Alternative Sources of Funding in Donor-related organizations in Kenya: Problems and Solutions

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DECLARATION

This Finance project is my original work and has not been presented for a degree in any other University.

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This Finance project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This project is dedicated to my dear parents, Reverend and Mrs. Evans Phenice Mallet of Accra, Ghana, for their love, care, understanding and great courage in allowing me to study away from them for the past ten years.
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ABSTRACT

MAP (Medical Assistance Programme) International, has currently been facing financial difficulties because the entire operations of this organization is funded by donors who could be individuals or bodies like churches. The problem arises from the fact that donor funding does not come in quite as often as it should. The consequence of this is that every activity of the organization comes to a standstill so to speak. At the extreme, retrenchment in the organization occurs.

This study seeks to identify ways in which the above problem may be addressed. MAP International, East and Southern Africa (MAP-ESA) is used as a case study. Secondary data is used and very limited interviews are conducted with the Regional Director, and Chief Financial Director of MAP International. The financial statements of MAP are also analyzed to test liquidity and gearing ratios that may provide possible solutions. Also, project managers of MAP are contacted to show some of the effects of untimely donor funding and some solutions they have undertaken to keep their projects on track.

From this study we conclude that apart from being financed by donors, MAP-ESA could raise additional funding yearly through user fees, cost sharing, local fundraising and strategic alliance. We conclude that while these four alternatives are not exhaustive, they are very resourceful avenues to help MAP-ESA be financially sound, self-reliant and to keep its activities viable and sustainable for the long-term. We suggest that MAP-ESA embarks on these alternatives for better financial management. We also suggest that further studies be carried out on other alternative sources of funding that a non-governmental organization like MAP-ESA, can benefit from especially those that have not yet been researched into. We recommend that the suggestions mentioned in this study may be helpful to other donor-funded agencies in Kenya and in Africa.
LIST OF ABBREVIATIONS

AIDS  Acquired Immune Deficiency Syndrome
CAS  Country Assistance Strategy
CRS  Catholic Relief Services
FY  Financial Year/Fiscal Year
GDP  Gross Domestic Product
GNP  Gross National Product
HIV  Human Immunodeficiency Virus
IMF  International Monetary Fund
IPAR  Institute of Policy Analysis and Research
K-REP  Kenya Rural Enterprise Programme
Kshs.  Kenya Shillings (Local currency in Kenya)
MAP  Medical Assistance Programme
MAP-ESA  MAP International, East and Southern Africa
MoH  Ministry of Health
NGO  Non-governmental Organization
NHIF  National Hospital and Insurance Fund
ODA  Overseas Development Agency
OPEC  Organization of Petroleum Exporting Countries
PI  Provide International
UN  United Nations
UNAIDS  The Joint UN Programme on HIV/AIDS
UNDP  United Nations Development Project
UNICEF  United Nations International Children’s Education Fund
USA  United States of America
US  United States
USA  United States of America
USAID  United States Agency for International Development
US $  U.S. Dollars /International Currency
VADA  Voluntary Agencies Development Association
WHO  World Health Organization
CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

This project seeks to study and to suggest alternative sources of funding for not-for-profit organizations like MAP (Medical Assistance Programme) International, East and Southern Africa Office, based in Nairobi, Kenya. It has come to the writer's understanding and experience that MAP-ESA has been facing financial problems for the past four years. MAP-ESA is entirely a donor-funded agency. Its donors are mostly (that is, sixty per cent) church bodies, individuals and about forty per cent of the donors are from foundations like Fieldstead and Family Health International who fund only specific activities of this organization.

The major problem facing most donor-related organizations is that these organizations become over dependent on donors as their source of financing. As such when donations become infrequent due to donor-fatigue or other reasons, activities of these organizations become stagnant. At the most, the projects will have to be restructured that in itself is another problem. It affects the effective planning and management of the project activity as a whole.

It must be noted that often donations are given towards fulfilling a purpose. This is usually to give relief or development services to the poor or unfortunate ones in societies today. At the same time, these donations have conditions attached to them. The money received must be used for what it is intended for. The donor now dictates what must be done and what should not be done. Graham Hancock (1992) in his book, *Lords of Poverty*, reiterates this thus:

"The charitable impulse at the root of much aid-giving is at its most potent during disasters and emergencies. It is, however, a double-edged sword. On the one hand it raises lots of money. On the other it stifles questions about the uses to which this money is put - and makes those who ask such questions look rather churlish (p.5)."

MAP-ESA's activities in the area of health are fully dependent on donor funding and where there is no money, virtually every activity comes to a standstill or is slowed down. This has led to restructuring of the entire organization, not only in Kenya, but also in the United States,
South America and Cote d'Ivoire for West and Central Africa, about a year ago.

The aim is to study the problems associated with donor funding and to find out alternative sources of funding for MAP-ESA. It is to find ways by which MAP can sustain itself for future operations. One remote effect of this project is that it will help management sustain the organization and to be able to provide a sense of job security for its employees. It may also be helpful to other not-for-profit organizations in Kenya especially and to other parts of the world.

Alternative sources of funding for the purposes of this project can be described simply as securing other means of funding an organization's activities in order to fulfill its mission, vision and objectives in its industry. Some alternative sources of funding that are applicable in Kenya are local fundraising ("harambees"), cost-sharing with beneficiaries of MAP-ESA's activities and programmes and investment in other small projects that can generate income for the organization's operations. These sources of funds will be examined to see which is the most viable for MAP-ESA.

MAP-ESA generally receives funds through the following means: -

- Through proposals submitted to Foundations like Fieldstead in the United States;
- Program Service Fees;
- Donations from friends and well-wishers;
- Government agencies like UNAID, USAID through Family Health International, and UNICEF. These agencies fund specific programme areas of MAP-ESA, for example, HIV/AIDS Prevention and Control Programme.
- The Headquarters (international office), that is usually referred to as the Brunswick Office in Georgia.

For the financial year 1998 that ended in September 1998, summaries of MAP-ESA’s income generated were as follows: -

- 53 percent was from Total Contributions. This includes donations, government agencies and from proposals sent out.
- 37 percent was from the Brunswick Office. This money usually caters for the general administration of the East and southern Africa Office.
10 percent was from Other Income that comprises of interest income, sale of health educational materials and assets. Less than 1 per cent was received from Program Service Fees that includes workshop, training and consultation fees.

From the above statistics given of MAP-ESA, half of its funding is from donors and this figure is low when compared to the FY 98 Budget. This is to say that MAP-ESA did not receive all the funding it required during FY 98. It is the purpose of this project to find ways whereby the 10 per cent from other income can be increased.

1.2 OBJECTIVE OF STUDY
The objective of the study is to explore the alternative approaches to financing the gap between the financial requirements of donor dependent organizations and the actual amount released by donors. This will be a case study of MAP-ESA. It will achieve the objectives by examining the problems associated with donor funding and alternative funding approaches for MAP-ESA.

1.3 JUSTIFICATION FOR THE STUDY
For any business firm, the ability to raise capital at a reasonable price is often one of the primary determinants of long-term success. It is usually more complicated for not-for-profit organizations. Their sources of financing are usually through equity shares or by raising funds from other governmental organizations like the United Nations bodies. On the contrary, capital for business firms may be raised in the "private" or public markets. There are advantages and disadvantages to raising capital through public offerings. One advantage is that the organization's access to capital markets offers the potential to raise large amounts of capital at prevailing rates. The major disadvantage, however, is that there is significant overhead involved in managing the reporting and disclosure requirements for public security issues. In addition, the price of capital for a firm may fluctuate widely due to factors over which the firm has no control. These factors could be the general economic environment, new technologies, government regulations, public perceptions of the organization and its prospects, (Masson, 1985, p. 10). Organizations are not only confronted with a choice between different
providers of finance but also between different forms of finance such as debt instruments and equity issues. An organization like MAP-ESA, is a non-profit organization that provides humanitarian services and has made the choice of allowing other entities to fund its activities.

Literature on alternative sources of funds for not-for-profit organizations is difficult to come by. Many such organizations in Kenya (where the study is based) are facing similar problems with no realized alternatives. Many are faced with the same question of self-sustainability in order to be viable organizations in Kenya. It is the desire of this study to seek out for the problems and find solutions to making such organizations self-sustainable. This proves a gap in any kind of research that may have been done in this area.

It is also a felt and expressed need for the management of MAP International to secure other means of funding other than from the usual donors or to enlarge the list of donors to the organization as a whole. MAP-ESA depends 90 percent on donations from government agencies, foundations and even from the Brunswick Office that equally raises funds to support its own activities and the activities of the other four regional or field Offices. This means that the amount of money Brunswick is able to give to each office depends entirely on the amount of money they are able to raise within a financial year. It also means that the budget figures are very volatile and may not help much in the day-to-day running of MAP-ESA Office.

There is also the problem from donations that could be from individuals, churches, foundations or government agencies. This type of funding is usually for specific projects or meeting only an aspect of the project in question. According to Graham Hancock, in his book, Lords of Poverty, he says:

I do have criticisms of the long-term development work of almost all of these smaller 'non-governmental organisations; however, by and large, I believe their staff to be well motivated and their efforts worthwhile. Furthermore, they are funded on a voluntary basis by contributions from the general public and thus are under considerable pressure to use properly the money they receive. They rarely do significant harm; sometimes they do great good, (p.8).
Donations to MAP-ESA usually do not cover administrative functions of the project nor that of the Office. So it is imperative to secure other sources of funding to meet all uncovered overheads of the organization. This is to find ways of increasing the 10 percent portion of sources of income for MAP-ESA. If this can be reversed so that “Other Income” brings in at least 60 percent or more, the better. As to whether this is viable or not will be proved by this project study.

1.4 IMPORTANCE OF THE STUDY
As mentioned earlier, this study on alternative sources of funding for not-for-profit organizations like MAP International, will:

- enable its management secure the alternatives that are viable for its operations and to be able to survive in its health industry in Kenya for a longer period of time;
- enable MAP-ESA's employees to have job security and to be able to hire on more specialized and skilled staff to enhance its operations;
- be useful to MAP International's global leaders who may be able to appropriately use it in their own contexts to alleviate the financial problem. The donor board may be grateful to see MAP-ESA indulging in other activities to raise more funds, trying to be self-sustainable;
- be useful to other organizations like MAP International and perhaps to the government of Kenya as it registers newer not-for-profit organizations and in its certain operations that may be related to MAP International's;
- allow academics such as scholars and researchers to use this project as a source of reference in this context of alternative sources of funding to not-for-profit organizations;
- enhance also the researcher's own writing skills.

1.5 ORGANIZATION OF THE STUDY
The rest of the study is organized in the following four major chapters. Chapter Two looks at the need for diversified funding for not-for-profit organizations or non-governmental
organizations. It further examines the alternative income sources from literature. Chapter Three is a case study of MAP International, East and Southern Africa. This chapter looks at the structure of funding of this organization and the problems encountered with this structure. Chapter Four makes suggestions for alternative funding for MAPESA. Chapter Five presents conclusion and other limitations of the study.
CHAPTER TWO

LITERATURE REVIEW

2.1 THE NEED FOR DIVERSIFIED FUNDING FOR NGO

2.1.1 Sources of Funding for NGO

Collectively, non-governmental organizations (NGOs) represent a huge enterprise, spending an estimated US$ 9-10 billion annually, most of which is still in the hands of northern organizations. Yet the 1993 United Nations Development Project (UNDP) Human Development Report says that NGOs reach only 250 million people, less than 20 percent of the 1.3 billion people living in absolute poverty. Apart from the fact that 250 million people are reached, such figures obscure the fact that an increasingly large percentage of NGO activity is concentrated on emergencies in a handful of countries across the globe. For better or worse, it is these emergencies that attract the bulk of private and official funds. The proportion of total international aid spent on relieving disasters soared from 2 percent in 1989 to around 7 percent by 1994. As the number of crises demanding attention increases, so too does the number of new NGOs willing to meet that demand. The international safety net of voluntary assistance has never been so buoyant.

NGOs, especially in emergencies, compete - often successfully - for funds not only at an international level but also at national levels, with a growing trend to fund southern NGOs directly. In several recent emergencies, short-term money available to NGOs - albeit usually to northern NGOs - has surpassed even that of the United Nations. This is not to say that NGOs are set to replace the more traditional international aid structures (neither likely nor desirable); rather, they have become increasingly linked to the wider aid community - the United Nations, other multilateral bodies and international governments - in a manner that could never have been foreseen in the days when NGOs simply 'filled the gaps' at a grassroots level. Rarely
would one find now, for example, a UN document that does not mention the role of NGOs as implementors and partners in the design of countrywide programmes, (Bennet 1994).

United Nations International Children’s Education Fund (UNICEF) just like many NGOs derive its income from two main sources, both of which give on a voluntary basis: governments and intergovernmental organizations; and non-governmental/private sector sources. In 1997, contributions from governments/intergovernmental organizations accounted for 66 percent of total income ($595 million). An additional $284 million (31 percent) came from non-governmental/private sector sources, while $23 million (3 percent) came from a variety of other sources, (UNICEF Report, 1997).

UNICEF also seeks supplementary funds contributions from governments, intergovernmental organizations and the private sector to support projects being approved by the Executive Board as extensions of the general resources part of the country programme, or for relief and rehabilitation programmes in emergency situations, which, by their nature are difficult to predict. General resources for UNICEF income includes contributions from 94 governments; net income from the sale of greeting cards; funds contributed by the public (mainly through National Committees) and other income (Ibid.).

On the local scene, that is, in Kenya, there has been an upsurge of the number of NGOs operating in the country over the last ten years. Some are supported by governments, others by churches while others are private organizations. They specialize in various fields while terms and conditions for their services differ. Some are wholly Kenyan; others are based abroad but have representative offices here in Kenya, and a few operate fully from their bases abroad. The foreign ones are mainly from Europe, USA and Canada, (Choro Publishers, n. d.).

There is a considerable over wrap of functions between NGOs in Kenya and they are to be funded throughout the country. A number of these NGOs are used by donor agencies as channels of donated funds for support of various activities. Some local NGOs found are Voluntary Agencies Development Association (VADA). These provide capacity building services to other NGOs in the country. Kenya Rural Enterprise Programme (K-REP) is another
example. They create employment and increase income of the financially disadvantaged members of society. The international ones usually work in developmental sectors of Kenya. For example, Provide International (PI) works in the slums of Korogocho and Mathari. They provide credit facilities, technical support and train entrepreneurs and other slum dwellers, (Ibid.).

There are some problems associated with NGO type of financing. The first is referred to as "over determination". This means that conditionalities that govern the relationship between donors and African countries allow little space for African countries to oversee their own development agenda. It is important that a convergence of views between partners on basic fundamental values exist. This does not imply that the partners must have identical views but it does mean that there must be space for disagreement on the issues, (Klot, Carnegie Meeting Papers, 1997).

Another problem is that current development partnerships are characterized by extreme dependence on aid on the one hand, and the heavy indebtedness of African countries to donors and international institutions on the other. National development agendas are largely donor driven. In the present environment, aid coordination simply means that donors agree on the policy that they will follow for a particular country, and then convey their decisions to individual ministers of finance at the national level, (Ibid., p. 36).

Despite two decades of stabilization and adjustment, there is still very little to indicate that African dependence on external aid and on the international community is decreasing. Current savings rates in the star-performing countries are assessed between 6 and 9 percent. Examples include Benin at 9.2%; Burkina Faso at 7.6%; Ethiopia at 7.6%; Ghana, after almost two decades of structural adjustment, at 9%; and Uganda at 6.3%. On the other hand, these countries have relatively high investment ratios that mean that much of the investment taking place is financed through external aid. Hence they are not in a position to mobilize domestic resources and reduce their dependency on external aid.
Excessive dependency means that the national development agendas are donor driven and are not the outcome of national debate and consensus. National capacity to manage economic affairs is further compromised. In many cases, national governments do not know what is really taking place in their own economies. The other impact is that the democratic transition is frustrated because the electorate has no say in national policy and economic decisions. Externally determined national development agendas often result in a loss of faith and interest and apathetic response by the electorate.

