

**STRATEGIC RESPONSES BY FARM CONCERN INTERNATIONAL TO
DECLINING DONOR FUNDING**

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DECLARATION

I declare that this is my original work and has not been presented for examination in any other university.

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D61/81284/2015

Signed

.....**Date**.....

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

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DEDICATION

This research project is dedicated to my nuclear family for their inspiration, encouragement, and support towards the successful completion of this course. I am particularly grateful to my mother for her guidance and support throughout this course.

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ABBREVIATIONS AND ACRONYMS

AFMA -African Farms and Markets

BMGF –Bill and Melinda Gates Foundation

FOCAC- Forum on China–Africa Cooperation

SSA- Social Security Administration

GAFP -Global Agriculture and Food Security Programme

MDG -Millennium Development Goals

FCI- Farm Concern International

FARA -Forum for Agricultural Research in Africa

FTF- Feed the Future

NGO – Non-Governmental Organizations

R&D –Research and Development

RF -Rockefeller Foundation

SEFAMACO – Seed Farmer Market Cooperatives

GAFS - Global Agriculture and Food security

KARI -Kenya Agricultural Research Institute

UN –United Nations

IFAD – International Fund for Agricultural Development

FAO - Food and Agricultural Organization

IFC –International Finance Cooperation

DOHOMA -Domestic Horticultural Markets

CVPP -Cassava village processing project

YATE – Youth in agricultural Trade and Enterprise.

ABSTRACT

Organizational strategy entails assessing where an organization is, where it supposed to go, and determining how it will get there. Strategic management is therefore concerned with the tactful response by Organisations to the ambiguity of expected and unexpected environmental changes. There is no one universal approach to strategic management. Since management is context specific, Organisations conduct strategic management as per requirement customization. NGOs operating within the developing countries, have faced turbulent environmental changes. They have been forced to constantly plan for strategic positioning especially due to the rate at which grants from donors are reducing. The objective of the study was to investigate the strategic response to the environmental change of declining donor funding by Farm Concern International. The specific objectives were to analyze donor funding patterns at Farm Concern International and the effects of the patterns on operations, and to understand the strategies adopted by F.C.I in response to the declining donor funding. This research took the form of a case study. The procedure for data collection was through interviews. The respondents were the Strategy and Innovations associate director and the senior programmes manager at Farm Concern International. An interview guide was utilized to collect data. Most questions were open ended and qualitative in nature. The right question structure was optimized response rate. Content analysis was used to decode the data into relevant information. This was done through systematic observation of texts with the intention of depicting meaningful patterns. In this study, valid inferences were made by interpretation and systematic evaluation of data. This method was best suited for the study because it allowed for direct interaction with the data collected and thereby give the central aspect of the phenomena in question. This study's finding will go a long way in ensuring that the economic growth of low income earners in Kenya is taken into consideration during development of such strategies. Despite there being a general understanding of what strategic management practice is among FCI staff, there is still a need to enhance the understanding of strategic management process among the strategy formulators and implementers. This kind of capacity building will not only bring the expected deliverables to fruition ,but will also ensure that they are constantly aware of the possible environmental shifts that are likely to pose a risk to the organization's relevance.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic responses are the measures put in place by organisations to ensure that the various environmental forces don't impact negatively on the effectiveness of the organization. This concept is largely drawn from the blue ocean management strategy (Maubogne, 2004) whereas organizations could have clearly laid out procedures towards achieving their long term goals, these procedures could be rendered null and void by some unexpected external or internal forces. In this regard, organizations should adjust accordingly to the changes and still be able to exploit opportunities and minimize negative effects of the changes.

While some forces may act in favour of the organization, others have a negative effect on the organization. A report by Boston Consulting Group (Bhalla, 2017) highlights that organizations have no control over these forces, but can adjust their structures accordingly so as to ensure they remain effective and relevant to their publics. Strategy is important because it provides clear directions, sets priorities right and provides a clear decision making framework. The essence of this research is to illustrate how an organization responds to an unfavorable external force by engaging strategies, which enable the organization to remain effective even in an unfavorable environment.

The concept of strategic responses and environmental changes is founded on a number of theories. The Resource dependence theory (Salancik, 1978) is one that illustrates how organizations cannot be self-sufficient in and of themselves but are dependent on external resources for efficiency. These can be in the form of Human resource, Finances, Raw material, operational permits and what have you.

In essence, the theory states that the power of an organization to succeed lies in the hands of another organization. The relevance of this theory to this study is because it illustrates how the withdrawal of resources from external environment (Donor funding bodies) have had an implication on the effectiveness of beneficiaries and ultimately leading to changes in operational strategy.

Another theory upon which the context of this study is built on is the New Institutionalism Theory (DiMaggio, 1991) which is founded on the school of thought that views institutions from a sociological point of view. Institutional behaviors are influenced by the peer institutions. In this study's context, change in Donor companies affect Grantees strategy.

This study is necessary because it demonstrates ways in which organisations can respond to certain forces. This will be achieved by focusing on how a particular donor funded organization has remained effective by adopting strategies that minimize the negative effect of declining donor funds. This study shows how Farm Concern International has matched its internal capabilities with the external environment and thereby exploiting existing opportunities.

Millions of dollars have been dispensed to Agricultural based NGO's in Kenya for the implementation programmes aimed at curbing poverty through Agriculture. Regardless of that, parts of Kenya still face challenges such as, technological stagnation, climate change effects, increasing food prices among others. In essence, foreign aid seemed to be raising more concerns as opposed to addressing them. This lack of impact has caused many donors to gradually withdraw their support to Agricultural based NGO's. (Jefferson, 2005).

It is from this backdrop that F.C.I developed innovative strategies of how to address the challenge of Agricultural underdevelopment without foreign aid .This study therefore seeks to interrogate various strategies adopted by Farm concern International in response to declining donor funding.

1.1.1. Concept of Strategy

Strategy is a plan of action designed to achieve an overall aim. Organisational strategy entails assessing where an organization is, where it supposed to go, and determining how it will get there. Organisational strategy is important because it provides clear directions, sets priorities right and provides a clear decision making framework amidst changing conditions. It is a game plan used by management to enhance operations, mark out and expand market share and achieve organizational objectives. It is a tool that guides day to day actions and evaluates progress against realistic, quantifiable measures. Strategic response ensures an organization remains relevant to its publics while still achieving their organizational goals. According to the dynamic theory of strategies, (Porter1991), strategic response is a fundamental prerequisite for success of organizations in a dynamic environment.

Most successful organizations have had to adopt different technologies and models to provide relevant products and services to beneficiaries. No organization can retain the required effectiveness levels without constantly responding to environmental changes This is expounded in the change management book. (Grey, 2017). Strategic response entails the timely development and implementation of these technologies and models.

These responses are said to be strategic because they match the internal structure of the organization with the changing environment ensuring that opportunities are maximized and threats are minimized. While at it, monitoring the success rate of the strategic response is also a critical measure to ensure that the response is strategic and not just a spontaneous reaction to environmental changes.

Organizations have to constantly adopt different technologies and models to provide relevant products and services to beneficiaries (Grey, 2017). Strategic response therefore entails the timely development and implementation of these technologies and models. These responses are said to be strategic because they match the internal structure of the organization with the changing environment ensuring that opportunities are maximized and threats are minimized. While at it, monitoring the success rate of the strategic response is also a critical measure to ensure that the response is strategic and not just a spontaneous reaction to environmental changes.

