

**A SURVEY OF STRATEGIC RESPONSES TO THREATS  
POSED BY CHANGING DONOR FUNDING PATTERNS BY  
NAIROBI-BASED CHILDREN NGOs.**

By:

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A management research project submitted in partial fulfillment of the requirements for the degree of Master of Business Administration.

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March, 2004

DEDICATION  
**DECLARATION**

*In the memory of my late sister,*

This management research project is my own original work and has never been submitted for a degree in any other university

*for advice, encouragement, guidance,*

*hard work, foresight diligence, dedication,*

*honesty and wisdom imparted to me in my formative*

*years. I have continued to guide me in life's journey*

Signed: Nderitu Date: 31.03.04

NYAWIRA NDERITU

AND

*to my mother,*

*Milkah Wenjiku Nderitu,*

*together with my sisters Wanjira, Ciru and Kadogo*

*I appreciate your invaluable*

This management research project has been submitted for examination with my approval as a University Supervisor.

*and encouragement.*

Signed: P. K'obonyo Date: 01-04-04

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## ACKNOWLEDGEMENTS

### DEDICATION

*In the memory of my late sister,  
Ann Nyambura,  
her virtues, encouragement, guidance,  
hard work, foresight diligence, dedication,  
honesty and wisdom imparted to me in my formative  
years have continued to guide me in life's journey*

AND

*to my mother,  
Milkah Wanjiku Nderitu,  
together with my sisters Wanjira, Ciru and Kadogo  
I appreciate your invaluable  
support and encouragement.*

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## CHAPTER 1 INTRODUCTION

### ABSTRACT

This study sought to investigate the strategic responses to changes in donor funding patterns by Non-Governmental Organisations (NGOs) dealing with children issues. NGOs play a crucial role in a country's development. One of the main purposes of strategic management is to assist organisations gain a competitive edge. Strategic management is therefore essential for the survival of any organisation. The study was based on NGOs, which have their offices within Nairobi - operating within Kenya. The study reported here was conducted in 14 NGOs during the months of September and October 2003. The objective of this study was to establish strategic responses to changes in donor funding patterns by NGOs operating in Nairobi that deal with children issues. The study was based on primary data collected via a questionnaire using drop-and-pick and email. The data collected from the 14 NGOs was then analyzed and interpreted using descriptive statistics primarily, frequencies and percentages. The findings of this study reveal that, a number of strategic responses have been applied by NGOs as a response to changing donor-funding patterns. Though heavily reliant on foreign donors for continued sustainability, NGOs have used differentiation of product, segmentation and a market focus strategies, as well as proactive planning procedures and methods of linking funds to performance. The NGOs have also shown interest in long-term sustainability, but owing to the nature of activity (Children issues), this has not been embraced much.

In view of the findings, a number of observations have been made. Firstly, NGOs in an industry where there is overwhelming supplier power need to proactively anticipate and strategically respond to the changing environment. Secondly, there are a number of strategic options available to NGOs intending to counteract the power of suppliers in the face of dwindling donor funding. These options include engaging in self-sustaining projects, partnerships with profit making companies and having several donors as opposed to one main donor. There is also a need for NGOs to develop long-term self-sustainability plans to ensure their continuity of operations. It is recommended that further research to be carried out on NGOs responses to donor funding patterns and policies to shed more light in this issue.



# CHAPTER 1: INTRODUCTION

## 1.1. Background

This section covers the definition of Non-governmental Organisations (NGOs), the role of NGOs, the growth of NGOs in Kenya; the present and changing environment; NGOs dealing with children issues; and a synopsis of Porter's Five Competitive Forces.

NGOs form a steadily growing part of civil society in Kenya. When one looks around, there are NGOs encompassing virtually every aspect of society in Kenya. A lot of these NGOs have mushroomed as a result of an individual's dream or a desire to see things change (*Mbote, 2000*). In 1989, the Ministry of Health estimated that NGOs in the health sector provided for up to 40% of Kenya's health facilities, with further increase expected in the 1990's. The village polytechnic sector was created by NGOs who now support about 40% of them throughout the country (*Rindell, 1997*).

An NGO can be defined as independent, non-partisan, non-profit making, voluntary organization (*Walter, 1998*). An NGO can also be defined as an organization that receives donor funds to execute programmes and does not make profit or pay dividend (*Kiliko, 2000*). Michael (*2002*) defines NGOs as independent development actors existing apart from governments and corporations, operating on a non-profit basis with an emphasis on voluntarism, and pursuing a mandate of providing development services, undertaking communal development work or advocating on development issues. The World Bank (*1999*) defines NGOs as private organizations that pursue the activities to relieve suffering, promote the interests of the poor, protect the environment and stimulate community development.

For the purposes of this study, NGOs are redefined as those organizations that exist not for profit making, but for alleviating social ills in society, registered in Kenya under the Kenya National Council of NGOs.

independent of government policy. They are also involved in development initiatives

The NGO community in Kenya is not homogeneous, but rather is characterised by many organisations with varying differences in terms of origins, values and characteristics. Walter (1998) makes a distinction as follows; formally incorporated non-profit making organizations that provide services to or in some way on behalf of special interest groups, and more informal grassroots-based groups that are formed for the benefit of their members.

NGOs are flexible, as illustrated by their recognition of the fungibility of money. This fungibility enables local NGOs listen to their clients and better address the changing needs of these clients, demonstrated by using what monies the NGO receives for what up-to-date aims it finds most important (Michael, 2002). NGOs also have an ability to take risks and be innovative in their programming as seen in K-Rep lending programmes. NGOs can generate more potential to influence things where it really matters because of the multiplier effects that come from cultivating a concerned citizenry to work for change in a wider range of settings. Most NGO initiatives tend to have geographical or sectoral focus and direct their interventions to specific selections of the population (UNDP, 2002).

### 1.1.1. The role of NGOs

NGOs work to promote and realize goals that are important within a society. Chandaria (2002) presents the main purpose of NGOs as being filling the gaps and providing services, which the government has been unable to provide, as it is the governments main responsibility to do so.

NGOs as part of the civil society organizations, are important actors in poverty eradication in the country. They support the poor and disadvantaged, monitor and facilitate the flow of information and mould public opinion on issues of common interests. NGOs are also involved in community mobilization, preparation of community action plans and building of self-reliance among the poor. NGOs implement government activities, contribute ideas for new programs and function as vehicles for private citizens to pursue their own visions of the good society

independent of government policy. They are also involved in development initiatives addressing social-economic problems in society (UNDP, 2002; Dees, 1998).

Fowler (1990) presents the dual role of NGOs; as being the voice of civil society and that of maximizing developmental impact in the society. Researches done by Kenya National Council of NGOs (2001), Odembo (1998), AdinYaansah et al (1997), concur that the main vision of NGOs is the need to develop a more economically equitable, social responsible and self-sustained civil society. NGOs are often the most prominent advocates of international human rights, advocating on behalf of groups including women, children, political activists and AIDS-sufferers (Michael, 2002).

### **1.1.2. The growth of NGOs in Kenya**

The roots of NGOs in Kenya may be traced to philanthropy mainly in the colonial times. During this early period, the activities of NGOs largely focused on welfare. These activities later changed and developed to cover not only the provision of services but also political action advocacy (Mbote, 2000). The growth of NGOs has also been fuelled by the collapse of economic systems and failure of structural adjustment programmes (CAFS, 1999). According to the Center for Civil Society International (2000), 240 NGOs are now created every year in the country.

The growth of NGOs in Kenya since the 1980's may also be attributed to the increasing poverty levels (characterized by declining GDP), and a lack of government commitment to offer a tangible solution for the same. The 1990-2000 decade coincided with low economic growth, the impact of Structural Adjustment Programmes and introduction of cost sharing in education and health. The decentralization of governments and large aid-donor organizations throughout the last decades have created considerable space for NGOs, and made them key figures in a wide range of social services (Michael, 2002).

The ability to reach groups that the government cannot and past development strategies which have given NGO's the legitimacy to act on behalf of the poor, are factors leading to growth of NGOs (*Michael, 2002*). AdiiYaansah & Harrell-Bond (1997) observe that the increase of donors using NGOs as conduits for assistance rather than giving liberally to the governments is a factor encouraging growth of NGO activity in underdeveloped states. With the increasing emphasis on democratization and privatization has come the growth of the voluntary NGO sector. Results of a research done by Kiliko (2000) on Strategic Planning within NGOs in Kenya showed that the increased donor support contributed only 13% to the reason for increase in NGOs. The main reason for increase in NGOs was the demand for services (*Kiliko, 2000*).

According to Dees (1998), the donor environment has however undergone changes. For most NGOs, their drive was (and for some still is) to rectify social ills. Some NGOs are however typically established and used as opportunities for self-employment. They either set out with a welfare concern to satisfy peoples needs especially those that the government is less and less willing to address; or as social entrepreneurs – they see and respond to opportunities in the funding environment. There is a drawback here – without deep personal drive and commitment to a course or belief, the NGO story is usually one that is too donor-fashion oriented, uninspiring and technocratic (*Kenya National Council of NGOs, 2001; CAFS, 2001*).

### **1.1.3. The present and changing environment**

The economic environment in Kenya and indeed throughout the world has undergone great changes. Kenya's political change from a single party to multiparty has strongly influenced the NGO sector (*Gatere, 1998*). This change has affected the business environment, transforming it from perfectionist to liberalized. Likewise, the NGO sector has faced increased competition for grants and donations (*Kenya National Council of NGOs, 2001*), increased cost of doing business, competition from the for-profit sector and increased donor scrutiny (*Dees, 1998*).

The foreign nations and donors have become increasingly wary of the government and its public offices, accusing them of corruption, lack of transparency and accountability (*Economic Review, 1996, Government of Kenya, 1998*). Hence, there is an increased preference on the part of the foreign donors to use NGOs as conduits for assistance rather than giving bilaterally to governments (*AdiinYaansah & Harrell-Bond, 1997; Center for Civil Society International, 2000*). Donors justify the NGOs sector's outreach and delivery, far surpassing that of the government, as a more effective means of reaching the civil society (*Kenya Council of NGOs, 2001*). Donors also prefer to pass aid through NGOs because it is cheaper, more efficient and more at arm's length, than direct official aid (*Center for Civil Society International, 2000*).

