Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations.

Case Study: Infectious Diseases Research Collaboration (IDRC) - Uganda.

Kamisya Sylvia Irene.

2014-M102-20061

Uganda Martyrs University.

January, 2017

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A postgraduate dissertation presented to the faculty of Business Administration and Management in partial fulfillment of the requirements for the award of the degree of Master of Business Administration (MBA) - Finance Option.

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Kamisya Sylvia Irene.

2014-M102-20061

November, 2016

DEDICATION

This research work is dedicated to my Mother Mercy and brothers that gave me untiring encouragement, love and moral support throughout the course. To my aunties, uncles and cousins who always encouraged me to study irrespective of the busy schedules.

Special thanks go to the Almighty God who forever ensured that the journey started must be completed, without you nothing is possible. Thank you Almighty God.

To my supervisors Mr.Kibrai Moses and Dr.Nalwoga Maurice Mukokoma for your immense guidance and assistance. May the Good Lord continue to bless you forever.

ACKNOWLEDGEMENT

My first and sincerest appreciation goes to the Almighty God. Indeed, He has been my strength, provider and wisdom. His special grace has brought me this far and I am very grateful to Him.
My heartfelt thanks also go to Mr.Kibrai Moses and Dr.Nalwoga Maurice Mukokoma my supervisors, advisors and mentors who guided me with intelligence and expertise which, with each meeting, shed more and more light on my dissertation path. With persistence and patience, they challenged me to learn, question, think, synthesize, and critically analyze which made me appreciate and illuminated my research study Clearer.

To my lovely parents, brothers and relatives, your prayers, encouragement and support in diverse ways are priceless and worth acknowledging, I am grateful and may God bless you.

To my kid brother Frederick, I am so grateful for always being there for me and helping out at crucial moments of this program. I cannot thank you enough. God bless.

I cannot forget my dear friends Stella Nalukwago Kibirge who has always been by my side since under graduate degree for the love and care, Michael Mwanda for the support always during this course, Amon Tugume for the various lifts and care, John Tumwesigye for the fatherly advice and encouragement, Eve Ecaru, Nicholas, Norbert, Zephrine, Patricia, Florentina, Edward for the group discussions and togetherness, Chris, Brian, Sidney, Tony, Donald, Martin, Fiona. God alone knows how much I am indebted to you. He will reward you according to your faithfulness, your support, encouragement and prayers.

I also wish to acknowledge the support of all my lecturers and colleagues course mates whom we travelled the course journey together. Without whom, the course would not have been fruitful.

Finally, I thank the administration of Infectious Diseases Research Collaboration for granting me the opportunity to conduct research in their organization. Thank you so much.

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LIST OF ABBREVIATIONS

NGOs	Non-Governmental Organizations
IDRC	Infectious Diseases Research Collaboration
NIH	National Institutes of Health
CBOs	Community –Based Organizations
FBOs	Faith Based Organizations
HIV	Human Immune Virus
AIDs	Acquired Immune Diseases Syndrome.
SPSS	Statistical Package for Social Science
UNDP	United National Development Programme**.**

ABSTRACT

The study was conducted in Infectious Disease Research Collaboration with its head offices located in Kampala, Uganda. The main purpose was to assess the relationship between financing strategies and sustainability of donor funded NGOs in Uganda. Specific objectives were; to examine the effect of donor funding on sustainability of NGOs in Uganda; to assess how government funding affects sustainability of NGOs in Uganda; to analyze the role of fundraising in the sustainability of NGOs in Uganda. Financing strategies were looked at from various dimensions including donor funding, government funding and fundraising, while sustainability was determined by fund growth and liquidity. The research design was a case study based on both quantitative and qualitative approaches in relation to cross section, correlation and regression as research designs. The methods used for data collection were questionnaires, observation and interviews. The sample study involved IDRC staff. Data was analyzed through the use of SPSS Version 20 for quantitative purposes and grouped into categories and themes for qualitative analysis. The conclusions were drawn from tables. Based on the data and research findings, there was a positive relationship between donor funding, government funding, fundraising and sustainability of donor funded NGOs in Uganda.

The study, therefore, concludes with a call to the stakeholders in Infectious Diseases Research Collaboration to enhance financing strategies in form of donor funding, government funding and fundraising to enable financial sustainability since it enhances fund growth and liquidity.

The researcher therefore, made recommendations such as; NGOs should always depend on donor funding, government funding and fundraising as one of the financing strategies that would lead to their financial sustainability in Uganda.

CHAPTER ONE

GENERAL INTRODUCTION

1.0 INTRODUCTION

This study focused on explaining the relationship between financing strategies and sustainability of donor funded Non-Governmental Organizations. Financing strategies, the independent variable explained in form of donor funding, government funding and fundraising whereas sustainability of Non-Governmental Organizations explained in form of liquidity and fund growth.

According to Leon (2010), there is an increasing focus on improving the financing strategies in donor funded Non-governmental organizations in order to attain financial sustainability. She further states that very few non-profit organizations can comfortably be referred to as a financially stable. This, she attributes to the fact that many organizations continue to have a donor dependent vision. Moreover, attaining a profit margin that exceeds market conditions generally requires appealing to the organization's non-profit status in order to obtain special concessions. While it is important to consider this capacity for access to capital or preferential terms as a competitive advantage enjoyed by a non-profit organization, attaining financial sustainability through a single source is highly unlikely. Steinman (2010) states that financial sustainability, would imply financial or business practices that would ensure the continued viability of a product, practice or service well into the future. Leon (2009) suggests that even if an organization has twenty donors, it will remain extremely vulnerable if a large portion of the budget depends on only one of those, that any change in those donors decision could induce a major crisis. For organizational sustainability, Leon (2009) suggests that at least 60% of the organization’s overall budget must come from five different sources such as government funding, fundraising, increased donor funding as financing strategies and as a result that will enable liquidity and fund growth.

In this study, the researcher presented the background of the study, Statement of the problem, Objectives, research questions or hypothesis, scope of the study, significance of the study, justification, definition of key terms and conceptual framework.

1.1 Background to the study.

In most countries of the World all non-governmental organizations aspire to achieve financial sustainability. However, the challenges facing this sector are of greater magnitude than ever before.

According to Leon (2010), very few non-governmental organizations can comfortably be referred to as financially stable. She therefore attributes to the fact that many organizations continue to have donor dependent vision. She further states that if a trust fund is obtained, for example, it is usually through an outside source. But, attaining a profit margin that exceeds market conditions generally requires appealing to the organization’s non-profit status in order to obtain special concessions. While it is important to consider this capacity for access to capital or preferential terms as a competitive advantage enjoyed by a non-governmental organization, attaining financial sustainability through a single source is highly unlikely.

Therefore, the collapse of the financial markets in 2008 resulted in massive changes in the funding landscape and funding criteria. According to Hudson (2007), today’s financing strategies have diversified and include programs, related investments, venture philanthropy, community development finance institutions, loans, bonds, equity investments and a range of other financial instruments. Another trend that Foster (2009) alludes to is that, more and more donors want to partner with and invest in sustainable projects rather than simply give money to the needy.

Therefore, Steinman (2010) further states, that financial sustainability would imply financial or business practices that would ensure the continued viability of a product, practice, or service well into the future. Leon (2009) suggests that even if an organization has twenty donors, it will remain extremely vulnerable if a large portion of the budget depends on only one of those. She adds that any change in that donor's decision can induce a major crisis. For organizational sustainability, Leon (2009) suggests that at least 60% of the organization's overall budget must come from five different financing strategies or sources.

Financial sustainability appears to pose the greatest challenge for non-governmental organisations. The global financial crisis and government cutbacks have had a major impact on a number of non-governmental organizations, as that has tendency for funders to support short-term projects rather than long-term activities and core costs (Stowe, 2005). The Department for Social Development review (2010) has again reiterated the need for non-profit organizations to constantly explore other sources of funding for their continued existence.

Wagona (2002) further argues that the phenomenal growth of non-governmental organizations (NGOs) at both international and national levels is due to the changing attitude of donor agencies about development assistance and the increased demand for NGO services in Third World countries. NGOs are non-membership support organizations involved in relief, rehabilitation, or community development work in developed and, especially developing or Third World countries. All NGOs share several characteristics including dependency on donor funding; the need for self-financing, transparency or accountability to donors and clients; and targeting the needy or marginalized segments of the population or operating in various sectors of society depending on the needs to be met as well as resources available in the local community. Hence donor funded NGOs are those that fully rely on donor funding.

Edgington (2010) argues that many organisations manage income from a number of different funding and finance sources from donations, grants, contracts and income generated from trading. Therefore, financing strategies constituted the independent variable and financial sustainability the dependent variable in the study.

It was therefore paramount for donor funded NGOs to remain sustainable irrespective of project end. As noted by Johnson and Scholes (2007) sustainability is defined as a measure of an organisation's ability to fulfil its mission and serve its stakeholders over time. There is a wealth of knowledge about the process of improving organisation's sustainability, built by the experiences of many people who have worked over many years to improve the sustainability of many different organisations. The main insight from this collective experience is that an organisations level of commitment to sustainability is the most important factor for its success. There must be full commitment to the process throughout the organisation, from the board of directors through senior management and the entire staff. This is because sustainability is a process, not an end. An organisation does not 'become' sustainable and then rest on its success. Sustainability involves all the elements and functions of an organisation, and every major decision made within the organization from human resources to finances to service delivery must be considered through the filter of sustainability. Focusing on the organisations' commitment to sustainability helps decision-makers look toward the future and consider all relevant factors, instead of making more expedient and short sighted decisions. This helps people improve on service delivery in organisations by targeting three types of sustainability: organisational sustainability, the sustainability of services, and financial sustainability.

Kamau (2006) argues that it is prudent to note that financial sustainability, while critical, is only one aspect of an organisation's overall sustainability; organisations must also build a broad range of technical, and human capacities. Financial sustainability is promoted through a broad based-interdisciplinary approach. Many people equate an organisation's sustainability with its financial strength, but financial sustainability alone is insufficient over time. If an organisation does not also develop its overall capacities ultimately, the lack of good management or technical capacity prevents the organisation from generating revenue or attracting donor funding. Financial sustainability can be gauged by an organisation's net income (the surplus of revenues over expenses); Liquidity (the cash available to pay bills); and solvency (the relationship of assets and debt or liabilities). This therefore promotes a broad, interdisciplinary role for financial management as one component of overall sustainability.

Mbue (2006) states that most efforts to improve sustainability in donor funded NGOs, focus first on organisational sustainability which is the ability of the organisation to secure and manage sufficient resources to enable it to fulfil its mission effectively and consistently over time without excessive dependence on any single funding source. The objective is to maintain and build the capacity of an organisation that is providing a beneficial service in a community. The benefits of improving the organisational sustainability of donor funded NGOs can be far-reaching because, in most cases, such organisations play a vital role in international journals by delivering services that would otherwise be unavailable or reaching people that would otherwise be unserved.

The activities of some of the local and foreign NGOs operating in Uganda have transformed whole communities and have benefited a lot of rural dwellers. Some of the NGOs, through their activities have replaced perpetual misery with some smiles to those poverty-stricken and almost forgotten groups of rural dwellers. This is especially true in the areas of general development, where international and national NGOs support the poor and the disadvantaged in their efforts to improve their living conditions (Edusei, 1997).

According to IDRC strategic plan 2015-2020 IDRC office has four (4) main divisions that is Finance and Administration, Data centre and information technology, Laboratory and Research Studies and Projects. The plan shows that the organisation receives financial assistance and support from funding sources mainly from funding bodies which support collaborative research such as National Institutes of Health (NIH), Bill and Melinda Gates, Doris Duke Charitable Foundation, university of Washington, University of California, San Francisco and London school of tropical hygiene and Medicine. All these are with their dedicated senior scientists (principal Investigators) who have been the main collaborators in writing grant proposals for funding IDRC research projects. The proposals are a collaborative effort between the foreign institutions and IDRC. The main funding source is mainly NIH but IDRC has other funding sources that are not NIH.

As NGOs continue to grow in number and size, and begin to operate more professionally and expand and diversify their activities, there is an increasingly urgent need to address the very basic question of how to financially sustain their valuable efforts. The issue of achieving “sustainable” NGO financing has always been a challenge to NGO professionals, fundraisers, donors and policy analysts. It represents perhaps one of the greatest obstacles for the non-profit sector. This issue demand vigorous research into the financing of local donor funded NGOs in Uganda.Thus it is upon this background that the researcher would like to examine the relationship between financing strategies and sustainability of donor funded NGOs in Uganda, a case study of Infectious Diseases Research Collaboration.

1.2 STATEMENT OF THE PROBLEM.

Available literature reflects an increased interest among non-governmental researchers in the issue of financing strategies as a way of revenue diversification leading to financial sustainability of NGOs (Weerawardena, McDonald & Mort, 2015).

However, in Uganda there has been very limited contribution to this research stream. According to Weerawardena, McDonald & Mort (2010), the issue of financing strategies for NGOs has been discussed in a fragmented manner and some of the contributions are of a prescriptive nature. The discussion of financing strategies needs further development including an understanding of the possible impact of diversified financing strategies for NGOs. As the world economy is feeling the impact of global financial crisis, NGO sector has been no exception. A number of NGOs are finding themselves in a donation-demand squeeze which sees once-off donations declining as people’s ability to give declines (Zini ,2008)

On the other hand, according to Zini (2008), there is an increase in the demand for charitable services as the number of people in need increases. NGOs that rely on the interest from investments have already been adversely affected by the declining interest on investments.

While NGOs continue to face increased challenges in sourcing funds, the funding community also is showing a growing interest in the effectiveness and impact of the organizations that they fund. Relying on a single major source of funding is threatening the survival of many NGOs doing plausible work in Ugandan communities.

The challenge facing NGOs in Uganda and most developing countries is for them to emerge as a valuable force to effect development so as to improve the living conditions of the people in the communities. The Search for funding is therefore necessary for the survival and the development of NGOs (Vincent, 2006). This is because NGOs require a substantial amount of funds and other resources to successfully continue to carry out their activities but if organizations are not doing that, they may wither and die. Given those challenges, the question whether financing strategies lead to financial sustainability becomes especially salient (Turary, 2002). It is from this background that the researcher picked interest to assess the relationship between financing strategies and sustainability of donor funded NGOs in Uganda.