Strategy according to (Aosa, 2013) , entails matching the organizational capabilities with the external environment so as to exploit the existing opportunities. (Existing in the external environment) and minimizing the impact of threats (which emanate from the external environment as well)' Strategy is important because it provides clear directions, sets priorities right and provides a clear decision making framework. Whereas organizations could have clearly laid out procedures towards achieving their long term goals, these procedures could be rendered null and void by some unexpected external or internal forces.

In this regard, organizations should be able to adjust accordingly to the inevitable changes and still be able to exploit opportunities and minimize negative effects of the changes. In the context of this study, adoption of new strategies is critical to the affected organizations because while foreign aid has been deteriorating over the years, the problems / challenges facing smallholder farming in Kenya have remained adamant and as such still require to be solved.

1.1.2. Strategic response to environmental changes

Environmental change is a shift/ disturbance to an otherwise normal state of affairs. These changes are caused by either external or internal forces. Since no organization operates in a vacuum, these changes are inevitable. They ultimately affect the effectiveness of the organisations because the existing structures are likely to lose relevance. (Tsu, 1986) in his book explains how environmental changes are caused by forces. Internal forces emanate from within the organization while external ones are triggered from outside. These forces could either be brought about by social factors, political factors, economic factors, or technological factors. Organizational strategies are meant to make maximum economic sense by matching the environmental changes with the internal resources.

Strategic response according to (Potter 1991) is a fundamental prerequisite for success of organisations in a dynamic environment. This is so because organisations don't operate in a vacuum. Organizations cannot operate without being affected by environmental forces. Strategic response ensures that despite these forces, organization remains relevant to its publics while still achieving their organizational goals.

Organizational adaptation to environmental changes is one of the core functions of management. Lack of appropriate response to these changes could threaten a firm's existence/Survival. A significant body of empirical and theoretical literature has been covered on organizational adaptation to environmental changes. From these studies, the overall conceptual proposition is that organizational restructuring during instances of change is the best way of minimizing threats and maximizing opportunities.

1.1.3. Declining of Resources

One of the major changes in the Agricultural based NGO's sector in Kenya has been the withdrawal of funding by donors due environmental forces that are either internal or external in nature. A World Bank report by (Christensen, 1994) indicated that donors have withdrawn from funding agricultural development projects in Kenya due to factors such as misappropriation of funds, interfering policies, conditional funding and political instability. Over the past few decades, millions of dollars were being dispensed to Agricultural based NGO's in Kenya for the implementation programmes aimed at curbing poverty through Agriculture. Regardless of that, parts of Kenya still faces challenges such as, technological stagnation, climate change effects, increasing food prices among others

This lack of impact has caused many donors to gradually withdraw their support to Agricultural based NGO's. (Jefferson, 2005). Generally, at a Macro level, donors have withdrawn from funding development projects in Kenya. This trend has not only been evident in the health, Education, Security and Technology sectors, but also in the Agricultural front.

The said factors include; misappropriation of funds, project mismanagement, interfering policies, conditional funding, rivalry and competition for financial partnership with other social-sector investments such as health, education and what have you. Decreasing commodity prices and complacency over increasing global food surplus is also another causative factor as illustrated in the World Food Programme reports by. (Christensen, 1994) And (Bank, 2008).

Since most of such organizations have no control over the decline of funding, they have had to either close down or adjust their structures accordingly so as to ensure they remain effective and relevant to their publics. The responses have been crucial as failure to respond strategically could make the organizations waste resources, lose out on market share, loose relevance of existence.

1.1.4. The Agricultural NGO Sector in Kenya

The Agricultural sector is the largest employer in the economy, accounting for 60 per cent of the total employment. Over 80% of the population, especially living in rural areas derives their livelihoods mainly from agricultural related activities. Despite this sector being one of the major economic pillars, the country still contends with food insecurity, adverse climate change effects, and technological inadequacy and what have you .In essence , there was a need to fasttrack the growth of this sector in support of the MDGs.In this regard, the role played by donor agencies in improving agriculture in Kenya is critical. With the help of donor funding, these NGOs are equipped to advance economic growth by disseminating enhanced agricultural practices among farmers.

Despite the humanitarian funding pumped into this sector, the intended beneficiaries still face challenges such as persistent drought, technological stagnation, and sharply increasing prices for staple food among others. More than 30 years of donor funding to Kenya has proven that this indeed is not the most effective tool of poverty reduction in the country and Continent at large. In this light Agricultural NGOs have to thrive through self-sustainable projects that require little or no donor funding in this era of declining funding because there is still a need to continue providing good laws, good regulation, and good judicial process so that Agricultural investors can feel comfortable that the money they invest will yield reasonable returns. Besides that, the question of food security is one that still needs to be addressed by the country.

1.1.5. Farm Concern International

Farm Concern International (FCI) is a highly specialized Agri-Market development agency (NGO); which is focused on creating sustainable rural economic growth in selected parts of Kenya. Their vision is to have commercialized smallholder communities with increased incomes for improved, stabilized and sustainable livelihoods in Africa and beyond. Its main mandate is to empower smallholder farmers through capacity building on proper production and linking them to markets. It develops programs aimed at enhancing development. They also focus on market development; by linking small holder farmers to formal, informal and institutional markets. Projects run by FCI have been funded by donors such a Rockefeller foundation, Bill and Melinda Gates Foundation, World Vision, Africa World life Foundation, United Nations, and other private investors. With this support, FCI has impacted the economic status of more than 5 million smallholder farmers positively.

While the impact of their interventions has been commendable, most of their interventions have only lasted for as long as the funding of the particular projects has. Due to this unsustainability, donors have significantly continued to reduce humanitarian based funding to the organization and are instead interested in profit making ventures.

Despite the decline in funding, there is still a need to continue providing good laws, good regulation, and good judicial process so that investors can feel comfortable that the money they invest will yield a return. In this light, FCI has had to thrive through self- sustainable projects that require little or no donor funding in this era of declining funding. The organization has had to developed strategies that have enabled them to remain relevant and to be able to catalyze Agricultural commercialization among small holder farmers.

1.2. Research problem

Change is inevitable within the organizational environment. According to (Stewart, 2012) on her PHD thesis conducted in the University of Melbourne, organizations do not operate in vacuums. There are forces (Either internal or external) to the organization, which have a direct implication on the performance of the organization. The gap in this study is that it doesn't propose how organisations should respond to these forces. On the same concept of environmental change, the Canadian public health journal on Organizational capabilities (Action, 1999), states that some forces may act in favour of the organization, others may have a negative implication on the organization. This study however doesn't suggest any suitable response to the forces that are very likely to affect the chances of success for the organization negatively.

Drawing from a management guidebook by (Barney, 2011), University of Hatford, on organizational environment, and an Academic Thesis from Australian University by (Mc Klancey 2014) the causes of environmental changes are political, economic or social in nature. These causes could be triggered externally or internally. While these factors are clearly stated in the studies, very little is covered on how organizations must strategically respond to these changes in order to maximize on the opportunities and minimize on the threats that may result from the changes.