Given the problems inherent in dependency relationships, it is very important for African countries to develop a long-term vision of a no-aid or limited-aid relationships. Genuine partnership is not possible without this as a long-term vision. Invariably the aid relationship will always mean a dependency relationship. New relationships with the international community must be more egalitarian and mutually beneficial. Understanding the risk of cutting off essential aid is essential to formulate strategies to end aid dependency, (Klot, Carnegie Meeting Papers, 1997).

The entire organization of MAP International is dependent on donor funding. Almost 90 per cent of MAP-ESA's yearly income is from donors, (1998 Audit Report). There have been problems arising from this kind of financing an organization like MAP-ESA which will be discussed later in this study.

MAP-ESA's activities are health related that are carefully defined in the Mission and Vision statements of the organization yet to be seen in Chapter 3 of this project. Like many other not-for-profit organizations in Kenya, MAP-ESA needs funds to thrive in the health industry. It would be expedient to discuss what health is conceived to be in this chapter since MAP seeks to bring total health and healing to the poor.

By an extended definition, health is a state of complete physical, mental and social well-being, not merely the absence of disease or infirmity, (WHO Constitution, 1991). The health industry is important in Kenya because "health care for a majority of Kenyans is government subsidized and provided. To cope with the demand for increased services, the government
may see itself expanding the health sector budget" (East African Standard, No. 26272 of November 3, 1998). This gives rise to many not-for-profit organizations like MAP-ESA who have made it their business to help provide total health to the poor communities in the East and Southern regions of Africa. This is a great task to fulfill with either sufficient or insufficient funding.

Health is generally subsidized in Africa. Africans do not know how to pay money to be healthy and strong physically. Africans have been used to receiving free things; that it has rather become an obligation for Africans to be receiving. This is over-dependence on donors. It is not the aim of this project to put blame on donors for causing a dependency syndrome in Africa for survival and good health. This project is not blaming Africans (Kenyans) for acquiring this attitude either. It is time for Africa to rise above the odds surrounding them, pick up the pieces of what is left and move forward to make things happen and to break new untilled grounds. There are so much unutilized resources on the continent. This continent is endowed with so many resources yet to be tapped. Africans have now reached a milestone and it is causing us to learn to depend on our own resources however simple they may be at this point in time. Africans have also acquired much from their colonial masters and their past, that includes donors, to enable them practise what has been learnt and is being learnt.

This chapter is divided into four (4) sections. Section 2.1 is an introduction to the chapter indicating how NGOs are funded and some possible problems associated with this kind of financing. Section 2.2 discusses the issue of foreign aid financing for not-for-profit organizations in Kenya. This will look at some of the limitations and benefits of this type of financing of organizations in Kenya. Sections 2.3 through to 2.5 discusses some alternatives to donor financing of organizations and Section 2.6 concludes this chapter.

2.2 FOREIGN AID FINANCING FOR NOT-FOR-PROFIT ORGANIZATIONS

It may be imperative to talk about the role of official aid (foreign aid) when talking about funding in donor-related agencies in Kenya. The government of Kenya, like any other country in Africa, depends much on foreign aid for its developmental work. All sectors of Kenya's
economy are funded by foreign aid and loans. Most of these funds have been in the form of loans that have made Kenya and other African countries indebted to the World Bank. Without these loans for Kenya, it is impossible to thrive economically, financially and even politically. Foreign aid has successfully managed to make Africans think narrowly especially when it comes to financing developmental work and health as a whole. If the Kenya government is dependent on foreign aid financing, it seems in order that most not-for-profit organizations in the country should equally be funded by foreign donors. Hancock in his book, *Lords of Poverty* expresses this idea as:

Foreign aid - now worth US. $ 60 million a year - has changed the shape of the world in which we live and had a profound impact on all our thinking, (Hancock, 1992).

Africa thrives on foreign aid. The developing structures in Africa today are a result of foreign aid. Africans have received funds to feed themselves during drought or war, which often is brought upon them by themselves; for example, the ethnic fighting in Somalia, Rwanda and Burundi. After war broke out in these countries, many donor related organizations such as Save the Children, went to these countries to help. The very weight of aid within the continent's diminutive economies exerted a distinctive pull. The pull, however, sometimes went in several different directions at the same time. What seems clear is that aid helped African countries to build material and social welfare infrastructures, in some cases almost from scratch. At times, less happily, it also added to the confusion and distortion often characteristic of African governments' economic management, (Whittaker 1988, 61-62). Without foreign aid, Africa ceases to be the continent that it is now.

The problems facing Africa since the élan of independence, beginning late 1950s and mostly in the 1960s, have been many and diverse. Some of these problems could be enumerated as follows:

1. The kinds of leadership and the practice of African democracy faded soon after the champagne corks stopped popping.

2. Africans were slow to realize the full impact the oil price rise, that is, OPEC's successful oil price escalation of 1973, would have on them. Few of course could foresee the depth of the international recession that followed, or the
technological revolution that spurred production of commodities everywhere and substituted synthetics for many of Africa's raw material exports.

3. Africa's small and poor economies could not readily pick up on high commodity prices that had doubled during the postwar era, and had began to fall in the late 1960s. In fact, the downward trend of commodity prices accelerated with the post-OPEC recession in the industrialized nations where prices were set.

4. In the early 1980s, the United States monetary and fiscal policy added greatly to Africa's woes in that the steep climb in interest rates and in the value of the dollar inflated African debt, denominated, as it is, in dollars, and compounded in periodic rescheduling.

5. In the pursuit of political control and order, African leaders have made some fairly bad economic mistakes. The absolute discretion of African politicians over their country's wealth was not only morally justified but also imperative. This is because the prevailing theory implied swift modernization, economic independence, and increasing control. African policy makers also found these ideas congenial, at the same time, the notion that much of the investment capital they needed would come from abroad. This seemed a particularly desirable extension of their new sovereignty.

6. And the aid did come. In the 1980s, Africans were about 12 percent of the developing world's population, yet they received about 22 percent of the total, and the share per person was higher than anywhere else in the third world. This was about US $20 for Africa versus about US$ 7 and US$ 5 for Latin America and Asia respectively. This aid helped African countries to build material and social welfare infrastructures; in some cases almost from scratch. It also added to the confusion and distortion often characteristic of African governments' economic management.

7. There were scarce trained personnel and lack of institutional structures in Africa. This meant that extensive training efforts and elaborately designed institution-building programmes were imperative. It brought about the influx of AID personnel in the field. For example, in the Sahel, during the object of a crash programme in the 1970s, technical assistance personnel absorbed 25 to 40
percent of around US$ 13 billion in international aid revenues from 1974 to 1983. This made the overhead cost high and delivery was slow.

8. With confusing and blurring lines of authority, donor enclaves could not help but sap the confidence of host country officials (Africans) in their ability to take charge of their own affairs. And in the event that the cost of staffing and equipping them was supposed to be passed on to the government, the effect of these programmes was to saddle African budgets with heavy recurrent expenditures.

9. The eagerness of African countries to get foreign exchange often fed the desire of donors to get projects established and to disburse their revenue allocations - frequently in competition with other donors. The joint interest of donors and recipients in spending the money led to hasty planning and diminished concern about what happens once a project actually gets going.

10. By 1987 Africa's debt threatened to siphon off a major share of future investible resources. By the end of this year, sub-Saharan Africa's external debt had risen to an estimated US$ 125 billion. Given Africa's stagnating export earnings, the rising cost of debt service in many cases virtually precluded continuing growth. Comparing Africa's situation with that of low-income Asian countries, Africa was paying seven times as much interest on its debts in relation to the size of its gross national product (GNP).

11. A major problem for Africa was the change in the form of its debt over the last decade: from long-term flows at low, "aid-type" interest rates, to shorter-term flows at high commercial interest rates. With government and private long-term lending to Africa declining sharply, the outcome should have surprised no one: in addition to their plunge into short-term debt. African governments depleted reserves, borrowed from the International Monetary Fund (IMF), and ran up payments arrears as high as they were able.

12. Debt rescheduling itself became a major drain for Africa, both in usurping the energies of African finance ministries - which often had to undergo three or more major bouts with their creditors over a 5-year period - as well as in increasing the debt burden. During the 1980s the power of the IMF in Africa
grew enormously, and, at the same time, its shortcomings as an arbitrator of Africa's economic adjustment became more and more obvious. Routinely, rescheduling required debtor's agreement to an IMF stabilization programme, (Whitaker, 1988, pp. 31-85).

Kenya is one country in Africa that depends much on foreign aid. Without aid, unemployment is high resulting in high crime rates like car hijacking and armed robbery as is the case now. Foreign aid to Kenya generally may comprise of donations from international agencies like the World Bank and the International Monetary Fund (IMF) which come with certain conditionalities. For example, the Kenya government is said to have not shown a serious commitment to economic reforms and the donors are getting impatient with the pace of reforms which would pave the way for continued assistance to the country; a draft Country Assistance Strategy (CAS) report by the World Bank, was carried in one of the nation's daily newspaper in January 1999. The argument was that based on the country's history of unfulfilled economic reforms, the world Bank has more or less given up on the state's ability to seriously undertake economic reforms and it is now targeting people-based reforms to achieve its goals, (Business & Finance Standard, January 26, 1999).

Aid distribution is just another big, private business that relies on government contracts. Groups like Catholic Relief Services (CRS) are paid by the US. government to give away surplus food produced by subsidized US farmers. The more food CRS gave away, the more money they received from the government to administer the handouts. Since the securing of grant money is the primary goal, aid organizations rarely meet a development project they do not like, (Maren 1997, p. 8). For instance, one such conditionality is usually in the form of asking the Kenyan government to be involved in structural adjustment programmes that trickle down to making large numbers of employees redundant. Whatever the original intentions, aid programmes had become an end in themselves. Hungry people were potential clients to be preyed upon in the same way hair replacement companies seek out bald people, (Ibid., p. 9). This has its associated economic factors or problems such as increasing the debt of Kenya that is payable within a specified period of time. Even soft loan to the government has its own interests to be paid. Michael Maren in his book, The Road to Hell: The Ravaging Effects of
Foreign Aid and International Charity continues:

Kenya was a wonderful place to work and it attracted thousands of aid workers. The place was crawling with them. Aid organizations competed with each other for grant money and projects. Kenya's politicians loved it. They could give aid projects as gifts to their supporters. They were not about to start asking tough questions or demanding long-term environmental impact statements. No one questioned the idea of aid. It was as if good intentions alone were sufficient to redeem even the most horrific of aid-generated disasters, (p.11).

Maren talks about aid and charity as an industry, as religion, as a self-serving system that sacrifices its own practitioners and intended beneficiaries in order that it may survive and grow. Although much of his book is centred on Somalia, Maren also draws on his experiences with aid organizations over nineteen years around Africa. He stresses that the futures of Africa's children are less hopeful than ever before. That the countries that have received the most aid - Somalia, Liberia and Zaire - have slid into virtual anarchy. Maren also mentions Kenya as another large recipient of aid, and it is a country that is inflicting unspeakable abuses of human rights on its own citizens while aid pays the bills.

Yet, there is still the need for official loans in Africa. Roger C. Riddell in his book, Foreign Aid Reconsidered (1987), wrote a chapter to find the role of official aid in today's world. He says:

Theoretical debates about aid and development and the analysis of aid in practice have sometimes over-extended themselves or, more commonly, been misused by implying, or attempting to imply, that aid's effects are more predictable in general terms than they are or than we are able to deduce that they are, (p. 267).

Riddell agrees that foreign or official aid has other financial implications for the recipients that in many cases are not evident to them. He continues to argue for foreign aid and says:

There is a role for official aid, based on addressing the needs of the poor in the Third World, and then while aid is by no means the necessary or even the crucial ingredient for development, it can assist in the alleviation of poverty, directly or indirectly. It is based on the available evidence which fails to convince that, as a general rule, alternative strategies which exclude aid lead in theory or have led in practice to more rapid improvements in the living standards
of the poor than have been achieved with aid. In short, the effort of trying to assist the poor of the Third World by providing official aid is justified, despite its inadequacies and the less than perfect environment in which it is given and received, (p. 268).

Aid these days has more critics than clients; and in Africa, it has been part of the problem. African countries have been eager to secure foreign exchange and this has often fed the desire of donors to get projects established and to disburse their revenue allocations, frequently in competition with other donors. The joint interest of donors and recipients in spending the money led to hasty planning and diminished concern about what happens once a project actually gets going. In addition, donors have piled on multiple objectives. Integrated rural development projects spawned during the days when basic human needs were the issue and brought rising complexity and some confusion. In addition, design flaws were compounded by ignorance of the African cultural and material environment. In the desert of Kenya for example, efforts to improve the lives of the Turkana nomads misfired. A pastoral people who survive by raising cattle, goats and camels, the Turkana were taken by the Norwegian aid officials who planned for them a future as fishermen and even built them a fish-freezing plant adjacent to a nearby lake. Once built, it became clear that in daily 100-degree temperature freezing, the fish would take more electricity than was available in the entire Turkana district. So the plant shut down after two days.

In some instances, recipient countries were in danger of drowning in a proliferation of donor projects. Each of the donor delegates asked for high-level attention from the finance and other economic ministries that many of them received. This meant that the demands of foreign donors superseded the recipients' own planning; often they simply did not have time to establish their own priorities and implement them.

One major obstacle to effective coordination of donor efforts was built into the process at its earliest stages by the parliaments of all Western countries - through the "tying" of aid to exports. A hefty chunk of United States bilateral assistance to Africa always goes for equipment imported from the United States of America and the salaries of the United States aid
personnel. The share of Britain, French, and German aid tied to recipients' purchase of their exports is much higher. As a result, African procurement policies have often focused on the supply side rather than on end use, assembling a hodgepodge of vehicles and machines that did not work well in local conditions or could be serviced easily, (Whitaker 1988, 74-77).

Foreign aid in Africa is needed. Despite the glum picture of foreign aid stated above, a number of aid programmes succeed without which African countries would have been worse off. On the village scale, USAID showed that new technologies could work. Efforts to increase grain yields with new hybrid seeds in semi-desert areas of Africa paid off. The following reasons indicate the necessity of foreign aid to Africa:

- One, very difficult social, political, economic, institutional, ecological, climatic and cultural circumstances and differing internal and external links prevail in different countries, regions, societies including business organizations of the Third World.
- Two, there is a high degree of ignorance that still exists in theory at both the micro- and macro-levels concerning at bottom, the dynamics of the process of development and more specifically, the precise effects of aid in that process.
- Three, the limited knowledge we have in practice of the effects of aid.
- Four, unpredictable factors external to particular aid projects and programmes tend to disrupt the positive effects expected and do change aid's impact.
- Five, where poverty is at its most acute and the need for help at its greatest, the effects of aid intervention are likely to be at least capable of being predicted, monitored and evaluated, (Roger 1987, pp. 269 ff.).

Health in Africa is still wretched in comparison with Western countries and also worse on average than in most countries in other parts of the world. African death rates for example, are still almost twice those of North America. Moreover, malnutrition and infectious diseases in childhood permanently impair many African adults with an estimated 40 percent carrying the effects of malnutrition into later life, (Ibid., 116).

The mostly tropical climate, often meagre diet and scant medical facilities make Africa continue to harbour a lethal array of diseases and parasites. The most pervasive is malaria;
followed by parasitic invasions causing sleeping sickness and schistosomiasis (which subjects its victims to numbing, eventually fatal, paralysis and degeneration of the digestive system); as well as cholera and diarrhea-causing E. coli bacteria. Transmitted heterosexually in Africa, Acquired Immuned Deficiency Syndrome (AIDS) and its related diseases are on the increase.

If Africans are to establish a livable balance between people and land, between traditional society and evolution of institutions for modern life, they need help with funding; they need Western expertise in researching new forms of contraception, delivery of family planning and to acquire positive health.

2.3 ALTERNATIVE SOURCES TO DONOR FUNDING
The government of Kenya plays a vital role in financing and delivering health services through the Ministry of Health (MoH). This ministry is responsible for 43 percent of Kenya's total health expenditure (Ministry of Health 1994b). The National Hospital Insurance Fund (NHIF) is semi-autonomous and under the MoH. NHIF provides for statutory health insurance covering most people in formal employment and their dependents, (Management Sciences for Health, 1996, p.4).