1.3 OBJECTIVES OF THE STUDY.

1.3.1 Major Objective.

The major objective of the study was to assess the financing strategies influencing sustainability of donor funded NGOs in Uganda; a case study of Infectious Diseases Research Collaboration.

1.3.2 Specific Objectives.

The specific objectives of the study were;

I) To examine the effect of donor funding on sustainability of NGOs in Uganda.

ii) To assess how government funding affect sustainability of NGOs in Uganda.

iii) To analyze the role of fundraising in the sustainability of NGOs in Uganda.

1.4 RESEARCH QUESTIONS.

The study was guided by the following research questions namely;

i) What is the relationship between donor funding and sustainability of donor funded NGOs in Uganda?

ii) What is the relationship between government funding and sustainability of donor funded NGOs in Uganda?

iii) What is the relationship between fundraising and sustainability of donor funded NGOs in Uganda?

1.5 SCOPE OF THE STUDY.

This study assessed the relationship between financing strategies and sustainability of donor funded NGOs in Infectious Diseases Research Collaboration. Financing strategies was studied under three main dimensions of donor funding, government funding and fundraising as a way of generating funds through activities and how they foster financial sustainability in donor funded NGOs. Financial sustainability was studied based on dimensions of liquidity and fund growth.

The moderating variables such as the NGO operating environment, policy position of donor funding states and donor funding policies, goals and objective, much as the researcher recognized them, she did not research on them.

1.5.1 Content scope.

This study was limited to financing strategies of donor funding, government funding and fundraising because the researcher examined that these where the main strategies that lead to sustainability of donor funded NGOs in Uganda much as there could be other strategies.

1.5.2 Geographical scope.

This study was carried out in Infectious Diseases Research Collaboration. It is located in Kampala on plot 2 C Nakasero and lies in the central region, bordering Mpigi and Wakiso district; Mukono in the East and Kalangala district to the south. The researcher chose Infectious Diseases Research Collaboration as an NGO that has been in existence for over eight years that carries out donor funded activities which require an understanding of financing strategies and sustainability of donor funded NGOs. This was also because of its proximity to the researcher. cover shall limit itself to the boundaries of Uganda, in areas where IDRC is operational.

1.5.3 Time Scope.

The period of assessment was from August 2015 to June 2016 and the data collected from the available literature ranged from 2000 to 2016.This was because the selected time period covered the complete operation years for which financing strategies greatly affected the sustainability of Infectious Diseases Research Collaboration.

1.6 SIGNIFICANCE OF THE STUDY

The study will provide financing strategies for donor funded NGOs that will enable its financial sustainability even after project end and also add to the existing literature in that area.

The findings of the study will help the management of Infectious Disease Research Collaboration in designing better strategies regarding financial sustainability so as to meet stated goals, mission, vision and objectives.

The Study findings will be of great value to the Government as it will assist in formulating effective policies on issues appertaining to the NGOs finances, this will enable the realization of the millennium development goals and vision, its objectives of alleviating poverty and enhancing equitable economic development.

Through the study findings, the stakeholders such as the community and other management committees will be enlightened on how to ensure financial sustainability of NGOs, so as to make it effective and efficient towards reaching their objectives. Finally, the study findings will be of value to the academicians and other researchers as it will provide the base for further research in the financing strategies and sustainability of donor funded NGOs.

The study will lead to the partial fulfillment of the requirements leading to the award of a Master of Business Administration of Uganda Martyrs University.

1.7 JUSTIFICATION OF THE STUDY.

Prior studies have been done on financing strategies and sustainability worldwide; such as those in Malawi, South Africa, Botswana and Sierra Leone. In Uganda there is paucity of research about financing strategies and sustainability of donor funded NGOs.

The importance of this study is highlighting the financing strategies that can enable NGOs that are donor funded sustain themselves irrespective of the general requirements demanded by donors. Therefore, the basis for the choice of this study is to empirically establish the relationship between financing strategies and sustainability of donor funded NGOs in Uganda such as infectious Diseases Research Collaboration

The result of this study is hoped to contribute positively to the field of financing strategies and sustainability in Infectious Diseases Research Collaboration and other NGOs in Uganda that will have access to read this dissertation.

1.8 DEFINITIONS OF OPERATIONAL TERMS

Financial Sustainability- This is the ability of an NGO to develop a diverse resource base so that it could continue its institutional structure and production of benefits for intended client population after the cessation of donor financial support.

Funds- These are all the financial resources of a firm, such as cash in hand, bank balance, accounts receivable. Any change in these resources is reflected in the firm's financial position.

Non-Governmental Organizations (NGO) - Any legally constituted private, voluntary grouping of individuals or associations involved in community work which augments government work but clearly not for profit or commercial purposes.

IDRC- Infectious Diseases Research Collaboration.

Financing strategy – Is an interdisciplinary methodology to more efficiently allocate scarce resources within a firm to better or more economically satisfy customer preference over time.

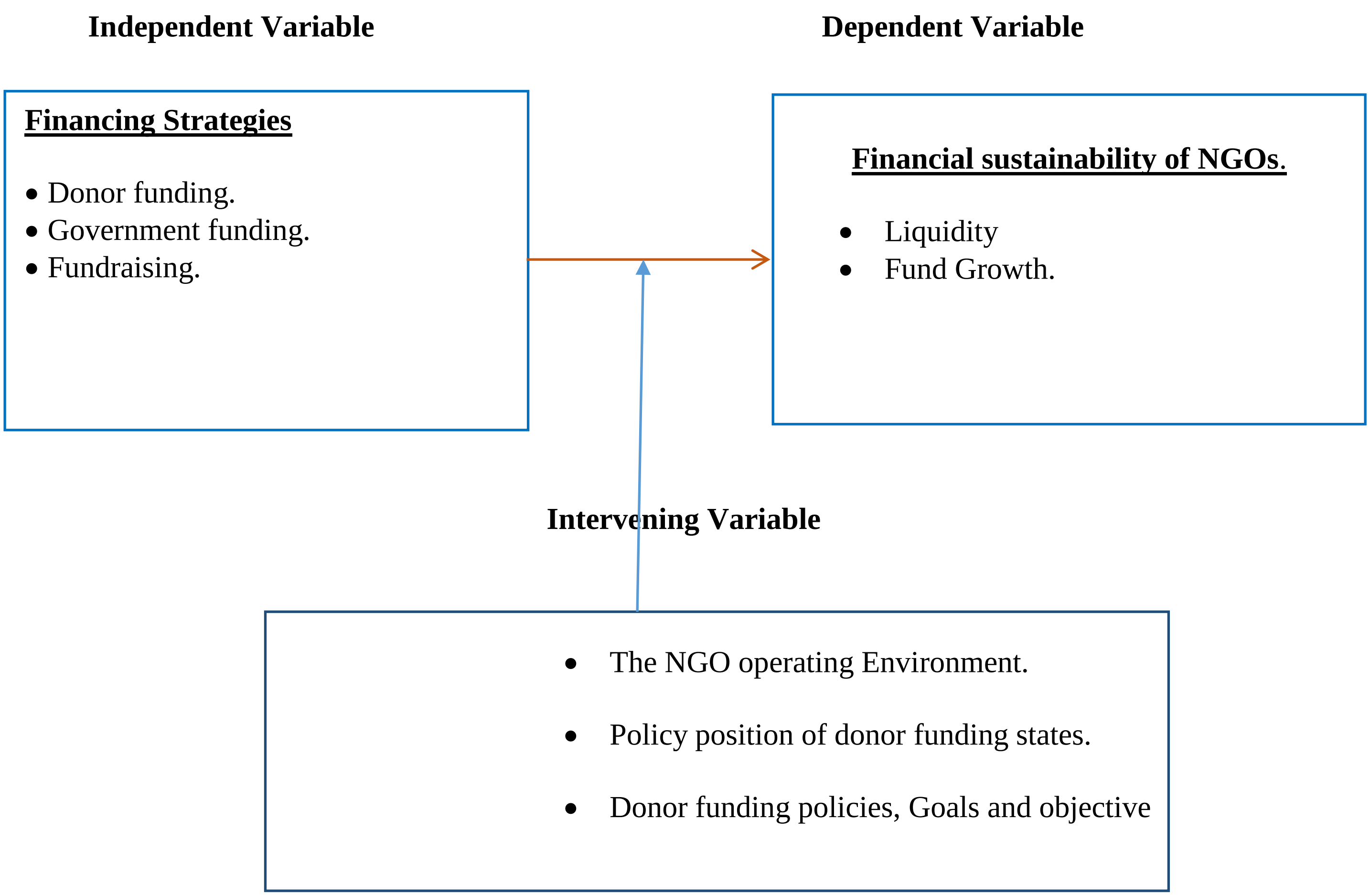
Donor aided projects- In this research donor-aided projects are defined as those projects sponsored by purely external donations (normally provided by international aid agencies through local organizations as intermediaries), excluding those supported by locally generated resources including resources from government.

1.9 CONCEPTUAL FRAMEWORK.

According to Mugenda and Mugenda (2003) conceptual framework is a diagrammatic presentation of the relationship between dependent and independent variables.

The current economy has required a paradigmatic shift in non-profit management. Nonprofit organizations are experiencing a "curtailment in charitable giving that is directly correlated by the economy and the for profit firms adaptive financial repositioning to survive" (Bezjian,et al,2009). As a result, nonprofit organizations have to adopt financing strategies that can enable them sustain themselves even after donor funding ceasing.

Figure 1: Conceptual Framework



Source: Financing strategies (McGraw, 2007) as modified by the researcher (2016)

The above conceptual framework illustrated a relationship between financing strategies and sustainability of donor funded NGOs. The independent variable of the study is financing strategies conceptualized in the form of fundraising, government funding and donor funding. All these were studied in relation to the dependent variable of financial sustainability of NGOs in relation to liquidity and fund growth. Therefore, Sustainability of donor funded NGOs is influenced by the financing strategies in place. A good financing strategy process of an organization is a pre-requisite for proper source management and attainment of organizational objectives and sustainability. The two variables were influenced by the intervening variables like NGO operating environment, policy position of donor funding states, and donor funding policies, goals and objectives.

1.10 CONCLUSION

Chapter one established the fundamental bases on which other chapters in this study relied, particularly chapter two on establishing empirical studies and the theoretical framework of the study. It clearly put into light the key concepts and issues of the study as regards the variables to be studied.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION.

This chapter provided a detailed analysis of existing literature on the nature of NGOs, growth and development through examining the funding sources of donor funded NGOs to enable sustainability and also reviewed the theory of the study and the related literature. The content of the literature based upon the studies carried out by various scholars in the field of financing strategies and sustainability of donor funded NGOs to provide a depth understanding into the insight of the problem of the study. This section attempted to present a critical review of the available literature on the subject of research. It presented the historical element of donor supported NGOs as it looks at the financing strategies and sustainability of donor funded NGOs. In reviewing the literature, gaps and trends on financing strategies and sustainability of donor funded NGOs were evaluated.

While all Organizational Boards have defined overall aims and objectives and determined strategies to achieve them, not every organization has a formal financing strategy. The Board of management is therefore responsible for the overall financial health and well-being of an NGO. An organization’s financial health and well-being is determined by the success of all the strategies it deploys, including the financing strategy, which is concerned with financing and resourcing an organization’s corporate plan. It was therefore recommended that to become and remain financially secure, an NGO develops a financing strategy alongside other key strategies as, by doing so, it would then be in a position to determine the capacity created for maintaining its current business as well as developing itself for the future. NGO governance is therefore based on several theories but for the sake of this study, I focused on the stewardship theory.

2.1 THEORETICAL FRAMEWORK

2.1.1 The stewardship theory

This theory argues as noted by Donaldson and Davis (1991 & 1993) that most NGOs' governance is based on stewardship theory, which holds that there is no conflict of interest between managers and owners, and that the goal of governance is precisely, to find the mechanisms and structure that facilitate the most effective coordination between the two parties (Donaldson,1990). Stewardship theory holds that there is no inherent problem of executive control, meaning that organizational managers tend to be benign in their actions (Donaldson,2008).

The essential assumption underlying the prescriptions of stewardship Theory is that the behaviors of the manager are aligned with the interests of the principals. Stewardship Theory places greater value on goal convergence among the parties involved in corporate governance than on the agent's self-interest (Slyke, 2006). The economic benefit for the principal in a principal-steward relationship results from lower transaction costs associated with the lower need for economic incentives and monitoring.

Researchers, in general, have tended to ignore the principal as the agent and have overemphasized the role of the manager as the agent. The stewardship theory explains how best the relationship between agents and principals can be tapped for purposes of governing a corporation to realize its goals and objectives. The interest on the stewardship relationships became more prominent with the emergence of the large corporations. There are several organizations that have a knack for accumulation of capital, and managers who had a surplus of ideas to effectively use that capital.

The shareholders or owners of capital (principles) have neither the requisite expertise nor time to effectively run their enterprises, they hand them over to agents (managers) for control and day-to-day operations, hence, the separation of ownership from control, and the attendant agency problems.

In a stewardship relationship, principals and agents are responsible for the day-to-day operations of the enterprise. Historically, definitions of corporate governance also considered the relationship between the shareholder and the company, as per "agency theory and stewardship theory", that is director-agents acting on behalf of shareholder-principles in overseeing self-serving behaviors of management. However, broader definitions of corporate governance are now attracting much greater attention. Apparently, effective corporate governance is currently understood as involving a wide number of participants or stakeholders. The primary participants being management, shareholders and the boards of directors, but other key players whose interests are affected by the corporation are employees, suppliers, customers, clients, partners and the general society or community (Salomon and Salomon, 2004).

Carter and Lorsch (2004) argue that corporate governance understood in these broadening social contexts, ensures that the board of directors is accountable not only to shareholders but also to non-shareholder stakeholders, including those who have a vested interest in seeing that the corporation is well governed. Some corporate governance scholars also argue that at the heart of good governance is not board structure which receives a lot of attention in the current regulations, but instead board process especially consideration of how board members work together as a group and the competencies and behaviors both at the board level and the level of individual directors.

