

**SUSTAINABILITY OF NON GOVERNMENTAL ORGANIZATION FUNDED
PROJECTS POST DONOR FUNDING. A CASE STUDY OF NON GOVERNMENTAL
ORGANIZATIONS IN MSAMBWENI SUB-COUNTY IN KWALE COUNTY, KENYA.**

BY

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DECLARATION

The research project presented in this study is my original work and to the best of my knowledge it has never been submitted to any other university for academic purposes.

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DEDICATION

I dedicate this research to my husband David Masika for being a friend, teacher and good listener every time I shared with him what I was doing and many times he would care for our daughter Ariana Masika when I was away during evening classes and weekend classes, to my 2 year old daughter Ariana Masika who would sometimes delete an entire page off my computer and give me a beautiful smile which said, 'I was only helping and to my mother Mrs. Margaret Saka who is a fountain of wisdom.

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TABLE OF CONTENT

	Page
DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF ACRONYMS	xii
ABSTRACT.....	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.2 Statement of the Problem.....	4
1.3 Purpose of the Study	5
1.4 Objectives of the Study.....	6
1.5 Research Questions and Research Hypothesis	6
1.5.1 Research Questions.....	6
1.5.2 Research Hypothesis.....	7
1.6 Significance of the Study	7
1.7 Delimitations of the Study	8
1.8 Limitations of the Study.....	9
1.9 Assumptions of the Study	9
1.10 Definition of Significant Terms	10
1.11 Organization of the Study	11

CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 The Concept of project Sustainability.....	12
2.2.1 Sustainability Analysis.....	14
2.2.2 Sustainability Strategy	15
2.3 Financial Systems and How They Influence Project Sustainability	15
2.4 Technology Adoption and How it Influence Project Sustainability	18
2.5 Stakeholders Involvement and Participation and its Influence on Project Sustainability	20
2.6 Donor Policies and How They Influence Project Sustainability	22
2.7 Management Structures and How They Influence Project Sustainability	25
2.8 Conceptual Framework.....	27
2.9 Summary of the Literature Review.....	29
CHAPTER THREE: RESEARCH METHODOLOGY.....	30
3.1 Introduction.....	30
3.2 Research Design.....	30
3.3 Target Population.....	30
3.4 Sample Size and Sampling Techniques	30
3.5 Data Collection Instruments	31
3.6 Data Collection Procedure	32
3.7 Piloting of the Research Instruments	32
3.7.1 Validity of the Research Instruments.....	32
3.7.2 Reliability of the Research Instruments	33
3.8 Data Analysis	33
3.9 Ethical Considerations	33

3.10 Operational Definition of Variables.....	34
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CHAPTER FOUR: PRESENTATION OF FINDINGS, ANALYSIS AND INTERPRETATIONS.....37

4.1 Introduction.....	37
4.2 Response Rate.....	37
4.3 Demographic Characteristics of Respondents	37
4.3.1 Gender Distribution of the Respondents.....	38
4.3.2 Age Distribution of the Respondents	39
4.3.3 Duration of Work of the Respondents	40
4.3.4 Highest level of Education of the Respondents	41
4.4 Project Sustainability	42
4.4.1 Donor Funded Project Sustainability	42
4.4.2 Major Source of Income	43
4.5 Financial Systems and Project Sustainability	43
4.5.1 Financial Reporting.....	43
4.5.2 Audit of the Books of Accounts.....	44
4.5.3 Effects of Financial Systems on Project Sustainability	45
4.6 Technology Adoption and Project Sustainability	46
4.6.1 Computerization of Project Operations	46
4.6.2 Effect of Technology Adoption on Project Sustainability	47
4.7 Stakeholders' Involvement and Project Sustainability	47
4.7.1 Level of Involvement and Participation.....	48
4.7.2 Project Ownership and Decision Making	49
4.7.3 Level of Commitment of Stakeholders and Beneficiaries of the Project.....	50

4.7.4 Effects of Withdrawal of Donor Funding	51
4.8 Donor Policies and Project sustainability	51
4.8.1 Effectiveness of Various Donor Policies	52
4.8.2 Effect of Donor Policies on the Project Sustainability	53
4.9 Management Structures	53
4.9.1 Management Styles Adopted and their Effectiveness	54
4.9.2 Effects of Management Styles on Project Sustainability	55
4.9.3 Project Staffing	56
4.9.4 Staff Competency.....	56
4.9.4 Staff Training and Project Sustainability.....	57
4.10 The Relationship between the Variables	58

CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....63

5.1 Introduction.....	63
5.2 Summary of the Findings.....	63
5.2.1 Financial Systems and Project Sustainability	63
5.2.2 Technology Adoption and Project Sustainability	64
5.2.3 Stakeholders Involvement and Project Sustainability.....	64
5.2.4 Donor Policies and Project Sustainability.....	64
5.2.5 Management Structures and Project Sustainability	65
5.3 Discussions	66
5.4 Conclusions.....	67
5.5 Recommendations.....	68
5.6 Suggestion for Further Research.....	69

REFERENCES.....	70
Appendix I: Transmittal Letter	73
Appendix II: Introduction Letter.....	74
Appendix II: Questionnaire	75

LIST OF TABLES

	Page
Table 3.1 Total Population and Sample Size	31
Table 3.2 Operational Definition of Variables	35
Table 4.1 Response Rate	37
Table 4.2 Gender Distribution of the Respondents	38
Table 4.3 Age Distribution of the Respondents	39
Table 4.4 Duration of Work of the Respondents	40
Table 4.5 Highest level of Education of the Respondents	41
Table 4.6 Project Sustainability	42
Table 4.7 Major Source of Income	43
Table 4.8 Financial Reporting.....	43
Table 4.9 Auditing of Books of Accounts	44
Figure 4.10 Effects of Financial Systems on Sustainability	45
Table 4.11 Computerized Project Operations	46
Table 4.12 Effect of Technology Adoption on Sustainability	47
Table 4.13 Level of Participation and Involvement.....	48
Table 4.14 Project Ownership.....	48
Table 4.15 Level of Commitment	50
Figure 4.16 Effects of Withdrawal of Donor Funding.....	50
Table 4.17 Effectiveness of Various Donor Policies	51
Table 4.18 Effect of Donor Policies on Project Sustainability	52
Table 4.19 Management Styles Adopted	53
Table 4.20 Effectiveness of Management Styles Adopted	54
Table 4.21 Effects of Management Styles on Sustainability	54
Table 4.22 Staff Training	55
Table 4.23 Overall Staff Competency	55

Table 4.24 Effects of Staff Training on Project Sustainability	56
Table 4.25:Chi-Square Tests-relationship between financial systems & project sustainability	57
Table 4.26:Chi-Square Tests-relationship between technology adoption & project sustainability	58
Table 4.27: Chi-Square Tests-relationship between stakeholders' involvement and project sustainability	59
Table 4.28: Chi-Square Tests-relationship between donor policies and project sustainability....	60
Table 4.29: Chi-Square Tests-relationship between management structures and project sustainability.....	61

LIST OF FIGURES

	Page
Figure 1: Conceptual Framework on the sustainability of NGO funded projects post donor funding in Msambweni Sub County, Kwale County	28

ABBREVIATIONS AND ACRONYMS

ABD	- African Development Bank
AIDS	- Acquired Immune Deficiency Syndrome
CRADLE	- Child Rights Advocacy and Legislation
ETA	- Expatriate Technical Assistance
ERSWEC	- Economic Recovery Strategy for Wealth and Employment Creation
GOK	- Government of Kenya
TA	- Technical Assistance
NGO	- Non- Governmental Organization
OECD	- Organization for Economic Co-operation and Development
SPSS	- Statistical Package for Social Sciences

ABSTRACT

The role played by donor agencies in improving living standards of families/households, groups and individuals in any country especially in areas that has not been developed for a long time like coastal region of Kenya cannot be underestimated. There has been a significant increase in activities from donor agencies with regards to funding of various projects where the government has failed to deliver services to its people. However development projects, initiated and/or funded by these donor agencies, perform poorly and many become non-operational on termination of donor support. Despite this problem, no study has been done to establish the cause of the termination of these donor funded projects especially on withdrawal of donor support. This poses a gap that this study sought to fill an investigation of the sustainability of NGO funded projects post donor funding in Msambweni Sub County, Kwale County. The study adopted a descriptive research design. The target population included employees from six selected NGOs operating within Msambweni Sub County. Data was collected from the sampled respondents using questionnaires as the principal data collection instrument. Stratified and purposive sampling techniques were used to come up with a representative sample size. The data was analyzed using descriptive statistics and statistical Package for Social Sciences was used to aid in generation of results. The data was presented in form of frequency tables, percentages and cross-tabulation among others. The study established that most donor funded projects in Msambweni Sub County were unsustainable after the withdrawal of donor funding. The key factors that were found to affect sustainability of donor funded projects were mainly donor policies, managements structures and stakeholders involvement. This was done through hypothesis testing while financial systems and technology adoption were rejected. The study recommended that adoption of succession planning was necessary to ensure that the target beneficiary and stakeholders are well prepared to effectively run the projects after withdrawal of donor support.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Fifty years of aid to third world communities has seen huge amount of money going down the drain with little impact; poverty continues to nag at the millions of poor people in the supported communities. Should the developed countries continue pouring aid to the developing countries (Drucker, 2000).

The financial management processes of not for-profit organizations are generally dominated by conditions of resource scarcity. Such organizations have limited opportunities for generating additional income, but are faced with an ever increasing agenda of programme and activities on which such funds could be spent (Drucker, 2000). Sustainable funding means being able to be there for your beneficiaries in the long term. An organization is financially sustainable if its core work will not collapse if its external funding is withdrawn. Sustainability of NGO funded projects is a process that leads to the projects have longer life-spans and is further translated to impacts that are beneficial to communities over a given period of time. Most donors are looking for a range of projects which can utilize the Sustainable livelihoods approach to enhance activities aimed at supporting local communities to reduce poverty and economic disadvantage (Ayres, 2005).

Organizations are required to use funds wisely for the purpose intended and improve the living standards of the populations meant to benefit. Often, uses of funds are diverted to serve other interest of the organization managers outside the scope and work plans of these projects. This has resulted in surprise audits where misuses of funds are suspected by donors and in the extreme

cases bank accounts have been frozen to minimize the extent. Good management practices demand that obvious key management concepts and principles such as sustainability, accountability and transparency which are necessary for institutionalized formal procedures are put in place-administrative efficiency (Drucker, 2000).

Most donors attach various restrictions to their funding including among others-sound financial management systems in place, good leadership with integrity, educated staff with experience and advantage and the strategic plans of the organization. Organizations lacking these ingredients have difficulties attracting donor funding (Ayres, 2005).

To be called sustainable, projects do not have to recover all costs so that all the resources for replacement and maintenance or new investments are raised internally. However, organizations should be able to sustain the flow of capital subsidies for replacement and subsidy of other support costs. In practice, this may require major changes in both sectorial and macroeconomic performance, to improve cost recovery and self-reliance. In many developing countries, organizations like water sector are largely financed from general taxation while the country itself depends on unsustainable flows of foreign aid/loans. There is a danger that the projects judged to be sustainable are merely those popular enough to attract sustained financial support (Ayres, 2005).

Projects are intended to produce benefits which continue at some specified level over time. Post-project assessments of sustainability take place after the project is completed to allow the local institutions time to become self-reliant. Assessments should be carried out several years after the end of the project construction period to allow a valid judgment as to the direction of the benefit stream and an assessment of sustainability. For donor assisted projects the cessation of direct donor assistance will usually coincide with completion of construction or shortly thereafter. The

critical event for evaluating sustainability is the removal of donors from financial, operational and management support roles (Cary, 2006).

The case studies in Lesotho and Indonesia were studies in contrasts. In Lesotho, a centralized project was managed by a government agency in a small country with access to significant regional markets. In Indonesia, an NGO (CARE) project relied on community management in villages that were often far removed from government agencies and infrastructure. Project benefits in both countries were found to be sustained, and several factors were identified as being important to achieving sustainability (Burkey, 2003).

In Kenya, typically, the post-aid period of a project attracts little, if any, attention from donors, showing a grave lack of interest in issues of sustainability. Hence, in as much as evaluation research has been undertaken to assess the impact of donor-supported programmes on poverty alleviation, no specific study has focused on the issues of sustainability. The situation described will give this study its significance as it has focused on measuring outcomes, those impacts of the intervention in a sustainability model-tested site over the past three years. As defined elsewhere, sustainability is the magnitude of inheritance over a specified period after donor involvement. Inheritance as impacts, that is, outcomes that are long term results, includes geological, physical, social, economic, cultural and institutional conditions. Hence, in the context of challenges and constraints, multiple variables have been measured in terms of their degree of severity. For instance, soil fertility, infrastructure gaps (bridges and social facilities), child rights and education, land denudation and land degradation are some of the challenges that provide adequate variables for analysis in a model-testing site. The assumption is that over a period of programme implementation, these challenges will reduce in terms of severity and that this reduction will reflect in the strengths of the model being tested and the nature of institutions involved in their management (Chikati 2009).