The effects of poor economic performance and inflation on government funding have been dramatic. Total recurrent government of Kenya's spending through ministries (i.e., excluding debt servicing) rose from Kshs. 9.2 billion in fiscal year (FY) 1979-80 to Kshs. 34.8 billion in FY 1991-92, after adjusting for inflation it fell by 13 percent. Since the population increased by 50 percent over that time, the fall in real per capita spending was much greater, (Ibid.).

The MoH has been hard hit by recent economic problems. The ministry's recurrent expenditures rose from Kshs 859 million in FY 1979-80 to Kshs 2,957 million in FY 1991-2, but they declined as a proportion of total government recurrent spending through ministries rose from 9.3 percent to 8.5 percent over the same period, with a low of 7.4 percent reached in FY 1988-89.¹ Demand for health services has steadily increased due to population growth,

¹These figures were calculated based on actual recurrent expenditures, population figures, and average
AIDS epidemic, and refugee problems associated with political instability in neighbouring countries. These have placed a further strain on the capacity of health care institutions to meet the demand for services. Efficiency, quality and equity of government health services have all suffered as a result of the growing lack of resources. With a high, fixed level of government spending on personnel, financial constraints have impacted heavily on funding for other inputs.

Private for-profit services have grown over the years but have mainly been focused on better-off urban patients. There are about 840 of these facilities of which 43 are hospitals and the rest are mostly dispensaries and clinics (Ministry of Health 1994b).

The lack of adequate funding and the poor use of resources meant that by the mid-1980s there were numerous signs of deterioration of government health services, such as poorly paid and unmotivated staff, buildings in bad repair, broken equipment, and shortages of drugs and supplies. To address these issues, the government decided that reform was necessary, and a national cost sharing was proposed as one of its primary elements, (Ibid., 6).

2.3.1 The Need for Cost Sharing
Cost sharing has been one of the important areas of national health reform in Kenya, and during the last three years or more considerable interest has been shown in the Kenyan programme by other African countries. While it is generally accepted that cost sharing can generate revenue for operating health services (World Bank 1987a, Creese 1991, WHO 1993, Kutzin 1994), debate continues regarding the impact of user fees on health service utilization, health status, quality of care, equity and household welfare. User fees are an aspect of cost sharing. Proponents argue that user fees cannot only provide additional revenue but can also improve the quality and scope of services, as well as promote efficient resource utilization by discouraging unnecessary care (Griffin 1988, Fiedler 1993, Litvac 1993, Shaw 1995). On the other hand, it is cautioned that user fees may raise relatively little revenue, may discourage necessary use of health services, and may not improve the quality of care (Gilson 1988, Yoder

exchange rates. They are slightly different from the figures shown by the MOH (Ministry of Health 1994b), which include development expenditures (Management Sciences for Health, 1996).
1989, McPake 1993a, Huber 1993). Experience with cost sharing in health in sub-Saharan Africa is still growing. The importance of such issues, the difficulties of designing and implementing cost-sharing programmes, make the interchange of experience a vital part of the successful development of health financing strategies. Despite social, cultural, political, and economic differences among countries, policy options for health financing are limited, as are effective ways to implement them, (Management Sciences for Health, 1996).

Cost sharing took off in Kenya but after a short while, it had problems. The government of Kenya's health financing programme was designed to help the government achieve two general objectives:

1. To generate increased financial resources for the health sector from cost sharing—user fees and social financing, and
2. To use resources more efficiently and effectively.

These two objectives were designed to be complementary, in recognition of the fact that neither one by itself would fully address the health financing problems.

2.3.2 User Fees

User fees to people who could afford to pay could be charged and such fees would be used to encourage a more rational use of services. This is to encourage people to become more responsible for their own health care, and by charging more for referral services is to encourage patients to use primary services first.

Increased revenue from social financing would be generated through the NHIF by increasing the number of people covered and by introducing progressive premium rates and employer contributions to allow providers to be reimbursed the full cost of curative care, (Ibid., p.10).

There are several reasons why the MoH had initial implementation problems. There had been no information campaign to advise the public about the programme and to win support. Provider orientation and training was inadequate and many medical staff did not support cost sharing. The registration fee was the wrong kind of outpatient fee to introduce first, given that
drugs and medical supplies were often not available. Insufficient numbers of staff were assigned by the MoH at the central level to implement, manage, and supervise the programme and accountability was minimal. Systems had not been developed to properly record and control revenues and expenditures and to enable management to monitor performance. There was little improvement in quality in the early months because much of the revenue had not been made available. Finally, and perhaps the most importantly, the cost-sharing programme was introduced at all MoH hospitals and health centres on the same day with no testing. It was therefore impossible to implement systems and fees in a controlled, thorough manner and there was no opportunity to identify and resolve problems at an early stage, (Management Sciences for Health, p. 22)²

From 1991 through to 1994, the MoH agreed to take on the cost sharing programme but at a slower pace to implement it. It required a major effort and the process was carried out in phases over a two- to three-year period with initial emphasis on winning acceptance of cost sharing from the public, patients and providers. Fees were gradually increased according to the understanding of the public.

At the end of the season, the MoH undertook an evaluation and came up with some major findings that could be summarized with respect to revenue generation and utilization. Revenues fell significantly and consistently during the ten months between the initial implementation of fees and the suspension of the outpatient registration fee, with the principal reasons being the absence of good management systems and lack of support from providers and patients. When new management systems and more acceptable fee types were put into place, revenues increased steadily and significantly. Much of the increase in revenue came from improvements in insurance claiming and increases in daily reimbursement rates. NHIF claims became the greatest source of revenue at provincial and district hospitals, with inpatient cash fees and outpatient treatment fees the next-largest sources. The additional funding has been significant, at both the facility and district levels. The most successful hospitals have been able to collect more from cost sharing than the operating funds which they receive from

²Two key recommendations from the World Bank paper produced in 1987 were not followed by the government. These were that, drug charges be introduced first and, fees be introduced in phases from the central
the government (that is, the nonstaff, nondrug recurrent allocation), (Ibid, p.87-88).

The introduction of outpatient registration fee in December 1989 resulted in a substantial and persistent decrease in general outpatient attendances with no evidence of a compensatory shift to MoH dispensaries or nongovernment facilities. Suspension of the outpatient fee in September 1990 led out a prompt return to preregistration utilization levels. In sharp contrast to the outpatient registration fee, the outpatient treatment fee resulted in only a small decrease in attendances. The treatment fee appears to have been accepted by patients because it is paid only if treatment (such as drugs) is provided, although broader exemptions, comparatively higher prices for all commodities, and wider acceptance of user fees in general may also have been contributory factors. There is no evidence that the introduction of the treatment fee caused any significant reduction in attendances by the poor, even though many people appeared to be unaware that there is a system of waivers and exemptions, (Ibid., p. 89).

The World Bank has recently published a report on cost sharing in the social sectors of the sub-Saharan Africa. In Kevin Cleaver's (of the Technical Department, Africa Region) foreword note, it is stated that:

The World Bank encourages governments to target private financing through user fees to those social services that are consumed primarily by non-poor and divert public spending to basic education and health care for the benefit of the poor. Steps to protect the poor with exemptions from fees have been part of the package advocated to improve their access to basic social services. Whether or not these messages are being heard and translated into effective policies on the ground is a growing concern in the development community, (World Bank, 1996).

The first major World Bank health policy paper that gave serious attention to cost sharing was the documentation on "Financing Health Services in Developing countries: An Agenda for Reform" (World Bank 1987a). Here, user fees were recommended as part of a package of reforms that countries could consider to improve the equity and efficiency of services. The main arguments for user fees were that these fees, if properly applied, could increase resources available to the health sector, permit increased spending on under-funded programmes, hospitals downward (World Bank 1987b).
encourage better quality and more efficiency, and increase access for the poor to basic health services, (World Bank 1996, pp. 6-12).

The stated aims of cost sharing are: raising revenue, improving the supply of drugs and improving services or more specifically, primary health care. These incidentally are the desires of MAP-ESA.

User fees are complemented by other methods of cost sharing. In most African countries local communities share the cost of health financing through in-kind contributions for the construction and maintenance of health facilities. When fees are considered, every effort should be made to put local communities in charge rather than having top-down approaches imposed on them by central governments, the World Bank report mentioned. Local control should determine whether to have fees, what should be for, how high they should be, who should administer them, who should get the proceeds, and how the revenue should be used. When communities control revenues from user fees and use the revenues to improve the quality of services and availability of drugs, the result is pro-poor, (Ibid., pp 22 ff.).

The World Bank Report continued that economic analysis could improve policy design. It suggested that more analytical work should be focused on the modalities of cost sharing and their impact on households. The actual level of cost sharing for basic services and its gender dimensions should also be assessed. The often neglected benefits of cost sharing should be considered along-side the costs in determining the net impact of cost sharing on the poor. In future, cost sharing should encourage participatory approaches to community decisions. The revenues should be used to improve the quality of services delivered. Also, pilot cost sharing initiatives before mainstreaming them should be encouraged to avoid costly mistakes and to learn from consumers what works best for them, (Ibid., pp. 26 ff.).
2.4 LOCAL FUNDRAISING AS ANOTHER ALTERNATIVE

Another way of meeting the financial obligations of donor dependent organizations is by raising funds locally. This is a way through which donor dependent organizations in Kenya could market themselves to the Kenyan community and to ask for financial support for their activities. The community will be aware of the functions and objectives of the donor dependent organizations, thereby be willing and knowledgeable to give. This is a way such organizations can sustain themselves locally. When this option is taken up, financing sources for donor-related organizations becomes less of a headache, so to speak. It helps improve the financial sources for donor-related organizations like MAP-ESA.

Local fundraising can be a one-off appeal or it has to be ongoing. Careful costing of the needs must be done with allowance for inflation and some reserve against unforeseen contingencies. "Never organize an event with huge overheads that might not be recovered. Fundraising usually involves some expenses such as for postage and printing; but always make sure these are kept to a realistic level," (Blume 1977, p.11). Realistic targets must be set for any local fundraising activity.

Once the financial needs of the fundraising activity have been fixed, the organizer of the fundraising activity should then consider from which sources the money may most easily be raised, and what assets the fundraising activity has which may be exploited. It would be appropriate to have and use eye-catching literature that could serve this purpose, (Blume 1977).

Another important aspect of fundraising to be remembered after the function is that donors would like to be kept informed of the activities and how their donations have helped the cause of the organization asking for funds locally. Usually an annual report that solicits further help should be sufficient to affirm occasional sources of financing from these donors.

Certain requirements are essential to be successful in raising funds locally. These are the needy organization needs a letter of authority from the Director of Fundraising in the country of origin to collect funds, and to issue the organization with a fundraising number. Then the organization must plan effectively on how to raise funds. Cuthbert in his book, Money that
matters: An Introduction to Fundraising in South Africa, expresses the importance of planning for a fundraising activity. He says:

It is important to plan in order to know what areas worked and did not work so as to improve upon the plan for subsequent years. I still find that most non-profit organizations do not have a fundraising plan. They live from hand to mouth. The staff members keep saying how much money is needed to survive, yet their fundraising effort consists of hopping from one 'good idea' to the next... If you do not know where you are going and how you are going to get there, you will waste time and money getting there, (p.25).

Some sources of local funding are:

1. *Selling something to raise funds.* Not only is the money raised useful but such events also attract publicity. Items could be sold through the following examples, carol singing, sponsored events, sales of the organization's Christmas or Easter cards, having stunts like pancake races (or any such game that is familiar to the Kenyan community), jumble sales with cheaply priced items. "It is better to shift everything at a low price, rather than have piles of goods left over and a subsequent disposal problem for the organization," (Blume 1977, p.25).

2. *Donations from sport clubs or trade unions.*

3. *Donations from a religious body* during a service, or collections for the promotion of religious work of that body, (Cuthbert, 1992). Churches are ideal for charity fundraising as they have a large overall membership, a national organization and are committed to virtues of charity or fundraising. However, Blume sounds a word of caution for this source as: "It might be better to limit the appeal to churches within a certain area. Another way of reaching the member churches without the expense of a mass mailing is to secure the support of a leading churchman and hold a launching event designed to gain publicity," (p.137).

4. *Social events.* These can be in the form of coffee or tea mornings and the like that require small-scale events with little organization. Other activities within this category of source for local funding are: barbecues, raffles, cleaning-up campaigns in a certain area of the community.
5. *Straight donations from big firms.* Since donations towards fundraising are not tax deductible expenses, Corporations can choose to give to this cause through straight, one-off donations, through covenants, through taking advertising space in the brochures of the needy organization, through gifts-in-kind either for resale by the needy organization or for its use and also through joint promotions and sponsorship. A large organization may commit no specific amount to charitable giving, but rather deal with fundraising appeals on an ad hoc basis, varying the amount given with the urgency of the appeals, (Blume 1977). Such firms give in the above ways so as to create goodwill, maintain their social responsibility function and to improve their image as they become associated with certain causes of the community by giving. Some large organizations may refuse to donate but a little bit of persistence and continual persuasion on the part of the needy organization could make them receive large donations from bigger firms.

6. *Funds form Central and Local Government.* Statutory funds whether from local or central government, are becoming of increasing importance to charities. Grants may be made by government departments, by the Voluntary Services Unit, through the Urban Programme or by Local Authorities. To secure statutory funds, the needy firm should ascertain first, if it is eligible, and what type of information will be needed to support its application. It should try to establish friendly contacts with the Civil servants and politicians involved, whether in local or central government.

7. *Philanthropic Organizations.* These include Rotary Clubs, Lions Round Table who have philanthropy as part of their aims. It is invaluable to the needy organization to win the support of these bodies, for once these philanthropic organizations have assumed the commitment they will raise funds independently and usually give substantially. Applications to these organizations are usually in the form of a letter with support materials, or, in the first instance, by a personal approach through visits. Each of such organizations have their own criteria for giving and it is useful for the needy organization to build up this information for itself.
8. *Publicity and Advertising.* The organization raising funds locally should use its publicity or publications to predispose people to give to its cause. It could be designed to give people the frequent opportunity to give generously to a cause. However, the needy organization should project a positive image and show that money can help solve a problem as the donations will be spent effectively. Forms of publicity could include, direct mails, national, local or specialist press, both through editorial coverage and special appeals. Blume cautions here too that careful thought should be given to all aspects of publicity since they are the needy organization's public face and can harm its cause, (pp. 140-174).

2.5 STRATEGIC ALLIANCES

Organizations' needs for funds may be related to financing ongoing operations, growth and sustainability. Apart from acquiring additional physical capital for plant and machinery, penetration of new higher margin markets and acquisition of new businesses that may work well for profit making businesses, there is another strategy called strategic alliances that will help meet organizations' need for funds.

The *Nation's Business Week* of March 16, 1999, carried an article entitled "Strategic alliances as sources of finance." It explained Strategic alliances as involving two or more companies that join together and pool risks, rewards and resources, in order to achieve specific but sometimes differing strategic goals for themselves. Strategic alliances could work with non-profit donor dependent organizations too especially when such organizations pull together with other organizations that have almost similar visions, missions and objectives.

Alliances will only work when there is some long-term benefit for both parties, both must be in a position to add value to the alliance. Alliances could also be contractual control only, cross-licensing or cross-distribution agreements. However, organizations willing to take this as a source of funding will have to remember that all parties must have a thorough appreciation of the risks involved before entering into any alliance. It is also important to keep in mind that alliances are more than a source of financing.
While it is certainly true that an alliance can provide both an immediate and a long-term source of funds, it must be designed for more than that from the outset. "If it is for providing financing only then more conventional sources have to be explored first, since the arrangement is unlikely to be "win-win" for both parties, and is, therefore, unlikely to be sustainable," as carried by this article.

The article continued that entering into an alliance is a strategic decision that involves giving up an element of control (in some ways similar to a share issuance), with, however, the offsetting benefits of reduced risk, increased potential rewards and/or reduced investments in resources. If an alliance is well conceived, then the future benefits of reduced cash requirements through leveraging a partner's operations, marketing or distribution resources may even greatly outweigh the value of the immediate cash infusion provided by an alliance.

