



**St. MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**GRANT MANAGEMENT SYSTEM IN LOCAL NGOs:
THE CASE OF FAMILY GUIDANCE ASSOCIATION OF ETHIOPIA (FGAE)**

**A THESIS SUBMITTED TO St. MARY UNIVERSITY SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR MBA IN ACCOUNTING AND FINANCE**

**ALEMU KIHISEN MEKONNEN
ADVISOR: SIMON TAREKE (ASSISTANT PROFESSOR)**

**May 2018
SMU
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FACULTY OF BUSINESS

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Acronyms and Abbreviations

AIDS-	Acquired Immune Deficiency Syndrome
APB-	Annual Plan Budget
CAC-	Comprehensive Abortion Care
CDC-	Centre for Disease Control
ChSA-	Charities and Societies Agency
ChSO-	Charity and Society Organization
CSP-	Charities and Societies Proclamation
DFID-	Department for International Development
EKN-	Embassy of the Kingdom of Royal Netherlands
FDRE-	Federal Democratic Republic of Ethiopia
FGAE-	Family Guidance Association of Ethiopia
FMoH-	Federal Ministry of Health
FP-	Family Planning
GA-	General Assembly
GCACI-	Global Comprehensive Abortion Care Initiative
GGR-	Global Gag Rule
HIV-	Human Immune Virus
IPPF-	International Planned Parenthood Federation
MNCH-	Maternal, Neonatal and Child Health
NGOs-	Non-Governmental Organizations
SP-	Strategic Plan
UN-	United Nations
VfM-	Value for Money
WCF-	Women and Children First

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Abstract

Grants as the backbone and lifeblood of many nonprofit organizations are non-repayable amount of money and/or commodity provided for the fulfillment of a particular objective by the grantor. Grant management system is related to the compliance with the regulations and directives of the government and adherence to the policies and guidelines of the organization to protect the granted assets from harm.

Past studies related to grant management were very rare. The few research papers undertaken locally as part of graduate studies were limited in scope and most of them studied the 70/30 proportion challenges emanating from the ChSA directives, on financial management, on program effectiveness and internal control issues separately. The present study's main objective was to assess the grant management system in local NGOs taking the case of FGAE consisting of four comprehensive specific objectives.

The study used descriptive research method of a case study involving all the 147 participants and the response rate was 90.5%. The tools used to collect the primary data were questionnaire consisting of 61 items and interview consisting of ten purposefully selected key informants, whereas the secondary data were collected from the regulations and directives of the government and from the policies, manuals, guidelines, reports of the Association. The data was analyzed using SPSS version 20. The questioner tool showed a reliability index of 0.98 Cronbach's alpha.

The findings of the study revealed the noncompliance with the 70/30 proportion; the unutilization granted budgets; the long vacancy of the grant's unit; the weak leadership; poor integration and coordination among departments, the inconsistency of cash flows with action plans and lack of adherence to meeting the due date of reports. Thus, the study recommended that the management need to enhance their grant management capacity and leadership skills; the vacant positions be filled on time, the reporting due date be meet as per donors' agreements and the Association needs to undertake an in-depth study .to identify the overall system issues.

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Key Words: Adherence, Compliance Grant, Grantee, Grantor, Grant Management,

CHAPTER ONE:

1. INTRODUCTION

Chapter one of the research paper deals with the background of the study, background of FGAE, statement of the problem, the research question, the objectives of the study, definition of terms, significance of the study, the delimitations of the study and how the report of the study is organized is stated in the last section of the chapter.

1.1 Background of the Study

NGOs in Ethiopia, among others, were involved in economic and social developmental activities almost in all regional states of the country. As it was stipulated under the Ethiopian Civil Code of 1960, NGOs in Ethiopia, including the international ones, were confined only to dealing with aid-based actions and rendering disaster-motivated services.

As noted by Martha (2017), a large number of NGOs were engaged during the 1984's drought; however, it was since the disastrous starvation occurrence in the northern part of Ethiopia in 1974 that paved the way for the involvement of NGOs in some parts of the country. During those periods, charities were rather integrated to the provision of relief and welfare services like that of emergency food aid and rehabilitation programs. Later on, NGOs in Ethiopia had not only enlarged in quantity but also in their scope of application and the nature of activities became more diversified.

According to Lewis (2001), charity works are intended to help and address the problems that the society has faced and the government was not able to solve their problems. These include among others health care, women and young people SRH services, HIV/AIDS prevention and care, education, and other societal necessities. As mentioned by Mengesha, Kumar & Fitsum (2014), local NGOs are parts of organizations that are community focused and linked towards the stipulated conditions of some categories of well-being to the community. Such NGOs are aimed to mobilize financial and non-financial grants or resources from either different type of international donors or locally generated volunteers based resources.

Once NGOs passed the barriers, they had faced and won against their competitors, it is very important to look out seriously, how the granted resources are managed so that the NGOs meet their intended objectives. Andrew (2015) posited that the demands for

resources are high but the resources to meet the demands are scarce. He continued to say that the limited and insufficient grant resources awarded through high competitions have to be properly managed by complying the laws, proclamations and directives of the country and adhering to the guidelines, procedures and policies of the organization. Indeed, such considerations enable to shield all the assets and properties that were under the custody of the organizations from danger that could create trust on grantees.

Past studies related to grant management system were very rare. The few research papers conducted on local NGOs as part of graduate studies were very limited in their number and scope for which most of them were dealt with the 70/30 proportion challenges emanating from the ChSA directives, some on financial management, and others on program effectiveness and internal control issues studied separately. Considering this, the researcher became interested in conducting a research on grant management system in local NGOs taking the case of FGAE. Although FGAE had served as local NGO for more than fifty years, however, a research on such issue had never been conducted in the Association. Hence, the researcher was interested to assess the system and practices of grant management in the Association, identify the gaps and forward recommendations that benefit the Association, grantors, the government, beneficiaries and other stakeholders.

1.2 Back Ground of FGAE

The Family Guidance Association of Ethiopia (FGAE) is a volunteer-based, Ethiopian resident, none for profit, prominent non-government organizations in Ethiopia. Established in 1966, FGAE is a pioneer of modern family planning (FP) services in Ethiopia. FGAE is one of the member associations of International Planned Parenthood Federation (IPPF) and has a good volunteer base since its foundation.

Currently, the Association operates in all regional states and city administration councils of Ethiopia except Benshangul-Gumuz. It has been providing comprehensive and integrated SRH services including FP, MNCH, CAC, gynecological /infertility, cervical cancer screening and treatment, and adolescent and youth reproductive health.

The Association has a reputable governance structure where young people account 20% and women represent 50+ of the seat. In fact, its highest decision body is the General Assembly in which relevant public sectors like Health, Education, Women and Children

Affairs and ChSA are also delegated apart from members of advisory boards represented from each of the eight area offices of the Association.

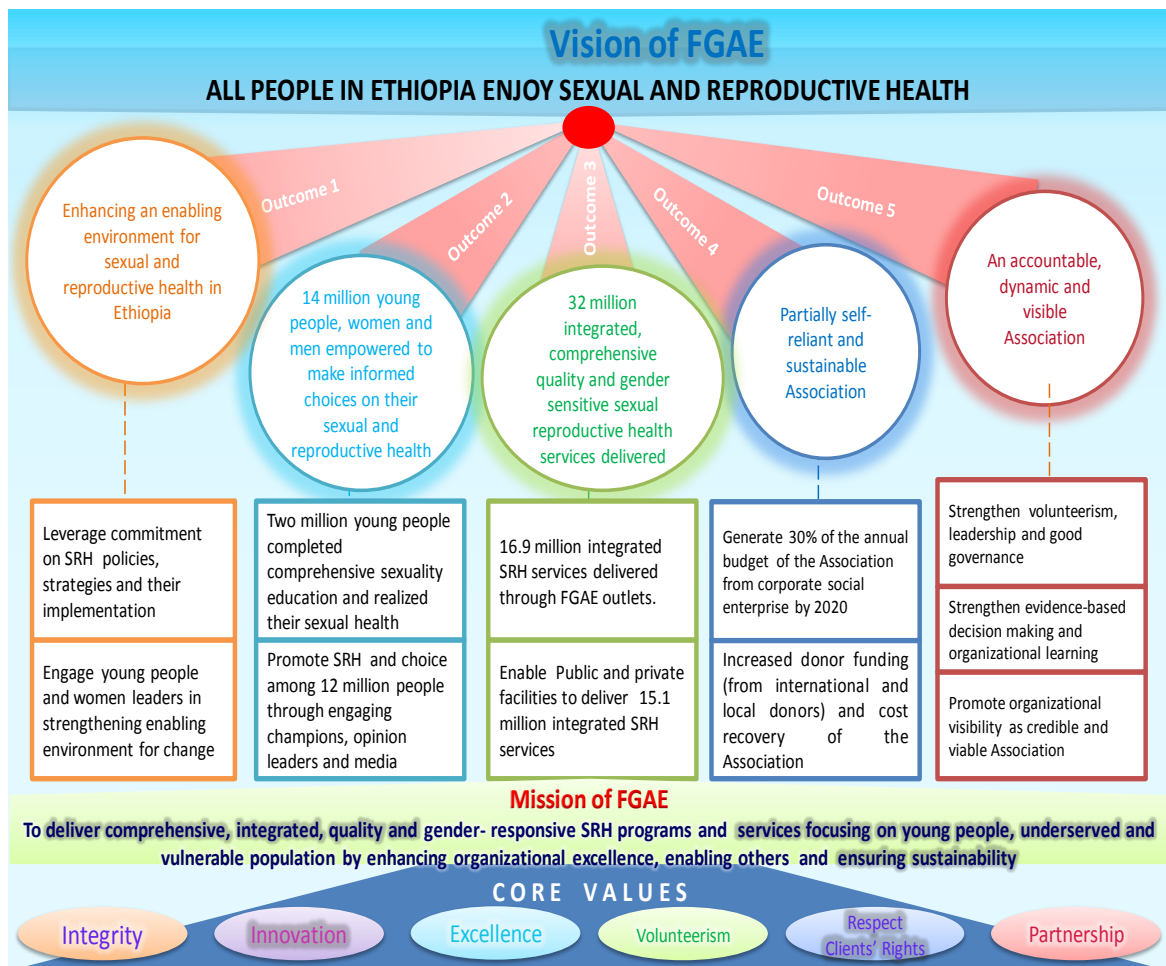
In its strategic plan (2016 - 2020), FGAE envisioned that all people in Ethiopia could enjoy sexual and reproductive health and rights. Its mission is to deliver comprehensive, integrated, quality and gender-sensitive SRH program and services focusing on youth, underserved and vulnerable population. The Association is amenable to its six different core values, namely: Professional integrity; nurturing innovation; scaling up excellence; volunteerism; respecting clients' rights and partnership. These are, indeed, in line with the expected grant management attributes.

Currently, FGAE has a mix of funding partners, among others: Embassy of the Kingdom of Royal Netherlands (EKN), the David & Lucile Packard Foundation, Centre for Disease Control (CDC), Women & Children First (WCF), Federal Ministry of Health (FMoH), Global Comprehensive Abortion Care Initiative (GCACI), and IPPF. Hence, the Association is accountable to not only comply with ChSA directives but also adhere to the donors' requirements as stipulated in the agreements they entered.

In 2016 and 2017, FGAE collected ETB 19,069,479.00 and 24,174,249.00, respectively. Of this local income, service fees accounted for 89% and 91%, respectively while the remaining amount were collected through training, volunteer contribution, and other sundry items. However, fee collection has become a challenge in recent years. The directive of the ChSA remains to be a compliance issue because FGAE had to obtain a cost-sharing license for which it had applied a year ago. Though the Association had met most criteria, the license is still pending with the Agency due to a support letter had to be written from the FMoH. External audits continued to qualify FGAE for this while the FMoH recognized that license issue the challenge attributable to the Ministry not to the NGO. Some researchers such as Habtu (2005), had indicated that the need to amend the ChSA legislative to relieve ChSOs of the strain emanating from the requirements which was restrictive and not in par with many of the funding modalities.

Hence, this study was aimed at assessing the grant management systems and practices in local NGOs, particularly, in the case of FGAE that the assessment had been conducted in line with the general objective of the thesis paper.

Figure 1 One Pager of FGAE Strategic Plan



Source: Strategic Plan of FGAE (SP 2016 – 2020)

As stated under Figure 1, FGAE, in its SP 2016-2020, has clear Vision, Mission and core values that the vision that states “All People in Ethiopia Enjoy sexual and reproductive health” has five outcomes. Namely:- **Outcome-1**; “Enhancing an enabling environment for sexual and reproductive health in Ethiopia” , **Outcome-2**; “14 million young people, women and men empowered to make informed choices on their sexual and reproductive health”; **Outcome-3**; “32 million integrated, comprehensive quality and gender sensitive sexual reproductive health services delivered”; **Outcome-4**; “Partially self-reliant and sustainable Association” and **Outcome -5**; “An accountable, dynamic and visible Association”. The mission statement of FGAE is: To deliver comprehensive, integrated, quality and gender- responsive SRH programs and services focusing on young people, underserved and vulnerable population by enhancing organizational excellence, enabling others and ensuring sustainability and the core values of the Association are Integrity, Innovation, Excellence, Volunteerism, Respect Clients’ Rights & Partnership.

1.3 Statement of the problem

The problem regarding to grant management is that, past studies related to this issue were very rare. Even the few research papers undertaken on local NGOs as part of graduate studies were limited in scope and some of them studied, for instance, regarding the 70/30 challenges emanated from the 621/2009 ChSA directives. Very few looked at financial management and others on program effectiveness and internal control system issues. By contrast, the present study had considered to more comprehensive compared to the other researches due to its inclusion of four different but wider and integrated in scope in assessing the grant management system and evaluate the practices in FGAE.

The Family Guidance Association of Ethiopia is one of the long-serving charities in the country. It used to have a dozen of different grants obtained from available calls for proposal and partly leveraged simply for its reputation established over the years. Preliminary information from the secondary data desk review of 2016 and 2017 financial reports of the Association show a gap in maintaining the ChSA directive of 70/30. Surprisingly, referring the stated two years financial reports, there were instances of failure to comply with the ChSA 621/2009 directive of 70/30 of program vs administrative proportion expenditures. This problem happened even with some restricted granted project such as CDC, and such gaps occurred within some area offices in the stated fiscal years. On a similar account, there had been cases of compromising a core grant to compensate for administrative expenditures that exceeded the limit agreed with the grantors.

The more bothering was the cases of grant utilization that manifested either over or under the agreed granted amount. Overage was observed even with restricted grants, which was practically cross-balanced from core grant. In 2016, Addis Ababa Area Office had expended 112% from the CDC grant that was beyond the maximum authorized limit of 100%. In the same vein, the Southern Area Office utilized only 85% of the total approved annual budget of ETB 25,373,727.00. The over expenditure in 2017 was alarming while underutilization of approved grant was severe in 2016. Indeed, underutilization compels the organization to return unused remaining fund to the grantors. This had been a serious of concern among management because of the lag of timely expenditure as compared to aggressive resource mobilization effort. Apart from this, the Association manifested a reporting gap symptom with several project timelines did not met thus failing to adhere to

the requirements of the grantors as per the agreements. Moreover, due to delays in the start-up of some projects implementation, actual expenditure happened to be nil.

Often obtained through various modes of channels, such as donations, grants are important to implement charitable works. The ChSA of FDRE had issued 621/2009 directive in 2009 whereby charities and societies, among others, were expected to abide by the 70/30 proportion of program versus admin expenditures. The researcher was interested to assess and evaluate the status of grant management system in FGAE for the period of two years (2016 and 2017), and analyze the views of external auditors.

Grant requirements are crucial and necessary components for any NGOs including FGAE to accomplish the vision, mission and objectives of the organization. As grant was valued as the lifeblood of any NGO, its framework and structure is comprehensive by nature, and hence require strong and effective management system. This endeavor starts from the pre-award status of the grant and managing the application process throughout the post-award period, delivery of the grant, implementation of the project/ program, tracking the progress of the project/program. It also involves monitoring and evaluating, and reporting of its program and financial performances on a regular basis. Moreover, informing the donor and other stakeholders who had stake throughout the project life span until the project/program's phase-out is crucial. Execution of such entire cycle ensures that grant funds were spent in accordance with the agreements entered and the commitments made to each donor/grantor.

Sustainability and survival of every NGO is strongly dependent on a close and trusted relationship with its donors. The most commonly identified weaknesses of the sector include; limited financial and management expertise, limited institutional capacity, low levels of self-sustainability, isolation/lack of inter-organizational communication and/or coordination, lack of understanding of the broader social or economic context (Malena,1995). To achieve success, NGOs had to continually improve and professionalize their work, which puts more and more demand on the management and leadership of the organization (Lewis, 2001).

Several charity organizations including FGAE obtain funds from various sources such as foundations, trusts, Government or overseas agencies. Indeed, NGOs operate when they get signatories often in the form of tripartite agreement. In the case of FGAE, a three years' operations plan is submitted to the Federal Ministry of Health (FMoH), and a copy to the ChSA. Therefore, the grants FGAE receives and expends for the intended purpose

are monitored by the Agency while the Ministry tracks performance results related to targets.

The chain does not end with these two parties. As a grantee, the Association must comply with the terms and conditions set by the donor. The funding freeze globally has also brought in a more demanding criterion. In most recent times, donors want to see results and they also prompt NGOs to demonstrate value for money as well. All these scenarios, in nutshell, pronounce the need to assess grant management in light of compliance, adherence, performance and value for money.

The annual program budget (APB) of the Association has been organized into 11 projects since 2016 based on the five outcomes stipulated in its Strategic Plan (2016-2020). In the 2016 APB, FGAE had allocated 276,236,197.00 Ethiopian Birr (ETB) of which 92% was actual utilized and ETB 21,642,091.00 was not utilized at the end of 2016. In its 2017 APB, FGAE had allocated a budget of 285,156,345.00 ETB of which 96% was utilized, and the unutilized amount was Birr 12,252,815.00. This shows that the budget absorption was better in 2017 than that of the 2016. However, the under expenditure is worrisome. Through a cost-sharing scheme, FGAE tries to recover costs. Surprisingly, its total collection in 2016 is less than the amount unutilized in the same year. The unused budget in 2017 was almost half of the income targeted for the same year. This underutilization of grants is an instance of low efficiency in performance and may also transcend to poor program outcomes.

