	179				

#### 4.5 Other Variables

To test these variables the questionnaire obtained the following information from the respondents and analyzed the data obtained from the questionnaires.

Table 13

**other5 Investment capacity-delays that expose the project exchange rate risk and hence reduction in investments.**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	14	7.8	7.8	7.8
2.00 Disagree	14	7.8	7.8	15.6
3.00 agree	72	40.2	40.2	55.9
4.00 Strongly Agree	79	44.1	44.1	100.0
<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 40.2% and 44.1% of the respondents agreed and strongly agreed respectively, that management support would affect the financial performance of INGOs.

Table 14

**other4 Logistics & organization of partners leads to delays and hence exchange rate exposure that affects the projected budget values and therefore financial performance**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	29	16.2	16.2	16.2
2.00 Disagree	48	26.8	26.8	43.0
3.00 agree	72	40.2	40.2	83.2
4.00 Strongly Agree	30	16.8	16.8	100.0
<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 40.2% and 16.8% of the respondents agreed and strongly agreed respectively, that logistics and organization of partners would affect the financial performance of INGOs.



Table 15

**other1 Exchange rate risk can lead to compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	6	3.4	3.4	3.4
2.00 Disagree	56	31.3	31.3	34.6
3.00 agree	73	40.8	40.8	75.4
4.00 Strongly Agree	44	24.6	24.6	100.0
Total	179	100.0	100.0	

Based on the above, 31.3%, 40.8% and 24.6% of the respondents disagreed, agreed and strongly agreed respectively, that exchange rate risk can lead to the compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding.

Table 16

**other2 Delays affect time frame and delivery**

	Frequency	Percent	Valid Percent	Cumulative %
Valid 1.00 Strongly Disagree	22	12.3	12.3	12.3
2.00 Disagree	56	31.3	31.3	43.6
3.00 agree	84	46.9	46.9	90.5
4.00 Strongly Agree	17	9.5	9.5	100.0
Total	179	100.0	100.0	

Based on the above, 31.3%, 46.9% and 9.5% of the respondents disagreed, agreed and strongly agreed respectively, that Lack of dedication and urgency by national partners leads to delays that affect the timeframe and delivery dates of projects due to exchange rate exposures.

**other3 Conversion rates -cash flow**

		Frequency	Percent	Valid Percent	Cumulative %
Valid	1.00 Strongly Disagree	10	5.6	5.6	5.6
	2.00 Disagree	43	24.0	24.0	29.6
	3.00 agree	80	44.7	44.7	74.3
	4.00 Strongly Agree	46	25.7	25.7	100.0
	<b>Total</b>	<b>179</b>	<b>100.0</b>	<b>100.0</b>	

Based on the above, 44.7% and 25.7% of the respondents agreed and strongly agreed respectively, that exchange rate gains and losses would affect the liquidity of INGOs.

As far as these variables were involved, the study found that the majority of the respondents disagreed that Lack of dedication and urgency by national partners leads to delays that affect the timeframe and delivery dates of projects due to exchange rate exposures, Conversion rates lead to cash flow problems and therefore affect the liquidity of the organization, Logistics and organization of partners leads to delays and hence exchange rate exposure that affect the projected budget values and therefore financial performance, Exchange rate risk can lead to compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding. Similarly, majority of the respondents agreed that management support may lead to delays that expose the project to exchange rate risk and hence a reduction in financial performance.

Table 18

**Descriptive Statistics**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>8</b> Lack of dedication and urgency by national partners leads to delays that affect the timeframe and delivery dates of projects due to exchange rate exposures	179	1	4	2.54	.830
<b>9</b> Conversion rates lead to cash flow problems and therefore affect the liquidity of the organization	179	1	4	2.91	.846
<b>11.</b> Logistics and organization of partners leads to delays and hence exchange rate exposure that affect the projected budget values and therefore financial performance	179	1	4	2.58	.953
<b>7.</b> Exchange rate risk can lead to compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding	179	1	4	2.87	.824
<b>13.</b> Management support may lead to delays that expose the project to exchange rate risk and hence a reduction in financial performance	179	1	4	3.21	.891
<b>Valid N (listwise)</b>	179				

#### **4.5 Summary and interpretation of findings**

The study was to determine the impact of exchange rate movements on the financial performance of INGOs. To obtain this objective, the study tested variables that would measure financial performance and measured this against the exchange rate movements. Respondents were asked to state whether they strongly disagreed, disagreed, agreed or strongly agreed with the statements.

For asset management, the study found that 51.4% of the respondents strongly agreed that exchange rate movements would affect the assets holding of the INGOs. Only 3.4% of the respondents strongly disagreed.

Our analysis sought to find out whether the differences in these responses were statistically significant. The one sample t test revealed that the responses were statistically significant ( $t = 59.16$ ;  $p\text{-value} < 0.05$ ) for the effect on procurement of quality materials, ( $t = 85.97$ ;  $p\text{-value} < 0.05$ ) for the effect on the asset budget and ( $t = 50.18$ ;  $p\text{-value} < 0.05$ ) for amount available for implementation.

For liability management, the study found that 45.3% of the respondent agreed that exchange rate movements would affect how INGOs management the liabilities that they have. 37.2% of the respondents strongly agreed and 3% strongly disagreed.

Our analysis sought to find out whether the differences in these responses were statistically significant. The one sample t test revealed that the responses were statistically significant ( $t = 57.86$ ;  $p\text{-value} < 0.05$ ) for the effect financing liabilities, ( $t = 59.29$ ;  $p\text{-value} < 0.05$ ) for the inability to obtain debt financing and ( $t = 48.78$ ;  $p\text{-value} < 0.05$ ) for the inability to repay debts.

For investments, the study found that 36.1 % of the persons interviewed strongly agree that foreign gains and losses would affect the ability of INGOs to undertake any form of investment. The study also found that 9.3% of the respondents strongly disagreed that exchange rate movements would affect the investment capability.

