

**CHALLENGES FACING NON GOVERNMENTAL
ORGANIZATIONS IN FINANCIAL RESOURCE
MOBILIZATION IN KISUMU CENTRAL SUB-COUNTY,
KENYA.**

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DECLARATION

I hereby declare that this project is my original work and has not been submitted to any other institution or university other than the University of Nairobi.



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DEDICATION

I dedicate this research project to God Almighty for being my strength and source of wisdom and understanding. He has been the source of my inspiration throughout this journey and with him I have been able to complete this project.

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ABBREVIATIONS

FGM:	Female Genital Mutilation
KRA:	Kenya Revenue Authority
NGOs:	Non-Governmental Organization
PBOs:	Public Benefit Organization
PC:	Personal Computer
RM:	Resource Mobilization
ROI:	Return On Investment
SMT:	Senior Management Team
IGAs:	Income Generating Activities
HR:	Human Resources

ABSTRACT

The main motive of this study was to research on the challenges faced by NGOs in financial resource mobilization in Kisumu Central Sub-county. This study purposed to address the main research objectives which were: Challenges faced by NGOs in raising financial resources? And Sources of financial resources for NGOs? This research work embraced a descriptive survey research design to collect data that was primary. This design is where a population sample is examined to establish its characteristics and then inferred that the population has the same characteristics. (C.R.Kothari, 2004). The target population for this research was composed of all the NGOs which are located within Kisumu Central Sub-county registered with the NGO Coordination Board. The whole population of 58 NGOs was selected as it was a census study. When the important role that NGOs play in the community is considered, their long term survival becomes evidently critical. Resource mobilization is a key component for all NGOs. NGOs that are successful in their resource mobilization initiatives tend to find it easy to survive and sustain their projects in the long run compared to those that do little or nothing on resource mobilization to diversify their pool of income. With this study, a framework is provided and awareness which will in the future offer solutions to the challenges/problems facing NGOs in financial resource mobilization. The findings divulged that there had been a negative relationship between key sources of financial resources of the NGOs and challenges of the NGOs ($R = -0.354$). This implied that the challenges of funding negatively influence the sources of funding. The study supposes that the NGOs get funds from the private sector and also receive grants from local and international donors which greatly assist in service delivery for the NGOs. NGOs receive goods and services as donations from individuals and institutions for program execution. Donations come in the shape of both cash and in-kind items provided free to beneficiary NGOs getting donations or for example school fees for beneficiaries being supported at a subsidized cost. When it comes to challenges facing NGOs in financial RM in these organizations, most employees concurred that taxation issues and the changing donor priorities influence the availability of funds for NGOs when appealing for the monies the most, they do not know what precisely the donor will be focusing on. The rules which apply in accessing government funds and resources are another challenge making it hard for organizations to get these resources for NGOs and the increased rivalry between NGOs for funds particularly against larger, established NGOs that are known by international donors' owing to their great participation in relief activities during disasters. The study suggests that on the first objective that they ought to increase the number of successful IGAs as a remedy to long term sustainability. Secondly, the study recommends that the NGOs ought to explore the idea of hiring both local and international volunteers as a move to cut down on HR costs which also increases their visibility and access to grants from international donors. On the second objective, the study recommends that NGOs apply for tax exemption certificates to avoid feeling victimized by KRA. Secondly, the study also recommends that NGOs should make wise decisions with regards to GGR as to which donors to work with both in the short and long term. Lastly, the study recommends that NGOs should be flexible to meet changing donor criteria to be able to capitalize on their gains from them. On further studies, the research recommends that a similar study should be replicated to other sub-counties or counties in Kenya. The study might look into other aspects such as the strategies to ensure long term sustainability and self-reliance for the NGOs. The study

also recommends looking at new emerging current gaps caused by Covid – 19 to NGOs funding as it may have substantial negative impacts.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Monetary resource mobilization for projects is a big issue in many developing countries, which includes Kenya. Patently, it is financial resources that differentiate which NGO projects have prospered and which ones have failed. NGOs' activities include preserving the habitat, interventions within the community, helping vulnerable and sick and conserving their culture which usually is unprofitable. Historically, most NGOs depended on the philanthropism and charitableness of well-wishers to finance their activities through grants, donations and both cash and in-kind contributions. Currently, most NGOs are finding it difficult to do financial resource mobilization the conventional way as most sources of cash are incapable to fully cater to the development needs of the organizations due to the increasing prices related to the operations and implementation of various activities and eventually cannot sustain the organization leading to the closure of some NGOs.

Availability of resources especially funds can either make or break a project and therefore need to be used effectively and efficiently as they are hard to get. David L Cuthbert (2011) says some of the main or key elements that make a good resource mobilization effort to clearly come out clearly are through commitment to the organization, a clear vision and pure purpose. It needs effective managerial leadership that ensures accountability and transparency, credibility, good reputation, positive perception, the ability to influence the design and sustain new resources while offering desired services to clients and the community. The availability of funds is paramount for activities implementation for all NGOs whilst the funds unavailability plays a crippling function in the successful running of these organizations. Most of the NGOs work on a not for profit basis and depend on donations, consequently making survival uncertain especially when market instability occurs and worldwide economy declines. Possibly this would make a case for the lower success levels amongst NGOs in African countries, including Kenya. Undeniably, several NGOs do not seem to be living to their expectations of filling in the void that the government is unable to fulfill.

While funding is understood to challenge NGOs, there are queries that several minds have not been able to answer and stopped asking like whether or not a number of

these NGOs in the Republic of Kenya and the other African countries are pushed by the vision and objectives they portend to take after, or are means for administrators to take advantage of them at the cost of meeting their expectations and objectives Agere (2014). The Non-governmental organization fraternity has certainly been seriously plagued by this world financial recession. The explanation behind it is that majority of the external donors stopped donations once their monetary homes went into a condition of economic discomfort (Davis, 2013). For NGOs in Kisumu Central sub-county, the obstacle remaining a mystery is how to mobilize and generate their own financial resources to thrive and survive in the face of competition, harsh social-economical environment and political pressures.

People usually do not give to organizations but rather help to give to help the needy or if not it's a way of creating a better tomorrow for the next generation. We therefore find out that resource mobilization strategies should be able to find out ways of financial and non-financial assistance in wide range. There is also the need for training which helps in creating a healthier organization. NGO's in Kisumu Central go back even before the year 2000. They usually act as a way of advocacy and educating the masses while promoting talent with a view of reducing poverty and providing hygiene. In this process, they help fill the void for services that the Kenyan government cannot give. There is also a possibility that the government funds them partially. With the tough economic times, charitableness and philanthropic efforts reduce thus limiting their activities.

1.1.1 Financial Resource Mobilization

The Oxford Advanced Learners Dictionary defines mobilization as the act of bringing together the things that are needed for a particular purpose. From this definition, something is termed as mobilized if it is brought together say for the purpose of development for example funds mobilized to feed certain needy households in the community. Therefore, mobilization process does not only mean acquisition and utilization of funds but also a process to acquire other resources, be it through skills, equipment or even services. Mobilization of resources has always provided the opportunity to give for a worthy cause especially for those who want to give to the needy. Conditions on donations and grants with no effort of funds mobilization, over

the years it has become an obstacle for NGOs making it difficult to plan on long-term issues and improving services for full potential.

RM involves all that has to be completed to acquire discovered resources in an NGO as well as multiplying the amounts of organization resources through a process of using the already available ones effectively and efficiently. Batti (2014) Points out that Resource mobilization is an element of added value for building an organization to be powerful. Unfortunately, rivalry for resources by the donors is so high and the organizations' capability to acquire these financial resources is believed to rely on competition level within the field on how well it's able to compete with others and how well it can get new sources of financial resources within the same environment. Certain organizations have been considered blessed due to their capacity to outsource extra additional financial resources to run their operations, their future financing still faces uncertainty. Most organizations are usually uncertain as to whether the donors will halt funding for certain projects due to say changes in donor priorities. There are times donors might not be able to provide financial resources particularly when there is genuine financial decline. These discussed schemes bring uncertainty over funding by donors thus making it difficult for NGOs to run or operate their planned projects as expected.