These facts and figures computed at the Association level take a different shape when treated by Area Office and grantor levels against the ChSA directive of 70/30. In 2017, for instance, Addis Ababa Area Office (AAAO), South-West Area Office (SWAO), and North-West Area Office (NWAO) had registered administrative expenses of 34%, 33%, and 32%, respectively. These proportions contravene with the 30% limit set by the directive. Suppose that the AOs stood alone as a sole entity, they could have been disqualified for failing to comply with the special directive.

1.4 Research Questions

The researcher hand been working for more than fifteen years and had rich working experience as a finance team in a health sector local NGO and aware that such health sector NGOs are the prior areas for the of intervention of grantors who are interested in granting programs intended to benefit the community. Besides, the government as its

prior agenda has a stake in the health sector. Likewise, the beneficiaries are also very interested in knowing the allotted fund for the programs, the planned and budget for the programs and their implementation. Therefore, as FGAE is a health service provider, it became the interest of the researcher to undertake a study in its grant management system and practices. By reviewing the practices of grant management mechanisms implemented by the Association, the identified gaps and findings would help as a highlight for the Association to take corrective measures based on the findings. Besides, it would also serve as a basis for further study undertakings either by academicians or others who would be interested in conducting research on such issues.

Hence, this research tried to answer the broad question of – what were the grant management practices that existed in FGAE. In addition, the thesis tried to find answers to the hereunder-stated specific questions:

1. Are the policies, manuals and guidelines of the Association convenient enough in effectively managing the grant under its custody?
2. Is there proper planning and budgeting system in the Association?
3. How are the financial records, reporting and closure of projects of the Association practiced?
4. How is the monitoring, evaluation and controlling system of the Association implemented?

1.5 General objective of the study

The overall objective of the research was to *assess the grant management system in local NGOs taking the case of FGAE.*

1.5.1 Specific Objectives of the study

- 1) To *assess the directives of the government, policies, manuals, guidelines* and the *leadership* of the Association regarding grant management.
- 2) To *assess the planning and budgeting practices* of FGAE in light of grant utilization and performance of implementation.
- 3) To assess the strengths and limitations of *financial records, reporting and closure* projects/programs in the organization.
- 4) To *assess the monitoring, evaluation and internal control system* against expected standards.

1.6 Definition of Terms

Grant: is a non-repayable amount of money and/or commodity that is provided for the fulfillment of a particular objective by the grantor, usually called, the donor, to a grantee who is the recipient of the grant (Grant, 2014).

Grantee: is a term used to state that individuals, groups or organizations who receive the recognized grants provided by the donor or funder (Hall, 2010).

Grantor: refers to the funding individual or organization that chooses and awards for projects/programs aimed to meet the intended objectives after reviewing the applications from the grantee for grant award (Hall, 2010).

Financial grant: is the currency that the grantee receives in cash for the implementation of the intended project (Hall, 2010).

Non-financial grants: Are commodities, items, or volunteer services that should have a monetary value (Hall, 2010).

Adherence: is the fact of adhering to a particular rule, agreement, or belief (Collins English Dictionary)

Grant management: is the summing up of definition of time sequence and the projects under deliberation throughout the life of the project includes the awarding, proper planning, implementing, monitoring, evaluating, controlling and reporting of financial as well as non-financial resources based on the agreed terms with the grantor by taking the rules, directives, policies, guidelines standards into consideration (Hall, 2010).

Fund: is the sum of money saved for a specific planned objective (Getachew, 2015).

Fund management: The financial system, fund accounting and auditing practices of the organizations amenable to standards and adherence to certain terms and conditions (Martha, 2017).

Compliance: This refers to adherence to the terms and conditions set in grants and agreements as well as the 70 to 30 proportion of program vs administration expenditures respectively (FDRE/ ChSA Proclamation, 621/2009).

Value for money: is the question of economy, efficiency and effectiveness in the utilization of funds and performance of programs towards intended results to the utmost

benefit of targeted beneficiaries with a minimal cost (Antinoja, Eskiocak, Kjennerud, Rozenkopf & Schatz, 2011).

1.7 Significance of the study

The past studies related to grant management in local NGOs were rare. Even the few research papers undertaken on local NGOs as part of graduate studies were limited in scope and some of them studied regarding the 70/30 prospects and challenges emanated from the 621/2009 ChSA directives. Very few looked at financial management in International NGOs and others on program effectiveness and internal control system issues. By contrast, the present study had considered to more comprehensive compared to the other researches due to its inclusion of four different but wider and integrated in scope in assessing the grant management system and evaluate the practices in FGAE.

In the first place, the researcher was interested in the topic of the study and there by enhances his knowledge of the matter during the research undertaking. On the other hand, documented information from various review meetings showed that FGAE faces some practical challenges in the management of its project grants. For instance, there was a discrepancy observed between actual performance and amount allocated at the onset of project design. This was evident in the financial and operational reports of the organization. Therefore, conducting such research was believed to help the organization to be aware of the prevailing problems in relation to grant management.

The study could also provide recommendations to the decision makers at FGAE on some possible ways to addressing the problems in the grant management system. Hence, the study was presumed to contribute a gain of knowledge regarding good grant management and could instigate academicians and other researchers to engage in furthering similar research undertakings.

1.8 Delimitations of the Study

The scope of this paper was delimited to FGAE and its eight Area Offices. The study was mainly based on quantitative data obtained through structured questionnaires and some supplemental qualitative information obtained from interviews held with sample of individuals. Likewise, desk review was restricted to financial transactions, audit reports and performance focusing on the 2016 and 2017 fiscal years of the Association as per the Gregorian calendar.

1.9 Limitations of the Study

This study somehow might have been affected by the effect of response bias, which is known as halo effect. According to Nielson & Cardello (2013), it is phenomenon that causes people to be biased in their judgments by transferring their feelings about one attribute of something to other, unrelated, attributes. Almost all staff that were part of the study were directly or closely related to grant management activities. Hence, they might have tended to exalt their execution instead of exposing. Another limitation could be the limited data sources. The study would have obtained additional complementary information if the views of funding partners or granting parties were included in the study.

1.10 Organization of the Study

The report of the study is structured into five chapters with their respective sub sections where Chapter One introduced the paper and consisted of problem statement, rational, objectives, research questions, its scope and definition of key terms used in the study. Chapter Two was dedicated to the review of the literature presented in subsequent sub-sections that highlighted the academic works in the field and described evidences with regard to grants management, legislative environment, issues related to compliance, challenges faced by NGOs and value for money. Chapter Three described the methodology of the study including the research design, study participants, data collection tools and method of analysis. Then, Chapter Four presents the results of the study as well as discussion of findings. Chapter Five, finally, highlights the conclusion and recommendations of the study followed by the end section of the report consisting of Appendices.

CHAPTER TWO: **2. LITERATURE REVIEW**

This chapter consists of the concept of grant management, grant management in NGOs, ethics to successful grant management, effective grant management, grant management tools, description of the NGO sector, legislatives and directives of Charities and Societies Agency (ChSA), common requirements of grantors, some empirical evidence and the grant management framework. A brief summary of the review is stated in the final section of the chapter.

2.1 Conceptualization of grant and grants management

The Macmillan English Dictionary-New edition, defines grant as “*an amount of money that the government or an organization gives to you for a specific purpose and does not ask you to pay back. Money that you have to pay back is called a loan.*” As defined by Farlex (2012), grant is a sum of money agreed, usually by a government or nonprofit organization, to fund certain projects that one may receive the grant in order to perform the needs of community collective basic needs that the government is not able to deal with and fill the gaps the problems that the society are facing such as health care, women & young people SRH services, HIV/AIDs, education, and other social needs.

Grant management is the condensation of description of time progression and the projects all the way through the existence of the project. It includes the donation, proper forecast, implementing, monitoring, evaluating, controlling and reporting of financial as well as non-financial resources based on the agreed terms with the grantor by taking the rules, directives, policies, guidelines standards into consideration (Hall, 2010). The phase of the grantsmanship process begins when the grantee signs a binding agreement with the grantor to receive the grant award and becomes the recipient. This is related to all of the management duty required to properly maintain the fund collected from donors and the adherence of the generally accepted standards as well as the requirements of the funding source. Hence, grant management process begins from the time the application for the grant handed over to grantors by the requesting grantee.

Grants are the backbone and lifeblood of many nonprofit organizations, providing the funding requirements necessary for an organization that are delivered to their intended objectives. As grants are important determinants of any organization, is simultaneously as crucial as to have an effective grant management system to ensure that the granted

resources are utilized in line with the agreements and commitments entered between the two contracting parties (Lewis, 2001).

According to Hall (2010), the grantee starts the implementation of the development on a definite date once the grant award is evaluated and acknowledged by the grantor. The grantee is in charge to appropriately handle all the programmatic, financial and related actions that all grant resources are utilized and accounted for all through the grant award duration until its closeout.

Some grantors permit the grantees to submit the required reports three months after the expiration date of the project. However, if grantees do not provide forward their financial reports on the date specified by the grantor, besides to putting the grantee at risk for not getting future funding, shall not have the right to claim on the remaining unpaid funds of the grant award (Hall, 2010).

2.2 Grant Management by NGOs:

As stated by Stephenson (2003), grant management system is not exclusively restrained only to the maintaining of perfect accounting records but also involves the planning, budgeting, monitoring, evaluating and controlling the financial resources that are targeted to accomplish the organizational objectives. For instance, as a least requirement a financial management system is adhered to ensure that costs are properly classified or categorized, tracked and charged to their respective accounts, and that the management of the organization has to be able to report the financial information clearly and accurately to the donors and/or other concerned stakeholders.

Mango (2014), states that a good financial management system makes it easier to be accountable to donors and project beneficiaries; thereby enhancing their respect and confidence in the organizations, they provided the grant. In reciprocity, this helps NGOs to be more competitive and can increase the fertile environment for the chances of maintaining their long-term financial health conditions. Among others, one of the key requirements for effective grant management is accountability that NGOs are obviously accountable to donors/grantors for the use of resources they received.

Now days, NGOs are operating in a rapidly changing and competitive environment that they are required to survive in this highly competitive and challenging world by developing a well-organized and effective grant management tools that:

- ✓ Help managers to make effective and efficient use of resources to accomplish objectives and execute commitments to stakeholders that help NGOs to be more answerable to donors and other stakeholders,
- ✓ Increase the esteem and self-reliance of funding agencies, partners and those served that award NGO the benefit in struggle for ever more inadequate resources; and
- ✓ Help NGOs prepare themselves for long-term financial sustainability (Stephenson, 2003).

As stated by Helen (2012), grant is a nonspecific expression applied to funding or other incentives provided to persons or bodies that may include community groups or legal bodies that reveal some or all of the following distinctions: A transfer to a beneficiary which may be in return for fulfillment with convinced requisites and circumstances, transfer which may not directly provide about equivalent worth in return to the grantor, and the beneficiary may have been preferred on advantage aligned with a set of program-specific criteria. Grants can be in the nature of incentives, aid, assistance, cancellation of amount overdue, rebates, tax relief and other related financial support provisions, and may be in the form of financial or non-financial assistance.

Mango (2014) also stated that grants can be in the nature of incentives, support, assistance, pardon of debts, and other related funding dealings, that may be provided in the form of monetary or non-monetary assistance. Nevertheless, in recognition of changing levels of request for increasingly multipart service types and rising service deliverance models, Government may also regard as a multiplicity of more novel approaches to funding service delivery activities.

Effective grants management is also explained by Heather (2014), as the path of achievement for reporting the project's programmatic and financial performance to the grantor of the project. Although donors might have different types of requirements, however, most of them have the desire to perceive the grantee's progress towards attaining the objectives of the project as predetermined in the grant application as well as how the grant award is allocated to the project's programmatic versus support costs. In reality, effective grants management is a challenge for many small and medium-sized NGOs.

Corey (2014) has also stated that successful grants management is the process of implementing, seriously overlooking, monitoring, evaluating and reporting the

performance of the project in line with the agreements entered with the grantor's awards which includes controlling the project's grant resources, monitor the overall activities of the project and evaluate results obtained from performance that enables the grantee to ensure that the predetermined agreements entered with the grantor are adhered accordingly.

2.3. Ethics to successful Grant Management

As stipulated by Mango (2014.), there are at least seven principles that help NGOs to successfully manage the grants obtained from donors that enable them build belief and assurance from their grantors by providing effective guide for the senior directors, managers, and experienced and skilled staff of the organization on the effective implementation of the projects. This will create donors to have much faith and confidence on the organization the grant is provided that make believe grantors that the grant they have already provided to the beneficiaries is properly, effectively, efficiently and successfully managed. Hence, the grantee is required to prove that the stated ethics are adhered accordingly.

2.3.1. Accountability

As stated by Mango (2014), as NGOs have professional, ethical, and legally binding obligation to make clear about the decisions and procedures they followed to manage the grant received, and stakeholders and beneficiaries have the right to know on how the grant is managed and its utilization procedures. On the other hand, the recipients of the grant are required to provide detailed program and financial reports on how the grant resources were utilized and provide clear statement on the results obtained from the project because of the obtained grant to the grantor, concerned stakeholders and beneficiaries from the project. People provided funds, rendered free services, invested much time that has a monetary value have vested interest on the reports the NGO provides and as accountability is the, professional, of the grantee for which for non-adherence of such accountability is subject to legal liability that could be the cause for initiating of civil or criminal trial.

Besides, Helen, (2012) has explained that accountability incorporates transparency of all the operational performances and the procedures followed, the methods and time of programmatic and financial reports and the outcomes obtained from the projects is to be given into consideration. Besides, the utilization and implementation of program and

administrative costs be clearly identified be justified whether such utilizations are in line with the, agreements, laws, policies, and guidelines of the grantor, government, grantee and beneficiaries and sufficient and reliable supporting documents and evidences be produced by the grantee whenever requested. Furthermore, there should be strong internal controlling mechanism that by segregating duties and responsibilities to all staff of the organization and make aware the staff that for noncompliance, the mistaken staff will be held accountable.

2.3.2. Integrity

Mango (2014) has stipulated that individuals who have either directly or indirectly relationship with the grant either in a position of senior management or implementing staff capacity which may create a conflict of interest, are required to perform with honesty, truthfulness, trustworthiness and correctness.

2.3.3. Accounting Standards

As stated by Mango (2014), all the financial transaction, the accounts recording entries and keeping of all the fiancé documents be maintained based on the Generally Accepted Accounting Principles (GAAP) that enable any professional from elsewhere, can have the access, read and interpret the accounting records that matters not where the one who conducted the records or produced the reports is available in office or not. Now days, the International Financial Recording Standards (IFRS) which is becoming most well-known accounting handling standard be adhered accordingly.

2.3.4. Stewardship

Stewardship is meant that someone who manages assets or other dealings for someone else that consider the recipients of the grant as custodians of other persons' property. Hence, NGOs or grantees are required to maintain all the resources received in good concern and make sure that there sources are utilized as per agreed with the owner (grantor)as per their projected purpose with honesty. Beside to the senior management, the board of the organization is responsible for the due care of the grant.

Furthermore, in practice, the senior management and functional responsible personnel are obligated to adhere to the effectiveness of stewardship through crafting clear and appropriate strategic planning, setting up suitable controlling mechanisms bearing in mind the risks that may occur, and setting appropriate systems that can work in harmony

with the concerned who have vested interest in the grant taking into consideration (Mango, 2014).

The two golden rules of stewardship for which Mango (2014) has elaborated are:

- i. Regarding the first golden rule, the front line employees of NGOs are required to sustain a superior quality of discussion with the community they deal with or serve or are intended to provide the predetermined service for which this paves the way for managers to ask two types of questions at every phase of the project succession. That is, a) Who is responsible for the decisions made or who analyzes the circumstances? b) Do the activities assist community build up their self-reliance and talent to undertake their personal priorities? For which employees of the organization are expected develop matured discussion with the local community consisting of the most do not have's and the marginalized ones interpreted as descending accountability.
- ii. As stipulated by Mango (2014), the second golden rule of stewardship is that NGOs are depended on their front line employees that enable them craft rational decisions and prove whether they have done it that can prove by confirming that they share the organization's communal standards, reinforcing their dedication to serving community assist themselves, serving them enhances their personal skills, providing them good quality of information, decentralizing the management and supervision, and encouraging flexibility aided with appropriate controlling systems, giving due attention on the customer-service relationship, requesting response from beneficiaries and other stakeholders, and work hard on lessening of staff turnover.

Furthermore, Mango (2014), explained that NGOs are supposed to target their services for excellence that their function be based on the responsive and active thoughtful of beneficiaries objective realities; be able to respond to the local priorities in a way that beneficiaries sense is correct; and is considered as useful by the beneficiaries under consideration. However, if these all are not taken into account, i.e., incompetent grant management will be subject to legal liability be it civil or criminal or both.

2.3.5. Transparency

Pursuant to Mango (2014), the organization under consideration has to be frank and open minded regarding to the functions that the organization is dealing about everything associated to the grant, provide sufficient all necessary information to the concerned stakeholders including the community about the plan of the project, activities performed and outcomes obtained. This clearness consists of on how accurate the financial report is prepared, completeness of the report, and clearness whether the financial reports are made to meet the due date as agreed with the donor, making sure that such financial reports are made available to the donor and other concerned stakeholders, including beneficiaries. However, if the organization under question lacks transparency, it may be presumed that the donor had hidden something wrong about the grant may create the feeling that the grantee cannot be trusted anymore for which it may create bad reputation throughout its future relationship either with the existing or other grantors.

2.3.6. Uniformity

According to Mango (2014), the financial policies, guiding principle and the entire systems of the association under deliberation be consistent all the way through the grant phase that promotes proficient operations and clearness, particularly in financial reporting. Nevertheless, the policies, guiding principle and the entire systems can be amended, updated and restructured that enable to accommodate the changing requirements or requests by justifying the basis and rationale for their amendment in order to avoid the needless and unforgivable changes. Such unneeded and unpardonable deeds, specially, to financial management system can be considered as an indication for the exploitation of the financial system.