This is definitely a new area for discussion among donor-related agencies to see whether it is practicable and can achieve its objectives.

2.6 CONCLUSION

One of the remarkable aspects of aid's busy growth is the way in which giving has more, over the passing years, subtly become equated with doing better, indeed with moral virtue. As a result of the activities of pro-aid pressure groups and of effective public relations by the agencies themselves, 'increased aid' is now a phrase that is used interchangeably with 'improved aid performance.' Aid, after all, is just one amongst many different forms of financial flow - and these flows move from South to North as well as from North to South. To arrive at the real bottom line in the relationship between the rich and the poor nations it is therefore necessary to total up the figures for global Overseas Development Agency (ODA) with all other relevant transactions that take place in both directions, (Hancock 1989, p. 187-188).
Hancock debates that aid is not help in the concluding chapters of his book, *Lords of Poverty*. He says:

> My dictionary tells me that 'aid' is a synonym for 'help'. The whole notion that the developing countries are being 'helped' by the developed ones, however, seems to me - on the basis of the negative financial transfers alone - to be highly suspect. This general view is best clarified by some specific examples. During the years 1986-8 the International Monetary Fund received net payments totalling almost $8 billion from the Third World. And recently the International Bank for Reconstruction and Development has also become a significant drain on the resources of poor countries: in the financial year to 30 June 1988 it was a net beneficiary of $1.9 billion. Negative transfers of this sort in the multilateral sector are, however, dwarfed by those on a country-by-country basis, (p. 188).

Aid has its defenders, not least the highly paid public-relations men and women who spend millions of dollars a year justifying the continued existence of the agencies that employ them. Africa contains many lessons for the aid lobby. It has lost the self-sufficiency in food production that it enjoyed before development assistance was invented and, during the past few decades, has become instead a continent-sized beggar hopelessly dependent on the largesse of outsiders - per capita food production has fallen in every single year since 1962. Seven out of every ten Africans are, furthermore, now reckoned to be destitute or on the verge of 'extreme poverty', with the result that the continent has the highest infant mortality rates in the world, the lowest average life-expectancies in the world, the lowest literacy rates, the fewest doctors per head of population, and the fewest children in school. Tellingly, during the period 1980 to 1986 when Africa became - by a considerable margin - the world's most 'aided' continent, GDP per capita fell by an average of 3.4 percent per annum, (Hancock, 192).

In conclusion, Hancock says that it would seem, then, that official development assistance is neither necessary nor sufficient for 'development': the poor thrive without it in some countries; in others, where it is plentifully available, they suffer the most abject miseries. Such suffering, furthermore, as Hancock has argued throughout his book, *Lords of Poverty*, often occurs not in spite of aid but because of it. Hancock argues on that to continue with the charade seems to him to be absurd but in the notorious club of parasites and hangers-on made up of the United Nations, the World Bank and the bilateral agencies, it is aid - and nothing else - that has
provided hundreds of thousands of 'jobs' for them. At the same time, in developing countries, aid has perpetuated the rule of incompetent and venal men whose leadership would otherwise be utterly non-viable. It has allowed governments characterised by historic ignorance, avarice and irresponsibility to thrive; it has condoned - and in some cases facilitated - the most consistent and grievous abuses of human rights that have occurred anywhere in the world since the dark ages, (Ibid.). Hancock calls for the foreign aid donors to depart from the developing world:

Perhaps when the middle men of the aid industry have been shut out it will become possible for people to rediscover ways to 'help' one another directly according to their needs and aspirations as they themselves define them, in line with priorities that they themselves have set, and guided by their own agendas, (Ibid.).

Cost sharing in the health sector of Kenya was mooted in the 1984/88 Development Plan and implemented in December 1989. In spite of the resistance, flaws and the problems during implementation (Mbogua 1993), the MoH appears to be focusing on using the policy as a central strategy in health care financing in the longer term. Undoubtedly, the programme has had positive impacts on the country's health care delivery system. With contributions gradually rising from Kshs 53.3 million at its inception to Kshs. 66.6 million in 1992/93, and Kshs. 210.9 million in 1996/97, the programme contributed 13 per cent of non-wage recurrent expenditures in 1994/95, rising to 14.5 per cent in 1996/97. This figure is expected to increase to about 25 percent by the year 1998/99. This money has been used largely to: supplement the financing of non-wage recurrent expenditures such as drugs and laboratory reagents, purchase of new vehicles particularly ambulances and, undertake simple repairs and maintenance. Through these contributions, the programme has kept many public hospitals running at a time when the government lacks money, (Owino 1998, p.9).

Owino in his paper, Revamping Kenya's Health Care Delivery and Financing into the Twenty-first Century, suggests that there are other potential benefits, though yet to be proved, of the cost sharing programme to the public health system. These include: improving efficiency in the functioning of the medical referral's system, attaining the equity objective, and diverting demand to private providers and freeing up funds for primary health care in areas such as immunisation, malaria control and safe drinking water, (Ibid.).
While the benefits of the cost sharing programme seem obvious, there is widespread concern in sub-Saharan Africa including Kenya that increased user fees may not be affordable and could deny the poorest access to modern health services at government facilities. This when argued could crowd out the vulnerable from the public health sector and push many patients to self-treatment drawing on their own remedies. A factor that does not augur well for a nation that heeded is that no citizen should be denied treatment in government facilities on the basis of inability to pay. Acknowledging the need to address these issues, the country has given more attention to poverty and to human concerns by providing systems of 'waivers' and 'exemptions' as a safety-net to protect the vulnerable against the adverse effects of the cost sharing policy. Unfortunately, the policy has not fully addressed the problems of the vulnerable on equity and access considerations as highlighted below that:

Experiences with the cost sharing programme reveal that:

- only 15 percent of the households are aware of the existence of the systems of exemptions and waivers in government facilities;
- only 5 percent of the patients seek waivers;
- even for the public sector patients only 32 percent (in rural areas) and 19 per cent (urban areas) are aware that some systems exist by which some people would avoid payment;
- most of the exemptions (40$) are not given on equity grounds chiefly due to political interference including lack of transparency and poor management;
- in many cases, the policy has made visits to the facilities prohibitively costly, as additional fees are usually required to reach the registration table;
- there has been no corresponding improvement in the quality of health care services with the implementation of the programme, principally due to insufficient health care inputs;
- decentralization of the cost sharing programme focused more on establishing a solid financial base at the expense of promoting access to the health services, (Owino and Korir, 1977).

Local fundraising can generate money for a donor-related organization's cause in a myriad of ways. The choice of method should reflect members' interests and their experiences. Care
needs to be taken not to be over-ambitious and risk losing funds on expensive deposits or hiring fees. This is why planning and having a budget for a fundraising activity is inevitable and crucial. Group fundraising should be both enjoyable and profitable.

Fundraising consultants could also be used by organizations seeking to raise funds locally. These consultants provide efficient services. However, in choosing a consultant, the needy organization should look for a consultant who has successfully raised funds for a similar cause. "Fund-raisers appointed directly to the staff of the needy organization may be good or bad. The bad seem to outnumber the good. A good fund-raiser is more committed than any consultant would be and less expensive to hire," (Blume, p.181).

David L. Cuthbert (1992) concludes his book, Money that Matters: An Introduction to Fundraising in South Africa by listing some important factors that promote successful fundraising as following: -

- Serious fundraising has to be planned.
- Governing boards have to take a direct and professional interest in the fundraising activities of the organizations they serve.
- Fund-raisers should be encouraged to compare notes, and use consultants. You cannot afford to spend donors' hard earned gifts on continually repeating the same old mistakes.
- The fund-raisers you have must increase their expertise, and become more cost-effective in their work. This will lead to more productive use of money.
- Corporate donors, who have been supplying 20 percent non-profit funds in recent years, are demanding accountability. Their gifts need to be applied sensibly.
- Before money is spent on fundraising, you must research target audiences and test your campaigns.
- At the end of each campaign you must monitor results, and measure effectiveness.
- You have to give priority time to fundraising with the highest returns. This means the cultivation and retention of your own support bases.
- Instead of writing endless project proposals and appeal letters to Corporations, you need to research their interests and negotiate face to face.
- You need to involve community leaders in the decision-making processes.
- You should take a hard look at the costs of providing services. If you do not cut down the unnecessary bureaucracy, you leave yourselves open to criticism and rumour. More resources must reach users.
- Recipient communities must be encouraged to take a share of the financial burden for the services they receive. This will promote equality in partnership.
- Non-profit organizations have to carry the burden of donor education, as well as bridge the gap between the bottom and top end of the living standards ladder.
- If you are to stay in business, you have to allocate more of your earned income to public relations and public information. You are building relationships between donors and receiving audiences, through information programmes and direct contact.
- Money is still out there. You just have to plan harder, become more efficient and effective, and stand alongside your faithful donors. The closer your partnership, the more reliable will be the flow of funds, (pp. 152-153).
CHAPTER THREE

A CASE STUDY OF MAP INTERNATIONAL

3.1 THE STRUCTURE OF FUNDING FOR MAP INTERNATIONAL

3.1.1 Brief Overview of MAP International
Medical Assistance Programme (MAP) International was established about forty-five years ago in Brunswick, southeastern coast of Georgia state in the United States of America, as a non-profit organization. Anthony et al (1980) defines a non-profit organization as "an organization whose goal is something other than earning a profit for its owners. Usually its goal is to provide services," (Otieno, 1996). MAP is a Christian health aid organization that provides medicines, medical supplies, education, training and networking to meet long term health needs. MAP actively seeks God's leading through service to others while following the example and teachings of Jesus.

3.1.2 Beliefs and Commitment
MAP believes in and commits to the following:

- **The promotion of total health as it responds to needs.** Among the many human needs, MAP's focus is on a ministry of total health. To MAP, total health is defined as the capacity of individuals, families and communities to work together to transform the conditions that promote, in a sustainable way, their physical, emotional, social, economical, environmental, and spiritual well being.

- **In responding to needs,** MAP commits itself to listen to the voices and concerns of others who express needs, and the organization strives to respond in timely and appropriate ways. MAP encourages and honours local initiative, promotes the use of local resources and protects the dignity of the poor. Through this, MAP uses its resources to meet these expressed needs in a sustainable manner, encouraging innovation, creativity and flexibility, and valuing the local knowledge of those with whom it serves. MAP emphasizes actions that address long-term health development needs, while recognizing a responsibility to meet
the immediate health needs of individuals, families and communities who face health risks and life-threatening situations.

- **Building partnerships.** MAP proclaims the value of collaboration and of working together to achieve common goals. MAP commits to promoting unity, equity, voice, participation, cooperation, resource sharing, interdependence, growth and integration among all people and groups. MAP recognizes as its primary partners those with whom it seeks to serve. MAP is a partner as well with its own staff, donors and supporters, churches, agencies and governments who share a common commitment to promoting health and healing among individuals, families and communities. MAP places great value on its staff and their families, and it seeks to create opportunities for personal and professional growth within the organization.

- **Doing justice and loving mercy.** Here, MAP affirms that all people are created equal in the image of God, and should therefore share fairly in both stewarding and enjoying the gifts God has provided the organization in the Creation. MAP strives to do justice and loves mercy, and seeks to comfort, lift up and defend those who are downtrodden in order to build a healthier world for all.

- **Working for reconciliation and peace.** MAP strives to be a peacemaker, actively exercising the ministry of reconciliation given to Christians in the Bible, by encouraging genuine repentance and forgiveness; and by working to support processes that enable the peaceful resolution of conflict. MAP works for genuine reconciliation between genders, races, people groups and with the whole creation in the situations of strive, pain, brokenness and violence in which the organization finds itself. MAP works to create opportunities for genuine forgiveness and grace, even as it promotes and defends justice, expecting the day when all human beings will be reconciled together with all things to God in Christ!

- **Acting with integrity and accountability.** In all its activities, MAP seeks to act with integrity, openness, honesty and accountability. It recognises that the financial and material resources with which it works are not the organization's own, but have been entrusted to the organization for use in alleviating the
suffering of others. MAP values people as reflections of God's image. It strives for integrity and accountability in its relationships with donors, staff, and partners. MAP is committed to managing its resources with God's direction to the maximum benefit of those it serves.

- **Pursuing excellence.** To ensure excellence in its programmes and activities, MAP strives to attract talented, honest and committed people, to develop its staff, and to seek partnership with other leaders in total health. Through research, planning and participatory decision-making, MAP designs and implements effective programmes with meaningful impact. MAP sets measurable goals and objectives to accomplish its plans.

- **Seeking to learn from others as well.** MAP recognizes its responsibility to strive for a better understanding of the social, economic, political and spiritual elements of its ministry. To gain this understanding, MAP is a student of the cultures, environments, and contexts within which it works, investigating and learning from developments and trends, and engaging in disciplined research and study. MAP promotes a learning environment where critical thinking and dialogue are encouraged and celebrated, (Guiding Principles of MAP International, March 1998).

### 3.1.3 Mission Statement

MAP's mission therefore, in brief, is to address the total health needs of people living in the world's poorest communities. This is done by:

1. partnering with others in global health advocacy,

2. promoting community health development, preventing and eradicating disease, and,

3. providing relief and rehabilitation services, (Adopted by MAP International Board of Directors, Sept. 1998).
3.1.4 Vision Statement

MAP envisions a world in which individuals, families and communities have the hope and capacity to build conditions that promote total health, (Adopted by MAP International Board of Directors, Sept. 1997).

3.1.5 Statement of Total Health

For MAP, total health means the capacity of individuals, families and communities to work together to transform the conditions that promote, in a sustainable way, their physical, emotional, economic, environmental and spiritual well being, (Adopted by MAP International Board of Directors, Sept. 1997).

3.1.6 MAP’s Regional Offices

MAP, including its regional offices, have been successful in distributing medicines and medical supplies to the world’s poorest areas. These distributions have been largely donated to the organization by Pharmaceutical companies all over the world, especially in the United States.

Currently, MAP International has five regional offices in Bolivia, Ecuador, Cote d'Ivoire, Kenya and its international office currently in Brunswick. It is headed by the President and Chief Executive Officer, Mr. Paul Thompson. Mr. Thompson has a Board of Directors who serve as his team of advisers and are also involved in raising financial support for the organization’s activities. A team of global leaders include the Regional Directors of the regional Offices who also support and help run MAP International.

For East and Southern Africa Office in Nairobi, Kenya, MAP is headed by Dr. Peter Okaalet. MAP-ESA overseas activities in both the east and southern regions of Africa. MAP-ESA is mainly occupied with

1. Education,
2. Training,
3. Provision of medicines and medical supplies,
4. Networking in Africa and
5. Responding to emergency relief. Since 1984, MAP-ESA has provided health and hope for hurting people in the region of east and southern Africa and even beyond. More recently the organization has been involved in peace and reconciliation efforts in the region.

3.1.7 Major activities of MAP-ESA
- MAP-ESA develops and disseminates key resources for the health and healing ministries of the church.
- It provides training and consultation in key areas of health and healing ministry.
- MAP-ESA encourages people in health and healing ministries of the church by providing fora for sharing experiences, challenging and facilitating the church's involvement in new areas of health, providing medical supplies and expertise in crisis situations.

MAP-ESA's programmes are currently in:
- AIDS (Acquired Immune Deficiency Syndromme), by challenging and enabling churches, para church organizations and Christian health institutions to respond biblically to the HIV/AIDS crisis. This is normally done through consultations, producing AIDS materials, networking, training and workshops.
- The second programme area is Peace Building, which promotes peace building, healing and reconciliation initiatives in partnership with the churches, para church organizations and international bodies in Central, Eastern and Southern Africa.
- The third is Communications. MAP-ESA works through global and regional networks to share health and development information and experiences using various media.
- Fourth is Health Development by helping Christian medical professionals to provide appropriate care in a Biblical context of total health ministries. This is done through Christian leadership training, networking for mutual support,
providing opportunities for professional development, and strengthening collaboration between the church and medical institutions.

- Finally but not the least programme area for MAP-ESA is Relief and Rehabilitation. With this programme, MAP-ESA extends the compassionate hand to hurting communities torn apart by war or natural disasters through emergency medical relief, professional assessment and advice, networking and consultancy. The above programmes are guided by three components namely, mission, vision and health.

