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SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF GENERAL BUSINESS MANAGEMENT

EFFECTS OF GRANT MANAGEMENT SYSTEM IN PROJECT SUCCESS: THE CASE OF POPULATION SERVICE INTERNATIONAL ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

Here with I, Betelhem Tedla, declare that this research paper prepared for the partial fulfilment of the requirements for degree of Masters in Business Administration on the topic "Effects of Grant Management System in project success in the case of Population Service International Ethiopia "is completely a result of my own effort. I have carried out the paper independently with the close advice and guidance of the research advisor, Muluadam Alemu (PhD).

Betelhem Tedla

_____

December 2019

Addis Ababa, Ethiopia

ENDORSEMENT

This is to certify that Betelhem Tedla Gashawbeza has carried out her research work on the topic entitled "Effects of Grant Management System in project success in the case of Population Service International Ethiopia" under my supervision. This work is original in nature and it is for the award of the Masters" Degree in Business Administration (MBA) for examination with my approval as a university advisor.

Muluadam Alemu (PhD)

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ACRONYMS & ABREVATIONS

ACSO	Agency for civil society organization
AU	African Union
CFR	Code for Federal Regulations
DFID	Department for International Development
EU	European Union
FOG	Fixed Obligation grant
INGOs	International Non-governmental organizations
LIPs	Local Implementing Partners
NGOs	Nongovernmental organizations
NOA	Notice of Award
OMB	Office of Management & Budget
PSI	Population Service International
SPSS	Statistical Package for Social science
UK	United Kingdom (UK),
UNICEF	United Nations International Children's Emergency Fund
US	United States
USAID	United States Agency for International Development
WB	World Bank

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ABSTRACT

Grant management is an integral part for non-governmental organizations, and it is fundamental for the achievement of the project's objective. Grant is a legal instrument used to transfer anything of value (i.e. money, property, or services) to a recipient in order to accomplish a public purpose of support. The transfer of this resource provides considerable support to developmental effort of the country. It's vital to have effective grant management because project success is mainly depending on the effective use of available resource on time with desired quality of deliverable for beneficiaries. The main objective of the study was to analyze effects of grant management system in project success the case of Population service International Ethiopia. The study adopted descriptive research design and qualitative research approach. Analysis was conducted based on primary and secondary data. The primary data were collected from staff members at the Population service International Ethiopia office through questionnaires. Secondary data were obtained from Yearly performance report (2016 -2018). Purposive sampling technique used to collect qualitative data based. From the study, the researcher found that there is inconsistent application of policy, procedure & government rules, Lack of communication and information exchange with sub grantee, failure to receive report in scheduled time to truck project performance and using unsuitable grant instrument throughout project implementation. The study conclude grant management system has significant influences in project success because Projects are executed through grants and that is clear the success /failure of the overall grant management system directly affect the projects. More, grant management system has great consequence in project success by making efficient process in pre-award, awarding and post-awarding stages which promotes on time budget release that could facilitate project implementation as per the approved work plan and budget. Finally, Its recommended that PSI should maintain adequacy in allocating annual budget in certain grant period, work to align with overall donor compliance & regulatory obligations, maintain specific line of communication to manage grant deal, negotiation and agreement process, apply different grant instrument by considering grantee capacity, scope of work and duration of projects and maintain strict schedule and receive reports before on time.

Key Words: Grant, Grants management, Project success, PSI

CHAPTER ONE

INTRODUCTION

This chapter introduces about the whole study; it presents background of study and organization, in the way of giving clear understanding of the problems in grant management system, define the question that the study tries to answer and sets the objectives to be accomplish, discuses significance of the study has, scope or focus area of the study. Finally, it presents how the whole paper is organized.

1.1.   Background of the study

Foreign aid represents an important channel through which resource is transferred from developed nations to developing economies. The transfer of external resources enables the recipient country to raise the level of investment and to increase the supply of commodities that cannot domestically produced (Yohannes, 2011). Ethiopia is the second most populous country in Africa and receives a significant amount and the most substantial development aid for the last decade from donors including the United States, United Kingdom, World Bank and European Union (USAID, 2014). In recent years, Ethiopia has been receiving $3.5 billion on average from international donors, which represents between 50 to 60 % of its national budget (Oakland Institute, 2013).

INGOs have provided considerable support to capacity building of government agencies, particularly at local-levels and in the remote parts of the country. Moreover, the participation of the INGOs in the overall development effort of the country has had significant impact on the life of the poor and the broad range of basic service made accessible to them on the country economy and development program (Desalegn, 2008). Data obtained from (Agency for civil society organization (ACSO,2015) shows, In Ethiopia a total of 3,026 Charities and Societies registered and operating which includes (360 Foreign Charities, 336 Ethiopian Societies, 95 ERSs, 2,013 ERCs, 111 Ethiopian Charities, 53 Consortiums, 58 Adoption Foreign Charities) (Alemu,2018). Grant is defined as financial assistance awarded to the Country from an external government entity to carry out support of public purpose. Grants are an exceptional way to fund Country projects. However, the grantor comes with the expectation that all work, including the management of the grant award follows the highest standards of the regulatory and budgetary

requirements of the grantor and the Country. Moreover, Gants should be aligned with the strategic priorities and must be consistent with country's mission (Charlotte, 2017).

Grant management system is a grant making process which is categorized as pre awarding and post awarding. The pre awarding includes Pre awarding assessment, partner identification & selection, risk determination and negotiation. The post awarding includes the award disbursement, monitoring & evaluation, capacity building, and closeout (PSI 2011).

LNGOs getting grants from the donor through grant making process. Besides, the donor conduct assessments before channeling funds to LNGOs that make sure the fund will be used for intended purpose (Abenet 2016). Thus, it is vital to have effective and efficient grant management in place because project success is mainly depending on the effective use of available resource on time with desired quality of deliverable (Woderyelsh 2016).

A project is defined as a sequence of unique, complex, and inter-connected activities having one goal or purpose and that must be completed by a specific time, within budget, and according to specification (Harold, 2003). According to (Randal, 2015) Time, cost and scope are the big three items they must consider in the management of all resources throughout the project life cycle. This ensures a project is completed on schedule, on budget and meeting beneficiary's expectations with quality. Whereas, any change to one of these elements' influences each of them. This means, in terms of project success if one of the project successes factors elements were not achieved, it can be saying the project were failed.

Previous studies related to grant management system and project success were very rare. The few research papers conducted on INGOs were very limited in their number and scope for which most of them were dealt with the 70/30 proportion challenges emanating from the ACSO directives for instance study conducted by Hiwot (2016) challenges and prospects of Charity and Society Association 70/30 guideline implementation on the performance of NGO's in Ethiopia. On the other hand, some study focuses on financial management, and others on program effectiveness and internal control issues studied separately. Study conducted by Seble (2015) assessment of financial management practices in selected INGOs in the health sector. Thus, the study focused on effect of grant management system in project success. To this end, the study attempts to analyse the relationship between grant management system and project success in

international non-governmental organizations context, operating in Ethiopia which is PSI Ethiopia. The following section describes about PSI Ethiopia.

1.2.   Statement of the problem

Grant management system is comprehensive process which starts from creating funding opportunity, partner identification and selection, making grant decision, successfully implementing the grant and closing of grant. Each elements of grant management system have an input in the project management and success (TALG, 2008). As grant is valued as the lifeblood of any NGO, its framework and structure are all-inclusive by nature, and hence require strong and effective management system. Likewise, developing good grant management system & grant requirements are crucial components for any NGOs to accomplish the vision, mission and objectives of the organization. Moreover, informing the donor and other stakeholders who had stake throughout the project life span until the project/program's phase-out also crucial. Execution of such entire cycle ensures that grant funds were spent in accordance with the agreements entered and the commitments made to each donor/grantor (Alemu, 2018).

PSI Ethiopia is one of the main USAID programs which currently run 10 projects and $15million USD annual budget. PSI yearly performance report for the year 2016 – 2018 shows that some of the projects were not fully utilized the allocated budget and some of other projects have over expenditure. Moreover, most of the projects were not end with in grant effective end date. Project delay refers to a time overrun either beyond the effective date for the delivery of the project (Salunkhe & Patil, 2014). In this case the grant will be de-obligated after the end of project period without delivering the expected performance to beneficiaries. If the grant disbursement already made underutilization compels the organization may return unused remaining fund to the grantors.

On the other hand, there is a possibility of modification to extend the grant period. This extension has obligation increase or getting additional budget to implement the project activity that couldn't perform in the planed cost and time. In each case, a delay is a costly situation. A project which delays in time will increase the budget, and it may decrease the quality of deliverable. Thus, grant utilization a serious of concern that manifested failing to adhere projects objectives (Alemu, 2018).

Many International NGOs execute their projects by engaging local implementing partner (LIPs) who enables them to customize the approach in local context and work closely with beneficiary's entire problem. Local implementing partner is eligible by local concerned government authority to work on in each sector (PSI, 2011).

Related to Grant management process PSI Ethiopia has pre award assessment to identify and select implementing partner. Based on strategic plan and nature of the activities PSI directly executes its projects. However, PSI also have strategic plan to design and implement a capacity building for local partners to allow them for direct donors funding. According to (William & Flora 2006) selection of partner for funding is manly determined based on the pre-grant assessment. If this stage of grant assessment is best managed, the likelihood of selecting a potentially successful partner is high. The major justification of using pre-award assessment as selection tool is accepting a partner who has similar grant assessing the efficiency and effectiveness of grant management practices in grantor objective and a capability to perform well (USAID,2014). The grantor decides number of local implementing partner based on scope, target, covering region and size of the project. PSI Ethiopia has working with 25 LIPs in 2016/17 and 17 LIP's in 2018. Performance report for the year 2016 – 2018 shown there was significance variance between planned and actual performance. Hence organizations having well designed system of monitoring will reduce the risk of miss utilization of funds either by dropping the organization or addressing gap through capacity building during project implementation (Abenet, 2016). The recipient of the grant, for many reasons, is entitled to successfully exercise effective grant management. Among others, if the grantee is not in the position to effectively manage the grant, the grantee may be denied funding by the grantor during the implementation process of the project (Alemu, 2018). It is the responsibility of the grantor to ensure that those gaps are addressed subsequently. Therefore, the fact that observed above is worth to assess that complete grant management practices enables projects successfully achieve predetermined goals.

Thus, the study was attempted to analyze the effect of grant management system in project success in the case of PSI Ethiopia.

Research Question

Because of existing gap in assessing the relationship between the grant management system and project success, this research raises and address the following questions**.**

- What is the effect of grant management system in the project success?
- What are the challenges of grant management system in PSI Ethiopia?
- What are factors affecting grant management?
- What are factors affecting project success?