According to Dees (1996), the donor environment has however undergone changes. Today, donors are greatly concerned with the value derived out of a funding. Against this background, an increasing number of NGOs are diversifying their funding sources and generating high levels of their own income from a mixture of commercial ventures, cost-recovery and local fund-raising, especially in South Asia and Latin America (*Edwards et al, 1999*).

Dwindling financial resources now constitute a major problem for Kenyan NGOs (*Mbote, 2000; Kenya National Council of NGOs, 2001*). Research findings by Mbote (2000) show that, the reduction of donor funding for NGOs is largely due to global economic recession, and political transformation – the geopolitics of the north and foreign policy. The perpetual cycling of donor funding priorities, the standard short-term contract-based funding of NGOs and the funding restrictions which prevent NGOs from receiving core funds and accumulating savings all affect the capacity of NGOs to be flexible, adopt inventive strategies to combating insecurities and respond to rapidly emerging threats (*Michael, 2002*).

Dees (1998), notes that NGOs are now scrambling to find commercial opportunities in search of financial sustainability as opposed to traditional sources of funding (donations and grants), they view their income generating activities as more reliable

funding sources than donations and grants. This is because the sources of funds available to NGOs are shifting in favor of more commercial undertakings.

In the South (Asia & Africa), some NGOs have developed a strong and independent funding base, but most remain dependent on external resources. Their roles are determined as much by donor fashion and demands as by needs and the causes of need. While some do pioneering work in confronting inequalities at every level, many still confine themselves to a limited role as deliverers of development according to ideas and designs imposed or imported from outside (the donors) (Edwards et al, 1999).

1.1.4. NGOs dealing with Children Issues

NGOs working in Africa need to develop sustainable institutions and implement strategies and programmes that respond to the dynamic needs emerging in the continent. NGOs are finding it hard to adapt to a world of more equal partnerships and non-financial relationships, because they were initially founded as charities to channel money from rich to poor countries (Edwards et al, 1999). NGOs also need to face the fundamental question of how to move from the current position - as unhappy agents of foreign aid system in decline - to where they may want to be - as vehicles for international co-operation in the emerging global arena (Edwards et al, 1999). The dynamic changes in environmental trends challenge all NGOs to rethink their mandate, mission and strategies.

All organizations face changes in the environment. This is because they are open systems, which depend on the environment for their inputs and outputs (Pearce & Robinson, 1997). Several authorities writing on the NGO sector note that NGOs being open systems in constant interaction with the environment, need to constantly assess the manner in which the future operations will continue (Odembo, 2000; CAFS, 2001; *The Conference on NGO partnerships for Reproductive Health*, 1999). NGOs need to continuously monitor the environmental changes, in their planning (AdiinYansah & Harrell-Bond, 1997).

Many Kenyan NGOs are small, the CEO often has a direct relationship with everyone, which gives them significant influence over what the organization is, does and achieves for society (Ongewe, 2000). According to the NGO Council (2001), over half of the 1824 NGO's registered by year 2001 were less than five years old, many small and still finding their feet. As at March 2002, the number of NGOs registered with the NGO Council was 2046, comprising of local, national and international organizations spread throughout the country and working in various sectors.

#### **1.1.4. NGOs dealing with Children Issues**

For the purpose of this study, children NGOs are organizations, which receive donor funds primarily for providing services, and support to selected group(s) of needy children and do not make profit or pay a dividend. Some of these NGO's deal with children directly, while others do so indirectly, with the end user still being the Kenyan Child. For the purpose of this study we will define children as all people who are under 18 years of age.

According to ANPPCAN (1999), abuse and neglect remain serious problems for the African child. They take the form of increasing children living off the streets, child labour, children out of school, children victims of HIV/AIDS and of sexual abuse and exploitation. The Economic Survey (2000), also showed a decline in primary school enrolment by 8% from 5.92Million in 1998 to 5.87Million in 1999, caused by declining returns to education as an investment and declining fertility rates.

NGOs dealing with children issues can be classified into three as follows; NGOs involved directly in the upbringing of the children, NGOs which support the child education and childcare (child development oriented) and NGOs which champion children rights, representing the children where they cannot do so themselves, 'fighting' for the children as it were.

The increase of NGOs dealing with children affairs in Kenya may be attributed to the rising poverty levels, leaving many parents with just enough to feed on. The AIDS scourge has also increased the number of orphans who are often left in the care of relatives who often are not very willing or not able to take care of them. UNICEF (2001), recorded the number of aids orphans as approximately 1.2 Million as at 2001. There are 61 NGOs dealing with children issues registered with the NGO council (Kenya National Council of NGOs, 2001). Many others are registered with the Ministry of Home Affairs as charitable organisations.

#### **1.1.5. A synopsis of the interplay of Porter's five competitive forces**

The model of pure competition implies that risk-adjusted rates of return should be consistent among firms. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure. Michael Porter (1980), provided a framework that models an industry as being influenced by five forces. The collective forces may be painfully apparent to all the antagonists; but to cope with them, the strategists must delve below the surface and analyse the sources of competition. The five forces analysis is a means of identifying the forces that affect the level of competition in an industry (Johnson & Scholes, 1999).

The essence of formulating a strategy is relating a company to its environment. Therefore the analysis phase is crucial to the outcome of the total planning environment. The collective force of Porters' five forces model differs from industry to industry. Different forces take on prominence in shaping competition in each industry. Every industry has an underlying structure or set of fundamental economic and technical characteristics, which give rise to these economic forces. A few characteristics are critical to the strength of each competitive force.



## 1.2. Problem Statement

Observation of raw data suggests that aid volumes have declined over the period of 1980s – 1990s. Edwards et al (1999) concur, noting that foreign aid reduction is now entrenched the world over. Research by Tichit (2003), suggests that aid is still influenced by self-interest of donors; but in a different manner: while in the 1980s it was based on politics and history, today it is influenced more by donors' pragmatic considerations about commercial interests.

Data from the Ministry of Foreign Affairs (2002) shows the amount of funds released in the last five years to NGOs was as follows: 1997 – KShs.42Billion, 1998 – KShs.70.1 Billion, 1999 – KShs.70.9 Billion, and year 2000 – KShs.29Billion (*Daily Nation*, 17 July, 2003). This reflects a declining pattern of donors funding release to NGOs.

A research done on NGO evaluation practices by Rindell (1997), revealed that some NGOs were highly critical of donors' rigidity in funding NGO activities even when the results of impact assessment and monitoring indicated the desirability of flexibility. Donors refused to alter agreements, and allow a more rapid expansion of the programmes where NGOs reached their output targets faster than donor/NGO agreement stipulated.

Due to increased uncertainty in the environment and changing donor funding patterns in particular, NGOs today view the excessive dependency on donor revenue as a sign of weakness and vulnerability (*Kenya National Council of NGOs*, 2001; *CAFS*, 2001). This has been felt by Kenyan NGOs, as frequent shifts in donor funding patterns have affected planning in the sector (*Kenya National Council of NGOs*, 2001). In an East African study, the Center for African Family Studies (2001), acknowledges that the issue of sustainability of organizations and programs, is made difficult by the socioeconomic status of communities in which the NGOs serve. Owing to changes in the world political environment and shifting donor policies especially towards NGO transparency, and "tightening taps" on how NGO

distribute money, NGOs are now faced with a need to set strategies in response to environmental changes around them.

Despite these fundamental changes affecting the NGO sector in Kenya, particularly in the area of funding, no systematic study known to the researcher has been done to establish strategies used by NGOs to ensure continued sustainability. The purpose of this proposed study is to fill this information gap.

This study attempts to answer the following question: What strategies have the Kenyan based NGOs dealing with children issues used to respond to threats posed by changes in donor funding patterns?

### **1.3. Objective of the study**

To establish strategic responses to changes in donor funding patterns by NGOs operating in Nairobi that deal with children issues.

### **1.4. Importance of the study**

For scholars, this study will provide a further contribution to other researches done on the strategic management practices for NGO's in Kenya; it will also bridge the information gap on the subject of study as well as stimulate further research on this area.

To the NGO sector, the research will broaden their understanding on responses to present donor funding patterns environment and strategies applied thereon for continued sustainability of organizations. For the policy makers in the NGO sector, the study will provide an insight in why NGOs behave the way they do, and pave way for better policy making in future to avoid the problems created by changing donor funding patterns or donor fatigue.

## CHAPTER 2: LITERATURE REVIEW

### 2.1. Introduction

This section of the study covers relevant literature published on the subject of study. The literature is mainly from credible textbooks, Journal articles and past researches done. There is little published and information available for the Kenyan NGO industry on strategic responses.

To survive, companies need to go back to basics and review the basic requirements for business success, because business success is a function of market opportunity and resources (*Mutaviri, 2002*). The same applies to the NGO sector, as the operating environment is dynamic. *Mutaviri (2002)*, continues to note that to succeed, an organization should have the ability to create or identify those opportunities that it is best qualified to exploit given its resource environment.

Researches done and symposiums held emphasize on the need for self-sustainability in NGOs, capacity building and good governance for African NGOs to play an active role as development partners (*CAFS, 2001*). According to Kenya Human Development Report 2001 done by UNDP, NGOs suffer from lack of co-ordination among the different players, leading to both the duplication of efforts and conflicting objectives. In most cases there is lack of coordination between NGOs and government departments operating in the same fields. This needs to be improved to increase the potential of their benefits. As foreign aid declines, new forms of international co-operation are emerging to meet the realities of this changing world, with a focus on rules and standards rather than subsidized resource transfers (*Michael, 2002*).