3.2 FUNDING SOURCES FOR MAP-ESA

Typically, MAP-ESA’s assets comprise of Cash and equivalents, Accounts Receivable, and Net Book value of Fixed Assets. Under Liabilities, MAP-ESA has a list of its donors and/or projects that it works on at any particular financial year. The Fund Balance includes the beginning fund balance and the current earnings. These serve as the Equity-Retained earnings for this Office. Therefore, the capital structure of MAP-ESA is 50 per cent for assets and 50 per cent for its liabilities and fund balance. (See Appendix A: Structure of MAP-ESA Yearly Income)

Usually, the sources of funds of MAP-ESA for the past five years is classified as follows:

- **Contributions.** These include major funds from government grants or foundations, individuals, churches and organisations, only to mention these. Contributions are primarily project related.

- **Programme Service Fees** include workshop fees, training and consultation. These are fees MAP-ESA levies on its clients for services rendered to them. Most often the fees are from registration fees to workshops and seminars organized by MAP-ESA, paid by participants. Also, income received for MAP-ESA’s staffs’ participation at workshops, training seminars and from other consultancy work is lumped in here.

- **Other Income** represents the sale of assets, sale of MAP’s literature books and other books that are on sale at MAP-ESA office and interest income from its
banks.

- **Brunswick Office.** This is the international office that is committed to supporting MAP-ESA's activities yearly. It includes donations and grants for the East and Southern Africa's Office that are channelled through the international office. Brunswick is also committed to raising a certain percentage of funds specifically for ESA's activities each year.

The funds received at the ESA Office are applied in terms of:

1. Workshops and training seminars.
2. Travel.
3. Outside services.
4. Administrative costs.
5. Personnel salaries and benefits.

These are all to execute the programme or project activities of MAP-ESA that have already been enumerated in this chapter.

### 3.2.1 Structure of Sources of Funds (1994 -1998 Financial Years)

<table>
<thead>
<tr>
<th>Years / Items</th>
<th>1994 (%)</th>
<th>1995 (%)</th>
<th>1996 (%)</th>
<th>1997 (%)</th>
<th>1998 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Contributions</td>
<td>10.5</td>
<td>5.36</td>
<td>59.66</td>
<td>76.92</td>
<td>49.38</td>
</tr>
<tr>
<td>Total Programme Service Fees</td>
<td>3.66</td>
<td>2.24</td>
<td>3.09</td>
<td>0</td>
<td>0.04</td>
</tr>
<tr>
<td>Total Other Income</td>
<td>2.52</td>
<td>9.54</td>
<td>12.59</td>
<td>4.06</td>
<td>12.97</td>
</tr>
<tr>
<td>Total Brunswick transfers</td>
<td>83.32</td>
<td>82.86</td>
<td>24.66</td>
<td>19.02</td>
<td>37.22</td>
</tr>
<tr>
<td>Percentage total / years</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

*(Please see graph of Appendix A for other details pertaining to this table.)*

The table above shows yearly income for MAP-ESA since 1994 expressed in percentage. The following observations can be deduced.
1997 brought for MAP-ESA high Contributions of 77% and it was the same year that Brunswick transfers was lowest and there were no Programme Service Fees collected. When the table above is regrouped, the structure of MAP-ESA's capital can be seen in terms of Funds raised from outside (Kenya) and local funds raised. Funds from outside or foreign aid (includes Contributions and Brunswick transfers) has the highest in 1997 for 96 % and the lowest in 1995 with 88%. This forms the bulk of financing source for MAP-ESA.

Local funds when grouped together contain Programme Service Fees and Other Income. 1996 saw the highest with 16% and the lowest was 4% in 1997. This shows that MAP-ESA has raised less than 20% of its financial resources on the local scenes for its activities.

The table also shows a trend of Brunswick transfers declining as the years move on. This began in 1996. Over the years MAP-ESA has been dependent on Brunswick Office for almost 80 % of its annual financing. The trend seems to be changing where every MAP regional office is to raise at least 50 per cent of its yearly income on its own. This means that local fundraising will have to be stepped up sooner than is expected in this office.

Another major trend observed from the graph (Appendix A) and table is that major fundraising, that is, the receipt of major donations for projects takes place at least every two years. This is seen in 1994, 94% donations and 1997 with 96%. Those other years, one could conclude that very little proposals are written to fetch in more money and work is continuing for those projects started earlier.

If we are to predict the trend for 1999 and 2000 in terms of yearly income receipts, we can conclude that 1999 may experience low-income receipts and it may pick up in 2000, while Brunswick transfers will continue to rise for these two years. Locally generated incomes may increase slightly but by a little margin higher.

Beginning 1994, MAP-ESA had about US $ 500,000 for an AIDS Project that was funded by a government agency. Unfortunately, this amount was not included in ESA's accounting records because this grant required separate accounting and bank accounts. Disbursements of this
income were solely for the project. No percentage of its costs was recovered to meet ESA's overhead costs. This is one of the conditions that must be satisfied by the recipient organization to donations from government agencies. If MAP-ESA continues to receive such tied aids, grants or donations, it may not be able to meet its overhead costs.

3.2.2 MAP-ESA Income and Expenditure Comparisons

The graph (Appendix B) shows a zigzag trend for total income over the years 1994 to 1998. Income increases and decreases concurrently every year while total expenditure also increases with income and it is slightly more than income in 1996. Expenditure began to rise steadily from 1994 and dropped in 1998.

MAP-ESA also experienced overexpenditures in 1994, 1996 and 1998. Excess income was made in 1995 and 1997. The overexpenditure meant that MAP-ESA borrowed from its projects or other sources to fund its activities and has made the organization run into debts. This shows that local fundraising should be stepped up in order to pay back the deficit within a shorter period of time.

3.2.3 Accounting Ratios (1994 -1998)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Acid Test</td>
<td>1.80</td>
<td>2.64</td>
<td>0.76</td>
<td>0.73</td>
<td>0.47</td>
</tr>
<tr>
<td>Debt Ratio</td>
<td>0</td>
<td>0</td>
<td>0.8</td>
<td>0.82</td>
<td>0.99</td>
</tr>
<tr>
<td>Profitability (%)</td>
<td>6.57</td>
<td>19.88</td>
<td>2.32</td>
<td>1.79</td>
<td>6.26</td>
</tr>
</tbody>
</table>

*Table 2*

From the table above, MAP-ESA's acid test picks up in 1995 (2.64) and then has been diminishing since then. This is a test to show the organization's ability to meet its short-run obligations. It can be deduced that MAP-ESA has not been able to meet its short-run obligations and this trend may continue in 1999 and 2000 if the situation is not remedied.

The Debt Ratio shows the extent to which MAP-ESA relies on debt financing. For MAP-ESA, and the purposes of this project work, the project liabilities are considered as its debts. In
effect, this section is under Liabilities. In 1994 and 1995, MAP-ESA had no major projects running or that there was no provision for liabilities during these years. It was in 1996, that there was a slight change in the accounting of activities in MAP-ESA. From 1996, this ratio has been less than 1. It could be deduced that MAP-ESA has so far been managing its debts well but there is a trend that this ratio is increasing steadily and probably in 1999 and 2000, the ratio could reach 1 or more.

MAP-ESA is a non-profit service organization therefore the profitability ratio shows whether the organization has been overspending or spending within its yearly income or not. 1995 and 1997 show excess income. It could be predicted that 1999 would experience an excess income while 2000 could show overexpenditure provided more income is raised to change this trend. A business organization maintains its capital if its revenues at least equal its expenditures.

3.2.4 MAP-ESA’s Budget Comparisons (Income)

In general, activities of most non-profit organizations are project oriented and are mostly donor funded. MAP-ESA in conjunction with their donors (through budget proposals) and the international office in Brunswick, agree on the level of funding usually up to individual budget expenditure lines and also on the timetable of the work activity. This arrangement inevitably leads to most of the workplans being projected for up to one year. Whereas the project may be for a period over a year, planning and funding will generally be restricted to yearly periods giving the activities the resemblance of being on short-terms and financial planning is usually done on short-term basis. To plan for the next year, MAP-ESA uses its Cash Budget that is usually prepared on monthly basis within the year, to determine the cash needs.

The Budget is the most important economic policy tool and provides a comprehensive statement of the priorities of MAP-ESA. The budget is an estimate of revenue and expenditure, (Journal of Economics, Dec. 1998). The budget is also the primary control device for both governments of United States and Kenya and it shows how well MAP-ESA’s management has succeeded by equating or comparing actual results with the budgeted expectations, (Brief, 1994). (See Appendix D).
3.2.5 MAP-ESA's Management from 1994 to 1998

MAP-ESA has seen about four Regional Directors since 1994 to 1998 in its Nairobi Office. It is with no doubt that the organization has been run with different styles of management and that has had effect on the accounting practices during these years.

Within this time frame too, the international office has had two Presidents. Mr. Thompson took over in 1996 and has geared the organization into a new and clear direction especially for the regional offices and their relationship with the international office.

3.3 PROBLEMS ASSOCIATED WITH MAP-ESA's FINANCIAL STRUCTURE

The problems associated with MAP-ESA's financial structure are many and diverse yet only a few essential ones will be mentioned in this project.

As stated earlier, the budget is a "statement of commitments" by MAP-ESA management. The nature of many non-profit entity projects and programmes is such that management must plan well beyond the current year, (Brief, 1994). However, the statement of commitments for MAP-ESA does not provide enough information about the receipts side. This is a possible and evident problem with MAP-ESA's structure of financing in that it is often difficult to determine the income level for budgeting purposes.

The bulk of MAP-ESA's financing source is from donors. This is about 50 percent on the average every year especially from 1994 to 1998, the period of study. This creates a dependency problem that is MAP-ESA is able to function well when it receives funds from its donors. It also means that employees positions especially those directly related to the different programme areas in this organization are often on the thin line and very dependent on whether donors give sufficiently to support the organization or not.

It has often been experienced in MAP-ESA that most donors do not like to fund staff support and development. As such MAP-ESA has relied on its partnership or the Brunswick office to
provide financial support for its staff here in Nairobi. Again, this puts other supporting staff positions in MAP-ESA on the thin line. For example, during the period of study, MAP-ESA was not able to support any major staff development activities. It creates uncertainties in staff and some discontentment. MAP-ESA has lost quite a number of its staff during these five years (period of study).

It is alarming also to note that Brunswick transfers (another big source of MAP-ESA’s financing) began declining since 1996. The management of MAP-ESA explained that perhaps the Brunswick office is expecting MAP-ESA and the other regional offices to be self-sufficient in their finances that includes both in the sources and application of their funds.

Another setback associated with donor funding is that the recipient organization tends to be dictated to as to how to use the funds. There are some conditionalities associated to each grant received which must be strictly adhered to. For example, there must be separate bank accounts opened for almost all the major funds that MAP-ESA receives and reporting of finances must be in a particular way that will suit the donor. This creates an existing conflict between the organization's financial accounting standards and that of the country's standards. Often two separate monthly reports are maintained that will satisfy both parties.

It is noted from the study above that MAP-ESA experiences a trend of funding sources. Major income of about US$ 300,000 on the average, is realised every two years. There is also, an over-expenditure in the subsequent years when there has been little funds coming in. This creates a deficit problem that has been existing since 1996.

A study was carried by the Brunswick office on "Special Resource Development" on the entire organization of MAP International. The key areas of analysis on the regional offices (including MAP-ESA) were on local income generation, quality of regional programmes and staff, reporting formats and leadership. It was pointed out that the regional offices began regenerating funds locally only as far back as in 1993 when they raised US $ 118,000 of the total budget which was about US $ 1 million. This was increased to about 38 percent in 1998.
However, it is said that there is more potential funding available from the local embassies, United Nations Agencies found locally in the regions, European funding sources and all the funds that could be accessed through MAP's local indigenous agencies as well as from wealthy individuals, (Walker, 1999).

The quality of programmes and staff in MAP-ESA, combined with the ability to provide quality reports to donors (both locally and abroad) is a limiting factor to a successful major donation to MAP-ESA. The programmes must appeal and interest the donors and the donors must be assured that they are donating to an organization that has capable and qualified personnel to appropriately use the funds and to give timely and correct financial reports to them as feedback. When these are not clearly shown in the proposals for funding by MAP-ESA, no major donations come in.

According to the Walker Report on Resource Development (April 1999), it was noted that often, essential leadership positions in the regional offices are filled with existing staff instead of carrying out a professional search based on the needs of the organization. This affects the financing of the offices because it allows room for making costly mistakes that could have been avoided and much more money saved by hiring qualified personnel to give leadership to the various key positions in MAP-ESA.

3.4 CONCLUSION
This chapter has attempted to look at the financial position of MAP-ESA from 1994 to 1998 as well as describe what the organization stands for and does. Seven different problems have been cited that occur due to the structure of MAP-ESA's financing sources.

It has been proved that MAP-ESA is largely dependent on donor aid to be able to function well. Where total yearly contributions have been low, Brunswick office has been able to pump in more money to this regional office to enable it survive.

However, the trend is that donor aid is dwindling for this office (as shown from the tables and
graphs) and there is the need to strengthen local fundraising to continually support the organization's good cause for its society. The income of MAP-ESA through other alternative sources and means will enable this organization to be sustainable in the years to come especially due to the political, health and economic instability in the east and southern region of Africa. MAP-ESA's services would be appreciated to bring peace and total health to the region. As such there is the need for MAP-ESA to look for alternative sources of funding its activities.
CHAPTER FOUR

SUGGESTIONS FOR ALTERNATIVE SOURCES OF FUNDING FOR MAP
INTERNATIONAL, EAST AND SOUTHERN AFRICA

4.1 INTRODUCTION

It cannot be overemphasized that health is heavily subsidized in Africa. Therefore, Africans do not know how to pay money to be healthy and physically strong. The health sector in Kenya is heavily subsidized and has caused many Kenyans to think narrowly especially when it comes to financing their own health needs. Therefore, a lot of work on awareness raising is necessary to tune off the minds of people from receiving health services free of charge to being willing to pay at least a certain percentage of their medical or health needs.

It is MAP’s mission and vision to help provide total health needs to the world’s poorest communities through financial donations and in the form of medicines or otherwise. Continual funding is required to make this aim possible. MAP has been relying on the help of foreign donations both in kind and money since its inception. There are apparent global trends occurring in this century that could be accentuated in the subsequent centuries to come. These trends change the way things or issues are handled and managed now for the unforeseen contingencies. Therefore, it may not be advisable for MAP International, especially the East and Southern Africa office to keep on depending on foreign donation to be able to work effectively in the future. A lot of effort needs to be taken to secure financial support on the local scenes in Africa. It is from this angle that the following suggestions are made to enable MAP International, that is, the East and Southern office in Nairobi, to seek other alternative funding sources for its survival and to efficiently and effectively meet its mission and vision.
4.2 SUGGESTIONS TO ALTERNATIVE FUNDING SOURCES

4.2.1 The Need for Quality Leadership in MAP-ESA.
Finances of MAP-ESA cannot be discussed devoid from its quality of leadership. Good quality of leadership promotes innovation, good governance of an organization's financial resources as well as others. Early research into the influence of leaders on organizational innovation frequently focused on individual characteristics: personality traits, values and beliefs, experience and knowledge. The problem for this kind of study is that it has not been able to identify characteristics that predict innovation in all types of leader.

European and North American writers stress the need for a participative, democratic style of leadership, which encourages subordinates to be involved in innovative decisions and to feel able to suggest novel ideas without fear of censure. A second vital aspect of innovative leadership is, they assert, the ability of the leader is to provide a vision of where the organization is going, to which organizational members can commit themselves, (King et al., 1995).

Some more recent writers have argued for a contingency approach (e.g. Dunphy and Stace, 1988) where the leadership style appropriate for innovation depends on variables such as the nature of the organization's environment, and attitudes towards change amongst organizational members. Where an organization faces a threatening, turbulent environment, with members who are suspicious of change, leaders may need to be authoritarian rather than participative in order to implement innovations. Evidence from real-world studies of leadership and innovation supports this view.

