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Determinants of Sustainability of Development Projects Initiated by Non-governmental Organizations in Kericho County, Kenya

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Abstract:
Sustainable funding has helped many Non-Governmental Organizations implement diverse programmatic interventions which has not only benefited the communities but has also improved the standard of living. However, tough economic times buoyed by global recession have in one way or another affected global funding. Many Non-Governmental Organizations continue to cease operations day by day often due to lack of sustainable funding. The purpose of the study was to examine the extent to which income diversification, strategic financial management and Donor Relationship influences sustainability of development projects initiated by Non-Governmental Organizations in Kenya with specific reference to Kericho County. Descriptive research design was adopted with target population of 215 staff from the organizations and a sample of 108. The study revealed that donor relationship management contributes significantly to financial sustainability of nongovernmental projects followed by strategic financial management and least income diversification. The study recommends that in order to ensure that the projects remain sustainable; they should employ competent staff in strategic planning, plan implementation and financial analysis. The NGO management should also diversify their income sources and maintain a good relationship with their donors through information management, accountability and meaningful communication. The outcome of this research will help in generating new additional knowledge based on empirical evidence to guide Non-Governmental Organizations to realize the goal of financial sustainability

Keywords: *sustainability of projects, non-governmental organizations*

1. Introduction

Organizations are required to use funds wisely for the purpose intended and improve the living standards of the populations meant to benefit. Often, uses of funds are diverted to serve other interest of the organization managers outside the scope and work plans of these projects. This has resulted in surprise audits where misuses of funds are suspected by donors and in the extreme cases bank accounts have been frozen to minimize the extent (Drucker, 2008).

Most donors attach various restrictions to their funding including among others-sound financial management systems, good leadership, integrity, and competence of staff thus Organizations lacking these ingredients have difficulties attracting donor funding. A research done by Aus AID on government funded NGO projects in Africa in the year 2001 covering 7 NGOS which included 4 in South Africa,2 in Tanzania and 1 in Zambia. Out of the 7 projects funded by Australian government in Africa, two of them which form about 30% of the funded projects were not sustainable (Quality Assurance, Series 2000) Aus AID recommended that sustainability is an issue that should be addressed more realistically and vigorously by the NGOS. Here in Kenya, a water pan in Laikipia where an NGO invested Kenya shillings 4million in the year 2002 is now grass that has grown on it, the project was not sustainable (Diane, 2007).

Non-Governmental Organizations are regulated by The National Council of Non-Governmental Organizations, popularly known as the Non-Governmental Organizations Council. This is a self-regulating, non-partisan body comprising all registered Non-Governmental Organizations. It was established in August 1993 under the Non-Governmental Organizations Co-ordination Act, 1990 as a forum of all voluntary agencies. The Non-Governmental Organizations Council membership includes international, regional and national Non-Governmental Organizations operating in Kenya. These Non-Governmental Organizations are active in a cross section of sectors including: agriculture, water, education, environment, health, human rights, gender and development, children‘s rights, poverty alleviation, peace, population, training, counseling, small scale enterprises, disability and many others (Lavie,2006).

The Non-Governmental Organizations Council provides overall leadership to the Non-Governmental Organizations sector. It champions the key values of transparency, accountability, justice and good governance. It enhances the self-regulation of its members, and assists them to realize their potential in improving services that improve the socio-economic status of Kenyan society in pursuit of sustainable development. While a number of Non-Governmental Organizations in Kenya have achieved administrative efficiency, most still have major difficulties. Efficiency cannot be guaranteed because of the nature of their Non-Governmental Organizations themselves. Many of them are new, small and without guaranteed future. This is especially the case with local or national Non-Governmental Organizations that are still struggling to put effective and efficient managements systems for good governance in place and whose survival largely depends on donor funding. There are also problems of legitimacy where Non-Governmental Organizations may be easily set up. It all depends on whether one can write convincingly to donors. Such Non-Governmental Organizations are weak and face the risk of lack of continuity (Lozano, 2008).