2.3.7. Feasibility

Mango (2014), ones again stated that grant disbursements or resource outflows require to uphold in equilibrium with resources received or inflow funds for which this harmonization be practiced on both at the existing operational activities and at the planned strategic levels. Feasibility is the practicability or viability which measures the financial stability and safety that leads to the sustainability of NGOs in general and projects in particular. The governing board and senior management of NGOs are required to forecast and craft the financial strategy that enables the organization strike the balance

of the resources to be generated from donors, the required financial obligations and execute the strategic plan accordingly.

2.4 Effective Grant Management

Corey (2014) described effective grants management is purported to enable and ensure the grantee, using the resources received from the grantor, to achieve the specific objectives of the grant. In other words, it is the whole process undertaken by the grantee to attain the results of certain projects, programs, objectives or activities.

The crucial initial step of the grantor-grantee relationship is that the recipient of the grant has to demonstrate the effective grants management system and practices. Mishandling or mismanaging the grant obtained with no doubt is as a breach of contract. It consequently may evoke mistrust with the donor further jeopardizing either the remaining grant for the existing projects or a new grant funding for the new ones from the grantor. Failure of demonstrating an effective management on the grant received is not merely labeled as a breach of contract, yet has a far-reaching consequence. Eventually, the grantor has the legal right to ask for the return of the grant funds given to the grantee for the reason of mismanagement of the grant (Deborah, 2010).

The recipient of the grant, for many reasons, is entitled to effectively exercise effective grant management. Among others, if the grantee is not in a position to effectively manage the grant, the grantee may be denied funding by the grantor during the implementation process of the project. Therefore, while they were signing the grant agreement, grantees should be aware and understand about the relationship incorporated in the legally binding bilateral agreement with the grantor for which grantees entered into commitment.

Grantees need to make sure that they honor the intended objective of the project and its implementation to their maximum capacity and ability. Grantees also need to undertake evaluations that enable them whether they are on the right track. Moreover, grantees are required to utilize the awarded grant in accordance to the listed budget line items. However, it can be considered as a breach of contract and can be the cause for civil and criminal liability if grants are not intended to perform in line with the predetermined objectives of the project. If they do not evaluate their projects and misuse the fund they received that grantors have the right to claim back what they have granted, stop what they were intended to provide fund at any time during the implementation of the project (Hall, 2010).

Hence, although grantors might require different types of activities throughout the grant management process of the project granted, however, among others, the hereunder-stated general management mechanisms are undertaken and adhered by the grantee (Hall, 2010).

The mishandling of the grants received, lack of proper management of the granted project and not submitting of the final programmatic and financial report to the grantor as agreed, can lead to current and long-term unfavorable consequences that for the grantee, may lead to the loss of funding from both the current and other future grantors that would damage the grantee's credibility and in most serious conditions, as government and the community have vested interest on the projects, the grantee, even might be held liable criminally and be prosecuted accordingly (Hall, 2010).

USAID & JSI (2015:2) described the major terms and conditions of contractual responsibilities for which ChSOs are expected to meet: Implement activities as per the approved work plan and budget; Use and manage funds appropriately; Submit financial and technical reports as required; Ensure availability of audits; Notify the grantor at least two weeks prior to any public meetings or training activities being implemented as part of the grant agreement; Use grant funds provided by the grantor only for those activities as per the agreement; grasp the grantor's project indicators and contribute to meeting the indicators specified in their grant proposals; and maintain all equipment purchased under the grant, including all routine maintenance, repair, and their entire security.

Grant (2014), on the other hand, outlined several issues to be adhered by the grantee. These include:

- i. All the terms and conditions stated in the grant agreement regarding the project be strictly followed.
- ii. Programmatic and financial reporting requirements to the grantor be applied and strictly followed throughout the grant life span till the closure of the project.
- iii. When a need arises for budget modifications by the grantee, the requests be submitted on time before the closure of the project by justifying the reasons for the changes to the grantor for approval.
- iv. Grant revenues and expenditures shall be accounted separately for each donor in order to avoid mixing up of other donors' activities.

- v. Adherence of due date for financial report periods be implemented.
- vi. As required by the donor, the procedures for closing out of projects be followed and maintained by the grantee as per agreement.
- vii. The grantee is required to effectively manage the granted fund in a professional and ethical responsibility.

2.5 Grant Management Tools & Approaches

As stated by Hall (2010), NGOs can be either grantors or grantees having a reciprocal relationship regarding to grant awards that the one side is grant provider and the other is grant recipient. But when it comes to implementation, they have a common strategy and objective that both the provider and the receiver parties have a common purpose that make them stand together for the accomplishment of the specific project or projects. In fact, impact requires the joint effort of those parties, other stakeholders and others who have vested interest on the projects. The regular grants inflow and outflow dealings build NGOs or their objectives continue all through their life span that can be accomplished through effective grant management.

Hall (2010) identified some tools and approaches supposed to be supportive and be practiced and adhered by all the concerned parties involved throughout project's execution phase.

2.5.1. Communication

The main tool or approach to create advantageous situation for the formation of smooth and exceptional communication environment that pave the way for good grantor and grantee communication effort is the transparent and mutual communication of all-encompassing parties. Predominantly, effective communication starts prior to the time that grant award request proposal is written and submitted to the grantor for approval of the grant request. However, before any grant is agreed and signed, comprehensive deliberations take place that avoids troubles and misunderstandings throughout the accomplishment phases of projects for which such successful communications constructs shared confidence, respect, dedication and faith to maintain assurances that all significant grant dealings can be accomplished without any communication gap between the two parties (Mango, 2014).

2.5.2. Grants Flow

After creating smooth communication environment and reached into common consensus, grantees often receive the grants from their grantors with full trust and without delay that the grantees are responsible for the utilization of the grant throughout the implementation period of the predetermined projects by both the donor and the grant recipient parties. However, sometimes with full consent of the grantor, grantees may sub-grant and outsource from the grant they received to other implementers of certain activities (Mango, 2014).

2.5.3. Granting Relationships

Building superior associations and mutual understanding between the grantor and the grantees is actually significant on both parties that enable the parties work jointly aimed to accomplish their mutually intended objectives. Unless and otherwise the contracting parties, as sated above, build smooth and exceptional communication environment, the managing relationships between parties would be challenging. Grant relationships involve worldwide actors that having different languages, culture difference, skills inequality, educational background, communication gaps, distance, difference in living standards, can be mentioned.

Hence, among others, the challenges can be observed as differences in language and culture, due to misunderstanding or lack of respect between the two contracting parties, lack of communication skills, late release of grant from the grantor to the grantee, late reporting on responsibility related performances, and the confused difficulty of implementing aid or expansion programmers are among others, that build a difficult situation on grant relationships.

However, grantors and grantees have mutual interest and the one needs the other and vice versa for which grantors provide grants that with bare hands or without having grant these grantees can do nothing and not able to attain their intended objectives. Simultaneously, as grantors have vested interest on the projects and objectives, they cannot attain their intended agenda without having the project implementing actors that the two completing parties that enable them attain projects mutually that enable them to make their grant relationship smooth (Mango, 2014).

2.5.4 Highlights of Charities and Societies Proclamation

As stipulated under Article 14/1/ of proclamation 621/2009, “charity” is defined as: an institution, which is established exclusively for charitable purposes and gives benefit to the public.” Simultaneously, Article 14/2/ of the same proclamation has stipulated the purposes of Charities as: that are aimed to prevent or alleviate or relief of poverty or disaster, for the advancement of the economy and social development and environmental protection or improvement.

As per the report by the Charities and Societies Agency (ChSA, June 2009 E.C.) of Ethiopia, since the time ChSA had been established in 2011 up to 2017, 3,232 CSOs had been reregistered under the new Charities and Societies proclamation 621/2009. Of these, more than 2,398 were Ethiopian resident and 390 were foreign charities working on development and welfare. The Agency had also registered 52 Unions and 43 Adoption. Besides the Agency had also registered about 349 Ethiopian charities and societies which were allowed to work on human rights and conflict resolution (ChSA Annual Report, June 2009 E.C). Hence, pursuant to ChSA’s report, 330 charitable organizations functioning in Ethiopia (of which about fourteen percent being international NGOs) were the only ones that get renewal of their license.

2.6 Stages of Grant Management

According to Kracunas & Susko (2015), grant process has two stages, the pre-award and post-award stages. The pre-award includes communicating with the grantor, writing project proposal and grant request, submission of the proposal to the presumed grantor. If convenient to the grantor for approval, thorough communication and negotiation are supposed to take place and finally, an agreement is signed by both parties for the viability of the project.

The post award stage, on the other hand, proves that the project is viable. Thus, the grantor becomes responsible for providing the grant as per agreement on regular basis as stipulated in the agreement and the grantee is accountable for the effective management of the project throughout its implementation, monitoring, supervising, evaluating and reporting throughout the life span of the project till its closeout as stated in the agreement (Kracunas & Susko, 2015).

2.6.1. Contract Review and Negotiation

The organization that is aimed to implement a project is supposed to ask few questions to him/her self whether the requesting and implementing organization really wants that grant or not; whether the organization is ready to meet the circumstances and demands of the grantors. After contract review, both parties sign a legally binding grant agreement before any grant is released to grantees. This creates a mutual understanding and shared interest about the common objective they want to jointly achieve and enable them to reach into common understanding how to work together and create conducive environment so that the intended result could be reached (Mango, 2014).

However, some grantors set strict preconditions on how to utilize the granted resources, such as, specifically figuring out the disbursement that the grantees should not effect by listing out the allowable and non-allowable costs such as, unlike most grantors who are somewhat flexible. For instance, USAID is very strict regarding on project related expenditures and have wider right for the rejection of unallowable costs. In such restricted grants, the grantee would bear the burden for the expenditure payments effected for not to be considered as allowable costs by the grantor that the report for expenditures would be rejected and claim back for the fund they had given to the grantee (Kracunas & Susko, 2015).

The grantors and grantees are supposed to stand on equal footing and have equal right for negotiation regarding, the grant, and overall project related matters. In some cases, however, grantors feel as if they are superior on decision-making and try to influence or dominate the grantees because they assume that it is only their grant that plays the major role for the effective implementation of the project. In such situation, grantees have to choose either to obey what the grantors say or reject the intended grant if they sense it not to be convenient for both the grantee and the project. Hence, if grantees feel certain circumstances are difficult to deal with, they have to negotiate hard to convince grantors about the merits they are negotiating.

Throughout the grant proposal and negotiating process, before submitting the final budget proposal to the grantor, grantees are supposed to make sure that the budget they prepared be complete and be in line with their plan of action and make sure that the budget is prepared in detail and all budgeted line items are expressed in monetary value. The grantees have to make sure that the program (direct) costs and support (indirect)

costs are prepared in detail and make it easy for internal controlling purpose (Mango, 2014).

2.6.2. Implementation

As explained by Mango (2014), grantees are required to become accustomed to systems of how to effectively manage the project and program grants that enable them meet the requirements of grantors. Grantors enter into a contract with the grantees that the grant could be either restricted or unrestricted grant that grantees are enforced adhere to the articles stipulated under their agreement. As their name imply, restricted funds are funds that cannot be used other than the agreed and approved budget line items. However, if the grantees are in need to use from the restricted grants other than the agreed ones, they should request for the changes in writing to the grantor and the grantor, if convinced by the request, is required to respond by giving consent in writing. Otherwise, grantees will be held liable for the utilization of unauthorized fund. Hence, as restricted grants are very sensitive, grantees are required to handle strictly and carefully the restricted funds that enable them track the expenditures restricted grants. To the contrary, unrestricted grants are grants that the grantee can utilize the fund as seems necessary by maintaining the budget ceiling. It is if the grantee utilized above the approved budget that will be held liable for the difference.

2.6.3. Monitoring and reporting

Mango (2014), said that for effective grant management, all processes throughout the projects' life span be followed. Monitoring the performance of the project is very mandatory that grantees are required to monitor the programmatic activities and their progress be monitored. Checking whether such projects are being implemented and expenditures made in line with the approved budget, whether the payments are effected in line with the agreements entered with the grantor, and whether the projects are granted either from restricted or unrestricted funds are among the vast advantages of monitoring.

Apart from monitoring, the financial reporting requirements and submitting of financial reports on due date as scheduled be strictly adhered and, for this purpose, some donors provide their own financial reporting formats or templates that the grantees are supposed to obey with. In fact, the good modality of achieving better report is when both finance and program personnel are sit together and reconcile activities with expenditures.

However, if there is any inconsistency, it might be due to coding error while encoding into the system by either in finance or program or both and after errors are identified, make sure that the necessary corrective action are taken and submit the correct and full report to the donor. Beware that inconsistent reports and late reporting reduce the reputation of the implementing organization (Grant, 2014).

2.6.4. Closeout

Nothing is eternal. It is a natural phenomenon that everything gets born, grows and finally ceases to exist. Likewise, projects become viable at the time when the contract is signed, grow throughout the lifespan of the project and finally ceases to exist when the agreement expires consequently lead to the closeout of the project under deliberation. Hence, as the last part of the grant is meant the closing stages of the project, during the closeout period, grantees are required to wind up all the activities on process of the projects. In most cases, preparation for the closure of projects starts ranging three to six months before the final day of the grant as stipulated under the agreement.

Mango (2014) stated that certain important considerations be taken during the closeout of projects. Among others, forecast precise expenses related to closure of the project; make clear all the accounts, if necessary, by making the necessary adjustments; make sure that the unutilized funds are consumed to their utmost on significant, community based activities; document confidently and carefully all the necessary financial reports and related supporting documents in protected and accessible keeping place; make ready all the finance and program performances for audit. As suggested by Mango (2014), there is a need to create a conducive environment either for hand over or disposal of fixed assets; pay all the required compensations and termination related benefit packages to employees who depart from the organization due to phase-out of the project; last but not the least, comply with donor's requirement that the final financial performance report be prepared and submitted to grantor.

2.7 Governmental description of NGOs

2.7.1. Types of NGOs

BoFED (as cited in Getachew, 2015) sated that there are four types of NGOs in the country. These are: 1) Ethiopian Charities / Societies where all members are Ethiopians who generate their resources from Ethiopia, and wholly controlled by Ethiopians, and that they receive and use funds from foreign sources not more than ten percent; 2)

Ethiopian Residents Charities / Societies consisting of members that all reside in Ethiopia and generate greater than ten percent of their fund sources from foreign countries; 3) Foreign Charities are charities that are formed under the laws of foreign countries consist of members who are foreign nationals and controlled by foreign nationals for which they obtain funds from foreign country source; and 4) Mass-Based Societies include professional associations, women's associations, youth associations, and other similar Ethiopian societies.

In light of such distinction, the study area (FGAE) is an Ethiopian Resident Charity that all its members reside in Ethiopia and mobilizes more than ten percent of its funds from foreign grants including foundations, bilateral entities and affiliates.

2.7.2 Role for NGOs Project Grant Effectiveness

Considered as the first comprehensive law of Ethiopia aimed to govern the registration and regulation of NGOs, the Government promulgated a Proclamation No 621 in February 2009. Charities and Societies proclamation has 10 sections consisting of 110 articles. Pursuant to BoFED (as cited in Getachew, 2015), the regional government had been issuing guidelines aimed to assist for group effort to guarantee that CSOs/NGO's allocate their grants above all program (direct) and support (indirect) costs in a way that exhibits clearness and answerability. The guideline was also intended at serving NGOs to approve resourceful consumption of existing resources for their intended progress ensuring utmost advantage of their beneficiaries.

According to Helen (2014), donors and/or government provide grants and other resources to recipients that enable accomplishment of project objectives that are consistent with the policy of the government. Project grants of NGOs are various in their arrangement, function and future threat, and their answerable demands that ranges from extremely complex to somewhat easy ones.

As almost all projected grants by NGOs involve the utilization of public funds, grantees are accountable for the granted resources. Likewise, grantors are also required to comply with and adhere to government rules, laws, proclamations, regulations and regulatory obligations that are stipulated under functional federal and regional legislations. According to Helen (2014), performance measurements that help evaluate the objectives of the project, at least, can be categorized as Relevance; Effectiveness; Efficiency; Impact; and Sustainability.

As stated by Helen (2014), the administrative organ is required to make sure that the objectives and activities under implementation by NGOs are aimed to solve the problems of the community and supplement the government in filling the gaps. The project's relevancies can be measured by evaluating the key performance of donors in relation to the benefits provided to the community. Relevance can be used as a base for project's eligibility and be taken as understandable and compulsory requirements that NGOs should meet regarding the effective implementation of their projects (Helen, 2014).

Once again, Helen (2014), stated that the effectiveness of NGO's project's performances be supervised and evaluated and measured by the government to make sure that projects under consideration have achieved the project objectives and attained intended the overall goal. A project monitoring strategy provides a framework for projects to assess and evaluate the effectiveness of the grant, its management practices in achieving the project's objectives and NGOs required complying with, and adhering to the provisions stipulated under the legally binding agreement entered between the two contracting parties.

The basic aspects of effectiveness can be classified into two: The financial discharge and the performance monitoring. Financial discharge or acquittal determines to realize and understand whether relevant financial accountability procedures have been complied with and adhered to; whereas, performance monitoring is intended to determine to what extent the predetermined outcomes or goals are achieved.

Periodic supervision and review of both the financial performance and program activities implementations and evaluating the obtained results by the government helps in assisting NGOs practice effective grant management throughout the execution of the project from the start up to its closeout.

It is a duty of government, who has a stake on the projects that are implemented by NGOs, to make sure that the NGOs under review are delivering their intended services on timely and cost-effective basis. Pursuant to Helen, (2012), the total cost of a project can be divided into two elements, namely, the program (direct) and support (indirect) costs.

Program (direct) costs are resources granted for the direct programmatic related outlays for project's activities whereas support (indirect) costs are costs involved in administering or supporting indirectly the project under consideration for its effective and successful attainment.

Although administrative (support) costs are significant parts of the total project cost used during the execution process of the project, however, the main function is to attain the objective of the project. Thus, the program cost are more helpful for the accomplishment of the intended project for which the administrative or support staff should be reduced to the possible minimum.