1.3. Objective of the Study

- **General Objective**

The main objective of the study was to analyze effect of grant management system in the project success in the case of PSI Ethiopia.

- **Specific objectives**

To achieve the general objective, the following specific objectives were formulated:

- To identify whether grant management system has an effect on project success.
- To identify challenges of grant management system in PSI Ethiopia.
- To identify factors affecting grant management system.
- To identify factors affecting project success.

1.4. Significance of the Study

NGO sectors are integral part of the whole economy which intends to enhance, develop and growth its beneficiary's life. Hence, it's important to focus on their achievement.

- This study will help NGO sector by giving insight on how should be grant manage effectively and how grant management system influence the project success.
- To give practical knowledge to expertise and academicians on grant management area, project implementation and success challenges and how local NGOs should be working now a day to make their project successful.
- To provide inputs to the management of the NGOs to make critical examination of existing grant management system in the organizations which may assist them work towards improvement and implement projects successfully.

- This research can also be used as a steppingstone for further research which add more value to a remaining body as literature on the concept of grant management and project success in the setting of NGO sector.

1.5. Limitation of the Study

The study would have been more representative PSI Ethiopia office. Therefore, the outcome of the study cannot be generalized for all offices of the PSI. Additionally, the study has limited to address factor affecting project success.

1.6. Scope of the Study

The study focused on the effects of grant management system in project success. The study takes three years data to conduct the analysis which is from 2016 to 2018 fiscal year. This is because recent data was highly relevant to assess the grant management system related to project success in current situation. Besides, in order to conduct an in-depth study and to make the research manageable and cost effective. The study focused on PSI Ethiopia located in Addis Ababa.

1.7. Definition of Terminology

Grant is a non-repayable amount of money and/or commodity that is provided for the fulfilment of objective by the grantor, usually called, the donor, to a grantee who is the recipient of the grant (Grant, 2019).

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

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

Grant management is an integral part for non-governmental organizations, and it is fundamental for the achievement of the project's objective (Grantsmanship 2016). Moreover, its the summing up of definition of time sequence and the projects under deliberation throughout the life of the project includes the awarding, proper planning, implementing, monitoring, evaluating, controlling and reporting of financial as well as non-financial resources based on the agreed terms with the grantor by taking the rules, directives, policies, guidelines standards into consideration (Hall, 2010).

Grant Management System is the process of reporting the projects and financial performance to the grant makers and/or government. Every funder has different requirements, but most private and corporate grant makers want to see the projects progress towards meeting the objectives that stipulated in its proposal as well as how the projects allocated the grant award to the program costs (Heather et al., 2014).

Award: means of financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants, cooperative agreements and other agreements in the form of money or property in lieu of money, by the donor to an eligible recipient. The term does not include: Technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administer (226 CFR 2).

Project: A unique set of coordinated activities, with definite starting and finishing points, undertaken by an individual or organization to meet specific objectives within defined schedule, cost and performance parameters (Harold, 2003).

1.8.   Organization of Paper

The study organized in five chapters. Chapter one gives a general introduction about the study: which include background of the study, statement of the problem, objectives of the study, significance of the study, its scope and limitations, the definition of terms used in the study as well as the organization of the study. Chapter two reviews Conceptual framework, Theoretical literature review and Empirical literature. Chapter three presents methodology of the study. Chapter four presents data analysis and presentation. Chapter five gives conclusion and recommendation based on findings. In addition, the study incorporated list of keywords, acronyms, list of tables and figure, reference and appendixes.

CHAPTER TWO
REVIEW OF LITERATURE

This chapter reviews relevant past literature on the concept of grant management system and project success. Issues considered in this section include Theoretical review, Empirical evidences and Conceptual framework. Therefore, theoretical review elaborates the grant management system and project success. Empirical evidence presents findings of other studies on the relationship between Grant management system and project success. Conceptual framework presents grant management and project success.

2.1. Theoretical Literature Review

A grant is a legal instrument used when the main purpose is to transfer anything of value (i.e. money, property, or services) to a recipient in order to accomplish a public purpose of support or stimulation authorized by donor. Grant is one from many different forms of federal financial assistance. Federal financial assistance is a broad term to refer to the various ways the U.S. government redistributes resources to eligible recipients. Grant is a way the government funds ideas and projects to provide public services and stimulate the economy. Grants support critical recovery initiatives and innovative research and many other programs (USAID, 2018).

According to (Financial Accountability Handbook 2017), Grant is a generic term applied to funding or other incentives provided to individuals or bodies including community groups, statutory bodies or commercial enterprises that show characteristics of a transfer to a recipient which may be in return for compliance with certain terms and conditions. A transfer which may not directly give equal value in return to the government. That means, there is a non-exchange transaction or subsidization, and a recipient may have been selected on merit against a set of program-specific criteria.

A grant is a direct financial contribution, by way of donation, in order to finance an action intended to support achievement of a specific objective. A grant is made for an operation which is proposed to the grantee by a potential beneficiary and falls within the normal framework of the beneficiary's activities. A grant can only be made for an operation whose immediate objective is non-commercial. Under no circumstances may the grant give rise to profits. That means, it must

be restricted to the amount required to balance income and expenditure for the action. Grant beneficiaries are generally non-profitmaking. A beneficiary is responsible for implementing the operation and retains ownership of its results (AU, 2010).

Grant management is the condensation of description of time progression and the projects all the way through the existence of the project. It includes the donation, proper forecast, implementing, monitoring, evaluating, controlling and reporting of financial as well as non-financial resources based on the agreed terms with the grantor by taking the rules, directives, policies, guidelines standards into consideration (Hall, 2010). Simply it is ensuring that you are achieving the goal(s) of the grant or agreed project activities (Corey, 2014).

The phase of the grant management process begins when the grantee signs a binding agreement with the grantor to receive the grant award and becomes the recipient. This is related to all of the management duty required to properly maintain the fund collected from donors and the adherence of the generally accepted standards as well as the requirements of the funding source (Alemu, 2018)

2.1.1. Sub award

Sub award is an award provided by a pass-through entity to a sub recipient for the sub recipient to carry out portion of a donor award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a donor's program award or sub award (USAID, 2014).

2.1.2. Types of Sub award

Sub awards are issued to achieve certain programmatic objectives of the project, to allow sub awardee organizations to their own goals & mandate and works to forward the goals of the donor program or other funders 'strategic development objectives in that country. Poorly implemented sub awards, either on a technical or financial basis, do not achieve their desired results. There are three major ways of sub awards those are;

Fixed obligation grant (FOG)

Fixed obligation grant is a grant awarded to support a program with very specific elements. The Fixed Obligation allows performance without monitoring the actual costs incurred by the sub

awardee. Since payments are based on the achievement of milestones, the structure of the payments is very important. Donors pay sub awardees a set amount when they accomplish a benchmark. It is therefore having enough cost information to allow for negotiation of the payments (USAID, ADS, 2014). All disbursements under Fixed Obligation Grants will be made on the submission of evidence that a milestone has been achieved. Examples of such evidence include work-plans, technical reports and financial reports. Payment to sub awardee is based upon successful performance or results, rather than reimbursement of costs, making this award instrument different from all other financial assistance award. A fixed amount award is appropriate for supporting projects with very specific and defined elements (PSI, 2011).

In-kind grant

In-kind grant is composed of non-cash contributions of time, equipment, space, and other items committed to the goals of the project. In-kind grant may involve the use of items already owned by the applicant or the use of items or personnel donated by a third-party e.g. volunteer labour. In-kind grant must be itemized in the project budget. In-Kind Grant is used primarily for local NGOs that are unable to demonstrate the minimum level of financial management capacity required to receive Fixed Obligation Grants, Simplified Grants, or Standard Grants. This format should not be used for international NGOs since such organizations generally possess adequate capacity to manage cash (PSI, 2011).

Simplified grant

Simplified grant is sub awardees may submit their request for reimbursement more often than monthly for cash flow purposes. Simplified criteria may be used for small awards up to $100,000. If the organization appears to have enough capacity and track record to complete the work and the pre-award assessment or questionnaire demonstrates low risk, a small award could be made without a larger Team review. In addition, an award for a three- or six-month timeframe may also merit less scrutiny. The program or platform's sub award manual should document these exceptions for simplified criteria. Simplified grants do not allow for purchase of fixed assets so there is no report required. Indirect costs cannot include simplified grants indirect costs.

2.1.3. Stages of Grant Management

The grant process follows a lined lifecycle that includes creating the funding opportunity, collecting proposals, making award decisions, and successfully implementing the award. According to (Kracunas & Susko, 2015) grant process has two stages, the pre-award and post-award stages.

- **Pre-award**

The pre-award phase represents the beginning of the grant lifecycle, which includes announcing opportunities, collecting applications, and reviewing applications. According to (ADS 2014), a formal pre-award survey is required to be undertaken in determining whether potential recipient are examined and the prospective recipient has the necessary organizational experience, accounting and operational controls, and technical skills in order to achieve the objectives of the program, or whether specific conditions will be needed. (ADS, 2018)

The purpose of the pre-award is to verify the organization's capacity to adequately perform in accordance with the Funder's rules and regulations. The extent of the pre-award assessment and financial reviews will reflect the type of the sub award mechanism (PSI, 2011). Pre award assessments are used to assess the quality of proposals against the set of objectives and priorities, so that grants are awarded to the actions which maximize the overall effectiveness of projects. Project is being awarded to the quality, expected impact and sustainability of the action, and to its cost-effectiveness (AU, 2010).

The pre-grant assessment stage of funding includes all evaluations preceding grant disbursement. Therefore, inclusive of such determinations as where financial contributions should be directed, what specific organizations should be beneficiaries, and further how grants may best be structured for maximum impact. In addition, it is necessary that the pre grant assessment also include a comprehensive examination of the potential grantee, including review of its institutional structure, financial viability, and personnel compensation. Specifically, the current organizational performance, organizational motivation and organizational capacity that enables to perform activities (William & Flora, 2006).

Funding opportunity announcement

Notice of funding opportunity is intends to support a variety of creative approaches towards developing methodologies to assess and implement development objective activities (USAID, 2018).

An organization may submit a response to one of the various grant opportunity announcement mechanisms the Grant Program might employ, or the organization may submit an unsolicited request for grant funding. Grant opportunity announcements will contain detailed information about the type of response expected from interested organizations (grant 2019).

Only grants that contribute to the stated objectives of the project will be considered for funding. Grants selected for award must demonstrate clear and achievable objectives, a realistic work-plan and acceptable timeline within the stated period, and measurable outcomes. An organization's proposed grant activities should tie closely to the organization's own overall mission and strategy and advance its key objectives. Finally, proposed activities under a grant should be able to be reasonably supported by the applicant's existing administrative structure (USAID, 2014).