Over the past ten years, Farm concern International has received more than 30 million USD to implement projects aimed at poverty eradication through agricultural enterprises. From their quarterly Kenya progress report on sustainable project impact, (F.C.I, 2016), more than 5 million farmers who are beneficiaries of these projects have graduated from subsistence farming to commercialized farming as a result. Most of the developmental projects run by F.C.I were mainly dependent on the donations.

This environmental change has had a negative implication on F.C.I's effectiveness because finances from the donors fueled most operations. The decline in funding led to closure programmes; an effect that coerced the organization to invest in research that informed their decision to develop strategies that kept them relevant. This has been as a result of restructuring their modes of intervention to match with the environmental change. While all the mentioned studies address the causes and effects of environmental changes on agriculture both at local and International level, most of these studies revolves around reasons for the dismal performance of the agricultural projects. The gap in these studies is that there are no proposed strategic responses to the changes.

According to (Beintema and Stads 2006) on Kenyan Agricultural Technology initiative, one of the changes that have characterized the NGO sector in Kenya is the decline of donor funding to Agricultural R&D .The study only illustrates how hard it is for players in this sector to develop infrastructure that wheels growth in. No solution is proposed on suitable responses. Within the concept of environmental changes on organizations ,studies by the Agriculture policy in Kenya (Barnabas, 2016) and (Opiyo 2017) indicate that the performance of donor funded projects has dropped over the past decade from an average of 47% to below 20%.From the study, the declining was due to inadequate infrastructure, low uptake of agricultural technology and over reliance on rainfall fed agriculture. Again, this study only features the forces behind the changes but leaves out the strategic responses by orgnisations to those changes. In the Environmental forces concept, a Kenyan based case study by (Arkin, Funding trends for food security, 2016) reveals that the main reasons for aid decline in Kenya is corruption and policy interference.While this study disusses reasons for dismal project performance, it does not cover possible strategic responses. This study makes a valuable contribution in understanding organizational change, pointing out influential factors, which should inform change effort, and thereby selecting the most appropriate strategies to be applied in organizations facing environmental changes.

This coerced FCI to realign their modes of intervention. This is so because there is still a need for their vision of smallholder commercialization to be achieved. They realigned their mode of intervention by adopting strategies that have enabled the organization to remain relevant and effective even amidst unfavorable environmental changes. What is the strategic response to the environmental change of declining donor funding by Farm concern International?

1.3. Research objectives

The objectives of this study were;

- i. To analyse donor funding patterns at Farm Concern International and the effects of the patterns on operations.
- ii. To understand the strategies adopted by F.C.I in response to the declining donor funding.

1.4 Value of the study

The findings of this study may add value to policy makers, practitioners and researches. For policy makers, there is a growing need for right structures with regards to agricultural development. From the findings of this study, policy developers like the Ministry of Agriculture and other Government parastatals will be informed on relevant policy development and governance issues that can graduate subsistence farming into profitable enterprises. Apart from government, other agricultural oriented N.G.Os may also be advised on the possible developmental programs to run. Upscaling existing projects to more viable enterprises would be something they would get insight on from this study. This would be achievable by adopting some of the strategies presented in this study thereby harnessing development.

On the practice front, the findings and recommendations of this study may go a long way in adding value to the contribution of various practitioners. Practitioners in this case include farmers, agro input dealers, local and international traders etc. By gauging the practicability of the strategies discussed in this study, potential investors may be advised on viable areas of partnership with agricultural oriented organizations as well as with small holder farmers.

Secondly, more than 50 percent of Kenyan farmers (who mainly farm for subsistence purposes) will get insight from the findings of this study of how to graduate to commercialized farming without relying on handouts. They may make well informed investments that may catalyze the growth and stability of the agricultural sector. The study may also shed light to them on how best to partner with organizations for the purpose of business growth,

Finally, this research increases the theoretical value of studies around strategic responses. It largely contributes to the Resource Dependency theory and the New Institutionalism theory. Besides that, it creates a gap for future researchers to further study the possible innovations, which can solve in totality dependence on foreign aid as well as strategies that can be adopted to enhance upscaling subsistence farming to commercial farming in developing countries.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

Literature review is a critical analysis of available published sources which are relevant to a study's concept. Essentially it is the review of past research or works, which have been carried out in the field with a view of addressing the research problem at hand. This review encompasses the assessment of all sources of information or data that relates to the topic and is not confined exclusively to academic publications. In this study, published sources are going to be used for providing up to date understanding of the subject in question.

It will also be useful for basing arguments/building cases, providing summaries, making comparisons and evaluations of issues discussed with regards to context. Areas of studied literature that took center stage in this chapter include the literature that focus on strategic response to environmental change. At a micro level, literature on causes of declining donor funding, effects of declining donor funding as well as strategies adopted by NGO's in response to declining donor funding will be reviewed.

2.2 Theoretical foundations

A number of theories have been developed around the concept of strategic responses to environmental change. In this section, the theories upon which this study will be based on shall be reviewed in light of both the concept and context. That will be achieved by critically studying the theories and finding their relevance to the research question. The theoretic foundation of this study will enrich the research by providing objective guidance and also by helping to explain and predict some phenomena. It will allow for the transition from simple phenomenon description to generalizing various aspects of the phenomenon.

The strategic responses adopted by organizations in response to environmental changes have their bearing on a number of theories. These theories focus on illustrating how external forces have an effect on the competitive strategy of organizations. With respect to Farm Concern International, their response to declining donor funding is based on the Resource Dependence theory and the New Institutionalism theory as discussed below;

2.2.1 Resource dependence theory

This study contributes to the Resource dependence theory which is credited to (Pfeffer, 1978) The theory illustrates how an organization's external resources affect the behavior of the organization. External resources are a crucial aspect of an organization's performance and must therefore be factored in while developing the organization's strategy. The external resources in this context include and are not limited to Capital, Expertise and Operational Infrastructure.

The general arguments of this theory are that; Organisations depend on resources that mainly originate from its environment. The environment in this case comprises of other organizations. This implies that 'The 'power' of an organization to thrive could be in the hands of another organization. This dependency could be mutual, Relational or situational. Organisations must be keen on understanding the external resources they require and their most suitable substitutes in the case of unavailability. While doing so, they must ensure that their strategies conform to the strategies of the organizations that supply them with various resources. This kind of coordination will ensure timeliness, cost effectiveness, quality control. When such aspects are in place, then the long term objectives of client satisfaction will be met from by both organizations.

In relation to this study, FCI's operations were fully dependent on funding from Charitable Organisations and the decline in funding caused a major setback to the journey toward achieving its vision of commercializing small holder farming. As a result, the organization developed strategies that would enable it function by depending on alternative external resources as opposed to depending on donor funding exclusively.

2.2.2 New institutionalism theory

This theory focuses on establishing a sociological view of institutions. It explains how institutions change behavior within a given context. The theory states that organizations to survive must comply with the rules belief systems prevailing in the environment. The pressure from the belief systems and rules of Peer Organisations, Government, Investors, Donors and Customers fundamentally influences the organization's strategy. Institutions operate in an open environment comprising of other institutions. (DiMaggio, New Institutionalism, 1991). NGO'S for instance operate within the Charity/Donor Institutions. For Organisations to survive and remain relevant in their environment, their focus must not only be to succeed economically but also to gain legitimacy within their world of institution.