Over-utilization of support costs causes negative impact on the overall performance and outcome of the project that leads to effect of inferior cost efficiency and ineffective costing outcome, which hinders the attainment of the strategic goal (Helen, 2014).

As stated by Helen (2014), the government is responsible for the inspection and evaluation of projects and programs, track, and identify the ones that are planned or unplanned activities and examine the favorable versus unfavorable results of the NGOs project throughout their existence and take corrective measures as required.

Helen (2014) elaborates that the government has the duty to search and clearly identify the sustainable objectives of projects in terms of their foresighted benefits that is projected to provide sustainable services to the community after the closure of the project.

According to Capable Partner Program (as cited in Getachew, 2015), the government is required also to evaluate the NGO's projects both the over granting and under granting. Under granting of the projects grants hinders the capacity to accomplish project objectives. Likewise, this overfunding would be likely to result in wastage of resources or unspent grants may also hinder efforts to promote project sustainability after the closure of the project.

Grant management touches almost all functions of the organization. A coordinated and modernized mechanism has to exist in the system. However, the practice of using outdated and non-updated manual processes may lead for generating of inaccurate report that is considered as noncompliance with and lack of adherence to grantors' requirements. Such inefficiency leads to future lack of reputation to the implementing organization and this in turn causes frustration of staff to quit the organization resulting in high staff turnover.

2.7.3 Role Describing the NGO sectors

The World Bank (Clark, 2000) describes the term civil society refers to a wide array of non-governmental and non-profit organizations that have a presence in public life, expressing the interests and values of members or others based on ethical, cultural, political, scientific, religious or philanthropic considerations, namely, among others, community groups, NGOs, labor unions, indigenous groups, faith based organizations and professional associations.

As stated by Hyden (2002), among others, civil society has been broadly seen as arising and decisive representative of the society aimed at restricting controlling government, amplifying popular empowerment, reducing the communally atomizing and settling effects of market forces enforcing political answerability and improving the quality and inclusiveness of governance. According to the London School of Economics, civil society refers to “the arena of un-coerced collective action around shared interests, purposes, and values.

As stated by Mostashari (2005), the term, non-governmental organization (NGO) came into picture after the end of World War II in 1945 for the core motive that as all types of private bodies were recognized as NGOs at the United Nations (UN), however, the UN, in its charter, required to distinguish the participation rights for inter-governmental specialized agencies from those of international private organizations.

Mostashari (2005), had also expressed about the term NGO which came into picture since 1945 due to the necessity for the United Nations’ intent to distinguish its Charter between participation rights for inter-governmental specialized agencies and those of global private organizations. It considered and recognized all types of private bodies of the UN named as NGOs are independent from the overall control of governments.

As stipulated by Zahir (2004), vital roles were played by Non-governmental Organizations (NGOs) in the developments of economic and social sectors of developing countries for which, among others, services were rendered by such NGOs to the society through works of wellbeing for communal improvements, support provided during national disasters and deliver grants for improvement that have long lasting programs.

In his compilation, Mostashari (2005) had categorized NGOs in to two main parts, namely, operational and advocacy parts. The first ones were the Operational groups that

the recipients of grants that mobilize grant resources from providers of grants known as grantors in the form of financial and/or non-financial grants/donations, or from recruited volunteer members of the NGO who are willing to contribute their finance/labor that enables to attain certain objectives of the NGO. In order to get their projects or programs long lasted, that the grantees also obtain grants from grantors/donors, registered volunteers, government, and other stakeholders.

Regarding to advocacy groups, resources were intended to serve as the symbolic function of strengthening the donors' identification with the cause that was intended to do. Instead, in the case of operational groups resources were focused to satisfy the unfulfilled requirements of the society at large aimed that projects and programs be sustained for long. Mostashari (2005) also illustrated that both operational and advocacy NGOs needed to engage in grant mobilization, fund-raising, mobilization of work by supporters, organizing special events, utilizing the media and administering a headquarters.

As stated by Sonia et al, (2000), the functioning practices and commitment of both the international and local NGOs in both advanced and emerging countries were becoming very important supporters and main gap fillers of the governments' deficiencies in accomplishing the economic, social and political sectors of the society at large. Among others, were: Health care, such as, SRH services, HIV/AIDs, etc...., education, communal activities and services, poverty reduction, environmental protection, rehabilitation and conservation, pure water and sanitation, agriculture, Child welfare and community economic strengthening in the country. As noted by Khalid et al. (2000) there was a common understanding on the facts that NGOs stand as crucial enhancing and speeding forces of developments, for which, their participations were interlinked across the social strata of the society, such as, gender, regional, ideology, political and professional classification of the society.

2.7.4 Directives of Charities and Societies Agency (ChSA)

The Federal Democratic Republic of Ethiopia (FDRE, 2009), issued a proclamation of Civil Societies Proclamation (CSP). In turn, based on this proclamation, many directives had been issued that enable to enforce the various regulatory organs, maintenance and provisionary mechanisms that much has been loudly echoed about the inconveniencies of the ChSA directive on the share of 70/30, of which, 70% of the total grant for program versus the 30% support (administrative) costs.

As stated in Article 88 of the CSP, it stipulates, “Any charity or society shall allocate not less than 70 percent of the expenses in the budget year for the implementation of its purposes and an amount not exceeding 30 percent for its administrative activities.” On a similar account, Article 2 sub-article 14 of the proclamation, administrative costs have been defined as “those costs incurred for emoluments, allowances, benefits, purchasing goods and services, travelling and entertainments necessary for the administrative activities of a charity or society.”

Eman (2012) assessed the impact of the Charities and Societies Proclamation (CSP) on five different Civil Society Organizations (CSOs) working on women and children in Addis Ababa. The findings of this study showed that the proclamation has brought about new demands on the way these women and children Charities and Societies operate in terms of financial, existential, sustainability or structural change.

Though the proclamation creates an autonomous Agency for the CSO sector, allows income generation activities, and tries to curb harmful practices by Charities and Societies; it has strict funding source requirements, potential going out of operation of organizations and termination of employees.

The study conducted by Eman (2012) reveals that the Ethiopian Charities and Societies are mostly affected by the proclamation. A great challenge for them has been raising 90% of their funds locally; which has led to termination of activities, closure of organizations and termination of employment of staff.

Another challenging issue emanating from the ChSA legislative is the fact that Ethiopian resident societies are bound to raise 90% of their funds locally. This is too much to achieve for many of the indigenous charities. In other words, a local NGO should not accept more than 10% of its fund from foreign sources. This is also hardly possible in a country where financial resource is meager. In this regard, Eman (2012) articulated that:

The absence of a tradition of giving financial support to human rights organizations, and the lack of the necessary skill and experience in generating funds from local sources are currently challenging the Charities and Societies. (p. 58)

A study by Tesfaye (2015) reported misunderstandings on legal and policy issues between the NGOs and the government. Obviously, such disputes arise from failure to

account for the 70/30 proportion regarding program versus administrative cost categories and lack of getting 90% fund from local sources. On the other hand, Wudneh (2016) who studied the impact of Community Economic Empowerment (CEE) project of two selected NGOs in Gulelie Sub City of Addis Ababa found out that majority of the respondents are either rarely or never participated in project need assessment and planning phases.

A study by Getinet (2010) concluded that all actors shared the need for the law despite differences in key provisions. According to this study, key areas of concern include restriction on foreign funding and definition of CSOs, restriction on work areas, powers of the ChSA and sector administrators and infringements defined as "Criminal Acts." Getinet articulated that the ratification of the law is not the last stage in lawmaking process. Hence, he recommended that raising the concerns should continue about the proclamation and design a system for reviewing the enforcement and impact of the proclamation with the aim to provide evidence on how its application is affecting their activities.

In summary, the challenges faced by NGOs with regard to ChSA legislative and its concomitant directives do not end in a gloomy picture. Shibabaw (2010) in this respect posits that the immediate impact of Civil Society Proclamation (CSP) will be negative while in the long term its effect will be positive. The rationale of the CSP is not questionable because some NGOs used to engage in activities beyond their mandates such as a tendency of meddling in political affairs and abusing grants. Hence, the need for a regulatory body that tracks whether they are implementing towards their registered objectives to benefit the poor is justified.

2.7.5 Common Requirements of Grantors

National Archives (2015) has provided sensible information on what is anticipated from grantee organizations in terms of financial answerability. Among others, the responsibility requirements, the financial management principles, the internal control practicing principles, the procurement procures; the external and internal audit mechanisms and the programmatic and financial reporting methods are supposed to be strictly adhered.

Grantees are required to give attention and put into consideration all requirements during the grant outlays and mandatory to comply with the rules, agreements, guidelines and the

like. For instance, financial management and auditing practices are required to exist to meet eligibility criteria for several types of grant awards for which, among other, the reporting, accountability and procurement practices need to get serious consideration throughout execution of projects, specially, when grants are allocated for various activities of the project under consideration.

Apart from those requirements enlisted previously in this section, a few overseas donor agencies as well as granting entities articulate special requirements. Department For International Development (DFID), for instance, emphasizes value for money. This tool tries to estimate the cost-benefit analysis. Value for money (VfM) is said to be measured by the ratio of effect (often level of outcomes) over the inputs (amount of money). Thus, a grant recipient has to demonstrate good results that can be justified an optimum cost of a service or an intervention.

On the other hand, some other donors like that of CDC does not award grant if the recipient provides abortion related education, advocacy, counseling and services. Many NGOs working outside of the US used to be affected by this restriction called the Mexico City Policy (sometime known us the Global Gag Rule) since 1986. The Global Gag Rule (GGR) is often enforced whenever Republicans assume the presidency seat of the American Government.

2.7.6 Adherence and Compliance

Adherence to, among others, Accounting Practice, Audits, Systems and Reporting are very importance and influencing mechanisms throughout the life span of the project. As compliance is implanted within the internationally accepted standards of practice emanating from code of ethics or professional principles, compliance to the GAAP and/or IFRS has to be given due attention as this is linked to the laws, regulations, directives and policies of the country in which the NGO is operating. Besides, the grantees and concerned stakeholders should bear in mind that there are a set of terms, provisions and conditions stipulated in the articles of the legally binding contractual grant agreement signed by the two parties. i.e., the recipient organization (grantee) and the grantor (grant provider).

According to Grant (2014), effective grant management requires employees who are dedicated specifically to grants and not overly burdened with additional responsibilities. While staffing will vary by the size of an organization and volume of grants, personnel

needs may include: Grant proposal writer, Grant finance officers, Grant manager, and Director of the grant.

As regards to process, Grant (2014) articulates that strong grant management processes provide organizations more time to focus on their missions. It is an aspect of grant management system that helps the organization leap from confusion to efficiency.

Grant (2014) identifies three core process areas. Specifically, administrative processes, financial processes, and operational processes with overall grant management. The administrative process is central to the primary components, including, the management of key contacts, reporting dates and coordination of cross-functional resources throughout the life cycle of the grant period. The financial process, on the other hand, has to be designed simplify to compliance. Funders have stringent requirements to ensure money is spent according to the agreed upon commitments between the funder and the organization. A lack of policies and procedures is one of the most frequently cited areas of noncompliance.

Grant (2014) further elaborates that lack of documentation, another commonly found application complaint, could ultimately lead to a funding shortfall. In addition, the chart of accounts is not the appropriate place to track grants. Often organizations utilize the general ledger to track grants; this can lead to exponential growth in the chart, making it difficult to manage and report on financial data.

The financial processes per be broken down into three categories: expenses (including purchasing and expense reimbursement) labor (payroll allocation and time tracking) and sub-awardees' expenses (Grant, 2014). To pull all of this data together, however, requires the cooperation of departments across an organization. This inter-departmental smooth communication is vital since there is a need for clearly defined data-gathering procedures critical to the success of grant reporting compliance. The third processes of good grant management as stated by Grant (2014), is the operational processes that include, delivering the programs and measuring their effectiveness.

As described by Grant (2014), regulatory compliance implies to the adherence to the regulations covering grant management. It starts with government rules and regulations and sets models of best practices for foundation and other private grantors. This is in the context of the legislative directives enacted by ChSA.

In addition, Grant (2014) recommends best practices for successful grants management. In this respect, a brief checklist of what is needed is supposed to be in place that all of these are intended to meet government standards when applying for and managing donors' funds. Even if grantees are not seeking donors' grants, implementing these systems, policies and practices are essential items to consider and implement for success with any type of grant management. These include, Accounting internal controls, Cash management, Budget controls, Procurement system, Personnel system that complies with all laws and regulations, Property management system, and Auditing policies and procedures.

Grant (2014) argues that clearly defined roles and responsibilities can mean the difference between effective grants management and losing of grantee's grant funding. This implies the realistic outcomes of a grant management practice in an organization. The playing card is within the grantee: either to maintain the grant or to lose it.

Grants management is not limited to a program manager or limited to financial offices of grantees. Rather, it is a system, a process with many levels that grants management is certainly a part of grantee's financial department's responsibility; is also part of the organizational board's work, the project manager's and grant professional's responsibility (Grant, 2014).

According to Grant (2014), effective grant management begins with the end in mind. This in other words grant management begins when the grantee designs a potential project in its premeditated preparation stage and is incorporated as grantee moves to grant seeking and then from the point the grantee is awarded the grant to the final grant closure report.

Grantees are required and obliged to do certain activities. Among others, the grantee may use a grant to-do-list paper, grant management tool or any other calendar convenient that helps self-remind and awake others working in the organization about due dates for reports. In addition Grant (2014) suggested that any staff who seeks to know about upcoming due dates ought to have the access.

As a matter of fact, such milestones can be handled by a grant manager. When a grant manager exists, argues Grant (2014), he/she can communicate with others in the organization who are influenced by the grant necessities and let them know what those requirements are, what the grantee needs from them, what formats are required, and in

what format it should be conveyed. Furthermore, Grant (2014) stated that the grantee is supposed to understand the kinds of financial tracking requirement that are to be in place for which most grants require significant documentation of all expenditures.

Although foundation grants might tend to be a little less exacting, however, they still want to know where their grant money is gone. Besides, the grantee has to make sure that whether the financial tracking system is good and is in place.

As stated by Grant (2014), grantees are not allowed to do certain activities. These among others are: Grantee shall not submit reports late; shall not wait until the last minute to let their chief finance officer, accountant, or anyone else who needs to be involved know what the requirements are for reporting on a grant; and shall not hide information when things go in the wrong way. These do not dos are one way or the other interlinked with the ethics of grant management.

Grant (2014) emphasized that several grantors tend to provide potential grantif they witnessed that the reports are received on due date. The timeliness of grantees' submissions to the grantor is not only good governship of the grant, it is also necessary if the grantee wants to leverage for further grant.”

According Lewis (2001),organizational learning and effectiveness might be reduced as the growth of 'contracting' places new administrative demands on NGOs generated by contrasting administrative styles (the donor brings a more bureaucratic approach with complex accounting and reporting) and an emphasis on outputs rather than on longer-term learning and development. (p. 64).

As stated by Lewis (2001), it is fascinating to see that some sources visualize grants as sub-set of funds. Hence, funds are said to be grants where the NGO decides what is to be done whereas grants are contractual agreed payments if the grantor decides what is to be done.

When grantors to a certain extent give emphasis to program outcomes, there will be deficient in of main granting to support (administrative) drudgeries for which these results are more reflected in NGOs, which are under administered and under managed. This circumstances, Lewis (2001) argues, makes NGOs feel that they are appreciated, simply, for the reason that they are seen as a cheap channels of getting things completed, not because of any pioneered performances.

2.8 Empirical Review

Martha (2017) assesses the resource mobilization and its management by randomly selected 89 respondents drawn from local NGOs (out of target population of 1,520) operating in Addis Ababa. Her study indicated that dependence on foreign fund, donors rule and regulation, ChSA law, capacity limitation of the organization, lack of awareness on available opportunity, networking with resource providers and other NGOs, accountability and transparency were the main factors that affect resource mobilization and its management.

Eman (2012) studied three local NGOs working on women and children in Addis Ababa in relation to the CSP. She concluded that the proclamation has brought about new demands on the way these women and children Charities and Societies operate be it in terms of financial, existential, sustainability or structural change. Though the proclamation creates an autonomous Agency for the CSO sector, allows income generation activities, and tries to curb harmful practices by Charities and Societies; it has strict funding source requirements, potential going out of operation of organizations and termination of employees. According to her, the great challenge for them has been raising 90% of their funds locally; which has led to termination of activities, closure of organizations and termination of employment of staff.

On the other hand, Seblewongel (2015) assessed and described types of financial management practices in selected INGO's utilize to identify their area of strength and weakness as well as challenges around the key financial management components and reporting requirements; namely financial planning, budgeting, accounting records, internal controls and financial monitoring. Seblewongel concluded that international NGOs operating in Ethiopia have a better financial management system. Her study has also proved that the current financial management practices are working and are at high standard as in most of the major categories reviewed they have well laid down procedures and processes.

The current study had conducted the research on grant management system that consisted of both financial and non-financial donations and such sensitive items require effective and efficient management system to protect them from danger that create trust on grantees by the donors.. This study was also aimed on assessing the main challenges and obstacles that encountered the Association from not effectively manage the grant under its custody as required by assessing and evaluating the directives of the government,

policies, manuals and guidelines of the association; planning and budgeting; financial recording, reporting and closeout of projects and finally, monitoring, evaluation and controlling mechanisms that are practiced by the Association. The researcher had used primary data comprising of questionnaire and interview and desk review on secondary data consisting of regulations and directives of the government, policies, manuals, guidelines, donors' agreements, plan and budget documents performance reports and reports to donors for the two years of 2016 and 2017. The questionnaire framework was developed consisting of 61 items that the first eight items consisted of the respondents profile, the second were 52 Likert Scale of five items ranging from strongly disagree to strongly agree and the third was one open-ended question that gave respondents to freely state their opinion not captured in the previous questions.

The questionnaire was distributed to all the 147 participants of the study of which 133 (90.5%) had responded and all the responses were coded, recorded in an excel sheet exported to SPSS v. 20 and analyzed based on their predetermined specific objectives. Then, frequency tables with means and standard deviations were produced and interpreted accordingly and most of the findings of the assessment showed "agree" status that implies that the grant management is well practiced by the Association. The consistency of response had showed a reliability index of 0.98 Cronbach's alpha.