Contract Review and Negotiation

After contract review, both parties sign a legally binding grant agreement before any grant is released to grantees. This creates a mutual understanding and shared interest about the common objective they want to jointly achieve and enable them to reach into common understanding how to work together and create conducive environment so that the intended result could be reached (Mango, 2014).

During the grant proposal and negotiating process, before submitting the final budget proposal to the grantor, grantees are supposed to make sure that the budget they prepared be complete and be in line with their plan of action and make sure that the budget is prepared in detail and all budgeted line items are expressed in monetary value. The grantees must make sure that the program (direct) costs and support (indirect) costs are prepared in detail (Mango, 2014).

- **Awarding**

Once the donor completes the contract review and negotiation process, the award Phase begins. The final award decisions and makes award recommendations based on the programmatic and

financial reviews of the applications. These recommendations are reviewed by a series of levels in the donor to ensure high-quality, fair, and unbiased decisions (PSI, 2011).

Once the final award decisions are made, the donor sends a Notice of Award (NOA) to the entities selected for funding. The Notice of Award (NOA) is the official, legally binding issuance of the award. The organization accepts the grant by signing the grant agreement or by drawing down funds and become legally obligated to carry out the full terms and conditions of the grant (PSI, 2011).

Post-award Phase

The post award phase comprises a significant amount of work over the duration of the award dates. This includes implementing the grant, reporting progress, and completing the closeout requirements. The donor that makes the award to awardee is also there to assist and ensure the organization complies with the grant terms and conditions (PSI, 2011).

Implementation

As explained by (Mango, 2014), grantees are required to become adapted to systems of how to effectively manage the project and program grants that enable them to meet the requirements of grantors. Grantors inter into a contract with the grantees that the grant could be either restricted or unrestricted grant that grantees are enforced adhere to the articles stipulated under their agreement. As their name imply, restricted funds are funds that cannot be used other than the agreed and approved budget line items. However, if the grantees are in need to use from the restricted grants other than the agreed ones, they should request for the changes in writing to the grantor and the grantor, if convinced by the request, is required to respond by giving consent in writing. Otherwise, grantees will be held liable for the utilization of unauthorized fund. Hence, as restricted grants are very sensitive, grantees are required to handle strictly and carefully the restricted funds that enable them to track the expenditures restricted grants. To the contrary, unrestricted grants are grants that the grantee can utilize the fund as seems necessary by maintaining the budget ceiling. It is if the grantee utilized above the approved budget that will be held liable for the difference (Alemu, 2018).

Grant Monitoring & Evaluation

Monitoring is often coupled with evaluation and can be defined as an ongoing process to verify systematically that planned activities or processes take place as expected or that progress is being made in achieving planned goals and output (William & Flora, 2006).

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

The grant monitoring and evaluation stage includes those evaluations conducted after funding has been disbursed to the selected organization(s). Monitoring and evaluation is primarily directed toward ascertaining the degree to which the grantee has proved successful in strengthening its own organizational capacity (William & Flora, 2006).

Closeout

The last part of the grant is meant the closing stages of the project. During the closeout period, grantees are required to wind up all the activities on process of the projects. In most cases, preparation for the closure of projects starts ranging three to six months before the final day of the grant as stipulated under the agreement (PSI, 2011).

In order to complete a closeout, the award recipient, must submit the final financial and programmatic reports. According to the OMB Uniform Grants Guidance the receipt must submit all financial, performance, and other reports required under the grant within 90 days after the grant award expires or is terminated. The awarding agency will review these reports to ensure compliance, all the grant terms and conditions as well as to make sure spent all the funds appropriately (grants.gov 2019).

2.1.4. Grant management system & Project success Linkage

Successful grants management system is the process of implementing, seriously overlooking, monitoring, evaluating and reporting the performance of the project in line with the agreements entered with the grantor's awards which includes controlling the project's grant resources,

monitor the overall activities of the project and evaluate results obtained from performance that enables the grantee to ensure that the predetermined agreements entered with the grantor are adhered accordingly (Corey, 2014).

The practice of creating linkage between capacity building and grant making is perceived as a success factor for proper implementation and completion of programmes. Linking of capacity building with grants management enabled partner organizations to be innovative and demonstrate their potential to apply new skills and practices. Capacity building focused on grant management systems would have strong contribution during the programme implementation. The strategic link between capacity building and grant making assisted the partner organizations especially at their earlier stage of establishment and enabled them to hire personnel to run their programmatic and financial activities, enhanced their efficiency and make them operationally ready to work with other partners, enabled them to be innovative with new projects undertaken. The capacity building efforts enables organizations to accomplish their programs effectively as their grant management systems are well supported during through capacity building (Woderyelesh, 2016).

2.1.5. Factors affecting grant management system in project success

What determines project success, referred to as success factors, is also approached and considered to be most important. Project success was recognized to be a complex and multi-dimensional concept encompassing many attributes (Pinnington, 2014).

Success factors can be perceived as main variables that contribute to projects' success (Dvir, 1998), as devices that can be operated by project managers to increase chances of obtaining the desired outcomes (Westerveld, 2003). A combination of factors determines the success or failure of a project and influencing these factors at the right time makes success more probable (Savolainen, 2012).

Success factors determine the positive outcomes of implementing projects. They must be identified before projects' implementation, from the conception phase. But projects environments are dynamic, so success factors might change their level of influence in time. As, a permanent monitoring of these factors is needed and whenever necessary the project manager should influence certain factors in order to increase chances of accomplishing success criteria (Crisan, 2014).

Identifying the grant instrument

An important factor to be considered in project success during the pre-award assessment is the amount of funds to be directly managed by the prospective sub-grantee vis-à-vis with the programmatic and financial management capacity. In this case, the type of grant to be employed or the level of involvement (inclusive of any requirements for special award condition to be included in the contract agreement) depending on risk levels (NUPAS, 2012). There are small grants like fixed obligation grants (FOG), standard long form grants or in-kind grants (FOG will be proposed if the organization is deemed incapable of management of the grant).

Managing & Administering Sub-grants

A competitive process for selecting sub-grantees ensures that all sub-grantees are evaluated fairly and that the highest quality applicants are selected. Grant announcements including application guidelines and selection criteria should be published and disseminated as widely as possible to ensure the greatest pool of applicants. Application guidelines should be clearly written and provide all necessary information for sub-grantees to complete an application (Learn & Serve, 2005).

Managing sub-grantee funds and programs is a key grantee responsibility (Learn & Serve, 2005). Clearly states that grantees should develop a risk-based monitoring system to ensure adequate oversight of all sub-grantee funds. Grantees should communicate compliance and reporting requirements, including all grant provisions to their sub-grantees. Providing sub-grantees with the training they need to implement strong programs is a major component of sub-grant management. To help design effective training and technical assistance efforts, Learn & Serve (2005) describes this as grantees should conduct a formal or informal needs assessment and then develop a plan for providing training, technical assistance, and conducting site visits (Woderyelesh, 2016).

Managing Budget & Finances

Grant management system is not exclusively restrained only to the maintaining of perfect accounting records but also involves the planning, budgeting, monitoring, evaluating and controlling the financial resources that are targeted to accomplish the organizational objectives. For instance, as a least requirement a financial management system is adhered to ensure that costs are properly classified or categorized, tracked and charged to their respective accounts, and

that the management of the organization has to be able to report the financial information clearly and accurately to the donors and/or other concerned stakeholders (Stephenson 2003).

Pre & post award involvement of Grant Management

"Pre-grant due diligence is an important part of effective and responsible grant making. Robust due diligence procedures aim to ensure long term value for money from grant expenditure by identifying potential weaknesses and risks and considering opportunities to enhance capacity before grants begin, when changes become much more difficult. Hence, the assessment helps to reduce the risk of funding being diverted from agreed development objectives, which inevitably reduces the desired impact. In addition, it also aims to reduce misunderstanding and establish an environment of accountability and transparency (KPMG, 2012).

Identifying the conditions for effective development aid is a major concern among development agencies. Donors are spending billions of dollars every year on development often without achieving the desired effects. According to Learn and Serve (2005), sub-grantees must follow all rules and regulation of the donor that is cascaded from their funder. Grantees are responsible for monitoring and reporting on all their sub-granting activities and are ultimately responsible for managing sub-grantee funds.

2.1.6. Criteria for Project success

Project success has been defined as achieving the goals outlined and complying with predetermined conditions of time, cost and scope (PMI, 2013). The project success most of the time is measured in terms of allocated time, budget and expected quality. Having good grant and program management system would directly contribute to the timely completion of the program with the agreed budget and required results maintaining the quality. Studies and evaluation reports in Ethiopia and East Africa show that there are problems related with program management system that has also affected the overall program result (Abnet 2016).

Although certain criteria might be relevant in measuring the success of most projects, they should be adapted to size, complexity, duration, type and stakeholders' requirements is increased level of complexity when approaching aspects of projects (Woderyelsh, 2016). Success is normal and determined by the dynamic environment where projects are implemented. While in project management literature the list of success criteria is supplemented constantly with measurable or non-measurable items (Davis 2004).

2.2. Empirical Literature Review

Researchers have done studies locally and internationally in relation to grant management focusing on effective and efficiency of grant. Few researchers were conducted on grant management and project success with the major focus on post and pre award process investigation. Here below significant study focused on grant management in different dimensions.

The Study conducted by Abnet (2016) assessed grant management system & its contribution for project success. The study concludes the presence of a strong grant management system is a one important factor to ensure successful project implementation and completion. In this regard there was a major challenge observed consistent application of the existing procedures and tools even the entities have good grant management system.

Study by Woderyelesh (2016) was carried out to examine efficiency & effectiveness of grant management system. The result confirms that pre-award assessment is a key factor for grant management efficiency & effectiveness. The outcome of pre-award assessment is used for measuring risk and identification sub grantees capacity gap.

Alemu (2018) assessed grant management system in Ethiopian local NGOs. Finding of the study shows that there are different policy documents that guide and regulate grant management as well as the planning and reporting of programs and finances. Various requirements dictated by the Government and grantors are sporadically adhered. For example, the 70/30 seems to be complied by aggregate at the Association level. Yet, a cross-section view of the proportion by Area Offices revealed that the directive is not complied accordingly. Once grants were awarded from a dozen of grantors, it was presumed to be utilized to achieve the intended objectives within the agreed period. However, the study revealed that the Association had not fully utilized the grants awarded and obtained from the grantors. For instance, about Birr 21.6 million in 2016 and more than Birr 12 million in 2017 were not utilized.