### 2.2. Strategy

Strategy is about winning. It is the unifying theme that gives coherence and direction to the actions and decisions of an organization or individual. All strategy making can be said to be walking on two feet, one deliberate and one emergent. For just as

purely deliberate strategy making precludes learning, so purely emergent strategy making precludes control (Mintzberg, 1987). Effective strategies can show up in the strangest places and develop through the most unexpected means. We can say that there may be no best way to craft strategy. This is because errors can become opportunities and limitations stimulate creativity. The natural propensity to experiment likewise stimulates strategy.

Strategy is the direction and scope of an organization over the long-term, which achieves advantages for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations (Johnson & Scholes, 1999). Strategy can be seen as the matching of the activities of an organization to the environment within which it operates. Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. The essence of strategy is in the activities choosing to perform activities differently (Porter, 1976).

### 2.3. Porters Five Forces Model of Competition

The essence of formulating competitive strategy is relating a company to its environment. Although the relevant environment is very broad, encompassing social as well as economic forces, the key aspects of the firm's environment as well as economic forces is the industry or industries in which it competes. Industry structure has a strong influence in determining the competitive strategies potentially available to the firm. Michael Porter provided a framework that models an industry as being influenced by five forces (Porter, 1980).

The state of competition depends on five basic competitive forces, which are shown in the figure below:

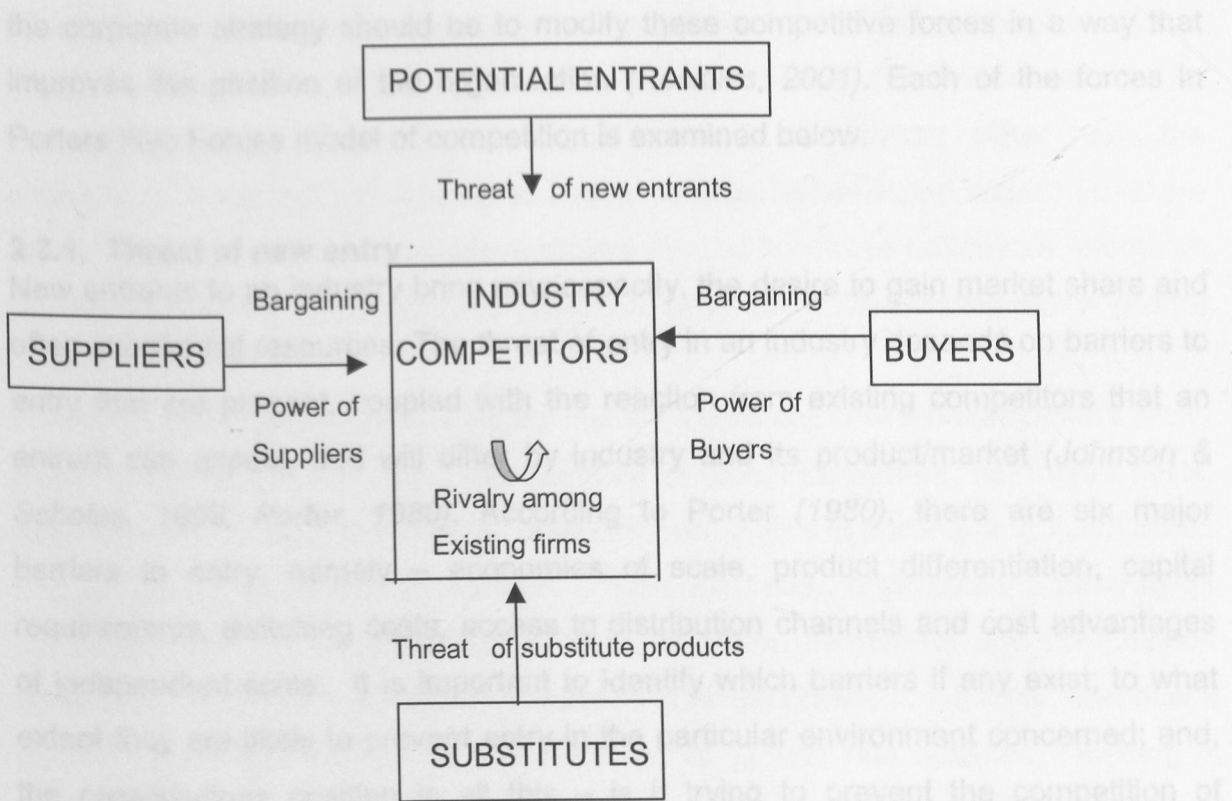


Figure 2.1: Forces driving industry Competition  
 (Source: Porter M, 1980; *Competitive Strategy*, New York: Free Press)

The goal of competitive strategy for a business unit in an industry is to find a position in the industry where a firm can best defend itself against these competitive forces or can influence them in its favour. Since the collective strength of the forces may be painfully apparent to all competitors, the key for developing strategy is to delve below the surface and analyse the sources of each (Porter, 1980).

The five competitive forces; threat of new entry, threat of substitution, bargaining power of suppliers, power of buyers, and rivalry among current competitors reflect the fact that competition in an industry goes well beyond the established players. Customers, suppliers, substitutes and potential entrants are all "competitors" to firms in the industry and may be more or less prominent depending on the particular circumstances (Porter, 1980).

Porter's model is based on the insight that corporate strategy should meet the opportunities and threats in the organizations external environment. The objective of

the corporate strategy should be to modify these competitive forces in a way that improves the position of the organization (Recklies, 2001). Each of the forces in Porter's Five Forces model of competition is examined below.

### **2.3.1. Threat of new entry**

New entrants to an industry bring new capacity, the desire to gain market share and often-substantial resources. The threat of entry in an industry depends on barriers to entry that are present, coupled with the reaction from existing competitors that an entrant can expect, and will differ by industry and its product/market (Johnson & Scholes, 1999; Porter, 1980). According to Porter (1980), there are six major barriers to entry, namely – economies of scale, product differentiation, capital requirements, switching costs, access to distribution channels and cost advantages of independent scale. It is important to identify which barriers if any exist; to what extent they are likely to prevent entry in the particular environment concerned; and, the organisations position in all this – is it trying to prevent the competition of entrants, or is it attempting to gain entry, and how? (Johnson & Scholes, 1999). The threat of new entries will depend on the extent to which there are barriers to entry (Porter, 1979 & 1980).

Not much is needed to open an NGO. The donors do not have specifications as to exactly who can or cannot solicit for funds as an NGO. So, the number of NGOs are readily increasing, all of them targeting the same donor funding for continued existence. Presently, there is no legislation in Kenya that has been passed shutting off a sector of the economy that the NGOs should not deal with. It is a free-market; so to say, anyone can join and leave as they please. Mbote (2000), notes that all that is needed to procure donor funding is a few photos and a proposal sent to the donors.

### **2.3.2. The intensity of Rivalry among existing competitors**

Competition is not perfect and firms strive for a competitive advantage over their rivals. The intensity of rivalry among firms varies across industries.

Rivalry among existing competitors takes the familiar form of jockeying for position – using tactics like product introductions and increased customer service or warranties. Rivalry occurs because one or more competitors either feels the pressure or sees the opportunity to move position. In most industries, firms are mutually dependent, i.e. competitive moves by one firm have noticeable effects on its competitors and thus may incite retaliation or efforts to counter the move. (*Porter 1996 & 1980*).

Forces which affect competitive rivalry include the extent to which competitors are in balance, market growth rates, development of global customers, high fixed costs, extra capacity in large increments, differentiation, high exit barriers and acquisitions (*Porter, 1996*). According to Johnson & Scholes (1999), organizations need to be concerned with the extent of direct rivalry between themselves and competitors. What it is based upon, likelihood of increases or decreases in intensity, and how it can be influenced. As an industry matures, its growth rate declines, resulting in intensified rivalry, declining profits and often a shake-out (*Porter, 1980*).

In most industries, competition will very closely match the offering of others. Aggressiveness will depend mainly on factors like the number of competitors, industry growth, lack of differentiation and strategic importance of business unit. Rivalry exists in the NGO industry where there are several NGOs carrying out the same duties and seeking funding from the same donors, thus they may try to outdo each other to procure the funds, or become partners in development.

Michael (2002) observes that government officials see the competition for funding as a zero-sum game: funds that donors chose to invest in local NGOs are funds that the governments would have used in their absence. The government here view NGOs not only as competition, but also as the opposition. Chege (1999), also notes that in South Africa, NGOs often clash with the government on issues of aid and legitimacy.

Masinde (2002) contends that the NGO remains the sole organization in direct competition with the government in the area of social development. This

competitiveness has been viewed as a potential direct threat to the state's legitimacy (Odembo, 2000; Walter, 1998; and Riddel, 1997). It is therefore common to hear of NGOs being attacked by the government, the main accusation being that of supporting opposition politics and propagating foreign ideologies not in the national interest (Kenya National Council of NGOs, 2001; CAFS, 2001; CAFS, 1999).

### **2.3.3. Pressure/threat from substitute products**

All firms in an industry are competing, in a broad sense, with industries producing substitute products. Substitutes limit the potential returns of an industry by placing a ceiling on the prices firms in the industry can profitably charge. According to Johnson & Scholes (1999), threat of substitution could be product-for-product substitution; substitution of need by a new product or service; generic substitution or doing without.

In Porters' model, substitute products refer to products in other industries. A threat of substitutes exists when a products demand is affected by the price change of a substitute product, or if there are alternative products with lower prices of better performance parameters for the same purpose. This also relates to complimentary products. Threat of substitutes is determined by brand loyalty of customers, closer customer relationships, switching costs for customers, the relative price for performance of substitutes and current trends (Porter 1996 & 1980). Substitutes not only limit profits in normal times; they also reduce the bonanza an industry can reap in boom times (Porter, 1976).

In the larger NGO sector, there is no much threat for substitute products, with the exception of Micro-Finance institutes. The larger target market are on the receiving end, and only the government can offer a substitute to products offered by NGO, or at other times, there is no substitute altogether. The placement of NGOs makes them one-stop-shops for governments, donor agencies and multilateral agencies interested in funding human security programs. According to Michael (2002), many NGOs face outright hostility from governments.