Defining the terms 'development' and 'sustainability' conceptually remains a hurdle in scientific development debates. In this research the definitions used are borrowed from the research works of Kinyanjui (2004) and Mazibuko (2007), who defined development as the capacity to produce or provide the means of production to satisfy the consumption needs of the masses. This capacity has remained the domain of the state in the third world, positioning the poor as recipients. In defining the term sustainability, Joaquin (1998) and Lyson, Stephens and Smuts (2001) uses the term such as magnitude of inheritance after donor support, ability of the government to take over donor supported programmes, time after evaluation and before phase out, and the continuation of project activities after phase out of donor support. In short, they all define development sustainability as maintaining capacity to produce and keeping the outcomes and impacts that ensue as the result of project interventions. This conceptualization has led to longitudinal research measuring and analyzing sustainability by Plan International, Cradle, Kenya Alliance for Advancement of Children and World Vision that supports development programmes in the Coastal part of Kenya. Most of these programmes contributing to the construction of this research are situated in Msambweni Sub-County, Kwale County, which stretches to the border of Tanzania. In addition, the global picture is provided by donors such as World Bank, International Monetary Fund, and United States Agency for International Development and the European Union (Mulwa 2008).

1.2 Statement of the Problem

Though there has been a move towards rural development in terms of donor orientation, development trends indicate that after adoption of the structural adjustments imposed by the capitalist Breton Institutions, poverty has only increased in poor countries (Cornwell, 2000).

One is struck by the remaining presence of programmes in most parts of the developing countries, which have become nothing more than white elephants, glaring features in many parts of the countryside. Much blame for this falls on the capitalistic bureaucracy with its national funding limitations, frequent logistical problems, insufficient personnel and poor operation and maintenance practice. Authors analyzing the capitalist economic structure have identified the complexities involved in getting resources to the people, getting people to participate, financing and managing delivery of goods and services (Mponela2003; Obasanjo 2002; Rondinelli 1993) at micro and macro levels as major challenges.

Unsurprisingly, poor communities have continued to witness a decline in living standards, increasing levels of poverty, and deterioration in infrastructures. Typically, the post-aid period of a project attracts little, if any, attention from donors, showing a grave lack of interest in issues of sustainability. The situation described will give this study its significance as it has focused on measuring outcomes, those impacts of the intervention in a sustainability model-tested site over the past three years.

Despite this problem, little has been done to establish the cause of the termination of these donor funded projects in Msambweni Sub County. This poses a gap which this study sought to fill through an investigation into the sustainability of NGO funded projects post donor funding in Msambweni Sub-county, Kwale County in Kenya.

1.3 Purpose of the Study

The purpose of this study was to analyze the sustainability of Non-Governmental Organizations' funded projects post donor funding. A case study of selected NGOs based in Msambweni sub-county in Kwale County, Kenya.

1.4 Objectives of the Study

This study was guided by the following objectives:

1. To find out if financial system influences sustainability of donor funded projects in Msambweni Sub County, Kwale County.
2. To establish the effect of technology adoption on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
3. To determine the effects of stakeholders involvement and participation on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
4. To determine the extent to which donor policies affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
5. To assess how the management structures in place affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

1.5 Research Questions and Research Hypothesis

1.5.1 Research Questions

This study sought to answer the following research questions:

1. Does financial system influences sustainability of donor funded projects in Msambweni Sub County, Kwale County?
2. What are the effects of technology adoption on the sustainability of donor funded projects in Msambweni Sub County, Kwale County?
3. What are the effects of stakeholders' involvement and participation on the sustainability of donor funded projects in Msambweni Sub County, Kwale County?

4. To what extent do donor policies affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County?
5. How do the management structures in place affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County?

1.5.2 Research Hypothesis

This study tested the following alternative hypotheses:

1. **H₁**. Financial systems do influence sustainability of donor funded projects in Msambweni Sub County, Kwale County.
2. **H₁**. Technology adoption has effect on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
3. **H₁**. Donor policies do affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
4. **H₁**. There are effects of stakeholders and target groups involvement and participation on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.
5. **H₁**. Management structures of Non-Governmental Organizations do affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

1.6 Significance of the Study

The significance of this study lies in the fact that it explores methods through which local efforts are harnessed to maintain programme outcomes after donor support has ended. Enhancing project sustainability post donor support is a vital perspective of development, making the topic of the study particularly relevant.

This project will therefore be of great use to the following groups:

1. The donor fraternity and more specifically in Kenya. They will benefit from the findings of this study by gaining an insight on how well the donor can manage their development projects to ensure sustainability after their withdrawal.
2. The NGO Council will also benefit from the findings of this study as it will know how best to support the NGO sector in an attempt to fulfill its mission of providing efficient services, coordination and facilitation to the sector in order to enhance the contribution to the socio-economic development and improvement of the welfare of the people.
3. The government of Kenya, the findings of this study will enable them to offer assistance to the donors as they implement development projects which promote poverty reduction.
4. Future researchers and academicians will also gain from this study as it will provide them with reference information for further studies.

1.7 Delimitation of the Study

The study was based in Msambweni Sub County which is in Kwale County in the coastal region of Kenya. It borders the Tanzania in the north. This region has a number of development projects which are funded by various donor agencies. Most projects in the region experience similar or different sustainability problems which is the primary focus for this study. The study will be delimited to the employees of the various donor funded projects in the region who will be expected to give insights on the sustainability of projects post donor funding in the region. The study covered projects which were on-going and the ones which had been closed.

1.8 Limitation of the Study

This study faced the following limitations:

1. As a part time student who had to balance studies and full time employment, the researcher was not able to undertake an extensive and exhaustive research limiting the researcher to a small sample and less research time. In some instances, the researcher had to engage a research assistant who helped to reach areas the researcher could not manage to go.
2. The study was restricted only in Msambweni Sub-County, which is semi-urban. Probably, the study would have been able to give the researcher a clear picture if it could be conducted in all parts of the country where NGOs have been providing aid to the community so that we compare the sustainability of the donor funded projects before and after their exit in both rural and urban areas.
3. The researcher was a self-sponsored student relying on savings to progress her studies and therefore there was a limitation on financial resources. To counter this limitation, the researcher sought financial help from friends and family members to make this thesis a success.

1.9 Assumptions of the Study

This study made the following assumptions:

1. Organizations have put in place financial and project management procedures.
2. Organizations as routine measures, undergo an audit periodically aimed at ensuring internal controls are not compromised.

3. The information given by the participants was true facts as per the status of the sampled organizations.
4. Respondents in the selected organizations co-operated and submitted relevant documentations.

1.10 Definition of Significant Terms

Financial Systems: Accounting records and financial statements and investment policies used to report financial performance and to project cash flows that determine project sustainability.

Non- Governmental Organizations (NGOs): A non-profit intentional organization whose activities are based primarily on volunteerism focusing on providing social services at local and international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information.

Participation: The process in which members of an oppressed community or group actively collaborate in the identification of problems, collection of data and analysis of their own situation in order to improve it.

Projects Sustainability: This is the continuation of benefits after major assistance from a donor has been completed/withdrawn. Financial sustainability means prolonging assured inflow of financial resources.

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

Technology: This is the technical means people use to improve their surroundings. It is also knowledge of using tools and machines to do tasks efficiently. Technology involves people using knowledge, tools and systems to make their lives easier and better.

1.11 Organization of the Study

The study was organized in five chapters. Chapter one contains the background of the study, statement of the problem, purpose of the study, objectives, significance, limitations and delimitations and basic assumptions of the study. Terms used in the study were defined at the end of chapter one.

Chapter two covers literature review based on the objectives of the study derived from both local and international studies on sustainability of Non-Governmental Organizations' funded projects post donor funding. It also covers conceptual framework and summary of the literature review at the end.

Chapter three present the research methodology to be used in the study. It covers the research design, target population, sample size and sampling techniques, data collection instruments, data collection procedure, validity and reliability of research instruments, data analysis and ethical considerations. Lastly, operation definition of variables has also been done in chapter three.

Chapter four covers data analysis and discussion of the study findings. Chapter five presents summary of the findings, conclusions and recommendations and suggestion for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. They include; the concept of project sustainability, financial systems and how they influence project sustainability, technology adoption and how it influence project sustainability, stakeholders' involvement and participation and how they influence project sustainability, donor policies and how they influence project sustainability and management structures and how they influence project sustainability.

2.2 The Concept of Project Sustainability

The concept of sustainability is used in many contexts and with widely different meanings. Perhaps the most popular definition of sustainability is drawn from U.N. report (1987) on the World Commission on Environment and Development (also known as the Brunt land Commission) which defined it as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” Some popular applications of the concept of sustainability are listed includes; Global sustainability, sustainability of the environment, sustainable agriculture, economic sustainability, sustainable development and sustainable benefits. Global sustainability refers to factors of worldwide importance such as shrinking ozone layer, nuclear proliferation, and high population growth. Environmental sustainability is applied to the functioning of plant and animal ecosystems, including human ones. Agricultural sustainability refers to maintaining crop yields from various farming operations without harming soils. Sustainable means to endure, to last, and to keep in being. Sustainable development is

about marshaling resources to ensure that some measure of human well-being is sustained over time. According to Pearce & Robinson, (2003), the objective is to take actions to strategize in order to avoid impairing future generations from living at least as well as the present and hopefully better. To do this, each generation must leave the next generation a stock of capital no smaller than the present one. Three forms of capital are recognized; natural, infrastructure and human. Natural capital includes natural resources such as water, soil, forests, wildlife and oil. Infrastructure includes machines, roads, dams and cities. Human capital encompasses the stock of knowledge and skills exhibited by citizens. Together the various forms of capital comprise the aggregate capital stock of a nation. Sustainability can be viewed as the ability of a project to initiate a process by which benefits are maintained (Brue, 2002).

In the context of donor-funded development programs and projects, sustainability can be defined as: the continuation of benefits after major assistance from a donor has been completed/withdrawn (Pearce & Robinson, 2003). Key points to note in this definition are; the focus is on sustaining the flow of benefits into the future rather than on sustainable programs or projects. Projects are by definition not sustainable as they are defined investment with a start and finish date (Clark, 2006). The concept of sustainable benefits does not necessarily mean the continuation of donor funded activities. For instance, an education sector project may assist in the re-structuring of in-service teacher training, sustainability does not necessarily mean that the activities required to develop new structures be sustained but rather that new structures are appropriate, owned by stakeholders and supported on an ongoing basis with locally available resources(Lyson et al 2001). They will therefore be maintained after major assistance from donors has been completed up to the time they are no longer required or relevant. Managing sustainability is a process aimed at maximizing the flow of sustainable benefits. It should be an ongoing process and needs to be reviewed and updated as circumstances change and lessons are

learned from experience. Without being too risk averse with the initial selection of programs and projects, all bilateral and regional aid activities should be designed and managed with the aim of achieving sustainable benefits; with the possible exception of one-off emergency and humanitarian relief activities. Because there is no one single way to achieve sustainability, country, sector and program/project specific circumstances need to be taken into account. Each individual program or project should define its own sustainability on a case-by-case basis (Mulwa 2008).

Maintaining benefit flows after major external funding is completed assumes that the stakeholders (government, benefiting community and the private sector) will provide an appropriate level of financial, technical and managerial resources. However, aid providers may need to provide some limited follow-on assistance, such as intermittent technical support (including sector adviser visits), or supplementary financial support to enhance the prospects for sustainability and to consolidate achievements (Clark, 2006).

2.2.1 Sustainability Analysis

Sustainability analysis is the identification and analysis of the key factors that are likely to impact, either positively or negatively, on the likelihood of delivering sustainable benefits. It is closely allied to risk analysis and although there are differences, sustainability analysis can be considered to be an extension of risk analysis. A broad sustainability analysis should be incorporated into the country strategy; the level of relevant detail should be expanded and refined at each stage of the activity cycle, starting from identification through to completion. It should be appraised and reviewed at least annually during implementation and it should be evaluated in order to learn lessons (Pearce & Robinson, 2003).