Learn & Serve (2005) clearly states that grantees should develop a risk-based monitoring system to ensure adequate oversight of all sub-grantee funds. Moreover, managing sub-grantee funds and programs is a key grantee responsibility. Grantors should communicate compliance and reporting requirements, including all grant provisions to their sub-grantees. Providing sub

grantees with the training they need to implement strong programs is a major component of sub grant management. Grantees should conduct a formal or informal needs assessment and then develop a plan for providing training, technical assistance, and conducting site visits. To help design effective training and technical assistance efforts.

According to risk management for non-profit organization Australia (NSW 2013), risk is the effect of uncertainty on an organization's objectives. In this regard, risk includes both potential threats to achieving those objectives (negative risk), and potential opportunities for achieving those objectives (positive risk). Therefore, risk is any uncertainty about a future event that threatens organization's or program's ability to accomplish its mission. Thus, an organization which received grant should be able to identify circumstances that increase the organization and program's potential risks and manage their programs to prevent those risks from occurring.

According to Helen (2012) donors and/or government provide grants and other resources to recipients that enable accomplishment of project objectives that are consistent with the policy of the government. Project grants of NGOs are various in their arrangement, function and future threat, and their answerable demands that ranges from extremely complex to somewhat easy ones. As almost all projected grants by NGOs involve the utilization of public funds, grantees are accountable for the granted resources. Likewise, grantors are also required to comply with and adhere to government rules, laws, proclamations, regulations and regulatory obligations that are stipulated under functional federal and regional legislations

According to Helen (2012), stated that the effectiveness of NGO's project's performances be supervised and evaluated and measured by the government to make sure that projects under consideration have achieved the project objectives and attained intended the overall goal. A project monitoring strategy provides a framework for projects to assess and evaluate the effectiveness of the grant, its management practices in achieving the project's objectives and NGOs required complying with and adhering to the provisions stipulated under the legally binding agreement entered between the two contracting parties.
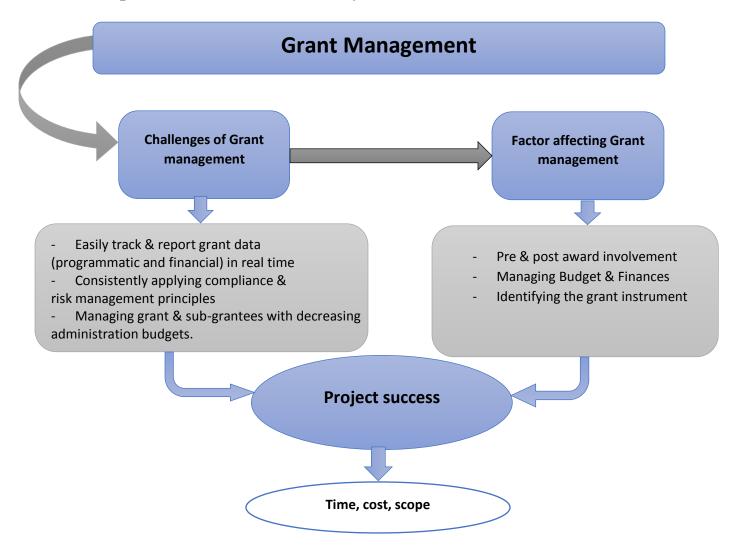
2.3. Conceptual Framework of the Study

Figure 1: Conceptual framework of the study

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquires and used to structure a subsequent presentation (Bogdan & Biklen (2003). Grant management is fundamental in this study. Conceptual framework for grant management showing the Challenges and factors affecting grant management with the linkage to the project success. It is designed by the researcher by using inputs from various literatures.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the research design and methodology. It covers the research method, the sources of data, the study population, sample size and sampling technique, instruments and procedures of data collection and methods of data analysis.

3.1. Research design

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Creswell, 2009). Moreover, research design is the conceptual structure within research is conducted; as such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to final analysis of data (Abdurazke et.al 2014).

The purpose of the study was to investigate effects of grant management in project success. To this end, the researcher applied descriptive research design which provides an accurate and valid representation of variables that are relevant to the research question. Descriptive research presents picture of specific details of a situation, setting or relationships. The major purpose of descriptive research, as the term implies is to describe characteristics of population or phenomena (Abdurazke et.al 2014).

3.2. Research approach

In this research, Qualitative research approach was applied. Because the study was collected and measured both qualitative data. The purpose of qualitative research is to explore the meaning of the people's experiences, the meaning of people's culture, and how the people view a issue or case. The purpose of the quantitative research is to examine the relationship between variables, such as the dependent, independent variables, and extraneous. The qualitative research is an exploratory nature, so the qualitative research questions usually start with the words, such as WHAT, or HOW (Creswell, 2009). Therefore, qualitative research approach was used to achieve the objectives of this study.

3.3. Types and Sources of Data

In order to get significant data that enable the researcher to meet the objective of the study outlined at the beginning. The study used both primary and secondary sources. Primary data sources, which are considered to be more accurate, are filled by individuals who will participants in or direct witnesses to the events that are being described (Fraenkel et al, 2008).The primary sources of data directly get from Project director, Project managers, Program specialist , Project advisor, grant & contracts director and finance manager through questionnaire and interviews which was designed to allowed the researcher to explore the understanding of the manager on the contribution of grant management for the success of project.

In addition, secondary data used to support the findings of the study. Information from secondary data supplement data obtained from primary data sources. Secondary sources are prepared by those who were direct witnesses to events but who obtained information from someone (Fraenkel et al, 2008). Secondary data was obtained from various financial report including yearly performance report, previous research findings, journal articles, publications, books, organization policy procedures, manuals and websites.

3.4. Sampling Technique & Population

Purposive sampling technique was applied in the study which is categorized in non-probability sampling. The main goal of purposive sampling is to focus on particular characteristics of a population that are interest of which would be best enabled to answer the research questions. Purposive sampling techniques have been involve selecting certain units or cases ''based on a specific purpose rather than randomly'' (Tashakkori & Teddlie, 2003). The study respondents were selected intentionally for their single role and position in their organization.

A population can be defined as the complete set of subjects that can be studied: people, objects, animals, plants, organizations from which a sample may be obtained (Shao, 1999). Researcher usually cannot make direct observations of every individual in the population that is studying. Instead, the researcher collects data from a subset of individuals (a sample) and uses those data to make inferences about the entire population (Abenet 2016).

The population considered in the study extended to staffs of PSI Ethiopia which consist of program and support units. Program staff members are directly involved in the project main

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activities and involved directly with the grant making process of PSI Ethiopia. And support staffs are indirectly contributed for project activity by facilitating office operation. As per the human resource data currently reported (September 2019) PSI Ethiopia has 221 total staff which consist of 154 program staff working in the position of director, Program manager, Project manager, advisor, specialist, grant & contracts and 67 support staff working in the position Finance, Procurement & Logistics, Human resource & admin. Among the total population, staff members who don't have direct involvement to the subject matter under study excluded by using purposive (judgmental) sampling. The number of excluded staffs is 67 which is members of Finance, Procurement & Logistics, Human resource & admin. Thus, the target population considered for this study was 154 staff's members.

3.5. Sample size

According to (Cohen, 2007), the sample population is a subset of the entire population, and inferential statistics is to generalize from the sample to the population. Sample size refers to the number of items to be selected from the universe to constitute a sample. The size of sample should be neither is excessively large nor too small. It should be optimum. An optimum sample is one which fulfills the re-equipment of efficiency, representativeness, reliability and flexibility (Abdurazke et.al 2014). Accordingly, in this study to make the sample more representatives, the sample size of the study is determined using the formula developed by Yemane Tero (1967).

$$n = \frac{N}{1+N(e)^2}$$

$$= \frac{154}{1+154(0.09)^2}$$

$$= 68 \text{ (Staff member)}$$

Where N= Population

       n= Sample size

       E= level of precision (error term which is 9% i.e. at 91% confidence interval)

From the total Population of 154, the sample size of staff members selected for analysis was 68 at a confidence level of 91%.

For the purpose of gathering relevant data regarding grant management and project success. 68 staff members were purposively selected based on their single role and position in the organization which is directly related to grant management and budget holding. Hence to collect appropriate data, a 5-point Likert scale questionnaire developed by (William & Flora 2006) and open-ended interviews was distributed to the selected 68 employees. Table below summarizes positions and numbers of staff member selected for the study.

Table 3.1 Summary of position & No. of staff selected for the study

No.	Positions	No. of staff's
1	Project/Program/Finance/Grant Director	15
2	Project/Program/Finance/Grant Manager	15
3	Project/Program advisor	7
4	Program/ Project specialist	7
5	Project expert	9
6	Project/Grant coordinator	7
7	Project facilitator	8
		68

3.6. Data collection methods/Instruments

The study was used both primary and secondary data. In order to collect relevant data, the researcher used questionnaire and interview. Shao (1999) defines a questionnaire as a formal set of questions or statements designed to gather information from respondents that accomplish research objectives. Primary data collected by using structured questionnaire and interview from targeted PSI staff to get first-hand information on their insight on grant management system (Pre & Post award process) and its perceived effect on project success. The standard instrument was adopted for this research which is grant management efficiency and effectiveness used by Best Practices for Funding the (William & Flora 2006) was implemented to measure the effect of pre award assessment and post award monitoring.

3.7. Data Analysis

Data analysis is a process consists of numerous decision and discrete tasks that can be unique to a research (Abdurazke et.al 2014). Data analysis contains series of activities that can involve the application of several different statistical techniques in a variety of different ways. These activities must be closely coordinated so that all the information necessary for decision making is extracted from a data base. Thus, each analysis activity must be approached in a systematic fashion so that meaningful decision derived information results (Abdurazke et.al 2014). Following the completion of the data collection, the responses obtained from questionnaire, interview question and the results of the document review was systematically categorized and analyzed by using SPSS (Statistical Package for Social Science/SPSS/ 25 Version).

3.8. Reliability test of instrument

Test of reliability is another test of sound measurement. A measuring instrument is reliable if it provides consistent results. If the quality of reliability is satisfied by an instrument. then while using it we can be confident that the transient and situational factor are not interfering (Abdurazke et.al 2014). Reliability test meet the need of finding an objective way of measuring the internal consistency or reliability of an instrument used in a research work (Cronbach, 1951).

Table 3.2. Reliability test of the instrument

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.83	0.80	24

Source: Survey data, 2019

To measure the consistency of the questionnaire particularly the Likert-type scale, the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. To carry out the reliability analysis, Cronbach's Alpha (α) is the most common measure of scale reliability and a value greater than 0.70 is very acceptable

Table 3.2 shows that the value for Cronbach's Alpha (α) was 0.80 for all variables. When these calculated reliability values are greater than 0.70 and compared with the minimum value of alpha

0.60 advocated by (Cronbach's, 1951), then the responses generated for all of the variables" used in this research were reliable enough for data analysis.