Manz et al. (1989) examined the influence of leadership styles on the development of seven major innovations. They concluded that different leadership styles were required for different innovations, and at different stages in the process. The contingency model of group leadership for innovation suggested by the present authors (Anderson and King, 1991) could also be applied at the organizational level.
To achieve quality leadership in MAP ESA, this leadership should not only be innovative, but also participative, democratic and to apply contingency leadership styles. The leadership of MAP ESA and the entire MAP International should be able to lead and direct, be effective team builders, strategists, good decision makers and also motivator of key individuals for achieving success, (Nadler et al., 1995).

The existing situation in MAP-ESA is that this organization has for the past five years (according to the writer's experience) suffered leadership instability. It has had four different top leaders and each has been able to spend not more than four years in office. Also, major programme directors have resigned from their projects even before their projects were completed. As leaders change, a lot of time is exhausted for new leaders to adjust to the culture of MAP-ESA. It usually retards the progress of MAP-ESA's activities and has often given new dimensions to its culture and vision statement also.

Change may not necessarily be wrong but frequent change becomes a problem. Employees also need time to adjust to their new leadership and job insecurity is often aggravated by frequent change in leadership or management of any organisation. The organization becomes destabilized with the existence of an atmosphere of job insecurity. Nadler et al, in their book, Continuous Change, interviewed five change leaders of organizations. Each of these leaders approached change in their organizations differently. Nadler et al draw five common lessons from these leaders as following:

- Change organizational customs first although no one way is the right way.
- Act as fast as possible to enable change.
- Do not underestimate the depth and scope of change to be enforced.
- Sell the need for change well.
- Work with your own unique persona (as the leader) to build the change agenda, (p. 270 ff.).

The quality of leaders for MAP-ESA should also see the necessity of financial implications on its programmes. Finances are needed to effect the programmes and through these programmes, finances are acquired for MAP-ESA's use. Leadership should give due attention to how these
funds are secured and be prepared to lead the organization into areas of seeking for other possible funds. If the selection system has placed an individual on the job who is fully qualified to do the work, if the compensation and performance appraisal systems support good performance, if the job itself is motivating, then the leader may have little to do other than "fine tune" a well-designed person-job relationship, (Nadler/Hackman/Lawler, 1979).

To conclude this brief session on quality leadership, this project concurs that there is really no single route to leadership effectiveness in organizations because the focus of leadership activities changes depending on who and what are being managed. Nevertheless, effective leadership depends on the way the leader's role is defined and especially on the kinds of power and authority that are given to the leader to use in enacting that role.

4.2.2 The Need to charge User Fees

This project has mentioned the application of user fees as an alternative source of funding. For MAP-ESA, user fees application would mean that a standard fee of between 5 to 15 percent of a programme budget be charged for the unbudgeted line items. This should be done for each proposal sent out to donors.

This same percentage could be charged for training workshops, to its participants especially for those organizations that could pay, for example, AMREF and UNAIDS only to mention these. MAP-ESA's major clientele may be unable to cost share with MAP, that is, to pay any fees rendered to them. Fees should be structured in a way that incorporates the ability of participants to workshops to pay. Those that are able to pay MAP-ESA higher fees could be charged higher to cater for that clientele who may be financially unable. Also, financially incapable clientele of MAP-ESA workshops could be asked to give something in kind to MAP-ESA. These in-kind gifts or payments could be transferred into money if and when necessary. Where necessary, some clients could receive waivers and be exempted from cost sharing although this percentage of people should not be too great.
4.2.3 The Need to Cost Share

To be successful, MAP-ESA would need to market or sensitize its community to this change in order to secure the community’s full participation, understanding and support to acquire funds. This should be one of the major job functions of its Communication/Public Relations department. MAP-ESA’s services need also to be of quality to keep on attracting and maintaining its clientele.

MAP-ESA could share costs of its services by partnering with other agencies who are interested in MAP-ESA’s activities and would like to be involved. This raises the issue of forming strategic alliances with peoples, churches, self-help groups, women groups who also have similar goals and objectives like MAP-ESA. Financial resources especially can be pulled together to achieve a common goal in the community of service. This way, it would be easier to market the services of MAP.

Cost sharing may not need to be only on monetary terms. It could be done in the form of other services that MAP-ESA requires to carry through a service to reach out to the poor communities in Africa. For instance, during an AIDS workshop for church leaders in a remote area, a particular church could be approached to donate the use of its premises and other logistical needs for the seminar to be carried out. This is the in-kind aspect of cost sharing.

The government of the countries within which MAP-ESA works could be approached for its financial sources. For example in Kenya, the government through the Ministry of Health could be approached to allocate some of its funding for health to MAP-ESA so that the organization can reach out to the poor among its communities and also to meet the percentage of locally raised funding sources for the organization. If it is not possible to secure funding from this Ministry, then a different kind of proposal can be drawn to embrace areas where MAP-ESA can partner with the Ministry of Health to provide health services to the community.

Cost sharing helps in building a sense of acceptance and participation of the community to MAP-ESA’s goals since this organization is working to meet the needs of its community. This
way, the community participates in the decision making of activities that affect them and which MAP-ESA is willing to help them solve. MAP-ESA would also be in a better position to learn from its consumers what works best for them.

4.2.4 The Need for Local Fundraising Activities

The second major alternative of a funding source for MAP-ESA could be to raise funds locally, that is, in Kenya and in the countries where MAP-ESA works. Well planned and written proposals could be sent to churches, groups, embassies and individuals to support the cause of MAP-ESA. "Essential to success in fundraising are the attitudes and philosophy we take with us as we search for support," (Stallings, 1991). Many nonprofit organizations are not successful at raising funds because they see themselves as lowly beggars at the whim of the rich and powerful. A good attitude is needful to raise funds. Betty Stallings in her book, Getting to Yes in Fund Raising, mentioned eight significant factors to acquire a healthy mindset towards fundraising. These are:

- **Break down stereotypes.** These stereotypes could be that nonprofit organizations are often described as poor managers, emotional, no financial sense, female, neurotic bleeding hearts, democrats, etc. (p. 2). It is important to be open to other people who are from different cultures in order to develop a productive relationship to raise funds successfully.

- **No charity, please.** Charity connotes a sense of the poor and the needy. In many cases organizations assist low-income individuals or people with great needs. Therefore, when looking for support in fulfilling an organization's mission, the fundraiser should see himself "as an applicant, not a supplicant" (Ibid). It is important to feel positive about the proposal being presented. Betty Stallings states: "individuals who walk into a potential funder with their heads high, sincerely offering an investment opportunity, frequently receive an eager, 'Yes, we'd love to participate.'" (p. 4).

- **Marketing Concept.** Donors would like to know what value they will receive in return for their donation. Marketing brings out clearing this concept to donors. "Before asking for support, it is always important to ask the questions, "Why would this individual, or funder, want to support us? What is the exchange for
them in this transaction?" (p.4). A marketing strategy should be developed and used in proposal writing.

- **Partnerships.** Another critical aspect of having the right fundraising mindset is having an orientation toward the partnership concept. A partnership exists when both parties give and gain from the collaboration formed. Donors should be involved in solving the community problem that is of interest to them so as to avoid receiving the statement "We can only help you once and then you must find other sources," (p. 6). Organizations that use excellent business principles in managing their organizations would be successful in raising funds both locally and on the international scenes.

- **Nonprofit Businesses.** These organizations have sound financial recordkeeping systems, frequently produce an annual report and can make articulate, concise oral and written presentations. They are also able to demonstrate that their organization goes through annual strategic planning and evaluation. However, most business and foundation funders are concerned about the loose, or nonexistent, business practices of nonprofit organizations seeking support from them. Unless the non-profit world becomes more sophisticated in business and management principles, the corporate world will begin to think of them as businesses providing human service or educational work. This means that nonprofit organizations are seen as charity workers, or worse yet, do-gooders, (pp. 7-8).

- **Visualize Success.** It is helpful to visualize success even before writing a solicitation letter or giving a presentation to a donor or funder. This optimises and maximizes energy for a genuine positive feeling to create impact on potential supporters. For example such a letter could begin with "We are aware of your interest in the homeless of our city and are aware of your former generous response to their needs;" and it could end that " and therefore, we know that you will want to consider supporting this important effort to provide clothing and housing to the disadvantaged of our city," (p.9).

- **Supporters Give to Winners.** The awareness that supporters want to give to winners, that is, needy winners goes a long way to receiving favourable answers
from them. Major donors often like to invest in a solid, first class organization
that appears to have a good future and significant respect in the community.
Funders desire to become partners with successful, visible organization doing
significant work in their community. Betty Stalling states: "the major reason so
many people give up fundraising, is because they do not hold a strong,
passionate belief in their organization or programme," (p. 11).

- **Passionate Belief in What You Do.** Fundraising is tough, competitive work and
the fundraiser should truly be sold to his product. Without this energy, direction
and enthusiasm, many people give up when they are unsuccessful in raising
funds. It is advisable to be reminded of one's vision of what one is trying to
create or accomplish through fundraising and draw energy from it.

4.2.5 **Brief Points to Remember to Successfully Fundraise Locally**

**Prepare a fundraising plan.** Here, state clearly the case statement, the mission for raising funds
and achievable objectives through fundraising. Planning is essentially about defining a
problem or process and then breaking it down into manageable 'bite size' components, (Kohl's
Discussion Paper, 1998). Planning also entails preparing a fundraising strategy which is the
backbone of good fundraising. In its essential stages, it can be time consuming but it finally
saves hours of fruitless activity in the long term. The fundraising strategy defines the needs of
the organization, the sources from which funds are being sought, the limitations in terms of
time, constraining resources and the comparative cost effectiveness of each and every
fundraising activity (that is, the cost to income ratio).

**Research prospects and donors.** Undertake feasibility studies on prospective donors and
existing donors. Have an address list of all possible funders. Even a survey questionnaire can
be sent out to inquire what kinds of donations individuals and groups as well as corporations
would like to give to an organization like MAP-ESA. Feasibility studies are usually handled
by an outside consultant, who interviews prospects and leading citizens. He is able to estimate
the financial ability of both the interviewees and the market to support the planned fundraising
campaign. This gives the organization opportunity to design the programme and the target
amount to suit the interest and money available.

Embark also on direct mail campaigns. Direct mail plays an important role in producing gifts through new and old donors. There is need to acknowledge receipts within at least twenty-four hours to donors and to keep donors informed of the organization's activities, especially as concerns the donation.

Be persuasive in your proposal writing. Be presentable in your appearance as well as in the manner of presenting your proposal to the donor if you have to make a personal contact. When the proposal is turned down, do not be discouraged. Stallings suggests that you ask the magic question that is "Is there anyway we could revise this proposal to get to Yes in your foundation?" (Stallings, p.77). Such questions could go a long way to re-think through the proposal and to receive a favourable answer next time. It is important to state realistic targets and it must be cost effective to appeal to donors.

Acknowledge receipt of any donation received no matter the amount or who gave it. Stallings suggests ways this could be done:

- Through newspaper articles or a letter to the editor.
- Articles in your organizations newsletter; informal personal notes, as well as a formal letter.
- A plaque or certificate (a lot of them hanging in the donor's office will be a good sign to them).
- A framed and engraved picture depicting the program they supported.
- Awards at your annual meeting or donor reception; creative, fun gifts like a carton of life savers with a note: "Thanks: You are a life saver!!".
- A thank you balloon bouquet delivered to their office, (pp. 83-85).
Keep your donors informed by giving them regular and timely reports on activities going on especially for the monies donated. It is best to give donors answers before they ask questions due to the wrong information they might have received in advance.

Evaluate your results after embarking on a local fundraising drive. Think along the lines of those things you need to preserve, improve upon and eliminate for your next fundraising drive. It is equally important to think about the major sources of income for the future both short-term and long-term basis. Evaluate also which areas of income will be growing fast as a result of the fundraising drive and what to do to ensure frequent results.

One important ingredient of success is to give oneself sufficient time to fundraise. Fundraising does take time; time to do the work and time for the donor to reach a decision. This means that advanced planning ought to be done. It is also important to build the organization's credibility with donors and to develop good relationships with them so that they know about the organization and recognize the value of its work before they are even approached for money, (Kohl's Discussion Paper, 1998).

4.3 SUGGESTED CAPITAL STRUCTURE FOR MAP-ESA

This project work suggests a diversified type of alternative funding for MAP-ESA. This allows the organization should not to be overly dependent on foreign donors to support their activities. It is prudent to look elsewhere for financial support in order to be "self-reliant" as much as possible and not to fall into the problem of over-dependence on foreign aid, and to have too many conditions to meet from donors. The diversified sources of funding suggested are:

- User Fees
- Cost Sharing
- Local Fundraising
- Strategic Alliances.
These should form the Programme Service Fees for MAP-ESA. As a result, the following suggestion is made for MAP-ESA to have as its structure for funding:

Grants/Contributions = 40 percent of total yearly income
Programme Service Fees = 10 percent of total yearly income
Other Income = 25 percent of total yearly income
Brunswick transfers = 25 percent of total yearly income.

The *Journal of Finance*, April 1999, carried an article on "Capital Structure and Corporate control." This article states that:

Corporate managers have discretion over capital structure choices, as the firm’s founding shareholders cannot write a comprehensive ex ante contract specifying all future financing decisions. Most capital structure models make the simplifying assumption that managers choose capital structure in the interests of shareholders. Increasingly, however, research into capital structure has explicitly recognized that managers’ self-interest can lead to financial policies that do not maximize shareholder wealth. An example is Donaldson’s (1969) field study of financing choices, which emphasizes goals such as organizational survival and growth, (p. 5:9).

This means that MAP-ESA management has the liberty to choose their capital structure, that is, their sources of financing. As this office is in partnership with the international office, perhaps, the financial directors in the international office should be consulted and the structure agreed upon by both parties.

According to the Regional Director of MAP-ESA, this office and other regional offices are expected to become of age and to raise their own funds both locally and in Europe. According to the current capital structure of MAP-ESA as stated in their financial reports, "local funding" (that is, Programme Service Fees and Other Income) does not include contributions from donors. Therefore, whatever MAP-ESA raises on its own from donor foundations such as from the Swedish government, goes to increase the Contributions side of the income structure. It is suggested that whatever MAP-ESA raises on its own be it contributions, programme service fees and other income should be termed "local funding". This means that the structure would look more like this:
1. Outside Funding (to include: Contributions, Other Income, Transfers) and,
2. Local Funding (to include: Contributions, Programme Service Fees, Other Income). In a table form it would be shown like below:

<table>
<thead>
<tr>
<th>Outside Funding</th>
<th>Local Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Contributions (Grants)</td>
<td>- Contributions (Grants)</td>
</tr>
<tr>
<td>- Other Income</td>
<td>- Other Income</td>
</tr>
<tr>
<td>- Transfers from Brunswick</td>
<td>- Income generated from Projects (Transfers)</td>
</tr>
<tr>
<td></td>
<td>- Programme Service Fees</td>
</tr>
</tbody>
</table>

*Table 5*

As the years go on and MAP-ESA is able to raise more funds on its own and on the local scene, the greater percentage of yearly income should increase more than the Grants and Brunswick transfers.

Apart from having the suggested structure of funding, MAP-ESA can be much more assured of its yearly income as it budgets with some sense of assurance and security of maintaining the vision of the organization.

MAP-ESA employees can be further motivated and have job security which will enable them accept any good change even in leadership and to help achieve MAP International's vision and mission statements.

MAP-ESA through this structure of funding, would be able to increase its acid test ratio close to the ideal if not achieving the ideal of the ratio 2:1. That is, MAP-ESA's assets should be twice the number of its liabilities. This gives the organization a good standing and it can be assured of its future activities to indeed reach the greater portions of the African continent.
4.4 CONCLUSION AND SUMMARY

Effective leadership is key to the success of achieving alternative sources of funding in MAP International and especially in MAP-ESA. This is a call for the kind of leadership that understands the financial implications of MAP-ESA's activities and the need for continual sustainability and viability of its sources of funding for its activities.

To achieve this, MAP-ESA needs a diversity of sources of funds so that funds raised locally are increased to a total of at least 35 percent each year. Although this percentage is not enough, it should be a starting point and could guarantee that if all other contributions from funding fail to come in as they are expected to, there is at least this percentage of the total budget that is funded and can support the staff or can cover the administrative functions of MAP-ESA until major funding comes in.