An example of how this theory applies is when a policy passed by the government affects the behavior of organizations operating within the government space is left with no option apart from re aligning their structures to match the external environment in a such a way that their effectiveness is not interfered with by the environmental changes. Relating to this study, the belief systems of key players (Donor funding Institutions) was changed.

Donor interest have since shifted from that of giving handouts to that of investing for returns. Their targeted audiences (Smallholder farmers) also gradually changed attitude from that of “beggars” to that of ‘Entrepreneurs’. Farm concern International’s operations were disrupted by the emerging trend and they had to adopt a strategy that ensure that they still meet their long-term goals while still conforming to the environmental belief system.

2.3 Organizations and the Environment

Organisations do not operate in vacuums. There are forces (either internal or external to the organization) that have a direct implication on the performance of the organization. An Organisations can only yield advantage in a changing environment through its alignment of competences and resources to meet the needs of its public and to fulfill stakeholders’ expectation. The oxford dictionary defines it as ‘The art of planning and directing overall operations with the intent of achieving long term goals or an overall aim’.

Response to environmental changes is a management function, which is critical to organizations because it ensures that despite the environmental forces, all activities conducted by an organization are objective and significant to its goals. The central thrust of an organization’s strategy is to undertake moves that build and strengthen the company’s long-term competitive advantage. To this end, they must respond to these changes in such a way that they maximize on the opportunities and minimize on threats that may come with the changes.Strategy is the game plan used by management to enhance operations, mark out and expand market share and achieve organizational objectives. (Porter, Competitive strategy, 1998) .

Strategy is a tool that guides day to day actions and evaluates progress against realistic, quantifiable measures, Organizational Strategy evolves over time as per environmental forces call. This evolution could be proactive (purposeful actions guided by top management for improvement). In his book Blue Ocean, Prof (W.Chan, 2004) argues that the performance of an organization has a direct attribution to the type of strategy they have as well as the proficiency with which the strategy is implemented. Organisational strategies must therefore respond to expected or unexpected environmental changes in the most appropriate way. An important aspect of strategy is monitoring the implementation of the strategy to ensure it achieves its intended purpose.

2.4 Strategic responses to Environmental changes by organizations

According to (Bolton, 2016), in his book, The dark and twisted side, one of the changes in the NGO environment over the past few years has been the decline of funding from the donors. This has been so because more than 50 years of donor funding to Africa has proven that this indeed is not the most effective tool of poverty reduction in the continent. Despite the millions pumped into the Agricultural sector, Africa still face challenges such as persistent drought, technological stagnation, and sharply increasing prices for staple food among others. Many agricultural organisations have had to adopt strategies that enable them to continue with their operations. As developmental projects began closing, one of the leading challenges faced by the farmers was lack of finance to sustain commercial production. Most NGOs turned to starting table banking initiative for farmers to enable them to sustain their enterprises with or without foreign aid.

According to a report by (Finster, 2014) while in itself is not a means to an end, access to financial services is fundamental to providing capital for farm investment in productivity, improve post-harvest management, effective household management, enhance market access and generally manage risks in a better way. Access to finance can also play a role in managing climate change and thereby contributing to food security in the long term. Access to a comprehensive range of financial service is a major setback for smallholder farmers who constitute the majority of the farmers in developing countries. Secondly, incorporating the private sector in agricultural research and development-The evolution of donor aid for agricultural development indicates various critical patterns. These are finding of a report by World Food Programme (Kin, 2012).

First, priorities for donors are dynamic; they keep changing. The circle of donors who partner with common areas of research like improvement for productivity has grown to wider circles of donors who support much more complex courses such as improvement of public policies, natural resource conservation, climate change adaptation, Agribusiness development etc. According to (Naseem, 2007) however, it is important to consider whether these dynamics have been accompanied by improved coordination among the partners/donors to make it possible for them to tackle matters in a more integrated manner. Donors are more interested in supporting growth of the involvement of the private sector in the agricultural front of developing countries. Secondly, management replacement; A number of organisations has had to re shuffle their management in the interest of engaging different managerial skills that will enable the organization achieve results even in a changing environment. Re-shuffling the top management team is a critical catalyst of internal change process. Existing managers may resist change management strategies.

This is mainly the case because either they may feel restrained budget wise or they simply do not understand the need for change. (Parker, 1997). Finally, benchmarking smallholder farmers with commercialized farmers; Referring to the devex annual report (Polo, 2015). on Food security. The gap between the commercialized farmers and smallholder farmers is largely brought about by ignorance. In this light, some NGOs linked these two categories for Agricultural mentorship. While they learn from the commercialized farmers, the large-scale farmers also got an opportunity to trade some of their products e.g. farm manure, newly hatched chicks, tree seedling etc. This relationship was symbiotic in the sense that both parties get to benefit from the interactions.

2.5 Empirical studies and research gaps

Various studies have been conducted with regards to the dynamics of the environment in the Agricultural NGO sector. An academic research within the Environmental changes concept conducted in the University of Nairobi (Okoth, 2016) with the case of East African breweries sheds light on how organizations can remain highly competitive even within an unfavorably changing environment. While this study illustrates the potential ‘unfavorable’ forces in that industry such as, mismanagement and changing consumer preference, the study does not cover the effects of these forces on the organization and neither does it

A survey conducted by National Agricultural systems within the Environmental forces concept (Munyau C. , 2015) indicates that NGOs in Kenya have faced operational hitches because donor dependence was particularly high in nations where food security is low. The gap in this study was that the scholar only focused on changes brought about by these forces but doesn’t recommend any strategies that can be adopted to manage the changes.

The findings from an MBA research thesis (Muthumi 2011) Belgium University indicate that approximately 45% of government revenue is derived from agriculture and the sector contributes over 75% of industrial raw materials and more than 50% of the export earnings. The challenge of food insecurity, technological stagnation, and increasing prices for staple food increased. This study only seeks to fill in the gap of knowledge regarding the actual strategies adopted by Agricultural Organizations in a bid to harness development without aid. While the study illustrates the effects brought about by environmental changes, it does not propose the possible strategic responses that can be adopted in that regard.

On the International front, much has been covered on factors which trigger environmental changes. Drawing from an annual report by (Swaim, 2011) (Kotter, 2008) on global emerging trends, the reduction of funding to NGOs has been a reaction to external & internal pressure. Such include, competition, mismanagement, changing government regulations, shareholders, financial markets, and what have you. To this effect, donors have continued to withdraw funding overtime. In October 2015 for instance, there was an announcement by World Bank President Jim Yong Kim of a 400 million USD reduction in the annual cost directed at Charity to Agricultural research and development for a period of three years. This has paused as a challenge because of food insecurity, technological stagnation, and increasing prices for staple food was observed to skyrocket during this period. Despite the clear indication that the sector required support, the donors remained concerned by the unreliability of the funds custodians and the fact that there was a need was overshadowed by the environmental changes. This study's research gap is that it only focuses on factors that trigger environmental changes but does not attempt to discuss strategic response to this effect.

While studies have been conducted on why aid to NGOs has been declining (Greth, 2013), little has been covered on responsive strategies to this change. Much has been covered reasons for dismal project performance but no substantial studies have been conducted on strategies can be adopted to commercialize agriculture without donor funding. This study set out to bridge the gap by providing reliable information about the various strategies that have been adopted in response to the declining funding in a bid to harness development in the agricultural sector.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

A research methodology is meant to direct the researcher in the process of collecting, analyzing and the collected data. It is essentially planned and scientific. In this chapter, the research design, methods of data collection methods and data analysis and presentation techniques to be used in this study will be discussed. The methodology selected for this study was mainly informed by the research design. Besides that, factors such as cost effectiveness, time management, availability of relevant information have also informed the decision for the methodology.