Our analysis sought to find out whether the differences in these responses were statistically significant. The one sample t test revealed that the responses were statistically significant ( $t = 55.41$ ;  $p\text{-value} < 0.05$ ) for the effect on qualified agents to undertake investments, ( $t = 38.06$ ;  $p\text{-value} < 0.05$ ) for the effect on the implementation of investments caused by the delays in the release of funds and ( $t = 48.14$ ;  $p\text{-value} < 0.05$ ) for the exchange rate exposure leading to a reduction in funds available for investments.

## CHAPTER FIVE

### 5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

According to global statistics, the amount of funding channeled to non governmental organizations is quit staggering. The provision of foreign aid to developing countries has been enhanced by the need to reduce poverty, provide better healthcare, enhance education, create employment and so forth. Also worth noting is that the bulk of donor grants is in foreign currency. The study tried to explore whether changes in the foreign exchange rate would have an impact on various measures of financial performance for INGO. It was also interesting to note that NGOs do not operate the same way other organizations do. Based on this, a study was initiated to look at the effects of exchange rate movements on the financial performance of INGOs.

To conduct this study, an electronic questionnaire was administered to finance staff in randomly selected INGOs to provide opinions about the various items of financial performance. The data was then analyzed to test for frequency and also to determine the average response out of all the responses received.

The study found that out of the variables that were measured, all of them would be affected by a foreign exchange loss or gain. It was also worth noting that there were other factors measuring financial performance that were not part of the variables in question. The study found that among those factors, management support ranked highest since majority of the respondents felt that Management support may lead to delays that expose the project to exchange rate risk and hence a reduction in financial performance.

This study revealed that exchange rate movements have an impact on the financial performance of INGOs as far as this study is concerned.

## **5.2 Conclusions**

The study sought to identify the impact of exchange rate movements on financial performance based on three variables namely asset holding, investment capacity and liability management.

Through the data analysis, the study determined that exchange rate movements have an impact on the asset holding of international NGOs as the majority of the respondents gave their feedback showing the impact that foreign exchanges would have. It was identified that should there be a foreign exchange loss, there would be a budget reduction in the volume of assets.

The analysis also exposed that the majority of the respondents felt that exchange rate movements would affect liability management and the investment capability of INGOs. Further still, the analysis showed that there are other factors that would affect the Financial performance of INGOs such as management support in the specific organizations, other partners or collaborators such as donors who may cause delays between the award of a grant and transfer of funds which would enhance the foreign exchange risk exposure.

### **5.3 Policy recommendations**

There is need to integrate technological advances into the financial management of INGOs so as to allow proficiency and efficiency which would also mitigate the impact of exchange rate movements. This would go a long way in improving the standing of NGOs in the competition for resources from numerous NGOs.

There is need for the founders / directors to strengthen corporate governance structures and be willing to put in place financial management systems that will enhance accountability and transparency. This will boost the reputation of NGOs in the long run and gain trust from the stakeholders.

The study also recommends that NGOs need to adopt risk management strategies to protect the organizations from failing to achieve their objectives because of the financial risks they are exposed to. There are a variety of risk management practices that can be used by NGOs in their operations due to the nature of their business. They can exercise due diligence when dealing with other organizations and donors and exercise due caution when recruiting staff engaged in management.

The study further recommends that NGOs should emphasize on the need for effective financial management practices to be successful and for them to meet their philanthropic objectives in the society as financial performance is an important component of organizational success.



#### **5.4 Limitations of the study**

Data collection was difficult since some of the respondent INGOs were not cooperative in providing the required information. This resulted in fewer respondents for analysis than what was initially intended. The researcher explained to the respondents that the information they provided was confidential and was purely for academic purposes.

The list of registered INGOs obtained from the NGO coordination board was not up to date and included organizations that were not INGOs. The contacts provided by the NGO coordination board was not adequate and in some cases was incorrect.

By focusing on the impact of exchange rate movements on financial performance, the study restricted its scope to aspects of exchange rate movements and not on other factors affecting financial performance of INGOs.

Another limitation was inadequate time to include more organizations in the research which would have provided a broader analysis. Moreover, it was quite difficult to measure the extent of exchange rate movements as this information could not be obtained from the organizations within the sample. This limitation restricted the study from applying regression analysis to obtain the statistical impact.

#### **5.5 Suggestions for further research**

The study recommends that a study should be carried out to establish the effects of budgeting on NGO financial performance.

The study also recommends that a study should be carried out to determine the most efficient financial management practices that NGOs should adopt.

The study further recommends that a study should be carried out to determine the impact of financial management on the financial performance of NGOs.

## **APPENDIX**

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## T test Results

### One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Asset2 Asset mngt-compromise procurement of quality materials	59.162	178	.000	3.21229	3.1051	3.3194
Asset1 Asset mngt-affect projected asset budget	85.979	178	.000	3.66480	3.5807	3.7489
Liability1 liability mngt-affect expenditure coverage adversely affceting financing of liabilities	57.863	178	.000	3.34078	3.2268	3.4547
Liability2 Liability mngt- leads to budget constraints leading to inability to obtain debt financing	59.289	178	.000	3.11173	3.0082	3.2153
Liability3 Liability mngt-can result in inability to repay debts	48.788	178	.000	3.05028	2.9269	3.1737
invest1 Delays in funds by donors expose the project to exchange rate risk and compromise on the appointments of qualified project agents	55.415	178	.000	3.25140	3.1356	3.3672
other1 Exchange rate risk can lead to compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding	46.548	178	.000	2.86592	2.7444	2.9874
other2 Delays affect time frame and delivery	40.902	178	.000	2.53631	2.4139	2.6587
other3 Conversion rates -cash flow	45.944	178	.000	2.90503	2.7803	3.0298
invest2 Delays- project budgets	38.062	178	.000	2.93296	2.7809	3.0850
other4 Logistics Sorganization of partners leads to delays and hence exchange rate exposure that affects the projected budget values and therefore financial performance	36.148	178	.000	2.57542	2.4348	2.7160
invest3 Management delays	35.731	178	.000	2.69832	2.5493	2.8474
other5 Investment capacity-delays that expose the project exchange rate risk and hence reduction in investments	48.144	178	.000	3.20670	3.0753	3.3381

## T test Results

### One-Sample Test

	Test Value = 0					
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invest3 Management delays	35.731	178	.000	2.69832	2.5493	2.8474
other5 Investment capacity-delays that expose the project exchange rate risk and hence reduction in investments	48.144	178	.000	3.20670	3.0753	3.3381
Asset3 Asset mngt-affect amount available for implementation	50.189	178	.000	3.25698	3.1289	3.3850

## Questionnaire

Listed below are statements related to exchange rate differences considered to be affecting the time frame, scope and quality of projects managed by INGOs. Please rate the factors by ticking the appropriate box.