This separation is however, linked and governed through proper "stewardship relationship" at various levels, among others "between shareholders and boards of directors, between boards and senior management, between senior and subordinate levels of management" (ISDA, 2002). In such a principal-agent relationship there is always "inherent potential for conflicts within a firm because the economic incentives faced by the agents are often different from those faced by principals" (ISDA, 2002).

ISDA (2002) argues that all companies are exposed to steward problems, and to some extent develop action plans to deal with them. These include establishing such measures as: "controls on the actions of agents, monitoring the actions of agents, financial incentives to encourage agents to act in the interest of the principals, and separation of risk taking functions from control functions" (ISDA, 2002).

There are a mix of forces which have fueled the rapid rise and prominence of NGOs. The prevalence of weak states and declining markets in Africa has led to the proliferation of NGOs as the only alternative to promote grassroots development. Thus, the development oriented NGOs are not only located between the state and the market, in terms of institutional space, but are also emerging as, what Levy calls, a critical 'third sector' that fosters the development of the marginalized groups. The received wisdom is that NGOs are more flexible and adaptive than governments, are quick to respond to people's needs and are also cost effective.

Salomon (2007) argues that the ascendancy of neo-liberalism in the late 20's century also created a global environment for the third sector. The poor performance of the public sector in developing countries has led to a search for more effective and efficient organizational forms of delivery of public services.

There are certain features which differentiate NGOs from government agencies, even when they are performing similar roles. NGOs have the capacity to experiment and learn from ordinary people have no mechanisms for bringing them to account for their actions. Unlike governments, who have to get elected and can only avoid accountability through violence or coercion and in business where consumers can decide where to spend their money, NGOs have no obvious accountability structures. NGOs themselves see the need to take this issue seriously as there is a growing emphasis on the need for proper monitoring. There are a number of ways in which NGOs can improve on their governance and management operations. These includes stating their mission, values and objectives clearly and ensuring that these strategies are followed, better human resources development and training for their managers and staff including board members and volunteers, better management processes as well as financial management, accounting, and budget systems (Mwaura, 2005).

Therefore, in order for these systems to be implemented, committed staff and leadership within the NGOs themselves are required. The expanded role of NGOs in the delivery of public services is likely to affect the potential of these organizations. The work of NGOs is much more difficult and demanding now as they are expected to deliver quality with such limited resources. Problems arise where governments shift major responsibilities to NGO sector (Karanja and Karuti, 2014). Schiavo-Campo, (2001) argues that, some NGOs do not have the time and expertise to manage all of the funded programs, or even to ensure full involvement by all of the communities, as is normally claimed. In some cases, where there are many departments trying to deal with the NGOs, the problems may be created by the governments themselves. Also, staff at the local level may not be familiar with government policies and this affects efficiency of the NGOs because of tensions which may arise (Sambu, 2006).

However, while reviewing development partnerships in Nepal, (Mutebile, 2002) found out that, "donor dominance in Nepal's development efforts and the impact of aid programs and overall development effort was not generating satisfactory and sustainable results on the ground. He further adds that without strong collaboration with national institutions, the sustainability and replicability of many programs were uncertain". Scholarly literature has shown that, when international assistance ends, the activities initiated on the ground also die with little left to show for the effort. The lack of sustainable impact is widely seen as a key threat to continued flow of international development assistance (Chapman et al,2006).

2.1.2 Criticism of Stewardship Theory

Hambrick (2005) emphasizes that much as the Stewardship Theory arises as an important counterweight to Agency Theory, it suffers from being static, as it considers the relationship of Principal-Agent at a single point in time. While this simplifying assumption allows one to picture a comprehensive model, it does not reflect the motivation that agents may have to deviate from an agent position towards that of the steward.

2.1.3 Relevance of the Stewardship Theory to the study

The NGO operations are presumed to have no conflict of interest between managers and the owners, and that the goal of governance is precisely, to find the mechanisms and structure that facilitates the most effective coordination between the parties to achieve sustainability through increased donor funding, government funding and fundraising. This is because stewards are motivated by intrinsic rewards, such as reciprocity and mission alignment, rather than solely extrinsic rewards. The steward as opposed to the agent, places greater value on collective rather than individual goals; the steward understands the success of the company as his own achievement and as a result NGOs will be motivated to look out for financing strategies that can continue to enable sustainability of NGOs.

2.2 ACTUAL LITERATURE REVIEW.

2.2.1 Financing Strategy

According to Calandro and Flynn (2007), a financing strategy is an interdisciplinary methodology to more efficiently allocate scarce resources within a firm to better or more economically satisfy customer preference over time. Kengne (2015) states that a financing strategy is also concerned with raising the funds needed to finance an organizations assets and activities, the allocation of these scarce funds between competing uses and ensuring that the funds are used effectively and efficiently in achieving the organizational goals is most likely to enable sustainability of donor funded NGOs.

2.2.2 Financial Sustainability

According to a study conducted by Steinman (2010) financial sustainability, would imply financial or business practices that would ensure the continued viability of a product, practice or service well into the future. It is from the analysis of various studies conducted on the different financing strategies that help establish how the nature of service provided by the non-profit affect the proportion of revenue from alternative financing strategies and how the nature of the service provided affects the overall level of sustainability

2.2.3 Donor funding and sustainability of NGOs.

The search for donor funding is necessary for the survival and sustainability of NGOs (Fernand,2006). According to Andreas (2005), the availability of donor funding sources is surely indispensable in the initial stage of NGO sector. Contributing to the discussion, Lotsmart (2007) noted that NGOs in Cameroon are principally funded using donor funding. They seek support from governments, corporations, the related private sector and wealthy individuals willing to help.

Barr et al (2005) in their study of local NGO in Uganda argue that the NGO sector grants received from international NGOs account for nearly half of the total funding in early 2000s.Grants from bilateral donors are the next most important source with grants from the local government being the third. Facfchamps and Trudy (2006) observe that grants represent about 80 percent of local NGOs funding in Uganda.

In his study of challenges of NGOs in Anglophone Cameroon, Lotsmart (2007) revealed that dependency of NGOs on donor funding depicts mixed results of possible impacts on the lives of donor funded NGOs and the state as a whole. From a positive perspective Lotsmart (2007) argues that donor funding through state or NGO strengthen North-South relationship. Lotsmart (2007) further argues that donor funding through NGOs provides opportunity for apprenticeship development and sustainability. What this implies is that Local NGOs can sit back and learn the art of financing strategies and sustainability from old and experienced donor funded NGOs.

In contrast, Andreas (2005), however, reveals that strong dependency on donor funding can be a serious problem for the long-term development of local NGOs.The author further maintains that international donors operate according to their own goals and project management styles, and Local NGOs have to conform to their requirements in order to receive financial support. As NGOs have to respond to the changing needs of their local membership, the creative development of Local NGOs could be constrained by the standardized assessment methods of foreign governments and international foundations.

Similarly, in the view of Fernand(2006) an NGO which receives more than 30 percent of its funding through an external agency, is not free in its actions and above this percentage, the NGO could find itself in a very difficult situation in case of separation between the NGO and the donor due to strategic factors.Turary(2002) stated that in a situation where a greater proportion of an organizations' funding comes from external sources it will have an effect in the long run in the case of withdrawal of external funding. This means that any organization that depends solely on external funding will not be in a position to finance some of its initiated and laudable projects. The much reliance on external funding therefore makes it difficult for Local NGOs to accomplish their stated objectives.

Fernard (2006) further argues that, external financing tends to impose some degree of constraint on Local NGOs.The biggest challenge for the Local NGOs therefore seems to be to take into consideration the demands of its donors, because losing the financial aid would have severe consequences not only for the activities, but also for remunerated personnel. NGO 'self-control' appears more frequently than one would think and it is for this reason that it is something to be carefully watched. He furthers adds that constraints arising out of donors demands have an effect on the sustainability of donor funded NGO resulting in delays in payment of wages, lack of funding for projects and priorities of the Local donor funded NGOs coming after the donor's priorities.

As Eade (2004), argues in a special issue of Development in Practice that: 'any external funding has repercussions on reporting and encouraged corruption by centralizing the power in the hands of those who are assigned the job of fundraising'. Local donor NGOs must not depend solely on external funding as foreign funding is declining, it must look for funding internally.

2.2.4 Government funding and sustainability of donor funded NGOs.

As foreign funding declines, NGOs are increasingly looking to domestic sources of support (Warner,2008). Government funding is another potential source for international development NGOs as well as private funds through investments and corporate grants. Government funding can affect an organization's independence and the flexibility of operations if it must answer to the government, potentially limiting its commitment to poverty reduction as well as its accountability to the public (AID WATCH,2008).

An obvious consideration when an NGO receives corporate or government funding is how this affects their ability to be critical of, either government policy or corporate interests and practices. For this reason, organizations that wish to be wholly independent will refuse such funding. However, even an NGO which receives a grant from a philanthropic organization is not immune to the interests of its funders. In this case, limitations can exist in terms of how NGO project funding needs relate to the funders expressed priorities.

2.2.4.1 Public Partnership Development(ppp)

This method of funding according to (Ceasar 2006) focuses on building the capacity of NGOs to enter into joint contractual fee-based partnerships with public or private sector (i.e. with business and/or governments) to carry out a mutually beneficial service to the community. Contracting business partnerships with government and corporate entities are a natural choice for NGOs as they entail leveraging tangible and intangible assets that can be useful to those sectors. With the rise of the Corporate Social Responsibility (CSR) and Social Partnership Programmes, PPP development is a huge, virtually untapped market of future NGO financing. As a result of this method, there is intense competition among local NGOs to acquire a partner, because having a partner is crucial to accessing funding (Porter, 2003).

In some countries, the local governments are a major source of funding as they have different community welfare and development schemes which NGOs can apply and raise resources and implement projects. The public sector provides various types of subsidies to non-governmental organizations (NGOs).

Government funding includes a broad range of direct and indirect support. The UNDP (Lotsmart 2007) noted that one-third of NGOs funding come from governments through varied degrees such as subsidies, government grants, and contracting and the government funding is necessary in donor funded NGOs. Exemptions from taxation can be considered a government subsidy. During the last term of Clinton (United State President 1993 -2000) administration for example, the White House support to NGOs increased from 13 percent to 50 percent through USAID assistance. In addition, most embassies of developed countries residing in the developing countries fund local NGOs (Lotsmart 2007).

Ultimately, NGOs must be accountable to their funders and through doing so, it will enable fund growth and sustainability of the NGOs.

2.2.4.2 Fundraising and Sustainability of donor funded NGOs.

NGOs resource mobilisation is generally considered to be a non-profit, altruistic activity carried out for the benefit of a particular cause. However, among the most pressing questions facing the NGO sectors is financial sustainability. To appreciate the challenge of financial sustainability, it is necessary to understand the potential methods of resource mobilization for the NGO sector. This is because NGOs obtain their funds through a variety of fundraising methods. These methods include the following:

2.2.4.3 Canvassing or Face-to-Face Fundraising/Solicitation

This is the traditional form of attracting resources for NGOs particularly the northern NGOs. In the UK for example, NGOs largely depend on an army of volunteers and on paid professionals who make house-to-house turns and organize jumble sales and social events that make profit (Lotsmart, 2007). It is a very effective resource mobilization method and one that is increasingly being used by NGOs. Face-to-face solicitation is when representatives are employed to attract potential donors on the street, at train stations or other public venues. According to Fundraising Institute of Australia (2004), canvassing helps NGOs reach a wider audience and attract potentially long term donors. More often than not, NGOs hire employees from companies that specialise in this method of fundraising. This increases the organisation's administrative costs, diverting funds away from its development activities.

2.2.4.4 Television Advertising

It is a method employed by only a handful of development NGOs, including World Vision, Doctors without Borders and Save the Children. Like face-to-face solicitation, television advertisements are effective in reaching a wider audience that may not already have exposure to development NGOs. Unfortunately, television and other media advertisements can arguably be exploitative, using images of starving children to invoke an emotional response rather than seeking to educate people about the activities of the NGO or to critically engage with development issues (AID WATCH 2008)). Advertisements are also extremely costly to air, particularly during prime time evening television, adding to an NGO's administrative costs.

2.2.4.5 Direct mail-outs

These are a common fundraising strategy that can also be expensive if the cost of sending out the mail-outs far exceeds the expected return. To minimise the cost of mail-outs, smaller NGOs only mail out letters to members and at advantageous times of the year, such as Christmas appeals, and end-of-financial year mail outs (AID WATCH (2008).

2.2.4.6 Strategic Donor Fundraising/Grant Writing/Proposal

This fundraising method is from international donors and/or foundations. Private foundations, multi-lateral institutions and government agencies are some of the main funding sources of NGOs (Lotsmart, 2007). Most of these organizations require a formal grant proposal in order to consider a request from potential applicant (Kavita,2007). The first step before an organisation contacts these institutions is to learn about their specific criteria and grant proposal procedures. Understanding their unique funding processes will help the organisation target its fundraising efforts. The underlining factor of this method is that local funders are generally more open to supporting emerging or grassroots groups, while larger international funders tend to focus on well-established mid-sized or large organizations. Examples of local funders include religious organizations, foreign embassies or consulates, or local branches of government. Larger funders include donors like UNICEF, the European Union (EU) or the United States Agency for International Development (USAID). Securing grants from institutional donors is very challenging, especially for small organizations, but the task is not impossible (Kavita, 2007).

2.2.4.7 Membership Service Development

This is where NGOs work to establish, expand and/or strengthen their membership. According to (Ceasar, 2006) NGOs use their assets to develop comprehensive mission driven member service packages to attract and sustain members and receive funding from membership fees. While membership dues will likely be just one part of organisation fundraising activities, they can represent a regular and secure source of income (Kavita,2007). Just as donors may feel more motivated to continue giving when they are aware of the impact of their gift, members of an organisation will be more likely to contribute dues if they are aware of the benefits that membership provides them.

2.2.4.8 Traditional Fundraising

The traditional fundraising programmes focus on individual donations, bequests, direct marketing campaigns, telemarketing, internet giving and one-time/recurring fundraising events. Traditional fundraising programmes are fortunately starting to gain support even though they are many times overlooked in developing countries due to the supposed lack of historical individual philanthropy (Ceasar 2006).

In light of the decrease in international donor support for NGOs there is the need for local NGOs to find alternative methods of fund raising. Some of the traditional methods as described above are not sustainable. Local NGOs must look for methods that will integrate market oriented approaches and non-profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology (Ceasar 2006).