During recessionary times, people often turn to the nonprofit arena for help in meeting basic human needs. However, these same nonprofit organizations are currently struggling themselves. Increased demands on their services, coupled with rapidly declining revenues as many of their tried-and-true donors limit or eliminate their donations, has required nonprofits to do more with less. As countless organizations are being forced to close their doors this year, it is clear that more emphasis must be placed on building strong and sustainable funding models for nonprofits (Calandra, 2010).

Sustainable funding is a holistic approach to fundraising that moves beyond traditional tactics such as securing grants or tapping a few wealthy corporate or personal patrons. It focuses instead on developing new and creative funding mechanisms to help nonprofit organizations become more sustainable in the long term, allowing them to focus more of their resources on the important programs and services they offer (Dave, 1991).

Today's bleak economy can serve as a pro-active stimulus for developing creative, sustainable funding mechanisms to reinvigorate nonprofit institutions. Creative brainstorming is important to find transformative ways to enhance traditional nonprofit funding techniques with more sustainable methods. Online fundraising methods, such as contests or blog posts accompanied by a "donate now" button can help generate substantial visibility for an organization (Killick, 2001).

Diversification of funding sources is essential to increase the stability of Non-Governmental Organizations income streams. As a response to the economic crisis, tapping international funding streams might be more important than ever (Kurosaki, 2003). In particular, funding from international governments and their respective bilateral aid agencies has provided excellent opportunities. With the funding challenge most Non-Governmental Organizations have responded with the same entrepreneurial spirit, good planning and hard work that brought them success in their core activities (Barrett, Bezuneh, Clay and Reardon, 2000).They have expanded fund-raising activities directed at the general public, tapped new corporate donors for monetary and in-kind support, and held one-time events. They have redesigned program implementation strategies to include cost-recovery components whereby the beneficiaries of the program pay part, and sometimes all, program costs (Henin, 2002) currently, there are Non-Governmental Organizations owning and managing restaurants, tour companies, banks, clinics and other businesses. One definition of income diversification, perhaps closest to the original meaning of the word, refers to an increase in the number of sources of income or the balance among the different sources (Jenkins and Yakovleva, 2006). Thus, organizations with two sources of income would be more diversified than an organization with just one source, and an organization with two income sources, each contributing half of the total, would be more diversified than an organization with two sources, one that accounts for 90 percent of the total (Dyer and Wilking, 1991).

Development initiatives started by Non-Governmental Organizations have seemed to perform poorly and many seemingly becoming non-operational soon after termination of donor funding (Nturibi, 2004). Cases abound where Non-Governmental Organization initiated projects end up folding even those with the best intentions. In Somalia, when a Swedish NGO pulled out of the country's capital city Mogadishu, It became an end to its education and health projects it had implemented for several years, Here in Kenya, a water pan in Laikipia where an NGO invested Kenya shillings 4million in the year 2002 is now grass that has grown on it, the project has collapsed after the donor pulls out since it was not sustainable (Diane, 2007) this is despite the ever increasing capacity building measures organized by various stronger donors like USAID, DFID, OXFAM, World Bank whose time to time organize refresher courses for, Non-Governmental Organizations on best practices in the sector the organizations seems not improving. This lacuna represents a significant gap in knowledge that must be bridged since these organizations provide an important component of education, health and other social developments in Kenya. It is in this light the researcher proposes to fill the existing gap by carrying out an investigation on the factors influencing sustainability of development projects initiated by Non-Governmental Organizations with specific reference of Walter Reed Project Kericho and Kericho Youth Centre in Kericho County.

The general objective of the study was to determine factors that influence the sustainability of development projects of Non-Governmental Organizations in Kenya with specific reference to Kericho County. The study was guidedby the following specific objectives:

i. To determine the extent to which income diversification influence sustainability of projects ofNon-Governmental Organizations in Kericho County, Kenya.
ii. To establish the extent to which strategic financial management practices influence sustainability of projects initiated byNon-Governmental Organizations in Kericho County, Kenya.
iii. To investigate the extent to which donor relationship management influence sustainability of projects funded byNon-Governmental Organizations in Kericho County, Kenya.