Much consultation has been done from the academic guidelines provided by the University of Nairobi to ensure that this study is conducted in an appropriate manner. The research methodology offered guidance on how the description, explanation and prediction of phenomena was done in this study. This thereby provides a systematic way in which data was decoded into information that is relevant and in line with the research objectives and the research question.

3.2 Research Design

This research took the form of a case study. The research design was therefore a case study. According to (Yin, 2009) a case study is an empirical examination which investigates a recent/present day phenomenon in depth and within its real-life context. According to Mugenda and Mugenda, (2003), a case study is an attempt to collect data from a member of a population in order to determine the current status of that population with respect to one or more variables. The design aims at collecting information from the most appropriate representative as far as the research is concerned.

This design was best fit for this study because the objectives herein were to tackle the question of strategies adopted by organizations in response to environmental change with respect to Farm Concern International. This design was useful in obtaining information that regards the current status of donor funding to projects run by Farm concern International and to describe what strategies have been adopted with respect to the variables or conditions.

A case study best suited this study because it gives a holistic review and thereby establishing a platform which enables exploration of factors influencing the study. To obtain information with regards to declining donor funding at Farm Concern International and the strategies adopted thereof, technical information was shared by the Strategy and Innovations Associate Director and the Senior programs Manager at Farm Concern International. These two represented the organization sufficiently in addressing address the research questions. This was so because they are directly involved in assessing the business environment of Farm Concern International and formulating strategies accordingly.

3.3 Data collection

The procedure for data collection was through interviews. The respondents were the Strategy and Innovations associate director and the senior programmes manager at Farm concern International. These respondents are most appropriate for data generation in this study because they are directly involved with scanning the organisations environment, developing of strategies as well as monitoring and evaluating the effectiveness of the strategic responses. This method was the most appropriate for this study because only objective information was collected and the results could easily be analyzed and quantified.

An interview guide was utilized to collect data. Most questions were open ended and qualitative in nature. The right question structure was optimized response rate. This allowed for unbiased feedback by the respondent. The method was time saving and was financially economic. Sufficient information around the research question was collected. In-depth analysis of the data was eased by the fact that detailed questions were asked during the interviews.

Besides the interviews, existing documents and records were used. Data bases, annual reports, meeting minutes and press briefs from Farm Concern International were consulted for some information. These records were reliable and easily available for the research .These guidelines have been largely adopted from an article from the University of Minnesota. (Minesota, 2007) With this technique, the data collection plan was carefully structured and formulated with precision.

3.4 Data analysis

Content analysis was used to decode the data into relevant information. This was done through systematic observation of texts with the intention of depicting meaningful patterns. In this study, valid inferences were made by interpretation and systematic evaluation of data. The process begun upon collection of data and finished at the point of data processing and interpretation. (Schindler, 2006). Upon receiving the questionnaires, they were edited, cleaned, coded and data entered for the analysis.

This method was best suited for the study because it allowed for direct interaction with the data collected and thereby give the central aspect of the phenomena in question. Apart from giving room for both qualitative and quantitative operations, this method was reliable and straight forward in relaying the findings pertaining the strategic responses to environmental changes with respect to Farm Concern International.

Analysis revolved around the impressing and interpretation of the researcher. Participants also played an active role in identifying key thematic areas emerging from the data. The data being mainly descriptive, the results were presented in form of evaluation report, quotes from participants, frequency tables and a thesis or dissertation. (Dillard, 2004; Achola, 1988).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

This chapter presents the data that was found on strategic response to the environmental change of declining donor funding by Farm Concern International. Findings from open-ended questions were presented in prose as shown in subsequent sections.

4.2 Respondents Profile

The two respondents were male and their position in the organization were strategy and innovations associate director and the senior programmes manager at Farm concern International. Their role in the organization was to ensure development of strategies that could propel the organization forward and increase its efficiency and productivity. Majority of respondents had worked for the organization for more than two years and had worked in more than one division. This provided the requisite threshold for researcher to gather reliable information concerning Farm Concern International

4.3. Declining trends of Donor Funding to FCI projects

Farm Concern International (FCI), is an Africa-wide market development agency whose work is focused on the commercialization of smallholder farmers through developing market led production systems that are continuously informed by the market needs and demands. The organization develops pro-poor business and marketing models that enhance economic growth among the smallholder farmers in Africa. Market development initiatives and interventions are benchmarked to private sector market development approaches with an aim of enhancing the competitiveness of the smallholder farmers in the market place and improving sustainability and profitability of farming enterprises in Africa.

FCI supports smallholder farmers and poor communities under its successful small holder farmer marketing interventions which are implemented through the Commercial Villages Model (CVM) in Sub-Saharan Africa.. These models encompass other areas of the smallholder farmers' lives that affect their livelihoods and optimizing the opportunities available in the agro business sector (Farm Concern International: Communication team, 2013).

Since inception, the organization has grown in all aspects into an African organization with operation and programmatic interventions in 12 African countries namely: Burundi, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Sudan, Tanzania, Malawi, Mozambique, Rwanda, Uganda and Zambia. As FCI turns a decade old it is celebrating years of market development and innovations for smallholder farmers across Africa (Farm Concern International: Communication team, 2013).

4.3.1 KAVES (Kenya Agricultural Value Chain Enterprises).

According to the respondents the KAVES project (Kenya Agricultural Value Chain Enterprises) project was aimed at providing market development and business development solutions to traders and targeting smallholder farmers operating within the USAID designated focus Counties to increase the volume of production and traffic of trade of selected commodities marketed through existing trading routes, bulking centers or other aggregators of commodities for domestic markets. According to the respondents Kenya Agricultural Value Chain Enterprises project was funded by the USAID with an aim of increasing trade traffic involving smallholders and other actors along the value chain, thereby improving nutrition and ultimately enhancing food security.

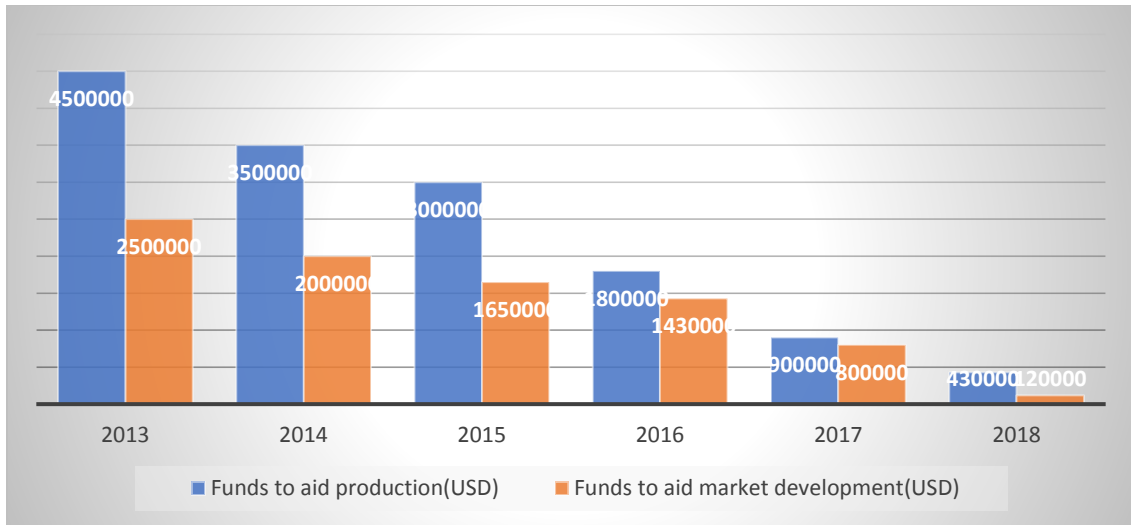
4.3.2 DoHoMa,(Domestic Horticultural Markets)

According to the respondents DOHOMA project was funded by the Bill and Melinda Gates foundation and its main objective was to make interventions that rectify specific constraints and inefficiencies in the production, processing and marketing of leafy vegetables and tubers within the targeted regions.