Emanating from the above, if local NGOs can smartly develop diversified profit-making strategies that truly lead to both long term future financial growth and positive societal impact, then local NGOs will not only be able to garner greater support from their constituencies and stakeholders; but they will be able to do so in a sustainable way that will break their constant dependence on international donors who often have their own priorities when giving money.

2.3 RELATED LITERATURE REVIEW.

NGOs take different forms and play different roles in different geographical regions. The roots of NGOs are therefore different in the geographical and historical context. As a result there are many concepts and definitions of the term NGO. This section looks at the concepts and definitions of NGOs.

2.3.1 Concept of Non-Governmental Organisations

NGO sector has become a worldwide explosion which is increasingly responding to the social, political, environmental and economic needs of the vulnerable and disadvantaged nations. The worldwide recession, political instability, poverty and disease, natural disasters are some of the changes in the world which have made the activities of NGOs possible.

According to Lekorwe (2007), the term NGO is broad and ambiguous and covers a range of organisations within civil society, from political action groups to sports clubs. The concept of NGO came into use in 1945 following the establishment of the United Nations Organizations which recognized the need to give a cons1ultative role to organizations which were classified as neither government nor member states (Willet, 2002). Lekorwe (2007), argues that the clear definition of NGO still remains contested. However, it can be argued that all NGO's can be regarded as civil society organisations though not all civil society organizations are NGO's (Lekorwe 2007). Despite the difficulty of defining NGO, attempts have been made by various authors to define the term.

2.3.2 Non-Governmental Organizations.

According to Holloway (2001), NGOs are a group of organizations distinct from government institutions and business organizations. Their distinct feature is that they are formed to complement, supplement and offer alternatives to government development efforts.

Teegan et al. (2004), quoting the United Nations (2003), describe an NGO as: 'any non-profit, voluntary citizens' group which is organized on a local, national or international level and is task-orientated and driven by people with a common interest.

Similarly, Edwards (2000,) defines NGOs as a subset of civic organisation, defined by the fact that they are formally registered with government, receive a significant proportion of their income from voluntary contributions (usually alongside grants from government), and are governed by a board of trustees rather than the elected representatives of a constituency.

The World Bank (1995) argues that NGOs are private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, and/or undertake community development.

From the above definitions NGOs can be defined as organizations that are not part of the government, independent, voluntary, non-profit and charitable and which promote development oriented activities for vulnerable groups in society.

Although there are variations in terms of the definitions of NGOs, for the purpose of this study, NGO are organizations which are not for profit and complement government efforts to relieve the suffering, promote interests of the poor and provide basic social services to vulnerable communities and individuals (Adopted from World Bank, 1995).

In the view of Schiavo-Campo and Sandaram (2001) for NGO to be classified as non-for-profit, it should satisfy the following criteria:

First, an NGO should be privately set up and sufficiently autonomous in its activity, that is independent of direct governmental control.

Secondly, an NGO should clearly define its voluntary character;

Thirdly, it cannot be considered as a political party with an aim of attaining political power; and

Fourthly, an NGO should support development which demonstrates its public interest character.

2.3.3 Local and International Non-Governmental Organization

According to Helen et al (2005) the term "Local Non-Governmental Organization (NGO)" refers to local indigenous organizations that include national NGOs, Faith-Based Organizations (FBOs), and Community-Based Organizations (CBOs) whose activities fall within the functional categories of advocacy and service delivery. Such organizations are owned and run by nationals. They are formed on their owned initiative, rather than donors in response to the plethora of development problems confronting their country (Turary 2002). Those NGOs are driven by the desire to identify certain felt needs or experiences and find local solutions to the development problems. Turary (2002) further argues that local NGOs are organizations that are non-profit making, not affiliated to political parties, and generally engaged in working for aid development and welfare of the community.

In Uganda for example, the local NGOs are those owned and run by Ugandans. For the purpose of this study local NGOs are organizations founded and run by Ugandan nationals to undertake social services, community development, assist communities fight pressing community problems like HIV/AIDS and are not motivated by profit. Local in this context implies that they have their headquarters and operations in the country. Local NGOs included National NGOs (operating on a national scale or in more than one district), Community Based Organizations (CBOs) operating in one or more districts and Faith Based Organizations (FBOs) that were founded on religion and are attached to the founding religious body.

The term International Non-Governmental Organisation (INGO) refers to NGOs that receive funding through bilateral, multilateral, or private-sector donors (Helen et al 2005). In other words International NGOs are those NGOs whose policies and systems are from their headquarters based outside the country. They are also referred to as Northern NGOS (Chuku 2007).

2.3.4 The Growth and Development of Non-Governmental Organization.

In the global context, NGOs started springing up in the early 19th century in the industrialized countries (Bridget, 1997). Bridget (1997) observes that members of such organizations were mainly from the middle and wealthy classes whose chief concern was the provision of welfare to the poor in their societies. Later in the 19th century, the philanthropists who ran the charities found the need to look beyond welfare, as more and more issues became recognized. Accordingly, groups were formed to promote advocacy and raise public awareness on political and human rights issues (Bridget 1997).

A memorable effect of the activities of such groups was the abolition of the obnoxious slave trade. This action among others, added a new dimension to NGO activities, and propelled them into involvement in development issues. Indeed, many NGOs today are more development oriented than just delivering welfare services. NGOs are increasingly engaged in research, advocacy, empowerment and the promotion of democracy.

Issa (2005) reveals that NGOs in Africa flourished in 1980s and 1990s as a result of structural adjustment programme initiated by international financial institutions and development agencies such as the World Bank and International Monetary Fund. NGOs grew at this period to take over the work of the retrenching state that had been persuaded to disengage from the provision of social services to its population. Issa (2005) further argues that the bilateral and multilateral institutions set aside significant funds aimed at mitigating social dimensions of adjustment. This was a period in which the involvement of international NGOs in Africa grew dramatically.
Decades of world-wide recessions, political instability, increasing national debts, poverty and disease, natural disasters and environmental degradation are some of the changes in the world which have made the activities of NGOs possible. More so, governments all over the world were increasingly finding it difficult to find lasting solutions to these problems. NGOs were therefore a response to the problems since they lead local people to take initiatives that can better their lives in the face of intricate difficulties.

During the last twenty-five years, NGOs in general, and more recently African NGOs in particular, have increased dramatically in number and in influence in Africa (Igoe and Kelsall ; Michael 2004). Although the 1980s were described as the ‘NGO decade’, growth continues quickly. In Kenya, for example, the NGO sector experienced its biggest growth between 1993 and 2005, from 250 registered NGOs in 1993 to 2,232 (Vanessa 2008). In Tanzania the growth is even more dramatic. In 1990 there were 41 registered NGOs. By 2000 the figure was more than 10,000 (Reuben, 2002).

The growth of the NGO sector therefore increased rapidly to respond to the social, political, environmental and economic needs of the vulnerable and the disadvantaged nations like Uganda.

2.3.5 The Growth of Non-Governmental Organizations in Uganda

Uganda has experienced a long history of indigenous voluntary activities. However, unlike the developed countries where the rich came together to help the poor, in Uganda, the voluntary activities were of self-help in nature. According to Bridget (1999) the famous self help activities in some traditional communities in Uganda was one of the first forms of self-help activities which found expression in groups of people working together to solve common problems affecting them. Bob-Miller (2005) reveals that NGOs in Uganda originated as church assistance by the missionaries with the self-help system. These organizations were entirely owned and managed by the local people and were aimed at promoting indigenous people's welfare. The organizations were therefore part and parcel of the general population.

Bridget (1997) maintains that Christian Missionaries also contributed to the growth of NGOs by establishing schools and clinics in remote areas and in some of the more crowded urban centers in Uganda. In the 1950s, more voluntary organizations spearheaded by foreign organizations were established in Uganda. Notable among these are the Red Cross Society and the World

Vision. These organizations were formed principally in response to problems peculiar to the urban areas.

Like NGOs in the developed countries, the focus of activities of NGOs in Uganda, after independence, gradually shifted towards development. Thus, private voluntary organizations became involved in development with a bias towards rural areas and the problem of poverty.
The growth of the NGO sector in Uganda coincided with a downward trend in political and socio-economic environment and it became obvious that government needed assistance in promoting development and the welfare for the poor (Turary, 2002). The upsurge of political upheaval from 1972 to 1981 triggered an economic depression that aggravated the already poor condition of social infrastructure in Uganda in the sector such as health, education and housing. The political and the socio-economic environment were responsible factors for the growth of the NGO sector in Uganda. There is now a wide diversity of NGOs operating in Uganda (Porter 2003). With the improvement in communications, more local NGOs and locally-based groups, referred to as grass-roots organizations or community based organizations, have become active at the national or even the global level. They are gradually taking over the role of facilitating grass-roots or local development (Turary 2002). Increasingly this occurs through the formation of partnership with other NGOs for particular goals.

2.3.6 Legal Framework of NGOs in Uganda

Prior to the drafting of National Policy on NGOs in Uganda, and the companies code of 1963 (Act 179) required NGOs to register as companies limited by guarantee and this regulated the formation of NGOs in Uganda (Ansah, 2008).

The requirements then were for the NGOs to first register with the registrar General's Department in accordance with Act 179 and then apply to the Department of Social Welfare. The Draft National Policy on NGOs in Uganda gives the legal framework which defines NGOs and their activities and also stipulates the condition for their registration as legal entities and attendant privileges under the law.

The legal framework as given by the draft National Policy is summarized below:

1. Registration and Accreditation

a. Civil society organization seeking to be recognized as NGOs and operate as such shall first register with the Registrar General Department. The NGO may then apply for accreditation from the Ministry of Manpower Development and Employment through the National Commission on NGOs. This is expected to place the ministry in a better position to recommend an NGO for the employment of any of the benefits that the government may confer on NGOs.

b. To qualify for accreditation with the Ministry in charge of the NGO is expected to meet certain requirement including certificate of registration from the Registrar General Department, a written constitution and contact person(s).

c. In the district, district assemblies may be authorized to give accreditation to NGOs on behalf of the National Commission of NGOs.

2. Taxation and Exemption

Registered and accredited NGOs may qualify for privileges such as tax relief and customs duties exemption. Such privileges may be granted by the state as indirect funding aimed at lowering the transaction costs of NGOs. However, taxes shall be paid on:

i. Incomes of NGOs employees

ii. Substantial profit generated from commercial activities undertaken by NGOs.

3. Funding and Accountability

Government is expected to support philanthropy, fundraising and grants by international development partners to sustain effective and efficient operation of NGOs in the long term. It is therefore expected that individuals, groups and corporate firms that contribute to this course shall be granted tax relief. According to the National Consultative Group (2004 cited in Ansah, 2008) these privileges would be granted under conditions of strict accountability. NGOs shall be transparent and accountable in their utilization of public funds deriving under the privileges granted them as non-profit sharing organization.

NGOs having this legal backing now play very important roles in the socio-economic and political development of many nations particularly the developing countries.

2.3.7 The Role of Non-Governmental Organizations

NGOs provide an umbrella of services including the promotion of equality and human rights, legal services, education and training programs. They fill development gaps where government is short. They therefore complement and supplement the state's efforts in providing sustainable development. According Lekorwe (2007) it is through the complementary efforts of NGOs and interest groups that good governance can be promoted. These same efforts also help to ensure that government goods and services reach the grassroots, the poor, the marginalized, the disadvantaged in society, both fairly and equitably.

NGOs continue to play an important role in any developed and developing society because they help citizens participate and influence the decision making process as well as the management of public affairs. Through NGOs, citizens can make an impact on the decision making processes at both central and local government levels (Lekorwe 2007). In the views of Bob-Miller (2005), the contribution of both local and international NGOs includes transforming whole communities and lifting the misery of poverty-stricken rural and urban dwellers. These according to Bob-Milliar include environmental protection, services for women, the elderly and children, vocational skills, technology transfer, sanitation, water development and supplies of relief items.

Local NGOs therefore provide a wide range of services in diverse fields. These include education, health, capacity building, and agriculture. Others are rehabilitation of disabled, food security and research.

Although the activities of the foreign NGOs in the Third World have received extensive recognition, the contributions of local NGOs in socio-economic development have gone largely unnoticed. The fact is that there are hundreds of such NGOs making positive contributions within their respective countries, but are not known beyond their borders. One unique aspect of these local NGOs is their capacity to tap local human and physical resources to respond to problems rapidly and creatively.

Despite the important roles local NGOs play in the development process they are faced with a number of challenges.

2.4 CHALLENGES OF DONOR FUNDED NON-GOVERNMENTAL ORGANIZATIONS

Research into this area is to produce a number of common problems and dilemmas that local NGOs experience. Among them include:

2.4.1 Lack of Organizational Structure

Most NGOs in Africa lack clearly defined structures in terms of organizational charts, buildings, facilities, equipment and human resources. In the view of Lotsmart (2007) for local NGOs to receive local sources of funding there is the need for structures to be put in place to generate local funds. As noted by Molomo and Somolekae (1999), the key weakness of NGOs in Africa is the inappropriate organizational structures which impact the manner in which NGOs carry out their core business. Lotsmart (2007) maintains that majority of local NGOs lack such structures and operating mechanism. This makes it difficult for any local NGO to systematically generate funds locally. The major contributory factor to this is the constraint that limited financial resources places on the ability of NGOs to plan, organize and design clearly defined structures as well as equip their offices with adequate equipment and facilities.

2.4.2 Human Resources Management

Most donor funded NGOs depend on voluntary staff to run their activities and programs and generally do not have control over the quality of labor they obtain. Their staffing levels are determined by those who volunteer their services. Some of the personnel used to run the affairs of local NGOs are not well trained to effectively carry out their duties. According to Lekorwe (1999), (cited in Lekorwe 2007), lack of well trained and experienced human resources limits the extent to which local NGOs are able to manage their daily affairs and their capacity to effectively plan, appraise, implement, and monitor their projects and programs. Lekorwe maintains that most knowledgeable and experienced volunteers do not normally provide adequate support for NGOs' activities partly because of the limited time they have to render their services.