In a keynote address at the Management Forum (2002), Chandaria urged the private sector was encouraged to make a stronger impact on social work by taking on corporate social responsibility, and filling the gaps which the government or NGOs cannot bridge (Chandaria, 2002). This will definitely impact on NGOs in that the funding that the NGOs were getting will be channeled to individual projects or some NGOs will be partners with the corporates' in undertaking social responsibility.

#### 2.3.4. Bargaining Power of buyers

Buyers compete with the industry by forcing down prices, bargaining for higher quality or more services and playing competitors against each other – all at the expense of industry profitability. A company's choice of buyer groups to sell to should be viewed as a crucial strategic decision. A company can improve its strategic posture by finding buyers who possess the least power to influence it adversely (buyer selection) (Porter, 1980; Johnson & Scholes, 1999). All organisations obtain resources and provide goods or services, that is the supply chain or value system (Johnson & Scholes, 1999).

According to Porter (1980) and Johnson & Scholes, (1999), buyer power is likely to be high when; there is a concentration of the buyers, particularly if the volume purchases are high, the supplying industry comprises of a large number of small operators, there are alternative sources of supply, the cost of switching a supplier is low or involves low risk, and there is a threat of backward integration by the buyer if satisfactory prices or quality from suppliers cannot be obtained. Similarly, the bargaining power of customers determines how much customers can impose pressure on margins and volumes.

NGOs are the customers in one aspect and the beneficiaries of the NGOs products and services are customers in another aspect. The beneficiaries depend on the NGOs who in turn depend on the donors. In many aspects are relates to services offered by NGOs dealing with children, the customer satisfaction is not really measurable. This is because the services offered are not tangible, and do not have a fixed system of measure.

A significant problem in constructing strategies is therefore the extent to which power can be enhanced, or mutual interest accommodated, in the supplier-buyer channel (*Porter, 1996*). It is widely agreed that NGOs are vulnerable to their external dependence in generating resources (*Kenya National Council of NGOs, 2001; CAFS, 2001*).

Research done by *Rindell (1997)* shows that NGOs are being influenced in their priorities by donor policies. This is clearly shown by the growth of NGOs and their activities, fitting well with the donor views that the State should reduce its activities while handing them over to the private sector (*Rindell, 1997*). The Center for Civil Society International (2000), suggests that some NGOs are used to propagate western values, trying to impose their ideas without debate. The NGOs will change their policies in order to win funds easily, but this is retroactive as it causes social disruption on the ground. Estimates from Ministry of Health (1989) showed that 40% of health services and family planning services were provided by NGOs. *Mbote (2002)*, notes that when donor priorities determine funding, there is the danger of public sector corralling the voluntary sector, whether or not NGO services are welcome to the poor. This has two main risks: it may deflect NGOs from their chosen functions and/or bring the whole sector to disrepute. Donors are also seen to be interested in short-term, output-oriented methodologies (*Mbote, 2002*).

Presently many Kenyan NGOs are not self-reliant (self-sustainable). The donors have dominated as the suppliers, and the NGOs have to strive to prove themselves true to be what they present themselves to be in order to gain donor favour as it were. Competing for resources can be said to be characteristic of NGO sectors in all countries (*Edwards et al, 1999*). Donor requirements drive many of the changes that are being made in systems and procedures passed down the aid-chain and on to community based organisations.

*Michael (2002)*, observes that NGO directors are well aware that donor funding to NGOs is usually long-term/short-term and limited to project expenditures, and have

The changing global context opens up a world of possibilities for NGOs to relate to each other in different and healthier ways: alliances among equals, genuine partnerships, and synergistic networks (Edwards et al, 1999). Mutaviri (2002) contends that successful companies believe in making what will sell based on a clear understanding of clearly defined target markets. They demonstrate a clear tendency to listen to what the market is saying. This also applies to the NGO sector.

### **2.3.5. Bargaining power of suppliers**

The term 'suppliers' comprises of all sources of inputs that are needed in order to provide goods or services. Supplier bargaining power is likely to be high when a few large suppliers dominate the market, there are no substitutes for the particular input, supplier's customers are fragmented, and switching costs from one supplier to the other are high. In such situations, the buying industry often faces a high pressure on margins from their suppliers. The relationship to powerful suppliers can potentially reduce strategic options for the organisation (Porter, 1996 & 1980).

A supplier group is said to be powerful if it is dominated by a few companies and is more concentrated than the industry it sells to, it is not obliged to contend with other substitute products for sale to the industry, the industry is not an important customer of the supplier group or the suppliers product is an important input to the buyers business (Porter 1976,1996 & 1980). NGOs in Kenya are heavily dependent on foreign aid (Kenya National Council for NGOs, 2001). Thus the foreign donor is the main supplier and is presently quite powerful as they are kind of monopolies because not many local corporations are involved in corporate social responsibility. According to Johnson & Scholes (1999) and Porter (1996), supplier power is likely to be high when; there is a concentration of suppliers other than a fragmented source of supply, the switching costs from one supplier to another are high, if the brand of the supplier is powerful, there is the possibility of the supplier integrating forwards if it does not obtain the prices, hence the margins it seeks and, the supplier's customers are highly fragmented, so their bargaining power is low.

adapted their strategies accordingly. Dees (1998), affirms that NGOs are going into income generating projects to gain self-sustainability. This will reduce or altogether undo donor powers/influence on NGOs (Edwards et al, 1999). This is in reaction to present environment where NGOs are unhappy agents of foreign aid system in decline. Mbote (2000) proposes that dependency of other NGOs for funds can be reduced by amalgamation of NGOs with similar visions, missions and/or goals; and through mobilisation of local resources for example through provision of consultancy services in their respective areas of expertise to generate income.

#### **2.4. Structural Analysis and Competitive Strategy**

Once the forces affecting competition in an industry and their causes are diagnosed, the firm is in a position to identify its strength and weaknesses relative to the industry. From a strategic standpoint, the crucial strengths and weaknesses are the firms posture vis-à-vis the underlying causes of each competitive force.

An effective competitive strategy takes offensive or defensive action in order to create a defensible position against the five competitive forces. This involves a number of approaches:

- Positioning firms so that its capabilities provide the best defence against the existing array of competitive forces.
- Influencing the balance of forces through strategic moves, thereby improving the firms relative position, OR
- Anticipating shifts in factors underlying the forces and responding to them, thereby exploiting a change by choosing a strategy appropriate to the new competitive balance before rivals recognize it.

#### **2.5. Application of Porters Five Forces Model in the NGO sector**

The Porters Five Forces model allows for determination the attractiveness of the industry. With the knowledge about intensity and power of competitive forces, NGOs can then develop options to influence them in a way that improves their own competitive position. After the analysis of the current and potential future states of

the five competitive forces, NGOs can search for options to influence these forces in their organizations interests.

To survive, smart companies have had to tailor their strategies to suit the changing market place (Mutaviri, 2002). Although industry-specific business models will limit options, the winning strategy can change the impact the impact of competitive forces on the organization. The objective is to reduce the power of competitive forces (Reclies, 2001).

The NGO environment is dynamic; currently democracy, governance, HIV/AIDS, capacity and micro-financing are big business (Masinde, 2002). A short while back, environment, gender, energy and alternative technology were the forefront of donor funding (Masinde, 2002). With information derived from using Porters model, NGOs can be flexible, reading/having an insight as the trends require; at the same time, trying to get the best out of every environment situation and being proactive to strongest competitive force – in this case, the power of suppliers.

Knowledge, values and beliefs are resources that create sustainable competitive advantage insofar as they are valuable, rare and difficult to imitate. Under-estimating uncertainty can lead to strategies that nether defend against the threats nor take advantage of the opportunities that higher levels of uncertainty may provide. Making systematically sound strategic decisions under uncertainty requires a different approach – one that avoids dangerous binary views (Courtney et al, 1997). Competitive advantage depends not only on the material resources that firms possess and deploy, but also on the firm's ability to win favourable interpretations from the field of constituents and intermediaries (Violina & Formbrun). Violina & Formbrun (1999) also suggest that competitive advantage is a learning process.

With the knowledge of intensity and power of competitive forces, NGOs can develop options to influence them in a way that improves their own competitive position. The result could be a new strategic direction e.g. a new positioning, differentiation for

competitive products or strategic partnerships. For example, TetraPak, a manufacturing company was considering sponsoring emergency food delivery as a way of advertising itself (*Center for Civil Society International, 2000*). NGOs can form strategic alliances with such a company in addition to the other donors in order to reduce supplier power. The value of Porter's model is that it enables managers to think about the current situation of their industry in a structured, easy-to-understand way - as a starting point for further analysis (*Recklies, 2001*).

## **2.6. Summary of Literature Review**

Different forces take on prominence in shaping competition in each industry. For the NGO industry, it seems that the power of suppliers is the most prominent factor as there are many NGO's seeking funding from the same donors, for the same purpose. Foreign donors are the main sources of funds as most NGOs are not income generating. So the donors play the piper and NGOs have to dance to the tune.

Good strategic thinking implies an understanding of how situations will change over time. Successful strategists plan their moves well in advance to have contingency plans for most likely outcomes (*Morrison & Lee, 1995*). *Andrerasen (1996)* emphasizes that more than ever, non-profits need what many companies can offer; crucial new sources of revenue. But non-profits also offer corporate partners a great need deal in return: the opportunity to enhance their image and increase the bottom line by supporting a worthy cause. NGOs need to exploit this locally.

NGOs need to learn how to read the donor environment, and flex their operations as the environment dictates; otherwise they seek a way to reduce donor influence on their operations by maybe having various donors as opposed to one main donor. An environmental reading tries to focus on the most important factors that are likely to impact on the NGO's in the short, medium and long term. Most often this means knowing what is affecting those we work with; what founders are likely to be doing and supporting; what policies the government is trying to implement and how other NGO's are changing. NGOs may need to revisit and update themselves on the forces affecting the constituency they work for and why; government policies applying to what the NGOs are doing and whether they are changing significantly,

the direction politics is heading and how it will impact of affairs of the NGOs and how NGOs can react to the same; how other NGOs in the same field are changing; whether donor trends are working for or against the NGOs, and the perspectives on mobilizing resources on what the NGOs do.