2.2.2 Sustainability Strategy

The aim of the sustainability strategy is to define the benefits to be sustained and specify how each of the main constraints to sustainability will be addressed in implementation. The main elements of the strategy should be fed into the design so that sustainability will be strengthened in a systematic and comprehensive way. Hence the sustainability strategy will be reflected in the log frame and risk management; the activity, resource and cost schedules; plus position descriptions, organizational plans and raining plans. The strategy should also be reflected in the Scope of Services and Basis of Payment and the Memorandum of Understanding with the partner Government. The design team should prepare a sustainability strategy matrix in a participatory way with the major stakeholders. This should be done just after a hierarchy of objectives has been created and the risks to the achievement of the objectives have been identified (Brue, 2002).

The matrix is a summary of the sustainability strategy that can then be expanded into a separate section of the design document, under the heading of 'Sustainability Strategy.' The matrix can also be inserted into the design document as an attachment. Like the sustainability analysis, the sustainability strategy ought to be appraised and then reviewed and refined at least annually during implementation through the annual planning process, mid-term reviews and the updating of phase-out strategies. It should also be evaluated in order to learn lessons (Clark, 2006).

2.3 Financial Systems and How They Influence Project Sustainability

Project financial systems refer to accounting records and financial statements showing performance and cash flow projections that determine financial sustainability of donor funded projects. Nturibi (2004) states that for a development project to be financially sustainable, it requires a sound financial base arising from reliable sources of funding, financial systems to facilitate accountability and cash flow projections and development of marketable products to

generate excess income over the expenditure of the project. Project financial analysis should be undertaken in conjunction with project economic analysis. Financial prices influence the decisions of project participants; economic prices record the consequences of those decisions for the national economy. Financial prices help determine the level of demand for project outputs and the level of supply of project inputs. Prices or user charges, demand, and the scale of investment all need to be considered simultaneously. Financial prices provide the incentive for investment. For instance, the extent to which traffic will divert to a new expressway, and the return to the expressway investor, will vary with the projected level of toll. The consequences of these responses for the economy as a whole are calculated in economic prices (Francis, 2001).

For a project to move towards sustainable approaches to service delivery new models and prototypes need to be developed, tested, accepted and implemented. Aid therefore should be part of the process of change and donors should ensure that their assistance is not delaying progress towards sustainability but actually supporting it even after they withdraw from such projects (Lyson et al 2001). If a project or program does not deliver clear and equitable financial or economic benefits, which are apparent to the stakeholders, it is most unlikely to be sustained after donor funding finishes. For instance, health service users will not pay for government health services (either directly or through other taxes) if the service is poor or their expectations of benefits are extremely limited. Benefits are not sustainable if the net benefit arising is negative or very small when all the costs are considered. Better financial analysis is often required, particularly in the formulation of programs and projects' activities (Clark, 2006).

Rono (2008) in her study on financial sustainability of NGOs projects in Nairobi reveals that dependence on donor funding was high with low utilization of internal resources, with use of the services offered to provide a decent return lacking.

Khan & Hare (2005), Okun (2009) points out that for an NGO funded project to be sustainable it has to develop a sound institutional base, a strong programmatic approach, and sufficient funds. At the institutional level, the NGO needs to establish the internal systems, structure, and work culture that promote strong leadership and positive organizational image, foster the belief that people are willing to support products and services they find valuable, and facilitate the development plans for sustainability. At the project level, the NGO needs to carefully analyze the market and encourage community participation at all stages from design through implementation to evaluation of the project in order to offer quality service at reasonable prices. At the financial level, the NGO needs to have systems and strategies for generating adequate levels of finance and managing these resources well. It requires a good grasp of the nature and level of its costs and preparedness to sustain its programs through a combination of cost reduction, cost recovery, and leveraging support from the community and donors.

They noted that for the NGO to be financially sustainable it must have financial systems and procedures that provide clear and timely accounts of the financial position of the organization, reduce the costs of providing services, recover costs of service provision from clients and community, raise resources through institutional earnings and use assets to attract and leverage resources from the community, the government and diverse donors (Okun, 2009).

According to African Development Bank (ADB, 2004), there are three aspects of financial sustainability. These are the availability of adequate funds to finance project expenditures, especially funds drawn from the government budget, the recovery of some of the project costs from the project beneficiaries, and the financial incentive necessary to ensure participation in the project. Consequently, a financial plan at constant financial prices is necessary to ensure there will be adequate funds to finance project expenditures. This applies to the implementation period to ensure capital funds are available to cover investment and working capital requirements, and

to the operating period to ensure sufficient funds to cover operating expenditures. For indirectly productive projects that do not generate sufficient funds to cover operating expenditures, the full fiscal impact of the project for each year of its life should be calculated. The financial requirement becomes a fiscal requirement, and steps should be taken to ensure that the government commits adequate funds for operational purposes. Directly productive projects will also impact on the government budget, through tax revenues and concessions, and the net budget affect also can be calculated. The fiscal impact calculations should be linked to policy discussions over the extent and scale of user charges, operators' fees and tax revenues.

According to Amott (2003) foundations that receive funds from a single donor, especially when they are not in the form of an endowment, can leave a foundation highly vulnerable. Foundations and NGOs are increasingly recognizing that earned income from the sale of products, services, or intellectual property can be an additional source of operational funding that complements other fundraising tactics while helping to build organizational sustainability. Having discretionary funds from earned income allows a foundation to invest in programs for which it is otherwise difficult to raise donor funds. These may be activities that potential donors perceive to be higher risk. Moreover, simply earning income does not guarantee financial sustainability for an organization. It is perhaps not surprising then that few foundations around the world have taken significant advantage of market approaches to earning income, which provides an excellent overview of the considerations involved in practicing earned income as a fundraising strategy (Schneider & Gilson 2007).

2.4 Technology Adoption and How it Influence Project Sustainability

Technology is the technical means people use to improve their surroundings. It is also knowledge of using tools and machines to do tasks efficiently. We use technology to control the

world in which we live in. technology involves people using knowledge, tools and systems to make their lives easier and better. Technology involves application of knowledge, tools and skills to solve problems and extend human capacity (Johnson, 1999). On the other hand, Larkin (2002) defines technology as a body of knowledge and actions about applying resources, developing, producing, using, assessing and extending the human potential, controlling and modifying the environment. People use technology to improve their ability to do work. Through technology, people communicate better. The term technology thus often characterizes inventions and gadgets using recently discovered scientific principles and processes. However, even very old inventions such as the wheel exemplify technology. Another definition used by economists, sees technology as the current state of our knowledge of how to combine resources to produce desired products (and our knowledge of what can be produced). Thus, we can see technological change when our technical knowledge increases (Brue, 2002).

Appropriate quality of technology is crucial to the success of any project. To promote sustainability the technology to be transferred must be selected on the basis of its appropriateness in terms of technical and financial criteria, plus social, gender and cultural acceptability. The quality of any asset or piece of infrastructure will have direct bearing on its economic life. The longer it lasts, the more sustainable the resulting benefits. However, the appropriate level of quality must be assessed against a number of criteria. Considerations should include: user expectations and acceptance; costs and benefits, including how investment and maintenance costs will be financed; reliability of supply or delivery of systems; and local capacity to maintain the asset including access to spare parts. Stakeholder participation in the selection, testing and operation of new technology is a clear strategy for promoting its sustainable use. Demand-responsive approaches are widely accepted as being more sustainable than supply-led.

Training to support the introduction of new technology is usually an essential component of a sustainability strategy. Training must be relevant and appropriate, and the continuity of the training itself (including refresher and follow-up training) must also be considered. In many cases, one-off externally funded training activities will be inadequate. Building on (and actively supporting) existing local capacity to deliver training, provided by either public or private sector agencies, may be part of a sustainable strategy after donor withdraw their funding(Larkin, 2002).

2.5 Stakeholders Involvement and Participation and its Influence on Project Sustainability

According to Pomeroy & Carlos (2007), one of the critical factors in promoting sustainability of any project is the role played by the stakeholders and target groups and their participation in the project activities. Stakeholders and target groups are those directly concerned with the program or project, especially the partner government and the implementing agency, and those who stand to benefit. Dorothy, (2007) sustainability cannot be achieved without their involvement and support. Stakeholders, both men and women, should actively participate, which means having the opportunity to influence the direction and detail of design and implementation. Allocating adequate time and resources for participatory analysis and responding to demand-led approaches are important ways to improve participation.

According to Pollnac& Pomeroy (2005), donor-led and top-down projects generally fail to bring sustainable benefits because they do not lead to stakeholder ownership and commitment. Genuine participation (and ownership) is not adequately addressed if the main strategy consists of simply running workshops or briefings to let 'them' know what 'you' are doing. Pollnac&Pomeroy outline some practical steps to achieve more effective participation which includes: ensuring that the ideas for programs/projects are demand-led; ensuring that the design phase is thought of as an investment in a successful outcome and thus given adequate time and

other resources; ensuring that the design incorporates specific activities and resources needed to implement participatory strategies; clearly defining who/which groups are expected to participate and who will benefit (a stakeholder analysis and a gender analysis); clearly defining what type and level of participation is to be achieved (from simple consultation through to full ownership of decision-making); and ensuring that key team members are appropriately skilled in participatory approaches (Dorothy, 2007).

Nturibi (2004), in his study of family programmes promotion services on Integrated Community Care and Support Project in Kenya established that the level of sustainability of income generating activities often depends on perceived and actual returns to the beneficiaries i.e. orphans, grandparents giving care, project implementers, community health workers and committee members. He established that although the proceeds are primarily meant to assist the first group, all the others also expect to benefit. Unfortunately the magnitude of the projects initiated mostly does not allow for this, due to the fact that the products are sold in fairly poor neighbourhoods. Kotler (2006) define product as anything that can be offered to satisfy a need or want. A product can consist of as many as three components; physical good(s), service(s) and idea(s).

In Kenya the sharp deterioration in economic performance worsened the poverty situation in the country as outlined in the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) report 2003-2007. The number of people living in poverty was estimated to have risen from 11 million or 48% of the total population in 1990 to 17 million or 56% of the total population in 2002 (GoK, 2003). This called for a concerted effort aimed at poverty alleviation. This was in form of private-public partnerships geared at improving the standards of living of the locals manly through rural projects initiation (GoK, 2001). The government initiated Women and

Youth Enterprise Fund to help citizens start businesses (GoK, 2005). The need for sustaining the initiated projects is therefore inherent.

2.6 Donor Policies and How They Influence Project Sustainability

Donor policies can be important because they influence how contracts are prepared, the duration of funding, and what is funded. OECD report (1989) identified important donor policies related factors that affect project sustainability. These included: Planning horizon, delivery and contracting mechanisms and operation and maintenance costs (Lyson et al 2001).

It is now widely recognized that the usual three to five year planning horizon for development programs and projects is often inadequate in terms of promoting sustainable benefits, particularly when behavioural and institutional change are included in the objectives or if there are multiple local agencies involved or a wide geographical spread (Clark, 2006). Open-ended commitments are not appropriate; however, phasing implementation over a longer period is a management strategy which may support sustainable benefits. Phasing requires that goals and objectives are clear from the beginning and that there are clear decision points at the end of each phase. Where there is uncertainty about local policy, capacity or commitment then an initial pilot phase, which may lead on to a number of subsequent phases, should be more the rule than the exception (White & Courtney, 2002).

International donors can support capacity building by allocating part of their resources to institutional development of the foundations they are seeking to support or channel funds through. Natasha (2003) makes a plea for this in Indonesia, arguing that donors need to support the building of both management and delivery capabilities of civil society organization, but in a judicious and targeted manner. The result of this complex reality is that emerging and existing

indigenous foundations in developing countries will have to continue exploring new paths to building financial sustainability.

A strong sense of local ownership and genuine participation in design by both men and women are critical to successful implementation and sustainable benefits. However, donor policies on how their aid program is designed and delivered can work against this. According to Francis (2001), the key concerns include: i) Design process; Designs which are expected to result in sustainable benefits should build on local demand and initiatives. This requires that the stakeholders (that is; the beneficiaries and local personnel) play a core role in the identification and design process. Hence, adequate time must be given for all stakeholders to meaningfully participate. Design missions should therefore be appropriately phased over an extended time-line (that is; one mission of three to four weeks is not usually adequate for larger more complex projects). More up front time for design is not the only answer; an extended inception phase and allowance for a progressive design process during implementation (using annual planning procedures to restructure the program/project scope) are practical responses to this issue (Pearce & Robinson, 2003).

ii) Team selection; the professionalism and inter-personal skills (expatriate or locally engaged) is an important factor in sustainability. Selection policies and criteria should therefore ensure that as broad a labour market as possible is tapped and that the best consultants are selected. Positions descriptions and team composition should not be overly restrictive and thus exclude potential candidates with other highly desirable professional or inter-personal skills. iii) Contract structures; Contracts that focus on the detail of the contractor's outputs rather than on the purpose or outcome can impede efforts to achieve sustainability. Development is a dynamic and often high-risk activity, it is therefore important that designs have flexibility and can lead to contracting approaches that allow field-level managers to respond quickly to changing

circumstances and which encourages them to keep sustainable benefits in mind. iv) Monitoring and Reporting; Monitoring and reporting frameworks based on log-frames should look beyond the contracted activity and output levels and incorporate regular assessment of the movement towards achieving sustainable outcomes. v) Partner Selection; the government-to government nature of bilateral aid programs required that high-level (national) aid coordination mechanisms be put in place (Lyson et al 2001). However, when programs and projects are being implemented in partnership with county or local communities, it is important for sustainability that donors have agreements with this level of government that documents their roles and responsibilities, and that there are appropriate channels for delivering resources and receiving feedback. This is particularly important when national level agency capacity is weak and is a bottleneck to effective communication and timely action on the ground (Pearce & Robinson, 2003).