The respondents stated that Smallholder farmers possess few physical and natural resources such as access to land, inputs, water or irrigation systems; often they possess very little technical skills and low managerial capacity. Their access to commercial markets are also very controlled and manipulated. Accessing inputs, finance and credit services is also an uphill task to most of these farmers. These constraints pose a huge challenge for them to ably participate in commercial value chains and when they do participate, high transaction costs are often involved due to the small and dispersed nature of their farming enterprises.

4.3.3 Donor Funding patterns to FCI projects

The respondents were requested to describe the declining trends in donor funding to FCI projects in the past five years. According to the respondents the funding to the organization has been reducing over the past decade. Despite successful completion of projects and transparency in grant management, most of their partners expressed no interest in project extension. Their efforts to bid for funding from both existing and potential donors have bore little or no fruits. The general trend denoted from the study with regards to funding trends to Farm Concern international is that there has been a significant downward trend in funds from donors. To quantify this feedback, the strategy and innovations director shared the data below from the organization's repository.



This trend according to the senior programmes manager is largely attributed to the fact that donors felt that the projects were fully dependent on aid and that there was a need to develop and demonstrate sustainability before any further support is advanced. Their concern was that the funding seemed to be creating more dependability amongst the smallholder farmers as opposed to building their long-term capacity.

4.3.4. Effects of the decline on the project project

The respondents were requested to indicate how declining trends in donor funding affected the productivity of Farm Concern International. According to the respondents the organization's productivity has been affected by the trend in various ways. Since all the operations were fueled by the funding, the organization has experienced challenges in being able to foot fundamental bills. The most challenging one as eluded by the senior programmes manager was that of paying staff salaries. This led to a high turnover rate. The loss of human resources involved in both the administrative part and actual project implementation meant that there work to be done was either done substandard or was not done at all.

The respondents further stated that before the change in the external environment, the organizations projects were designed to empower smallholder farmers through providing quality inputs, capacity building on proper production. The organization also focused on market development; by linking small holder farmers to formal, informal and institutional markets. The decline of funding led to scope revision by omitting aspects such as provision of quality input to farmers at subsidized or no cost. Training farmers at no cost also became expensive and thus this part of the scope was also scraped off as a result. Some of the issues that were being addressed by the projects required consistency in implementation and not the one-time approach. The trainings on best farming practices for instance required that the farmers are taken through the practical curriculum in completion. The withdrawal of funds meant that the organization had to stop the training midway due to the high costs involved in theoretic and practical trainings and thus leaving the farmers with limited knowledge of best practices.

This inconsistency in training led to many farmers retiring back to their traditional farming methods. The middlemen menace in the markets also recurred due to lack of follow up as well as poor marketing coordination amongst the farmers. The respondents further indicated that the reduced funds meant that the organization was constrained on the geographical coverage. As a result, they had a macro and micro effect in the sense that they could only work with very few farmers in a region and they also had to withdraw implementation from a number of countries. The ultimate result of this is that FCI started to loose relevance to it's publics. The organization's goals began being unattainable due to their inability to conduct the project activities that were designed to lead them towards their long-term objectives.

The table below shows the outreach scope comparison with funding and without funding.

Country	Number of farmers impacted before	Number of farmers impacted after
Kenya	150,000	60,000
Uganda	200,000	75,000
Tanzania	369,000	83,000
Malawi	50,000	0
Rwanda	90,000	0
Ethiopia	160,000	0

4.4. Strategic responses to declining funding

The respondents were requested to indicate the strategies they undertook in their projects' context to ensure sustainability of development. According to the respondents the following strategies were adopted to ensure that the organization remained relevant to its various publics.

4.4.1 Initiating partnerships between beneficiaries and Financial institutions

The organization embarked on initiating partnerships between beneficiaries (Farmers) and financial institutions for capital financing so as to ensure lessened dependability on aid, reduction of internal operation costs such as downsizing, cost prioritization and what have you. The institutions included banks, Micro financial institutions and Sacco's .The partnerships entailed farmers accessing loans inform of farm inputs and trades accessing loans in form of aggregated produce for sale.

Farm Concern International's role was to conduct trainings on the farmers on matters capital financing as well as rounding up as guarantors for the well-established farmer groups. As the farmers and traders took up the initiative to farm commercially, not only were they able to service their loans and grow their enterprises, FCI also got to earn some percentage interest from the financial institutions involved.

4.4.2 Initiating collective action among beneficiaries

Another strategy was initiating independent village based collective action among beneficiaries for increased bargaining power such as collective production schedules, collective input purchase collective marketing (Bulking), collective farm to market logistics, collective savings. These localized partnerships have been defined as voluntary and collaborative engagements between different actors in the projects. which have an institutionalized structure that strives for project sustainability post funding. Through resource pooling, beneficiaries get competitive advantages in terms of cost reduction and project ownership while FCI makes money through leasing of bulking centers, Trucks for trade and Leasing production land to the farmer groups.

4.4.3 Commercialization of some interventions

Finally, Farm Concern international opted to commercialize some of the services that they were initially offering at no cost. Interventions such as provision of certain inputs for smallholder farmers, Farm gate delivery of inputs, Conducting farmer capacity building (Trainings on production best practices and marketing skills) which were initially offered on the donors' bill had to be done at a fee. Although this move was initially rejected by the community, the need for quality inputs probed them to buy into the idea.

Farm Concern achieved this by working closely with input dealers who sold them the inputs at distributor prices. Formal markets such as supermarkets and export markets were also able to give orders to FCI which in turn took the initiative of handling logistical and technical work involved for the farmers at a cost the Since they had a reasonable pool of farmers, the organization was able to sustain this intervention while still making money from it.

4.4.4.Strategy Implementation and Adoption process

According to the respondents the implementation process entailed the scanning of the environment for baseline analysis, formulation of strategic plans in collaboration with all the stakeholders, implementation and iterative control. As the development of the new strategic plan was underway, the organization's structures were also being changed to align with the new strategic direction. It was noted that the overall objectives of the organization that were initially crafted at the inception of the organization needed to be reviewed regularly to reflect the adjusted positioning of the organization which was now largely commercial. Strategic sensitization of the beneficiaries about the changes was a paramount part of ensuring that the strategies were adopted and successfully so.