Finally, the researcher of this study provided some recommendations to the Association on some major issues for corrective measures.

On the other hand, Seblewongel (2015) had conducted a research on Financial Management Practices on sample size of 66 respondents taken from seven International Non-Government Organizations that work in support of the health system in Addis Ababa, Ethiopia to determine the effectiveness and efficiency of organizations. the study assessed and described the types of financial management practices in the selected International NGOs' utilized to identify the strength and weakness areas of the organizations as well as the challenges on key financial management mechanism and reporting requirements; namely Financial Planning, Budgeting, Accounting Records, Internal Controls and Financial Monitoring. Seblewongel had interviewed the finance heads of the organizations under her study and used a questionnaire framework comprising of two parts. Part I was designed to assess the organizational general profile and Part II was designed to assess the practices on financial management using Likert scale. Values will vary from 5 (strongly agree) to 1 (strongly disagree). As stated in her study, the questionnaire responses were analyzed using statistical tools of means and

standard deviation as well as frequency tables and the findings of the assessment showed a relatively strong level of good practice in the area of financial planning, budgeting, recording, internal controls and financial monitoring . In order to check the consistency of responses, reliability testing was carried out that showed .956 Cronbach's alpha which is a very good result. Her study was expected to provide the International NGO's working in the health sector detailed assessment tools to monitor each category of the financial management building blocks based on the results to better strengthen their system and work out an enabling environment with governing bodies. Her study also provided some important recommendations regarding policy implications in terms of adoptability by governing bodies and local non-government organizations as well as revising the regulatory assessment categories.

Although the current study seems similar in many aspects to that of Seblewongel (2015), however, Seblewongel had conducted her research on seven sample selected International NGOs consisting of 66 respondents. Instead, the current study had conducted the research in a only one local NGO taking as a case study on all 147 respondents out of which 133 had responded. Furthermore, Seblewongel conducted her research focusing on financial related activities whereas the current study dealt with the overall grant management system and practices of the specific organization under study comprising of financial, non-financial, programmatic, compliance with government regulation and directives and adherent to grantors' requirements as per the legally binding contractual agreements made between the two parties and other related activities related to grant management systems and practices.

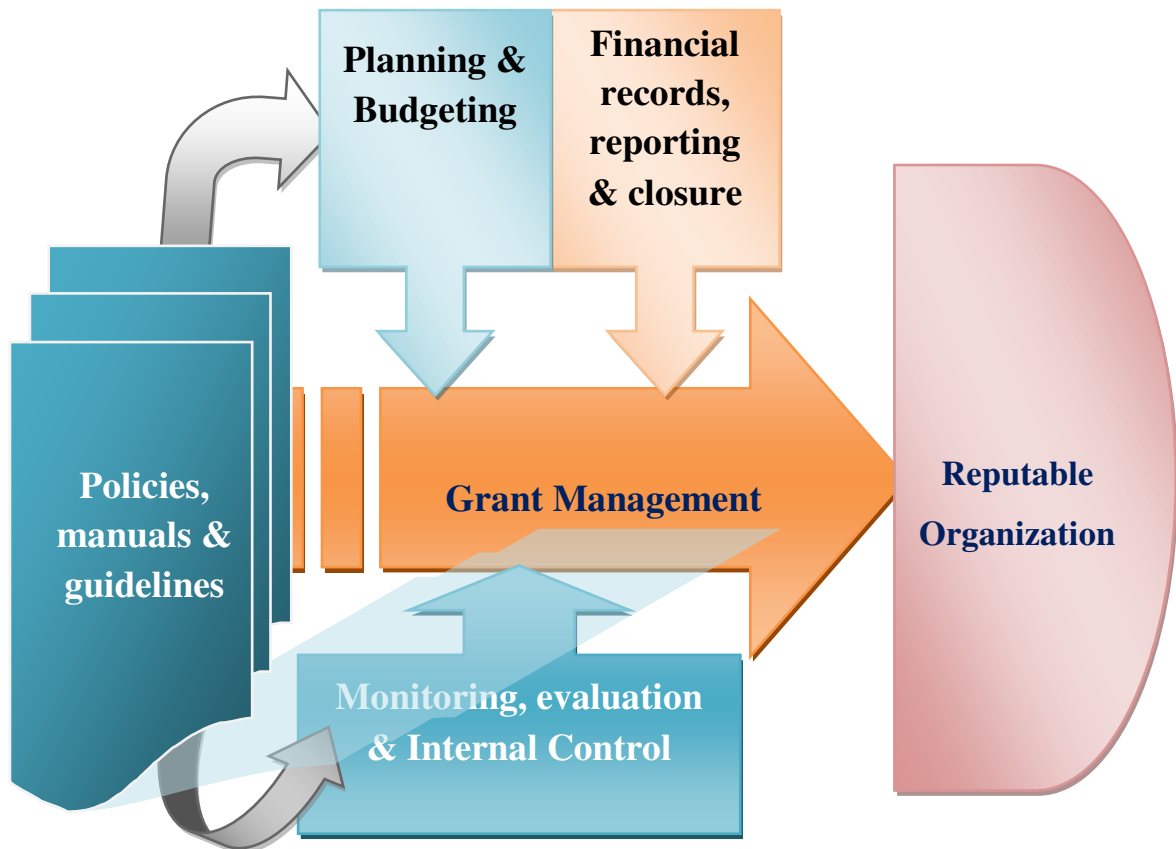
Otherwise, including the overall system of the study, there are similarities between the current study and that of Seblewongel (2015) that both researchers used the primary data of questionnaire and interview and secondary data for their study, both used descriptive method of research, analyzed the data using the SPSS v. 20 and used the 5 level value Likert Scale and both analyzed interpreted their data using mean and standard deviation.

Getachew (2015) assessed the existing practice of foreign NGOs projects grant management and its effectiveness operating in Hawassa city. His research sought to examine the role of government on effective foreign NGOs project grant management by interviewing 45 respondents drawn from seven NGOs and two Government sectors. His main findings were inefficient application of effective projects grant management principles, tools and approaches by foreign NGOs; government roles on effective foreign NGOs projects grant management were found to be minimal. Then after, he

made two major recommendations: 1) foreign NGOs should train, coach, and monitor their employees on applications of effective grant management principles, tools and approaches; 2) the government should also regularly supervise and review the results of both financial and performance measures of foreign NGOs project grant management.

2.9 Conceptual framework of the study

Figure 2 Conceptual Framework of Grant Management



Source: From Literature

As depicted in Fig.2, grant management is the central matter in this study. The basic building blocks are policy documents, working manuals and guidelines put in place by the Organization. These are inputs to the components and practices pertaining to grant management because various guiding principles emanate from them. In the framework, the system level packages are linked with one-sided arrow to three elements. Planning and budgeting as well as reporting are both informed by the system level inputs that could be strategic plan, financial manual, annual program budget, and the like. It could also encompass directives set from within the organization or imposed from outside entities such as ChSA or donor partners. The connecting arrow, which directs behind the two boxes at the top, is intended to show that policies influence both management bar covers a wide space. That depiction emphasizes the relatively large range of importance

internal control plays in the maintenance of a good grant management practice. As portrayed in the figure, all the four elements including policy and manual documents are inter linked with the grant management bar. Indeed, when these elements operate properly they are expected to positively impact on grant management.

Therefore, the resultant effect of grant management related activities and practices would eventually result in an organization that is reputable among the grant giving entities as well as legislative bodies. The model can be exemplified by the case of reporting. If grantee issued report as agreed, it is an instance of good grant management and then maintains reputation of that organization. According to Lange, Lee & Dai (2011) Organizational reputation (sometimes-called corporate reputation) consists of familiarity with the organization, beliefs about what to expect from the organization in the future, and impressions about the organization's favorability.

In synthesis, grant management begins from the outset of looking for grant opportunities then go through grant proposal, and grant award and agreement through implementation till evaluation and closure. The main factors for good grant management practices embrace a wide range of functions, such as realistic planning, efficient budgeting, continuous monitoring and evaluation, effective controlling mechanisms.

CHAPTER THREE:

3. RESEARCH DESIGN AND METHEDODOLOGY

3.1 Research Design

This chapter presents the design and research methodology of the study. It described and justified the methods and processes that were implemented in order to collect data and answer the research questions. According to Kothari (2004), research is the hunt of reality with help of study, scrutiny, relationship and test i.e. systematic method of finding solutions to a research problem identified.

This study used a descriptive research method, as the main objective of the study was to assess and describe the grant management system in local NGOs taking the case of FGAE. The research used primary data consisting of questionnaires and interview. The questionnaires was developed consisting of 61 items classified into three parts: i.e. part I of the questionnaire was the respondents profile consisting of 8 closed-ended items; part II – consisting of 52 closed-ended Likert Scale items of ranging from 1 to 5 (from strongly disagree to strongly agree) and part III having one open-ended question aimed to enabled respondents to freely state their opinions that were not captured in the closed-ended questions. The researcher also used the second primary data collecting method by interviewing ten key informants of the study selected through a purposive sampling method. These staff members were having a repertoire of information consisting of 6 men and four women and were selected two from Area Offices and the remaining eight from the Head Office that: one Area Manager, and one Finance Officer both from the Area Offices; and one Director, two Program Managers, one Monitoring & Evaluation officer, one Clinic Coordinator, two Senior Finance Officers and one Internal Auditor from the Head Office.

All the interviewed staff and the part III of one open-ended question in the controlled questionnaire under the study were aimed for the enhancement and enlarge of data that was not be able to be explained in the controlled questionnaire. The main objective of the study was to assess the grant management system of FGAE and identify the gaps. In addition to the primary data, secondary data was used by reviewing the regulations and directives of the government, policies, manuals and guidelines of the association, reviewing annual programmatic and financial reports; review meeting reports, reports to donors, donor agreements, etc....

In this study, the researcher used both the qualitative and quantitative methods that the qualitative data stated the description of data in words rather than indicating numbers for which this helped the researcher to justify the results of the study further than the results obtained from the statistics output obtained from the quantitative data. Likewise, the researcher also implemented the quantitative research design that enabled to obtain the quantifiable statistical result indicated in numbers instead of stated in words. The quantitative data was obtained from the closed-ended controlled questionnaire and their statistical result produced in figures whereas the qualitative research technique were summarized in words by the researcher due the subjectivity response nature of the respondents.

3.2 Target Population and Sampling Technique

This research had taken place in FGAE, in Addis Ababa, Ethiopia, and it is focused on the program and financial data and some of the professional staff members of the organization for which the research had incorporated the Head Office and all the eight areas (branches) of the association.

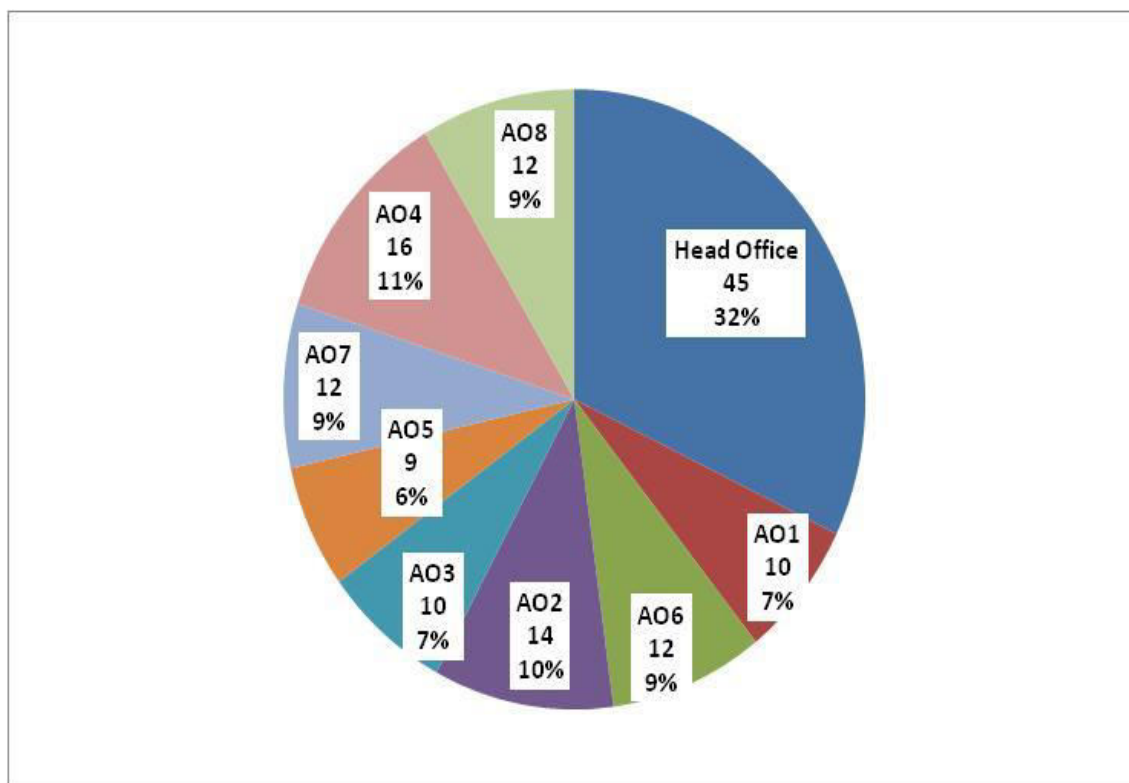
FGAE, currently, manages 47 clinics including one Gyn. / Obstetrics Specialty clinic (attached to its Head Office and the Learning Center); 8 Model and 13 Medium SRH, 15 Youth-focused and 10 Sex workers friendly STIs clinics across the country (FGAE, 2017). The Head Office of the Association as well as one of its Area Offices is found in the Federal Capital – Addis Ababa while five Area Offices are located in the main cities of different Regional States: i.e. 1. (Bahar Dar – Amhara Regional State); 2.(Adama – Oromia Regional state); 3.(Hawssa - SNNPR); 4.(Mekele – Tigray Regional State); and 5. (Harar – Harari Regional State). The remaining two Area Offices are found in Dessie - Amhara Regional State and Jimma - Oromia Regional state. Apart from its eight Area Offices, there are 36 work units where, among others, financial transactions and human resource functions are practiced.

A case study was conducted to include all concerned participants of the study. The study unit was a finite population identified based on the roles and responsibilities related to the execution of various programmatic and financial activities affecting grant management systems and practices. Included in the study unit were, among others, Directors (including the Executive Director), Area Managers, Team Leaders, Functional Managers, Program Coordinators, Monitoring & Evaluation Officers, Clinic Heads, Finance

&Admin Officers, Senior Finance Officers, Finance Officers, Logistic and Supplies Staff and the Internal Auditor.

As a case study, the target was 100% thus questionnaires were distributed to 147 concerned staff found in all the eight Area Offices and the head Office. The actual turnout was 133 respondents. As regards to key informant interview, selection of interviewees involved purposive sampling and hence 10 individuals were included. The pie chart (refer to Figure 3) portrays the distribution of respondents by their workstation.

Figure 3 Number and percent of respondents by Work Site



Source: Primary (questionnaire) data - 2018

As is apparent in figure 3, forty-five or one-third (32%) of the respondents were from the Head Office of FGAE. The remaining portion of represented were from the eight Area Offices (AOs). For example, the fourth Area Offices account for 16 respondents (11%) of the study participants. The second Area Office accounted for fourteen respondents which is 10% of the study. Respondents of AO6 and AO7 have accounted nine respondents (9%) each of the study.

Another group of respondents of the study were 10 key informants selected through a purposive sampling method. These staff members were believed to have a repertoire of information. Among them, there were 6 men and four women. According to their work

place or post, they were composed of one Area Manager, and one Finance Officer from the Area Offices, and one Director, two Program Managers, one Monitoring & Evaluation Officer, one Clinic Coordinator, two Senior Finance Officers and one Internal Auditor from the Head Office. Most key informants were aged between 29 and 50 years of age while their educational qualification was first and second degrees.

3.3 Types of Data and Tools / Instruments of Data Collection

Two kinds of study tools were used, namely, questionnaires and interview guides as described in the following section.

Questionnaire: - A structured questionnaire was designed consisting of 61 items aimed to gather primary data from 147 respondents. The questionnaire has three parts. The first part contained eight closed-ended and open-ended items. The second part of the questionnaire was comprised of 52 items closed-ended structured in a Likert type of scale. The scales of each of these items ranged from 1 (strongly disagree) to 5 (strongly agree). The third part constituted only one open-ended item to help respondents write freely any thoughts for questions that had not been captured in the second part of the questionnaire, about the overall grant management practice in FGAE (see Appendix-A).

The data sources included finance officers, program coordinators, work unit heads, and team leaders. In fact, these groups of respondents were believed to have adequate knowledge of, among others, project design, annual plan and budget preparation, implementation, monitoring, evaluation and reporting ventures in FGAE taken as a case study on a total of 147 targeted group that questionnaires were distributed.

Interview guides: - An in-depth interview was held with 10 key informants to get additional information on various system level challenges and issues prevailing with project agreements. The interview tool consists of seven items (see Appendix-B).

Secondary Data – As the research had consisted many different but closely integrated specific objectives, to use multiyear data was presumed very difficult to make the research short, precise and to the point. Hence, taken that problem into consideration, the researcher focused on the recent two years of the Association's financial and programmatic data and used to analyze the trend of project implementation in FGAE for two years periods (i.e. 2016 & 2017). This method helped to substantiate the major

research problems and find answers based on a realistic data source taking into account of the annual financial performance report of 2017 Budget Year (see Appendix-D).

3.4 Procedures of Data Collection

In the first instance, the researcher identified the participants of the study and informed the participants about the purpose of the research. The questionnaire was self-administered and to that effect, it had information on the objectives of the study and advised participants to remain anonymous in the questionnaire. That was done to ensure confidentiality of the respondents. Of the total 147 questionnaire, almost 65% was filled in the presence of the researcher, and the remaining were managed through the Finance & Admin Coordinators found in the Area office. The non-response rate was low because the researcher closely followed up in person and at far places; it was managed through intensive telephone calls. The Ethiopian Mail Service was used to receive the completed questionnaires in a sealed envelope from the respective area office.