Donor policies funding often focus on new capital investments to the exclusion of supporting operation and maintenance budgets. This can have adverse effects on sustainability, particularly in economies undergoing severe internal budget deficit problems. New capital projects require additional operation and maintenance funds that have to be drawn from the same limited pool of funds that finance other ongoing programs. As a consequence, either the new investment is not maintained or existing infrastructure or services suffer funding cuts. A longer-term and more transitional approach to operation and maintenance cost funding is required, based on a rigorous and realistic assessment of the local capacity to meet these costs. The project managements need to consider whether or not some assets should be maintained or replaced (i.e. computers which rapidly become obsolete), and whether project- specific depreciation funds should be set up. This would help a greater deal in cost maintenance and this would ensure the project become sustainable in the long run (Dorothy, 2007).

2.7 Management Structures and How They Influence Project Sustainability

According to Natasha (2003), programs and projects which integrate with, and build on, local management structures have better prospects for promoting sustainability of benefits than those which establish new or parallel structures. The capacity of local agencies to manage (or absorb) new structures, systems, ideas and funds is often not adequately assessed, and over-optimistic assumptions can be made. Getting the management structure 'right' requires an adequate institutional analysis during the project design phase and this requires specific knowledge, skills and field time.

Expatriate Technical Assistance (ETA) is a common input of the aid programs and projects; how expatriate TA works with their counterparts and colleagues can have a major influence on the prospects for sustainability post donor funding. Their departure should not presage any significant weakening of key program/project supported benefits (Pearce & Robinson, 2003). Practical strategies to avoid weakening include: locating counterpart and expatriate team members in the same office; emphasizing team work approaches; having specific sustainability strategies in place, including a phase-out strategy, well before the completion of donor funded assistance; clearly defining advisory and executive roles; limiting the number of expatriates to the necessary minimum; ensuring that short-term TA is not conducted on a 'hit and run' basis; if possible, identifying multiple counterparts per expatriate rather than only one or two; and working with counterparts who are in existing line positions rather than in newly created 'project' positions (Francis, 2001).

Program and project designs must take adequate account of the capacity of local administrative systems to support staff and service delivery. For instance: if local staff are not getting paid regularly, are not paid house allowance, commuter allowances are not available, and their

performance is not rewarded in any way, then their ability and willingness to work on program/project activities must be assessed accordingly. While projects may then intervene by providing special incentives, sustainable outcomes are unlikely in such situations. Programs and projects can only set realistic objectives in light of such practical constraints (Mulwa 2008).

The provision of appropriate training for identified target groups is often a key strategy for achieving sustainable benefit. To improve the prospects for sustainability it should start at the right time (i.e. not near the end), be conducted throughout the project, and allow for repetition. While the most appropriate type of training will depend partly on the nature of individual projects, experience indicates that certain approaches are more likely to achieve sustainable benefits than others (Lyson et al 2001). Effective training should not only educate but also motivate on how to continue with the project; trainees must be selected on merit, include both men and women, and be of direct relevance to their work. Trainees must also be given the opportunity to apply newly acquired skills on completion of training. In-country training, such as on-the job training, mentoring and short-course competency based training are more likely to support more sustainable benefits than overseas courses or long-term academic training for a few, in cases where counterparts are transferred or leave over time, training must also be repeated and refresher courses given if the required skill base is to be sustained throughout (Dorothy, 2007).

Generating an understanding of, and support for, a project's objectives among a wide group of stakeholders should be a component of any sustainability strategy. Such awareness needs to start early in the design phase. During implementation it can include the use of many types of different media and group events. Workshops, seminars, newsletters, personal contacts/lobbying, community meetings and the use of electronic media (radio, TV, social media and websites) can all play a role in mobilizing political, administrative and community support. Establishing more

formal institutional linkages with various agencies (e.g. medical or teacher training colleges) can also form part of an effective sustainability strategy (Lyson et al 2001).

2.8 Conceptual Framework

This section discusses the conceptual framework for analyzing the sustainability of NGO funded projects post donor funding in Msambweni Sub County. The independent variables which are indicators of sustainability are as follows; financial systems, technology adoption, level of stakeholders and target group involvement, donor policies and management structures. Intervening moderating variables are government policy and political stability in the country. Sustainability of NGO funded projects post donor funding forms the dependent variable. The conceptual model is a conceptualization in functional form of how the independent variables affect the dependent variable as shown in figure 2.1 below.

Figure 2.1: The Conceptual Framework

Independent Variables

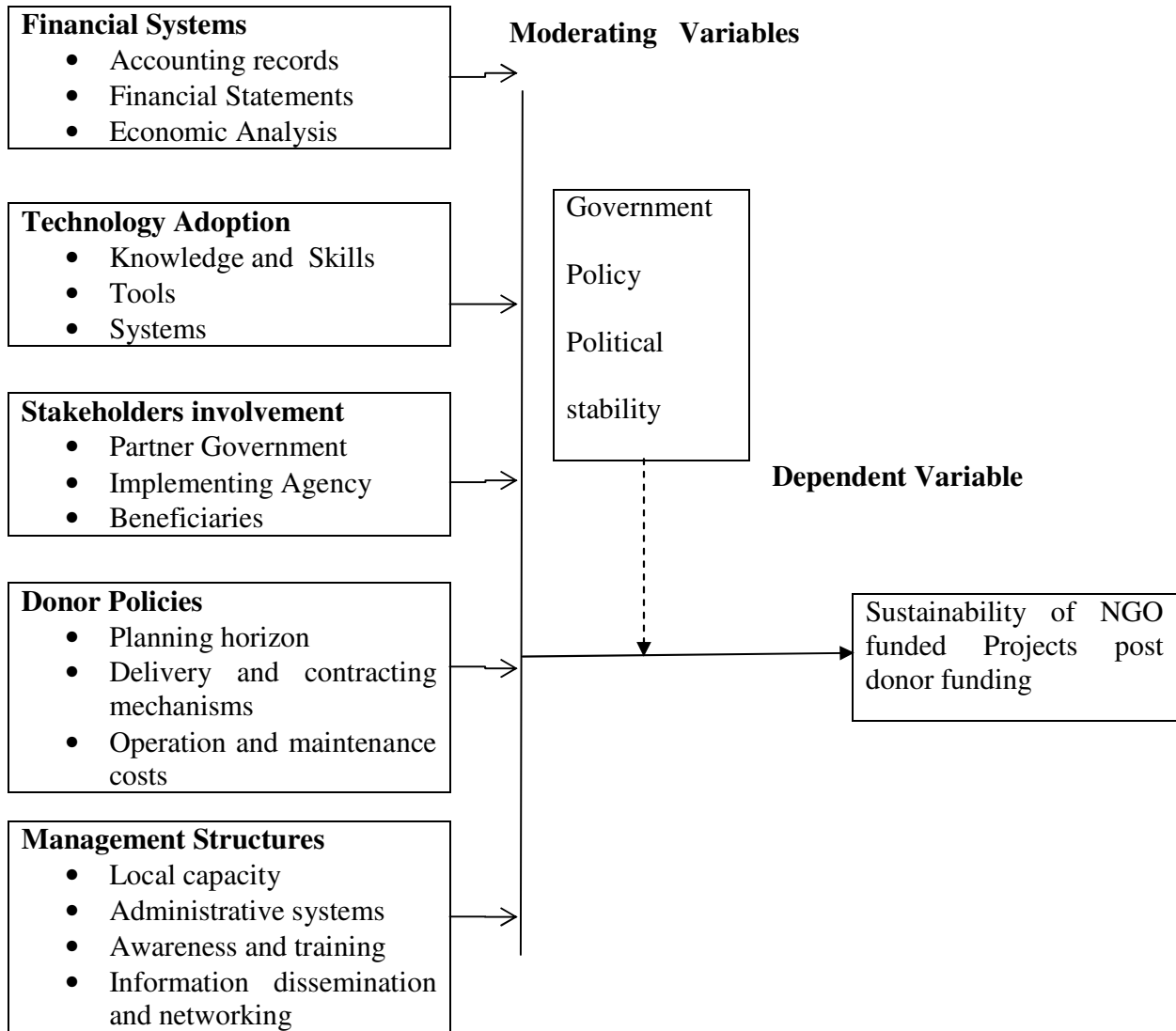


Fig 1: The relationship between the key variables in the sustainability of NGO funded projects post donor funding.

The conceptual framework shows how the sustainability of NGO funded projects post donor funding is affected by: financial systems which covers issues of accounting records, financial statements and economic analysis. Technology analysis with issues of knowledge and skills, tools used and systems. Stakeholders’ involvement which includes government as a partner,

implementing agency and beneficiaries. Donor policies including; planning horizon, delivery and contract mechanisms and operation and maintenance. Management structures which include; local capacity, administrative systems, awareness and training and information, dissemination and networking.

2.9 Summary of the Literature Review

Despite the existing challenges, the donor agencies are involved in a lot of development-oriented work in all parts of the country. In the coastal region of Kenya, most of the projects have mainly been of the welfare type, education, orphanage and vulnerable children, feeding the hungry, infrastructure, water and health projects and income generating activities for the poor. A close scrutiny of these projects, however, shows that very little attention has gone into questioning the root causes of the problems they attempt to alleviate and the sustainability of the projects meant to help the poor to continue with their day to day life. Past researches on development projects have not sufficiently addressed the sustainability of NGO funded projects post donor funding especially in Msambweni Sub-County. The government of Kenya in its current economic recovery strategy expects donors to help in raising the economic growth rate by two digits yet there are many projects started by donors like lake Turkana fish processing plant, funded by the Norwegian government to a tune of \$22 million, attempt to build a fertilizer plant in Mombasa by the government, the Nyayo Bus Services, the Numerical complex limited (the Nyayo car) which have closed down due to lack of sustainability.

There is therefore need to devise ways and means of maintaining and improving donor funded development projects for the sake of the target beneficiary. This study aims at generating new knowledge to guide the donor agencies, stakeholders and target beneficiaries to achieve sustainability of the donor funded development projects.

CHAPTER THREE:

RESEARCH METHODOLOGY

3.1 Introduction

This chapter addressed the research methodology that will be employed in the study. This includes research design, target population, sampling size and sampling techniques, data collection instruments, data collection procedure, reliability and validity of data collection instruments, data analysis, ethical considerations and operational definition of variables.

3.2 Research Design

This study adopted descriptive research design. According to Cooper & Emory (2005), the objective of the descriptive study is to describe phenomena as it exists at present. A descriptive design was appropriate for this study as it enabled the researcher to investigate the target population and establish the issues under investigation.

3.3 Target Population

The target population of the study included the 9 projects with 60 employees working in the donor funded projects in Msambweni Sub-County. They included; Plan International, Cradle, Kenya Alliance for Advancement of Children, World Vision, Red Cross International and the United States Agency for International Development.

3.4 Sample Size and Sampling Techniques

Stratified sampling technique was used in this study. In stratified sampling, the donor funded projects were treated as strata from which all the 60 employees were included in the study. This was appropriate due to the non-homogeneity of the donor funded projects in terms of

management sizes, number of staff in each project and nature of products offered by the projects. This helped the study to achieve the needed information. The researcher chose to include all the respondents since there were few employees in the sampled organizations. The target population and sample size is summarized below in table 3.1.

Table 3.1: Total Population and Sample Size

Donor Funded Projects	No. of Projects	Population	Sample	%
Child Rights advocacy and legislation (CRADLE)	1	4	4	6.7%
Kenya Alliance for Advancement of Children	2	6	6	10%
Plan International	1	36	36	60%
Red Cross International	1	4	4	6.7%
APHIA PLUS	2	5	5	8.3%
Child Welfare Society of Kenya	2	5	5	8.3%
Total	9	60	60	100%

3.5 Data Collection Instruments

This study utilized primary data which was both qualitative and quantitative data. This data was collected through administration of questionnaires. A questionnaire was designed to capture the various variables of the study. The questionnaire had both open-ended and closed ended questions covering issues on project sustainability post donor funding. Open-ended questions permitted free responses from the respondents, without providing or suggesting any structure for the replies. The closed ended questions enabled the researcher to analyze data easily using the stated alternatives. These alternatives were designed in such a way as to be simple for the respondents to understand. Questionnaires were chosen because they helped the researcher to collect large amount of information in a large area within a short period of time (Orodho, 2003). The questionnaire was self-administered. In some cases, it was dropped and picked later or where the respondents were available, it was dropped and picked immediately.