It is also important that proposals that go out for funding should include indirect expenditures. This is a source of income for those unbudgeted items that often are faced in MAP-ESA. The development of good relationships is an essential ingredient of successful fundraising, and it can take a long time. This means that it is prudent to think and plan years ahead in this fundraising strategy.
CHAPTER FIVE

CONCLUSION AND LIMITATIONS OF STUDY

5.1 SUMMARY AND CONCLUSIONS

It has been the researcher's idea as well as a felt need of the management of MAP-ESA to explore the different options that are available to the organization as its alternative sources of funding. For the past years, MAP-ESA has been depending much on the partnership of MAP International with its international office in Brunswick, Georgia, to raise funds to support this regional office's activities. MAP-ESA's funding has also been through the presentation of proposals to foundations. Therefore, it could be concluded that MAP-ESA is a donor-funded agency that hardly raises funds on its own until recently (that is, 1999 which is not part of this study).

This study covers the different options that could be available to MAP-ESA to beef up its fundraising on the local scene in order to be self-sustaining as a matter of fact. These options are user fees, cost sharing, local fundraising and strategic alliances. In the first place, this study equates donor funding to foreign aid because donors to MAP-ESA are located abroad and these funds are not locally generated. Although this kind of financing for an organization creates a dependency syndrome and does not promote development, which is the mission of MAP-ESA, it is equally essential for MAP-ESA to view donor-financing as one of its sources for financial flow. It would be better if this kind of financing does not become the sole source of financing the organization.

Cost sharing is one of the alternative sources of financing this study has come up with. Cost sharing is an occasion where benefactors of a project help in financing that particular project. An amount of money should be raised or contributed by these benefactors for a specific project. Though cost sharing had its flaws in Kenya since its conception and implementation in 1989, the Ministry of Health in Kenya still envisages cost sharing as its central strategic policy in health care financing for the long term. Therefore, if MAP-ESA embarks also upon cost sharing as an alternative to its sources of financing, it will be generating local funds for its
many activities, thus be on the road to becoming self-reliant financially. The partnership of MAP International would equally be appreciative of this move by this regional office as stated by the Regional Director earlier on in this study. This is because the partnership is encouraging each regional office to generate its own funding. Cost sharing will give an opportunity to the communities that MAP-ESA serves to be part of its development programmes. The communities then become owners of the programmes. This is a contributing factor to community development work in developing countries.

User fees, the second alternative source of funding for MAP-ESA, is a situation where users of MAP-ESA’s programmes would be expected to pay some amount of money in order to benefit from the programmes. This can be expressed in terms of registration fees for workshops, monies raised through consultancy and training organized and or facilitated by MAP-ESA staff. If User fees are paid through in-kind contributions, MAP-ESA can in turn sell this contribution to receive its equivalent in currency form. Again, user fees should embrace community participation for it to be successful. MAP-ESA would have to educate its recipients in the communities it serves about the need to give to the organization and to sensitize them to own the programmes that the organization is bringing to them.

The third alternative that this study has come up with is Local fundraising. This is another way that an organization like MAP-ESA can market itself to its communities to support them financially so that MAP-ESA can also support them in developmental issues affecting them. Local fundraising needs good planning with realistic targets set. Later on, analyses of the activities need to be done in order to minimize having greater risks to raise funds than to expense them. Donors of local funds need to be kept abreast with MAP-ESA’s activities so as to be in a position to give more in the future. This study also mentioned some steps to take to raise funds successfully and locally. Also, some sources for raising funds locally were given. Brief points to remember about local fundraising have been dealt with in this study as well.

Strategic alliance is the last but not the least alternative to funding sources of MAP-ESA in this study. This entails two or more companies which are alike to pull resources, risks, and reward together in order to achieve specific yet differing goals for them. This is possible usually when
MAP-ESA partners with another organization that shares its mission, vision and objectives. Somehow, MAP-ESA has its own partnership that includes all the regional offices together with the international office. This partnership can be strengthened if MAP-ESA is also able to look elsewhere for other partners to pull all resources together. The benefit here is usually a long-term one. All involved in a strategic alliance must benefit. Some element of control in organizational structure would have to be changed and so are some added risks. All these need to be carefully considered. However, this study stated that strategic alliance, as an alternative to funding sources for MAP-ESA is a new area for further discussion and study.

For the above alternatives to be successful, MAP-ESA needs to have effective leadership that understands the financial implications of MAP-ESA’s activities and to envision and prepare for the need for continual sustainability and viability of funds for its programmes. This is a factor that the study emphasizes in order to achieve alternatives to sources of funding for the organization.

The following are the lessons to be learnt in achieving alternative sources of funding to donor funding. According to Richard Brief (1994), the essential nature of a non-profit organization is on service to meet needs. It obtains resources where it can and uses those resources to provide a service or services to recipients at no cost or at less than cost. This is what MAP-ESA in the search for alternative funding should do. MAP-ESA should look out in different places for sources of funding its vital activities to improve its community of the East and Southern regions of Africa.

MAP-ESA's budget should include the sources of income well articulated, given the fact that predicting income in an organization such as MAP-ESA is an uncertain and difficult thing to do. This is at least the risk that this organization needs to take. By having this well incorporated in the budget, MAP-ESA including the partnership of MAP International will be committed to raise their yearly support. Krafchick and Wehner in their article, "The Role of Parliament in the Budgetary Process," (December 1998) redefined a budget. They said that a budget is the most important economic policy tool and it provides a comprehensive statement of the priorities to the government (in this case, to the organization). It is also an estimate of
revenue and expenditure. It is useful to be reminded of this fact so that greater efforts are taken by the organization to raise funds to support its activities.

It has also been difficult for MAP-ESA to clearly define its objectives and goals within the entire vision and mission statements. Without this being clearly stated and well communicated to staff, it would be difficult to market the organization’s activities in order to raise funds.

This project earlier on mentioned one risk that MAP-ESA will be exposed to due to its financing characteristics. This project is proposing that MAP-ESA steps up on its local fundraising. The risks involved are that, first, the amount of money as income would be uncertain and may not arrive on time. Therefore, enough provision and planning need to be made to cover this time lapse in order not to halt activity. Secondly, if the source of income is from a major donor, the amount of income would be determined whether the proposal is accepted by the donor or not; and what types of activities have been agreed upon to be received. In this case, it would be advisable to know the demands and interests of the donor and so tailor the proposal to meet these. Thirdly, local fundraising also has its associated risks. It will involve a lot of work, innovation and some resources to be committed to generating these funds locally.

Among the many questions associated with donor funds is one such as: How much was received by MAP-ESA in the year and from what sources? This should be made clear both in the budget and financial reports. MAP-ESA is good at reporting how much was received though. This will be a better way of assessing the sources of income and determining how much each source has contributed to the activities of the organization. It helps management or the financial director to make follow-up visits on individual donors, churches, foundations, local donors and the like to increase their support for the organization. During a Management Discussion and Analysis meeting, management should account for its actions during the past year and its plans for the next. Management could also describe the tentative nature of some of its commitments, the inevitability of others, and the reasons why the budget might not be met exactly.
5.2 LIMITATIONS OF STUDY

Due to time constraints, the researcher was unable to secure the financing policies of MAP International. The international office for the partnership is located in the United States. Communication between the researcher and the international office was mostly done by electronic mails. Time was also not available on the side of the partners in the international office to respond to most communications as would have been desired by the researcher.

The researcher was also not able to secure the full cooperation of the management team of MAP-ESA due to the amount of work the management team was involved in. Therefore, the study is unable to incorporate everyone's idea or views about the topic.

Therefore, the researcher recommends that a further study be carried on this topic to explore those areas that were not included in this case study of MAP International. There would be the need for a broader and future study to be carried on this organization to promote its activities and contribution to its community, the East and Southern Africa.

5.3 SUGGESTION FOR FURTHER RESEARCH

It is suggested that further studies be carried out on other alternatives to funding sources that have not been mentioned in this study. This will widen the scope of raising funds for MAP-ESA. The different avenues would be opened for this organization to carry out its activities successfully.

This study should this time incorporate the views of the management team of MAP-ESA, and the financing policies of the entire organization should be looked into to further help this organization manage its financial resources better.

Other areas for study could be on how to better manage financial risks of MAP-ESA since most of its donations are in foreign currency; as well as exchange rate management and other investment opportunities for this organization for increased financial support.
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## Appendix A

### MAP International, ESA

<table>
<thead>
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### Structure of MAP-ESA Yearly Income

(1994 to 1998)

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<tr>
<th>Year</th>
<th>Contributions</th>
<th>P &amp; S Fees</th>
<th>Other Income</th>
<th>Brunswick</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>10.5</td>
<td>3.56</td>
<td>2.52</td>
<td>83.32</td>
</tr>
<tr>
<td>1995</td>
<td>5.36</td>
<td>2.24</td>
<td>9.54</td>
<td>82.86</td>
</tr>
<tr>
<td>1996</td>
<td>59.66</td>
<td>3.09</td>
<td>12.59</td>
<td>24.66</td>
</tr>
<tr>
<td>1997</td>
<td>76.92</td>
<td>0</td>
<td>4.06</td>
<td>19.02</td>
</tr>
<tr>
<td>1998</td>
<td>49.38</td>
<td>0.04</td>
<td>12.97</td>
<td>37.61</td>
</tr>
</tbody>
</table>

in US Dollars
### Income & Expenditure Comparisons (MAP-ESA)

**Years (from 1994 to 1998)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>260,456.48</td>
<td>462,502.16</td>
<td>418,174.90</td>
<td>504,011.47</td>
<td>342,628.82</td>
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<tr>
<td>Expenditure</td>
<td>277,572.79</td>
<td>370,785.87</td>
<td>427,861.21</td>
<td>494,999.67</td>
<td>364,091.75</td>
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<tr>
<td>Earnings/Loss</td>
<td>(17,116.31)</td>
<td>91,716.29</td>
<td>(9,686.31)</td>
<td>9,011.80</td>
<td>(21,462.93)</td>
</tr>
<tr>
<td>% Earnings (Loss)</td>
<td>(6.57)</td>
<td>19.83</td>
<td>(2.32)</td>
<td>1.79</td>
<td>(6.26)</td>
</tr>
<tr>
<td>-----------------------------</td>
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<tr>
<td></td>
<td>$ Amount</td>
<td>$ Amount</td>
<td>$ Amount</td>
<td>$ Amount</td>
<td>$ Amount</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH AND ACCOUNT RECEIVABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash</td>
<td>37,750.16</td>
<td>89,232.37</td>
<td>158,633.03</td>
<td>32,194.24</td>
<td>(14,530.62)</td>
</tr>
<tr>
<td>Account Receivable</td>
<td>15,543.63</td>
<td>9,696.64</td>
<td>6,047.02</td>
<td>815.91</td>
<td>1,008.93</td>
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<tr>
<td>Total Current Assets</td>
<td>54,293.79</td>
<td>98,929.01</td>
<td>164,680.05</td>
<td>33,010.15</td>
<td>(13,521.69)</td>
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<tr>
<td>Fixed Assets</td>
<td>25,193.97</td>
<td>51,456.91</td>
<td>67,973.45</td>
<td>60,628.73</td>
<td>10,286.99</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>80,487.76</strong></td>
<td><strong>150,385.92</strong></td>
<td><strong>232,653.50</strong></td>
<td><strong>93,638.88</strong></td>
<td><strong>(3,234.70)</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES AND FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>80,993.14</td>
<td>122,594.93</td>
<td>207,866.03</td>
<td>12,206.10</td>
<td>8,288.03</td>
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<td><strong>FUND BALANCE</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Fund balance brought forward</td>
<td>23,957.55</td>
<td>18,779.19</td>
<td>34,473.78</td>
<td>(10,283.51)</td>
<td>6,832.80</td>
</tr>
<tr>
<td>Net income (Loss)</td>
<td>(21,462.93)</td>
<td>9,011.80</td>
<td>(9,686.31)</td>
<td>91,716.29</td>
<td>(18,355.53)</td>
</tr>
<tr>
<td>Total Fund Balance</td>
<td>(505.38)</td>
<td>27,790.99</td>
<td>24,787.47</td>
<td>81,432.78</td>
<td>(11,522.73)</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES &amp; FUND BALANCE</strong></td>
<td><strong>80,487.76</strong></td>
<td><strong>150,385.92</strong></td>
<td><strong>232,653.50</strong></td>
<td><strong>93,638.88</strong></td>
<td><strong>(3,234.70)</strong></td>
</tr>
</tbody>
</table>

Table 3

in US Dollars

audited accounts
<table>
<thead>
<tr>
<th>Sources of Financing/Years</th>
<th>1994</th>
<th>1995</th>
<th>1996</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
<td>Actual</td>
</tr>
<tr>
<td>Contributions</td>
<td>190,000.00</td>
<td>27,347.93</td>
<td>162,652.07</td>
<td>149,330.00</td>
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<tr>
<td>Programme Service Fees</td>
<td>10,000.00</td>
<td>9,532.71</td>
<td>467.29</td>
<td>4,600.00</td>
</tr>
<tr>
<td>Other Income</td>
<td>0.00</td>
<td>6,663.50</td>
<td>(6,663.50)</td>
<td>68,450.00</td>
</tr>
<tr>
<td>Net Transfers</td>
<td>244,881.00</td>
<td>217,012.34</td>
<td>27,868.66</td>
<td>282,830.00</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td><strong>444,881.00</strong></td>
<td><strong>260,456.48</strong></td>
<td><strong>184,424.52</strong></td>
<td><strong>505,210.00</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources of Financing/Years</th>
<th>1997</th>
<th>1998</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted</td>
<td>Actual</td>
<td>Budgeted</td>
</tr>
<tr>
<td>Contributions</td>
<td>523,314.00</td>
<td>387,685.62</td>
<td>135,628.38</td>
</tr>
<tr>
<td>Programme Service Fees</td>
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<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other Income</td>
<td>5,000.00</td>
<td>20,462.87</td>
<td>(15,462.87)</td>
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<tr>
<td>Net Transfers</td>
<td>221,903.00</td>
<td>95,862.98</td>
<td>126,040.02</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td><strong>750,217.00</strong></td>
<td><strong>504,011.47</strong></td>
<td><strong>246,205.53</strong></td>
</tr>
</tbody>
</table>

Table 4

in US Dollars

audited accounts
Greetings, Dan,

Earl informs me that you handle budgeting in MAP and that you will respond to the questions below. I would like to remind you by sending you the following questions again and hope to hear from you shortly, please.

Sylvia

Greetings!

Kindly answer the following questions on "Budgeting" in MAP International.

1. How often do you write budgets for your Offices?

WE COMPLETE THE BUDGET PROCESS EACH YEAR BY THE END OF SEPTEMBER AND WE DO NOT CHANGE THE BUDGET AFTER WE HAVE COMPLETED IT; HOWEVER, WE DO UPDATE THE FORECAST SEVERAL TIMES DURING THE YEAR, BUT NOT THE BUDGET.

2. What are the processes involved (i.e. short- and long-term)?

THE BUDGET IS INITIALLY PREPARED ALONG WITH THE OPERATING PLAN AFTER THE PROGRAM PLANNING SESSION HERE IN FEB OR MARCH. THE BUDGET IS REVISED AFTER DISCUSSION WITH THE ENTIRE MAP PARTNERSHIP AND FINALLY COMPLETED BY JUNE OR JULY OF EACH YEAR. THE FINAL BUDGET IS PRESENTED TO THE MAP BOARD OF DIRECTORS DURING THE SEPTEMBER BOARD MEETING. THERE ARE THREE DISTINCT POINTS IN THE PLANNING PROCESS, 1) THE STRATEGIC PLANNING SESSIONS HELD IN AUGUST OR SEPTEMBER OF EACH YEAR, 2) THE PROGRAM PLANNING MEETINGS OF FEB OR MARCH WHICH GIVE DETAIL TO THE OPERATING PROGRAM PLANS AND THE FIRST LOOK AT THE BUDGET, 3) THE OPERATING PLANS AND BUDGETS ARE FINALIZED BY THE END OF JULY FOR PRESENTING TO THE BOARD OF DIRECTORS IN SEPTEMBER.