2. Methodology

In this study, descriptive research design was used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification. The choice of the of the descriptive survey research design was based on the fact that in the study, the research was mainly interested on the state of affairs already existing in the field and no variable would be manipulated. The study was carried out in Kericho County Kenya, between the months of August and November 2015.The study targeted 111 staff from Kericho Walter Reed Project and 104 staff from Kericho Youth Centre.

	Walter Reed	Kericho Youth Centre	Total
Top Level Managers	4	2	6
Middle level Managers	15	32	47
Low level Managers	92	70	162
TOTAL	111	104	215

Table 1: Target population per level
Source: Field Data 2015

The study grouped the population into three strata i.e. top, middle and low level managers. From each stratum the study used simple random sampling to select 108 respondents. Stratified random sampling technique was used since population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample. Statistically, in order for generalization to take place, a sample of at least 30 elements (respondents) must exist (Cooper and Schindler, 2003). Saunders et al (2007) argue that if well chosen, samples of about 10% of a population can often give good reliability. Other literatures have shown that sample size selection to a great extent is judgmentally decided therefore a stratified random sample of 50% were obtained from the population in each category of the population.

Primary data was collected by questionnaires. The questionnaires were used because they are straightforward and less time consuming for both the researcher and the participants (Owens, 2002). The questionnaires were administered through drop and pick-later method to 108 respondents.

The data was analyzed using quantitative data analysis method. Quantitative method involved both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in form of tables. Multiple regression models were used to analyze sustainability of projects initiated by Non-Governmental Organizations as was determined by the equation below:

($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon}$):

Where: **Y** = Sustainability of Projects (**SOP**)

β0 =Constant/the intercept point of the regression line and y-axis

$\boldsymbol{\beta X_1}$=Coefficient for Strategic Financial management (**SFM**)

$\boldsymbol{\beta X_2}$=Coefficient for Donor Relationship Management (**DRM**)

$\boldsymbol{\beta X_3}$=Coefficient for Income Diversification (**ID**)

ε = Error Term

Sustainability of projects (**Y**) = ($\boldsymbol{\beta_1 X_1}$) Strategic Financial management+ ($\boldsymbol{\beta_2 X_2}$) Donor Relationship Management + ($\boldsymbol{\beta_3 X_3}$) Income Diversification + (ε) Error Term

To ascertain the validity of questionnaire, a pilot test was carried out (Cronbach, 1971). This was done by administering the questionnaire onto the pilot group. The content validity of the research instrument was evaluated through the actual administration of the pilot group. In validating the instruments, 20 staff were selected from Kericho Youth Centre. Furthermore, to enhance the validity of the instrument, the Split-half method was used to establish reliability of the instruments. The method involves splitting each instrument into two halves (odd and even items) then calculating the Pearson‘s correlation coefficient(r) between the responses (scores) of the two halves this was done using both instruments separately. The scores for all odd and even numbered items for each of the 20 respondents in the pilot study were computed separately correlation obtained showed that the instrument was reliable.

3. Results and Discussion

The researcher targeted a sample of 108 staff from the NGOs out of which 103 responses were obtained. This represented a 94.9% response rate. This is a reliable response rate for data analysis as Babbie (2002) posited that any response of 50% and above is adequate for analysis. As part of the general information, the researcher requested the respondents to indicate their gender, age bracket, education level and working experience.

On the gender of the respondents, the study found that 56.31% of the respondents were female while males only formed 43.69% of the respondents. This shows that most of the respondents were female this is attributed to gender policies adopted by these NGOS, such that females have upper hand than males. 24.3% of the respondents were aged between 31 - 34 years, 21.4% were aged between 41 – 44 years those aged between 35 - 40 years and 45 - 50 years were 19.4% while those aged between 25 - 30 years and over- 51 years were 7.8%. From these findings we can deduce that majority of the managers were middle aged.