In efforts to address their effectiveness, NGOs have widely discussed the merits of different strategies that would increase their impact, influence stakeholders attitudes and change their policy and practices (CAFS, 1999; Kenya National Council of NGOs, 2001). Like all businesses, NGOs are moving into a new age. To sustain competition in today's environment, the software of organization's trade (ideas, research, empowerment and networking) are rapidly becoming more important than their hardware (the product, processes and time bound geographically fixed projects), making information and influence more dominant over the dollars and pounds (Clark, 1992).

The social-worker entrepreneurs are those who find not only additional sources of funds but also new methods to link funding to performance (Dees, 1998).

Presently NGOs need to find methods of working together through strategic partnerships that link local and global processes together; and a much more effective method of identifying barriers to change and points of leverage where their combined experience gives them authority and voice.

As can be seen from the literature review above, not much research has been done in the area of NGOs strategies for adapting to changing donor funding patterns. The purpose of this study is to fill this information gap.

### 3.3. Data collection method

A questionnaire (Appendix 2) including introduction letter from the University, that contained both open-ended and closed-ended questions was used to collect relevant data for the study. The questionnaire was administered via email and drop-and-pick method. One person, either the Administrator, Project Manager or Chief Executive was contacted on telephone before the questionnaire was administered.

## CHAPTER 3: RESEARCH METHODOLOGY

### Introduction

This chapter presents the various steps that were deemed necessary in executing the study, thereby satisfying the study objective. The objective of the study is to establish strategic responses to changes in donor funding patterns by NGOs operating in Nairobi that deal with children issues.

### 3.1. Research Design

A census method was used to collect data. This method was preferred because it allows for generalizability of research findings and is one of the most important data collection methods used in social sciences (*Nachmias et al, 1996*).

### 3.2. The Population of study

The population of study consisted of mainstream NGOs dealing with children issues located within Nairobi and its environs, which number 45 (*NGO Council, 2001*). The list is attached as **appendix 1**.

The population was the NGOs registered with the NGO Council stating their business as that of dealing with children issues. Being the capital of Kenya, Nairobi is the centre of social, political, educational and economic activities in the country. Majority of these organisations, whether local, national, regional or international, have their registered offices in Nairobi (*Kenya National Council of NGOs, 2001*).

### 3.3. Data collection method

A questionnaire (Appendix 2 – including introduction letter from the University), that contained both open-ended and closed-ended questions was used to collect relevant data for the study. The questionnaire was administered via email and drop-and-pick method. One person, either the Administrator, Project Manager or Chief executive was contacted on telephone before the questionnaires were administered.



'Drop-and-pick-later' method used by Njuguna (1996) was adopted for this study because of the limitation of the available resources – time and money. Karemu (1993), quoted Dixon and Leach for advising that the size of the sample and data collection method should be determined by the adequacy and resource considerations. The questionnaires were also administered via e-mail on confirmation of email address from prospective respondents.

The respondents were requested to complete the questionnaire which was forwarded back via email (14%), for some organisations (43%) the researcher made appointments with the respondents filled out questionnaire together with the respondents (on request of respondents to ensure authenticity of researcher), while for the rest (43%), the questionnaire was dropped and later picked. One person, mainly the Administrator, Manager or CEO was contacted in each organisation. The study was conducted in Nairobi between September and October 2003.

Out of the 45 NGOs contacted, 14 responded to the survey. This response rate 31% was high considering the nature of information sought, as it is confidential to the various organizations. This response rate (31%), is also high compared with those achieved in a study on strategic management practices of organisations undertaken by Aosa (1992) whose response rate was 15%.

### 3.4. Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data was tabulated and then classified into sub-samples according to their common characteristics. The data was coded and analysed using Excel worksheet application. All the organisations were analysed together. The results and discussions are as detailed in the next chapters 4 and 5 of this dissertation.

## CHAPTER 4: ANALYSIS AND FINDINGS

This chapter covers data analysis and research findings. The data was collected from the population of 45 NGOs as listed in appendix 1. The findings are presented in percentages and frequency distributions. These statistical measures were deemed adequate since the number of respondents is small (45).

### 4.1. Characteristics of the surveyed NGOs

A total of 14 questionnaires were received back. This represents 31% of the sampled organizations. The completed questionnaires were usable though some of them had missed vital details.

*Table 4.1.1 Year of NGO establishment*

Year	Frequency	Percentage
Before 1960	3	21%
1961 - 1970	1	7%
1971 - 1980	2	15%
1981 - 1990	3	21%
1991 - 2000	5	36%
Total	14	100%

From the figures in table 4.1.1, most of the NGOs surveyed, (21%) commenced operations in Kenya before 1960, with 72% being established between 1971-2000 period. This is a clear indication that majority of the NGOs surveyed were less than 30 years old. This concurs with Kiliko's (2000) observation that NGOs were already in existence in Kenya before 1960. This reflects the increase in new entries in the NGO sector, thus an increase in the threat of new entrants in the industry. The growth of NGOs in the period was also noted by Mbote (2000), who attributed the

### 3.5. Limitations of the Study Methodology

Surveys are obtrusive and are therefore not discreet research instruments. In this study context, it means that the respondents interviewed were fully aware that they were being studied. This awareness could potentially affect their responses. Furthermore NGOs have tightened the policies on sharing confidential information since their implication after August 7, 1998 bomb blast in Nairobi as well as suspicion of scrutiny from their competitors and other sources.

Using a survey also meant that the researcher had to rely on self-reporting by the respondents about their organizations. Such self-reporting may not be always accurate or true. Discussions with some of the respondents resulted to well filled out questionnaires; unfortunately, the researcher did not have time to visit with all organizations. Some of the organizations the researcher visited informed the researcher out rightly that they do not respond to questionnaires so there was no need to drop them.

The use of structured and closed-ended questionnaires meant that we predetermine the questions the respondents were expected to answer. The researcher assumed that the respondents would understand the questions and answer correctly.

(Average expenditure in 5 years)		
Greater than 21 Million	4	28%
21 - 30 Million	2	13%
10 - 20 Million	4	29%
No responses	4	29%
Total	14	100%

growth to numerous economic ills, taking social-responsibility as well as NGOs being development partners (Mbote, 2000).

Table 4.1.2. Geographical Distribution of NGOs in Kenya

Geographical operations	Frequency	Percentage
Local (Nairobi Only)	2	14%
Regional (some Districts)	4	29%
National (Countrywide)	2	14%
International	6	43%
Total	14	100%

From table 4.1.2 above, most of the NGOs (43%) operating locally are branches of international NGOs. Though all the NGOs surveyed had their offices in Nairobi, 29% operated regionally 14% operated countrywide, while 14% operate within Nairobi only. Similar observations were made by Mbote (2000) in a study of the operational environment and constraints for NGOs in Kenya. The location may be preferred because of the infrastructure and centralisation of government offices.

Table 4.1.3: Expenditure levels for the years 1998-2002

Expenditures in KShs (Average expenditure in 5 years)	Frequency	Percentage
Greater than 31 Million	4	29%
21 - 30 Million	2	13%
10 - 20 Million	4	29%
No response	4	29%
Total	14	100%

As shown in table 4.1.3, a larger percentage of NGOs (42%), have an annual operational budget of between KShs.10-30 Million . Four (29%) of the NGOs under study did not respond to this question. Some indicated that this information was classified, and were a bit wary, wanting to know who will be able to access this

confidential information. The approximate budget for the NGOs reflects mainly the level of operation, and it goes without saying that the bigger the budget, the more strategies needed to keep up the level of funding to ensure continuity of operations.

Table 4.1.4. Difficulties encountered in obtaining funds for the years 1998-2002

Any difficulties	Frequency	Percentage
Yes	8	57%
No	3	21%
No response	3	21%
Total	14	100%

As shown in Table 4.1.4, 57% of the NGOs surveyed experienced difficulties in obtaining funding for their operations; 21% did not experience funding problems, while 21% did not respond. The 57% acceptance of difficulties in funding may be seen to reflect either an increase in competition for funding or donor fatigue.

Table 4.1.5. Sources of Funding for the NGOs

Sources of funding for NGOs	Percentage of NGOs funding
Local companies	4%
International Donors	72%
Individuals	10%
Government (Kenya)	2%
Other NGOs	3%
Religious Organisations	1%
Un-named donors	8%
Total	100%

Table 4.1.5 represents the sources of funding for the NGOs. As shown in the table, majority of the NGOs' (72%) financiers are International donors. This means that most of the NGOs rely on funding either from foreign governments or international bodies to support their budget. The religious organizations were the least donors (1%) implying that the NGOs under study are not supported by the local religious fraternity. Only 4% of NGOs funding was from local profit making companies. Individual donors comprised of (10%) of the funding for NGOs. Individual donors who comprised 10% of funding were noted to be mostly in international NGOs, where individuals support certain projects.

*Table 4.1.6: Distribution of respondents by management level*

Management level of respondent	Frequency	Percentage
Chief executive officer	2	14%
Senior Manager	5	36%
Middle level specialist/manager	6	43%
No response	1	7%
Total	14	100%

Table 4.1.6 shows the distribution of the respondents by management level. Middle level managers constituted the highest level of respondents (43%), followed by senior managers (36%) and chief executive officers at 14%.

#### **4.2: Strategic Responses to changes in Donor Funding Patterns by NGOs Dealing With Children Issues.**

This section covers findings from the specific questions posed to the respondents to determine what strategies the Nairobi-based NGOs dealing with children issues have used to respond to threats posed by changes in donor funding patterns.