1.1.2. Challenges facing NGOs

The Cambridge Learners' Dictionary defines a challenge as the situation of being faced with something that needs great physical or mental effort for it to be done successfully and thereby testing a person's ability. Currently, NGOs have been experiencing turmoil when it comes to financial resource mobilization either locally or globally. The process of searching or even acquiring a potential donor who is willing has become very difficult in the third world countries which include Kenya. These said there are some scholars and agencies that have come up with theories to show how, why and explain in-depth these challenges.

Unavailability of a tactical plan: According to Tom Holland (2017) through a publication he said that many NGOs lacks a coordinated plan which usually facilitates their success in activities and mission. With funds in mind when donors see successful progress in missions most donors would want to engage but without this many donors tend to avoid engagement.

Politicization of NGOs: Many countries especially third world countries have always been having problems politically. This nature of problem has reached a point where NGO's are targeted by politicians and dragged down the mad as either supporting a certain idealist or being against government progress. According to Dr. Rama Naidu (2018), South Africa is an example of how Xenophobia has become very disadvantageous to having an independent civil society. Donors involved, no one would want to fund an NGO where war would always hinder progress and program initiatives achievements.

Donor Priority Changes: Some NGOs get dictated by donors in that if they do not do certain activities or do not associate with certain member's financial programs assisted or being privileged would be sidelined or retracted (Parks, 2008). It leads to a lot of NGO's shutting down especially if they depend on one donor and also may be hindered to performance acceleration since they might be inclined to do only activities that they might not perform properly.

Limited Capacity: As stated by Batti (2014) Kenya being an example, there are many NGOs around but only a small percentage implement their projects while others are not very active because they are unable to raise required financial resources to manage their activities. This means many NGOs have a limit and it reaches a point they are not able to get what they need as a necessity due to lack of a certain entity.

Lack of proper Awareness: There is always a window of new opportunities within certain regions and sometimes NGOs fail to utilize the opportune moment as they lack awareness. An example was given by Batti (2014) in detail where government grants were not accessed by NGOs due to lack of awareness that the government was giving out funds to help them and also they did not know the procedure to follow to acquire the financial resources.

Lack of Commitment: Many NGOs' have been started and many more always close down business reason being members never persist with what they are required to do. When doing resource mobilization, one may find that many members are not interested in new ideas or even do not have an open mind to create a new concept as funding may seem to be enough for them. (Being money-oriented). This might push donors away as they might see this as a problem that the goal cannot and has never been achieved and therefore why fund it? (Povzyk, 2014)

Poor governance: As published by Beverly Otieno et al (2012) where board members exist; they should always be responsible for bringing up new structures for financial resource mobilization. This may not be the case as many of these boards' members do not know their role. These structures come way far from following the NGO's constitution, guidelines and policies which most also do not have and therefore might scare a potential donor away.

Donor preference: Having a good track record and achievements can get you anywhere in these NGO's process of management. There are a lot of funds embezzlement, facilities and people just opening organizations for fraud purposes. As published by Burger (2011) if an NGO or just organization is not well known its chances of getting funds and resources almost zero thus it becomes a very big problem for one starting NGOs and those that are still yet to achieve a breakthrough in the successful raising of funds.

Lack of Government Support: Many NGOs do not receive funding at all owing to lack of government support. This includes even government funding. There have been some situations where the government itself witch hunts organizations to a point where they even get shut down even if they have the right documents. A paper by Furphy (2013) says that criticism from the government inhibits NGOs' ability to acquire and procure both financial and non-financial resources. It is absurd to deny NGOs certain privileges while in real sense they are out to help the same system where they are not able to reach in time.

Lack of community support or traditional involvement: Donors always look for an appropriate atmosphere to be able to launch support. Even if the program is good and of good progress, the atmosphere and response from those who are getting help should always be conducive. Many societies fight back NGO's who in real essence are out to help a sick nation physically mentally and emotionally in any way.

NGO's for example which implement issues related to say abortion, fighting for rights of LGBT or even those that secure women from FGM get lots of criticism from the community or society wise as they are said to be fighting a culture of the nation. Donors who tend to give funds for these areas will tend to shy away from funding these NGO's as these funds will not help or will not be of use to these communities since they do not want it. (Furphy, 2013)

1.1.3. Non Governmental Organizations

NGO means a private voluntary grouping of individuals or affiliations, not operated for profit or other commercial purposes but which have organized themselves nationally or internationally for the interest of the public and the promotion of social welfare, development charity or research in the areas inclusive of, but not restricted to, relief, health, education, agriculture, industry and the supply of amenities and services. (Laws of Kenya, 2012). According to the International Center for Not-for-Profit Law (ICNL) (2019) there are over 6,500 enlisted NGOs in Kenya. NGOs in Kenya are ordinarily governed by the NGO Coordination Act of 1990 (Act No. 19, Laws of Kenya) and its Regulations of 1992 and registered by the NGO Coordination Board. The Act will be supplanted by the Public Benefit Organizations (PBO) Act, 2013, when the Cabinet Secretary for Devolution makes it official and reports the PBO Act's inception date. All NGOs registered under the NGO Coordination Act will be required to be registered as Public Benefit Organizations on the commencement date.

NGOs have been in existence in various forms over the years. They rose to pre-eminence in international development and their numbers drastically rose in the 1980s to 1990s. From the late 1980s, NGOs presumed a more prominent role in the growth than the earlier years. They were initially realized and later commemorated by the international donors as bringing fresh solutions for longer standing development problems characterized by ineffective development activities and ineffectual government to government aid. NGO roles can be examined as having three fundamental elements which are implementer, partner, and catalyst. The implementer function is associated with the mobilization of resources in providing products and services to individuals who require them.

Delivery of service is typically done by NGOs over a wide range of strategic areas, for example, agricultural extension, microfinance, healthcare, education, crisis help and human rights. The job has expanded since NGOs have been progressively "making a pact" with donors and governments with administration change and privatization strategies in completing explicit obligations in payment returns; it has additionally turned out to be more pre-famous as NGOs are broadly reacting to manmade cataclysms (crises) or catastrophic events getting philanthropic assistance.

The activating whilst catalyst function can be described as an NGO's capability to motivate, make possible or contribute to better reasoning and action to nurture social development. This effort maybe aimed at people in local communities or individuals and among other players that contribute towards development such as donors, business community or national government. These might involve work on gender empowerment, lobbying and advocacy, grassroots group organization and formation, lastly it attempts to impact on major policy processes through innovative policy entrepreneurship.

The function of a partner can back the rising trend for NGOs collaborating by working with donors, the private sector, and the Kenyan government on various activities, such as giving specific inputs within a broader multi-purpose agency project or undertaking social corporate business initiatives. Also includes initiatives that happen between NGOs and the communities such as "capacity building" work which seeks to improve and strengthen capabilities. The modern day policy rhetoric of "partnership" seeks to bring NGOs into joint beneficial relationships with the other sectors. (Lewis, 2010)

The not for profit sectors continue daily on average to grow very rapidly in Africa and around the universe. There are more than 100,000 registered NGOs in South Africa whereas within Kenya the number of NGOs rose by over 400% between 1997 and 2006. For many speculators, these NGO's tend to be well-and do a lot of good on the continent. But NGOs too have their disparagers who more often than not contend that they are getting developing sums of donor aid, however are now not the most appropriate for genuinely improving people's lives. (Matthews, 2017)

1.2 Research Problem

According to Batti (2014) on his research regarding challenges local NGO's are facing in mobilizing resources, he established stating many NGO's within the African nations have been depending on outside donors for funding purposes and elevation of their resources to run their facilities but it is unfortunate that there always must be competition. For instance, an organization's survival at most relies on how good its ties and relations are to compete with others. He came up with a beautiful guidance procedure to explain some of the problems faced such as establishing RM teams, coming up with RM plans, understanding the RM cycle and the external environment,

analyzing competition, enhancing the organization's internal capacity, ensuring good leadership role in RM among others.