The researcher had also asked the respondents to indicate their highest level of education, 51.5% of the managers had bachelor’s degree, and 37.9% had Postgraduate degree while 10.7% had a diploma/certificate. This shows that majority of the respondents are well informed and can give relevant information on the subject matter of the study. The study also sought to determine how long the respondents had been working with the organization. According to the findings, 54.4% of the respondents reported that they had been working with their organizations for 2-4 years, 37.9% indicated between 1 and 2 years, while 7.8% indicated they had been working with their current NGO for 5 years and above. These findings clearly show that majority of the respondents had been working with the NGOs for long enough to understand their operations.

3.1. Sustainability of Projects initiated by NGOs

The study also sought to determine the trend of measures of sustainability for the NGO in the last five years.

	Mean	Std. Dev
Cash Flows	3.47	0.968
Cost Recovery Rate	3.93	0.744
Unrestricted Income	3.18	0.653

Table 3: The trend of sustainability of development projects for the NGO in the last five years, in terms of the following indicators
Source: Field Data, 2015

From the findings, majority of the respondents felt that cost recovery rate was improving as shown by a mean score of 3.93 while cash flows and unrestricted income were stable/constant as shown by a mean score of 3.47 and 3.18 respectively. This implies that the sustainability of projects in terms of cash flows, cost recovery and unrestricted income are improving.

3.2. Strategic Financial Management

The researcher had also requested the respondents to indicate the extent to which strategic financial management affects the financial sustainability of the NGO.

	Frequency	Percentage	Cumulative Percentage
Very great extent	16	15.5	15.5
Great extent	25	24.3	39.8
Moderate extent	19	18.4	58.2
Little extent	22	21.4	79.6
No extent at all	19	18.4	98.0
Not responded	2	1.9	99.9
	103	100.0	

Table 4: Extent to which Strategic financial management affect financial sustainability of projects
Source: Field Data, 2015

According to the findings 24.3% of the respondents reported that strategic financial management affect the financial sustainability of the NGO to a great extent, 21.4% little extent, those who said to a moderate extent or not at all were shown by a 18.4% while 15.5% said strategic financial management affect the financial sustainability of the NGO to a very great extent and 1.9 did not respond. Therefore 79.6 of the respondents confirms that indeed strategic financial management does affect the sustainability of the projects initiated by NGOS as this is in agreement with Waddell (2000).

Financial Management	Mean	Std. Dev
Financial planning	4.41	0.678
Financial analysis	3.66	0.986
Plan implementation	4.22	0.804
Asset selection	3.24	0.618
Stock selection	1.56	0.589
Investment monitoring	3.36	0.558

Table 5: Extent that aspects of Strategic financial management affect financial sustainability of projects
Source: Field Data, 2015

The study inquired on the extent that aspects of strategic financial management affect the financial sustainability of the NGO. From the findings, majority of the respondents felt that the aspects of strategic financial management affect the financial sustainability of the NGO to a great extent these includes strategic planning, plan implementation and financial analysis as shown by a mean score of 4.41, 4.22 and 3.66 respectively. They also indicated that investment monitoring and asset selection affect the financial sustainability of the NGO to a moderate extent as shown by a mean score of 3.36 and 3.24 respectively while stock selection affect the financial sustainability of the NGO to a little extent as shown by a mean score of 1.56.The aspects of strategic financial management affect the financial sustainability of the NGO to a great extent include strategic planning, plan implementation and financial analysis.

This is in agreement with Waddell (2000) that financial management practices requirements can impose a significant burden on NGOs. Good financial management requires sound organizational planning and the set-up and implementation of workable systems, policies and procedures which can respond to, accommodate and overcome the financial challenges a nongovernmental organization may face. Ebrahim (2005) also found that establishment of trust funds which gather financial resources together on either an individual NGO or collective model. Investing those resources provides long-term income from interest or a combination of interest and principal.

3.3. Income Diversification

On the effect of income diversification, the study sought to establish the importance of various drivers for income diversification in the NGO and also the effectiveness of various income diversification strategies in enhancing financial sustainability at organization.