Key

4. Agree to a large extent
  3. Agree
  2. Disagree
  1. Disagree to a large extent
- 
1. Exchange rate gains/losses affect the projected asset budget that can lead to readjustments on the scope of the project due to deficits or surpluses caused there from [4] [3] [2] [1]
  2. Exchange rate gains/losses are acute in Kenya and therefore expenditure coverage within the project period is greatly affected and this can affect the financing of liabilities [4] [3] [2] [1]
  3. Exchange rate gains/losses can lead to compromise on procurement of quality materials and therefore affect the overall assets holding [4] [3] [2] [1]
  4. Exchange rate gains/losses can lead to budget constraints that result in the inability to obtain debt during the project period and therefore affect the ability to acquire debt financing [4] [3] [2] [1]
  5. Exchange rate gains/losses are acute in Kenya and therefore if left unchecked can lead to adverse outcomes as a result of the inability to repay debts incurred by the organization [4] [3] [2] [1]



6. Delays in the release of funds by donors expose the project to exchange rate risk and compromise on appointments of qualified project agents and can therefore affect investments [4] [3] [2] [1]
7. Exchange rate risk can lead to compromise on project quality which can make an organization lose reputation with donors and therefore access to future funding [4] [3] [2] [1]
8. Lack of dedication and urgency by national partners leads to delays that affect the timeframe and delivery dates of projects due to exchange rate exposures [4] [3] [2] [1]
9. Conversion rates lead to cash flow problems and therefore affect the liquidity of the organization [4] [3] [2] [1]
10. Delay in the release of funds by donors leads to changes in projected budget values due to exchange rate gains/losses that affect the implementation of investments [4] [3] [2] [1]
11. Logistics and organization of partners leads to delays and hence exchange rate exposure that affect the projected budget values and therefore financial performance [4] [3] [2] [1]
12. Lack of proper collaboration amongst partners leads to delays that expose the project exchange rate risk and hence reduction in investments [4] [3] [2] [1]
13. Management support may lead to delays that expose the project to exchange rate risk and hence reduction in the

**expenditure**

14. Foreign exchange gains/losses may affect the amount of Funding available for implementation hence a reduction current assets