Previous studies by Kokouma (2012) on problems arising from mobilizing financial resources for development of local sector. Consider a Case of Single Land Tax (CFU) in Conakry Guinea it finds some challenges including unwillingness of taxpayers in fulfilling their duties by paying taxes as required, lack of feasible resources to surpass forecasting, level of participation between local officials in an exercise of singling out and recapturing of resources, impunity and lack of personation on taxpayers, lack of having clarity or being honest in the issuing of slots, and flawed commands of taxpayer's regulations.

NGO's in Kisumu Central Sub- County have always lacked priority in financial resource mobilization strategies that they need as essentials. Why Kisumu Central Sub-county? It is because I reside in the region and it's a region of interest with which I have good knowledge about the NGO's in the region. Some countries debate lack of adequate legal and Institutional framework for private sector development and investment was not evident in many countries positive attitude there might occur a better turn in investment and growth that could be strengthened through creating a better atmosphere for donor attitude changing in relation to a developing ally. Attracting additional resources remained an urgent necessity for achieving sustainable growth in all these.

In Kisumu Central, there are over forty (40) NGO's established however only 20% to 45% of these organizations are active and implementing their projects while the rest are unable to mobilize financial resources required implementing their mandate. The problem of acquiring financial resources is a huge deal and has led to collapse while others stagnant as they cannot mobilize. There is therefore need to plan and emphasize how to embrace better ways that help in performance, services and operations as need arises to the community to be served.

Having too much reliance on a single donor involving financial resources has been a huge flaw or problem done by these NGO'S that when the source is retracted or terminated if not dried they start struggling or even shutdown.

Although some organizations are considered fortunate as they can outsource resources and run their current operations effectively, the future of funding is always at an uncertain level as to when it might come to an end and as population grows so does the number of people who are vulnerable that would require assistance from these NGOs.

With that said NGOs have a vital role to play at grassroots levels and tasked to giving basic services that is educational services and building community development or even better health. NGOs therefore need a stable and secure resource structure method. It requires knowledge with skills for a proper program delivery with an impact.

All the studies done were either case studies of certain or single organizations such as World Food Programme or simply lumping NGOs in general in certain countries or continents. So far, no study has surveyed specifically the NGOs in Central Kisumu Sub-county in evaluating these challenges they face in financial resource mobilization. This is the gap that this study hopes to seal. The study aims to respond to these questions: What are the sources of financial resources for NGOs? and what constitutes challenges that face NGOs in financial resource mobilization?

1.3 Research Objective

This research is steered by two main objectives :

- i. To establish the source of financial resources of NGOs.
- ii. To find out the challenges faced by NGOs in raising financial resources.

1.4 Value of the Study

Many stakeholders stand to benefit from the findings of this research.

1.4.1 Non-Governmental Organizations

Developments from the research are designed to assist the players in the NGOs sector to achieve sustainability in the long haul.

The research tends to give strategies to organization resource mobilization teams who are mostly responsible for the organizations' resource mobilization initiatives. It will also give useful insight into the relevant program managers and directors as to what to focus on when leading in coming up and implementing various resource mobilization strategies. These suggested strategies will provide solutions that lead to improved

standards of living within certain groups of people by addressing some of their requirements.

1.4.2 Communities

When NGO's assist in the process of providing certain resources, they facilitate the successful execution of community development that wholesomely benefits citizens individually, the Kenyan Government, major businesses small and large, foundations and other shareholders involved. Therefore, them being able to access the resource especially financial leads to sustainability in the long haul.

1.4.3 Donor Agencies

The developments arising within this research will help NGO's in establishment of better relationships with donors. These relationships assist NGO's with an added advantage when the time to bid for resources comes especially for funding within their vision, mission and strategic pillars. These facets are vital in establishing trust which is assumed to be a key component for RM. Good personal ties are vital as strong professional ties between institutions. As I discovered in this study, the journal research encourages donor support directly with the intent to execute community projects as stipulated.

1.4.4 Scholars and Researchers

The main findings unearthed from this research are of great value presented to intellectuals and researchers. Conclusions have paved way for scholars to develop very effective strategies for financial resource mobilization within NGOs.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This is often more of reviews of previous reports on how NGOs in Kisumu Central sub-county mobilizes funds for its operations. It tries to explain the key sources of NGO financial resources; the obstacles faced in raising financial resources as well as some strategies in sustaining these financial resources. Its reviewed that NGO's usually acquire money from stakeholders who never at most set a price in value of returns but usually the money is a no return policy, and while doing business with various beneficiaries, including people who are most vulnerable in the society, there has been persistent cry outs for NGO's to execute service delivery in targeted areas and to expand to a larger set of stakeholders (Agyemang, 2017). This call outs have led to pressure within NGO's in the control of resources, the main missions and balancing distinct shareholders' interests (O'Dwyer & Unerman, 2007), (2008). These pressures are examined in a number of articles on this specific problem and through this research study.

2.2 Theoretical Framework

Different theories formulated have tried to advance on financial resource mobilization in NGOs. Centrally there have been two major theories, namely resource dependence theory and resource based theory. This section looked at these theories and their potential impact on the study.

2.2.1 Resource Dependence Theory

The theory of resource dependence notes that to maintain their life in the long term, organizations require external resources. It is also mentioned that these resources can only be obtained from their own environment and that other organizations also wish to have the same resources in this environment (Pfeffer, 2003). Resources can manifest in many ways, including raw material, workforces and even financial funding. Whenever one organization retains and dominates a major part of a resource, another organization becomes too dependent on it thus generating a symbiotic kind of relationship. When there is a lot of over-reliance, uncertainty is created leaving organizations at risk of exterior control. External control effect is usually directed or a directive by the government or other interested parties including an organization;

which can have a very consequential effect on daily business operations. Administrators therefore formulate other business plans to reduce that risk. (McDowl). According to this theory, it is very clear that NGOs need to reduce the risk of largely depending on one donor for its financial resources and that can only be done through effective financial resource mobilization in order to have a wide pool of financial resources.

2.2.2 Resource Based Theory

This theory justifies why some organizations prosper while others do not. This theorem of governance has focused solely on resources and proficiency within organizations that allow a firm to initiate value and endure competitive advantage (John M.de Figueiredo, 2016). It aims at showing firm specific strategic resources in gaining sustainable competitive advantage and generating rents hence superior performance. According to this theory, there are a lot of NGOs that have a wide pool of financial resources maybe because they have an influential stakeholder within the board or they have a well-known good reputation.

2.2.3 Agency Theory

Agency theory explores the relationship between the principals and agents in business. Two parties exist in an agency relationship: the agent and the principal, whereby the former acts and takes decisions on behalf of the latter. The theory revolves around the relationship between the two and the issues that may occur because of their different viewpoints of risk and business objectives. Jensen (1976). This theory aims to unravel problems that occur in an agent-principal relationship. Businesses execute their transactions using their relationships with agencies. Any action agents take binding principal according to the rule of the agency. That means that principals may have no choice but to compel and execute all business transactions that are made by agents with third parties.