Ibrahim and Muhtesem (2006) reveal that not all people working for local NGOs are volunteers. There are paid staffs who typically receive lower pay than in the commercial private sector. As a result, staff turn-over is high in local NGOs. They further maintain that the poor quality of training or lack of importance attached to training local NGO workers contribute to the organizations' inability to raise funds. Similarly, Lotsmart (2007) asserts that lack of human resource capacity to raise local funds is similar to the absence of institutional mechanism for local fund raising. Lotsmart further argues that local fund raising requires people having the skills and willingness to do it as well as having a good public reputation.

This however means that expertise is needed to plan when, where, and how to seek for funds, especially in an environment where the population is poor and may be suspicious of the motives or abilities of fund raisers. Scarce funding greatly complicates the ability of local NGOs to attract high-quality employees.

2.4.3 Governance and Management

The issue of governance is key to the functioning of NGOs. It implies that the effective management of an NGO’s resources is done in a manner which is transparent, accountable, equitable and responsive to the needs of the people. Since NGOs aim at becoming sustainable, governance is critical to their existence.

Lack of transparency and accountability are some of the factors impeding the effective management of local NGOs in Africa. According to Botswana Guardian (2006), some local NGOs dealing with the HIV/AIDS epidemic in Botswana have been accused of maladministration, financial mismanagement, and the misuse of donor and public funds which were channeled through them.

In addition, the composition of local NGO board is not formal. The members are drawn from family or church. It is therefore possible to find the father, mother, brother, sister, auntie or church pastors constituting the Board Members. With such a board, it is obvious that decision making rest with the executive director. Such an NGO may well be situated in the executive director’s home and with a cousin or brother as an administrative assistant. Due to this, local NGOs suffer from a lack of management skills, technical information and clear goals, as well as from weak organizational structures. More (2005) supporting this assertion says that NGOs in developing countries often lack institutional capacities and resources and often manage donor funds poorly. Ramanathan 2000 (cited in Turary 2002) argues that local NGOs are constrained by their limited managerial and technical capacity.

2.4.4 Change of Development Approach

Most donor funded NGOs started with the provision of basic social services like water and sanitation facilities where the beneficiaries and government bodies are eagerly waiting to see. Government and communities expect NGOs to get involved in the provision of basic social services and filling development gaps. However, donors (international NGOs, multilateral and bilateral agencies) only want to support local NGOs who are involved in development work that are in line with right based approach (Sisay, 2004). Most local NGOs depend on external resources to run their development activities. The change from Need-Based to Right-Based Approach of development has forced them to cut down on certain cost as it meant discontinuing their activities, laying off certain staff and selling their property (Sisay 2004).

To be able to overcome these challenges NGOs have to devise better strategies to operate and raise funds to stay afloat since they have compelling missions that must be accomplished.

2.5 Other Sources of Funding Donor Non-Governmental Organizations.

To appreciate the challenges of financial sustainability it is necessary to understand the potential sources of revenue for the NGO sector (More 2005). While there is, of course, tremendous variation in the sources of NGO revenue among countries and NGOs within any sector, there are at the same time identifiable trends of NGO financing. In their study of East African local NGOs, Semboja and Therkildsen (1995 cited in Barr et al 2005) for example, found that much local NGO funding comes from international donors. Hulme and Edwards (1997 cited in Barr et al 2005,) also emphasize the role of international donors in local NGO funding.

Lee (1997) also revealed that there are three sectors from which NGOs can derive their resources. These are the private sector, the general public and government/public sector. Resources from each of these sectors can originate from both external sources (i.e. international) and local (i.e. domestic or municipal public and private donors). More (2005) in a similar vein indicates that NGO revenue falls within three broad categories. They include government funding, private giving and self-generated income.

Salamon and Anheier (1996 cited in Barr et al 2005) find that NGO funding comes from three main sources. These are the private sector, public sector and self-generating income. The authors found that 10 percent of the Local NGOs funding come from private charitable giving; 43 percent come from government support and public sector payments, including grants and contracts; and 47 percent come from private fees and payments, often originating in the sale of services or products. According to the authors, reliance on private fees moves the organizations away from their charitable roots and puts them in direct competition with private businesses.

In 2003, the John Hopkins University Comparative Nonprofit Sector Project (cited in More 2005) published a comparative analysis on global civil society based on research in 35 countries, on the sources of NGO's income. It revealed that:

Self-generated income was the dominant source of revenue for NGOs accounting for 43 percent of local NGOs total income;

Private giving – that is, individual, corporate and foundation-based accounting for 30 percent; and Government or public sector support also ranks as a significant source of NGO income constituting 27 percent.

Barr et al (2005) in their study of local NGOs in Uganda identified that the NGO sector grants received from international NGOs accounted for nearly half of the total funding in 2001 in Uganda. Grants from bilateral donors are the next most important source with grants from the local government being the third. The average NGO is less likely to receive funding from these three sources and more likely to depend on non grant income. Furthermore, the authors discovered that the local NGOs derived very little revenue from members and non-members, with only 2.5 percent of all funding coming from these sources.

On Self-generated income the authors identified that only one-third of NGOs own a business, the profit of which is used to finance NGO activities. Again Barr et al (2005) observed a high concentration, with a small number of NGOs accounting for most of these businesses. The types of business run by Ugandan NGOs according to the authors are extremely varied, with farming, restaurants and retail outlets being most common. Business income, fees paid by beneficiaries, and other income are more important sources of revenue for small NGOs than for large ones.

The three sources of funding are discussed below.

2.5.1 Private Sector Source of Funding Local NGOs

In countries where there is some economic growth recorded with a presence of a vibrant private sector, NGOs look upon the corporate agencies as major sources of funding. These corporate groups according to Lotsmart (2007) have Corporate Social Responsibility (CSR) agenda for enhancing equity, social justice and development. Besides, in the present times, some corporate agencies are also partnering with NGOs for joint profit-oriented projects. Private giving usually comes in the form of cash and in-kind donations from individuals, businesses, and foundations or other grant-making legal entities. The efforts of volunteers may also be considered donations and can be embraced by the concept of philanthropy. Another source of funding for NGOs is from the private charities/foundations/international organizations that are more privately handled and have a better focus on equipping local NGOs. It provides financial and technical resources to them. Donations and gifts, mostly from individuals or informal groups are also sources of funding for NGOs. According to Lotsmart (2007) donations come from individuals or groups such as churches, foundations and private firms. They may take the form of cash or in-kind materials.

2.5.2 Social Enterprise/Fee for Service

Social Enterprise (SE) is one of the Methods adopted by NGOs to mobilise funds for their operations (Ceasar, 2006). Social enterprise is any socially responsible income-generating activity whose revenue is used to support the organization’s mission (AIDWATCH, 2008). It is an emerging financial diversification methodology where NGOs use market-based approaches to earn commercial income. Social enterprise/fee for service technique develop NGOs’ capacity to incorporate for-profit business planning (including planning in marketing, finance, production, and human resources/operations) to develop full-fledged commercial enterprises (i.e. a microcredit company) or simple profit making activities (i.e. fee-based training). Profits accrued from these activities build up an NGO’s discretionary financial assets that can be used to fund NGOs institutional costs, future investments, new products and services, etc. In 2004, United State’s NGOs were able to increase their funding to 80 percent through social enterprise (Ceasar 2006).

2.6 CONCLUSION.

For financial sustainability to be attained in a donor funded NGO, there is need for management to consider financing strategies of donor funding, government funding and fundraising as they are a significance for sustainability beyond donor funding. However, this might not be the case for some NGOs.

This chapter therefore reviewed the theory of the study and the related literature about financing strategies and sustainability of donor funded NGOs based upon the studies carried out by various scholars that provided an insight on the problem of the study. It has also evaluated the trends on factors affecting the financing strategies and sustainability of donor funded NGOs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This chapter presented the research methodology of the study. It described and justified the methods and processes that were used in order to collect data in answering the research questions. The chapter also focused on the research design adopted, area of the study, study of the population, sampling procedures, sample size, sampling techniques data collection methods and instruments. It included measurement of reliability and validity of the various instruments, and the data analysis procedures employed in the study.

3.1 RESEARCH DESIGN

This is a case study research, based on an indigenous organization that drawing from an 8 years' experience, the organization implemented a series of donor –aided projects. The choice for this case study research was also based on the need to reflect deeply on the individual organization practices, which would not be possible if so many organizations were involved and with a lesser experience. As a case study research, the organization bore salient characteristics among others including; a long history with donor funding of over 8 years, many donor projects, hosting many donors and implementing many donors aided projects. This would no doubt provide the chance to consider impact measurement for which there were few organizations with this history. In order to collate the impact of these donor projects, a progressive analysis of projects and project beneficiaries was done. This design was conducted in one donor funded Non-governmental organization which is Infectious Diseases Research Collaboration. The study used both qualitative and quantitative approaches to data collection and analysis. These were employed in order to get an in-depth understanding of the phenomenon under investigation and to confirm completeness for instruments (Amin, 2005). Quantitative methods emphasized on objective measurements and numerical analysis of data collected from tables to make meaning out of it across groups of people. The qualitative methods such as interviews were methods that did not involve measurement or statistics. The survey design was adopted because it enabled the study to target a large group of respondents to obtain information without making a follow up of the respondents once information from them is obtained.

3.2 AREA OF THE STUDY

The study was conducted at Infectious Diseases Research Collaboration in Kampala Capital city and at their site branches in Tororo, Mbale and Mbarara, all in Uganda. Mbale and Tororo are located in the Eastern part of the country and Mbarara in the western part.

3.3 STUDY POPULATION

The study populations of 150 people that work with Infectious Diseases Research Collaboration network across Uganda were targeted. This comprised of personnel from the Administration and heads of departments (30), IDRC finance (20), Internal Audit (10), Laboratory staff (30), IDRC site staff (55) and directors (5) (Infectious Diseases Research Collaboration Strategic Plan 2015-2020).

3.4 SAMPLE PROCEDURES

The purpose of sampling is to secure a representative group which will enable the researcher to gain information about an entire population when faced with limitations of time, funds and energy.

3.4.1 Sample Size

This being a subset of a population under study, the target population comprised of an active and registered donor funded NGO in the area, simple random sampling was used.

Simple random sampling was used since there was some chance that each person as any other would be selected into the sample. Information therefore, was collected from the NGO staff and management. The sample size was computed using the simplified sample size table formula delivered by Krejcie and Morgan, (1970). There was no need of using a sample size determination formula since the population was known and the table had all the provisions the researcher required to arrive at the required sample size. Therefore**,** a sample size of 108 respondents participated in this study. The sample size was derived using the table for determining sample size by Krejcie and Morgan, (1970) as cited by (Amin, 2005).

Table 1: Distribution of Sample Respondents

Number	**Category**	**Population(N)**	**Sample(S)**
1.	Administration and Heads of departments	30	18
2.	IDRC Finance	20	19
3.	Internal Audit	10	10
4.	Laboratory staff	30	18
5.	IDRC site Staff	55	38
6.	Directors	5	5
Total		**150**	**108**

Source: Primary data (2016)

3.4.2 Sampling Techniques

Specifically, this research used stratified sampling technique in selecting the sample of administration and Heads of departments' respondents. This was because the researcher wanted to identify and target various respondents who fitted well in the specific area of inquiry according to their capacities and responsibilities.

The IDRC finance and internal audit respondents were selected using a purposive sampling technique as the researcher selected those that were most knowledgeable and experienced on the subject under research.

The Laboratory staff, IDRC site staff and directors' respondents were selected using simple random sampling which enabled every member of the section to have an equal chance of being selected as a respondent.

3.5 DATA COLLECTION METHODS AND INSTRUMENTS.

The research relied on both qualitative and quantitative methods of data collection, among others included, interviews, observation and questionnaires.

3.5.1 Questionnaire.

The questionnaire design followed the research objectives guiding the study. Neuman (2003) defined a questionnaire as a survey in which the researcher conceptualizes and operationalizes the variables and questions. Questionnaires were very appropriate for collecting information regarding surveys that dealt with the perception of the variables. The questionnaires were self-administered to the respondents who were able to read and answer questions without being influenced by the interviewer. A semi- structured questionnaire was the main instrument of data collection for the study. A Likert type of questionnaire was administration and heads of departments, IDRC finance staff, Internal auditors, Laboratory staff, site staff and Directors as respondents to explore their responses regarding the different statements describing the key variables of financing strategies and sustainability of donor funded NGOs with the case study of Infectious Diseases Research Collaboration. The main advantage of self-administered questionnaires is that the researcher or member of the research team can take control and ensure that all the issued out questionnaires are completed within a short period of time (Sekaran, 2011).

3.5.2 Interviewing

This is a method of data collection where the investigator is given a chance to gather data through direct verbal interaction with participants (Amin, 2005). The researcher used an oral face to face dialogue to collect data from selected key informants among the staff at top management at Infectious Diseases Research Collaboration. The researcher chose the above categories of respondents because they are key and central among the respondents. An interview schedule consisting of open ended questions was designed and this enabled probing thus obtaining of in-depth information. Information solicited by this instrument helped the researcher to enhance response from the self-administered questionnaires and made it possible for the researcher to cross examine some key issues in the research. Interviewing is a good method for producing data based on information priorities, opinions, and ideas based on informants. Thus, respondents had an opportunity to expand their ideas, explore their views and identify what they regarded as their crucial factors (Babbie, 1990).

3.6 QUALITY CONTROL METHODS

3.6.1 Validity

In scientific research, validity refers to the extent to which the instruments are relevant in measuring what they are supposed to measure (Amin, 2005). The researcher prepared questionnaires and distributed them to two supervisors to justify their stability before they were distributed to the respective respondents. The personnel had the opportunity to correct and delete some questionnaires that were irrelevant and not consistent with the study. This helped the removal of ambiguities and facilitated clear understanding of the questionnaires by the respondents.

The researcher measured how much time was taken to complete each questionnaire and then analyzed the information provided to clarify directions, question wording, or response categories where necessary. Questions that could not provide useful data were discarded, and the final revisions of the questionnaires were made.

The researcher requested two supervisors to score the content with the questionnaire and the average percentage of the score was used to determine the Content Validity Index (CVI). In cases where the average percentage was found to be above 50%, the content was considered valid. The formula below was used to check for validity of the research questions.

$$CVI = \frac{R}{R+N+lR} = 40/40+0+2=0.95238*100=95\%$$

Where;

R is Relevant, N is Neutral, and LR is irrelevant. The closer the value is to 1, the more valid the instrument (Amin, 2005).