Ethical considerations were taken during the data collection procedures such as protecting the confidentiality of the organization's information and the response of the respondents. In the first instance, the researcher obtained an approval (see Appendix-C) for the execution of this research from the Executive Director of the case Association. Voluntary participation was maintained through willingness to participate in the study. The purpose and objectives of the study were explained to respondents before the questionnaires were administered, and were filled anonymously in order to ensure the confidentiality of the respondent staff.

3.5 Methods of Data Analysis

The study employed a case study on FGAE taking into consideration all the concerned 147 respondents for which a questionnaire of 61 items classified into three parts was used to collect largely a quantitative data as well as some qualitative information. In order to supplement the study data with qualitative information, an interview tool was also developed and used. Furthermore, secondary data was obtained by undertaking a desk review.

Pursuant to Jackson, (2009), although very problematic to analyze, open-ended questions, however, help respondents to respond using greater variety of ways. By contrast, closed-ended questions could be easily analyzed for the reason that respondents' responses are very limited.

According to Weiner (2003), Likert scales use item weights that are dependent upon the respondent's behavior. Because of this, the Likert approach can improve the reliability of a scale by capturing more respondent variability per item and it can also increase the depth of content validity, because each item can capture differences in the intensity or severity of the measured characteristic.

3.5.1. Quantitative Data Analysis

First, the researcher identified the participants of the study and informed them clearly about the purpose of the research that the structured questionnaire was self-administered and to this effect, the researcher provided clear information about the objectives of the study and advised participants to remain anonymous regarding the questionnaire. That was done to ensure the confidentiality of the respondents. Of the total 147 questionnaire, about 65% was filled in the presence of the researcher, and the remaining were managed through the Finance & Admin Coordinators stationed in all the eight Area offices. The non-response rate was 9.5% (low non-response rate) and this was because the researcher closely followed up in person and at far places, the researcher had managed through intensive telephone calls. Besides, the Ethiopian Mail Service (EMS) was used to receive the completed questionnaires in a sealed envelope from the respective area office. That helped the researcher to extract all the required information and data for the study to ensure that all distributed questionnaires were collected as scheduled. The questionnaires used by NGOs were helpful to assess NGO grant management performance were customized as those questionnaires were internationally recognized as all comprehensive and had been adopted by different donors. Hence, the researcher took into consideration that the study results be compared against the acceptable standards and analyze the deviated results from the standards. For this purpose, the researcher chosen the Likert scale of 5 ranges from 1-strongly disagree to 5-strongly agree to analyze the total 52 Likert items of the grant management system in FGAE. After collecting the raw data from 133 respondents, all responded questionnaires were classified and compiled, then, were given their own codes, registered on excel spreadsheet, rechecked for clarity, and exported to the SPSS v. 20. Then all the data was processed, extracted, edited, classified and organized that became convenient for the researcher to analyze, interpret and summarize the result obtained from the data. Finally, the descriptive statistics using frequencies as well as mean and standard deviation were used to analyze the data.

3.5.2. Qualitative Data Analysis

An assessment had taken place at FGAE through carefully designed one open-ended question classified as the third part of the questionnaire and ten key informants were interviewed using seven interview questions that were considered as the best option to dig out additional and required data helpful to bring together both the quantitative and qualitative results. The researcher also interviewed ten key informants of the study selected through a purposive sampling method that enable to get qualitative information. Those staff members were having substantial information and those interviewees consisted of 6 men and four women and were selected two from Area Offices and the remaining eight from the Head Office that: one Area Manager, and one Finance Officer both from the Area Offices; and one Director, two Program Managers, one Monitoring & Evaluation officer, one Clinic Coordinator, two Senior Finance Officers and one Internal Auditor from the Head Office.

To summarize, after data collection, the filled questionnaires were given a serial number. It was then checked for completeness for entry to the analysis. A database was established for each of the eight demographic variables representing the profiles of respondents. In addition, there were 52 Likert items with 5-points based on the predefined coding made on the questionnaire. In the first instance, the responses of all the 133 respondents were entered in an excel spreadsheet. Secondly, it was cleaned for proper coding and completeness to ensure quality of data. Then, the excel data was exported to SPSS and saved as a dataset file.

An in-depth interview was conducted with 10 key informants composed of one Area Manager, and one Finance Officer from the Area Offices, and one Director, two Program Managers, one Monitoring & Evaluation Officer, one Clinic Coordinator, two Senior Finance Officers and one Internal Auditor from the Head Office. The interview was conducted face-to-face at the HO and through telephone conversation at the AOs. The interview data was analyzed using thematic contents that presumably help to complement the quantitative information because qualitative data stated by describing the data in words rather than using numbers for which this helped the researcher to justify the results of the study wider than the results obtained from the statistical output obtained from the quantitative data

The quantitative data obtained through Likert Scale measures were evaluated according to Best & Khan (1998)'s statistical solution. Best & Kahn (1998) demonstrated that mean score from 1 to 1.80 is lowest, from 1.81 to 2.61 is lower, from 2.62 to 3.41 is average/moderate, from 3.42 to 4.21 is good/high, and 4.22 to 5 is considered very well. In addition, a value of SD of 1 and less shows less variability in a five point Likert scale. The reliability coefficient of the scale was found out to be very strong.

CHAPTER FOUR: 4. RESULTS & DISCUSSION

4.1 Reliability Test

It was developed in 1951 by Cronbach Lee to meet the need of finding an objective way of measuring the internal consistency or reliability of an instrument used in a research work (Cronbach, 1951, p.297). The interpretation of this psychometric measure is as follows. According to Lombard (2010), Coefficients of 0.90 or greater are nearly always acceptable, 0.80 or greater is acceptable in most situations, and 0.70 may be appropriate in some exploratory studies.

Table 1: Reliability test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.980	.980	52

The reliability index of the tool is summarized in Table 1. The Cronbach's alpha statistics for the entire scale was almost a perfect index, which is 0.98 with a standard deviation of 34.115 and variance of 1163.817. Then, reliability was computed for the four sub-scales, and the results were: Grant management system=0.945 (17 items); Planning and budgeting=0.855 (6 items); Financial recording and reporting =0.930 (11 items), and Monitoring and evaluation =0.951 (18 items).

4.2 Results of the Study

A self-administered case study questionnaire was used to obtain data from a total of staff selected purposively. The non-response rate was 9.5%. This section presents analysis of data.

Results are presented using descriptive statistics (frequency tables and charts as appropriate). Means, standard deviations are used. The overall mean of respondents on the 52 items over the five-points categorical responses were used as a known test value.

4.3 General Information of respondents

Table 2: Scio-Demographic profile of respondents

Characteristics		Frequency	Percent
Sex	Male	42	31.6
	Female	90	67.7
	Missing	1	.8
	Total	133	100.0
Age	<18 years	1	.8
	18-28 years	25	18.8
	29-39 years	63	47.4
	40-50 years	23	17.3
	>50 years	20	15.0
	Missing	1	.8
Total	133	100.0	
Education	Diploma	4	3.0
	1st Degree	62	46.6
	2nd Degree	64	48.1
	3rd Degree	1	.8
	Other	1	.8
	Missing	1	.8
Total	133	100.0	
Marital status	Single	26	19.5
	Married	90	67.7
	Widowed	14	10.5
	Divorced	2	1.5
	Missing	1	.8
Total	133	100.0	

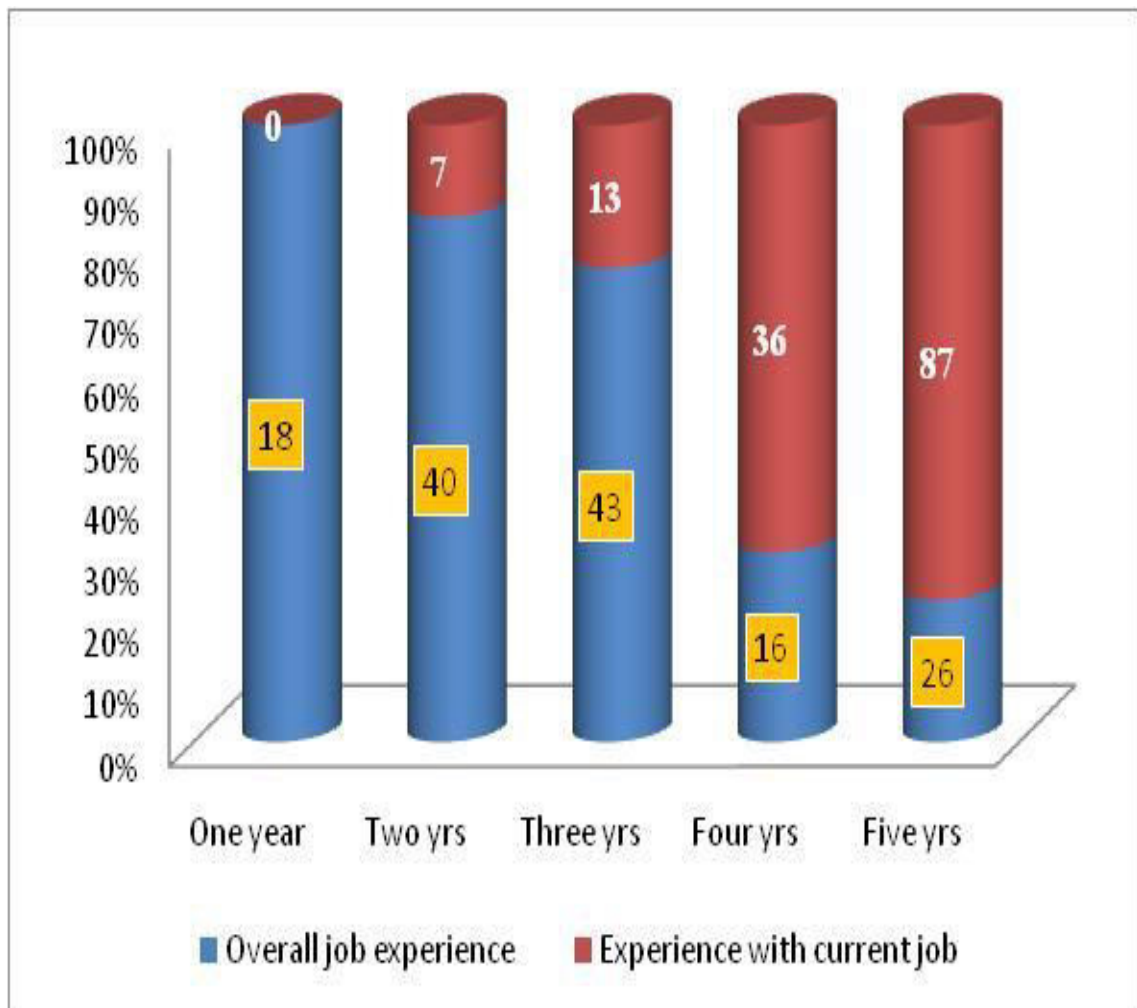
Source: Primary (questionnaire) data - 2018

In the following section, the socio-demographic characteristics of subjects are described. These are displayed in Table 2, female respondents constituted over two-thirds of participants, and the remaining were males. The age of respondents seem to be distributed normally from young to old. The large number of respondents (47.4%) found to be in the 29 to 39 age brackets, those with 18 to 28 years and 40-50 years constituted 18.8% and 17.3%, respectively.

Regarding to their educational qualifications, there were almost equivalent number of first degree and masters level participants. Both constituted 94.7% of the total respondents that the high level of education implies that the Association is having good performance and it helps the result of the study to be more convenient to manage the grant of the Association effectively and efficiently. The remaining have diploma and other territory level of education those who are less qualified, as per the expectation of

the study, are less efficient in dealing with the grant management activities. As far as the profile of study participants are concerned, the high level of education means better position to fairly respond to the study questionnaire. There were over two-thirds (67.7%) of married staff among the participants of the study. Singles and widowed, on the other hand, composed of 19.5% and 10.5% of the respondents, respectively. The remaining minority appeared to be divorced. Married personnel generally have less tendency to leave their current organization thus has high organizational affiliation.

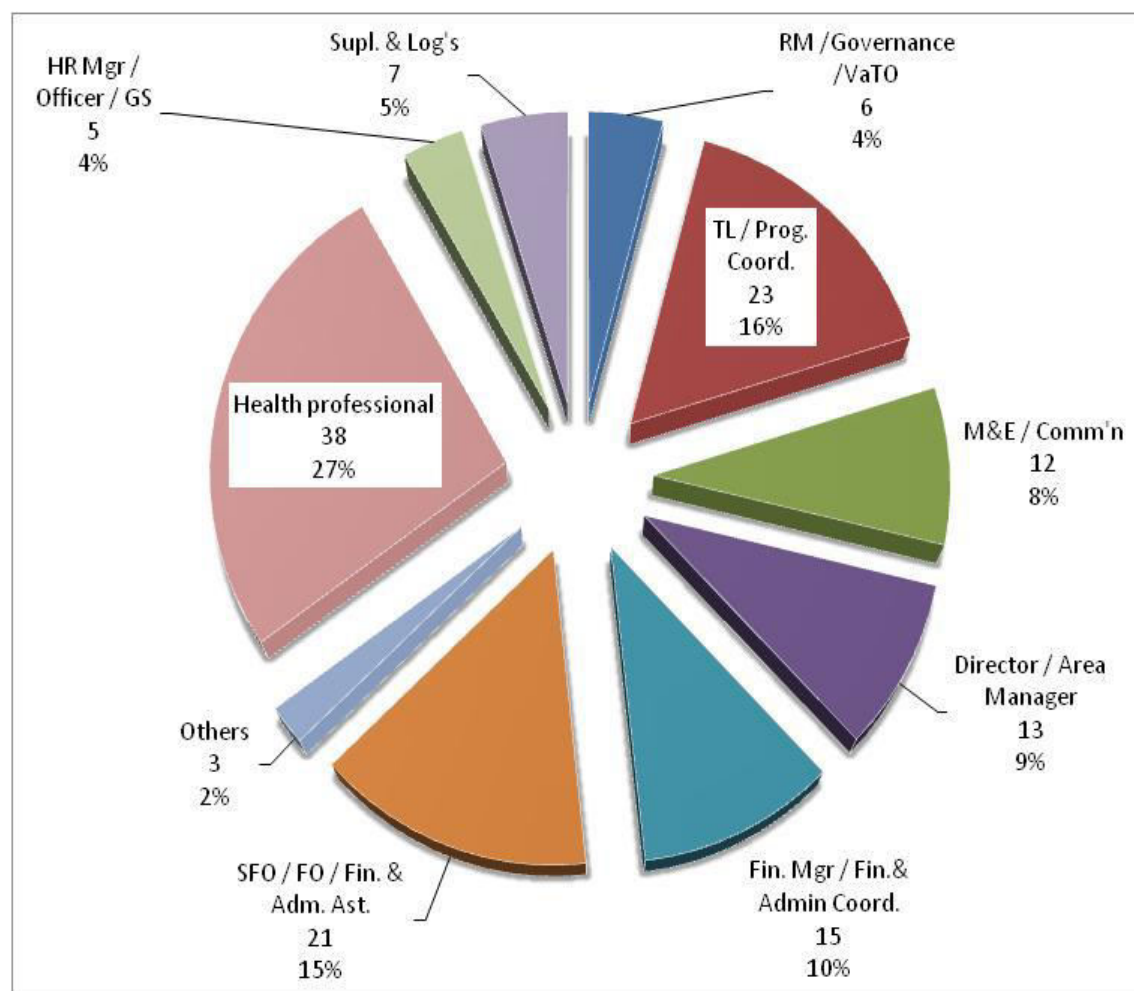
Figure 4 Length of overall experience and current position (N= 143)



Source: Primary (questionnaire and interview) data - 2018

The study data in Figure 4 presents the length of work experience of respondents. Their work tenure ranged from 1 to 5 years or more. Those with a length of experience three or less years largely worked in their current job while those with four and more years have either worked in other office or assumed another job post. This demonstrates that the study has reached to include long-serving staff that used to know the organization for a relatively long period. Hence, they are presumed to capable of describing the system.

Figure 5 Job/ position category of respondents of the study (N = 143)



Source: Primary (questionnaire and interview) data - 2018

Data regarding the job or position category of respondents is displayed in a pie chart (see Figure 5). Respondents represent different job positions. Amongst respondents, 9% were Finance Manager / Finance & Administrator Coordinator. Directors including the Executive Director on the one hand and the Monitoring and Evaluation / Corporate Communication respondents accounted for 8% each. The proportion of health professionals was found to be more than one-third (27%) of the whole respondents. Indeed, the organization is a health service delivering entity and likewise most of these health care workers are engaged in planning and budgeting aspects of the grant. Even some are clinic heads thus are involved in fund controlling as well as decision-making.

The second largest group of respondents represent the Finance Team which constitute positions ranging from Finance managers up to Finance Officers. Both accounted for nearly a quarter (25%). These group are crucial to the problem of the study because they control receipt of grants, manage financial records, prepare budgets and comply reports among others. The third group of respondents constitute 16% including team leaders,

program coordinators and project managers, who are key in planning, supervision, and resource mobilization. Directors including the Executive Director on the one hand accounted for 9%. Still the remaining minority groups like, Area Managers, Senior management team, Monitoring and Evaluation officers and Supplies and Logistics staff, who have close and significant bearings on overall decision-making.

4.4 Directives of the government, policies, manuals, guidelines and the leadership

Data was analyzed based on the statistical method suggested by Best & Khan (1998). Pursuant to Best & Khan (1998), the responses on Likert scale tool of 5-points were determined as the following ranges.

A mean value of **1.00 - 1.80** is the lowest or in this case, *highly disagree*,

A mean value of **1.81 - 2.61** lower or in this case, *disagree (below mean value)*,

A mean value of **2.62 - 3.41** moderate or in this case *average (mean value)e*,

A mean value of **3.42 - 4.21** is considered as *agree (above mean value)* and,

A mean value of **4.22 - 5.00** is considered as very good or in this case *very agree*.