3.6 Data Collection Procedure

The researcher collected primary data through field research. An introductory letter from the University of Nairobi and permission to carry out research in the target projects was obtained to enable the researcher to administer questionnaires to the target respondents. The researcher assured the respondents about the confidentiality of their feedback. This encouraged the respondents to be honest. A brief follow-up interview was also held with the respondents in order to elicit more information or clarifications on data submitted in the questionnaire. This ensured validity of the data collected.

3.7 Piloting of the Research Instruments

Before embarking on fieldwork, a pilot study was carried out to pre-test the instruments. This was done in order to assess the clarity of items, validity and reliability of the instruments (Mugenda & Mugenda 2003). It was therefore after the pilot testing that the main survey followed.

3.7.1 Validity of the Research Instruments

The researcher administered questionnaires to some employees whose organization was not included in the final research. The researcher first did a pilot study to ensure that the language used was simple enough for all respondents to understand. All respondents were given similar questions to ensure that the instrument was standardized. Alternative responses to the questionnaires from which respondents chose were provided to reduce ambiguity. Any item found to be vague was replaced by relevant items to improve the quality of the instrument. Pilot study also helped to reduce the possibility of misinterpretation of some items.

3.7.2 Reliability of the Research Instruments

Mugenda & Mugenda (2003) define reliability as a measure of the degree to which an instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error. It is the deviation from the true measurement due to factors that have not been effectively addressed by the researcher.

3.8 Data Analysis

Data was analyzed using both qualitative and quantitative techniques. This involved generation of descriptive statistics such as percentages and measures of central tendency. Statistical Package for Social Sciences (SPSS) aided in generating descriptive statistics and to establish the relationship between the dependent and the independent variables of the study. The scaled types of questions were analyzed descriptively through the likert scale based on the various attributes provided in the questions. The research findings were presented using frequency tables, percentages, pie charts and graphs.

3.9 Ethical Considerations

Research ethics that were considered in this study are debriefing, voluntary participation and confidentiality.

Before issuing questionnaires, the researcher explained the purpose and procedures of the study. Respondents were informed about all the procedures that were followed in this study. Attempts were made to remove any misconceptions that the respondents had about the study (Kerlinger & Lee, 2000).

Respondents were made aware that participation in the study was voluntary, and they were free to withdraw from the study if they so wished. However, the respondents were informed that their

participation was important for this study and that it would contribute to understanding the sustainability of NGO funded projects post donor withdrawal.

The respondents were assured that all the information obtained would be treated as confidential. That is, data was only used for stated purposes and no other person would have access to the collected data. The respondents were informed that their names would be omitted and that numbers were only used for statistics.

3.10 Operational Definition of Variables

Variables are anything that might impact the outcome of the study. Therefore an operational definition describes exactly what the variables are and how they are measured within the context of this study. Table 3.2 below shows the operational definition of variables for the study which gives a summary of the variables, indicators, measure and scale and also data collection methods used.

Table 3.2 Operational Definition of Variables

Variable	Indicators	Measure	Scale	Level of Analysis
Financial Systems	1. Accounting Records 2. Financial Statements 3. Economic Analysis	Do they have accounting records and financial statements competence? Is there economic analysis within the agency?	Ordinal Scale	Descriptive
Technology Adoption	1. Knowledge and skills 2. Tools 3. Systems	Skills and Experience Availability of tools Right systems in place	Ordinal Nominal	Descriptive
Stakeholders Involvement	1. Partner Government 2. Implementing Agency 3. Beneficiaries	Level of participation Community Empowerment Individual involvement in community	Nominal Ordinal Scale	Descriptive
Donor Policies	1. Planning Horizon 2. Delivery and contracting mechanisms	Presence of unrestricted income Amount of corporate	Ordinal Nominal	Descriptive

	3. Operation and maintenance costs	donors sourcing Level of donor segmentation Tapping of international funding streams
Management structures	1. Local capacity 2. Administrative systems 3. Awareness & Training 4. Information Dissemination & Networking	Community Empowerment Management effectiveness Training Level of meaningful communications Information management

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

The purpose of this study was to find out the sustainability of NGO funded projects post donor funding in Msambweni Sub County, Kwale County in Kenya. Among the factors investigated included; project financial systems, technology adoption, level of stakeholders and target groups involvement, donor policies and management structures. The study targeted the employees working in donor funded projects in selected NGOs within Msambweni Sub County whereby a sample of 60 respondents were selected. The data was presented in form of frequency tables, pie charts and percentages where applicable.

4.2 Response Rate

4.3 Demographic Information

This section provides results and discussions of characteristics of the respondents in Msambweni Sub County.

Table 4.1: Response Rate

Target Sample	60
Successful Responses	41
Missed Responses	19
Response Rate	68.3%

This study had targeted a total of 60 respondents which is computed as shown in table 3.1. However, due to the study limitations, only 41 responses were achieved which represented 68% response rate. The researcher was faced by the limitations of NGOs located at far distances and some of the respondents were not found in the office. Researcher had to travel to their offices

several times but ended up gathering only 68% of the responses. This formed the basis for the analysis presented in this chapter. This is shown in table 4.1 above.

4.3.1 Gender Distribution of the Respondents

This section provides the distribution of gender in relation to respondents' positions

Table 4.2: Gender Distribution of the Respondents

Respondents Position		Gender of the Respondents		
		Female	Male	Total
Accountants	Count	9	1	10
	% of Total	22%	2.4%	24.4%
Administrator	Count	6	0	6
	% of Total	14.6%	0%	14.6%
Others	Count	0	4	4
	% of Total	0%	9.8%	9.8%
Project Managers	Count	10	6	16
	% of Total	24.4%	14.6%	39%
System Administrator	Count	1	4	5
	% of Total	2.4%	9.8%	12.2%
Total	Count	26	15	41
	% of Total	63.4%	36.6%	100%

Table 4.2 shows a cross tabulation of respondents position versus gender. The findings show that majority of the respondents (39%) were project managers with most of them being females as accounted by 24.4% of the respondents. Male project managers accounted for 14.6% as shown in table 4.2. Table 4.2 also shows that male respondents were 36.6% and female respondents were 63.4%.

4.3.2 Age Distribution of the Respondents

This section provides the distribution of age in relation to the respondents positions

Table 4.3: Age Distribution of the Respondents

Respondents Position		Age Category of the Respondents				Total
		20 to 29 years	30 to 39 years	40 to 49 years	Above 50 years	
Accountants	Count	0	4	4	2	10
	% of Total	0%	9.8%	9.8%	4.9%	24.4%
Administrator	Count	0	3	3	0	6
	% of Total	0%	7.3%	7.3%	0%	14.6%
Others	Count	0	2	2	0	4
	% of Total	0%	4.9%	4.9%	0%	9.8%
Project Managers	Count	2	7	6	1	16
	% of Total	4.9%	17.1%	14.6%	2.4%	39%
System Administrator	Count	1	4	0	0	5
	% of Total	2.4%	9.8%	0%	0%	12.2%
Total	Count	3	20	15	3	41
	% of Total	7.3%	48.8%	36.6%	7.3%	100%

Majority of the respondents (39%) were project managers within the age category of 30 to 39 years as accounted by 17.1% of the respondents. These were followed by accountants who accounted for 24.4% of the respondents. Other details are as shown in table 4.3. Table 4.3 also shows that majority of the respondents were between the ages of 30 to 49 years as accounted by 85.4% of the respondents and few were in the age category of 20 to 29 years and above 50 years as accounted by 14.6% of the respondents.

4.3.3 Duration of Work of the Respondents

This section provides the duration the respondent has worked in relation to the position

Table 4.4: Duration of Work of the Respondents

Respondents Position	Duration of Work						
		Less than 6 months	6 6 months to 1 year	Between 1 to 3 years	Between 3 to 5 years	Above 5 years	Total
Accountants	Count	1	1	3	3	2	10
	% of Total	2.4%	2.4%	7.3%	7.3%	4.9%	24.4%
Administrator	Count	1	0	3	0	2	6
	% of Total	2.4%	0%	7.3%	0%	4.9%	14.6%
Others	Count	0	0	0	1	3	4
	% of Total	0%	0%	0%	2.4%	7.3%	9.8%
Project Managers	Count	1	2	1	7	5	16
	% of Total	2.4%	4.9%	2.4%	17.1%	12.2%	39%
System Administrator	Count	0	0	4	1	0	5
	% of Total	0%	0%	9.8%	2.4%	0%	12.2%
Total	Count	3	3	11	12	12	41
	% of Total	7.3%	7.3%	26.8%	29.3%	29.3%	100%

Most of the respondents (39%) were project managers who had worked in the donor funded projects for between 3 to 5 years as accounted by 17.1% of the respondents. Those project managers who had worked for above 5 years accounted for 12.2% as shown in table 4.4. This shows that most of the key staff members were experienced with the donor funded projects since they have been in these projects for more than three years. Table 4.4 also shows that majority of the employees had worked with the projects for more than 3 years as accounted by 58.6% of the respondents and few had worked for less than three years as accounted by 41.1% of the respondents.

4.3.4 Highest level of Education of the Respondents

This section provides the respondents position in relation to the level of education

Table 4.5: Respondents Position versus Level of Education

Respondents Position		Highest Level of Education				Total
		Primary	Tertiary College	Undergraduate	postgraduate	
Accountants	Frequency	0	1	4	5	10
	% of Total	0%	2.4%	9.8%	12.2%	24.4%
Administrator	Frequency	2	0	3	1	6
	% of Total	4.9%	0%	7.3%	2.4%	14.6%
Others	Frequency	0	2	2	0	4
	% of Total	0%	4.9%	4.9%	0%	9.8%
Project Managers	Frequency	0	9	3	4	16
	% of Total	0%	22%	7.3%	9.8%	39%
System Administrator	Frequency	0	0	3	2	5
	% of Total	0%	0%	7.3%	4.9%	12.2%
Total	Frequency	2	12	15	12	41
	% of Total	4.9%	29.3%	36.6%	29.3%	100%

Majority of the respondents had attained undergraduate level of education as accounted 36.6% of the respondents. However most of the project managers had attained tertiary college education as accounted by 22% of the respondents. This is shown in table 4.5. This shows that most of the key personnel in the donor funded project had attained a high level of education (that is; tertiary and university levels) as accounted

by 95.2% of the respondents and few had primary level of education as accounted by 4.9% of the respondents. When the respondents were asked to respond to whether they were trained on the job that they do, all (100%) respondents answered in affirmative.

4.4 Project Sustainability

The researcher sought to find the sustainability of donor funded projects and the major sources of income for the Non Government Organizations in Msambweni Sub County.

4.4.1 Donor Funded Project Sustainability

This section explains the elements that enhance donor funded project sustainability

Table 4.6: Project Sustainability

	Responses	Frequency (N=41)	Percentage
Additional funding and support strategies	Yes	39	95.1%
	No	2	4.9%
Long term vision for the partners	Yes	39	95.1%
	No	2	4.9%
Project promotions and marketing plans	Yes	34	82.9%
	No	7	17.1%

The findings presented in table 4.6 show that majority of the respondents (95.1%) had a long-term vision and goals for the project and its partners only 4.9% of the respondents had no long-term vision and goals for the project. According to 95.1% of the respondents, most projects had strategies in place to obtain additional funding and support. In addition, the findings showed that majority of the respondents had project promotion and marketing plan for raising awareness of the project and updating and disseminating its products as accounted for by 82.9%. This was a step forward towards enhancing donor funded project sustainability.

4.4.2 Major Sources of Income

This section explains the main sources of income for donor funded projects

Table 4.7: Major Source of Income

Major source of income	Frequency (N=41)	Percentage
Government funded	7	17.1%
International organizations	12	29.3%
Local fund raising	4	9.8%
NGO/CBOs funding	17	41.5%
Self-sustenance	1	2.4%
Total	41	100%

The study established that major source of income for the project was mainly NGO/CBOs funding as accounted for by 41.5%. Other sources of additional funding are shown in table 4.7.

This shows that most projects had strategies in place to obtain additional funding which was also a reinforcement of the Khan and Hare (2005) study as explained in the above sub section 4.3.1.