3.9. Ethical consideration

The researcher addressed ethical considerations of confidentiality and privacy. Before collecting the data, approval for conducting the study was obtained from the PSI director of HRM. Following the completion of this formality, a letter of introduction regarding the research together with the questionnaires was handed out to the participants.

A guarantee was given to the respondents that their names would not be revealed in the research study and that results from the study would be presented only in terms of overall findings and that information about specific participants would not be disclosed. The respondents were therefore assured of the privacy of the results which could increase the probability of honest answers to the questions.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

This chapter demonstrates data analysis, presentation and discussion. Data collected using different tools were analyzed using SPSS (version 25) and presented in tables.

Descriptive statistics was used to summarize quantitative data; qualitative data gathered through interview was also used. The presentation, of data gathered both from primary sources through questionnaire & interview, secondary data from published document of PSI Ethiopia. Under this section, detailed analysis and interpretations of data presented based on the responses obtained from respondents as related to grant management and its effects on project success.

4.1. Response rate

The questionnaire for the study was distributed to PSI staff member who are purposively selected for their intended role regarding the subject matter. A total of 68 questionnaires were distributed to respondents and 57 were filled and collected from selected staff members. This accounted to response rate of 91%. This means that the study suffered a non-response bias of 9%. In addition, semi-structured interview questions were prepared and distributed to the target population. As a result, this research has been analysed based on the data obtained from the completed questionnaires and the responses from the interviews.

4.2. Respondent general profile

This part of the questionnaire was intended to give the reader an insight into respondent's general background information. The characteristics of the 57 respondents who participated in this research were presented in the form of charts and tables and were described using frequency and percentage. The characteristics included sex, age, work experience, educational level & job category. The researcher believed that these characteristics of respondents would help to have an overall picture about the respondents of the study.

Table 4.2.1: Age of Respondent

	Frequency	Percentage
25 – 35	23	40
36 - 45	26	46
46 - 56	8	14
Total	**57**	**100**

Source: Survey data, 2019

As indicated in Table 4.2.1, the age category of respondents shows that most respondents are between the age's categories of 25 to 35 and 36 to 45. From a total of 57 respondents, 23 of them are under the age category of 25 to 35 respondents, 26 of them are under the category of 36 to 45 and 8 of them are under age category of 46 – 56 which represent 40%, 46 % and 14% of total respondents respectively.

Table 4.2.2: Sex of Respondent

	Frequency	Percentage
Male	40	70
Female	17	30
Total	**57**	**100**

Source: Survey data, 2019

According to Table 4.2.2, out of 57 respondents, 40 (70%) of them were male and the remaining 17(30 %) were female respondents. This shows most of the respondents were male.

Table 4.2.3: Educational Level of Respondent

	Frequency	Percentage
1st degree	15	26
2nd degree	40	70
PhD	2	4
Total	**57**	**100**

Source: Survey data, 2019

As indicated in Table 4.2.3, (26%) of the respondent have 1st degree, while most of the respondents (70%) have acquired their 2nd degree, (4%) of the respondents has PhD. The

educational background of respondents is important to understand and answer the questionnaire that require technical and project management that relates to grant management.

Table 4.2.4: Respondent Department in the Organization

	Frequency	Percentage
Finance	5	9
Grant	4	7
Program	48	84
Total	**57**	**100**

Source: Survey data, 2019

Regarding department of respondents in the organization, Table 4.2.4 shows that from the total 57 respondents 5 of them are under finance section, 4 of them are from Grant section and remaining 48 are under program section which represents 9%, 7%, and 84% respectively. This mix of job category shows that all respondents have insight about grant and project management as well. Further, most of the respondents from program section are budget holder who involved in managing project awards.

Table 4.2.5: Respondent Experience in the organization

	Frequency	Percentage
< 1 year	10	18
1 – 3 years	24	42
3 – 5 years	10	17
5 – 10 years	11	19
Above 10 years	2	4
Total	**57**	**100**

Source: Survey data, 2019

Table 4.2.5 shows that, from the total 57 employees 42%, 17%, and 19% of them had worked in the organization for 1 – 3, 3 – 5, 5 – 10 years respectively. The remaining 18% and 4% had worked less than a year and more than ten years respectively. This indicate that the study has consist of all range of years worked in the organization.

4.3. Descriptive statistical analysis

By using the survey questionnaire respondents were asked to give information on the existing grant management system of PSI Ethiopia that could be affect successful project implementation. The table below summarizes the response on these questions; Data was analysed based on the statistical method SPSS 25 and calculated mean and standard deviation. Following William & Flora (2006), the responses on Likert scale tool of 5-points were determined as the following ranges.

4.3.1. Competencies of Grant Management

Table 4.3.1: Competencies of Grant Management

	Questionnaire Items	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S. D
1	Managing Risk	0(0)	0(0)	12(21)	34(60)	11(19)	3.98	0.64
2	Translating a Proposal into a Program Plan and Using it	0(0)	0(0)	0(0)	49(86)	8(14)	4.14	0.35
3	Managing & Administering Sub-grants	0(0)	0(0)	9(16)	41(72)	7(12)	3.96	0.53
4	Managing budget & Finances	0(0)	3(6)	8(14)	42(73)	4(7)	3.82	0.63
5	Using Management Systems	0(0)	3(5)	5(9)	43(75)	6(11)	3.91	0.63
6	Addressing Weaknesses	0(0)	0(0)	5(9)	40(70.)	12(21)	3.91	0.54

Source: Survey data, 2019

According to Zaidatol & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.4 up to 3.79 was considered as moderate and mean score above 3.8 was considered as high. Table 4.3.1 presents 6 items dealing with grant management competencies relatively all the participants of this survey agree with all the indicators. as we can see the mean for all is high.

Managing Risk

Table 4.3.1 shows the response of question that required to determining competencies of grant management system of PSI Ethiopia in order to achieving project success. Accordingly, 19%

strongly agree, 60% of the respondents agreed that PSI Ethiopia grant management practices were assessed risk related to financial and programmatic by identifying possible mechanism. 21% of the respondents remained neutral. risk is any uncertainty about a future event that threatens the organization's or program's ability to accomplish its mission. Grantor should be able to identify circumstances that increase the organization and program's potential risks and manage their programs to prevent those risks from occurring (Lean & Learn 2005). Risks should not be over managed that scarce resources are effectively utilized. Risk beyond the expose's threshold of the organization could have the chance that key objective will not be achieved. Grant related risk that has negatively impact on grant management should be incorporate into organizational strategic plan and controls to manage them (Global fund 2014). In this regard, the study finds, that PSI grant management practices were applied risk management competency that enables them to mitigate potential risk (program & Financial) that could limit successful project implementation.

Translating Proposal into program plan & using it

Table 4.3.1 shows the response of the question that determine competencies of PSI grant management practices in relation with translating proposal to work plan and its implementation which have been great significant on project success. About 14% of respondents strongly agreed and 86% of respondents agreed that PSI Ethiopia translate the work plan and implemented for the grants towards achieving organizational goal. According to Learn & Lean (2005). A program plan is a detailed map for implementing project activity that describes objectives, strategies for implementing the plan; develop a timeline and milestones for program implementation to keep the program moving towards intended objectives and measure outcomes & performance. Planning effectively and then using the plan to guide action is critical to a well-managed grant. The program plan should identify what skills and tools are necessary to accomplish program goals and who should be involved in each facet of the program. Learn and Serve (2005) grantees should involve key stakeholders in developing the plan, particularly in defining goals, objectives, strategies, and measures for the program. In this case, this study finds that the PSI certainly applied grant management practices in terms of translating the grant proposal to work plan and ensure its implementation has significant consequence in project success.

Managing & administering sub grantee

Table 4.3.1 shows 72% of respondents agreed, 12% of respondent strongly agreed that PSI managing and administering its sub grantee. The remaining 16% still declared neutral. The sub-granting process and the character of sub-grantee performance is a frequent issue. According to Learn and Serve (2005), a competitive process for selecting sub-grantees ensures that all sub-grantees are evaluated fairly and that the highest quality applicants are selected. Grant announcements including application guidelines and selection criteria should be published and disseminated as widely as possible to ensure the greatest pool of applicants. The sub-grant selection process should include a peer review process to evaluate and select sub-grantees. Reviewers should prepare a written justification for the selection of all awardees based on the selection criteria. Organization should develop a risk-based monitoring system to ensure adequate oversight of all sub-grantee funds. Organization should communicate compliance and reporting requirements, including all grant provisions to their sub- grantees. Providing sub-grantees with the training they need to implement strong programs is a major component of sub-grant management. To help design effective training and technical assistance efforts should conduct a formal or informal needs assessment and then develop a plan for providing training, technical assistance, and conducting site visits. In this regard, the study finds that PSI competencies related to managing and administering sub grantee were good, but it demands more work to get maximum possible outcomes. Since managing sub grantee plays a great role in implementation efforts undertaken to achieve project success through by them.

Managing Budget & Finances

As Table 4.3.1 indicated, 74% and 7% of the respondents mentioned that PSI's managing budget and finance competency is agreed and strongly agreed, however 14% of respondents neutral that PSI's practices on budget and financial management ability and the remain 5% disagreed. Existence of a sound, transparent and accountable budgetary and financial system and process should in consideration under managing budget & finances. According to Learn and Serve (2005) organization must employ complete financial management practices in implementing their grant practices that effectively manage program funds and provide for accurate, complete, and current disclosure and documentation of the financial results. Managing costs includes the process of identifying all the costs associated with the grant, making informed choices about the

options that will deliver the best value for grant expenditures, and managing and documenting those costs throughout the life of the project. As a result, the study finds PSI competency in terms of managing its budget and finances were good. But it requires more works to adopt adequate budget and financial management that allows efficient utilization of resources (funds) and faster project success.

Using Management System

According to Table 4.3.1, regarding using management system 75% of respondent agreed and 11% strongly agreed. However, 9% of respondents neutral on the issue and the remaining 5 % of the respondents don't greed. According to Learn and Serve (2005) A good organizational structure helps to implement program effectively. Management systems are designed to provide effective means of organizing and delivering program services, and of providing oversight of program activities and grant funds. Effective management structures are guided by written policies and procedures that are accessible to all staff. Finally, an effective management structure has a comprehensive human resources plan that reduces the possibility of increase in program or financial risk when there is staff turnover. The study finds that existing PSI management system are capable to run projects as required and most of the respondents are agreed.

Addressing Weaknesses

As Table 4.3.1 shows 21% of respondents strongly agreed and 70% of respondents agreed competency in addressing weakness related to programmatic and financial performance. The remaining 9% of respondents neutral. According to Learn and Serve (2005) Organization should be engaged in continuous self-assessment, reviewing both financial and programmatic aspects of your organization's performance and making midcourse corrections as need. As a result, this research finds competency of PSI regarding addressing programmatic and financial were good enough. But its needs improvement since addressing and making midcourse correction has significant contribution during project execution by resolving factors that hamper project success.