Table 3: Directives, Policies, Manuals, Guidelines & Leadership (N=133)

S.n.	Questionnaire items	Freq.	Missing	Min	Max	Mean	SD
1	Has clear vision; mission, and objectives.	133	-	3	5	4.69	.553
2	Has effective policies, guidelines and procedures.	133	-	1	5	4.33	.967
3	Organizational policies, guidelines and procedures are effectively implemented.	133	-	1	5	3.59	.985
4	Organization has clear and updated financial, human resource, supplies & logistics, manual	133	-	1	5	3.89	1.010
5	Organization is filled with experienced and well trained staffs	133	-	1	5	3.77	.912
6	Organization is accustomed to place right persons on the right places.	133	-	1	5	3.48	.926
7	Has good governance practice that is integrated with board members.	133	-	1	5	3.44	.932
8	Plan, perform and achieve the intended result transparently	133	-	1	5	3.65	.914
9	The organization's leadership is strong enough to lead as a team.	132	1	1	5	3.16	.915

Source: Primary (questionnaire) data - 2018

The data obtained for system level variables was made to split into two tables where Table 3 summarizes the first nine items dealing with policies, manuals, and governance and leadership issues. Table 4, on the other hand contains eight system related questionnaire items including compliance, adherence and conformity.

Descriptive statistics such as the mean and standard deviation (abbreviated as SD) for each of the questionnaire items enlisted in Table 3. As per the data, the first two questions found to have a very good result because their mean ranges from 4.22 to 5.00. These are: the organization has clear vision; mission, and objectives (mean = 4.69, with SD = 0.553) and the fact that FGAE has effective policies, guidelines and procedures (mean = 4.33 and SD = 0.967).

The various questions in Table 3 however scored ‘good’ (with mean values ranging from 3.44 to 3.89). The only item that was found to have a moderate or average response was item number 9 (the organization’s leadership is strong enough to lead as a team having a mean value of **3.16** with SD of 0.915).

This finding was interesting as the key informants also confirmed it. However, the SD of Item # 4 under Table 3 (i.e., Organization has clear and updated financial, human resource, supplies & logistics, manual, etc...) was **1.010**. Hence, the SD greater than 1.00 implied there was large variability of responses among respondents.

Table 4: Directives, Policies, Manuals, Guidelines & Leadership (N=133)

S.n.	Questionnaire items	Freq.	Missing	Min	Max	Mean	SD
10	Grant management practices are in compliance with ChSA directives (e.g., 70/30)	132	1	1	5	3.86	.880
11	Adheres to agreements, requirements of grantors & stakeholders	133	-	1	5	4.01	.965
12	Taking a good care of the donors’ grants by making sure that their usage is performed	133	-	1	5	3.93	.800
13	Utilizes the grant in conformity with donors	133	-	1	5	3.96	.883
14	Organization is transparent throughout the grant management system.	133	-	1	5	3.77	.997
15	Effectively utilizes its manuals, guidelines and policies.	133	-	1	5	3.65	.979
16	The organization demonstrates managing grants.	133	-	1	5	3.64	.847
17	Donors release the required grant on time as per plan of action and cash flows.	133	-	1	5	3.71	.858

Source: Primary (questionnaire) data - 2018

The questions 10 – 17 in Table 4 showed the mean value of ‘good’ or simply ‘agree’ (with mean values of ranging from 3.64 to 4.01) this is interpreted as to be neither disagree nor agree it is simply neutral.

Hence, according to the data of the present study, FGAE has clear vision, mission and objectives (mean = 4.69) which is strongly agreed response. On a similar account, Seblewongel (2015) evidenced for effective policies, guidelines and procedures a mean value of 4.38 which is supported by the present study which showed a mean value of 4.33 on the same issue. On the updating or reviewing of guidelines, procedures and manuals, the present study had a mean value of 3.89 while that of Seblewongel (2015) showed 3.98 which both categories happened to be simply agree. The present study on effectively utilize its manuals, guidelines and policies (Table 4 item# 15) scored agree mean value of 3.65 while Seblewongel found similar level of agreement (mean = 4.14). Regarding leadership, Martha (2017) revealed out of 89 respondents that, 25.8% and 43.8% were agreed and strongly agreed, respectively. On the other hand, Martha (2017)’s study regarding to vision, mission and cored values of 9% and 86.5% agreed and strongly agreed, respectively for which the finding was similar to the present study. Donors transfer or release fund timely was agreed by 39.3% and strongly agreed 47.2%. Likewise, among the current study the mean value was 3.71 which is an agree response and partially supported by Martha.

The results of the study revealed that there are several policy guidelines and manuals in the Association. However, most respondents doubted the effective implementation of manuals and guidelines. This was also supported by key informants who labeled that guideline implementation is weak. This was attributed by interviewees to lack of regular orientation thus not all staff are well informed. Both quantitative data and key informant responses showed that the organization lagged to update its financial, human resource management, supplies and logistics manual. Likewise, there are doubts whether the vacant post of the organization be filled with experienced and well-trained staff. Within the system, there are also challenges in relation to the board and executive of the association. They need to be proactive and deliver stewardship to the donor partners and enhance the leadership style.

Only one key informant said that FGAE has a team work that effectively guides the Association forward. However, most interviewees remarked on governance and leadership as inefficient in some cases. For example, they raised the issue of delayed

action to review and align the Associational structure with its strategic plan. Others commented that health professionals be placed in the senior management committee member since the organization is working on health issue. Mostashari (2005:6) argued that: *“Having a good and effective NGO Board provides a basis for successful management of its organization; familiarizes its target constituents with the activities of the NGO; help in better understanding the organizational structure of the NGO, and also assist in distributing responsibilities among the team members within the NGO organization.”*

Transparency includes preparing accurate, complete and timely financial reports and making them accessible to stakeholders, including beneficiaries. If an organization is not transparent, then it may give the impression of having something to hide (Lewis, 2003).

Financial stewardship is defined by Lewis (2003) as: Taking good care of the financial resources that are entrusted with and making sure that they are used for the purpose intended.

Hiwot (2016) had studied the challenges and prospects associated with the ChSA proclamation. Unlike other studies, some of the findings of Hiwot’s study exalted the merits of the proclamation. The 70/30 proportion is said to have influenced the way resources are utilized. One senior staff of a certain NGO stated that: *“...what my organization achieved after the implementation of 70/30 is a saving in training supplies left from training and workshop to keep for the next training/workshop from being lost or wasted.”* (Hiwot, 2016).

According to that report, the directive rather induced improvements whereby make organizations become more cost conscious than before ever.

In general, key informants tend to be mixed in their views about system level issues. A key informant said that: *“FGAE's grant management system is fully applicable in accordance to donor's agreements.”* In fact, the organization used to be reputable. Some other key informants remarked that the long-existing reputation of the Association seems to be deteriorating.

4.5 Planning and Budgeting Practices

As stated about the data under Table 5, data of six items are displayed related to program planning and financial budgeting. Summarized in Table 5 are data on mean responses of participants regarding to planning as well as budgeting practices.

The results revealed to fall under the range of good/agree to very good/ strongly agree mean values. For instance, to mention, the statements: ‘*Finance staff is involved in the annual plan/budget preparation process*’ and ‘*the board of the organization formally approves the annual budget*’ showed mean values 4.29 and 4.26, respectively which are ‘very good’ or strongly agree. On the other hand, the remaining four items revealed ‘good’ or ‘agree’ responses among participants with mean values ranging from 3.52 to 4.05.

Table 5: Statistics of Planning and Budgeting (N=133)

S.n.	Questionnaire Items	Freq.	Missing	Min	Max	Mean	SD
1	Initiates projects that can solve existing problems by generating ideas to meet objectives.	132	1	1	5	3.52	.869
2	Identifies and prioritizes the course of action to attain intended to achieve.	131	2	1	5	3.52	.889
3	Promotes shared understanding on how both parties would work in a jointly manner.	131	2	1	5	3.57	.775
4	Finance staff is involved in the annual plan/budget preparation process.	132	1	1	5	4.29	1.015
5	The board of the organization formally approves the annual budget.	130	3	1	5	4.26	.928
6	Finance staff breaks down annual budget into a monthly cash flow consistent with action plan.	131	2	1	5	4.05	1.022

Source: Primary (questionnaire) data - 2018

Yet, the standard deviations (SD) of Item number 4 under Table 5 (*Finance staff is involved in the annual plan/budget preparation process*) as well as Item number 6 (*Finance staff breaks down annual budget into a monthly cash flow consistent with action plan*) were **1.015** and **1.022**, respectively. Hence, as the standard deviations are greater than 1.00, they are said that there was large variability in the respondents’ responses.

Therefore, in FGAE, the involvement of finance staff in annual budget preparation process was strongly agreed by respondents (mean = 4.29) with high variability of responses scoring a SD of **1.015**. The result was similar to the data of Martha (2017) where 33.7% of her study groups agreed to the existence of this practice. In fact, there were also 60.7% with very high or strongly agree results. Martha (2017) showed a favorable response regarding the statement that the board formally authorizes the annual

budget 40.4% (agree) and 56.2% (strongly agree). However, this study scored a mean value of 4.26 which very high (strongly agree) as per Best & Khan (1998).

Likewise, others forwarded that the organization does not allocate sufficient budget at the beginning of the year. Interviewees said that budget release from the HO is not timely so creates rush in the final quarter affecting utilization. Hence, not only the burn rate appears high but also documentation management is weak.

4.6 Financial Recording, Reporting and Closure of Projects

Table 6: Statistics for financial records, reporting & project closure (N=133)

S.n.	Questionnaire Items	Freq.	Missing	Min	Max	Mean	SD
1	Financial records of all grants and expenditures are kept complete & accurate with integrity.	131	2	1	8	4.02	1.000
2	The organization prepares financial statements separately for each project.	131	2	1	5	4.02	.988
3	The financial records and handling mechanisms of projects are in line with Generally Accepted Accounting Principles (GAAP).	129	4	1	5	4.11	.886
4	Maintain records for all financial grants and non-financial items;	130	3	1	5	4.03	.853
5	Utilizes appropriate computer software for financial recording and reporting	132	1	1	5	4.00	.996
6	Finance staff prepares and reconciles monthly financial performance with activities.	130	3	1	5	3.90	.955
7	Reports are submitted on due dates to donors	131	2	1	5	3.89	.825
8	Performances are reported in quality using standard on time to management, board, donors....	131	2	1	5	3.89	.847
9	Projects are closed on time as per the agreement entered with the donors	130	3	1	5	4.15	.899
10	Hands over the closed projects conveniently to those who have vested interest.	130	3	1	5	3.80	.875
11	Communicates with the donor regarding closure of the project and clears unsettled funds	129	4	1	5	3.95	.900

Source: Primary (questionnaire) data - 2018

On the other hand some key informants were apprehensive about the practice of budget modification. One key informant in particular said: *“When a big difference between budget performance and program implementation exist, budget modification becomes mandatory.”*As a matter of fact, FGAE employs budget modification system. Yet, most interviewees argued that this habit become an escape goat for most lagging activities.

The facts and figures under Table 6, data of 11 items are displayed related to financial records, reporting and closure of projects. Table 6 also displays the descriptive statistics consisting of minimum and maximum response for 11 items as well as the mean and standard deviation of respondents was found.

All the items in Table 6, such as, *the adherence of GAAP standards, financial practices as complete and accurate records of grants and expenditures, the segregation of financial statements by project, the fact that records are kept for financial as well as non-financial items, and the use of appropriate software for financial transactions.* The mean values for all of the issues were ‘good’ results (ranging the mean values from 3.80 to 4.11). Since the standard deviation was less than 1.00 for each of the 11 items and high mean values, the result revealed agreement with most accounting practices.

Therefore, while a few key informants stated that FGAE has updated and automated financial system, however, several others disagree. Comments in this regard from the disagreeing interviewees include: *“FGAE is not using updated software to manage its finance and stock;”* *“Other similar organizations have better experience need to learn from them;”* and *“Poor documentation of the work of activities as well as poor technological utilization in still practiced in the Association.”* Are among others of their arguments that FGAE shall give due attention.

Apart from report delay or not meeting the reporting due date, interviewees revealed that the organization does not have clear information on financial collection and utilization at lower levels. Such gaps are specifically pointed to inventory, stock card, bin card and fixed assets management, which were suggested to get more attention.

4.7 Monitoring & Evaluation and Internal Control Practices

Table 7: Statistics for monitoring and evaluation (N=133)

S.n.	Questionnaire Items	Freq.	Missing	Min	Max	Mean	SD
1	Coordinates people and resources to implement and carryout activities to meet purposes of grants.	131	2	1	5	3.74	.891
2	Ensures by monitoring and supervising the progress regularly to identify variances	132	1	1	5	3.63	.911
3	Develops action plan for monitoring and supervision.	132	1	1	5	3.86	.906
4	Organization ensures that funds (grants) are used economically for achieving better results.	133	-	1	5	3.74	.968
5	The organization manages its funds efficiently.	130	3	1	5	3.68	.917
6	The organization manages its funds effectively.	130	3	1	5	3.71	.876
7	Activity performance reports are analyzed and measured against initially allocated budgets.	132	1	1	5	3.70	.914
8	The General Assembly (G.A) /Board authorizes an independent auditor for annual audit	130	3	1	5	4.05	.999
9	The board ensures the fulfillment of the government's requirements by following the executives of the organization	131	2	1	5	3.76	.876
10	There is segregation of duties and responsibilities among its staff.	129	4	1	5	3.74	.988
11	The organization provides to all positions of its staff clear job descriptions.	132	1	1	5	4.03	1.033

Source: Primary (questionnaire) data - 2018

Eighteen items were entered into the Monitoring & Evaluation as well as internal control system aspects are presented. For the sake of ease of presentation, the data is separated into two tables (namely, Table 7 and Table 8). The former (Table 7 i.e. 11 Items) largely consists of grant monitoring and evaluation practice levels of activities while the latter (Table 8 i.e. 7 Items) consists of mostly internal control practices.

Further Table 7 shows that the mean values were all found to show ‘good’ or ‘agree’ responses, which were in favor of the statements identified in the Table ranging from 3.63 to 4.05. Yet, a further inspection of the data revealed that one statement showed high variability response from the respondents. The statement that: ‘*The organization provides to all positions of its staff clear job descriptions*’ (Item # 11) had responses with mean value of 4.03 but SD of **1.033** which is greater than 1. Thus, the practice of staffing with clear job descriptions is rather questionable. In fact, key informants supported this view by suggesting that staff structure has to be improved with well-delineated roles and responsibilities.

Table 8: Statistics of internal control practices (N=133)

S.n.	Questionnaire Items	Freq.	Missing	Min	Max	Mean	SD
12	The organization has strong internal auditing system.	132	1	1	5	3.77	.898
13	External auditors audit all financial activities at least ones a year.	129	4	1	5	4.16	1.029
14	The boards of the organization conduct regular meetings to evaluate the performance and take corrective actions	129	4	1	5	3.78	.962
15	Donors review and have a follow-up mechanism regarding the grant management system.	129	4	1	5	3.75	.848
16	The management team of the organization checks, reviews the overall performance, and takes action on the variances.	129	4	1	5	3.70	.816
17	Finance staff uses stock ledger card for recording stock items on regular basis and reconcile it with the bin card	128	5	1	5	3.69	.937
18	Fixed assets are recorded in a fixed asset register book regularly.	129	4	1	5	3.85	.985

Source: Primary (questionnaire) data - 2018

On the other hand, Table 8 shows that the six Items scored mean values ranging from 3.69 to 3.85 and SD that are less than one except for Item # 13 which says ‘*All financial activities are audited by external auditors at least ones a year*’ scored a mean value and standard deviation of 4.16 and **1.029**, respectively. Hence, as the SD is greater than one and this is due to the high variability of respondents that the existence of external audit system at least ones a year became questionable. However, key informants argued that there was strong external audit practice that was undertaken on regular basis at least ones

a year. On the top of these, the absence of a proper grant office with the required grant personnel were strongly underlined by the interviewees as signs of negative impacts.

Likewise, most interviewees commented the lack of segregation of duties and responsibilities because of overlapping job assignments to certain staff but claimed that the organization had strong external auditing practices. In addition, the key informants said that ‘*review with a follow-up mechanism by donors regarding the grant management system*’ and ‘*review of overall performance by the management team*’ seemed to be rare phenomena. It was moreover found out that the *key practice of using stock ledger card for recording stock items to reconcile with bin card* was commented to be not regular.

Therefore, as part of internal control, the *fixed asset management* said a key informant, demands attention to enhance effectiveness. Gaps mentioned by key informants in relation to M&E include: Due attention is not given for *value for money* emphasizing that it seems its concept is even not understood by the association, if not, not well managed; action plans and cash flows are not strictly followed; and more focus is given on quantity rather than quality.

Although the importance of supportive supervision, monitoring and evaluation of projects and providing technical assistance were observed as good practices in the Association, however, key informants remarked that implementation of key action points identified through supervision have not been given due consideration.

On the other hand, some key informants forwarded their view that Area Offices should strengthen their follow-up regularly within their respective work units apart from waiting annual or semi-annual review meetings to discuss on problems instead of practicing to solve the work plan and budget related problems at their infancy stage.

After all, the grants manager position remains vacant for long. Hence, the management aspect of this particular critical grant management service is being undertaken not by the right person or professional but any other staff who are not responsible for that unit. In this regard, key informants noted that such sensitive position has filled by the appropriate staff at the soonest possible time. A key informant pronounced this gap by saying “Without the grant manager, staff and corresponding work units cannot talk about grant management system in the Association because it is *like a ship sailing on a sea without having a compass.*” He expounded the ship analogy further “*Either the ship will sink in*

the middle of the ocean or its destination may be in another place thus incurring additional cost than expected or planned.”

According to some key informants, a few staff are doing multiple activities in addition to what is on their job description. Consequently, it was commented that the number of employees needs to be more, e.g., to include cost analysts. Furthermore, the key informants expressed much dissatisfaction about the human resource management system of the association. They alleged that the association is not doing well on employee's satisfaction and the poor salary and related benefit packages made the association incompetent to other organizations. The organization needs to work more over ensuring segregation of duties among staffs so as to comply with various standards of audit as well as create conducive environment with full accountability of each staff. One particular key informant commented that *“the human resources management system appears obsolete as compared to the current demand and dynamics.”*

Regarding segregation of duties among staff, Seblewongel (2015) found out a mean value of 4.38 which is very strong agreement whereas the present study a mean value of 3.74 which is simply agree. This result showed the segregation of duties among staff under the organizations that Seblewongel had conducted the research was better than the current study for which the Association of the current study need improvements. ‘Financial activities are audited by external auditors at least once a year’, the present study showed an agreement but with a standard deviation of high variability or less reliability (i.e. mean value of 4.16 with a SD of **1.029**) whereas Seblewongel's study found to be a strongly agree with a mean value 4.64 (with SD = 0.485). Indeed, in both the mean and SD values differ regarding the mean valued from questioner result of the current study but is consistent with the result of the interviewed staff that claim to be very strong. However, the high variability from the mean or less reliability among FGAE study group indicates dispersed responses of respondents on this issue that seeks improvement.