3.6.2 Reliability

Reliability is the measure of the consistency of the data collection tools used in the study. These were tested by the researcher to verify their reliability for collecting data that can be replicated. This was done by the use of the Cronbach alpha Coefficient test method.

Before collecting data, the researcher pre-tested the research instruments by piloting the questionnaire to a small number of people who resemble the population of interest, but it is not a random sample, intended to find out whether the research instruments are able to work (Kombo and Tromp, 2006).

Cronbach Alpha Coefficient method measures the consistency within the instruments and how well a set of items measure a particular behavior or characteristic with the test. The researcher conducted a reliability test using SPSS to determine the alpha values of variables that determined the reliability of tools as per table below.

Table 2: Cronbach Alpha Value for reliability of the study tools

Variables	Number of items	Cronbach's Alpha
Donor funding	10	0.798
Government Funding	7	0.879
Fundraising	7	0.799
Fund Growth	4	0.653
Liquidity	5	0.782

Source; Primary Data (2016)

Table 2 above shows that all the dimensions of the independent variable as well as dependent variable gave Cronbach's alpha values above 0.6 when reliability test was conducted. This implied that the tools used in the study were reliable for data collection as asserted by (Sekaran 2011).

3.7 DATA MANAGEMENT AND PROCESSING

3.7.1 Quantitative Data Analysis and Presentation

This research relied on quantitative data from close-ended questions, it was edited to remove errors. Data was sorted and coded according to the themes derived from the research objectives. Quantitative data was edited. The process of sorting the data was done to remove any errors and help improve the reliability of data. Statistical packages of data analysis such as excel and SPSS were employed to tabulate the raw data and provide comparisons that eased the analysis.

3.7.2 Qualitative Data Analysis and Presentation

The qualitative data was analyzed through categorization method by creating themes (topics or major subjects that came up in discussions) and grouping similar responses into various classes called categorical variables. And it is a simple descriptive analysis. Data was presented in narrative form such as reporting was done manually written in paragraphs. The researcher used content comparisons, logical analysis and expert judgement.

3.8 MEASUREMENT OF VARIABLES

Measurement is defined by Amin (2005), as the process of transforming abstractly conceived concepts into numerical qualities. The researcher uses the five point Likert scale which comprised of 5 codes namely; (5=strongly agree,4=agree,3 =uncertain,2=disagree and 1 =strongly disagree. The independent variable financing strategies is measured using the following constructs: donor funding, government funding, and fundraising. While the dependent variable sustainability of donor funded NGOs are measured using the following parameters; Fund growth and Liquidity.

Therefore, financing strategies were measured using documentary review, which was the literature the researcher obtained from the case study organization. This literature included project documents, project and annual reports, project review reports, and research reports that had been conducted by the case study organization on the projects that they implement. This method was chosen because, it was vital in providing back ground information and facts about projects implemented by the case study organization before primary data could be collected. Indeed, before field data was collected, a wide collection of data had been collected and this was used to cross check with the primary data that was obtained by the field.

3.9 ETHICAL CONSIDERATIONS

The researcher considered the conduct of the research, and gave attention to the ethical issues associated with carrying out the study by adhering to the following procedures:

By acknowledging and citing previous studies done by other scholars in the area of financing strategies and sustainability of done funded NGOs when doing the literature review

The researcher got an introductory letter from the university that was used for accessing information about the relationship between financing strategies and sustainability of donor funded NGOs in the organization where the study was carried out.

The researcher was open, honest and sent in advance a letter to sample respondents explaining the purpose of the study.

The researcher observed the informed consent of the respondents; respected their privacy, confidentiality and anonymity, voluntary nature of participation, and the rights of individuals to with draw partially or completely from the process (Saunders, Lewis and Thornhill, 2003).

3.10 LIMITATIONS TO THE STUDY

Methodological limitations; since the research design was a case study that was conducted in one organization which was weak, it affected other organizations of the same nature from the conclusions drawn by the researcher. A narrow scope for example a study on one organization affected the validity and reliability of the findings

Time Dimension; the time allocated for the research was so limited to enable the researcher to comprehensively understand the research variables. It also offered inadequate data collection, analysis and reporting period which affected the giving of reasonable conclusions. However, the researcher tried her best to be fixed to the time allocated to ensure the quality of the study.

The operational or practical limitations also occurred. This is all about the immediate application of the findings recommended by the researcher. The findings might not be applicable to other organizations. However, since the study uses scientific approach and follows all procedures required these limitations are minimized. Moreover, multi-methods (quantitative and qualitative methods are applied to reduce limitations

3.11 CONCLUSION

This chapter discussed methods that were used in undertaking the research. It clearly indicated the research design, population, sample size and sampling techniques, data collection, analysis and presentation methods, validation and reliability of the methods that were applied to establish the relationship between financing strategies and sustainability of donor funded NGOs. Furthermore, it indicated ethical considerations, and the constraints that were faced by the researcher in accomplishing the study and how she overcame them in order to minimize on those limitations so as to improve the quality of the study.

CHAPTER FOUR

PRSENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 INTRODUCTION

The study examined the Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations.

The study adopted three research objectives which looked at examining the effect of donor funding on sustainability of NGOs in Uganda, how government funding affect sustainability of NGOs in Uganda and the role of fundraising in the sustainability of NGOs in Uganda.

The study presents descriptive results from questionnaire in form of means and standard deviations.

Also the study presents qualitative results from interviews, in form of quotations and narrative themes as per respondents' views in regard to each objective of the study, the study also presents correlations and regressions to show the nature of relationship and magnitude effect the independent variable has on the dependent variable. The chapter also presents the response rate, which shows the number of participants that actually participated in the study. The study also presents the background information of respondents which shows the common demographic characteristics of respondents that participated in the study.

4.1 RESPONSE RATE

The study sample size was 108 but 83 respondents actually participated representing a response rate of 76.9% in both questionnaires and interviews, others did not participate in study with claims of being busy. This response rate was well above the recommended 60% response rate as per Guttmacher Institute, (2006) which asserts that for a study to be considered with satisfactory results it should have a response rate above 60% in the overall study. Therefore, the study results can be relied upon for academic and non-academic purposes by readers and users.

4.1.1 Background information of respondents.

This section contains the gender of the respondents, education levels, age group, duration of service in the organization, and the category of the respondents.

4.1.2 Gender of the Respondents

The study sought to establish the gender of respondents which was categorized as male and female. The respondents were asked about their gender and the findings were analyzed using descriptive statistics as presented below.

Table 3: Gender of the Respondents

Gender of the respondent	Frequency	Percent
Male	40	48.2
Female	43	51.8
Total	**83**	**100.0**

Source; Primary Data (2016)

The study findings in table 3 above show that 51.8% of the respondents were male and 48.2% were females. The means that Infectious Diseases Research Collaboration (IDRC) - Uganda has more female staff than female staff

4.1.3 Age bracket of the Respondents

The research wanted to ascertain the age of the respondents which was categorized as; 20 and below years,21-30 years, 31-40 years,51 years and above. The respondents were requested to indicate their age bracket and the findings were analyzed using descriptive statistics and are presented below.

Table 4: Age bracket of the Respondents

Age bracket of the Respondents	**Frequency**	**Percent**
21-30 years	16	19.3
31-40 years	51	61.4
41-50 years	14	16.9
51 years and above	2	2.4
Total	**83**	**100.0**

Source; Primary Data (2016)

The study findings in table 4, show that the highest percentage of the respondents (61.4%) fall in the age bracket of 31 – 40 years followed by 21 - 30 years at 19.3%, followed by 41 – 50 years at 16.9%, and those 51 – 60 years at 2.4%. This implies that the Infectious Diseases Research Collaboration (IDRC) - Uganda has a big number of energetic staff who are able to perform and produce good results and they are more willing to adopt to changes.

4.1.4 Level of education of the Respondents

The study sought to ascertain the education level of respondents which was categorized as certificate, diploma, bachelor's degree, masters' degree and doctorate. The respondents were requested to indicate their education level and the findings were analyzed using descriptive statistics and are presented as below.

Table 5: Level of education of the Respondents

Level of education of the Respondents	**Frequency**	**Percent**
Certificate	2	2.4
Diploma	4	4.8
Bachelor's Degree	50	60.2
Master's Degree	22	26.5
Doctorate	5	6.0
Total	**83**	**100.0**

Source; Primary Data (2016)

The results in table 5 above shows that a big number of respondents are degree holders at 60.2%, followed by master's holders at 26.5%, followed by doctorate holders at 6.0%, followed by those with Diploma Holders at 4.8% and Certificate at 2.4%. The implication for the above results is that a big number of respondents are degree holders and master's holders meaning they were able to understand the research instrument very well hence giving accurate answers.

4.1.5 Category of the Respondent

Table 6: Category of the respondent

Category of the respondent	Frequency	Percent
Administration and Heads of Department	21	25.3
IDRC Finance	13	15.7
Internal Audit	8	9.6
Laboratory Staff	8	9.6
IDRC site Staff	28	33.7
Director	5	6.0
Total	**83**	**100.0**

Source; Primary Data (2016)

The results in Table 6 indicated that IDRC site Staff had 33.%, followed by Administration and Heads of Department with 25.3%, IDRC Finance with 15.7%, Internal Audit and Laboratory Staff with 9.6% lastly Director with 6.0%. This implies that the respondents have adequate knowledge about the subject matter which is Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations

4.1.6 Duration of service in the organization

The study sought to establish the duration in service of respondents at IDRC which was categorized as below, 4 years,5-8 years and 9-12 years. The respondents were requested to indicate the duration in service at IDRC and the findings were analyzed using descriptive statistics and are presented below.

Table 7: Duration of service in the organization

Duration of service in the organization	Frequency	Percent
Below 4 years	43	51.8
5-8 years	31	37.3
9-12 years	9	10.8
Total	**83**	**100.0**

Source; Primary Data (2016)

Findings in Table 7 indicated that, 51.8% of the respondents had served below 5 years in the organisation, 37.3% of the respondents had served between 5 to 8 years, 10.8% of the respondents had served between 9-12 years.

This implied that majority of the employees have worked at the Infectious Diseases Research Collaboration (IDRC) - Uganda has a big number of energetic staff who have worked for a good number of years and therefore can be able to use their experience to respond to the instrument.

4.1.7 Presentation and analysis of findings from the study objectives

Descriptive statistics were used to examine and establish the relationship Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations. The findings were analyzed and interpreted basing on the attached Likert Scale such that a mean close to 5 represents strong agreement, 4-agreement, 3- Not sure, 2- disagreement and 1-strong disagreement.

4.2 DONOR FUNDING AND SUSTAINABILITY OF DONOR FUNDED NGOS

Table 8: Mean and Standard deviation of donor funding in NGOs

Item	N	Minimum	Maximum	Mean	Std. Deviation
External Sources from Outside Uganda.	83	1	5	4.33	.646
Internal sources from within Uganda.	83	1	5	3.29	1.042
The total amount received from this source adequate.	83	2	5	3.88	.674
The external funding source is more sustainable	83	1	5	3.83	.905
There are conditions attached to these funds	83	2	5	4.16	.605
I would evaluate the financial status of the organization as High	83	1	5	3.95	.623
I would evaluate the financial status of the organization as Medium	83	1	5	3.63	.910
I would evaluate the financial status of the organization as Low	83	1	5	3.46	1.124
I Would you recommend other ways of raising funds to ensure sustainability of the organisation outside donor funding.	83	1	5	4.16	.618

Source; Primary Data (2016)

Findings in Table 8 revealed that one of the source of donor funding in NGOs are External Sources from Outside Uganda where the respondents agreed with the mean of 4.33 and the standard deviation of 0.646 indicating varying responses about the statement. This implies that the External Sources from Outside Uganda are part of the sources of donor funding in NGOs.

This is related to Semboja and Therkildsen (1995 cited in Barr et al 2005) where in their study of East African local NGOs, for example, found that much local NGO funding comes from international donors.

Table 8 findings indicated that internal sources from within Uganda are part of the sources of donor funding in NGOs where the respondents were not sure with the mean of 3.29 and the standard deviation of 1.042 indicating wide varying responses about the statement. This means that internal sources from within Uganda are sources of donor funding in NGOs.

This concurred with Lotsmart (2007) these corporate groups according have Corporate Social Responsibility (CSR) agenda for enhancing equity, social justice and development NGOs resort to them as internal sources of funds.

The findings in Table 8 showed that the total amount received from this source is an adequate source of funding in NGOs where the respondents agreed with the mean of 3.88 and the standard deviation of 0.674 indicating varying responses about the statement. This implied that the total amount received from this source was adequate as part of funding in NGOs.

This is in line with Salamon and Anheier (1996 cited in Barr et al 2005) find that NGO funding comes from three main sources and the total amount received from this source adequate is sources of funding in NGOs.

The external funding source is more sustainable where the respondents agreed with the mean of 3.83 and the standard deviation of 0.609 indicating dispersion in the responses about the statement in Table 4.6. This implied that the external funding source was more sustainable as part of funding in NGOs.

This is in agreement with Hulme and Edwards (1997 cited in Barr et al 2005,) also emphasize the role of international donors in local NGO funding is to provide external funding source.

Table 8 findings revealed that there are conditions attached to these funds where the respondents agreed with the mean of 4.16 and the standard deviation of 0.605 indicating wide dispersion in the responses about the statement. This implies that there are conditions attached to these funds.

Findings in table 4.6 indicated, they would evaluate the financial status of the organization as High where the respondents agreed with the mean of 3.95 and the standard deviation of 0.623 showing variation in the responses about the statement. This implies that the financial status of the organization is High as part of donor funding in NGOs.

The findings continued to reveal that they would evaluate the financial status of the organization as Medium where the respondents agreed with the mean of 3.63 and the standard deviation of 0.910 indicating varying dispersion in the responses about the statement. This simplies means that the financial status of the organization is Medium as part of donor funding in NGOs.

The respondents were not sure with the mean of 3.46 and the standard deviation of 1.124 indicating wide dispersion in the responses that they would evaluate the financial status of the organization as Low about the statement. This means that they it is either low or not.