An agency issue arises when agents operate on their self-interests and not on the interests of principals. As is typical of business in every business, agents will often strive to maximize their wealth. They build a dispute with principals in doing so. The task is to recognize ways to ensure the agents hang on for a while. Or, function in ways that will maximize their wealth and still represent the interests of the principal. In finance, the best way to minimize these disputes is for executives to work in the

best interests of principals through incentives. Principals are now seeking to use incentive theories to provide some remuneration to agents for the job they do. Agents have a moral obligation for what they do. An example is when a donor selects an NGO to help the community with the financial resources deployed to them. Before an NGO is selected normally there is a whole assessment process done to ensure that the NGO meets the donors' criteria and has the necessary systems in place to effectively execute the project mandate. But this may not happen when the NGO decides to embezzle funds disbursed leaving the donor and the community feeling cheated.

2.3 Empirical Literature Review

Various researches have been conducted on the area of challenges facing NGOs while doing financial resource mobilization. This section will discuss these past studies with regard to sources and challenges experienced by NGOs.

2.3.1. Source of resources

Acquiring financial resources in NGOs for their daily operations can be stressful but can be reduced if options are well identified. According to a research accredited by the Policy and Operations Evaluation Department of the Netherlands Ministry of Foreign Affairs (2012), they took a look at the correlations between development cooperation, development outcomes and civilized society. The authors shed some light on donor assistance which has an equivocating association with civil societies' growth: it also developed public participation and improved membership in clubs although deprivation easement has been tolerable.

In different a assessment, Dreher et al. (2012) from Kiel Institute looks at the distribution of donor assistance by Swedish NGO's, he reiterates the effects in relation to poverty elimination, and its effectiveness as compared to assistance by government provided. These authors argue while being skeptical about whether NGO's can be able to do better compared to the government in terms of allocating development across individuals in need. The options available include external sources which are mainly from the public and private sectors and internal sources which is mainly from income generating activities. These have always been the conventional way of getting financial resources but always with a limit. The public sector such as goodwill from Red cross raising funds through paybills usually raises a

small percentage whereas the private sector and income generating activities play a big role by contributing a huge sum of money.

Internal sources are usually the basic source since the organization's operations need to continue as normal. According to Barr (2010) funding rationing varies between 20% for public sector, 20% for internal sources and 60% for private sector.

In another aspect, resources might come as goods and services for example donation of services as the need arises like being offered vehicles for use or sound systems for mobilizing the general public. It can also come in terms of volunteers and interns who volunteer their time and effort to help the organization in achieving its resource mobilization initiatives.

Different studies have assessed sources of funding in non-government organizations. According to (Mwangi, 2018) the primary source of income for NGOs is private sector and international donors which facilitates the activities of the organizations. Further, according to (Harir, 2015) on the study of challenges and mobilization of funds in a case study of United Nations Environmental Programme, the major source of funds is through the external sources. However, the study pointed out the overreliance of the NGOs on external sources despite highlighting other sources such as the internal sources through financial institutions.

2.3.2. Challenges Faced in Raising Financial Resources.

The Cambridge Dictionary defines challenges as something that competes with you or is a threat to achieving one's goal. Therefore, a challenge is an obstacle. The biggest challenge NGOs have is raising financial resources through external donors. They tend to dictate and prioritize on who and where they want to work with and fund which results in them discriminating and having bias towards certain NGOs in developing countries. Their preferences always change as selectivity and criteria changes. There are also issues with donor restrictions such that do not allow NGOs they fund to associate with certain donors or they will cut ties with them that will cost them losing their funding in the long run. This eventually affects their growth and diversification of resources available. According to (Viravaidya & Hayssen, 2001) overreliance on grants and donors can inhibit autonomy of these NGOs to choose which program activities to select and undertake.

Taxation issues

In some countries, you find that the government gets involved in not allowing NGO's prosper by not exempting them from taxation. Tax exemption is not automatic as most NGOs assume, they need to apply and follow a process such that the end result is they are given a tax exemption certificate. KRA usually taxes income from NGOs without the tax exemption certificate retrospectively which the donor in most cases will not understand. They overtax and diminish their activities as most of the resources allocated are mostly over taxed which strain the activities and resources considering achieving their objective will be a problem if some of the funds are diverted to pay taxes as opposed to project implementation. (Oyongo, 2011)

Lack of proper accountability and transparency to stakeholders

Some NGOs have poor or entirely lack proper financial systems that would play a big role in improving its accountability. Most stakeholders who have contributed to any initiative(s) usually want a comprehensive report showing how much was raised and how the monies were utilized to the last cent which in most cases does not happen thereby discouraging them from giving again. In the process of donor grants issuance, the following risks may be involved:

Adverse selection

Adverse selection theory emerged from contributions by Arrow (1963), Akerlof (1970) and Rothschild and Stiglitz (1976). All these models and numerous ensuing ones pivot on the assumption that agents pick into insurance policies based on their individual premium costs and risk type. It is a risk exposure that manifests before money is invested or loaned out. To control risk it is critical that one chose wisely who to give more of your money. Giving an NGO with a bad reputation of embezzling funds and funds are wasted without achieving its objective. Not having information or data about these NGOs requesting financial resources, forces one to do proper due diligence to reduce the risk of losing funds.

Moral hazard

We consider this as a risk that occurs after the financial transactions. When a donor gives funds to an NGO, they want to be sure that the monies received or given will be used for the right objective. However, this is less likely if the funds are embezzled. Moral hazard therefore is the possibility that the grantee of the monies will not be used as it was assigned. (Okura, 2013)

Traditional Involvement

Some cultures may hinder NGO's from growing as they might not want services offered or might take assistance offered as immoral and culture destruction. For example, an organization offering or helping in abortion practices and also helping women not to undergo circumcision might get a bad reception around locals which a donor might also recede their resources as void reason being the resources offered are of no use. (Batti, 2014)

Global gag rule

This was initiated through US policies for which they restrict external NGO's receiving their universal health grants from participating in abortion related duties even with their own unrestricted funds. They are therefore stopped from giving not only abortion services but also any involvement related to these activities even of medical advice and counseling. (Ipas) , (Dusenberry, 2004),

President Trump has greatly contributed to the expansion of this policy directing United States government bureaus to apply unrivaled worldwide anti-abortion guidelines referrals, training and advocacy to influence the liberalization of abortions enactments. (Ipas) This has therefore has left some NGOs in a state of confusion of choosing between which donors to work with and which ones to cut ties with.

Poor governance structures

In a study by Batti (2014) many NGOs worldwide usually lack strong governance systems and where the board is in place, they usually are limited to function in giving prudent leadership schemes in making sure every resource is mobilized. The board is required to come up with direction and oversee the NGO's daily operations. However, many of them are unaware of their function in mobilizing resources. The existence and breadth of managerial involvement with governance systems in NGO's are affected by their capability to be able to mobilize resources. Many times these NGOs tend not to have the required governance structures like regulations policies and guidelines and this makes them liable to scaring off promising benefactors.

Inadequate resource mobilization and networking skills

In most NGOs, the personnel lack RM skills due to inadequate budget allocation for training which plays a great role in failed RM initiatives. In some instances, personnel lack exposure to potential donors to network with because maybe the forums for such are limited.

Political interference

Administrative systems including government policies or rather local government influence usually increase bureaucratic roadblocks during NGOs' mobilization of resources externally. During political turmoil, donors tend to hold the release of funds, foreshorten or impose rigorous measures.

With the government having a bad point of view and attitude for NGOs in a lot of African countries we find some even being leveled and considered by the national government as a threat to the security of the nation. This usually leads to some even being deregulated down their activities if not deregistered as well as being given limitations for outsourcing their funds from extrinsic donors, a good illustration is in Ethiopia. (Batti, 2014)

Founder Syndrome

Many local NGOs' leadership faced this problem. It refers to the authoritative ability with entitlement that the founder exerts or attributed to the founder. This rule further advocates and shows the undesirable organizational state of affairs where the founders are more unskillful and indifferent about the disparity within their jurisdiction over the institution. (Stephen R. Block, 2002) In more depth, it's whereby the founders/founder inclines to head and dominate the organization business with negligible participation from other members within the system. To show an example you will find CEO's and board not allowing certain employees in participating in resource mobilization initiatives or board becomes too content with latest system of mobilizing resources thereby they do not have an innovative mind to do RM using different mechanisms.