4.5 Financial Systems and Project Sustainability

The study sought to establish the extent to which the existing project financial systems affect sustainability of donor funded projects. Among the issues captured in this objective included; financial reporting, auditing of the books of accounts, frequency of auditing and the effect of financial systems on sustainability.

4.5.1 Financial Reporting

This section establishes the status of financial reporting as well as errors experienced in reporting

Table 4.8: Financial Reporting

	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Experience error during financial reporting	19	46.3%	22	43.7%
Generally Accepted Accounting Principles	31	75.6%	10	24.4%
International Financial Reporting Standards	23	56.1%	18	43.9%

The study sought to establish the status of financial reporting as well as the errors experienced during financial reporting. According to majority of the respondents, most projects followed Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) as accounted by 75.6% and 56.1% of the respondents respectively. More than half of the respondents (53.7%) acknowledged that they did not encounter some errors in their financial reporting and those who experienced errors accounted for 46.3%, as shown in table 4.8. This shows that despite the fact that GAAP and IFRS were followed when preparing financial statements, some errors were however inherent in their reporting hence the need for accuracy in project financial reporting. Some of the sources of errors cited by the respondents included; errors in data capture, different uses of accounting concepts such as historical cost and present value cost, adoption of different methods of depreciation among others.

4.5.2 Audit of the Books of Accounts

This section explains how often the books of account are audited and the frequency

Table 4.9: Auditing of Books of Accounts

	Responses	Frequency	Percentage
Auditing of Books of Accounts (N=41)	Yes	39	95.1%
	No	2	4.9%
	Total	41	100%
Frequency of Auditing (N=39)	Annually	21	53.8%
	Monthly	3	7.7%
	Occasionally	2	5.1%
	Quarterly	5	12.8%
	Semi Annually	8	20.5%
	Total	39	100%

The findings in table 4.9 showed that majority of the projects' books of accounts were audited as accounted by 95.1%, only 4.9% of the respondents said their projects books of accounts were not audited at all. In addition, the study sought to establish how frequent the books of accounts were

audited. The findings showed that majority of the projects were audited annually as accounted for by 53.8%. Those audited Monthly, Quarterly, Semi-Annually and occasionally accounted for 7.7%, 12.8%, 20.5% and 5.1% respectively. This shows that most of the projects' books of accounts were audited but the frequency of audit was quite low since it was done once a year. This low frequency of audit is attributed to the dynamics of the projects and the duration of different project activities conducted as well as the structure of the donor funds which are released in specified intervals based on the activities hence making accounting and auditing process difficult during implementation time.

4.5.3 Effects of Financial Systems on Project Sustainability

This section explains the effect financial systems have on project sustainability

Table 4.10 Effects of Financial Systems on Sustainability

Effects of Financial Systems on Sustainability	Frequency (N=41)	Percentage
Agree	0	0%
Disagree	23	56.1%
Not Sure	9	22%
Strongly Agree	4	9.80%
Strongly Disagree	5	12.20%
Total	41	100%

The study sought to establish the extent to which the respondent agreed or disagreed with the fact that financial systems affect the sustainability of the project. The findings showed that majority of the respondents (56.1% disagreed with the fact that financial systems affect the sustainability of the project. Neutral strongly disagree and strongly agree responses accounted for 22%, 12.2% and 9.8% respectively as shown in table 4.10. This shows that financial systems in the existing donor funded projects were not a major factor affecting the sustainability of the projects. These findings were however consistent with Nturibi (2004) as reviewed in the literature review. He

stated that for a development project to be financially sustainable, it requires reliable sources of funding, financial systems to facilitate accountability and cash flow projections and development of marketable products to generate excess income over the expenditure of the project.

4.6 Technology Adoption and Project Sustainability

The study sought to establish the effect of technology adoption on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

4.6.1 Computerization of Project Operations

This section explains project operations computerized and the respondents' views

Table 4.11: Computerized Project Operations

Operations	Computerized		Not Computerized	
	Frequency	Percentage	Frequency	Percentage
Accounting System (N=41)	32	78%	9	22%
Administration (N=33)	22	66.7%	11	33.3%
Communication (N=41)	26	63.4%	15	36.6%
Record Management (N=41)	26	63.4%	15	36.6%
Technical Operation (N=33)	20	60.6%	13	39.4%

The study sought to establish the project operations that were computerized at the time of the study. The study established that most of the projects' operations were computerized. These included; Accounting System (78%), Record Management (63.4%), Communication (63.4%), Administration (66.7%) and Technical Operation (60.6%). This is shown in table 4.10. Those who responded otherwise did not give the reasons as to why some of the operations were not computerized.

4.6.2 Effect of Technology Adoption on Project Sustainability

This sections explains how technology adopted affects project sustainability

Table 4.12: Effect of Technology Adoption on Sustainability

Effects of Financial Systems on Sustainability	Frequency (N=41)	Percentage
Agree	4	9.8%
Disagree	15	36.3%
Not Sure	3	7.3%
Strongly Agree	0	0%
Strongly Disagree	19	46.3%
Total	41	100%

The respondents rated the extent to which they agreed or disagreed with the fact that technology adoption affects sustainability of the donor funded projects. The findings in table 4.12 showed that majority of the respondents disagreed with the fact that technology adoption affect sustainability of the project as accounted for by 82.9% (Strongly disagree and disagree) cumulative responses. Agree and Neutral responses accounted for 9.8% and 7.3% respectively. This shows that technology adoption was not a major factor that affected sustainability of the donor funded project in Msambweni Sub County. These findings were attributed to the realization by the present day donors on the need and the importance of technology in project implementation process. However they were faced by environmental challenges such as inadequate power supply as well as poor telecommunication networks.

4.7 Stakeholders' Involvement and Project Sustainability

The study sought to determine the effects of stakeholders' involvement and participation on the sustainability of donor funded projects. Major issues captured included; level of participation and involvement of stakeholders and beneficiaries, project ownership, level of commitment of stakeholders and effects of withdrawal of donor funding.

4.7.1 Level of Involvement and Participation

This section explains the level of involvement and participation of stakeholders and how this affect project sustainability

Table 4.13: Level of Participation and Involvement

	Greatly %	Fairly %	Low %	Very Low %	Not Involved at all %
Community Groups	67.5%	30%	2.5%		
Government	40%	30%	25%		5%
Private Sector	15%	45%	22.5%	15%	2.5%

The respondents were asked to rate the level of involvement and participation of various stakeholders in the projects. A five-point likert scale (comprising of greatly, fairly, low, very low, not involved at all) was used and the findings are as presented in the table 4.11. The findings showed that the Government (40%) and community groups (67.5%) were greatly involved in the projects while the private sector was fairly (45%) involved in the project. This shows that the donor funded projects in Msambweni Sub County have mostly involved the Government and community groups.

4.7.2 Project Ownership and Decision Making

This section explains how decision making affects project ownership and sustainability

Table 4.14: Project Ownership

Project Ownership	Agree	Disagree	Not Sure	Strongly Agree	Strongly disagree
	%	%	%	%	%
Beneficiaries are involved in decision making	25.6%	2.6%	20.5%	43.6%	7.7%
Project is owned by beneficiaries	38.5%	2.6%	17.9%	38.5%	2.6%
Project is owned by stakeholders	51.3%	7.7%	15.4%	23.1%	2.6%
Stakeholders are involved in decision making	33.3%	5.1%	12.8%	43.6%	5.1%

The respondents were asked to rate the extent to which they agreed or disagreed with the various stated statement as related to stakeholders' involvement and participation in the project. A five-point scale (comprising of Strongly Agree, Agree, Neutral, Disagree and Strongly Disagreed) was used and the findings are as presented in the table 4.14. The findings showed that majority of the respondents agreed with the following statements; the project is owned by beneficiaries, the project is owned by stakeholders, beneficiaries are involved in decision making and as accounted by 77%, 74.4%, 79.2%, 76.9% (strongly agree and agree) cumulative responses. This shows that the project is owned by both the target beneficiaries and stakeholders and that they are also involved in decision making process. This was a step forward toward enhancing project sustainability. These findings are in line with the literature review especially the study done by Pomeroy and Carlos (2007), who identified the role played by the stakeholders and beneficiaries and their participation in the project activities as one of the critical factors in promoting sustainability of the project.

The respondents outlined the various effects of stakeholders' involvement and participation on the sustainability of the donor funded projects. According to the respondents, involvement and participation of stakeholders and beneficiaries does the following; promotes ownership of the project, enhance resources mobilization, ensures planning is participatory, provides oversight and feedback mechanism to the project, ensures success and failure are shared together and enhance smooth take over and maintenance of the projects operation.

4.7.3 Level of Commitment of Stakeholders and Beneficiaries of the Project

This section explains how commitment of stakeholders and beneficiaries affect project sustainability

Table 4.15: Level of Commitment

Level of Commitment	Frequency (N=41)	Percentage
Committed	26	63.4%
Less Committed	2	4.9%
Very Committed	13	31.7%
Total	41	100%

The study sought to assess the level of commitment of stakeholders and beneficiaries of the project. The findings presented in table 4.15 shows that the stakeholders and beneficiaries committed in the project implementation accounted for 63.4% of the respondents. Very committed and less committed responses accounted for 31.7% and 4.9% respectively. This shows that most stakeholders and beneficiaries are committed in the project implementation. This is in line Pollnac and Pomeroy (2005), study reviewed in the literature who asserted that donor-led and top-down projects generally fail to bring sustainable benefits because they do not lead to stakeholder ownership and commitment.

4.7.4 Effects of Withdrawal of Donor Funding

This section explains what happens when donor funding is withdrawn

Table 4.16: Effects of Withdrawal of Donor Funding

Effects of Withdrawal of Donor Funding	Frequency (N=41)	Percentage
Cease Operation	5	12.2%
Continue Normally	8	19.5%
Will be affected significantly	28	68.3%
Total	41	100%

The study sought to assess the effects of withdrawal of donor funding to the donor funded project in the study region. According to majority of the respondents (68.3%), withdrawal of donor funding would affect significantly the running of project. Continue normally and cease operation responses accounted for 19.5% and 12.2% respectively as shown in figure 4.4. This showed that most projects were not self-sustaining after the withdrawal of the donor funding hence the need to design mechanisms to enhance project sustainability.

4.8 Donor Policies and Project Sustainability

The study sought to find out the extent to which donor policies affected the sustainability of donor funded projects in the area of study. Key issues addressed in this section included; effectiveness of various donor policies and effect of donor policies on the project sustainability.

4.8.1 Effectiveness of Various Donor Policies

This section explains the effectiveness of donor policies on project sustainability

Table 4.17: Effectiveness of Various Donor Policies

Donor Policies	Effective	Ineffective	Very Effective	Very Ineffective	Don Not Know
Contracts Preparation	22.5%	30%	20%	22.5%	5%
Duration of Funding	22.5%	45%	7.5%	20%	5%
Donor Planning Horizon	20.5%	35.9%	15.4%	25.6%	2.6%
Operation and Maintenance Costs	12.8%	38.5%	23.1%	23.1%	2.6%

The respondents were asked to rate the effectiveness of the stated donor policies in enhancing sustainability of the projects. A five-point likert scale (comprising of very effective, effective, ineffective, very ineffective, do not know) was used and the findings are as shown in table 4.13. The findings show that contracts preparation, duration of funding, donor planning horizon and operation and maintenance costs policies were rated as ineffective by majority of the respondents as accounted by 52.5%, 65%, 61.5% and 61.6% (ineffective and very ineffective) cumulative responses. This showed that most of the donor policies in place were ineffective hence not supportive to project sustainability. These findings are consistent with the literature review since this study found out that the contracts preparation and donor planning horizon were ineffective. In the literature review, Francis (2001) identified one of the key concerns in the donor policies as the contract structures which he supposes should focus on the detail of the contractor's outputs rather than on the purpose or outcome since these can impede efforts to achieve sustainability.

4.8.2 Effect of Donor Policies on the Project Sustainability

This section explains the effect donor policies have on project sustainability

Table 4.18: Effect of Donor Policies on the Project Sustainability

	Agree %	Disagree %	Not Sure %	Strongly Agree %	Strongly Disagree %
Donor policies affect the sustainability of this project	40%	5%	7.5%	42.5%	5%

The respondents rated the extent to which they agreed or disagreed with the fact that donor policies affect the sustainability of the project. A five point likert scale showed that majority of the respondents agreed with the fact that donor policies affected the sustainability of the project as showed in table 4.14. This shows that the existing donor policies hindered the sustainability of the projects. The literature review did not establish any study that was addressing the issue of effect of donor policies and project sustainability for the donor funded project hence this study filled this gap.

4.9 Management Structures and Project Sustainability

The study sought to establish how the management structures in place affect the sustainability of donor funded projects. Key issues addressed included; Management styles adopted and their effectiveness, Project Staffing and Staff competency.