3. What areas of budgeting do you cover?

WE WILL CONSOLIDATE THE BUDGETS OF THE REGIONAL OFFICES AND THE BRUNSWICK TEAMS AND PRESENT THEM TO THE GLOBAL LEADERSHIP TEAM FOR REVIEW AND DISCUSSION. THE PROCESS CONTINUES UNTIL THE BUDGETING IS FINALIZED. WE DO
4. Which areas of your budgets are most crucial?

We focus on the revenue first so that we can understand what level of funding we have to carry out programs and administrative activities. So the revenue will dictate the level of expense we can have as a total map partnership. Budgeting at the program or project level is important for grant and donor funding. Without this level of detail, we may not have enough information to share with donors for funding. To summarize, we need the detail for revenue and expense in total for the consolidation of the map budget as a whole and each region or team must provide the detailed program budgets for funding and accountability purposes.

5. What factors determine the proportion of your budget allocations?

It is important to understand the make-up of the revenue so that we can, as much as possible, determine the designated giving for specific programs and the required general funds to balance each team's budget. So the partnership determines the level of expenditures for each team and the allocation of funds is determined by the deference between designated funding and total funds requirements.

6. How do you budget for your incomes?

Revenue is budgeted by each team as to what they think will be raised by them for the year. For example, the IMR team will determine how many containers of essential medicines, travel packs and other shipments of medicines will be completed and the amount of revenue anticipated. The external relations team will look at direct mail activities and major donor reps will evaluate each of their donors for potential giving. After all this evaluation of possible revenue is completed, then it is provided to the finance team for consolidation and review.

7. What are your budgetary controls?

The map expense budget overall is controlled by the amount of excess income over expense we must have according to the board of director's approval. For example, the board approved the FY99 budget that authorized expenditures of $5,500k if $6,150k of revenue is raised; in other words, we must have a "gap" of $650k for FY99. The budgetary controls are put in place to maintain that "gap" during the year. These controls consist of monthly review of actual revenue and expense and if the forecast indicates that the "gap" will not be achieved, then expense would have to be reduced to the board dictated "gap" of $650k. Monthly financial information that is accurate and timely is very important to us for our budgetary control. That is the one of the main reasons for preparing the monthly financials as soon as possible each month.

8. When unbudgeted items come up in the course of your financial year how do you incorporate them in your existing budgets?

No, we do not incorporate new items into the budget during the year; however, we do incorporate them into the updated forecast for the year. When unbudgeted items come up that have funding attached to them, then can be approved by the GLT; however, unfunded projects will require a like amount of expense reduction somewhere in the partnership.

9. What are the main constraints in meeting your budgetary obligations?

The main constraint that we have in meeting our budgetary obligations is the amount of financial resources to us all of the great things we would like to do. We must balance what we do with the resources that
10. Under what conditions would it be necessary for you to adjust your budgets?

As I stated above, we have to maintain the "gap" required by the Board of Directors, therefore, when revenue is lower, then expense must be lower.

11. Any other relevant information on budgeting would be most welcome.

Thank you for your questions and comments. I trust that this has been helpful. The Lord has best map in many ways this year, especially in the funding that the ESA office has obtained. That you for all of your great work. Please let me know if you have any other questions.

Dan

Would it be possible to e-mail me your answers as soon as possible? I.e. by Monday, August 2, 1999. Thank you.

Sylvia
Dear Sylvia:

I think your project sounds fascinating, and I intend to reply to your questions, but I must explain to you that my only direct responsibility is over the grants funding from foundations and corporations. I have a very small budget, and it is not for "program" as such. I wasn't sure you wanted me to respond, but I thought I would briefly, in case you are interested. My answers to your questions will be in capital letters, following your questions below.

Reply Separator

Greetings!

I'm once again at your doorstep asking for help with my project work. Kindly answer the following questions on "Budgeting" in MAP International.

1. How often do you write budgets for your offices?

ALL OF RESOURCE DEVELOPMENT (MAJOR DONOR REPRESENTATIVES, FOUNDATION/CORPORATION MANAGER, PLANNED GIVING MANAGER, CHURCH GIVING MANAGER, ETC.) WRITE BUDGETS FOR THE FISCAL YEAR. THE PROCESS USUALLY BEGINS IN LATE SPRING AND THE BUDGETS ARE APPROVED AT THE PARTNERSHIP MEETING (IPPM) HELD IN SEPTEMBER EACH YEAR.

2. What are the processes involved (i.e. short- and long-term)?
SHORT TERM- FOR THE COMING FISCAL YEAR ONLY.

3. What areas of budgeting do you cover?

MY BUDGET IS FAIRLY SMALL ONCE YOU TAKE OUT SALARY AND BENEFITS. THE MAJOR ITEMS ARE FOR PUBLICATIONS (DIRECTORIES OF FOUNDATIONS, NEWSLETTERS ABOUT PHILANTHROPY AND RECENT GRANTS, ETC.), TRAVEL, AND A COURSE OR TWO I MIGHT TAKE DURING THE YEAR ON FUNDING, PROGRAM EVALUATION, ETC. THESE ITEMS ADD UP TO APP. $10,000

4. Which areas of your budgets are most crucial?

MY TRAVEL LINE ITEM IS CRUCIAL, AS IS PUBLICATIONS.

5. What factors determine the proportion of your budget allocations?

I LOOK AT MY EXPENSE PATTERNS OVER THE PAST FEW YEARS. I ALSO ANTICIPATE DIRECTORIES AND SOFTWARE THAT I WILL NEED AND INVESTIGATE THE COST PRIOR TO MAKING UP THE LINE ITEM FOR PUBLICATIONS

6. How do you budget for your incomes?

NOT SURE I UNDERSTAND THE QUESTION. OUR SALARIES ARE SET BY HUMAN RESOURCES HERE AT MAP AND DEPEND UPON TENURE, EDUCATION, EVALUATIONS DONE BY OUR SUPERVISORS, ETC. THAT FIGURE IS ACTUALLY FILLED IN FOR US DURING THE BUDGETING EXERCISE. OUR SALARIES ARE PAID FOR FROM THE GENERAL FUND UNLESS A PORTION OF MY SALARY HAS BEEN DESIGNATED FROM A GRANT (FOR
A MULTI-MILLION DOLLAR GRANT FROM THE PEW CHARITABLE TRUSTS, ONE OF THE LARGEST FOUNDATIONS IN THE US. THE GRANT WAS NOT FOR ANY OF OUR PROGRAMS, BUT FOR A PROGRAM IN AFRICA RUN BY AN ORGANIZATION THAT WAS NOT A CERTIFIED NONPROFIT BY US STANDARDS. THE PEW FOUNDATION WANTED TO HELP THEM, AND SO WE BECAME FISCAL AGENT. TEN PERCENT OF MY SALARY WAS PAID FOR BY PEW FOR MY HELP IN ADMINISTERING THAT GRANT.

7. What are your budgetary controls?

OUR BUDGETS BY DEPARTMENT ARE SUBJECT TO THE DECISION MADE BY THE PARTNERSHIP DURING THE SEPTEMBER MEETINGS. TOTAL ANTICIPATED REVENUE IS WEIGHED AGAINST ANTICIPATED EXPENSES WITH AN AIM TOWARD A BALANCED BUDGET. AT TIMES, EVERY DEPARTMENT HAS A LINE ITEM REDUCED BY A SIMILAR AMOUNT (FOR INSTANCE, A DECISION THAT TRAVEL WILL BE CUT 20% FOR EVERYONE.) AT OTHER TIMES, WE WILL BE ASKED TO MAKE OUR OWN REDUCTIONS.

8. When unbudgeted items come up in the course of your financial year how do you incorporate them in your existing budgets?

UNANTICIPATED EXPENSES LIKE A SUDDEN TRIP OR A CONFERENCE HAS TO BE SUBMITTED WELL IN ADVANCE OF THE ACTIVITY TO OUR SUPERVISOR AND ULTIMATELY TO THE CHIEF FINANCIAL OFFICER. THEY DETERMINE IF IT IS IN THE BEST INTERESTS OF THE PARTNERSHIP TO MAKE THIS EXCEPTION. THEY MAY ASK THAT ANOTHER LINE ITEM IN ONE’S BUDGET BE DECREASED ACCORDINGLY, OR THE PARTNERSHIP MAY COME UP WITH THE FUNDING.

9. What are the main contraints in meeting your budgetary obligations?

LACK OF FUNDING AND HAVING TO CUT EXPENSES

10. Under what conditions would it be necessary for you to adjust your budgets?

A DOWNTURN IN THE FINANCIAL HEALTH OF THE ORGANIZATION

11. Any other relevant information on budgeting would be most welcome.

I HAVE ONLY ADDRESSED BUDGETARY EXPENSES ABOVE. IN TERMS OF THE REVENUE I PROJECT TO BRING IN THROUGH PROPOSAL SUBMISSION TO FOUNDATIONS AND CORPORATIONS, THAT FLUCTUATES FROM YEAR TO YEAR DEPENDING UPON THE INTEREST SHOWN IN OUR CURRENT PROGRAMS AND THE RELATIONSHIPS I HAVE MANAGED TO CULTIVATE WITHIN MY SECTOR. INCOME GENERALLY RANGES FROM $300,000-$500,000 FROM FOUNDATIONS AND CORPORATIONS (CASH, NOT INCLUDING THE DONATED MEDICINES FROM PHARMACEUTICAL COMPANIES). I TRY TO KEEP MY INCOME:EXPENSE RATIO AT 5:1 OR GREATER.

Hope this helps. Good luck with your project.

Lee Owen
director, Grants Funding

Would it be possible to e-mail me your answers as soon as possible? i.e. by Monday, August 2, 1999. Thank you.

Sylvia
Peter Okaalet at MAP-ESA
05/30/99 7:12 PM
Normal
Sylvia Mallet, Mail List - #Management_Team
Subject: Re: Sylvia's project

Sylvia,

Please see below - my answers to your questions are interposed in CAPITALS, and in GREEN colour...! Thanks!

Peter

**PROCEED: ---|BELOW|...!**

---

Subject: Sylvia's project
From: Sylvia Mallet at MAP-ESA
Date: 5/27/99 5:41 PM

Greetings...

I'm at your "door-step" again on this issue... Thanks for your response earlier. I'm still waiting for Brunswick to respond to my earlier question. However, I need to proceed and would require more of your input.

Attached is a table that contains the "Structure of MAP-ESA's Income" from 1994 -1998. The figures are in percentages. Kindly take a minute or two to answer the following questions concerning the table.

1. Total Contributions - high with 77% in 1997; low with 5% in 1995.
   Total Prog Serv. Fees - high with 4% in 1994; low with 0% in 1997
   Total Other Income - high with 13% in 1998; low with 3% in 1994.
   Total Brunswick Trans. - high with 83% in 1994; low with 19% in 1997.

Q: What could be the reasons for these?

ANS.: 1). VARIATIONS IN THE NO. OF PERSONNEL SUPPORTED BY MAP-US
2). VARIATIONS IN THE PROGRAMMES DIRECTLY SUPPORTED BY MAP-US
3). CHANGES IN THE TOP & MEDIUM LEVEL LEADERSHIP AT MAPESA

2. Brunswick transfers are declining over the years (1994-1998). Any particular reason or policy for this?

ANS.: MAYBE MAPESA & OTHER REGIONAL OFFICES ARE EXPECTED TO "BECOME OF AGE" - I.E. TO "GROW UP...!"

HOWEVER, THERE IS NO WRITTEN/APPROVED POLICY TO THAT END THAT I KNOW OFF ...!

3. ESA Office seems to be more dependent on Brunswick Office. This is because more than 60% of its yearly income is from Brunswick. What could be the rationale?

ANS.: WE AT THE MAP-ESA ARE LEARNING TO RAISE OUR OWN FUNDS - FROM EUROPE & LOCALLY. WE SHOULD ALL BECOME FUND RAISERS, YOU KNOW ...! SO FAR, WE SEEM TO BE DOING FINE (CF. OTHER REGIONAL
MOREOVER, MOST OF OUR SALARIES & SUPPORT FOR THE INDIRECT COSTS COMES FROM MAP-US, OUR "PARENT" ...

4. 1997 had a lot more Contributions (78%) as income. Why was this so?

ANS.: I AM NOT SURE, WHY...!

NB/. You could regroup the data on the table into 2 major groups: "Foreign Aid" and "Local Aid". [Where "foreign" is from outside Kenya and "local" from within Kenya. Foreign therefore, would include figures for Contributions and Brunswick. Local to include Programme Service Fees and Other Income.] You would notice that Local income over the years has been less than 20%. Could you please explain this phenomenon?

NB. "FOREIGN" DOES NOT INCLUDE MAP-US!!!
WE ARE A PARTNERSHIP WITH MAP-US. FOR EXAMPLE, WHEN OUR PROGRAMME STAFF GET THEIR SALARIES DIRECTLY FROM GRANT FUNDS WE HAVE HELPED TO RAISE LOCALLY, WE, IN EFFECT, LESSEN THE BURDEN ON BWK OF HAVING TO SEND "MORE" FUNDS FOR THOSE PARTICULAR EMPLOYEES.

I would appreciate it greatly if you could send me your answers latest by Monday, May 31 1999 before 3 pm. I hope I'm not asking too much depending on your heavy individual schedules.

I also apologise for using this medium to communicate with you. I suppose it's the "only" way to present documentation (Appendix) to my project work and also hopefully, to get your undivided attention.

Thank you very much for your participation in this with me. God richly bless.

Sylvia

CONCLUSION: I WISH YOU SUCCESS IN YOUR STUDIES.

PEACE!

PETER
For: Lee Owen at MAP
Date: 05/11/99 3:14 PM
Priority: Normal
Sylvia Mallet at MAP-ESA
Anna Dulaney, Bob Scully
Subject: Re: Sylvia's project

Dear Sylvia:

I am very interested in your work and want to be as helpful as I can. I have been with MAP for 14 years now, always in the resource development department.

It was a little unclear as to how I can best fill your request. You mentioned wanting the general and specific objectives and philosophy of MAP. Do you mean the organizational goals and the program objectives (preventing disease, promoting community health, and providing essential medicines)? or do you mean fundraising objectives?

Perhaps it would be helpful if you would ask me a series of questions and I could answer them by email. regarding any fundraising documents...really the only things we have are the annual plans each year, usually broken down into that are the objectives, strategies and anticipated revenue for each section that makes up resource development: individual major donors, foundations, corporations, churches, direct mail donors...and a document written several years ago that attempted to define the Brunswick office's fundraising for the regional programs vs. the regional offices' fundraising responsibilities in Europe, their home countries and regions, etc.

Let me know how I may best help. Bob Scully is on the road a great deal of the time and probably would not be able to shed much light on this right now, so I will be glad to be your contact.

Lee

---

Subject: Sylvia's project
Author: Sylvia Mallet at MAP-ESA
Date: 5/11/99 8:52 AM

Greetings Lee & Bob,

I hope you remember me... from the Nairobi Office. Peter suggested that I send this e-mail to you for your help. Please see e-mail below. I would appreciate your help to speed my work. Thank you.

Sylvia

---

Subject: Sylvia's project
Author: Sylvia Mallet at MAP-ESA
Date: 05/10/99 5:17 PM

Greetings...

I am writing a project on MAP specifically, MAPESA. My project title (for now) is ALTERNATIVE SOURCES OF FUNDING IN DONOR-RELATED ORGANIZATIONS IN KENYA: PROBLEMS & SOLUTIONS. I'm doing a study on MAP-ESA in relation to the topic. It will be a 5-chapter project. It is in relation to my academic work at USIU-A.

My progress so far on this project is that I've written out 2 chapters
plus an Abstract page. I'm working on Chapter 3 now. The heading for
Chapter 3 is: "A Case Study on MAP International - Structure of
Funding". I'll be looking at the structure of funding for MAPESA, and
its related problems.

To be able to speed up my work, I'd like to have in writing from you,
(or a document if available), the general and specific objectives, and
philosophies of MAP and MAPESA. Perhaps, you could refer me to
where/who I can secure this information from if you don't have.

Counting on your prompt response to my need. Thank you.

Sylvia