	Mean	Std. Dev
Risk management	3.93	0.910
Mitigation of negative consequences of sudden drop in income	3.63	0.910
Fueling further growth of the NGO's activities	4.17	0.970
Gaining more flexibility in internal financial management	3.63	0.760
Reducing the danger that a withdrawal of funding forces the Organization to close down	4.32	0.642
Increasing the longer-term reliability of the income stream	3.57	0.703
Reducing the impact of exchange rate fluctuations on income in local currency	3.16	0.516
Reducing the impact of economic downturns	3.01	0.711
Being able to decide how to generate and spend financial resources without restrictions	3.78	0.734
Being able to fund projects according to your priorities	3.84	0.894
Being able to say no to some sources of income because they do not fit the organization's values	4.02	0.767

Table 6: Importance of various drivers for income diversification in the NGOs
Source: Field Data, 2015

On the importance of various drivers for income diversification in the NGO, majority of the respondents indicated that the drivers for income diversification that were important include reducing the danger that a withdrawal of funding forces the organization to close down as shown by a mean score of 4.32, fueling further growth of the NGO‘s activities as shown by a mean score of 4.17, being able to say no to some sources of income because they do not fit in the organization´s values as shown by a mean score of 4.02, risk management as shown by a mean score of 3.93 and being able to fund projects according to priorities as shown by a mean score of 3.84.Other drivers rated as important include being able to decide how to generate and spend financial resources without restrictions as shown by a mean score of 3.78, mitigation of negative consequences of a sudden drop in income and gaining more flexibility in the internal financial management as shown by a mean score of 3.63 each and increasing the longer-term reliability of the income stream as shown by a mean score of 3.57. However, reducing the impact of exchange rate fluctuations on income in local currency and reducing the impact of economic downturns were rated as less important as shown by a mean score of 3.16 and 3.01 respectively. This is in line with Kurosaki (2003) that diversification of funding sources is essential to increase the stability of nongovernmental organizations income streams. As a response to the economic crisis, tapping international funding streams might be more important than ever. In particular, funding from international governments and their respective bilateral aid agencies has provided excellent opportunities for the NGOs.

	Mean	Std. Dev
Social entrepreneurship	3.36	0.558
Fundraising and development plan	3.93	0.910
Tapping international funding streams	4.22	0.804
Corporate donors sourcing	4.02	0.767
Owning and managing businesses	3.57	0.516

Table 7: Effectiveness of various income diversification strategies in enhancing financial sustainability in the organization
Source: Field Data, 2015

The study also sought to determine the effectiveness of various income diversification strategies in enhancing financial sustainability at organization. According to the findings, majority of the respondents reported that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses as shown by a mean score of 4.22, 4.02, 3.93 and 3.57 respectively while social entrepreneurship had a moderate extent as shown by a mean score of 3.36. This agrees with Barrett, Bezuneh, Clay and Reardon (2000) that with the funding challenge most nongovernmental organizations have responded with the same entrepreneurial spirit, good planning and hard work that brought them success in their core activities. They have expanded fund-raising activities directed at the general public, tapped new corporate donors for monetary and in-kind support, and held one-time events.

3.4. Donor Relationship Management

The study further sought to investigate the extent to which donor relationship management influences the financial sustainability of the organization.

	Frequency	Percentage	Cumulative Percentage
Very great extent	12	11.7	11.7
Great extent	48	46.6	58.3
Moderate extent	30	29.1	87.4
Little extent	13	12.6	100
TOTAL	103	100	

Table 8: Extent that donor relationship management influences the financial sustainability of the organization
Source: Field Data, 2015

The researcher also requested the respondents to indicate the extent that donor relationship management influences the financial sustainability of the organization. According to the findings, 46.6% indicated that donor relationship management affects the financial sustainability of the organizations to a great extent, 29.1% said to a moderate extent, 12.6% said to a little extent while 11.7% of the respondents said donor relationship management affects the financial sustainability of the organizations to a very great extent 87.4%. This agrees with Burnett (2002) who recognized the need for what he termed relationship fundraising – dealing with donors individually, recognizing each donor as unique in terms of giving history, motivation for giving, and the overall standard of care expected from the charities being supported.
The aspects of donor relationship management affect financial sustainability of NGOs to a great extent include use information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program. This agrees with Plummer (2009) that donors should be able to choose when communication is initiated and the form that it might take. According to him, it seems that one way in which NGOs might achieve this goal is to ensure that they give ongoing and specific feedback to donors as to how their funds have been put to use, in particular the benefit that has resulted for the beneficiary group. If this feeling of impact on the cause is not strengthened, it seems less likely that donors will view other causes as being more deserving than those they already support. Further, Matten and Moon (2008) observes that donors viewing the communications they receive as informative, courteous, timely, appealing, and convenient appear to remain loyal for a greater period of time. The issue then becomes how best to achieve this perception.