## LIST OF SAMPLBD INGOs

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CARITAS SWITZERLAND	P.O Box 14954 - 00800 1	+254-0722-327181	mmwanki@claas.org	International
FREE THE CHILDREN	p.o Box 54875 - 00200 f	+254-020-7120405	africa@freethechildren.com	International
JITOLEE - EAST AFRICAN VOLUNTEERING	P.O Box 49843 - 00100 1	+254-020-3876031	vsolltolee@vsolnt.org	International
CHRISTIAN AID (UK/1)	P.O Box 13864 - 00800 1	+254 - 020 - 4443242	Information@christianaid-nbi.org	International
PROJECT AFRICA	P.O.Box 1055-50100 Kal	0726304246	Info@projectforafrica.org	International
KOMAZA KENYA	P.O BOX 117 - 80108 Kit	+254-0417-522442/0713-	Info@komaza.org	International
NEW SUDANESE INDIGENOUS NGOS NETWORK (NESI-NETWORK)	P.O BOX 14039 00100 G	0721619215	neslnet@today.co.ke	International
INTERNATIONAL COMMITTEE FOR THE DEVELOPMENT OF PEOPLI	P.O. Box 39433 00623 N	254 20 2726772/3	admin@clsp-nalrobl.org	International
UNITED GLOBAL VOLUNTEERS INTERNATIONAL	P.O Box 60006 Nalrobl	+254 - 0722 - 245355/0726 -	Info@uniglobevolunteers.com	International
GUA AFRICA	P.O Box 104113 - 00101	+254 - 0728 - 722119/0774 1	toblas@gua-africa.org	International
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GLOBAL SAMARITAN NETWORK	P.O Box 14435 - 00100 1	+254-020-212081/	globalsamaritan@mallafrika.net	International
LOVE INTERNATIONAL KENYA	P.O Box 798 - 00515 Bul	+254 2718285	lombo@africaonline.co.ke	International
WIFIP EDUCATION AND DEVELOPMENT	P.O. Box 9722 Kisumu 4l	254 57 2024579, 733	wifip@swiftkisumu.com	International
GENERATIONAL FOR CHANGE AND DEVELOPMENT INTERNATION,	P.O Box 24120-001001	+254 - 0720 - 963893	admin@gncad.org	International
CHILD TO CHILD NETWORK OF EASTERN AND SOUTHERN AFRICA	P.O.Box 35112-0200 Na	020-311773,072247312	secretariat@ctc-network.org, www.ctc-network.org	International
ONEKID ONEWORLD	P.O Box 13924 - 00100 1	+254 - 020 - 2062642	peter@onekidoneworld.org	International
SWEDISH CO - OPERATIVE CENTRE	P.O.Box 45767,Nalrobl	254 4180201/37	sccken@scckenya.or.ke	International
OUT OF AFRICA KENYA	P.O.Box 945 Ruiru	067-55455	juile@outofafrica.org	International
DORCAS AID INTERNATIONAL - KENYA	P.O Box 76495 - 00508 1	+254 - 020 - 576057	dak@africaonline.co.ke	International
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OPERATION HOPE TO OTHERS ORGANIZATION	P.O BOX 321-40405 SAR	+254 724 941 747	www.operatlonh20.org	International
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FATHER'S WAY INTERNATIONAL	P.O Box 55292 - 00200 1	540-341-3576	info@pfatherwayintl.org	International
FOUNTAIN OUTREACH PROGRAMME	P.O BOX 54515-00200 \	020-2241323	info@feprogramme.org	International
AFRICAN WOMEN LEADERS IN AGRICULTURE AND ENVIRONMENT	P.O Box 60745 - 00200 1	+254 - 020 - 4453051/2/3	awlaenet@wlnrock.or.ke	International
TRANSFORMED INTERNATIONAL	P.O. Box 815 Kitala	254 54 30262	daniel@transforminternational.com	International
MEDICOS SIN FRONRIERAS SPAIN (MSF SPAIN)	P.O.BOX 52837 Nalrobl	2726864,2721071	msfe-nalrobl@barcelona.msf.org	International
FORUM SYD SWEDISH NGO CENTRE FOR DEVELOPMENT COOPER	P.O Box 52162-00200 r	+255 - 754211991	maria.kempe@forumsyd.org	International
PROJECT SOUTH ( PROGETTO SUD )	P.O Box 66100 - 00800 1	+254 - 0722 - 930744/+3984	prosud@uk.it	International
CANADIAN HARAMBEE EDUCATION SUPPORT	P.O. Box 2036 - 50100 K	+254 -056 -30508/722	ches@afrlcaonline.co.ke	International
TECHNOLOGY FOR HEALTH IN AFRICA(WELTEL AFRICA)	P.O Box 19676 - 00202 1	+254 - 020 - 2713179/234111	info@weltel.org	International
WATER FOR LIFE (WFL)	P.O.BOX 25695-00603 \	4180682,0729412232	wfl@africaonline.co.ke	International
EMPOWERING LIVES INTERNATIONAL - KENYA	P.O. Box 8199 Eldoret	254 053 2063742	ellkenya@kenyaweb.com	International
COMMUNITY TRANSFORMATION AND RURAL DEVELOPMENT (CO	P.O Box 8364 - 00100 N	+254-020-211650	cotardInt@fastmall.fm	International
AFRICAN COMMUNITY DEVELOPMENT CENTRE	P.O. Box 233 Matunda	+254 - 020 - 8026197/0721 -	info@africod.org	International
COOPERATION FOR FAIR TRADE IN AFRICA	P.O Box 00124 - 001001	+254 - 020 - 3866005	info@cofta.org	International
RIDERS FOR HEALTH	P.O BOX 64142-00620 N	+254 723 743 635	nmashango@riders.org	International
AMAZING GRACE INTERNATIONAL INC-KENYA CHAPTER	P.O. Box 3487 Warrento	+254-020 - 6750601 /	info@agracem.org	International
KENYA EDUCATION PARTNERSHIPS	P.O Box 4047 - 40200 KI	+254-058-31518	sc@kep.org.uk	International
INTERNATIONAL EXECUTIVE SERVICE CORPS	90115th Street, NW Sult	202 326 0280	mkcope@lesc.org	International
HEIFER PROJECT INTERNATIONAL	P. O Box 76478, Nalrobl	254-20-571692-3 /560	hplkenya@inslghtkenya.com	International
MICRONUTRIENTS INITIATIVE KENYA	P.O Box 1591 - 00606 N	+254-020-3755324/729-1	cwanyolke@micronutrient.org	International
POVERTY ERADICATION NETWORK	P.O. Box 4932 - 00200 N	020 4450656/7	info@penkenya.org	International
CENTRE FOR HEALTH EDUCATION,TRAINING AND INFORMATION	PO BOX 21596-00505	+254 20 212186,2106	lawtechs@rachleradvs.co.ke	International
MEDECINS SANS FRONTIERES - SWITZERLAND	P.O Box 25091 - 00603	+254 - 020 - 3866615/16/14/	msfch-nalrobl@geneva.msf.org	International
HABITAT FOR HUMANITY IN KENYA	P.O.Box 38948-0006623	3746999,3745854	admin@hfhkenya.or.ke	International
CARE INTERNATIONAL	P.O.Box 43864 - 00100,	020- 2710069, 271176	InfoS>care.or.ke	International
CHILDFUND KENYA	P.O. Box 14038 00800 N	254 20 4444890/3,0722 - 23<	info@ccfkenya.org	International
NOVIB OXFAM NETHERLANDS	P.O BOX 491 00600 NAI	+254 3741920/51 0722	info@oxfamnovib.or.ke	International