The respondents further stated that FCI worked closely with the Ministry of Agriculture whose goal is to improve the livelihood of Kenyans and to ensure food security through creation of an enabling production environment and enhancing sustainable natural resource management. It is envisioned that these projects will contribute to this strategy and raise incomes of rural households. It was largely agreeable that development and adoption of strategic management practices was a venture the top management was keep on enhancing.

Respondents noted that although most of the stakeholders were in agreement with the proposed strategies, the changes needed to be communicated clearly to all Farm Concern International offices so as to ensure well informed adoption and implementation of the strategies by all staff. This resulted into different countries showcasing different understanding of the vision and mission statements. Trainings had to be conducted by the new stakeholders for the purpose of technical knowledge dissemination in the new areas.

Respondents stated that with the formalization of the latest strategy document, plans exist on communication of and capacity build staff across all staffs in all offices. Respondents noted that organizational goals 'reformulation' was an essential aspect of the current strategy document. Top management held a two-week workshop where the new direction of the organizations was clearly communicated and documented. The organization's strategic pillars were issued realistic timelines within which they would be accomplished and implemented.

Respondents stated that realistic scheduling was critical in ensuring success phases were easily identifiable and outcomes are easily measurable. The budgets and logical frameworks were the aspects that were still at formative stages during the period of the study. Respondents suggested that was the most difficult stage of strategy formulation. For purely donor dependent organizations, it was not easy to establish how best to self-generate income enough to sustain operations during the strategy take off and implementation period. This being the case, logical workplans and budgets were very speculative and lack objectivity with the proposed projections being very realistic on the ground were concerned. Development of framework of evaluation and monitoring were listed as other critical aspects in strategy documents.

Respondents speculated that iterative monitoring and evaluation of the implementation process ensures that strategy is rolled out within the required scope and schedules. It was noted that the result assessment component detailed more on how the new commercialized projects would be evaluated and monitored but not the manner in which the overall long-term strategy would be evaluated. The respondents therefore highlighted that an assessment would be done to ensure an all-rounded strategy evaluation is developed.

4.4.5. Effectiveness of the Implemented Strategies

The respondents were requested to indicate the effectiveness of the implemented strategies by comparing the outcome of funded projects with that of newly adopted strategies. Overall, there was a general consensus that during the initial stages, the new strategies were not as effective to the beneficiaries. According to the respondents the effectiveness of the strategies was dependent on critical aspects such as; implementation logical frameworks, budgets, project implementers, implementation schedules, capacity building and employees and the result measurement systems. As donor dependent establishments, respondents indicated that it was very difficult to implement new projects as compared to the old ones because the demands of the new stakeholders such as input dealers and traders significantly varied from those of donors.

While donors would expect FCI to follow a given route in as far as strategy implementation is concerned, a competing stakeholder in the new dispensation such as traders would be need it to be carried out in a varied approach. In the eventuality that these partners prefer varied approaches then the implementation of the strategies becomes difficult to nail. The respondents indicated that the contradicting expectations from donors and other stakeholders were the main contributors the slow adoption of the new strategies.

One of the other critical considerations that was pointed out as far as adoption and effectiveness of the new strategies was concerned is Globalization management. They illustrated that FCI has grown into various countries within Africa. The strategy implementation contexts varied from country to country. Therefore, the high level strategic plans required to be achieved by country defined strategic plans was to ensure no stones were left unturned in each country. This would ensure that the cultures within specific countries are factored in.

This would also ensure that certain government and legal conditions within the various countries were put factored in. In order to enhance sustainability of the new strategies, the respondents made the recommendations that; The take off point was to be chattering of the strategy document with the inclusion of critical stakeholders. The document should then be summarized into briefs that are shared for internalization and understanding among stakeholders and staff. The requirements of the new stakeholders are very critical in this process. There should be deliberate inclusion of all the implementers during planning to catalyze buy in of the new strategies.

The respondents highlighted that despite the hitches, FCI is further expected to increase the volume of production of selected commodities through the existing trading routes, collection centers or other aggregators of commodities for both the domestic and export markets to the document being crafted entirely at regional office. The other positive outcome of the new strategies is that farmers and traders were able to own the initiatives and to carry out their activities with more seriousness since there were cost implications involved. By and large there was a increase in production and income for the farmers who adopted the new strategies with seriousness.

4.5. Discussion of Findings

The study found that the projects that have been implemented by FCI. included DoHoMa, (Domestic Horticultural Markets) and KAVES (Kenya Agricultural Value Chain Enterprises). The main focus of these projects was to enhance production and marketing of commodities by smallholder farmers in targeted regions. The table below gives an overview of the projects implemented by FCI.

Project	Partner/Donor	Funds	Region	Value chains
		extended		
DoHoMa	Bill & Melinda Gates Foundation	3500000USD	Kenya, Uganda, Tanzania, Ethiopia	Dairy, Leafy vegetables and Tubers
KAVES	USAID	2500000	Kenya, Malawi, Tanzania	Fruits, Cereals
Kenya Agricultural Value Chain Ent.		USD		

In addition, the study found that the projects were initially donor funded but there has been a declining trend in funding. Despite successful completion of projects and transparency in grant management, most of their partners expressed no interest in project extension. The findings concur with a study by Swaim, (2011) who stated that on global emerging trends, the reduction of funding to NGOs has been a reaction to external & internal pressure.

Such include, competition, mismanagement, changing government regulations, shareholders, financial markets, and what have you. To this effect, donors have continued to withdraw funding overtime. In October 2015 for instance, there was an announcement by World Bank President Jim Yong Kim of a 400 million USD reduction in the annual cost directed at Charity to Agricultural research and development for a period of three years.

The study found that the organization's productivity has been affected by the trend in various ways. Since all the operations were fueled by the funding, the organization has experienced challenges in being able to foot fundamental bills. The most challenging one as eluded by the senior programmes manager was that of paying staff salaries. This led to a high turnover rate. These opinions were summarized by (Opiayo, 2009) findings. He contended that unless the challenges of implementing strategic plans are properly conceptualized, it is possible that strategic thinking in noncommercial state corporations would be hampered. The loss of human resources involved in both the administrative part and actual project implementation meant that there work to be done was either done substandard or was not done at all. These concurred with (Mutisya, 2013) findings that there are challenges emanating from both within the organization and from outside. Those challenges emanating from without the organization impacted more seriously on strategy implementation.

The study found that the implemented strategies at FCI included the scanning of the environment for purposes of getting a clear baseline status, development of strategic plans, as well as regular monitoring and evaluation. Much as the previous strategic plan had taken effect on both the communities and organization, there was a pressing need to change the overall organization objectives at large.

Johnson and Scholes (1999) refer environmental scanning as comprehending the strategic placement of the organization with respect to its external environment, internal competencies and/or resources, and the interest as well as possible impact of stakeholders. It was largely agreeable that these changes were occasioned by weaknesses and threats thereby resulting into programs-based- risk management strategies. These strategies involved formulating game plans that would merge the organization's strategic direction with that of potential investors and other stakeholders involved.

The study also found that the effectiveness of the strategies was dependent on critical components including; Project scope management, Logical frameworks/ plans,budgets, Schedules/timelines, capacity development of staff/stakeholders project control. As donor dependent organization, respondents pointed out that it was extremely challenging to implement new projects as compared to new ones as is because donors' demands were as many and as varied as the various projects implemented by the organization. Pearce and (Robinson, 1991) pointed out nine critical areas of strategic management process.