*Table 4.2.1. Extent of Changes in Donor funding patterns and policies*

Aspects of change in donor (partners) funding policies and practices	Extent of change (n=14)				
	none(%)	lesser(%)	moderate(%)	large(%)	very large (%)
Foreign funding partners policies have changed in last 5 yrs	2 (14%)	1 (7%)	6 (43%)	5 (36%)	0 (0%)
Funding partners priorities changed in last five years	1 (7%)	4 (29%)	6 (43%)	2 (14%)	1 (7%)
Funding partners are involved in setting organisation goals	3 (21%)	5 (36%)	1(7%)	3 (21%)	2 (15%)
Negative media reports impact on funding	6 (43%)	4 (29%)	2 (14%)	2 (14%)	0 (0%)
Funding partner is involved in setting organisation goals	3 (21%)	4 (30%)	3 (21%)	2 (14%)	2 (14%)
Funding partner involvement in setting organisation policies	8 (57%)	3 (21%)	0 (0%)	1 (7%)	2 (15%)
Major donors are flexible to funding organisation projects	1 (7%)	4 (29%)	2 (14%)	6 (43%)	1 (7%)

From table 4.2.1 above, it is noted that for most organisations, there was a definite change in donor funding policies. 43% of NGOs acknowledged that their foreign funding partner policies and priorities have changed to a moderate extent in the last five years, while 36% view the donor funding policies as having changed to a very large extent. This implies that there have been definite changes in donor funding patterns in the recent past. The negative media's impact on funding was relatively low. There had been no change in funding partners' involvement in setting organisation policies. The findings also reveal that there was no change (21%) or lesser extent of change (39%) in the funding partners involvement in setting organisational goals for NGOs under study.

### 4.3: NGOs Responses to Changes in Donor funding patterns

Table 4.3.1: NGOs internal strategies for dealing with changes in donor funding patterns

Types of internal strategic response applied by NGOs	Extent of response (n=14)				
	none	less	moderate	large	very large
Institution of new internal control system	5 (36%)	3 (21%)	0 (0%)	4 (29%)	2 (14%)
Change of human resources policy	4 (29%)	4 (29%)	2 (14%)	3 (21%)	1 (7%)
Change or organisation policies to suit donors	2 (14%)	3 (21%)	4 (29%)	3 (21%)	2 (14%)
Capacity building	2 (14%)	4 (29%)	2 (14%)	4 (29%)	2 (14%)
Proactive planning procedures	2 (14%)	3 (21%)	3 (21%)	3 (21%)	3 (21%)
Methods of linking funds to performance	1 (7%)	2 (14%)	2 (14%)	3 (21%)	6 (43%)
Renewed Focus on rules and standards	4 (29%)	0 (0%)	4 (29%)	2 (14%)	4 (29%)

From Table 4.3.1 above, it is noted 43% of NGOs instituted internal control systems as to a great extent as a response to changes in donor funding policies. There was little change in human resource policy for the NGOs under study. Capacity building was embraced by majority of the NGOs (57%) as well as proactive planning procedures. This implies that most organisations felt a need to re-evaluate their internal practices in response to changing donor funding patterns in order to keep with donor policies or the trend. Methods of linking funds to performance were the most applied strategy for the NGOs. 71% of NGOs embraced a renewed focus on rules and standards. Overall, the analysis reveals that most NGOs employed internal strategies as a response to changes in funding patterns and priorities.



Table 4.3.2. Other NGOs responses to changes in funding partners' priorities and patterns

Type of strategic response applied by NGOs in response to changing donor funding patterns	Extent of response (n=14)				
	none	less	moderate	large	very large
Diversification of foreign funding partners	3 (22%)	1 (7%)	6 (43%)	2 (14%)	2 (14%)
Local lobbying for funds from profit making companies	9 (65%)	1 (7%)	2 (14%)	2 (14%)	0 (0%)
Strategic alliances with local companies	7 (50%)	5 (36%)	1 (7%)	1 (7%)	0 (0%)
Co-operation with other NGOs that share same vision	1 (7%)	1 (7%)	2 (14%)	7 (50%)	3 (22%)
Differentiation of product/service offered by NGO	5 (36%)	0 (0%)	4 (31%)	4 (31%)	1 (7%)
Consideration of government as a funding partner	8 (57%)	0 (0%)	1 (7%)	4 (29%)	1 (7%)
Positioning of the organisations strategically	3 (21%)	0 (0%)	5 (37%)	3 (21%)	3 (21%)
Review of organisational goals and objectives	3 (21%)	0 (0%)	4 (29%)	6 (43%)	1 (7%)
Changing to a cause that is attractive to certain donors	4 (29%)	1 (7%)	5 (36%)	1 (7%)	3 (21%)
Active participation in income generating activities	5 (36%)	5 (36%)	0 (0%)	2 (14%)	2 (14%)
Undertaking of long-term self sustainability plans	4 (29%)	1 (7%)	2 (14%)	3 (21%)	4 (29%)
Knowing what donors are funding presently	2 (14%)	2 (14%)	0 (0%)	8 (58%)	2 (14%)
Networking with other NGOs not necessarily in same field	2 (14%)	2 (14%)	6 (43%)	2 (14%)	2 (14%)

From table 4.3.2, it is noted that most NGOs responded to changes in donor funding priorities and patterns through a moderate to large diversification of foreign funding partners (71%), large co-operation with NGOs who share same vision (58%), review of organizational goals and objectives (79%) and knowing the activities the donors are funding presently (71%). The least favorable options as responses to changing donor funding patterns for NGOs under study were strategic alliances with local companies (86%), active participation in income generating activities (72%), and lobbying for funds from local profit making companies (73%). The above results reflect that most NGOs still prefer to rely on donors for continuity of operations, as opposed to becoming self-reliant or soliciting for funds locally.

*Table 4.3.3. Extent of relationships with other Organizations*

Organisations in relationship	Extent of relationship (n=14)				
	none (%)	less (%)	moderate (%)	large (%)	very large (%)
with Children NGOs under study					
Other NGOs	2 (14%)	0 (0%)	4 (29%)	6 (43%)	2 (14%)
Profit Making Companies	7 (50%)	1 (7%)	5 (36%)	1 (7%)	0 (0%)
Religious organisation	7 (50%)	3 (22%)	2 (14%)	2 (14%)	0 (0%)

Table 4.3.3. shows the extent to which NGOs have benefited from developing relationships with various organizations, namely other NGOs, Local profit making companies and Religious organizations. The NGOs dealing with children issues have benefited most from bilateral relationships with other NGOs (85%). Most NGOs (72%) did not benefit from forming relationships with religious organisations.

*Table 4.3.4. Ways used by NGOs to respond to involvement of funding partners in their Policy Formulation Process*

Tools used by NGOs in response to donor involvement in NGO policy formulation	Extent of Donor involvement in NGO policy setting (n=14)				
	none (%)	lesser (%)	moderate(%)	large (%)	very large (%)
Changing NGOs policy to suit funding partner	5 (36%)	4 (29%)	2 (14%)	1 (7%)	2 (14%)
Negotiating with partners	3 (21%)	3 (21%)	4 (30%)	3 (21%)	1 (7%)
Changing funding partners	8 (57%)	2 (14%)	1 (7%)	3 (22%)	0 (0%)

Table 4.3.4 above shows that most NGOs (65%) did not respond to donor involvement in the setting of their organizational policies by changing their policies to suit those of their donors. A bigger percentage of NGOs (57%), preferred to negotiate with their donors. Changing of funding partners was the least preferred mode of response to donor involvement in setting organization policies, with (total) 71% of NGOs not doing so. The NGOs (65%) did not change their policies to suit funding partners' policies.

*Table 4.3.5. NGO response to donor withdrawal of funding*

Strategy applied in response to donor project funding withdrawal	Extent of use of strategy in response to funding withdrawal (n=14)				
	none (%)	less (%)	moderate(%)	large (%)	very large(%)
Search for new donor	5 (36%)	0 (0%)	3 (21%)	2 (14%)	4 (29%)
re-negotiation with present donors	4 (29%)	0 (0%)	5 (35%)	4 (29%)	1 (7%)
abandonment of project	9 (65%)	3 (21%)	0 (0%)	1 (7%)	1 (7%)
redrafting the project	7 (50%)	3 (21%)	2 (15%)	1 (7%)	1 (7%)

It is evident from table 4.3.5 above that majority of NGOs search for new donors when the present donor withdraws funding or refuses to fund a specific project. 72% also (moderately, largely and to a large extent) preferred to re-negotiate with their donors. Only 14% of NGOS preferred to abandon the project when donors withdrew or stopped funding the project.

*Table 4.3.6. NGOs adaptation to donor policies*

The measures of adaptation / response to donor funding policies	Extent of adaptation / influence (n=14)				
	None (%)	Lesser (%)	Moderate (%)	Large (%)	Very large (%)
Extent to which NGO has adapted to funding partners polices	2 (14%)	2 (14%)	2 (14%)	2 (14%)	6 (44%)
Extent to which NGO has set strategies to influence donor policies	3 (21%)	1 (7%)	2 (14%)	5 (37%)	3 (21%)

As shown in Table 4.3.6, a very large percentage of NGOs (72%), have adopted funding partners' policies, as compared to only 14% who have not. The NGOs have also largely (58%) set strategies to influence donor policies. Overall, the results show that polices of NGOs are biased towards supporting donor policies, with the NGOs setting strategies to influence the donor polices in order to have continuity of funding.

## 5.0. Response to negative media reports

Eight of the NGOs indicated that they had not had any negative media reports and thus had not developed any strategic responses. Other NGOs responded in various ways simultaneously. Some (four) NGOs have their funding partners monitoring their projects on an annual basis for them to have a feel of the actual beneficiaries of their resources. Four NGOs preferred to write reports to the donors and addressing the negative media publicity in form of newsletters or an in-depth situation report.

## 6.0: Other problems faced by NGOs

Other problems highlighted by the respondent NGOs in relation to changing donor funding patterns are listed below: -

- a) Difficulty of finding new donor and attracting a diversity of donors
- b) Re-engineering NGO to suit donor requirements
- c) Abandonment of some project components not favoured by donor or abandoning whole project altogether. This leads to discontinuity in project implementation and sustainability.
- d) Increased competition for donor funding
- e) Inability to plan well because of unpredictable funding pattern
- f) Difficulties of maintaining sufficient level of funding to ensure continuity of operations
- g) High staff turnover as contracts are pegged on the funding term period from donors.
- h) Problem of synchronisation of goals as donors shift priorities.