SAVE THE CHILDREN 1 UNO UK	P O Box 48/00 - 00100 1	+254 -020 2737201/	Infojpscuk or ke	
PLANNED PARENTHOOD FEDERATION OF AMERICA INTERNATIONAL	P.O Box S3S38 00200 N.	+254 020 2727049/S2	ppfal@ppfa.or.ke	International
MEDECINS SANS FRONTIERS - FRANCE	P.O. Box 39719 Nairobi	254 20 4442525/4440S	msff-nairobi@paris.msf.org	
PRACTICAL ACTION	P.O.Box 39493-00623 N	020-2713540.07222008	kenya@practicalaction.or.ke	International
VETERINAIRES SANS FRONTIERS (VSF) SWITZERLAND	P.O.Box 25656-00605 N	020-3873637,07..6015	vsfg@vsfg.org	International
PACT KENYA	P.O. Box 76390-00508 1	020 3878271,2/3/4	pactkenya@pactkenya.org	
FH ASSOCIATION	P.O. Box 14978 Nairobi	254 20 27233378/2726048/2	fhlkenya@fhl.net	International
VETERINAIRES SANS FRONTIERES NORWAY	P.O Box 101733 - 00101	+254-0722-321968/0722-	vsf@vsfnorway.org	International
INTERNATIONAL RESCUE COMMITTEE	P.O.BOX 67727-00200 f	+254-020-2727730,271936	ircn@ircnkenya.org,IRCnBI@kenya.theirc.org	International
SAVE THE CHILDREN FUND (UK)	P.O.Box 39664-00623 N	4441031,4441032,4444006	l.ndungu@scuk.or.uk	International
MOTHERS 2 MOTHERS KENYA	P.O Box 3099 - 00200 N,	+254-020-2228776	info@mzm.org/becca@mzm.org	International
ACADEMY FOR EDUCATIONAL DEVELOPMENT - KENYA	P.O.Box 14500 - 00800 f	254 020 44S6136/Offl	nnachbar@aed.org	International
FARM AFRICA	P.O. Box 49502 Nairobi	+254-020-2732203/721	info@farm-africa.org, www.farmafrica.org.uk	International
CENTERS FOR INTERNATIONAL PROGRAMS - KENYA	P.O BOX 29840- 00202 1.	254 20 748761013	mh2363@columbia.edu	International
MAP INTERNATIONAL	P.O Box 21663 - 00505 1	+254 - 020 • 3864480/1	mapesa@map.org	International
INTRAHEALTH INTERNATIONAL	P.O Box 66726 - 00800 1	+254 - 020 - 3746845	jobs-kenya@intrahealth.org	International
WORLD VISION KENYA	P.O.BOX 50816-00200 f	+254 0722 209558/072	wvkenya@wvl.org	International
LUTHERAN WORLD RELIEF EAST AND SOUTHERN AFRICA REGION/	P.O.BOX 66220-00800 ls	4447611/4441643	info@lwr-eaero.org	International
SAFERWORLD (AFRICA)	P.o Box 21484-00505 At	+254-020-3743830/40	general@saferworld.org.uk	International
ELIZABETH GLASER PEDIATRIC AIDS FOUNDATION	P.O Box 76634 Nairobi	+254-020-577177	psavosulch@pedaels.org	International
VSF - DZG BELGIUM	P.O. Box 13986 Nairobi	254 20 2734518/19/20	vsfb@vsfb.or.ke	International
DANISH REFUGEE COUNCIL	P.O. Box 14762 00800 W	254 20 3745302/5331	drc.nairobi@drc.dk	International
SAVE THE CHILDREN FEDERATION INC.	54, WILTON ROAD, WES	+254-020 - 3740943	ussave@nbi.lspkenya.com	International
GLOBAL HELP INTERNATIONAL	P O BOX 47224 - 00100	+254-20-227669/23022	info@globalhelpinternational.org	International
FORUM FOR AFRICAN WOMEN EDUCATIONALISTS	P.O Box 21394 - 00505	+254 -020-3873131/38733	fawek@fawek.org, www.fawe.org	International
FAMILY HEALTH OPTIONS KENYA	P.O. Box 30581 Nairobi	254 20 603923/7, 604	info@fhok.org	International
GPOWER	P.O Box 1247 - 00502 K;	+254 - 020 - 3566591	greenpower@wananchi.com	International
MICRONUTRIENT INITIATIVE KENYA	P.O Box 1591 - 00606 N;	+254 - 020 - 3755324/729 -1	cwanyoike@micronutrient.org	International
GENERATIONS ALIVE AFRICA	P.O Box 57301 - 00200 1.	+254-020-2247302/0733-	tv@tvminternational.org	International
MAGNA CHILDREN AT RISK	P.O Box 87795 - 80100 1.	+254-0752-023604/0716-	bandzak@magna.sk	International
STAR OF HOPE INTERNATIONAL FOUNDATION	P.O.BOX 86346 MOMB/1	+254 041 3434875/072	sohlf@africaonline.co.ke	International
TEACH A CHILD AFRICA-KENYA CHAPTER	P.O BOX 61919-00100 (v		psteale@tac-africa.org	International
SCHOOLS FOUNDATION	P.O Box p.o Box 4633 -	+254 - 054 3-485/0732 - 614-	schools@theschools.org	International
INTERNATIONAL CO - OPERATION FOR INTEGRATED RURAL DEVELOPMENT	P.O. Box 587 00606 Sarl	254 20 4452135/6, 07	cidri@wananchi.com	International
STARFISH AFRICA - KENYA	P.O. Box 40304 00100 N		omondi@ilovejesuse.net	International
AMURT- SWITZERLAND	P.O.BOX 10362-00100, N	+254-020-2730719	kenya@amurt.org	International
SUDAN EVANGELICAL ALLIANCE PARTNERS	P.O. Box 10744 00100 G	254 020 3861304/3861	SUDANPARTNERS@WANANCHI.OR.KE	International
CHRISTIAN MISSION AID	P.O. Box 57351 Nairobi	254 2721872/733 8559	ken@cmain.or.ke	International
ONE HEART WITH AFRICA INC	P.O Box 10 Ilani-Macha	254 44 21740, 735 45	mwende@copperbelt.net	International
AWEPA- KENYA	P.O Box 1189 - 00606 N,	+254-020-2733977	awepakenya@accesskenya.com	International
OASIS AFRICA FOUNDATION	P.O Box 76117-00508 N	+245-020- 2715023/27211	oasisafrica@wananchi.com	International
SERVANT'S HEART, KENYA	P.O BOX 19356 00202 N	+254 - 020 - 3874839	servheart@africanonline.co.ke	International
RIEKO KENYA	P.O Box 103838 - 00101	+254 - 0729 - 864061	admin@rickokenya.org	International
AMANIYA AFRICA, KENYA	P.O Box 2712-01000 Tf	+254 - 020 - 2529547/0713 -	amanithika@live.com	International
FILSAN ORGANISATION	P.O Box 66286 - 00800,	+254 716 639 561	hhajl@satg.org	International
YOUTH NET AFRICA	P.O.Box 1875-00200 Na	020 3875425	africa@global-youth.com	International