Finally findings indicated that they would recommend other ways of raising funds to ensure sustainability of the organisation outside donor funding where the respondents agreed with the mean of 4.16 and the standard deviation of 0.618 indicating varying responses about the statement. This implies that they would recommend other ways of raising funds to ensure sustainability of the organisation outside donor funding.

The analysis of the qualitative about donor funding in Infectious Diseases Research Collaboration statements revealed that they respondents said, they don’t get the grants circular from the funders, don’t carry out participatory planning and budgeting for identification of community projects Do not carry out the annual conference for discussion of priority projects and the technical staffs are not involved in the drafting the grants

4.2.1 Government Funding and sustainability of donor funded NGOs

Table 9: Government Funding in NGOs

Item	N	Minimum	Maximum	Mean	Std. Deviation
The government funding is necessary in donor funded NGOs.	83	1	5	4.01	.741
The government funding affects the independence and flexibility of operations of donor funded NGOs	83	1	5	3.84	.782
The NGOs that wish to be wholly independent refuse government funding because of the government policy or corporate interests and practices.	83	1	5	3.84	.773
Irrespective of the source of funding, government intervention is necessary for security purposes.	83	1	5	3.98	.698
Government funding supplements the operations of our NGO and it increases its efficiency.	83	1	5	3.81	.788
Government funding does not affect the ability of our company, either government policy or corporate interests and practices	83	1	5	3.61	.881
Government cannot affect the flexibility of operations of our NGO if it must answer to it	83	1	5	3.61	.922
The funding of Government does not affect the commitment to poverty reduction as well as its accountability to the public.	83	1	5	3.72	.794

Source; Primary Data (2016)

Table 9 findings indicated the government funding is necessary in donor funded NGOs where the respondents agreed with the mean of 4.01 and the standard deviation of 0.741 indicating wide deviation from the mean about the statement. This implies that the government funding is necessary in donor funded NGOs.

This is in line with UNDP (1993 cited in Lotsmart 2007) noted that one-third of NGOs funding come from governments through varied degrees such as subsidies, government grants, and contracting and the government funding is necessary in donor funded NGOs

The findings in table 4.7 revealed that the government funding affects the independence and flexibility of operations of donor funded NGOs where the respondents agreed with the mean of 3.84 and the standard deviation of 0.782 indicating varying response about the statement. This implies that the government funding affects the independence and flexibility of operations of donor funded NGOs.

This is related to Lotsmart (2007) where most embassies of developed countries residing in the developing countries fund local NGOs where the government funding affects the independence and flexibility of operations of donor funded NGOs

Findings in table 4.7 showed that the NGOs that wish to be wholly independent refuse government funding because of the government policy or corporate interests and practices where the respondents agreed with the mean of 0.773 indicating varying responses about the statement. This implies that The NGOs that wish to be wholly independent refuse government funding because of the government policy or corporate interests and practices.

Irrespective of the source of funding, government intervention is necessary for security purposes where the respondent agreed with the mean of 3.98 and the standard deviation indicating low dispersion in the responses compared to other responses in table 4.7 about the statement. This implies that Irrespective of the source of funding, government intervention is necessary for security purposes.

Table 4.7 findings indicated that Government funding supplements the operations of our NGO and it increases its efficiency where the respondents agreed with the mean of 3.81 and the standard deviation of 0.788 indicating low dispersion in the responses compared to other views about the statement. This means that Government funding supplements the operations of our NGO and it increases its efficiency.

Table 4.7 findings revealed that Government funding does not affect the ability of our company, either government policy or corporate interests and practices where the respondents agreed with the low mean of 3.61 and the standard deviation of 0.881 indicating varying responses about the statement. This implies that Government funding does not affect the ability of our company, either government policy or corporate interests and practices.

Furthermore, the findings in table 4.7 indicated that Government cannot affect the flexibility of operations of our NGO if it must answer to it where the respondents agreed with the low mean of 0.922 and the standard deviation of 0.922 indicating varying responses about the statement. This implies that Government cannot affect the flexibility of operations of our NGO if it must answer to it. The funding of Government does not affect the commitment to poverty reduction as well as its accountability to the public where the respondents agreed with the mean of 3.72 and the standard deviation of 0.794 indicating varying responses about the statement. This implies that the funding of Government does not affect the commitment to poverty reduction as well as its accountability to the public. The analysis of qualitative results about Government funding in NGOs in Infectious diseases research Collaboration indicated that the respondents said they don't have any government funding and they would not recommend government funding in IDRC.

4.2.2 Fundraising and Sustainability of donor funded NGOs

Table 10: Mean and Standard deviation of fundraising in NGOs

Item	N	Minimum	Maximum	Mean	Std. Deviation
The individual donations, bequests, direct marketing act as a source of income to donor funded NGOs.	83	1	5	3.84	0.773
The telemarketing, internet giving and one time fundraising events act as a source of income	83	2	5	3.88	0.596
The community mobilizations and bequests act as a source of income	83	1	5	3.64	0.891
In light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising.	83	1	5	4.11	0.663
NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology.	83	2	5	4.06	0.483
The community mobilizations internally in Uganda have acted as the source of funding for our NGO.	83	1	5	3.70	0.852
The external mobilizations through holding fundraising in developed countries have acted as our source of funding	83	2	5	3.88	0.616
The overall aim of these funds is to facilitate the development and sustainability of our NGO	83	2	5	4.05	0.627

Source; Primary Data (2016)

Findings in table 4.8 revealed that the individual donations, bequests, direct marketing act as a source of income to donor funded NGOs where the respondents agreed with the mean of 3.84 and the standard deviation of 0.773 indicating varying responses about the statement. This implies that the individual donations, bequests, direct marketing act as a source of income to donor funded NGOs.

This is in line with Ceasar (2006) Local NGOs must look for methods that will integrate market oriented approaches and non-profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology.

The telemarketing, internet giving and one time fundraising events act as a source of income is part of the fundraising in NGOs where the respondents agreed with the mean of 3.88 and the standard deviation of 0.596 indicating low dispersion in the responses compared to other items in the table 4.8 about the statement. This means that The telemarketing, internet giving and one time fundraising events act as a source of income is part of the fundraising in NGOs.

This is related to Ceasar (2006) as telemarketing, internet giving and one time fundraising events act as a source of income is part of the fundraising in NGOs.

Table 4.8 findings revealed that the community mobilizations and bequests act as a source of income where the respondents agreed with the mean of 3.64 and the standard deviation of 0.891 indicating varying responses about the statement. This implies that as part of fundraising in NGOs, the community mobilizations and bequests act as a source of income.

This was in line with Porter (2003) there is intense competition among local NGOs to acquire a partner, because having a partner is crucial to accessing funding as the community mobilizations and bequests act as a source of income for NGOs.

In relation to the above table 4.8 findings revealed that In light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising where the respondents agreed with the mean of 4.11 and the standard deviation of 0.663 indicating varying responses about the statement. This implies that In light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising.

This is in agreement with AIDWATCH (2008) In light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising such as Social enterprise is any socially responsible income-generating activity whose revenue is used to support the organization's mission.

NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology where the respondents agreed to the view with the mean of 4.06 and the standard deviation of 0.483 indicating low dispersion in the responses about the statement. This implies that NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology.

This is in line with Kavita (2007) they can represent a regular and secure source of income NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology

Table 4.8 findings the community mobilizations internally in Uganda have acted as the method of fundraising for their NGO where the respondents agreed with the mean of 3.70 and the standard deviation of 0.852 indicating varying responses about the statement. This implies that the community mobilizations internally in Uganda have acted as the method of fundraising for their NGO.

Findings in table 4.8 continued to reveal that the external mobilizations through holding fundraising in developed countries where the mean of 3.88 showed agreed position and the standard deviation of 0.616 indicating varying responses about the statement. This implies that the external mobilizations through holding fundraising in developed countries have acted as our source of funding

Findings in table 4.8 revealed that the overall aim of these funds is to facilitate the development and sustainability of our NGO where the respondents agreed with the mean of 4.05 and the standard deviation of 0.627 indicating varying responses about the statement. This means that the overall aim of these funds is to facilitate the development and sustainability of our NGO.

4.2.3 Descriptive statistics for Fund Growth in donor funded NGOs

Table 11: Mean and standard deviation of Fund Growth in donor funded NGOs

Item	N	Minimum	Maximum	Mean	Std. Deviation
The staff are dependable when handling cash	83	1	5	3.96	.671
There is consistency among the funds received	83	1	5	3.79	.749
The staff are trustworthy while handling project activities	83	1	5	3.98	.566
There is steadfast provision of reports to funders.	83	1	5	4.01	.555
The company reinvests funds a way of ensuring that there is fund growth for our NGO	83	1	5	3.62	.811
Self-generated income includes membership dues have increased the fund growth for our NGO	83	1	5	3.56	.931
Self-generated income includes fees and charges for services have increased the fund growth for our NGO	83	1	5	3.56	.931

Source; Primary Data (2016)

Findings in table 4.9 indicated that the staffs are dependable when handling cash where the respondents agreed with the mean of 3.96 and the standard deviation of 0.671 indicated dispersion in the responses about the statement. This means that the staffs are dependable when handling cash at IDRC as part of Fund Growth in donor funded NGOs.

There is consistency among the funds received where the respondents agreed with the mean of 3.79 and the standard deviation of 0.749 indicating varying responses about the statement. This implies that is consistency among the funds received at IDRC as part of Fund Growth in donor funded NGOs.

The staff are trustworthy while handling project activities which has led to Fund Growth in donor funded NGOs this indicated in table 4.9 where the respondents agreed with the mean of 3.98 and the standard deviation of 0.566 indicating low dispersion in the responses about the statement. This implies that as part of Fund Growth in donor funded NGOs the staffs are trustworthy while handling project activities

There is steadfast provision of reports to funders in regards to funds growth where the respondents agreed with the mean of 4.01 and the standard deviation of 0.555 indicating varying responses about the statement. This implies that there is steadfast provision of reports to funders in regards to funds growth in NGOs.

The company reinvests funds a way of ensuring that there is fund growth for our NGO where the respondents agreed with the mean of 3.62 and the standard deviation of 0.811 indicating wide dispersion in the responses about the statement. This implies that The company reinvests funds a way of ensuring that there is fund growth for our NGO.

The Self-generated income includes membership dues have increased the fund growth for our NGO where the respondents agreed in table 4.9 with low mean of 3.56 and the standard deviation of 0.931 indicating varying dispersion in the responses. This implies that Self-generated income includes membership dues have increased the fund growth for our NGO

Finally the findings in table 4.9 revealed that Self-generated income includes fees and charges for services have increased the fund growth for our NGO where the respondents agreed with the low mean of 3.56 and the standard deviation of 0.931 indicating varying dispersion in the responses about the statement.

4.2.4 Descriptive Statistics for Liquidity as a dimension for sustainability of NGOs.

Table 12: Mean and Standard deviation of Liquidity as a dimension for sustainability of NGOs

Item	N	Minimum	Maximum	Mean	Std. Deviation
The staff are willing to help funders on the services delivered	83	2	5	4.09	.508
There is openness to the funders about which activities to be done as a way of ensuring Liquidity and sustainability	83	2	5	4.07	.491
The grants and human resource officers knowledge and courtesy of employees and their ability to inspire confidence	83	2	5	3.95	.501
There are copies of the receiving reports sent to the accounting and book keeping department and are updated regularly	83	2	5	4.07	.539
The grants provided are of reasonable duration.	83	2	5	3.94	.552
There is an independent and responsible employee reconcile the total vouchers with the remaining cash amounts before the fund is replenished as a way of ensuring liquidity	83	2	5	3.98	.628
The project funding cycle is annual as a way of ensuring Liquidity	83	1	5	3.77	.806

Source; Primary Data (2016)

Table 4.10 findings showed that the staffs are willing to help funders on the services delivered where the respondents agreed with the mean of 4.09 and the standard deviation of 0.508 indicating low deviation from the mean about the statement. This implies that as measure of liquidity, The staff are willing to help funders on the services delivered in order to ensure sustainability of NGOs.

Findings in Table 4.10 revealed that there is openness to the funders about which activities to be done as a way of ensuring Liquidity and sustainability where the respondents agreed with the mean of 4.07 and the standard deviation of 0.491 showing low dispersion in the responses about the statement. This means that is openness to the funders about which activities to be done as a way of ensuring Liquidity and sustainability.

The grants and human resource officers' knowledge and courtesy of employees and their ability to inspire confidence where the respondents agreed in Table 4.10 with the mean of 3.95 indicating wide dispersion in the responses about the statement. This implies that The grants and human resource officers' knowledge and courtesy of employees and their ability to inspire confidence as a measure of liquidity in NGOs.

In addition to the above, findings in Table 4.10 revealed that there are copies of the receiving reports sent to the accounting and book keeping department and are updated regularly as a way of ensuring liquidity in NGOs, this showed by the mean of 4.07 and the standard deviation of 0.539 indicating low dispersion in the responses about the statement. This implies that There are copies of the receiving reports sent to the accounting and book keeping department and are updated regularly

Table 4.10 findings indicated that the grants provided are of reasonable duration where the respondents agreed with the mean of 3.94 and the standard deviation of 0.552 indicating low dispersion in the responses about the statement. This implies that as part of Liquidity, the grants provided have to be of reasonable duration.

Findings in Table 4.10 revealed that there is an independent and responsible employee reconciles the total vouchers with the remaining cash amounts before the fund is replenished as a way of ensuring liquidity where the respondents agreed with the mean of 3.98 and the standard deviation of 0.628 indicating dispersion in the responses about the statement. This implies that there is an independent and responsible employee reconcile the total vouchers with the remaining cash amounts before the fund is replenished as a way of ensuring liquidity

Finally, the findings in Table 4.10 showed that the project funding cycle is annual as a way of ensuring liquidity where the respondents agreed with the mean of 3.77 and the standard deviation of 0.86 indicating wide dispersion in the responses about the statement. This implied that the project funding cycle is annual as a way of ensuring liquidity.

4.3 CORRELATION ANALYSIS

The relationship between Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations was investigated using donor funding, government funding, fundraising as dimensions for the independent variable while fund growth and liquidity were for the dependent variable.