Criteria used by donors

Different donors have different preferences which have continued to vary with time and have become more demanding. The saying always goes distinct donors usually apply distinctive rules on support. For instance, they may state that certain projects which they can help within their budget ceiling, having alliances or collaboration, geologic coverage, strategic areas as well as the type of institutions they prefer to work with.

NGOs competing in the same sector

According to Batti (2014) replications of resources are usually perceived in some NGO'S activities. An example is whereby, there are around 10 or more NGOs' within similar demographic coverage and are all offering similar services with little or no thought of other strategic areas that call for similar or more attention. Eventually, it will lead to them competing amongst themselves instead of collaborating and unfortunately, these are not the issues and areas that donors want to pay attention to.

Daniel Schwenger (2014) this article empirically researches on competition among the NGO in the same sectors and spells out tactical approaches in managing the situation. There seems to be also a problem rising of various NGOs competing for financial resources more so against bigger established NGOs which are identified by worldwide donors for their participation in aid activity such as food shortages or floods. As these events occur they leave the upcoming NGOs under colossal duress to prove their ability to international donors as of their capacity to safeguard and handle financial resources where there is reduction in donor aid traffic.

Lack of proper documentation of NGOs achievements

Many NGOs are not able to successfully market their name, what they undertake, and their achievements. The incapacity to market themselves hinders their visibility to other potential donors in various areas, scope or location thereby missing available resource mobilization opportunities. Bad documentation processes, stakeholders contradicting interests, credit-seeking behavior, hopping through jobs in the development quarter and inadequate proficiency have been a serious challenge which affects the standard of documenting success stories (Srivastava, 2017)

2.4 Knowledge Gaps and A Summary of Literature Review

The review above of challenges faced within NGOs in financial resource mobilization and helping operations have majorly been covered in three sections, that is public, private and income generating mechanisms. The first or introduction part deals with sources of resources and the obstacles faced in raising these resources. This review also helps in gradually creating a view of knowing the challenges facing NGO's in Kisumu Central Sub County. This chapter examined literature which showed that other scholars have looked into the issue of challenges faced in financial resource mobilization by NGOs in the past. There was, however, no empirical evidence on the

issue of challenges faced in financial resource mobilization by NGOs in Kisumu Central Sub-County. This research aimed at bridging the gap by collecting and analyzing data on challenges faced in financial resource mobilization by NGOs that operate in Kisumu Central Sub- County, Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section highlights research methodology employed in the study as it put forward the overall substructure for the study. It conferred in detail, the main population, research model, description of research instruments, sampling methods and sample, methods of collecting data, instruments reliability and validity, data analysis and ethical deliberation while the study was conducted.

3.2 Research design

It is a plan, structure and strategy of evaluation to gain response to control variance and research question. (Ogula, 2005). The study embraced a descriptive survey research design that was divided into different steps and stages. Reason for using this method was to ascertain that information collected enabled a character to accurately predict the research problem deducing logic and obtain information relevant through hypothesis provided. It is usually used when a problem is well defined and the researcher and is well known to the researcher.

This design collected information by inquiring from individuals either in person, on paper, through internet surveys or phone/cell based through a questionnaire. Survey research was used here to gather the perspectives, feelings and beliefs of selected groups of ladies and gents, often who are chosen from a demographic sampling of choice which is Kisumu Central Sub-county. It was most suitable for assembling primary information. The design was used due to its descriptive nature as it was able to assist the analyst in cumulating information on the sample size for the aim of representing the parameters of the population.

3.3 Population of the study

For this research, the target population was composed of all NGOs which were located within Kisumu Central Sub-county registered with the NGO Coordination Board. The whole population of 58 NGOs was selected thus the research was a census study. As stated by Ogula (2005), population alludes to any set of people, organizations, or items with similar qualities. This concludes that having the right sample size is crucial in finding a statistical result. The larger the size the more reliable but tedious it is as more time will be required analyzing and as well as more money.

3.4 Data collection

In this research, only primary data was gathered and used. The main technique of data collection that was used is the close ended questionnaire. It was used as it had a potential in reaching out to a huge number of respondents within a short time. It also gave the respondents enough time to respond to the items and the sense of confidentiality is also an added advantage. Questionnaires are usually an objective method since no prejudice results from the unique individual characteristics will be encountered (as in an interview) (Owens, 2002).

The questionnaire is usually sub-divided into specific key areas of research apart from the first part which encapsulates only the demographic attributes of the inquisitor. The other flow sections are usually arranged according to the main research goals. The targeted respondents were mostly employees directly involved in RM for example: RM team, SMT, Board and middle level executives.

3.5 Data Analysis

The primary data gathered was analyzed by means of descriptive statistics. Likert scales are the most broadly used method for scaling responses in survey studies. I used motivational Likert scale method to indicate the level of agreement, from strongly disagree to strongly agree. The statistics in the worksheet are five-points and usually for two groups.

The composite score for Likert scale must be examined at the interval measurement scale. Descriptive statistics advocate for interval scale items to incorporate the mean for central tendency and standard deviations for variance.

CHAPTER FOUR:

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter analyzes research findings from the questionnaire and research objectives. The research sought to find out the challenges facing NGOs during Financial Resource mobilization in Kisumu Central Sub-county. The data gathered was analyzed and presented in a tabular form. A synopsis of analysis is stated at the conclusion of the chapter.

4.2 Response rate

The rate of response was 87.93 percent. Fifty eight questionnaires in total were administered from which fifty one responded. For such a study, this magnitude of response rate is acceptable. With regards to composition, the breakdown by respondents was as follows: Managerial staff- 72 percent, Non-managerial staff-19 percent and Board Members -8 percent.

Table 4.1: Response Rate

	Frequency	Percentage
Questionnaires returned	51	87.93%
Questionnaires unreturned	7	12.07%
Total	58	100%

Source: Researcher (2019)

4.3 Profile of respondents

Majority of respondents: 72 % were in management positions while 19% were non-managerial staff and 8% were members of the board. The majority of respondents: 85.4% have been in the organization for duration of between 5 to 10 years. They have been there long enough to understand the ongoings at their organizations. The ages of most respondents ranged from 26-50 years with 26 to 36 years being the majority.

4.3.1 Gender of Respondents'

Gender distribution of respondents' is as shown in table 4.2 below which shows male employees comprised of 58.8% and female employees comprised of 41.2%. Therefore most of these organizations should consider employing more female employees to enhance gender balance.

Table 4.2: Respondent's gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	30	57.70	58.80	58.80
	Female	21	40.40	41.20	100.00
	Total	51	98.10	100.00	
Missing	System	1	1.90		
Total		52	100.00		

Source: Researcher (2019)

4.3.2 Respondents' Administrative Level

The study also sought to determine the employees' administration level that responded to the questionnaires. From the results, most of the staff were non-managers at 72.5%, 19.6% at managerial level and only 4% at board level positions in the organization.

Table 4.3: Administrative Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Managerial	10	19.20	19.60	19.60
	Non-manual	37	71.20	72.50	92.20
	Board	4	7.70	7.80	100.00
	Total	51	98.10	100.00	
Missing	System	1	1.90		
Total		52	100.00		

Source: Researcher (2019)

4.3.3 Education Level

The study aimed to determine the highest level of education. Table 4.4 shows that 2% of the respondents had secondary certificate, 12% had diploma certificate, 53% had bachelor's degree, 31% had post-graduate and 2% had doctorate certificate. Therefore, employees were also able to provide accurate information about the interpretation of the research.