AbANUU FOR DtvIOPMINf INTERNATIONAL	P.O Box 2389 • 00200 N,	• 254 0723 - /8686S/0733	abanto@roela-roela.org	
COOPT-COOPERAZIONE INTERNAZIONALE	P.o Box 3857-00100 Nal	•254-020-3750066, 72	coord.nairobi<&> coopl.org	
OIKOCREDIT, ECUMENICAL DEVELOPMENT ORGANIZATION U.A.	P.O. Box 67181, Nairobi	254 20 3862314,3862318.07	officc.ke@oikocredit.org	International
AFRICA ALLIANCE OF YMCAS	P.O Box 60856 - 00200 1	+254-020-2722974/272481	aaymcas@africaymca.org	International
PAN AFRICAN CLIMATE JUSTICE ALLIANCE	P.O.Box 305-00600 Nalr	020-2056761,0724403555	pacja@pacja.com	International
UHURU ORGANIZATION (INTERNATIONAL)	P.O. Box 259 Kisumu 4C	020 2030706	uhuruorg@iswiftkisumu.com	International
CONSORTIUM OF NATIONAL HEALTH RESEARCH ( CNHR )	C/O IORC P.O Box 6208'	+254-020-2713160	hres@ldrc.or.ke	International
MATANYA'S HOPE	P.O Box 1087 - 10400 N<	+254 - 020 - 2010149	mstark@matanyashope.org	International
WORLD SERVANTS ORGANIZATION	P.O Box 51088 - 00200 1	+254-020-2716895	wskenya@today.co.ke	International
CO-OPERAZIONE ITALIANA NORD SUD	P.O. Box 1085 Nairobi	254 020 6750948/0734	cins@nbi.ispkenya.com	International
FRIENDS OF HOPE FOUNDATION INTERNATIONAL	P.O. Box 7596 Nairobi 0	254 720 787404	do	International
EASTERN AFRICA COLLABORATION FOR ECONOMIC, SOCIAL AND	P.O Box 3917 - 00100 N	+254 - 020 - 3861812	info@eacor .org	International
SOCIAL FOUNDATION FOR ECOSYSTEM SAVING	P.O Box 51665 - 00200 1	+254 - 020 - 245130/0722 - 5	salamaph@wananchi.com	International
GOOD NEWS PRODUCTIONS INTERNATIONAL-AFRICA	P.O Box 636-00621 VIII	+254-020-7122042	GNPI-Africa@gnpi.org	International
SOS KINDERDORF INTERNATIONAL	P.O. Box 511-00606 Nall	254 20 4446032/44*92	regional.office@soskdlea.or.ke	International
VETAID	P.O Box 1520 - 00606 N,	+254-020-4180017	rbowen@retald.co.ke	International
WORLD RADIANCE INTERNATIONAL	P.O Box 1291 - 00502 K;	+254 - 0726 - 241068/0720 -	info@worldradianceinternational.org	International
SEAS OF LIFE MISSIONS KENYA	P.O Box 1294 Kisumu	+254-0724-811601	greg@elmn.org	International
PROJECT LIGHTHOUSE KENYA	P.O Box 12052 - 001001	+254 - 0725 - 750353	info@prollightkenya.org	International
SADIKI DEVELOPMENT PROGRAMME	P.O Box 2 Amukuria Tes	+254 - 0724 - 806266	info@sadiki.org uk	International
CHILD RESCUING CENTRE - INTERNATIONAL	P.O. Box 3439 Madarak;	254 733 866286	info@crkenya.org	International
ECUMENICAL DISABILITY ADVOCATES NETWORK	P.O. Box 22 - 00300 Nall	+254- 20- 4445837/73	skabue@edan.or.ke	International
INTERNATIONAL MEDICAL COLLABORATION UNIT KENYA	P.O Box 5828 - 00200 N	+254 - 020 - 476872 / 0722 -	japan@child-doctor.com	International
MIDDLE EAST REFORMED FELLOWSHIP (MERF)	P.o Box 60 Lokichogglo	+254-357-99682237	merf@merf.org	International
INSTITUTE FOR SUSTAINABLE COMMODITIES IN KENYA	P.O. Box 444 00100 Nall	254 724 763058	psahota@iscom.uk	International
MOVEMENT AGAINST SUBSTANCE ABUSE IN AFRICA	P.O Box 10241 - 00100 1	+254-020-2724192/0722-	info@masaa.org	International
REACH THE CHILDREN INC	P.O. Box 10447- 00100 1	+254-020- 2731195/6	reachthechildren@insightkenya.com	International
NGARA JARED COMMUNITY DEVELOPMENT FOUNDATION	P.O.Box 12056 Nairobi C	254 020 253280/7205	networking@ngalajaredf.org	International
UPLIFTING MEN AND YOUTH IN AFRICA	P.O BOX 7126-00300 Nt	+254 717128 605	info@umayafrica.org	International
SAFISHA AFRICA WELFARE FOUNDATION	P.O Box 75517 - 00200 1	+254 - 0722 - 952594	safricawelfarefoundation@rocketmail.com	International
REFUGEE EDUCATION TRUST- KENYA	C/O UNHCR Regional Of	+254-020-4222105	dansembourg@theret.org	International
ADVENTIST HEALTH SYSTEM EAST - CENTRAL AFRICA	P.O Box Private Bag - 00	+254 - 020 - 2700690	ahs-ecd@ecd.adventist.org	International
CITADEL INTERNATIONAL AGENCY	P.O. Box 617 20117 Nalv	254 50 2020035,0733-	glchure@kenyaweb.com	International
PRO LABORE DEI IN AID OF DESTITUTES	P.O Box 698 - 00300 Rol	+234 - 80 - 60022982/80 - 7C	pldkenya@prolaboredel.org	International
NETWORK FOR WATER AND SANITATION INTERNATIONAL (NETW	P.O Box 15614 - 00503 1	+254 - 020 - 890555 - 9	netwas-international@netwas.org	International
GETHEMANE GARDEN OF HOPE FOR AFRICA INC	P.O. Box 263 Mbita, Sub	+254 - 720 - 764793	ggcc@uuplus.com	International
HOPE IN ACTION ASSOCIATION - KENYA	P.O Box 15369 - 00509	+254 - 020 - 2514352/0736 -	nairobi@hopelnaction.org	International
HEAVENLY TREASURES KENYA	P.O Box 284878 - 00100	+254-020-243280	htkenya@heavenlytreasures.org	International
RAFIKI ORTHOPAEDIC REHABILITATION CENTRE	P.O Box 54071 - 00200	+254 - 020 - 252942	susie@africaonline.co.ke	International
STICHTING CENTRE ON HOUSING RIGHTS AND EVICTIONS	P.O Box 3008 - 00100 N	+254 - 020 - 4442120/0722 -	esther@cohre.org	International
AFRICAN BIOMEDICAL CENTER	P.O. Box 30779 00623 N	254 722 711617	bonnie@blixencoffeegarden.co.ke	International
THE JAPAN CENTRE FOR CONFLICT PREVENTION	P.O Box 61750 - 00200	+254 - 020 - 20884720	desk@jccp.gr.jp	International
ARTSEN ZONDER GRENZEN - HOLLAND (MSF HOLLAND)	P.O.BOX 40643-00100 N	+254-20-2730075	msfh-somalla-finco@field.amsterdam.msf.org	International
RELIEF FOUNDATION	P.O. Box 5438 - 00200,	+254 020 3871630/020	info@unlp-kenya.com	International
ITALIAN AGENCY FOR THE DEVELOPMENT AND ASSISTANCE TO N	P.O. Box 39221 00623 N	254 20 241466, 24133	info@kivullinsafaris.com	International
TEAM AND TEAM INTERNATIONAL, KENYA	P.o Box 25225-00603 N	+254-020-4348344	folkenya@hanmall.net	International