	Mean	Std. Dev
Donor Segmentation	3.41	0.585
Enhanced meaningful communications	4.07	0.731
Use information management	4.26	0.754
Providing accountability	4.17	0.755
Implementing a comprehensive recognition program	3.54	0.520

Table 9: Extent that various aspect of donor relationship management affects financial sustainability of NGOs
Source: Field Data, 2015

The study also sought to establish the extent that various aspects of donor relationship management affect financial sustainability of NGO. From the results in table 12, respondents indicated that these aspects of donor relationship management affect financial sustainability of NGOs to a great extent that is, use information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program as shown by a mean score of 4.26, 4.17, 4.07 and 3.54 respectively while donor segmentation affect to a moderate extent as shown by a mean score of 3.41.This therefore is in agreement with (Wilson, 2003) that quality communication, accountability, implementing programs recognized by donors helps to improve the relationship and perception between the NGOS and donors thus enhances loyalty.

3.5. Regression Analysis

In this study, a multiple regression analysis was conducted to test relationship among variables these were strategic financial management, donor relationship management and income diversification (independent)against Sustainability (dependent). The ANOVA results are shown in Table 10

	Model	Sum of	Df	Mean Square	F	Sig.
		Squares				
1	Regression	70.912	3	23.637	119.320	0.00
	Residual	19.612	99	0.198		
	Total	90.524	102			

Table 10: ANOVA Results
Source: Researcher, 2015

The significance value p is 0.00 which is less than 0.05 thus the model is statistically significance in predicting how various factors affect financial sustainability of NGOs. The F critical at 5% level of significance was 3.17. Since F calculated is greater than the F critical (value = 119.32), this showed that the overall model was significant

Model	Unstandardized coefficients		Standardized coefficients		
	B	Std Error	Beta	t	Sig
Constant	0.999	0.168	-	5.964	0.0000
Strategic Financial Management	0.688	0.133	0.367	5.179	0.0000
Income Diversification	0.194	0.034	0.280	5.630	0.0000
Donor Relationship Management	0.675	0.111	0.436	6.071	0.0000

Table 11 : Regression Coefficients
Source: Field Data, 2015

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Multiple regression analysis was conducted as to determine the relationship between financial sustainability and the four variables. As per the SPSS generated table 14, the equation ($\mathbf{Y = \beta_0+ \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \varepsilon}$) becomes:
$Y= 0.999+ 0.688X_1+ 0.675X_2+ 0.194X_3$

The regression equation above has established that taking all factors into account strategic financial management, income diversification and donor relationship management and constant at zero, financial sustainability of nongovernmental organizations will be 0.999. The findings presented also shows that taking all other independent variables at zero, a unit increase in Strategic Financial management will lead to a 0.688 increase in financial sustainability of projects initiated by nongovernmental organizations, a unit increase in income diversification will lead to a 0.194 increase in Financial sustainability of nongovernmental organizations and a unit increase in donor relationship management will lead to a 0.675 increase in financial sustainability of nongovernmental organizations. This infers that strategic financial management contributes most to financial sustainability of projects followed by donor relationship management then income diversification.
At 5% level of significance and 95% level of confidence, donor relationship management, and strategic financial management showed and income diversification showed a 0.00 level of significance. This shows that all the variables were significant ($p<0.05$).