As far as changes in donor policies and practices are concerned, the respondents NGOs being funded mainly by one foreign government have no difficulties in changing donor patterns as they are assured of continuity of income. These NGOs ensure that they adopt in wholesale policies of funding governments as opposed to the widely used logistics framework in program, planning, implementation, monitoring and evaluation.

## CHAPTER 5: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

### Introduction

In this section we discuss the main findings, draw conclusions and make recommendations.

### 5.1. Discussion

The objective of the study was to survey strategic responses by NGOs dealing with children issues to changes in donor funding patterns. In relating this to Porter's Five Forces model of competition, the bargaining power of suppliers was the key factor applying in this study as reflected in the objective of the study. Suppliers here are the donors who support the operations of the NGOs, the researcher had undertaken to find out the strategic responses to the changing donor funding patterns. We will start by discussing the findings on the extent of change in donor funding patterns and then discuss the responses to these changes.

We established that the NGO industry is quite attractive. This is reflected in the sudden increase of NGOs in the market especially from 1980, with 57% of NGOs being established in the last 23 years. With the increase of NGOs, there is a definite increase in competition for donor funding, as NGOs under study were not self-reliant and relied solely on donor funding. This concurs with findings by Mbote (2000) and Andrews et al (1999).

As far as changes in donor policies and practices are concerned, the respondents indicated that there was a moderate change in foreign funding partners' policies and priorities in the last five years. The funding partners are involved in setting the NGOs' goals and policies, though to a lesser extent. The funding partners for most organisations were quite flexible to funding various organisation projects.

The negative media has had lesser or no impact on the funding for 80% of the organisations. However, the study showed that 20% organisations had to close down some of their projects and were aware that some organisations had closed down altogether in the recent past owing to bad publicity in the media. To respond to negative media reports, both locally and internationally, some NGOs have established a newsletter system, sent periodically to the donors in addition to the annual reports. Some donors also send over their representative to confirm the authenticity of the reports as well as encouraging periodic visits to enhance transparency. Other NGOs do not get any sort of publicity, as the industry they are in does not attract much media attention. This agrees with observation by Dees (1998)

who proposed that the social worker entrepreneurs are those who find new methods. The study established that a variety of problems have arisen as a result of changing donor funding patterns, resulting in the NGOs adopting various strategic responses to the same. From the data analysis we note that various NGOs have adopted different strategies as a mode of adapting to changes to donor funding patterns. There are those who have engaged in self-sustainable projects, for example organic oriental farming, targeting specific clients. Some NGOs have round table talks with their donors, where they raise issues as well including the same in the annual reports to the donors. There is a move towards changing organisational strategy as well as collaborating with partnering agencies. Other NGOs have involved the beneficiary communities in project development and implementation, thus ensuring the continuity of the project through the community even after donor has stopped funding project. There is a move towards constant interaction with donors towards common solutions. There is also aggressiveness in NGOs in pursuit of new donors and embarking on internal organisational changes in an attempt to redress the organisation. The local fund-raising officers present a new image both to local and foreign potential/target donors. Similar observations were made by Mbote (2000) who noted NGOs could identify alternative sources of funding such as mobilisation of local resources in their respective areas of expertise to generate income. Rindell, (1997) also observed that NGOs are being clearly influenced by the donors in setting their priorities. NGOs also showed that they are now undertaking long-term self-

sustainability plans, with a good number also networking with other NGOs not

The study established that NGOs employed internal-oriented strategies to respond to changes in donor funding patterns. 36% of NGOs did not institute new internal control systems, whereas 29% largely and 14% very largely instituted internal control systems. There were moderate changes in the human resource policies as well as change of organisation priorities to suit those of donors, with 58% of NGOs only applying this strategy to a lesser or no extent. There was moderate interest towards capacity building. A larger percentage of NGOs (63%-78%), instituted methods of linking funds to performance, proactive planning procedures and had a renewed focus on rules and standards. This agrees with observation by Dees (1998) who proposed that the social worker entrepreneurs are those who find new methods of linking funds to performance.

The study also established that when donors refused to fund a specific project, the

The study revealed that changes in donor funding patterns definitely affected the internal affairs of the NGOs, and they had to seek for suitable ways to respond to ensure continuity of funding their operations. Similar observations were made by Nicola et al (2002) and Overseas Development Institute (1995).

NGOs very readily adapted to funding partners policies and practices as well as tried

The research also established that NGOs have used various externally oriented as a response to changing donor funding patterns and priorities. Most organisations did not consider local lobbying for funds from profit making companies (64%), strategic alliances with local profit making companies (50%) or the government as a funding partner (57%). Majority of NGOs had embarked largely on diversifying funding partners and having a co-operation with other NGOs who share the same vision. Edward et al (1999) observed that NGOs are becoming more strategic in their lobbying for funds from the International Financial Institutions. There was evident large differentiation of products by different organisations as well as strategic positioning of the organisation. NGOs also preferred to review organisational goals and objectives; engaging on a programme attractive to specific donors, and knowing what the donors are funding generously so as to increase probability of success in obtaining funding. NGOs also showed that they are now undertaking long-term self-

sustainability plans, with a good number also networking with other NGOs not necessarily in the same field. This enables them keep abreast of information and enhance co-operation. Similar findings have been made by Mbote (2000), and Andrews et al (1999) regarding the responses of NGOs to donor funding patterns.

With regard to bi-lateral relationships with other organisations, NGOs had benefited largely from relationships with other NGOs, but had little benefits from relationships with religious organisations and the profit making companies locally. This is also reflected from results of data analysis on sources of funding for NGOs, which clearly showed that local companies (4%) and religious organisations (1%) provide very minimal funding for NGOs.

The study also established that when donors refused to fund a specific project, the NGOs were lesser inclined to abandon project or redraft the project. The NGOs preferred to search for new donors for project or to renegotiate with present donors in order to arrive at a compromise.

NGOs very readily adapted to funding partners policies and practices as well as tried to set policies to influence funding partners. This shows the industry's suppliers of funds are very powerful, and thus have the NGOs at their mercy. The study established, that most NGOs do not have proactive or strategic plans wherein they will not be reliant on donors (suppliers). However, various NGOs were readily trying to embrace self-sustainability, for some of the projects that they are involved in. This seemed to depend on the organisational policies and goals, and a lot on the chief executive or the country director of the organisation.

The study results showed readily that the NGOs were greatly influenced by the donors and to be independent, they crucially need new sources of revenue. Similar observations were made by Andreasen (1996), Dees (1998), and Kenya National Council of NGOs (2001) who also noted that non-profits need new sources of revenue.



### 5.3. Recommendations

## 5.2. Conclusions

The study reveals the NGOs dealing with children issues are largely reliant on foreign donors, with the donors having a say as to how the organisations will be run. This concurs with research findings by Rindell (1997), who also notes that donors' rigidity in funding NGO activities even when results for impact assessment and monitoring indicated the desirability of flexibility.

The study also reveals that NGOs acknowledge the changing donor funding patterns, but many are not actively seeking for long-term self-sustainability for the organisation as a whole. As a response to these changes, NGOs are now seeking for differentiation of their product, in order to place themselves in strategic positions that ultimately attract donor funding. However, there is a move towards long-term self-sustainability plans for non-project oriented NGOs, as well as networking among the NGOs.

In responding to changes in the donor funding patterns, NGOs use a combination of generic strategies including differentiation, segmentation and market focus. Attempts were made by NGOs to enhance proactive planning procedures, methods of linking funds to performance as well as renewed focus on rules and standards. The NGOs unfortunately largely compromised their organisation policies to suit donors' tastes, giving little room for objectivity and creativity in some issues. The local profit making companies did not seem to be a welcome source of funding for many NGOs. NGOs preferred to know what donors are presently funding, in order to have a continuity of operational funds. Other key findings of the research include the awareness of NGOs as regards their position in relation to donors, and an adaptation to the changes thereon in various ways.

### 5.3. Recommendations Further research

NGOs need to be proactive, and not reactive towards the donor funding patterns changes. Most NGOs have been operating for more than 20 years and can thus easily formulate self-sustainability plans that can work well. The NGOs have not yet fully exploited the local profit making companies as a source of funding. The formation of strategic alliances with the local profit making companies is not fully exploited.

It is evident that the NGOs are heavily reliant on foreign donors, but most of their strategies are reactive and not proactive as would be wiser. It is clear that the NGOs need to be making long-term strategic plans with an eventual move towards reducing supplier power as opposed to current situation.

NGOs, being in an industry where there is overwhelming supplier power, need to proactively anticipate and strategically respond to changing environment. There are many unexploited avenues for raising funds for NGOs locally, which have not been explored by many of the NGOs sampled.

### 5.4. Limitations of the study

This study has several limitations namely;

- a) The study focussed on the impact and responses of changing donor-funding patterns on NGOs dealing with children issues only. Many of these organisations were small, having the CEO, Country director or Administrator "running-the-show". As a result, they (respondents) viewed the questionnaire to be a very suspicious tool and were not willing to respond to the same. In NGOs where in-charge persons were expatriates, the answer was a definite no to responding to the questionnaire.
- b) Some NGOs listed in the Kenya National Council of NGOs were no longer in existence, whereas others changed their locations and as such it was not easy to contact them.

## 5.5. Suggestions for further research REFERENCES

- A study should be conducted to establish the strategic responses to NGOs in other sectors for example development oriented NGOs, to establish the strategies being used by other NGOs to respond to the general erratic donor funding patterns. Findings from such studies will compliment the findings in this research.
- Further detailed studies need also to be conducted for NGOs as relates to the application of Porters' five forces model of competition. Such a study will shed more light on why NGOs behave the way they do.