To sum up, related to grant management competency more than 85% respondents were agreed that grant management competencies are applied. Yet, this research finds that there is a gap especially in applying some competencies such as managing & administering sub-grants and managing budget & finance. It is also evident that there are respondents were declared on

managing budget & finance and managing sub-grantee are not suitable for existing grants as compared with other competencies. So, it's showed that PSI's grant management process lacks competency in this particular area. This also leads to conclude that PSI has not consistently makes self-assessment and take corrective action for identified gaps. Regarding managing budget and finance as PSI Performance report (2016 – 2018 (Appendix 2) shown that most of the project budgets are over or underutilized with significant percent. In 2016 project performance year 36% of budget were not utilized, 12% and 25% of approved budget were not utilized in 2017 & 2018 respectively. It proves that PSI grant management is not efficient and effective as it is projected to achieve desired project goal.

4.3.2. Common Grants Management Challenge

Table 4.3.2: Common Grants Management Challenge

	Questionnaire Items	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S. D
1	Consistently applying governance, compliance, and risk management principles.	0(0)	5(8)	16(28)	34(60)	2(4)	**3.58**	**0.71**
2	PSI grant management process is effectively managing and coordinating	0(0)	2(4)	10(18)	39(68)	6(11)	**3.86**	**0.64**
3	Communication & information exchange with grantees	0(0)	4(7)	15(26)	34(60)	4(7)	**3.67**	**0.72**
4	Managing increased number of grant & sub-grantees with decreasing administration /support budgets in the award.	0(0)	4(7)	11(19)	38(67)	4(7)	**3.74**	**0.70**

Source: Survey data, 2019

Table 4.3.2 shown, the question related to grant management challenges the mean value is ranging from 3.83 to 4.33 which is higher or good. This is interpreted respondents agreed that PSI overcome grant management challenges that limits successful implementation.

Consistency in Application Compliance & Risk management

Table 4.3.2, shown 60% and 4% respondents agreed and strongly agreed respectively that PSI is consistently applying governance, compliance and risk management principle across its grant management. About 28% of respondents are neutral in this regard. The remaining 8% are don't

agreed on the ability of PSI consistently applying governance, compliance and risk management principle in grant management. As it is stated by Woderyelesh (2016) one of the challenges in grant efficiency and effectiveness is the lack of consistent application of governance, compliance, and risk management principles across programs and sub-grantees to manage fraud, waste, and abuse. The study revealed that 28% of the respondents doubted PSI consistent application of governance and compliance in grant management. Thus, it's important to work on consistently applying governance, compliance and risk management principle that brings considerable changes in activity implementation throughout the project life.

PSI Grant process is effectively managed & coordinated

The data in Table 4.3.2 show, 11% and 68% of respondents have strongly agreed and agreed that PSI grant managed and coordinated effectively. However, 17% of respondents remained neutral in this regard and the rest 4% disagreed. According to REI (2015), not effectively managing and coordinating the required activities and tasks associated with the pursuit of grant management in the specified time considered as one of the challenges for organization grant management. In this regard the study finds, since effective grant management process could have influence to promote project implementation and success PSI should give serious attention and enhance as anticipated.

Communication & Information Exchange with Grantees

According to Table 4.3.2, 7% of respondents strongly agreed, 60% agreed, 26% of respondents were neutral and the remaining 7% disagreed that PSI practice in communication & information exchange with grantees and set of protocol. As Alemu (2018) stated building superior communication and mutual understanding between the grantor and the grantees is significant on both parties that enable the parties work jointly aimed to accomplish their mutually intended objectives. Unless it would be challenging. The main tool or approach to create advantageous situation for the formation of smooth and exceptional communication environment that pave the way for good grantor and grantee communication effort is the transparent and mutual communication of all encompassing. Woderyelesh (2016), most organization grant management lacks good communication and information exchange between grantor and the grantee. For effective project grant management, there should be established communication strategy and protocol between the organization and its sub-grantee to channel information appropriately. The

above result discloses that PSI should give attention to improve communication and information exchange with its grantees.

Managing grant & sub grantees with decreasing administrative cost

As indicated in Table 4.3.2, 7% of respondents strongly agreed and 67% of respondents agreed that PSI managed increased number of grants and sub grantees with decreasing administration budgets in award. However, 19% of respondents are neutral and the remaining 7% respondents don't agree in this regard. As stated by Helen (2012), the total cost of a project can be divided into two elements, namely, the program (direct) and support (indirect) costs. Program (direct) costs are resources granted for the direct programmatic related outlays for project's activities whereas support (indirect) costs are costs involved in administering or supporting indirectly the project under consideration for its effective and successful attainment. Alemu (2018) Although administrative (support) costs are significant parts of the total project cost used during the execution process of the project, however, the main function is to attain the objective of the project. Thus, the program cost is more helpful for the accomplishment of the intended project for which the administrative or support staff should be reduced to the possible minimum. Over-utilization of support costs causes negative impact on the overall performance and outcome of the project that leads to effect of inferior cost efficiency and ineffective costing outcome, which hinders the attainment of the project goal (Helen, 2012). This created in managing increasing numbers of grants, awards, and sub-grantees with decreasing administration/support budgets and being as one of a challenge for grant management. As a result, the study finds that PSI should give attention managing administrative cost by identifying & trucking its program and support costs that are planned or unplanned activities and examine the favourable versus unfavourable results of the project throughout their existence and take corrective measures as required.

As it is stated in the above Table 4.3.2, PSI has the same challenge related to grant management and most of the respondents are agreed that still needs improvement. The main common challenges are consistently applying governance, compliance and risk management principles, effectively managed and coordinated grant management process and communication and information exchange grantee.

4.3.3. Pre-Award assessment Efficiency & Effectiveness

Partner selection and pre award assessment are the major and essential steps that always come at the initiation of the grant and project management. This section presents answers to questions that requested to determine efficiency and effectiveness of PSI in pre-award assessment. Respondents were requested to respond on the partner selection and pre award assessment processes and procedures of PSI Ethiopia and their response is analyzed as follows;

Table 4.3.3: Pre-Award assessment Efficiency & Effectiveness

	Questionnaire Items	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S. D
1	Key factors for grant efficiency and effectiveness.	0(0)	0(0)	11(19)	36(63)	10(18)	**3.98**	**0.61**
2	assess risk and determine the risk level	0(0)	2(3)	14(25)	33(58)	8(14)	**3.82**	**0.71**
3	Determine the grant instrument/agreement.	0(0)	1(2)	11(19)	38(67)	7(12)	**3.89**	**0.62**
4	Used to identify grantee capacity gap	0(0)	0(0)	9(16)	40(70)	8(14)	**3.98**	**0.55**
5	Major factor for selecting a grantee.	0(0)	0(0)	0(0)	38(67)	19(33)	**4.33**	**0.48**
6	PSI's Pre-award assessment process involves all players.	0(0)	0(0)	12(21)	37(65)	8(14)	**3.93**	**0.59**
7	The standard pre-award tool PSI currently using is comprehensive	0(0)	3(5)	9(16)	35(61)	10(18)	**3.91**	**0.74**

Source: Survey data, 2019

Key factor for grant efficiency & effectiveness

Table 4.3.3 demonstrates, 18% of respondents strongly agreed and 63% agreed that PSI applied pre-award assessment as a key factor for grant management efficiency and effectiveness. Still, 19% of respondents claim it neutral. As Woderyelsh (2016) evidenced that pre award assessment is a critical part that could have the ability to confirm whether the grant management is efficiency and effectiveness. Woderyelsh (2016) also referred (KPMG 2012) the importance of pre-award assessment or due diligences are an opportunity to enhance capacity before grants begin, when changes become much more difficult. It is important part of effective and responsible grant making. Robust due diligence procedures aim to ensure long term value for money from grant expenditure by identifying potential weaknesses and risks and considering.

Thus, the study finds that pre award assessment is critical part of the grant management that can determine successful project implementation.

Determining risk & measure to mitigate risk level

Table 4.3.3 summarize that 14% of respondents strongly agreed, 58% of respondents agreed that PSI used pre-award assessment appropriately to assess risk and determine the best measures to mitigate financial and programmatic risk in its grant management process. According to USAID ADS 303 2017, A positive risk assessment means that the organization possesses or has the ability to obtain the necessary management competence to plan and carry out the projects, and that the grantee will practice mutually agreed upon methods of accountability for funds and other assets provided by donor. Thus, it is important to identify risk through pre award assessment by leveling high to low risk which allows to decide in advance mitigate them without affecting project activity. As a result, the study finds that PSI properly determine risk and measure risk level through its pre-award process, but it needs attention since risk by its nature dynamic and changes time to time its level and destruction.

Determining grant instrument/agreement type

As Woderyelsh (2016), indicated the type of grant instrument to be employed or the level of involvement (inclusive of any requirements for special award condition to be included in the contract agreement) depending on risk levels. An important factor to be considered during the pre-award assessment is the amount of funds to be directly managed by the prospective sub-grantee vis-à-vis with the programmatic and financial management capacity. In this case, the data in Table 4.3.3 reveal that 12% of respondents strongly agreed, 68% of respondents agreed that Pre-award assessment used by PSI grant management process for determining the grant instrument/agreement type based on the risk level of grantee. Although 18% of respondents were neutral on PSI practices regarding this and the remaining 2% of respondents don't agreed. The study indicates that PSI determine its grant instrument based on their risk level however 18% of respondents rated neutral that PSI should adopt appropriate grant instrument to avoid possible potential risk that comes from applying unsuitable grant type for activity implemented.

To identify capacity gap

The data in Table 4.3.3 shows 14% of respondents strongly agreed and 70% of respondents agreed that Pre-award assessment is one of the tools used by PSI grant management practices to identify the grantee's area that needs improvement, in terms of technical, financial and management capacity. However, 16% of respondents remained neutral. As stated by Woderyelesh (2016) organization gap identified must be considered as a learning and initiation for the necessary intervention strategy. The proposed intervention should be designed in accordance with the nature and context of the grantee and the award mechanism. This help organization to evaluate the way they have succeeded or failed for the purpose of improving future grant-making and the activities of the organization itself. According to USAID ADS 303 2012, pre-award assessment is a tool identifies and establish the baseline for capability gaps during the implementation of grant. Gaps would be addressed and overcome through required technical assistance to the grantee. The study indicates that PSI has a good pre-award assessment that can identify capacity gaps before grants made.