Table 4.4: Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary Education	1	1.90	2.00	2.00
	Diploma	6	11.50	11.80	13.70
	Under-graduate	27	51.90	52.90	66.70
	Post-graduate	16	30.80	31.40	98.00
	Doctorate	1	1.90	2.00	100.00
	Total	51	98.10	100.00	
Missing	System	1	1.90		
Total		52	100.00		

Source: Researcher (2019)

4.3.4 Work Experience

The study aimed to determine the workers' job experience in the organization. The results showed that majority of the workers served the organization for a duration of 11 to 15 years, which represented 49% of the organization, between 5 to 10 year it was represented by 19.6%, 15 years and above was 17.6% and less than 5 years was 13.7%. Table 4.5 below displays the workers' work experience in the organization.

Table 4.5: Work Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 5 Years	7	13.50	13.70	13.70
	5 - 10 Years	10	19.20	19.60	33.30
	11-15 years	25	48.10	49.00	82.40
	15 years and above	9	17.30	17.60	100.00
	Total	51	98.10	100.00	
Missing	System	1	1.90		
Total		52	100.00		

Source: Researcher (2019)

4.3.5 Funding Responsibility

The study aimed to determine the responsibility extent of financial resource mobilization in the organizations. The findings show that 25.5% showed having no responsibility, 47.1% showed having partial responsibility, and finally 27.5% indicated them having full responsibility towards financial resource mobilization in the organizations. The Table 4.6 below displays the responsibility for financial RM summary in the organization.

Table 4.6: Responsibility Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fully Responsible	14	24.10	27.50	27.50
	Partly Responsible	24	41.40	47.10	74.50
	Not Responsible	13	22.40	25.50	100.00
	Total	51	87.90	100.00	
Missing	System	7	12.10		
Total		58	100.00		

Source: Researcher (2019)

4.3.6 Adequacy of Financial Resources

The study sought to establish whether these NGOs have adequate financial resources. The results are as represented in table 4.7

Table 4. 7: Adequacy of Financial Resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	1	1.90	2.00	2.00
	NO	50	96.20	98.00	100.00
	Total	51	98.10	100.00	
Missing	System	1	1.90		
Total		52	100.00		

Source: Researcher (2019)

The findings in the table 4.7 indicate 98% of the respondents confirmed that the financial resources in their respective NGOs are not adequate to cater for their project activities or needs. However, 2% of the respondents felt that the financial resources in their organization were adequate. Therefore most organizations if not all felt there was a need to seriously prioritize on frequent financial resource mobilization initiatives so as to increase their funding base for long term sustainability.

4.3.7 Adequate utilization of resources to seek for financial resources

The study aimed to establish whether the organizations adequately used all the available means to seek for financial resources. The findings are as represented in table 4.8

Table 4. 8: Adequate Utilization of Financial Resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	YES	2	3.40	3.90	3.90
	NO	49	84.50	96.10	100.00
	Total	51	87.90	100.00	
Missing	System	7	12.10		
Total		58	100.00		

Source: Researcher (2019)

The findings in the table 4.8 showed that 96.1% of respondents confirmed that the available means were not properly utilized to seek for financial resources in their respective NGOs. However, 3.9% of the respondents felt that the available means were properly utilized. Therefore most organizations if not all felt that the available means or resources could be better used to generate more financial resources with proper planning and better RM initiative strategies are developed.

4.3.8 Availability of Resource Mobilization In-charge

The study aimed to establish whether there was a person or RM team in charge of financial RM initiatives for the organization. The findings are as represented in table 4.9

Table 4. 9: RM In-charge

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	51.70	58.80	58.80
	No	21	36.20	41.20	100.00
	Total	51	87.90	100.00	
Missing	System	7	12.10		
Total		58	100.00		

Source: Researcher (2019)

The results in the table 4.9 indicate 58.8% of respondents confirmed there being an RM in-charge of financial RM. However, 41.2% also denied there being an RM in-charge of financial R.M. Therefore organizations that have a dedicate RM in-charge are better placed to access more diverse donors than those without an RM in-charge.

4.4 Sources of NGO Financial Resources

The study aimed to find out the key sources of financial resources for NGOs within Kisumu Central Sub-county. From the findings of the study income generating activities/social enterprise with a mean value of 4.8 being the highest and standard deviation of 1.401 which mean most funds were contributed by the internal income generation income/social enterprise. This is good observation since the current Kenyan PBO Act 2013 advocates for NGOs embracing more of local RM to a percentage of 90% local RM and 10% foreign sources in the wake of dwindling external international donor funding .Government contributions and exclusive entities on corporate social responsibility with a mean value of 1.00 and a standard deviation of 0.000 being the lowest and mean of 2.14 and a standard deviation of 0.348 respectively which indicates that it does not make a significant contribution of the financial resources towards the NGOs. Membership fees attained a mean of 3.61 and a standard deviation of 0.802.

The organization also receives grants with a mean value of 4.37 and standard deviation of 10.799, they also receive from individuals willing to donate where mean of 3.67 and a standard deviation of 0.653 was recorded. Most of the workers who were asked how important certain sources of financial resources were and they indicated that they receive donations with a mean of 3.88 and a standard deviation 0.333 reported, NGOs fundraising events also recorded a mean of 4.55 and a standard deviation of 0.503 and with business income having a mean of 4.57 and a standard deviation of 0.500 being reported.

The NGOs were also engaged in public and private charities whereby the was mean of 3.98 and standard deviation of 0.648.Gifts from potential donors had a mean of 4.12 and standard deviation of 0.739.The NGOs additionally receives financial resources from international donors with mean of 4.51 and a standard deviation 0.731 and financial resources from consultancies had a mean of 4.33 and a standard deviation 0.476 was reported.

Table 4. 10: Sources of NGOs financial resources in Kenya

Table 4.10: Key Sources of NGO Financial Resources		Mean	Std. Deviation
	N		
Exclusive entities on corporate social responsibility	51	2.14	.348
Government contributions	51	1	.000
Membership fees	51	3.61	0.802
Grants	51	4.37	0.799
Income-generating activities /Social enterprise	51	4.80	1.401
Ones willingness to give donate	51	3.67	0.653
Donations	51	3.88	0.333
Fundraising campaigns.	51	4.55	0.503
Tax exemptions	51	3.43	0.500
Business income	51	4.57	0.500
Public/Private Charities	51	3.98	0.648
Gift	51	4.12	0.739
International donors	51	4.51	0.731
Consultancies	51	4.33	0.476

Source: Researcher (2019)

4.5 Challenges faced by NGOs in Raising Financial Resources

The research aimed at understanding the obstacles facing NGOs in raising financial resources within the organizations. The responses evidenced that to a great extent all the challenges evidenced in this study affected financial resource mobilization of NGOs. From the findings, one of the most seen challenges was attributed to recent taxation issues which got the highest a mean of 4.78 and a standard deviation of 0.415 whilst the lowest being political interference in which had a mean of 2.53 and a standard deviation of 0.731 which showed that it was not the biggest challenge towards NGOs raising of financial resources. Criteria used by donors was the second highest challenge with a mean of 4.63 and a standard deviation of 0.488 was recorded while poor governance structures was the third highest with a mean of 4.59 and standard deviation of 0.497 was reported. Lack of transparency to stakeholders and founder syndrome had similar results with means of 4.55 and standard deviations of 0.503. Inadequate resource mobilization and networking skills reported a mean of 4.45 and standard deviation of 0.503. Traditional involvement and rivalry between similar NGOs also had similar results with means of 4.33 and standard deviations of 0.476. Global gag rule indicated a mean of 4.02 and a standard deviation of 0.678 while poor documentation of NGO achievements was the second least challenge with mean of 3.47 and a standard deviation of 0.966 being reported. Table 4.11 displays challenges in raising of financial resources faced by NGOs.