In addition the study established that the various strategies included initiating partnerships between beneficiaries (Farmers) and financial institutions for capital financing so as to ensure lessened dependability on aid, reduction of internal operation costs such as downsizing, cost prioritization etc, initiating independent village based collective action among farmers for increased bargaining power such as collective production, input purchase and marketing (Bulking) and table baking. This collective action advantage has been discussed by (Tomlin, 2013) in his research on the collective action bargain strategy. The study illustrates how collective action is a remedy to most smallholders attempting to commercialize their farming.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter summary of the findings from the study, the conclusions made from the research, the limitations of the study, recommendations as well as some suggestions for further study were made. This was as a result of careful consideration of the findings made in the research.

5.2 Summary of Findings

The study aimed at analyzing donor funding trends to Farm Concern International and the effects of the trend thereof. It also aims at understanding the strategies adopted by the organization in response to the environmental change of declining donor funding.

5.2.1 To analyze donor funding patterns at Farm Concern International and the effects of the patterns on operations.

On funding patterns and effects thereof, the study found that the declining trends in donor funding to FCI projects in the past five years. The study established that the funding to the organization has been reducing over the past decade. Despite successful completion of projects and transparency in grant management, most of their partners expressed no interest in project extension.

The study found that the organization's productivity has been affected by the trend in various ways. Since all the operations were fueled by the funding, the organization has experienced challenges in being able to foot fundamental bills. The most challenging one as eluded by the senior programmes manager was that of paying staff salaries. This lead to a high turnover rate.

5.2.2 To understand the strategies adopted by F.C.I in response to the declining donor funding.

The study established that the various strategies included initiating partnerships between beneficiaries and financial institutions for capital financing. While this strategy lessened dependability on aid, it also increased project ownership by beneficiaries who now had a cost implication attached to every facility. As this was achieved, the organization managed the partnership by acting as guarantors while earning some interest in the process.

Another strategy that was adopted is initiating independent village based collective action among farmers for increased bargaining power such as collective production schedules, collective input purchase collective marketing (Bulking), collective farm to market logistics and collective savings. This strategy went a long way in ensuring that the beneficiaries got competitive advantages in terms of cost reduction and project ownership while FCI makes money through leveraging on offering logistical and technical services such as rounding up as guarantors, commodity transports as well as trade coordinators.

The final strategy that was adopted in response to declining donor funding was that of and commercializing interventions which were initially offered at no charges due to the cushioning by donor funding. The said interventions included provision of certain inputs for smallholder farmers, Farm gate delivery of inputs, Conducting farmer capacity building (trainings on production best practices, marketing skills etc.) Since there was a need to sustain these interventions, the only way that the organization would have been able to keep offering those services sustainably was by introducing a charge of service to the beneficiaries upon the environmental change discussed in this study. This way, operational costs were met with ease.

5.3 Conclusion

The conclusion of the study is that the environmental shift of declining funding to Farm Concern International had a negative implication on their attempts to commercialize stallholder farming. The study demonstrated that the smallholder farmer commercialization projects that have been implemented by FCI were initially donor funded. These projects are the Kenya Agricultural Value Chain Enterprises (KAVES) and Domestic Horticultural markets (DoHoMa). It was however noted that there has been a declining trend in donor funding to FCI projects in the past five years.

This shift called for timely and strategic realignment of their strategies since the organization was mutating from nonprofit making one to a commercial one. Much of their approaches had to be amended to match the new strategies. The study found that the strategy implementation approach at FCI included the analyzing the environment (For the purpose of understanding the business gap that could be filled by the new interventions), developing logical frameworks and continuous progress monitoring and evaluation. Through the environment scanning mechanisms the progress had to be monitored iteratively to ensure they remained relevant within their environment.

The uptake of the strategies was slow at formative stages due to factors such as lack of well-coordinated communication with the stakeholders and beneficiaries. Implementing staff were also resistant to the drastic change of approach and many opted out as a result. The beneficiaries of the projects did not buy in the new strategies initially but they gradually took it up since they still needed to commercialize their farming.

The study also found that the success rate of the strategies was dependent on the following crucial aspects; The Logical frameworks/ plans, Budgetary Management, Competent staff, Realistic schedules, Inclusion of relevant stakeholders and results evaluation systems. As donor dependent organization, respondents pointed out that it was extremely challenging to implement new projects as compared to new ones as is because donors' demands were as many and as varied as the various projects implemented by the organization.

5.4 Recommendations

Based on the findings the following recommendations were made: Despite successful completion of projects and transparency in grant management, most of their partners expressed no interest in project extension. From this and other trends, it is evident that efforts to bid for funding from both existing and potential donors is likely to bear little or no fruits. This therefore calls to all the NGOs and other aid soliciting bodies to change strategies from that of being funded on humanitarian grounds to that of developing business development ventures/models with the communities in need of financial growth. Business is one of the surest ways to attain economic growth.

Lawmakers should develop policies that would trigger the interest of potential developmental partners to form business alliances with former donor funded organizations. Strategic. This will go a long way in creating business opportunities with the ultimate outcome of sustainable poverty eradication. Much as there is a general understanding strategic management practice among FCI staff, there is need to enhance the understanding of strategic management process in detail, especially among the strategy implementers. This will ensure that strategy development is inclusive of proposed risk management measures..

5.5 Limitations of the Study

The study was conducted within budget and schedule constraints. Adequate time was needed to book and carry out interviews with the selected respondents. The researcher also faced financial constraints. Funds were required to cater for communication costs, travelling costs, stationery, and other incidental costs related to project. For effective analysis of strategic management practice, there is need for at least a complete cycle of strategy development. Since the concept of Strategy change is still a new one at FCI, it was not possible to satisfactorily assess other practices beyond strategy formulation. The study was also limited in the data collection since the key informants were not willing to share all the information required at first attempt.

5.6.Suggestions for Further Research

Farm concern International is just about to roll out a ten year; 2014-2024 strategic plan. A repeat study on strategic management practices within the organization should be conducted after a reasonable period (About 5 years)of actually implementing the new strategies. This would go a long way in ensuring thorough and all rounded analysis of the four major components of strategy development including environmental scanning, strategy formulation, strategy implementation and strategy monitoring, evaluation and control are done with due diligence.

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DATA COLLECTION INSTRUMENT

INTERVIEW GUIDE

SECTION ONE: PERSONAL DETAILS

Name of respondent:

Gender:.....

Telephone number:.....

ID number:.....

SECTION TWO: ROLE IN STRATEGIC MANAGEMENT

1. What is your position at Farm Concern International?
2. What role do you play in Strategic Management at Farm Concern International?
.....

SECTION THREE; STRATEGIES ADOPTED BY FCI

1. What projects have been implemented by FCI? (Give a brief of funds availed, intervention mode, targeted audience, Timeframes, partner/donor involved)
2. Describe the declining trends in donor funding to FCI projects in the past five years.
3. How did this change affect the productivity of Farm Concern International?
4. What strategies did you undertake in your projects' context to ensure sustainability of development?

5. Give a brief of how these strategies were implemented.

6. How effective have the strategies been? (Compare the outcome of funded projects with that of newly adopted strategies.)