					Statistics				
Model	R	R^2	Adjusted R^2	Std. Error of the Estimate	R^2 Change	F Change	Df 1	df 2	Sig. F Change
1	0.885	0.783	0.777	0.445	0.783	119.3	3	9	0.000

Table 15: Model Summary
Source: Field Data, 2015

The three independent variables, that were studied, explain 78.3% of the financial sustainability as represented by the R square. This therefore means that other factors not studied in this research contribute 21.7% of the financial sustainability. Therefore, further research should be conducted to investigate the other factors (21.7%) that affect financial sustainability of NGOs, while the sustainability of NGOs can significantly be improved by focusing on donor relationship management, strategic financial management and income diversification.

4. Summary, Conclusions and Recommendations

The study found the following income diversification drivers to be very important those were reducing the danger that a withdrawal of funding forces the organization to close down, fueling further growth of the NGO's activities, being able to say no to some sources of income because they do not fit in the organization´s values, risk management and being able to fund projects according to the priorities.
The study also sought to determine the effectiveness of the following income diversification strategies and those were corporate donors sourcing, tapping international funding streams, fundraising and development plan, owning and managing businesses.
The study findings indicated that tapping international funding streams and corporate donors sourcing are very effective while fund raising and development plan, social entrepreneurship and owning and managing business are effective. .
The study had sought to establish the extent to which strategic financial management practices influence sustainability of projects initiated by NGOs. The study found that majority of the respondents indicated that strategic financial management practices affects the sustainability of the projects to great extent. The study further sought to establish the extent to which following indicators of strategic financial management affects sustainability of projects. Those were financial planning, financial analysis, plan implementation, asset selection, stock selection and investment monitoring. According to the findings, majority of the respondents felt that all the indicators of strategic financial management affect the sustainability of the projects to great extent.
The study had sought to investigate the extent to which donor relationship management affects the sustainability of projects initiated by NGOs. The study established that majority of the respondents indicated that donor relationship management do affects the sustainability of projects to great extent.
The study further sought to establish the extent to which various aspects of donor relationship management affect financial sustainability of projects. Those aspects were donor segmentation, enhanced meaningful communication, and use of information management, providing accountability and implementing a comprehensive recognition program.

The study found that all aspects of donor relation management do affect the financial sustainability of projects. The three independent variables that were studied showed that there was positive relationship, with the dependent variable.

4.1. Conclusions

The study concludes that strategic financial management such as strategic planning, plan implementation and financial analysis affects the financial sustainability of the NGOs. The drivers for income diversification include reducing the danger that a withdrawal of funding forces the organization to close down and fueling further growth of the NGO‘s activities. The study further concludes that the income diversification strategies enhances financial sustainability of the NGOs to a great extent these include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses.

The study also concludes that donor relationship management such as use of information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition program affects the financial sustainability of the NGOs. The study also deduced that participation in income generating activities such as business activities; corporate alliances; trust or endowment fund and unrestricted income generating activities affect the financial sustainability of the organization. The study finally concludes that strategic financial management contributes most to financial sustainability of projects followed by donor relationship management while income diversification contributed the least to financial sustainability of projects initiated by nongovernmental organizations.

4.2. Recommendations

From the study findings, it was clear that strategic financial management such as strategic planning, plan implementation and financial analysis affects the financial sustainability of the NGOs. The study therefore recommends that in order to ensure that Projects initiated by NGOs remain sustainable; they should procure employees that are competent in strategic planning, plan implementation and financial analysis that are seen to affect the financial sustainability to a great extent.

The study further recommend that since income diversification strategies enhance financial sustainability at the organizations to a great extent, the NGO management should increase their income sources from their usual ones. Such ventures could include owning and managing businesses, corporate donors sourcing, tapping international funding streams and fundraising activities.

The study also recommends that since donor relationship management affects the financial sustainability of the organizations, the management should ensure that they maintain a good relationship with the donors mainly by information management, ensuring there is accountability and meaningful communications.

4.3. Suggestions for Further Research

The study recommends that further research should be done on the effect of financial strategies on the financial sustainability of all the non-governmental organizations in Kenya so as to allow for generalization. Further studies should be done on the effect of financial strategies on the financial sustainability of profit making organizations.

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