Table 4. 11: Challenges Faced by NGOs in Financial Resources

Table 4.11: Challenges Faced by NGOs in Financial Resources		Mean	Std. Deviation
N			
Taxation issues	51	4.78	0.415
Traditional involvement	51	4.33	0.476
Global gag rule	51	4.02	0.678
Poor governance structures	51	4.59	0.497
Inadequate resource mobilization and networking skills	51	4.45	0.503
Lack of transparency to stakeholders	51	4.55	0.503
Political interference	51	2.53	0.731
Founder syndrome	51	4.55	0.503
Criteria used by donors	51	4.63	0.488
Rivalry between similar NGOs	51	4.33	0.476
Poor documentation of NGO achievements in the past and current	51	3.47	0.966

Source: Researcher (2019)

4.6 Correlation between funding sources and challenges of funding

Table 4. 12: Correlation between funding sources and challenges of funding

Table 4.12: Correlation between funding sources and challenges of funding		Funding Sources	Funding Challenges
Funding Sources	Pearson Correlation	1	-.354*
	Sig. (2-tailed)		.011
	N	51	51
Funding Challenges	Pearson Correlation	-.354*	1
	Sig. (2-tailed)	.011	
	N	51	51

* Correlation is significant at the 0.05 level (2-tailed).

There was a negative relationship between sources of funds and challenges of funding for the NGOs with correlation of ($r = -0.354$) and was statistically significant ($p = 0.011$).

This implies that challenges of funding negatively influences the sources of funding to mean as challenges increase the sources of funds will decrease. If there are too many challenges like if an NGO faces more than one challenge or too many challenges at the same time then it may pose a hindrance to it getting more funding sources. The correlation results are displayed in the Table 4.12

4. 7 Discussion of Findings

The study aimed to find out the sources of funding for the NGOs and some of the major sources include; income generating activities/social enterprise, international donors and fundraising campaigns. Similar results were observed in a study on funding mobilization in NGOs which established that income generating activities and government contributions were some of the key sources of funding for NGOs (Mwangi, 2018). The current study findings are consistent with a study on governance of NGOs in Uganda which established that the primary sources of funding for the NGOs was through international donors (Barr et al., 2005). However the study indicates that the domestic NGOs derives minimal funding through income generating activities. Similarly, according to (Harir, 2015) study, external sources is

the primary source of funding for the NGOs as well as internal sources through relationships with financial institutions. Government contributions was seen as the least in terms of financial resources by these NGOs although they did acknowledge that the government does give them major support in terms of partnership and collaboration in the form of trainings, facilitations and so on in implementation of their projects which is majorly in kind. This has played a huge role in the successful execution of the projects by these NGOs.

The study also aimed at examining the challenges faced by NGOs in raising financial resources. The top five being taxation issues, criteria used by donors, poor governance, lack of transparency to stakeholders and founder syndrome. The least there being political interference, global gag rule and poor documentation of NGO achievements which is in consensus with the study of (Dennis, 2018) who posits that lack of communication of NGO achievements is among the least challenges that affects raising funds while donor conditional ties and bureaucratic donor policies top among the challenges. Global gag rule may be among the least challenges but is slowly gaining momentum as a challenge as it has seen many NGOs affected in the bid of choosing which donor to work with and which one not to. It has costed some NGOs in that they may have ended up making a wrong choice of who to collaborate with which hinders them from getting more future funding from other donors who would have given them a better deal.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter describes key results of the data, a discussion of outcomes in relation to literature review, the conclusions drawn from the outcomes highlighted and the recommendations. The conclusion and suggestion were drawn in light addressing of the study's research question of identifying the challenges facing NGOs in the mobilization of financial resources in Kisumu Central-Sub-county.

5.2 Summary of Findings

This part summarizes the results for each specific objective studied. The aim of the research was to find out the challenges faced by NGOs in financial resource mobilization in Kisumu Central-Sub-county. The study was driven by the following research questions; what are the main sources of NGOs financial resources? And what are challenges faced by NGOs in raising financial resources?

The sample size for this study was 58 employees of the NGOs situated within Kisumu Central Sub-county in which primary data was gathered using a structured questionnaire. Both descriptive and inferential statistics were used in the analysis and interpretation. For describing the study variables, descriptive statistics such as standard deviation, mean and frequency distributions was used. Inferential statistics inclusive of correlation was used to establish the relationship between the variables. Primary data was analyzed and displayed in figures and tables to present the results.

With that said, fifty-eight questionnaires were issued, of which fifty one were returned after successful completion, which was 87.93% response rate. Male workers were 58.8% of the respondents, with 41.2% of the respondents being female workers.

On the level of management of the workers, the organizational results showed that most of the workforce had non-managerial level of 72.5% whilst 19.6% had managerial and 7.8% board roles within the organizations. Results from the findings of work experience showed majority of the workers worked for the organization for a duration of 11 to 15 years, represented by 49%, from 5 to 10 years represented by 19.6%, 15 years and above was 17.6% and less than 5 years was 13.7%. The degree of financial RM responsibility in the organization results indicated that 25.5% did not have responsibility, 47.1% indicated to have partial responsibility for funding and

27.5% revealed having full responsibility for financial resource mobilization in their organizations.

The relationship showing there was a strong relationship between key sources of financial resources for the NGOs and challenges of financial RM for the non-governmental organizations. That implied challenges of funding negatively influences the sources of funding to mean as challenges increase the sources of funds will decrease in the NGO sector.

5.3 Conclusion

This section discusses the implications of the findings summarized in section 5.2 above.

5.3.1 Sources of NGO Financial Resources

The analysis showed there was a negative correlation between the key sources of financial resources for the NGOs and challenges facing financial RM for the NGOs. The research concludes that NGOs are getting grants form global and local donor and finances from the private sector which greatly assists in service delivery for the NGOs. NGOs receive services and goods as donations from individuals and institutions for program execution. Donations come in form of both cash and in kind items provided free to beneficiary NGOs getting donations or for example school fees for beneficiaries being supported at subsidized cost.

5.3.2 Challenges Faced by NGO in Raising Financial Resources

To conclude, about the challenges facing NGOs in financial RM in these organizations, most employees agreed that all challenges affect NGOs in one way or another although four were identified as most prominent. Taxation issues and the changing donor preferences affects the accessibility of funds for NGOs when appealing for the monies the most, they are not sure of what exactly the donor will be looking for. This is in consensus with the study by (Schneiker, 2016) who states donors' priorities constantly changing as they become more and more selective. One acknowledges that various donors apply varying criteria on aid. As described by (Batti, 2014), government requirements and the political environment escalate bureaucratic red tape for most if not all NGOs that externally mobilize resources. Rules that apply in accessing resources and government funds being another challenge, makes it hard for organizations to get these NGOs resources and the

increased rivalry amongst NGOs for funds especially against bigger, developed NGOs that are better known to international donors attributed to their significant involvement in relief operations during disasters.

5.4 Recommendation

This section presents recommendations based on the various study findings.

5.4.1 Sources of NGO Financial Resources

On the NGOs sources of financial resources, the research suggests they need to intensively increase the number of successful income generating activities as well as social enterprises as it is the best direction to take if they are to survive, especially with the current changing donor funding environment that has seen serious decline in international donor funding. This is probably the best shot that NGOs have at achieving long term sustainability and self reliance in the long run. Strong ties with key local and international donors through networking are strongly encouraged for the benefit of the organization in terms of increasing financial resource base. The NGOs should maintain the external funding through international donors, the government or other local NGOs which also contributes to strengthening the partnership and enhance collaboration towards shared goals amongst the parties. The study further suggests possibly engaging volunteers who could assist run different project activities in a move to cut on human resources costs which enhances the organization's visibility, contributing to more increased access of grants from the international donors.

5.4.2 Challenges Faced by NGO in Raising Financial Resources

The study recommends with regards to challenges faced by NGOs during financial RM that they should apply for tax exemption certificates as per KRA requirements to avoid them feeling like they are being victimized. NGOs should also be flexible enough to try as much as possible to meet changing donor criteria's for selecting organizations to give financial resources as this will give them easy access to donor funding for successful service delivery to the relevant beneficiaries. Finally, for the global gag rule NGOs should make wise choices in choosing which donors to partner and work with because choosing some may have a negative implication that may be costly in the long run by making some NGOs losing in future collaborations with better potential donors.