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4. Broad
5. Child Welfare Society of Kenya
6. Children and Community Welfare Programmes
7. Child
8. Child
9. Child Welfare Society of Kenya
10. Children and Community Welfare Programmes
11. Children's Relief Fund
12. Christian Children's Fund Inc
13. Disabled Child Monitor
14. Engender Health
15. Family Support Institute
16. Feed the Children (Kenya)
17. Forum for African Women Educationalists
18. Friends Society For Kenya Children in Japan
19. German Agro Action
20. Goal - Kenya
21. The Good Samaritan Committee on Rehabilitation of Street Children
22. Help Child/Mother Organization
23. The International Childcare Trust (Kenya)
24. Homeless Children International (HI)
25. Inthahealth International (ESA)
26. Kenya Alliance for the Advancement of Children
27. Kenya Association for the Welfare of Epileptics (KAWE)
28. Kenya Christian Homes
29. Kenya Orphans Rural Development Programmes
30. Kenya Children Trust Fund
31. Kenya Street Childrens Organization
32. Kivuli Community Youth Organization
33. Mutithia Children Fund
34. National School Feeding Council of Kenya
35. Neighbourhood Childcare Services
36. Save the Children Centre
37. Save the Children Fund - UK
38. Save the Children CANADA
39. Singa Limited
40. SOS Children's Village



## ANNEX I

### NGOS DEALING WITH CHILDREN ISSUES

#### Located and operating in Nairobi, or with Head Office in Nairobi

1. Africa Network for the Prevention and Protection against Child Abuse and Neglect ANPPCAN – Kenya Chapter (Nairobi)
2. Association for the Physically Disabled of Kenya (APDK)
3. Better Hope Institute – Nairobi
4. Bread for Children Kenya – Nairobi
5. Catholic Relief Services (CRS – KENYA)
6. Centre for African Studies
7. Child Care Centre International – Kenya
8. Child Labour Intervention Prevention and Education (CLIPE) – Nairobi
9. Child Welfare Society of Kenya
10. Children and Community Welfare Programmes
11. Children's Relief Fund
12. Christian Children's Fund Inc
13. Disabled Child Monitor
14. Engender Health
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19. German Agro Action
20. Goal - Kenya
21. The Good Samaritan Committee on Rehabilitation of Street Children
22. Help Child/Mother Organization
23. The International Childcare Trust (Kenya)
24. Homeless Children International (K)
25. Inthahealth International (ESA)
26. Kenya Alliance for the Advancement of Children
27. Kenya Association for the Welfare of Epileptics (KAWE)
28. Kenya Christian Homes
29. Kenya Orphans Rural Development Programme
30. Kenya Children Trust Fund
31. Kenya Street Childrens Organization
32. Kivuli Community Youth Organization
33. Mutirithia Children Fund
34. National School Feeding Council of Kenya
35. Neighbourhood Childcare Services
36. Save the Children Centre
37. Save the Children Fund – UK
38. Save the Children CANADA
39. Sinaga Limited.
40. SOS Children's Village

- 41. Spirit of Faith Childrens Centre:
- 42. Sub-Sahara Child's Welfare Association
- 43. The Good Samaritan Committee on Rehabilitation of Street Children
- 44. Undugu Society of Kenya
- 45. World Vision Kenya:

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 Nairobi, Kenya

DATE: 10/09/2003

TO WHOM IT MAY CONCERN

The bearer of this letter is WILSON NDEBITU

Registration No. 001/02270/99

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of either coursework assessment a research project report on some managerial problems. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.





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## TO WHOM IT MAY CONCERN

The bearer of this letter NYAWIRA NDERITU

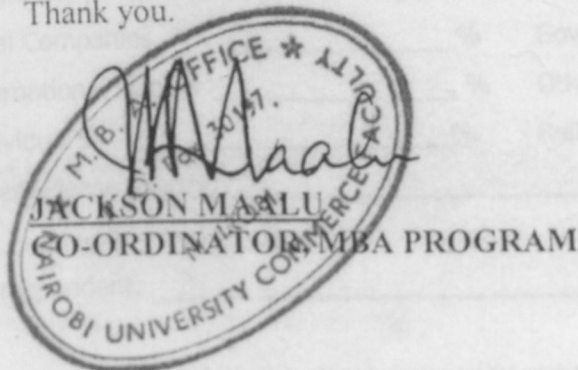
Registration No: DG1/P18770199

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on some management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



# SURVEY OF STRATEGIC RESPONSES BY NGOs TO DONOR FUNDING PATTERNS.

(For an MBA study at University of Nairobi)

## ANNEX II ( QUESTIONNAIRE)

This questionnaire seeks to survey the responses of NGOs dealing with children issues to donor funding patterns. The information in this questionnaire will be treated confidentially, and will only be used for academic purposes. The researcher will follow up to clarify issues, during the data collection process.

### SECTION A:

1. Name of NGO : \_\_\_\_\_

2. Nature of Business : \_\_\_\_\_

3. Founding Year : \_\_\_\_\_

4. Number of years in operation: \_\_\_\_\_

5. Level of NGOs operation:

- |                        |                          |                           |                          |
|------------------------|--------------------------|---------------------------|--------------------------|
| Local (Nairobi Only)   | <input type="checkbox"/> | Regional (Some Districts) | <input type="checkbox"/> |
| National (Countrywide) | <input type="checkbox"/> | International             | <input type="checkbox"/> |

6. When NGO started operations in Kenya (for international NGO): \_\_\_\_\_

7. Please give approximate figures in Kenya Shillings for annual budget for last five years

2002: \_\_\_\_\_ 1999: \_\_\_\_\_

2001: \_\_\_\_\_ 1998: \_\_\_\_\_

2000: \_\_\_\_\_

8. Have you encountered any difficulties in procuring partners to support the budges listed above?

Yes  No

9. Please state the percentage of your funding partners (indicate below as appropriate)

- |                                |                                 |
|--------------------------------|---------------------------------|
| Local Companies _____ %        | Government _____ %              |
| International Donors _____ %   | Other NGOs _____ %              |
| Individual's _____ %           | Religious Organizations _____ % |
| Other (Please specify) _____ % |                                 |

10. Title of respondent: \_\_\_\_\_

### SECTION B:

This section seeks to find out the extent to which donor funding patterns and policies have changed, and its effect on the NGOs under study.

**Please circle the level that best applies to your organisation against each question, the scale is as indicated below: -**

	to no extent	To a less extent	moderate extent	a large extent	very large extent
11. To what extent has your foreign funding partner policies changed in the last five years?	1	2	3	4	5
12. To what extent have your funding partners' priorities changed in the last five years?	1	2	3	4	5
13. To what extent are your funding partners involved in setting your organization policies?	1	2	3	4	5
14. To what extent has negative media reports on the NGO sector affected the release of funds from your funding partners?	1	2	3	4	5
15. To what extent are your funding partners involved in setting your organisation priorities?	1	2	3	4	5
16. To what extent is your funding partner involved in selection of board members?	1	2	3	4	5
17. To what extent would you say your major donors are flexible to funding various organisational projects?	1	2	3	4	5

### SECTION C

Please indicate/circle the level that most closely matches your organisation response to donor funding patterns and policies. **The rating is as follows (1) to no extent; (2) to a less extent; (3) to a moderate extent; (4) to a large extent; (5) to a very large extent**

	to no extent	To a less extent	moderate extent	a large extent	very large extent
18. Please indicate the extent to which your organization has responded to changes in your partners funding policies in any of the following ways: (a) Institution of new internal control systems (c) Change of human resources policy (b) Change of organization priorities to be in line with funding partners' requirements. (c) Capacity building (d) Proactive planning procedures (e) Methods of linking funds to performance	1	2	3	4	5

to no extent	a less extent	moderate extent	large extent	very large extent
1	2	3	4	5

<p>22. Please indicate the extent to which your organization has used any of the following to respond to the unwillingness of your funding partners to support some of your organization's projects.</p> <p>(a) Search for new donor to fund the project</p> <p>(b) Re-negotiation with funding partners</p> <p>(c) Abandonment of project</p> <p>(d) Redrafting the project</p> <p>(e) Other (Please specify)</p> <p>i. _____</p> <p>ii. _____</p> <p>23. To what extent has your organization adapted to funding partners policies and practices?</p> <p>24. To what extent has your organisation set strategies that influence your funding partners and/or stakeholders attitudes, policies and practices?</p>					
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25. Please list the ways in which your organization has responded (to your funding partners) to negative media reports which affect your relationship with your funding partners.

(a) Other (Please Specify)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

26. Please list the problems that your organisation faces as a consequence of changing donor-funding patterns.

(b) Others (Please specify)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

27. How has your organisation responded to the issues listed in (26) above

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Thank you for taking time to fill out the questionnaire.

	to no extent	a less extent	moderate extent	large extent	very large extent
	1	2	3	4	5
(f) Renewed focus on rules and standards					
(g) Other (Please specify)					
i. _____					
ii. _____					
iii. _____					
19. Please rate the extent to which your organization's has used any of the following in response to changes in your funding partners priorities and patterns.					
(a) Diversification of foreign funding partners					
(b) Local lobbying for funds from profit making companies					
(c) Strategic alliances with companies locally					
(d) Co-operation with other NGOs who share the same vision					
(e) Differentiation of product/service offered by organization					
(f) Consideration of Government as a funding partner					
(g) Positioning the organization strategically					
(h) Review of organization goals and objectives					
(i) Having a cause especially unique/attractive to certain funding partner					
(j) Active participation in income generating activities					
(k) Undertaking of long-term self sustainability plans					
(l) Knowing what the donors are funding presently					
(m) Networking with other NGOs not necessarily in same field					
(n) Other (Please Specify)					
i. _____					
ii. _____					
20. Please indicate the extent to which your organization has benefited from developing relationships with the following organizations					
(a) Other NGOs who share your vision					
(b) Local profit making companies					
(c) Religious organizations					
(d) Others (Please specify)					
i. _____					
ii. _____					
21. Please indicate the extent to which your organization has used any of the following ways to respond to involvement of your funding partners in setting your organizations' policies.					
(a) Changing your organizations' policies to suit funding partners requirements.					
(b) Negotiating with funding partners, to get a workable solution					
(c) Changing funding partners in order to continue with organizations original cause of action					
(d) Others (Please specify)					
i. _____					
ii. _____					
iii. _____					