The finding of the present study is different from some previous studies. For example, Seblewongel (2015) made an assessment on the financial management practices of selected international NGOs showed that distinct assignments were confirmed to be reflected in each staff's separate job description as per interviews carried out (mean score of 4.44).

There was high variability among respondents regarding the practice of providing all positions of the organization staff with clear job descriptions.’ Most key informants

annulled the irregularity of this and incompatibility of the current structure with the organization. Existence of 'strong external auditing system' in the organization was found to be a grey area where key informants did not agree with.

Audit practices both by internal and external key to a healthy and sustainable organization. This is sporadic. Genet (2015) studied the internal control system of Pathfinder International involving 68 respondents and found a mean response score of 4.13 regarding the organization is able to provide a well-defined job description to the employees. In this regard, key informants interviewed suggested that inventory, stock card, bin card and fixed assets management need attention. Abdulkadir (cited in Seblewongel, 2015) stated that the application of internal control systems has the potential to help in the effective and efficient delivery of services.

Key informants alleged that there is lack of regular follow-up at all levels and action based on plans developed. In addition, improper planning and management lead to shortage of test kits (for HIV/AIDs) and other SRH commodities like condom, infertility drugs, and lab reagent which are the most important and crucial service providing tools and instruments that enable to attain the main objectives of the association.

CHAPTER FIVE: **5 CONCLUSIONS & RECOMMENDATIONS**

The present study tried to assess the grant management practices of the organization. Primary data through a descriptive case study method was employed to obtain data and also a desk review and key informant interviews were conducted to supplement the quantitative data with qualitative information. Descriptive statistics were used during analysis. Besides, secondary sources such as: program & financial reports, the association's policy manuals, guidelines, instructions; the government's laws, proclamations directives and grantors' agreements were taken into consideration to substantiate the data found through primary data. Based on the findings of the study, conclusion and recommendations are forwarded for corrective measures by FGAE.

5.1. Summary of Findings

There are different policy documents that guide and regulate grant management as well as the planning and reporting of programs and finances. Various requirements dictated by the Government and grantors are sporadically adhered. For example, the 70/30 seems to be complied by aggregate at the Association level. Yet, a cross-section view of the proportion by Area Offices revealed that the directive is not complied accordingly.

Once grants were awarded from a dozen of grantors, it was presumed to be utilized to achieve the intended objectives within the agreed period. However, the study revealed that the Association had not fully utilized the grants awarded and obtained from the grantors. For instance, about Birr 21.6 million in 2016 and more than Birr 12 million in 2017 were not utilized by the Association and were liable to grantors. The under expenditures were severe when looked in detail by Area Offices and the specific grantors. If the Association had not been privileged to practice annual budget modification, the problem could have been beyond manageable limit.

The key informants echoed that there are series of gaps in handling the grants and grant agreements made by the association with the grantors and they argued that it was due to the grant management office was not only staffed by one person, but it had also been vacant for long and the internal audit office is staffed by only one personnel which is not convenient for an individual to address all the area offices for internal audit undertakings for which that was also observation by the researcher during the research undertakings. The leadership aspect had scored a mean value of **3.16** that was questioned as not strong

enough to lead the Association as a team. The key informants and respondents of the open-ended questionnaire invariably agree on this issue. Moreover, the interviewees and the respondents who wrote in the open-ended part of the questionnaire complained that there were poor integration and lack of coordination among departments within the association and they justified that this was due to the weak leadership in the Association. The other issue of dissatisfaction of the interviewees was regarding to the consistency of monthly cash flow with action plan that they advised for the need of harmonized work among Finance, Program and other pertinent work units. The respondents in the open-ended questionnaire who echoed and supported by the interviewees was the late release of grant either from the donor to the association or from the association to the respective area offices that brought a hectic implementation of programs during the final quarter of the year which in turn compromises the quality of performance and likewise incurs more cost than budgeted even lead to the misuse of granted funds.

5.2. Recommendations

1. The management needs to enhance their grant management capacity and leadership skills that enable them properly lead the Association in general and effectively manage the grant in particular. This skill make them update with the current active pace of the internal and external dynamic environment.
2. FGAE needs to fill the vacant posts specially those of the Grant Management and the internal audit units. When this is implemented, the Association can enhance its grant management system by making a better compliance with governmental regulations and directives and adherence to the policies, manuals and guidelines of the association and other issues coming from the public as well as from donor partners.
3. The key informants revealed that there is failure in meeting reporting due date. Such weak practice will not only stain smooth communication with the grantors but will also transcend to affect the reputation of the grantee and the consequences might cause loss of grants on pipeline and rejection of any further award. Therefore, the Association has to enhance its manual approach or use automated version that can alert and operate the delivery of reports on due date.
4. The Association needs to undertake a study to identify the overall system level issues with respect to effective grant management system and practices. The development and designation of a realistic and efficient structure and staffing will likely help the Association to overcome existing gaps and the challenges ahead.

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APPENDIX

Appendix A- Questionnaire

Researcher: Alemu Kihisen Mekonnen.

Academic back ground: (BA-Accounting; LLB).

University: St. Merry University.

Research topic: Assessment of grant management systems and practices in local NGOs: The case of Family Guidance Association of Ethiopia (FGAE).

Purpose of research: For the partial fulfillment of MBA in Accounting and Finance.

Objectives of the research:

- 1) To assess grant management practices of the Association with regard to donor requirements and the rules and regulations envisaged in health sector of the country
- 2) To assess project planning and budgeting practices in light of performance and utilization
- 3) To assess the strengths and limitations of financial records, reporting and closure of the organization
- 4) To assess the monitoring, evaluation and internal control system against expected standards.

Introduction: This study is being conducted for the partial fulfillment of MBA: in Accounting and Finance.

1. First of all, I would like to extend my deepest gratitude for taking your precious time and efforts to complete this questionnaire, in spite of your busy schedule.
2. Please be informed that the result of this assessment is ***strictly confidential*** and ***solely for academic purposes*** and any result associated with it ***will not be disclosed without the consent of association.***

NB: Please be noted that if some questions as well as how to fill the questionnaire are not clear, do not hesitate to ask me any time either using my cell phone #s ***0913 04 94 10*** or/and ***0947 74 46 39***; or through my email address: [***alemukih@yahoo.com***](mailto:alemukih@yahoo.com).

Direction:

Pursuant to the standards of grant management in NGOs, please put a (✓) mark to indicate your best response for agreeing or disagreeing with the statement regarding of your practices and experiences in FGAE context that you agree for the hereunder stated rating parameters.

Note that put a (✓) mark in the box “1” – if you “*strongly disagree*”; “2” – if you simply “*disagree*”; “3” – if your evaluation is an “*average*”; “4” – if you “*agree*”; and “5” – if you “*strongly agree*” as per your practices, performances and application.

Disclosure for your ratings		
Rating code	Key words for codes	Definition for your rating
1	Strongly disagree	If your practices, performances and applications for the hereunder statements are the lowest of the average.
2	Disagree	If your practices, performances and applications for the hereunder statements are lower than the average
3	Average	If your practices, performances and applications for the hereunder statements are on average
4	Agree	If your practices, performances and applications for the hereunder statements are more than the average
5	Strongly agree	If your practices, performances and applications for the hereunder statements are the highest of the average

Section I: Respondent’s profile:

1. Sex: 1 Female 2 Male
2. Marital Status: 1 Single 2 Married 3 Widowed 4 Divorced
3. Your age: 1 <18 years 2 18-28 years 3 29-39 years 4 40-49 years 5 >50 years
4. Your educational level is: 1 Diploma 2 1st degree (BA) 3 2nd degree (Maters) 4 3rd degree (PhD) 5 Other, specify; _____
5. Workstation: 1 Head Office 2 Addis Ababa Area 3 Central Area 4 Eastern Area 5 Southern Area 6 Southwest Area 7 Northwest Area 8 Northeast Area 9 Northern Area; 10 other, specify; _____
6. Your overall job experience is: 1 <one yr 2 1-3 yrs 3 4-6 yrs 4 7-10 yrs 5 >10 yrs
7. Experience in your current position: 1 < one yr 2 1-3 yrs 3 4-6 yrs 4 7-10 yrs 5 >10 yrs
8. Your current position falls under one of the following:
 1. Director/Area manager
 2. Team leader/Program coordinator
 3. Resource mobilization manager/Governance manager/ Volunteers & training officer
 4. M&E team/Communication team/
 5. Finance manager/ Finance & Admin coordinator
 6. Senior finance officer/Finance Officer/ Finance & Admin Assistant
 7. Supplies and logistics staff
 8. Human resources manager/officer/GS
 9. Health professional; Other, please specify; _____

Section II: Practices of effective grant management systems

S/N	Questions	Refer direction section II
1	Directives of the government, policies, manuals, guidelines and the leadership	
1.1	The organization has clear vision; mission, and objectives.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.2	The organization has effective policies, guidelines and procedures.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.3	The organizational policies, guidelines and procedures are effectively implemented.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.4	The organization has clear and updated financial, human resource, supplies & logistics, grant, manual and other relevant manuals.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.5	The organization is filled with experienced and well trained staffs	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.6	The organization is accustomed to place right persons on the right places.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.7	The organization has good governance practice that is effectively integrated with its board members.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.8	The organization plan, perform and achieve the intended result transparently	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.9	The organization's leadership is strong enough to lead as a team.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.10	Grant management practices are in <i>compliance</i> with ChSA directives, e.g., 70/30 rule.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.11	The organization <i>adheres</i> to the agreements, requirements of grantors (donors) and other stakeholders.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.12	The organization is taking a good care of the donors' grants by making sure that their usage is <i>performed</i> accordingly.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.13	The organization utilizes the grant in <i>conformity</i> with the restrictions and conditions entered with donors.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.14	The organization is transparent throughout the grant management system.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.15	The organization effectively utilizes its manuals, guidelines and policies.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
1.16	The organization demonstrates in managing grants.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>

1.17	Donors release the required grant on time so that the organization can implement its activities as per plan of action and cash flows.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2	Projects planning and financial budgeting	
2.1	The organization initiates projects that can solve existing problems by generating ideas for services to meet specific objectives.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2.2	The organization identifies and prioritizes the course of action to attain the objectives that the project intended to achieve.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2.3	The organization promotes shared understanding on how both parties would work in a jointly manner.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2.4	Finance staff is involved in the annual plan/budget preparation process.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2.5	The board of the organization formally approves the annual budget.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
2.6	Finance staff breaks down the annual budget into a monthly cash flow in consistent with the program staff action plan.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3	Financial records, reporting and closure	
3.1	Financial records of all grants and expenditures are kept complete and accurate with integrity.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.2	The organization prepares financial statements separately for each project.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.3	The financial records and handling mechanisms of projects are in line with Generally Accepted Accounting Principles (GAAP).	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.4	The organization maintain records for all financial grants and non-financial items;	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.5	The organization utilizes appropriate computer software for financial recording and report generating purposes.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.6	Finance staff prepares and reconciles monthly financial performance report the report with activities performed by project staff.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.7	Reports are submitted on due dates to donors	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.8	Performances are reported in quality using standard reporting formats on time to the management, board, donors and other concerned stakeholders.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.9	Projects are closed on time as per the agreement entered with the donors	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>

3.10	The organization hands over the closed projects conveniently to those who have vested interest.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
3.11	The organization communicates with the donor regarding the closure of the project and clears all unsettled funds pursuant to their agreement.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4	Monitoring, evaluation and internal control	
4.1	The organization coordinates people and resources to implement and carryout activities to meet the intended purposes of grants.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.2	The organization ensures by monitoring and supervising the progress regularly to identify variances as well as gaps.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.3	The organization develops action plan for monitoring and supervision.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.4	The organization ensures that funds (grants) are used economically for achieving better results.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.5	The organization manages its funds efficiently.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.6	The organization manages its funds effectively.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.7	The activity performance reports are analyzed and measured against the initially allocated budgets.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.8	The General Assembly (G.A)/Board authorize an independent auditor to conduct an annual audit	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.9	The board ensures the fulfillment of the government's requirements by following the executives of the organization.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.10	The organization ensures that there is segregation of duties and responsibilities among its staff.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.11	The organization provides to all positions of its staff clear job descriptions.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.12	The organization has strong internal auditing system.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.13	All financial activities are audited by external auditors at least ones a year.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.14	The boards of the organization conduct regular meetings to evaluate the performance of the organization and take corrective actions as necessary.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.15	Donors review and have a follow-up mechanism regarding the grant management system.	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
4.16	The management team of the organization checks and reviews the overall performance and takes appropriate action on the	1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>

Appendix B- Interview Guide

Study Tool 2: Key Informant Interview

This interview is intended to get information from staff members holding key positions (including Directors and Area managers) or due to their seniority. I am conducting this research to meet a partial fulfillment for an MBA in Finance and Accounting. Participation is voluntary, and your responses will be kept anonymous and confidential. I appreciate for your willingness to be part of the interview.

Interviewee Code: _____; Date of Interview _____; Place _____

i) Age: _____, ii) Sex: _____, iii) Position: _____, iv) Educational level: _____

v) Marital status: _____, vi) Overall experience in years: _____,

vii) Experience with FGAE: _____; viii) Work station _____


Interview questions

- 1- Do you think that the Association effectively manage the grant it obtained from grantors? If YES, would you please tell me more about it. If NO? Why?
- 2- Do you think FGAE is complying with the ChSA directive of 70/30 program versus admin proportion? Would you tell me more about your answer please?
- 3- To what extent do you think FGAE adheres to the terms and conditions of grant agreement entered with donor partners?
- 4- Please, would you tell me something about the challenges that were experienced by the Association during the last two years of 2016 & 2017?
- 5- How would you think that the Board and Executive management work together in order to enhance grant management?
- 6- To what extent do you think that the Association is fulfilling the ethics of grant management?
- 7- Would you please tell me any other observation or opinion you would like to say?

Thank you so much!

Appendix C: Permission Letter

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School of Graduate Studies

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Date: - 01 / 01 / 2018
ቀን:-

*PO / FAD/ed M/As
For your Support
2/15/2018*


Request for Cooperation


To: **Family Guidance Association of Ethiopia**

Mr. /Ms. Alemu Kihisen, ID No. SGS/0302/2009A is a graduate student in the department of **MBA in Accounting and Finance**. He/she is working on his/her thesis entitled "**Assessment of Grant Management in Local NGOs: The Case of Family Guidance Association of Ethiopia**", and would like to collect data from your organization.

Therefore, I kindly request your good office to allow him/her to access the data he/she needs for his/her research.

Any assistance rendered to him/her is highly appreciated.

Sincerely




ወንድሜንግዬ ሻካሪት (ድ/ሮ)
ወንድሜንግዬ ሻካሪት
Wondimengene Chetot (PhD)
Dean, IADR

Appendix D- 2017 Annual Budget Performance Report

Donor	Budget	Utilized	Variance
Addis Ababa Health Bureau	3,457,712	3,195,166	262,546
BURGSTROM Fund	157,802	0	157,802
Cervical Cancer prevention	491,503	526,489	(34,986)
Center For Diseases Control	48,925,025	41,234,607	7,690,418
DKT	1,192,592	1,192,592	0
AMREAF DEFID	2,578,792	1,829,945	748,847
Embassy Kingdom of Netherland	50,000,142	49,999,203	939
Global Comprehensive Abortion	8,257,907	8,355,679	(97,772)
GUSO/IPPF	1,224,283	1,182,601	41,682
HAPCO	2,271,612	2,218,586	53,026
IPPF	47,027,929	45,726,609	1,301,320
IPPF Social Franchising	93,986	93,986	0
KORIA POPULATION HEALTH ASS.	900,000	838,637	61,363
Learning Center Upgrade	580,249	507,088	73,161
MAMA Exchange visit from AFRIC	254,351	160,852	93,499
Ministry of Health RIF Project	24,493,078	24,493,077	1
MERCK SHARPE & DOHME FINANCE	7,751,634	7,539,825	211,809
ORGANIZATION FOR SOCIAL SERVIC	78,909	78,909	0
PACKARD	13,318,024	13,303,575	14,449
PHI rising up	64,132	35,522	28,610
Improving quality of care	291,643	289,366	2,277
UNFPA/NORAD	15,233,220	14,603,099	630,121
COMIC RELIEF FUND	4,673,374	3,659,695	1,013,679
Youth Communication Incentive	93,816	93,793	23
Total Budget before commodity	233,291,011	221,038,196	12,252,815
Building reserve Fund	13,434,705	13,434,705	0
DKT	448,260	448,260	0
MINISTREY OF HELTH	12,487,277	12,487,277	0
Pharma Fund & Supply	24,160,287	24,160,287	0
POPULATION SERVICE INTER. ETHI	1,214,100	1,214,100	0
Total	285,156,345	272,903,531	12,252,814



DECLARATION

I, the undersigned, *Alemu Kihisen Mekonnen* declare that this thesis is my original work, prepared under the guidance of *Ato Simon Tareke (Assistant Professor)*. All sources of material used while working on this thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any type of degree.

Name

Signature

Date

ENDORSEMENT

To: St. Marry University

School of Graduate Studies

Title: Grant Management System in Local NGOs: The Case of Family Guidance Association of Ethiopia (FGAE)

This is to certify that Alemu Kihisen Mekonnen has worked on “*Grant Management System in Local NGOs: the Case of Family Guidance Association of Ethiopia (FGAE)*” under my supervision. This work is original in nature and it is suitable for submission in the partial fulfillment of the requirement for the Degree of Master of Business Administration.

Research Advisor

Signature

Simon Tareke (Asst. Professor)

School of Graduate Studies, St. Marry University