LANDMINE ACTION (KENYA)	P.O. Box 8574 - 00700 Nairobi		inlogptandmineaction@otg	international.it
FREDOY JANAM AFRICA FOUNDATION	P.O. Box 54182 - 00200 Nairobi	+254 - 0722 - 542683/0729 -	info@frcjdf.org	international.it
SUSTAINABILITY AFRICA	P.O. Box 274 - 00621 Nairobi	+254 020-523019	amrikkalu@wananchi.com	International
MISSION CARE INTERNATIONAL	P.O. Box 743 Nairobi	+254-0712-082720	international@missioncare.org.uk	International
FUTURE FOR CHILDREN e.V	P.O. BOX 1362 UKUNDA	+254-0733-325890	info@futureforchildren.de	International
AFRICAN COLLABORATIVE CENTRE FOR EARTH SYSTEM	P.O. Box 30197 - 00100 Nairobi	+254 - 020 - 4447740	africanness@uonbi.ac.ke	International
MOVIMENTO AFRICA 70	VIALE MONZA, 48. 2012	-26825191	mlrele@una.org	International
AFRICAN CENTRE FOR CLINICAL TRIALS	P.O. BOX 2288-00202 Nairobi	2733733,0722606048	acct@africaonline.co.ke	International
VOICES OF AFRICA FOR SUSTAINABLE DEVELOPMENT	P.O. Box 50828 - 00200 Nairobi	+254-0713-897347	innovation@voiceofafrica.org	International
THE NATURAL PRODUCT RESEARCH NETWORK FOR EASTERN AND SELF HELP AFRICA	P.O. Box 30197 Nairobi	+254 - 020 - 440436	jmidiwo@uonbi.ac.ke	International
LOCAL EXPERTISE CENTRE FOR RESEARCH AND DEVELOPMENT	P.O. Box 2248 20100 Nairobi	254 51 2212291/733 7	kenya@shdl.org	International
REGIONAL CENTRE FOR COMBATING TRAFFICKING IN PERSONS	P.O. Box 28248 - 00100 Nairobi	+254-0723-436617/0722-	www.leckenya.or.ke	International
JAPAN WILDLIFE CENTRE AFRICA	P.O. Box 5366 - 00100 Nairobi		rccte@walla.com	International
UZIMA FOUNDATION AFRICA	P.O. Box 24785 - 00100 Nairobi	+254 - 020 - 2064272	jwc-kenya@jwc-kenya.or.ke	International
TERRE SOLIDALI KENYA	P.O. BOX 4356 00200 Nairobi	020 2711485	UZi@lusijutkenya.com	International
EURONAIID	P.O. Box 1387-00606 Nairobi		nalrobi@terresolidali.org	International
PHYSICIANS FOR HUMAN RIGHTS INC	P.O. BOX 1035-00606 Nairobi	+31703305750	euronaid@euronaid.org	International
ELEWANA EDUCATION PROJECT	P.O. Box 3502 - 00100 Nairobi	+254-0721-252947	edith.onyango@birdlife.co.ke	International
42/22 HUMANITY THROUGH BASEBALL FOUNDATION, INC	P.O. Box 68 Amagoro 501	+254-0710-102536	zachdrennen@elewana.org	International
HORN OF AFRICA WOMEN EMPOWERMENT NETWORK KENYA A	1755 Deer Valley Road,	+303 - 499-0449/303 - 070-	dfpc@aol.com	International
GERMAN UNION OF FRIENDS OF EAST AFRICA HELP ST. LUKE'S e.V	P.O. Box 374 - 70300	+254 - 4652321	havenka@havenka.org.ke	International
SWISS FOUNDATION FOR MINE ACTION ( KENYA CHAPTER )	P.O. Box 290 Mtwapa, Nairobi	254 720 663675	mail@freundeskreis-ostafrikahilfe.de	International
COMPASSION INTERNATIONAL INC.	P.O. Box 44482 Nairobi	+254 - 0733 - 699901	oliver@fsd.ch	International
FIRST LOVE KENYA	P.O. Box 55379 - 00200	+254-020-3871683	clkenya@ke.ci.org	International
INTERNATIONAL BIBLE SOCIETY EAST AFRICA	P.O. Box 76356-00508, Nairobi	+254 -722 -503374	firstlovekenya@wananchi.com	International
FAMILY CARE INTERNATIONAL	P.O. Box 60595, Nairobi	254 20 2711305/27229	lbseastafrica@afr.lbs.org	International
YOUTH SUPPORT- KENYA	P.O. Box 45763-00100, Nairobi	+254-20 4443204/4443	fcikenya@africaonline.co.ke	International
VITA (RTI)	P.O. Box 26347-00100 Nairobi	0721212396	info@youthsupportkenya.org	International
HUMAN QUALITY ASSESSMENT SERVICES	P.O. Box 76493 - 00508 Nairobi	+254 - 020 - 3872038	rinahanrahan@elrcom.net	International
THE MENTOR INITIATIVE	P.O. Box 38779 - 00600 Nairobi	+254 - 020 - 3741378	huqas@huqas.org	International
DON'T JUST SAY IT, DO IT, KENYA CHAPTER	P.O. Box 14409-00800 Nairobi	0725051207	accuw@mentorinitiative.net	International
COMMUNITY INITIATIVE SUPPORT SERVICES	P.O. Box 142 Kwale	+254 - 0723 - 963561	kenyahilfe@a01.com	International
ASSOCIATION FOR AID AND RELIEF (AAR) JAPAN	P.O. BOX 76 Kisumu	+254 057 2024800/202	clssksm@swftkisumu.com	International
CONSORTIUM FOR NATIONAL HEALTH RESEARCH	P.O. Box 104420 - 00101 Nairobi	+254-020-571188	aarnalrobi@africaonline.co.ke	International
GLOBAL HEALTH ACTION	P.O. Box 29832-00202 Nairobi	020 - 2427240,0713781814	info@cnhkenya.org	International
PEACEBUILDING HEALING AND RECONCILIATION PROGRAMME	P.O. Box 616 - 00606 Nairobi	+254- 20444 - 8836	gha@globalhealthaction.org	International
KENIA - HILFE BUXHEIM e.v	P.O. Box 15324 - 00100 Nairobi	+254-020-2727688	info@pharp.org	International
AFRICAN CHILDREN EDUCATION FUND	P.O. Box 775 Kilifi	+254-041-525277	info@kenia-kinder-hilfe.de	International
EASTERN AND SOUTHERN DEVELOPMENT FORUM	P.O. Box 1365 Embu	254 68 30950/722 391506	acef-kenya@ban796.com	International
SOURCE - NET WOMEN EMPOWERMENT PROGRAM	P.O. BOX 74954-00200 Nairobi	+254 020 2724361/072	esdf@graffiti.net	International
AFRICA BIOMEDICAL CENTRE	P.O. Box 74117- 00200 Nairobi	+254-020-2316397	info@sowep.org	International
DAVID SHELDRICK WILDLIFE TRUST	P.O. BOX 39779-00623 Nairobi	+254 020 3742763 ex	bonnie@blxencoffeegraden.co.ke	International
URGENT ACTION FUND FOR WOMEN'S HUMAN RIGHTS	P.O. Box 15555, Nairobi	254-20-891996, 89012	rc-h@africaonline.co.ke	International
INTEGRATED DEVELOPMENT AFRICA PROGRAMME	P.O. Box 53841- 00200, Nairobi	+254-020-2731095, 72	info@urgentactionfund-africa.co.ke	International
1 CHOOSE LIFE - AFRICA	P.O. Box 18685 - 00100 Nairobi	254 20 2731269	idap@lconnect.co.ke	International
	P.O. Box 5166- 00100 Nairobi	+254 020 2730913/4/5	info@lchooselife.or.ke	International