4.9.1 Management Styles Adopted and their Effectiveness

This section explains the effectiveness of management styles adopted and project sustainability

Table 4.19: Management Styles Adopted

Management Styles Adopted	Frequency (N=41)	Percentage
Democratic	4	9.8%
Laisser-faire	24	58.5%
Laisser-faire and democratic	5	12.2%
Open door policy	8	19.5%
Total	41	100%

The findings presented in table 4.19 shows that majority of the project managers (58.5%) adopted a laissez-faire management style which means that most employees worked with minimum interference from the management. Democratic, open door policies and a combination of both laissez-faire and democratic responses accounted for 9.8%, 19.5% and 12.2%. This shows that most managers adopted laissez-faire management style. In addition, the study assessed the effectiveness of the management style adopted by the project managers in the various donor funded projects. The findings presented in table 4.20 shows that the management style adopted was ineffective to the running of the project as accounted by 63.4% of the respondents. This shows that the style adopted was not effective hence not sustainable for the project.

Table 4.20: Effectiveness of Management Styles Adopted

Effectiveness of Management Styles Adopted	Frequency (N=41)	Percentage
Effective	6	14.6%
Ineffective	26	63.4%
Very Effective	4	9.8%
Very Ineffective	5	12.2%
Total	41	100%

4.9.2 Effects of Management Styles on Project Sustainability

This section explains the effect management style has on project sustainability

Table 4.21: Effects of Management Styles on Sustainability

Effects of Management Styles on Sustainability	Frequency (N=41)	Percentage
Agree	17	41.5%
Disagree	3	7.3%
Not Sure	2	4.9%
Strongly Agree	17	41.5%
Strongly Disagree	2	4.9%
Total	41	100%

The findings in table 4.21 shows that majority of the respondents agreed with the fact that management styles adopted in the project affect the project sustainability after withdrawal of donor support as accounted by 83% (strongly agree and agree) cumulative responses. Those who disagreed accounted for 12.2% cumulative responses. This shows that management styles adopted in the project has an effect on the project sustainability after withdrawal of donor support.

According to the respondents the adoption of *laisser-faire* management style was mainly abused by most employees since they were involved in doing their own business at the expense of the project. The employees also misused the management style since there were no internal controls to govern the project implementation.

4.9.3 Project Staffing

This section explains the kind of training the project staff had in relation to their job

Table 4.22: Staff Training

	Yes		No	
	Count	Percentage	Count	Percentage
Attended any training related to the job	37	90.2%	4	9.8%
Adequacy of the training for job effectiveness	33	80.5%	8	19.5%
Depth chart that lists individuals who can step in and/or contingency plans for key personnel	14	34.1%	27	65.9%

The findings showed that most of the staff had acquired training related to their job and that the training acquired was adequate for job effectiveness as accounted for by 90.2% and 80.5% respectively. However, depth chart that lists individuals who can step in and/or contingency plans for key personnel were found missing in most of the projects as accounted by 65.9%. this is shown in table 4.22.

4.9.4 Staff Competency

This section explains competencies the staff had in relation to their job

Table 4.23: Overall Staff Competency

Overall Staff Competency	Frequency (N=41)	Percentage
Competent	19	46.30%
Incompetent	18	43.9 %
Very Competent	4	9.8 %
Total	41	100 %

The respondents rated the overall staff competency in the project. The findings show that most project staffs were competent in their work as accounted for by 56.1% cumulative responses.

Incompetent responses accounted for 43.9% as shown in figure 4.8. This shows that most project employees in the donor funded projects were competent in their jobs.

4.9.4 Staff Training and Project Sustainability

The respondents rated the extent to which they agreed or disagreed with the fact that staff training affected the sustainability of donor funded projects. A five point likert scale showed that majority of the respondents (87.8% disagree and strongly disagree cumulative) disagreed with the fact that staff training affected the sustainability of donor funded projects. Those who agreed with the fact that staff training affected the sustainability of donor funded projects accounted for 12.2% as shown in table 4.16. This shows that staff training was not a major factor affecting the sustainability of donor funded projects in Msambweni Sub County.

The respondents' comments were that most management of donors funded projects employed staff who were educated and that they had relevant training on their fields of operations. Other respondents were of the view that hiring well trained staff saves the projects time and cost hence increases overall performance therefore making the project sustainable in the long run.

Table 4.24: Effects of Staff Training on Project Sustainability

Level of Agreement	Frequency	Percentage
Agree	3	7.3%
Disagree	14	34.1%
Strongly Agree	2	4.9%
Strongly Disagree	22	53.7%
Total	41	100%

4.10 The Relationship between the Variables

The chi-square test was used to determine the relationship between independent and dependent variables. The relationships between financial systems, technology adoption, donor policies, stakeholders' involvement, donor policies and management structures were thus tested. The reason for using chi-square was that it helps to determine the significance of the relationship between variables.

4.10.1 Hypothesis testing (one): The relationship between financial systems and sustainability of donor funded projects

H₁. Financial systems do influence sustainability of donor funded projects in Msambweni Sub County, Kwale County.

Table 4.25: Chi-Square Tests-relationship between financial systems and sustainability of donor funded projects

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	0.320 ^a	3	0.0124
Likelihood Ratio	1.243	3	0.743
Linear-by-Linear Association	0.132	1	0.117
N of Valid Cases	41		

a. 0 cells (50.0%) have expected count more than 5. The minimum expected count is 1.12.

The P of 0.0124 at 3 degree of freedom is less than 0.05 (Table 4.10), implying that the chi-square was not significant and this indicated that there was no relationship between financial systems and sustainability of NGO funded projects.

In summary, the data analyzed showed that financial systems had no effect on sustainability of donor funded projects. The results therefore pointed to the rejection of the alternative hypothesis which does not hold.

4.10.2 Hypothesis testing (two): The relationship between Technology Adoption and sustainability of donor funded projects.

H₁. Technology adoption has effect on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

Table 4.26: Chi-Square Tests-relationship between technology adoption and sustainability of donor funded projects

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.860 ^a	3	0.0202
Likelihood Ratio	2.039	3	0.564
Linear-by-Linear Association	.056	1	0.013
N of Valid Cases	41		

a. 0cells (45.0%) have expected count less than 5. The minimum expected count is 2.02.

The P of 0.0202, which is less than 0.05 at 3 degree of freedom (Table 4.12), led to rejection of the H₁. This is therefore was enough evidence for the conclusion that, there was no significant relationship between technology adoption and sustainability of donor funded projects in Msambweni Sub County.

4.10.3 Hypothesis testing (three): The relationship between stakeholders’ involvement and sustainability of donor funded projects.

H₁. There are effects of stakeholders and target groups involvement and participation on the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

Table 4.27: Chi-Square Tests-relationship between stakeholders’ involvement and sustainability of donor funded projects

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.108 ^a	2	.947
Likelihood Ratio	.110	2	.946
Linear-by-Linear Association	.086	1	.769
No. of Valid Cases	41		

a. 1 cells (50.0%) have expected count less than 5. The minimum expected count is 1.82.

P value in Table 4.14 is greater than 0.05 (p= .947) means there is significant relationship between stakeholders involvement and project sustainability of donor funded projects in Msambweni Sub County. This therefore points to the acceptance of alternative hypothesis. To sum up stakeholders had an impact on sustainability of donor funded projects in Msambweni Sub County.

4.10.4 Hypothesis testing (four): The relationship between Donor Policies and sustainability of donor funded projects.

H₁. Donor policies do affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

Table 4.28: Chi-Square Tests-relationship between donor policies and sustainability of donor funded projects.

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	2.485 ^a	1	.115		
Continuity Correction	1.359	1	.244		
Likelihood Ratio	2.504	1	.114		
Fisher's Exact Test				.217	.122
Linear-by-Linear Association	2.436	1	.119		
N of Valid Cases	41				

a. 0 cells (50.0%) have expected count less than 5. The minimum expected count is 3.08.

A Pearson chi-square test was conducted to examine whether there was a relationship between donor policies and sustainability of donor funded projects in Msambweni Sub County. The results revealed that there was significant relationship between the two variables (Chi square value = 2.485, df =1, $p = .115$) since the p value $> \alpha=0.05$ (Table4.18), thus alternative hypothesis was accepted. This meant that donor policies had effects on sustainability of donor funded projects after donor withdrawal in Msambweni Sub County.

4.10.5 Hypothesis testing (five): The relationship between Management Structures and sustainability of donor funded projects.

H₁. Management structures of Non-Governmental Organizations do affect the sustainability of donor funded projects in Msambweni Sub County, Kwale County.

Table 4.29: Chi-Square Tests-relationship between management structures and sustainability of donor funded projects

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.008 ^a	1	.929		
Continuity Correction	.000	1	1.000		
Likelihood Ratio	.008	1	.929		
Fisher's Exact Test				.000	.652
Linear-by-Linear Association	.008	1	.930		
N of Valid Cases	50				

a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.10.

Pearson chi-square test conducted to examine whether there was a relationship between management structures and sustainability of donor funded projects in Msambweni Sub County revealed that there was a significant relationship between the two variables (Chi square value = .008, df =1, $p = .929$) since the p value $> \alpha=0.05$ (Table 4.21). The positive hypothesis is accepted.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to establish the sustainability of donor funded projects in Msambweni Sub County, Kwale County in Kenya. Among the issues contained in this chapter includes; summary of the findings, discussions and conclusions, recommendations and suggestions for further research.

5.2 Summary of the Findings

This study aimed at establishing the sustainability of donor funded projects in Msambweni Sub County in Kenya. The objectives investigated included; financial systems, technology adoption, levels of stakeholders' involvement, donor policies and management structures. The study established that majority of the respondents (95.1%) had a long-term vision and goals for the project and its partners. Most projects were however found to have strategies in place to obtain additional funding and support. In addition, the findings showed that majority of the respondents had project promotion and marketing plan for raising awareness of the project and updating and disseminating its products (82.9%). The study established that the major source of income for most projects was mainly NGO/CBOs funding. This shows that most projects had strategies in place to obtain additional funding and support as well as project promotion and marketing plan for raising awareness of the project and updating and disseminating its products. This was a step forward towards enhancing donor funded project sustainability.

5.2.1 Financial Systems and Project Sustainability

The study established that most projects had proper financial system since they followed the Generally Accepted Accounting principles (GAAP) (75.6%) and International Financial Reporting Standards (IFRS) (56.1%). More than half of the respondents (53.7%) acknowledged that they did not encounter some errors in their financial reporting. Majority of the projects kept proper books of accounts however the frequency of the audit of these books of accounts was low since it was done annually (53.8%). The errors experienced in the project financial reporting could be attributed to the low frequency of the audit of the books of accounts of the project. The

study indicated through hypothesis testing ($P= 0.0124$) that financial systems do not have any effect on the sustainability of donor funded projects in Msambweni Sub County.

5.2.2 Technology Adoption and Project Sustainability

The study established that most of the projects had adopted the information technology in their operations. Among the key sections that were found computerized in most projects included; Accounting System (78%), Record Management (63.4%), Communication (63.4%), Administration (66.7%) and Technical Operation (60.6%) among others. The existing project information system was found to be adequate. Technology adoption was therefore not a factor that affected sustainability of the donor funded project in Msambweni Sub County, Kwale County. The Chi-Square testing ($P= 0.0202$) showed that technology adoption did not have any relationship with the sustainability of donor funded projects. Therefore the factor of technology adoption was rejected and cannot affect the sustainability of donor funded projects.

5.2.3 Stakeholders Involvement and Project Sustainability

The study established that the Government (40%) and the community groups (67.5%) were greatly involved in the activities of the donor funded project. The private sector was fairly (45%) involved in the projects. The projects were found to be owned by beneficiaries and stakeholders. In addition, beneficiaries and stakeholders were directly involved in decision making processes of the projects. The stakeholders and beneficiaries were also found to be committed in the project implementation. This was a step forward enhancing project sustainability. Therefore, the hypothesis testing showed that there was a significant relationship between stakeholders' involvement and sustainability of donor funded projects where P was 0.947 thus accepting the alternative hypothesis.

5.2.4 Donor Policies and Project Sustainability

The respondents were asked to rate the effectiveness of the stated donor policies in enhancing sustainability of the projects. The findings showed that contracts preparation, duration of funding, donor planning horizon and operation and maintenance costs policies were ineffective as rated by majority of the respondents which showed that most of the donor policies in place were ineffective hence not supportive to project sustainability. Hypothesis testing proved that

there was a significant relationship between donor policies and sustainability of donor funded projects thus accepting the alternative hypothesis.