Factor for selecting a grantee

According to William and Flora (2006), it is evident that organizations chosen as potential grantees should be evaluated and ultimately selected based upon positive standings on organizational capacity. Most organizational assessments include a comprehensive examination of the potential grantee, including a review of institutional structure, financial viability, and personnel composition. Table 4.3.3 indicates, 33% of respondents strongly agreed and 67% of respondents agreed that PSI grant management process uses pre-award assessment result as a major factor for selecting a grantee. As a result, the study confirms PSI give great concern selecting grantee by using pre-award assessment result.

Pre- award assessment process involves all players

William & Flora (2006) recommend that the stakeholders that will be involved in or when affected by the project should be specified. Benefits of [stakeholder] participation are greater accuracy and depth of information, increased credibility and acceptance of findings, and better correspondence to the practical concerns of these involved. It is necessary to articulate the individuals and groups that should be incorporated into the process. It is recommended that Main

Stakeholders (Target groups) and other primary stakeholders, including those that may not be able to actively participate in "preparatory work." And the following potential stakeholders are considered are responsible for planning, implementing and following up the evaluation intervention as well as other partner country stakeholders. This facilitates the ability of targeted groups to "constructively participate" and ensures that the point of view of those affected is incorporated. Table 4.4.3 shows 14% of respondents strongly agreed and 65% of respondents agreed that PSI's Pre-award assessment process involves all players to get depth of information, increased credibility and acceptance of findings. The remaining 21% of respondents rated neutral. Thus, the study finding confirms that PSI give emphasis in involving concerned parties in pre-award assessment.

The standard Pre-award tool used by PSI

Table 4.3.3 shows, 18% of respondents strongly agreed, 61% of respondents agreed that pre-award tool PSI currently using is comprehensive and could be applied to asses all sub-grantees regardless of its size and complexity. However, 16% of respondents neutral and remaining 5% of respondents don't agreed. Woderyelsh (2016) evidenced, organization should develop capacity assessment tools that are appropriate to the technical, managerial, and financial requirements of the program. The decision of what tool to use should be made in close consultation with the relevant stakeholders. In addition, as it is by MHS (2011) also describes that, pre-grant assessment process starts by determining the players that will be involved and the objectives of the overall funding process. As a result, the study finds that PSI has complete pre award tool as expected.

Table 4.3.3 indicate that more than 70% of respondents agreed that PSI grant management system have a good pre award assessment that can maintain efficient and effective process that enhance project success.

4.3.4. Post-Award assessment Efficiency & Effectiveness

In this section the study presents that how post award monitoring and support influence the successful implementation of projects. Post-award administration is what happens after the proposal is submitted and the award is made.

Table 4.3.4. Post-Award assessment Efficiency & Effectiveness

	Questionnaire Items	SD (%)	D (%)	N (%)	A (%)	SA (%)	Mean	S. D
1	PSI post award intervention bases the pre award assessment result.	0(0)	0(0)	11(19)	37(65)	9(16)	**3.96**	**0.60**
2	Post PSI conducts post award assessment for all its projects in yearly bases.	0(0)	2(4)	10(18)	41(72)	4(7)	**3.82**	**0.60**
3	PSI Ethiopia has a system of capacity building during the grant implementation	0(0)	1(2)	2(4)	43(75)	11(19)	**4.12**	**0.54**
4	PSI Ethiopia consistently applied the policy & procedure of capacity building.	0(0)	3(5)	17(30)	34(60)	3(5)	**3.65**	**0.67**
5	Timely receiving Report from sub grantee	0(0)	6(11)	11(19)	35(6)	5(9)	**3.68**	**0.78**
6	Regular grant Monitoring and follow up	0(0)	2(4)	6(10)	36(63)	13(23)	**4.05**	**0.69**
7	The sub grants monitoring & Follow up system for addressing timely the problem.	0(0)	1(2%)	7(12)	40(70)	9(16)	**4.00**	**0.60**

Source: Survey data, 2019

Post-award intervention bases for pre-award assessment result

As indicated in Table 4.3.4, about 16% of the respondents strongly agreed that the post award intervention is built on the result of pre-award assessment. 65% rated agreed and the remaining 19% of the respondents neutral on it. William & Flora (2006) donor should develop two measures: (1) documentation of pre-grant output statistics and (2) a numerical benchmark that sets a desired standard for success. Once these measures are in place, a simple numerical evaluation of grant outputs can be developed and utilized in a comparative analysis. It is essential that these pre-grant baseline measures be established prior to grant distribution so that evaluators have an accurate set of quantifiable figures that can be used to gauge capacity levels. While the monitoring and evaluation of tangible outputs is useful in determining increased organizational output effectiveness, a comprehensive evaluation of output should also include evidence of increases in the quality of research conducted and its policy relevance. In order to make this determination, a grant-maker must evaluate quality and policy relevance levels prior to grant

disbursement to have a credible baseline from which to gauge grant success. in this regard, the study reveals that PSI were adopted pre-award assessment results as a base for post award intervention, but it needs enhancement which could have effect in determining potential grantee who's going to implement projects.

Post-award Assessment by PSI Ethiopia

The data in Table 4.3.4 showed the responses to the question that required identifying PSI performance in conducting post award assessment for all grantee in yearly base. Hence, 7% of respondents strongly agreed, 72% of respondents agreed that PSI conducts post award assessments for all projects in yearly base or midterm evaluation to measure grantee capacity development progress and projects performance. About 18% of respondents were neutral on PSI's post award assessment practice and the remaining 3% of respondents don't agree. Global fund (2014) describe that it is important that post award management is not just about the enforcement of funder regulations and terms and conditions. Post award management is also about achieving activity goals and developing a rapport of open and transparent communication between the grantee and the platform to ensure the best possible results. Designing effective, flexible, and transparent mechanisms for oversight and monitoring that are consistently applied is key for the project to help the grantee achieve the grant objectives. The result indicates that PSI conducts post award assessment for its respective project that confirms all aspects weakness addressed and makes corrective actions in appropriate time manner.

Capacity building during the implementation of grant

The data in Table 4.3.4, showed the responses to the question that pursued to know PSI practices in measuring sub-grantee capacity and performance to ensure the applicability of its intervention. On this 19% of respondents strongly agreed and 75% of respondents that PSI provide capacity building during implementation of projects. Yet 4% of respondents neutral and the remaining 2% of respondents disagreed. William & Flora (2006) Working with the organization to be sure that the resources, structure, systems and staff are in place to carry out the program early on can lead to a faster start up and improve the timeframe for meeting objectives. It is also good to know early on if the organization needs technical assistance so that resources can be secured and deployed. This may take the form of additional skills, competence, and systems of individuals.

The study findings indicate that most of the respondents agreed that PSI provides required capacity building during grant implementation.

Consistent application of policy & procedure of capacity building

The data in Table 4.3.4, About 5% of respondents strongly agreed, 60% of respondents agreed that PSI were consistent in applying policy and procedure of capacity building to its grantee. 30% of respondents neutral in this regard and the remaining 5% of respondents don't agree. According to Global fund (2014) organizational capacity building the strengthening of internal organizational structures, systems and processes, management, and overall staff capacity to enhance organizational, team and individual performance. It is necessary to understand capacity weaknesses, agree on required mitigating actions and to establish appropriate assurance plans to ensure the strategic objective and targets are achieved. The capacity-building efforts need to be justified as part of a coherent plan with clear improvement targets. The study indicates that PSI should work to enhance consistency in applying the policy and procedure of capacity building.

Timely receiving report from sub grantee

As indicated in Table 4.3.4, 9% of the respondents rated strongly agreed and 61% of respondents were agreed that PSI Ethiopia has a system of reporting and receive reports timely from sub grantee organizations to follow-up their accomplishment. On the other hand, 19% of respondents got neutral on this regard and remaining 11% of respondents disagreed. According to Abenet (2016) Reporting is the mechanism whereby the implementing partner organization updates it progress on the implementation of the project to stakeholders and the donor organization, that composed report of project activities performance and financial utilization progresses made so far while implemented plan activities. As a result, the study indicates that there gaps in strictly receiving reports (Program & financial) from sub grantee on due date as scheduled.

Regular grant Monitoring & follow up with sub grantees

Table 4.3.4 shown, 23% of respondents strongly agreed and 63% of respondents agreed that PSI Ethiopia has a system of regular grant monitoring and follow up the sub grantee's accomplishment. However, 10% of respondents were neutral and 4% of respondents don't agree. World Bank (2009) indicates that monitoring and evaluation are an integral part of all successful project activities including capacity building. Organizational capacity building interventions

must be monitored, evaluated, and documented. Such a process offers data on the results of capacity building interventions and provides the evidence for corrective actions and the use of more effective practices and tools if approaches are not successful. When local implementing organizations and capacity building providers have determined the level and focus of organizational capacity building and have assessed current capacity of organizational practices. by addressing weaknesses in specific practices. As a result, the study showed that appropriate monitoring and evaluation systems through on-going supportive supervision and on-the-job trainings from staff highly contributed to the success of the program.

Sub grant monitoring & timely addressing the problem

Regarding sub grant monitoring and follow up Table 4.3.4, shown that 16% of respondents strongly agreed and 70% of respondents agreed that PSI sub grant monitoring and follow up system ensure timely addressing problems in the implementation of grant and give timely feedback to grantee. 2% of respondent against on this and 12% of respondents were yet neutral. Global fund (2017), it's important to review and measure programmatic and financial performance over the grant implementation period. Grant monitoring should assess progress, identify risks as well as corresponding mitigating measures, ensure that funds are used as intended and programs achieve impact. The outcome of this process is critical to the grant management and desired project outcome. This shows that PSI has planned monitoring and follows up system in place but the extent to addressing gaps and give feedback to make corrective actions in that specific time manner are still need improvement.

4.3.5. Grant Management System & Project Success

Termination of contract

If the project is completed or implemented within its time and cost constraints successfully or if the project is closed before being matured or implementation is said to project termination. Project termination is also known as the ending of a project. Therefore, the completion or the closure of the project is said to be termination of a project can be terminated upon successful completion of project activities or less performed activities. If the project is completed or finished within provided funds and time, then it's said to be project completion. Thus, completion means perfect accomplishment of works that have been completed and have naturally

ended its execution. Closure means shout down if the project shout down or closed before its full implementation or bringing matured (Haroldkerzner, 2003).

Table 4.3.5: Termination of Contract/Projects

	None	One to five	Six to Ten	Above ten
Sub grantee has terminated before projects ends.	0(0%)	(50) 87%	(7) 13%	0(0%)

Source: Survey data, 2019

As shown on Table 4.3.5, (50)87% of the respondents replied that one to five grants are terminated per year and the reaming (7)13% of the respondents mentioned that above ten grants are terminated per year. The perceived difference between responses refers to there were different projects life span with various gran type and requirements.