5.5 Limitations of the Study

The research project was restricted by resource limitations, both non-financial and financial. Time, funding and study scope limitations required the research study to focus on a limited number of objectives. The respondents' availability was a challenge due to their busy schedules as some saw it as a disturbance and therefore focused on one respondent per NGO. Practical problems might have emerged in filling out the questionnaires which could have weakened the data. For example, questionnaires were filled in at the time of collection or while the respondent was working and had to meet a fellow colleague or client or answer a telephone. These issues may have interrupted the concentration of interviewee and distorted some of the responses. This required the researcher to take precautionary measures in order to overcome these limitations.

5.6 Suggestions for Further Research

The research aimed to examine the challenges faced by NGOs in financial resource mobilization in Kisumu Central Sub-county. Therefore, the research suggests that a similar analysis should be performed to other counties or sub-counties within Kenya. The research may look into other factors such as the strategies to ensure long term sustainability and self reliance of the projects in the NGOs other than the sources and challenges faced during financial resource mobilization. There is an emerging gap of the current challenge caused by Covid-19 to NGO funding as its effects could be quite substantial.

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APPENDIX

APPENDIX A: INTRODUCTORY LETTER

To Whom It May Concern

Dear Sir/Madam,

I am currently a student at THE NAIROBI UNIVERSITY pursuing my MBA. I recently designed a questionnaire for gathering information on challenges faced by NGO's in financial resource mobilization in Kisumu Central sub-county.

This study to be carried out is for purely for academic purpose and acts as partial fulfillment in the course undertaken. Kindly note any particulars given will be handled as classified and at no occasion will it be utilized for another purpose other than for this project.

I hold your assistance in high regards while looking forward to your swift response.

Kind Regards,

Loreen Odhiambo.

APPENDIX B: QUESTIONNAIRE

SECTION A: BIOGRAPHICAL DATA

Kindly fill out the following particulars (please tick):

1. What gender are you: Female Male

2. Administrative Level:
Managerial Non-managerial Board

3. What is your age group?
18-25 years 36-50 years
26-35 years 50 years +

4. How long have you been involved or working with your organization (NGO)?
Less than 5 years 11-15 years
5-10 years 15 years plus

5. Educational Level
Secondary school Post-graduate
Diploma Doctorate
Under-graduate

6. Tick appropriately to what extent you feel you are responsible for your organization's funding:
 Fully Partly Responsible Responsible Not Responsible

SECTION B: CRUCIAL SOURCES OF NGO FINANCIAL RESOURCES.

7 a) Does your NGO always have adequate financial resources?

Yes ()

No ()

7 b) In your own opinion, do you think NGOs adequately utilize all the available means to seek for financial resources?

Yes ()

No ()

7 c) Does your organization have a person or an RM team in charge of financial resource mobilization initiatives?

Yes ()

No ()

7 d) Please tick (√) the one that best describes your opinion on how important certain the sources of financial resources are to your NGO. Rate using a scale of 1 to 5: thus 1= Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4= Agree and 5 = Strongly Agree.

Source of NGO Funds	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
1. Exclusive entities on corporate social responsibility	1	2	3	4	5
2. Government contributions	1	2	3	4	5
3. Membership fees	1	2	3	4	5
4. Grants	1	2	3	4	5
5. Income-generating activities /Social enterprise	1	2	3	4	5
6. Ones willingness to give donate	1	2	3	4	5
7. Donations from well-wishers	1	2	3	4	5
8. NGOs fundraising events/campaigns	1	2	3	4	5
9. Tax exemptions	1	2	3	4	5
10. Business income	1	2	3	4	5
11. Public/ Private Charities	1	2	3	4	5
12. Gifts	1	2	3	4	5
13. International donors	1	2	3	4	5
14. Consultancies	1	2	3	4	5

SECTION C: CHALLENGES FACED IN RAISING FINANCIAL RESOURCES

Please tick (√) the one that best describes your opinion on the biggest challenge when it comes to raising financial resources using a scale of 1 to 5: thus 1= Strongly Disagree, 2 = Disagree, 3 = Uncertain, 4= Agree and 5 = Strongly Agree.

Challenges Faced in Raising Financial resources	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
1. Taxation issues.	1	2	3	4	5
2. Traditional involvement.	1	2	3	4	5
3. Global gag rule.	1	2	3	4	5
4. Poor governance structures.	1	2	3	4	5
5. Inadequate resource mobilization and networking skills.	1	2	3	4	5
6. Lack of transparency to stakeholders.	1	2	3	4	5
7. Political interference.	1	2	3	4	5
8. Founder syndrome.	1	2	3	4	5
9. Criteria used by donors.	1	2	3	4	5
10. Rivalry between similar NGOs	1	2	3	4	5
11. Poor documentation of NGO achievements in the past and current.	1	2	3	4	5

APPENDIX C: LIST OF NGOs LOCATED IN KISUMU CENTRAL SUB-COUNTY

NO	NGO NAME	NO	NGO NAME
1	AGAPE COUNSELLING & TRAINING SERVICES	30	MERCY CORPS
2	ALPHA FOUNDATION	31	MAAYGO
3	ANIMAL WELFARE AND PUBLIC HEALTH ORGANIZATION	32	MAKE ME SMILE KENYA
4	CATHOLIC MEDICAL MISSION BOARD	33	MILDMAY KENYA
5	CARE KENYA	34	MUMBO INTERNATIONAL
6	COMMUNITY INITIATIVE CONCERN	35	MOTHERS OF TOMMOROW
7	CATHOLIC RELIEF SERVICES	36	NEEM ENVIRONMENT PROJECT
8	CHILD FUND	37	NYANZA RIFT VALLEY AND WESTERN NETWORK(NYARWEK)
9	CSO NETWORK	38	OMEGA FOUNDATION
10	DOLPHINE KORANDO FAITH FOUNDATION	39	OGRA FOUNDATION
11	EVIDENCE ACTION	40	OSIENALA FRIENDS OF LAKE VICTORIA
12	ENDELEVU COMMUNITY DEVELOPMENT SERVICES	41	PS-KENYA
13	FRED OUTA FOUNDATION	42	PLAN INTERNATIONAL
14	FREEKENYA FOUNDATION	43	POSITIVE LIVING AIDS ORPHANS SUPPORT
15	FARM CONCERN	44	RED CROSS
16	FACES	45	SANA INTERNATIONAL
17	ICAP	46	SAFE WATER & AIDS PROJECT

18	IMPACT RESEARCH & DEVELOPMENT	47	STIPA
19	JIUPACHI	48	SUSTAINABLE ENVIRONMENT DEVELOPMENT WATCH
20	K-MET	49	SPRINGS COMMUNITY EMPOWERMENT FOUNDATION
21	KISUMU URBAN APOSTOLATE PROGRAMME	50	THE RAHUL KOTAK FOUNDATION
22	KISUMU DEVELOPMENT PROGRAMME	51	TINADA
23	KELIN	52	TRANS ALLIANCE
24	KENYA FEMALE ADVISORY ORGANIZATION	53	TUMAINILA MAISHA HEALTH SERVICES
25	KISUMU COOMUNITY TRANSFORMATION PROGRAMME	54	UJIMA FOUNDATION FOR TRAINING & DEVELOPMENT
26	KASH (KONDELE)	55	VOWEK
27	KEEPING ALIVE SOCIETIES HOPE	56	VICTORY CHILDRENS HOME FOUNDATION
28	LAMAMA	57	WOFAK
29	LIVERPOOL –VCT (LVCT)	58	WINAM AND NEIGHBOURS DEVELOPMENT