INTERNATIONAL/LL <i>Alt</i> bt KVICE5 - SWFDI N	P.O. Box 76S73 Nairobi	254 020 38/1496/3873	l.l. n.lu.IIHf'l.l. 1HI	International
CESVI - COOPRA/IONf SVIUPPO	P.O.BOX 75776-00200 fs	+254 020 44440660/2336,	nairobi&una org	International
CENTRE FOR LAW AND RESEARCH INTERNATIONAL	P.O. Box 46991 00100 N	+254 20 3871614/722	clarlon(G>&wiftkcnYA.com or Info<B>clarlonkunya org	International
GREEN PLANET INTERNATIONAL	P.O. Box 13493 00100 N	254 722 966221/733	info@greenplanetint.org	International
CEDIA AFRICA	P.O.Box 47756 - 00100 1	+254 - 020 - 2028484/0724 -	emadjibodouOnetscape.net	International
Rehabilitation .Intervention and support Education	P.O.Box 160S-00606 Na	020-7125738/39	Info@Jojo-Investments.com	International
OPEN ARMS INTERNATIONAL	P.O Box 2964 - 30100 EI	+254 - 053 - 2030960/0736 -	Infokenya@openarmsinternational.com	International
AFRICARE - KENYA	P.O.BOX 9694-00200 N/	0202723184	keneafricare.org	International
SAVE GLOBE (SAGLO) - KENYA	P.O Box 1541 - 00100 N,	+254 - 0735 - 880224	saveglobekenYa@mail2world.com	International
AFRICAN ANGELS CHILDREN'S FUND	P.O Box 31403 - 00600 1	+254-020-2217783	antonlo@nbnet.co.ke	International
KENYA ACORN PROJECT	P.O. Box 165 Ndhiwa He	England 191 25026190	murlel.armstrong@unn.ac.uk	International
THE VILLAGE INITIATIVE	P.O Box 5430 - 00100 N	+254 - 0723 -145014	grannYdub@wanachi.com	International
INTERNATIONAL WATER PROJECT	P.O. Box 26030 00504 N	254 020 244354	cbj47030@pop02.odn.ne.jp	International
INSTITUTE FOR DEMOCRACY AND LEADERSHIP IN AFRICA	P.O Box 7139 - 00100 N	+254 - 020 - 8074523/0722 -	Info@Ideaforestafrlca.org	International
MSHAMBIA INITIATIVE	P.O Box 577 Village Mkt	+254 - 0733 - 634103	Info@mshamba.org	International
DIASPORA RENAISSANCE INTIATIVE	P.O Box 407 - 00621 VIII	+254 - 020 - 7120S30/0724 -	Jpele@diasporarenalssance.org	International
SOLID HOUSE FOUNDATION - KENYA	P.O Box 19646 - 00202	+254-0723- 146431	kenya@soldhouse.org	International
THE COUNCIL OF INTERNATIONAL FELLOWSHIP	P.O. Box 10450, Nakuru	254 037 214337/037-4	rukI@net2000ke.com	International
TEULE KENYA	P.O.Box 76262-00508 N	020-3873013	homeless@maf.or.ke	International
JOINING HANDS TOGETHER AFRICA	P.O Box 319 - 00606 Na	+254-0700-207111	sue.smith@hlhand.orp	International
AVIATION SANS FRONTIERES • BELGIUM	P.O. Box 40076 00100 N	254 724 266730	nairobi@asfbelgium.org	International
CONVERGENT INTERNATIONAL	P.O Box 61650 - 00200	+254-020-6752918	Info@gonzagaconsultants.com	International
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INTERNATIONAL FRIENDSHIP LEAGUE OF KENYA	P.O Box 6916 - 00300 N	+254-0716-226414	Info@lflkenya.org	International
MWANGAZA AFRICA INTERNATIONAL	P.O Box 3156-30100 EI	+254 - 053 - 2060237	umakanga@africaonline.co.ke	International
SUDAN MEDICAL CARE	P O Box 27721, Nairobi	254-20-568478	sumc@net2000ke.com	International