5.2.5 Management Structures and Project Sustainability

The findings showed that the management of the most donor funded projects adopted a laissez-faire management style (58.5%) which means that most employees worked with minimum interference from the management. In addition, the study assessed the effectiveness of the management style adopted by the project managers in the various donor funded projects. The findings showed that the Management Style adopted by the management was ineffective to the running of the project hence not sustainable for donor funded project. However the findings further showed that most project staff were competent in their work (56.1%) and had acquired the necessary skills needed for effective performance. Hypothesis testing accepted ($P=0.929$) that there was a significant relationship between management structures of NGOs and sustainability of donor funded projects.

5.3 Discussions

Data of this study was obtained through administering questionnaires to 60 respondents from Msambweni Sub County. Stratified random sampling was used to select all the sample respondents from the sampled NGOs in the area of study. Research analysis was done using SPSS program to obtain frequency tables and percentages. Research findings revealed the following findings:

5.3.1 Financial Systems and Project Sustainability

This study showed that financial systems in the existing donor funded projects were not a major factor affecting the sustainability of the projects. The hypothesis testing showed that the two variables did not have a relationship. These finding were however consistent with Nturibi (2004) as reviewed in the literature review. He stated that for a development project to be financially sustainable, it requires reliable sources of funding, financial systems to facilitate accountability and cash flow projections and development of marketable products to generate excess income over the expenditure of the project.

5.3.2 Technology Adoption and Project Sustainability

This study sought to find out the relationship between technology adoption and sustainability of donor funded projects. Hypothesis testing revealed that technology adoption was not a major factor that affected sustainability of the donor funded project in Msambweni Sub County. These findings were attributed to the realization by the present day donors on the need and the importance of technology in project implementation process.

5.3.3 Stakeholders Involvement and Project Sustainability

This study shows that stakeholders involvement is a major attribute in project sustainability. It has shown that for any project to be successful and sustainable, the involvement of the

government and community is crucial as shown in the literature review according to Pomeroy & Carlos (2007), one of the critical factors in promoting sustainability of any project is the role played by the stakeholders and target groups and their participation in the project activities.

5.3.4 Donor Policies and Project Sustainability

The findings have shown that there is no major relationship between donor policies and project sustainability. Many times the policies are ineffective and are not used at all and where they are used, they do not affect the project sustainability. Though the literature review stated that donor policies affect project sustainability this is not the case in this study and hence the relationship between the two is negative.

5.3.5 Management Structures and Project Sustainability

From the study, we have seen that management structures adopted by the managers of the projects were not effective and hence would not enhance project sustainability. Projects were mostly sustained by the competence of the employees and their knowledge of the job. According to Natasha (2003), programs and projects which integrate with, and build on, local management structures have better prospects for promoting sustainability of benefits than those which establish new or parallel structures

5.4 Conclusions

The purpose of this study was to establish the sustainability of donor funded projects in Msambweni Sub County, Kwale County. The study established that most projects had proper financial systems in place since they followed the Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS). The projects kept proper books of accounts however the frequency of the audit of these books of accounts was low since it was done annually. The errors encountered during financial reporting were however minimal.

The study established that most of the projects had adopted the information technology in their operations. Key sections that were computerized in most projects included; Accounting System, Record Management, Communication, Administration and Technical Operation. However, the existing project information systems were found to be adequate.

The study found that the Government and community groups were greatly involved in the activities of the donor funded projects. The private sector was however fairly involved in the project. In addition, beneficiaries and stakeholders were directly involved in decision making process of the projects. The study further established that the projects were owned by beneficiaries and stakeholders which were a step forward toward enhancing donor funded project sustainability.

The study established that the existing donor policies were a hindrance to the project sustainability. Among the donor policies that were found to affect most of the project included; contracts preparation, duration of funding, donor planning horizon and operation and maintenance cost policies. These were very ineffective in enhancing project sustainability.

The study further established that the major management style adopted by most of the management of the projects was *laissez-faire* management style. This meant that employees worked with minimum interference from the management. This style was however found to be ineffective since it was prone to abuse by most of the employees hence not sustainable in the long run.

Finally, the key factors that were found to affect sustainability of donor funded projects were donor policies and the management systems adopted. The existing financial systems, technology adopted and participation and involvement of stakeholders and beneficiaries were not key factors that affected the sustainability of the donor funded projects in Msambweni Sub County.

5.4 Recommendations

From the findings of the study, the following recommendations can be made;

1. There is need to educate and empower the local communities on the sustainability of the project to ensure that they are able to articulate the goals and objectives of the project and push them forward after withdrawal of donor funding. To this regard, the beneficiaries must be consulted during the project conception, preparation and implementation processes.
2. The project donors need to amend the donor policies to make them user friendly and enhance project sustainability.

3. The donor should assess the beneficiaries and stakeholder capacity to handle and continue running of the projects. The project handing over should only be done once the donor is fully convinced beyond reasonable doubt that the target beneficiaries and stakeholders have adequate capacity, knowledge and skills to effectively run the project. This will ensure sustainability of the projects.
4. Succession planning is however necessary to ensure that the target beneficiaries and the stakeholders are well prepared to effectively run the project after withdrawal of donor support.
5. The frequency of auditing of the projects books of accounts need to be increased to either monthly or quarterly. This will ensure rectification of the errors that were found inherent in the projects' financial reports.

5.5 Suggestion for Further Research

A further studies need to focus on the various ways in which the devolved and other locally available funds such as Constituency Development Fund (CDF) and County ldevolved funds can be utilized to start sustainable projects in the region. Use of locally available funds would reduce overdependence of external donors who have very stringent policies that have to be followed by the local beneficiaries and stakeholders.

The researcher also recommends that similar studies be conducted in other parts of the country (both rural and urban) to assess the sustainability of the donor funded project post donor funding and compare the results with the Msambweni Sub County results.

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APPENDIX II: TRANSMITTAL LETTER

Peggy NamadiSaka
University of Nairobi,
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Mombasa.
17th May 2014.
+254721354945

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: DATA COLLECTION

I humbly request for permission to conduct research at your organization. I am a student at the University of Nairobi studying Master of Arts in Project Planning and Management. I intend to conduct a study on the sustainability of donor funded projects post donor funding in Msambweni Sub County, Kwale County.

The procedure in the study will include questionnaires. The information will be treated as strictly confidential. The questionnaires will be collected after two weeks.

There are no medical risks or other discomforts associated with the research. The results of the study may help future researchers to gain a better understanding of sustainability of donor funded projects after donors withdraw. I would donate a copy of the research to the organization if so requested.

Thank you in advance.

Yours Faithfully

Peggy NamadiSaka

L50/82713/2012

University of Nairobi

Appendix III: Questionnaire for Project Staff

The questionnaire is meant to collect information on the sustainability of NGO funded projects post donor funding. A case study of NGOS in Msambweni Sub-County in Kwale County, Kenya. Kindly answer the questions by writing a brief statement or ticking in the boxes provided as will be applicable. The information provided will be treated as strictly confidential and at no instance will your name be mentioned in this research.

SECTION ONE: DEMOGRAPHIC INFORMATION

1. Sex of the respondent

- a) Male
- b) Female

2. Respondents' Position:

- a) Project Manager
- b) Administrator
- c) Accountant
- d) System Administrator
- e) Others (Specify)

3. Indicate your age category

- a) Below 20 years
- b) 20-29 years
- c) 30-39 years
- d) 40-49 years
- e) Above 50 years

4. How long have you working on this project?

- a) Less than 6 months
-

- b) Between 6 months to 1 years
 - c) Between 1-3 years
 - d) Between 3-5 years
 - e) Above 5 years
5. What is your highest level of education?
- a) Primary
 - b) Secondary
 - c) Tertiary College (Diploma)
 - d) Undergraduate
 - e) Postgraduate
 - f) Other (Specify).....
6. Do you have any training on the job that you do
- Yes
- No
7. Do you have a long-term vision and goals for the project and its partners?
- a) Yes
 - b) No
8. Do you have strategies to obtain additional funding and support for the project beyond the time of the original grant?
- a) Yes
 - b) No
9. Do you have a project promotion and marketing plan for raising awareness of the project, updating and disseminating its products?
- a) Yes

b) No

10. Who are the major sources of income for this project?

a) Local fund raising

b) NGO/ CBOs funding

c) Self-sustenance

d) Government funded

e) Others (Specify).....

SECTION TWO: SUSTAINABILITY OF DONOR FUNDED PROJECTS

Financial Systems and Project Sustainability

11. Are the following followed during preparation and presentation of financial statements for this project?

		Yes	No
a	Generally Accepted Accounting Principles (GAAP)		
b	International Financial Reporting Standards (IFRS)		

12. Do you experience errors during financial reporting?

a) Yes

b) No

13. If yes to the above, what are your main sources errors during financial reporting?

.....
.....
.....

14. Are the books of accounts for this project audited?

a) Yes

b) No

15. If yes, how often does the auditing take place?

a) Monthly

b) Quarterly

c) Semi-annually

d) Annually

e) occasionally

16. To what extent would you agree or disagree with the fact that financial systems affect the sustainability of this project after donors withdraw?

a) Strongly agree

b) Agree

c) Not Sure

d) Disagree

e) Strongly Disagree

17. How would you rate the adequacy of information systems in this project?

a) Very adequate

b) Adequate

c) Inadequate

d) Very inadequate

18. Which of these operations are computerized in this project?

		Computerized	Not Computerized
a)	Accounting System		
b)	Record Management		
c)	Communication		
d)	Administration		
e)	Technical Operations		
f)	Others		

19. To what extent would you agree or disagree technology adoption affects sustainability of this project beyond donor funding?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

Kindly comment on your answer.

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A. Stakeholders' Involvement and Participation and Project Sustainability

20. How would you rate the level of involvement and participation of the following in this project? Rate as follows; 1= greatly, 2= fairly, 3= low, 4= very low, 5= Not involved at all.

		1	2	3	4	5
a)	Government					
b)	Private Sector					
c)	Community groups					

21. To what extent would you agree or disagree with the following statements as related to stakeholders' involvement and participation in this project? Rate as follows; 1= Strongly Agree, 2= Agree, 3= Not Sure, 4= Disagree, 5= Strongly Disagree.

		1	2	3	4	5
a)	This project is fully owned by the beneficiaries of the project					
b)	This project is fully owned by the stakeholder of the project					
c)	Beneficiaries of the project are involved in key decision-making					
d)	The project stakeholders are involved in key decision-making					

22. How would you describe the level of commitment of stakeholder and the beneficiaries of the project?

- a) Very committed
- b) Committed
- c) Less committed

d) Not committed at all

23. What do you think would be the effect of withdrawal of donor funding to this project?

The project will

- a) Continue normally
- b) Cease operations
- c) Will be affected significantly
- d) No effect at all

24. In your own view, what are the effects of stakeholders' involvement and participation on the sustainability of this project?

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B. Donor Policies and Project Sustainability

25. How would you rate the effectiveness of the following donor policies in enhancing sustainability of this project? Rate as follows; 1= Very effective, 2= Effective, 3= Ineffective, 4= Very ineffective, 5= Do not know

		1	2	3	4	5
a)	Contracts Preparation					
b)	Duration of funding					
c)	Donor Planning horizon					
d)	Operation and maintenance					

26. To what extent would you agree or disagree with the fact that donor policies affect the sustainability of this project after withdrawal?

- a) Strongly agree
- b) Agree
- c) Not Sure
- d) Disagree
- e) Strongly disagree

C. Management Structures and Project Sustainability

27. What kind of management styles does the management of this project adopt?

- a) Autocratic (dictatorial)
- b) Democratic (Employee driven/ Participative)
- c) Laisser-faire (minimum interference from management)
- d) Open door policy (Freedom of Access)
- e) Any other (s) Specify.....

28. To what extent would you agree or disagree with the fact that management styles adopted in this project will affect the project sustainability after withdrawal of donor support?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

29. How would you rate the effectiveness of the management systems adopted in this project?

- a) Very effective
-

- b) Effective
- c) Ineffective
- d) Very ineffective
30. Have you undergone any training related to the job you do in this project?
- a) Yes
- b) No
31. Do you think the training you have is adequate to effectively do your job?
- a) Yes
- b) No
32. How would you rate the overall level of competency of the staff working in this project?
- a) Very competent
- b) Competent
- c) Incompetent
- d) Not able to rate
33. Do you have a depth chart that lists individuals who can step in and/or contingency plans for key personnel and partnership changes?
- a) Yes
- b) No
34. To what extent would you agree or disagree with the fact that the current levels of staff training affect the sustainability of this project?
- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
-

e) Strongly disagree

Comment on your answer above.

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35. What recommendations would you make to help improve the sustainability of donor funded projects in coast region and Kenya at large post donor funding?

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Thank you for your participation in the study.