The results are tabulated below:

Table 13: Summary of Pearson's Correlation Analysis

Number	**Variable**	**Donor funding**	**Government funding**	**fundraising**	**Financial sustainability of NGOs**
1	Donor funding	1			
2	Government funding	.650**	1		
3	Fundraising	.642**	.675**	1	
4	Financial sustainability of NGOs	.646**	.686**	.671**	1
	**. Correlation is significant at the 0.01 level (2-tailed).				

Source; Primary Data (2016)

4.3.1 The relationship between Donor funding and Financial sustainability of NGOs

In Table 4.11, it can be clearly seen that there is a positive significant relationship between donor funding and financial sustainability of NGOs ($r=0.646^{**}$; $p<0.01$). This precisely points out that donor funding is one of the elements used to measure financing strategies as regards to financial sustainability of NGOs. This is in line with Hulme and Edwards (1997 cited in Barr et al 2005,) also emphasize the role of international donors in local NGO funding to enhance financial sustainability

4.3.2 The relationship between Government Funding and financial sustainability of NGOs

Table 4.11 correlation analysis results indicated that there is a positive relationship between government funding and financial sustainability of NGOs ($r=0.686^{**}$; $p<0.01$). This means that government funding is a key element of financing strategies as regards to financial sustainability of NGOs.

This concurred with UNDP (1993 cited in Lotsmart 2007) noted that one-third of NGOs funding come from governments through varied degrees such as subsidies, government grants, and contracting and the government funding is necessary in donor funded NGOs.

4.3.3 The relationship between fundraising and financial sustainability of NGOs.

Table 4.11 correlation analysis results indicated that there is a positive relationship between fundraising and financial sustainability of NGOs($r=0.671^{**}$; $p<0.01$). This means that fundraising is an element of financing strategies as regards to financial sustainability of NGOs.

This is agreement with Caesar (2006) traditional fundraising programs focus on individual donations, bequests, direct marketing campaigns, telemarketing, internet giving and one-time/recurring fundraising events. Traditional fundraising programs are fortunately starting to gain support even though they are many times overlooked in developing countries thus leading to the financial sustainability of NGOs.

4.4 REGRESSION ANALYSIS

A regression analysis was run to establish the predictive qualities of dependent variable (financial sustainability of NGOs) in relation to the independent variable (financing Strategies). The results are indicated below in Table 14.

Table 14: Regression analysis

Model Summary					
Model	R	Adjusted R Square	Std. Error of the Estimate		
1	.762[a]	.564	.27232		
a. Predictors: (Constant), Donor funding, Government funding, Fundraising					
Coefficients[a]					
Model		Un Standardized Coefficients	Standardized Coefficients	t	Sig.
		Std. Error	Beta		
1	(Constant)	.284		3.425	.001
	Donor funding	.097	.244	2.375	.020
	Government funding	.092	.332	3.104	.003
	Fundraising	.090	.290	2.736	.008
a. Dependent Variable: Financial sustainability of NGOs					

Source; Primary Data (2016)

Coefficient of determination Model Adjusted R^2= 0.564 (0.564*100) = 56.4%

The model summary in Table 14 revealed that correlation coefficient®, using predicator financing strategies, is 0.762 and the adjusted R^2 (0.564). This implies that 56.4% variations in financial sustainability of NGOs are explained by financing strategies while the remaining 43.6% is explained by other factors.

This implies that financial management structure is a critical factor in explaining financial sustainability of NGOs, but there are also other factors which influence financial sustainability of

NGOs such as the NGO operating Environment, Policy position of donor funding states and Donor funding policies, Goals and objective

From the above regression coefficients, it was revealed that holding Donor funding, Government funding and fundraising constant (0.284). The corresponding coefficients for donor funding, government funding, and fundraising are 0.244, 0.332and 0.290.

The results from Table 14 indicated that financial reporting (beta = 0.244, sig. =0.020) was the not predictor of financial sustainability of NGOs. This means is interpreted as a unit increase in Donor funding would not lead to increase in financial sustainability of NGOs.

The results from table 14 further revealed that government funding (beta=0.332, sig. =0.003) was also a significant predictor of financial sustainability of NGOs where a positive change in Government funding leads to 0.332 similar positive changes in financial sustainability of NGOs.

The results revealed that fundraising (beta=0.008, sig. =0.290) was not a significant predictor of financial sustainability of NGOs where a positive change in fundraising does not lead to change in financial sustainability of NGOs.

The Model, this implied that the contribution of government funding is regarded to be higher in explaining the variation in financial sustainability of NGOs, followed by fundraising and lastly donor funding. 0.244, 0.332and 0.290

The regression equation is represented as; $Y=a+b_1x_1+b_2x_2+b_3x_3+$…………………. e

$y= 0.284+ 0.244\ X_1 +0.332X_2+0.290X_{3+}$………………..e

4.5 CONCLUSION

Chapter Four covered the presentation of results and interpretation of findings in relation to the study objectives. The findings were summarized in form of tables (showing percentages and frequencies) and qualitative statements. In addition, statistical analysis namely correlation and regression analyses were undertaken to find out the relationship between Financing Strategies and Sustainability of Donor Funded Non-Governmental Organizations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter summarizes and concludes on the research findings as carried out. It presents the summary of the findings and the conclusions drawn from them, and lastly the recommendations. Some useful recommendations for all the stakeholders are proposed by this study at the end of the chapter to enlighten and enable them to craft viable solutions with regard to the problem statement based on the research findings. The overall objective of this study was to assess the financing strategies influencing sustainability of donor funded NGOs in Uganda. This was achieved by specific objectives which were: to examine the effect of donor funding on sustainability of NGOs in Uganda, to assess how government funding affect sustainability of NGOs in Uganda and to analyze the role of fundraising in the sustainability of NGOs in Uganda The chapter also presents the suggestions for further research which are based on both the study findings and other relevant literature deemed vital for use in future to improve the study.

5.1 SUMMARY OF THE FINDINGS

This section presents the summary of the findings in terms of the objectives and the significant relationship between the variables of the research.

5.1.1 The effect of donor funding on financial sustainability of NGOs in Uganda.

The study findings showed that there is a positive and significant relationship between donor funding on financial sustainability of NGOs in Uganda. This implies that donor funding is important because without funding donor funding, the NGOs can’t be sustained.

5.1.2 How government funding affect financial sustainability of NGOs in Uganda.

The study findings showed that there is a positive and significant relationship between government funding on financial sustainability of NGOs in Uganda. This implies that government funding is a very important element in regards to financing strategies of NGOs as it leads to sustainability of the NGOs.

5.1.3 The role of fundraising in the financial sustainability of NGOs in Uganda.

The study findings indicated that there is a positive and significant relationship between government funding on financial sustainability of NGOs in Uganda. This means increase in fundraising ultimately leads to sustainability of NGOs in Uganda.

5.2 CONCLUSIONS

Since all the dimensions of financing strategies (donor funding, government funding and fundraising) showed a positive and significant relationship with financial sustainability of NGOs, the study therefore concludes that financing strategies has a positive and significant relationship on financial sustainability of NGOs.

This has been supported by the study findings of substantive effects of donor funding on financial sustainability of NGOs as shown above in areas of external sources from outside Uganda, Internal sources from within Uganda, the total amount received from this source is not adequate, the external funding source is more sustainable and there are conditions attached to these funds in line with financial sustainability of NGOs.

How government funding affect sustainability of NGOs in Uganda was explained as follows; the government funding is necessary in donor funded NGOs, as it affects the independence and flexibility of operations of donor funded NGOs, the NGOs that wish to be wholly independent refuse government funding because of the government policy or corporate interests and practices, Irrespective of the source of funding, government intervention is necessary for security purposes, Government funding supplements the operations of our NGO and it increases its efficiency, Government funding does not affect the ability of our company, either government policy or corporate interests and practices and the funding of Government does not affect the commitment to poverty reduction as well as its accountability to the public.

The role of fundraising in the sustainability of NGOs in Uganda was explained in aspects where, the individual donations, bequests, direct marketing act as a source of income to donor funded NGOs, The telemarketing, internet giving and one time fundraising events act as a source of income, the community mobilizations and bequests act as a source of income, in light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising, NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology, the community mobilizations internally in Uganda have acted as the source of funding for our NGO, the external mobilizations through holding fundraising in developed countries have acted as our source of funding and the overall aim of these funds is to facilitate the development and sustainability of our NGO. Thus, it can be concluded that financing strategies of donor funding, government funding and fundraising were all significant strategies for the financial sustainability of the NGOs in Uganda.

5.3 RECOMMENDATIONS

NGOs should always consider donor funding as one of the financing strategies that would lead to their financial sustainability in Uganda

NGOs should consider government funding as one of the major financing strategies since government at all times can provide the funds and also put it in the budget, this will lead to their financial sustainability in Uganda.

NGOs should consider the option of fundraising as it will lead to financial sustainability of NGOs in Uganda.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

The researcher suggests the following areas for further research:

The independent variable in this study explained only 56.4% of variables for financial sustainability of NGOs, other studies, therefore, should be carried out to explain other variables not included in this study. This will enable more generalized conclusions on the financing strategies and sustainability of donor funded NGOs.

Other researchers should venture into the influence of government funding on financial sustainability of NGOs since it came out strongly in the research.

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Weerawardena, J.; McDonald, R.E.; Mort, G.S. *Sustainability of nonprofit organizations*: An empirical investigation. J. World Bus. 2010, 45, 346–356. © 2015 by the authors; licensee MDPI, Basel, Switzerland. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution license (http://creativecommons.org/licenses/by/4.0/).

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APPENDIX I: QUESTIONNAIRE

UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS ADMINSTRATION AND MANAGEMENT

QUESTIONNNAIRE

I am Kamisya Sylvia Irene pursuing a Master's degree of Business Administration Finance Option. As part of the requirement for the award of this degree, I am expected to carry out research. My subject of study is "Financing strategies and sustainability of donor Funded NGOs".

All the information in this questionnaire is purely for academic purposes and will be kept confidential. Your contribution in answering this questionnaire will be highly appreciated.

Contact: 0752-900419

Thanks for Your Cooperation.

Please select by ticking where applicable

Section 1 Bio Data

i) Gender of the respondent

Male	Female
1	2

ii) Age group

21-30 years	31-40 years	41-50 years	51-60 years	61-70 years

iii) Level of education

Certificate	Diploma	Bachelor's Degree	Post graduate Degree	Master's Degree	Doctorate

iv) Department of the respondent

Head of Department	Adminstration And Grants	Finance and Administration	Internal Audit	Executive	Community Health Campaign	Procurement

v) Duration of service in the organization

Below 4 years	4-8 years	8-12 years	12-16 years

Evaluate the following statements by ticking under the appropriate answer number basing on the scale below

1	2	3	4	5
Strongly disagree	Disagree	Not Sure	Agree	Strongly Agree

SECTION 2; FINANCING STRATEGIES IN DONOR FUNDED NGOs

I) The donor funding in NGOs.

NO	The donor funding in NGOs.	1	2	3	4	5
1.	External Sources from Outside Uganda.					
2.	Internal sources from within Uganda.					
3.	The total amount received from this source is adequate.					
4.	The external funding source is more sustainable					
5.	The internal funding source is more sustainable					
6.	There are conditions attached to these funds					
7.	I would evaluate the financial status of the organization as High					
8.	I would evaluate the financial status of the organization as Medium					
9.	I would evaluate the financial status of the organization as Low					
10.	Would you recommend other ways of raising funds					

	to ensure sustainability of the organisation outside donor funding.					

II) Government Funding in NGOs

NO	Government Funding in NGOs	1	2	3	4	5
1.	The government funding is necessary in donor funded NGOs.					
2.	The government funding affects the independence and flexibility of operations of donor funded NGOs .					
3.	The NGOs that wish to be wholly independent refuse government funding because of the government policy or corporate interests and practices.					
4.	Irrespective of the source of funding, government intervention is necessary for security purposes.					

III) The fundraising in NGOs

NO	The fundraising in NGOs	1	2	3	4	5
1.	The individual donations, bequests, direct marketing act as a source of income to donor funded NGOs.					
2.	The telemarketing, internet giving and one time fundraising events act as a source of income.					
3.	The community mobilizations and bequests act as a source of income.					
4.	In light of the decrease in international donor support, there is need for Local NGOs to find alternative methods of fundraising.					
5.	NGOs must look for methods that will integrate market oriented approaches and non- profit financial diversification strategies into a single comprehensive NGO financial sustainability methodology.					

SECTION 3; Fund Growth in NGOs

I) Fund Growth leads to sustainability of NGOs

NO	Fund Growth in donor funded NGOs	1	2	3	4	5
1.	The staff are dependable when handling cash					
2.	There is consistency among the funds received					
3.	The staff are trustworthy while handling project activities					

4.	There is steadfast provision of reports to funders.					

II) Liquidity

NO	Liquidity as a sustainability method for NGOs.	1	2	3	4	5
1.	The staff are willing to help funders on the services delivered					
2.	There is openness to the funders about which activities to be done.					
3.	The grants and human resource officers knowledge and courtesy of employees and their ability to inspire confidence					
4.	The grants provided are of reasonable duration.					
5.	The project funding cycle is annual.					

APPENDIX II INTERVIEW GUIDE FOR ADMINISTRATORS OF INFECTIOUS DISEASES RESEARCH COLLABORATION.

Dear Respondent, this survey is being carried out to examine the relationship between financing strategies and sustainability of donor funded NGOs, a case study of Infectious Diseases Research Collaboration. It is purely academic. Assurance is made that the information provided will be treated confidentially

Section 1 Donor funding in NGOs

1 Donor funding in Infectious Diseases Research Collaboration?

a) Do you get the grants circular from the funders? Yes/No

b) Do you carry out participatory planning and budgeting for identification of community projects? Yes/No

c) Do you carry out the annual conference for discussion of priority projects? Yes/No

d) Do you have statutory committees where work plans are presented? Yes/No

e) Do you have the council where the budget is laid? Yes/No

f) Are the technical staffs involved in drafting the grants? Yes/No

2 Government funding in NGOs in Infectious diseases research Collaboration?

a) Do you have any government funding? Yes/No

b) Do you think you would recommend government funding in IDRC? Yes/No

3 Fundraising in IDRC?

a) Is fundraising as a form of raising extra funds to enable sustainability of IDRC necessary? Yes/No

Thank you for your cooperation.