The main reasons for sub grantee termination before projects end of termination that indicated by respondents are:

- Cancellation/ budget cut
- Shortage of funds from donor ends
- Due to various types of programmatic and financial audit findings that shows weak activity performance.
- Change in the scope of work of the original project
- Not working in accordance with grant agreement signed by donor
- Not align with overall donor compliance
- Mismatch between performed activity and budget utilized
- When government priorities/strategy shifted to another paradigm
- Evidence of fraud and abuse
- Repeated failure to meet performance timelines or standards
- Failure to develop and implement a corrective action plan within specified time.

Above summarized response gets from various project and grants manager related to grantee termination that has great deal in project success during activity implementation. In consideration of the three successful project criteria constraints which are specific time bound,

allocated budget and predetermined outcomes the above identified main reason can hamper PSI's project success.

Contribution of Grant management system for project success

Project success is based on collaboration between implementing a reliable project input with an acceptable level of Project outcome, deliverable and effective use of the project output. Thus, allocating resources wisely between these projects and the supporting processes and a high level of cooperation between them are vital for this success (Badewi 2013). Project success focuses on the efficiency of a project in terms of delivering something of the right scope on time and within budget. Indeed, the use of "triple constraints" (cost, time and scope) as a criterion of project performance is the traditional way of defining project success (Atkinson, 1999). Related to project success the grant management system should be broad to be serving as a platform that can contribute to the successful implementation and completion of a project.

The main concern of the study to asses effects of grant management system for projects success. The respondents were requested in this regard. As the respondents indicate that grant management have significant influence in successful project implementation. Main elements grant management system that is useful for the success of the project as listed below:

- Grant management system have a contribution for on time budget release that could facilitating implement project activities as per the approved work plan and budge, use and manage funds appropriately
- Grant management system is baseline for systematic project implementation by managing resources and time to ensure smooth and successful execution and implementation of project goals.
- Grant management system have a contribution in determining potential implementing partner that able to execute projects and meet predetermined goals which ensures project success.
- Grant management system has a contribution by emphasizing large amount of controls in budget that confirms of efficiently using funds.
- Grant management system have a contribution as a major dimension for projects to be implemented successfully by resolving critical questions success factor (how implement the project) and success criteria (what would be the outcomes of project) that are grant management inputs systems that would leads to project success.

- Grant management system have a contribution to mitigate against this risk is through rigorous monitoring systems to ensure that funds or other resources are provided timely and reasonably, and that reports and sub award requirements are monitored through pre-award assessment to make sure the organization has the capacity and systems to carry out the program as

- Grant management system long term impact in reflection of sound planning and appropriate assessments, and the best use of limited resources (to be used budget on the intended activity and amount according to the grant agreement).

- Promote acceptable and sound practices to foster operational excellency

- Reduces potential risks and facilitates a smooth implementation of activities.

- Promotes integrity, accountability and transparency as well as good relationships.

- It helps to identify Capacity gaps and provide ongoing supports that are required skills, competence, and organizational system.

- Grant management system have contribution in ensuring institutional strength by virtue of implementing program, an organization can learn and grow and improve the ability to implement successful projects.

- Grant management system has contribution by using as integral part of project management through the project life. That brings ability to plan the project, execute it properly, and of course control it and bring it to a successful conclusion, along with the ability to guide the project team to achieve project objectives and balance project constraints.

To summarize the above points obtained from respondents grant management system is baseline for overall organizational system that impact successful project implementation.

Challenges of Grant management system in PSI Ethiopia

Gant management system of the organization is one of the important organizational systems that are expected to contribute a lot to the overall success of the project. Since compliance is the heart of project management for both donors and implementing organizations, it is inevitable to consider proper follow up and monitoring part of project success (Abenet 2016). Below summarized list obtained from project and grant manager that challenges existing PSI Grant management system.

- Delay of advance release, signing of agreement, report review and endorsement

- limited level program and reliance on pre-award assessment result for sub grantee selection

- Lack of clear guidance on budget modifications
- Change on SOW from donor end Lack of enough fund to implement the project
- Slow VAT reimbursement procedure from the donor end that hold fund to implement activities in that scheduled time
- Not providing the required capacity building to grantee
- Skilled manpower and experience of implementer
- Misalignment of program and finance monitoring
- The Policy, procedure and system of the grantor
- The donor, government and organizational rules and regulations that changes time to time
- Lack Program management system and project M&E system
- Failure to truck and monitor grantee activities
- Lack of ongoing effort identify, measure and mitigate probable future risks
- Failure to implement action points derived from various audit and review reports
- Low program outputs or targets achieved compared to the work plan.
- Lack of well-defined monitoring frameworks and documentation processes in program design and implementation phases
- Focus on outputs instead of tracking progress against intended outcomes/ project objective

Factors/Elements of Grant management system for project success

Grant management system is standard for projects execution that needs to be extended via grantees being as prime or sub partner. If these are a well-established, robust and efficient management in place being sufficiently meet and it will contribute a lot for the success of the project. Projects are going to be implemented through grants and clear that the success /failure of the overall grant management system directly affect the projects.

- Adoption of a full-pledge and independent grant management team
- Monthly review meetings and action points
- Extensive supportive supervision
- Performance based budget release and liquidation system
- use of pre-award assessment document for follow up monitoring and capacity building
- Strict capacity assessment to select partner

- Close monitoring, capacity building and financial flow system

- Pre award capacity assessment tool

- Risk based monitoring plan

- Sub awardee monitoring tool

- Sub award financial report review check list and conduct a joint invoice panel

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter is discussed findings of study, conclusions and recommendations that are resulting from the data analyses and discussions.

5.1. Summary of major findings

The study sought to determine the effects of grant management system in the project success. The specific objective of the study was to analyze whether grant management system influences project success, identify challenges of grant management system in PSI Ethiopia and Identify factors affecting grant management system and project success. Based on the objectives of the study, attempts have been made to provide answers research questions:

Based on the data analysis, the following major findings have been obtained:

- From the study it found that PSI Ethiopia competency related to managing and administering grantee by determining potential project implementer process is doubted. It was observed that limited informal need assessment that helps to build capacity of partner.

- The study finds that PSI Ethiopia has gaps in managing budget and finance practices which is accurately allocating and trucking annual budget for support, programs and administration expenditure in certain grant period.

- There is also a gap in consistent application of governance, compliance and risk management principles that measure how projects are efficiently delivering and meet donor compliance that promotes project implementation.

- The study identified there is lack of effectiveness in grant management process. Frequently delay in signing grant agreement, grant release, report review and endorsement.

- Lacks of communication and information exchange with grantees are observed and communication gaps are happened in dealing grant agreement and reporting protocol. 28% of respondents rated neutral that PSI communication and information exchange is not as expected level that maintains significant assurances.

- The study identified that existing PSI grant instrument is not differentiate various mechanism as expected. Since grant instrument numerous based on nature of work, the capacity of implementers, duration and type of deliverable.
- The study finds gaps in timely receiving Report from sub grantee. Most of the grantee submit their performance report (programmatic of financial) lately or wait until last minute. In such scenario couldn't truck grantee performance accomplishment.

To sum up, the cumulative effect of above findings accomplishment phases of projects for which such successful communications constructs

5.2. Conclusions

The main objective of the study was analyzing effects of grant management system in project success in the case of PSI Ethiopia. To this end, primary and secondary data were collected form selected target sample and descriptive statistical analyses were made. Primary data obtained from grant, finance & program managers by using Likert scale questionnaire. Secondary data was collected from yearly performance report (2016 - 2018). Data analysis was done by using SPSS 25. Based on the findings The research conclude grant management system has significant influences in project success because Projects are executed through grants and that is clear success /failure of the overall grant management system directly affect the projects. More, grant management system has great consequence in project success by making efficient process in pre-award, awarding and post-awarding stages which promotes on time budget release that could facilitate project implementation as per the approved work plan, budget and desired outcome.

5.3. Recommendations

The following are recommendations forwarded by the researcher based on the findings of the study emphasized above. The following points are recommended in order to enhance grant management system that have contribute in project success.

- It is recommended that PSI should track projects achievement by receiving reports (Program and financial) performance on time and in constant manner. That ensures whether projects are in line with the agreements engaged and the overall activities of the project evaluate results obtained from performance that enables the grantee to ensure the

predetermined objectives entered with the grantor are achieved. It is evidenced that inconsistent and late reporting decreases the good reputation of both grantor & grantee. because, reporting are very importance and influencing mechanisms throughout the project executing period whether project objectives have been achieved, what resources have been expended, what problems have been encountered, and whether the project is expected to be completed on time and within budget. Hence, it's important to maintain strong mechanisms to receiving reports before due date as schedules to be strictly meet and ensured project success.

- Since grant is a legal instrument used to transfer value for public purpose. It's vital to select appropriate grant instrument to implement projects. PSI existing grant instrument does not promote different grant types based on the scope, time and budget. Failure of demonstrating appropriate grant instrument exposed for different level potential risk. Therefore, it's essential to regulate grant instruments based on comprehensible different risk level. PSI should responsible for establishing and administering comprehensive management systems to exercise sound grant instrument and to strive continually for low risk and systems efficiency. Hence, it will commit to focus on their programs fundamental objectives and results. Appropriate grant instrument reflects a substantive concern for the achievement of fundamental goals and results. Thus, PSI should intensively apply different grant instrument by considering grantee capacity, scope of work and duration. By doing so, the three project success constraints (time, cost & scope) will be fulfilled and assured project success.

- It's fine and good for PSI that communication and information exchange should be effective oversight for grants through regular information flow. More, it's recommended that establish way for line of communication to attain objectives and stimulate more transparent in performance status. Opening adequate communication channels with grantees prevent confusion and encourages about the things that didn't work, either predetermined goals are achieved or measure to be taken to improve gaps. More, there should be a specific communication platform that is maintained to manage grant deal, negotiation and agreement process. By doing so, lack of effectiveness in grant management process which caused by delay in signing grant agreement, grant release &

report review will also be resolved through regular communication and facilitate effective grant management process.

- Failure to Consistent application governance, compliance, and risk management. Donors and/or government provide grants to recipients that enable accomplishment of project objectives that are consistent with the policy of the government. Project grants are various in their arrangement, function and future threat, and their answerable demands that ranges from extremely. Hence, it's recommended that application of required to comply with and adhere to government rules, laws, proclamations, regulations and regulatory obligations.

- Generally, it's recommended that PSI should give great concern in managing budget, finance and grantee which can ensure successful project implementation. Weakness in budget utilization & inadequate finances promotes cost overruns, completion delays and loss of functions will be in the project, and even project termination. Moreover, frequent performance shortfalls scopes are reduced when costs are over/under from the budget that takes project longer than scheduled. Inefficient budget utilization also causes for projects with more cost. Project is completed too late to perform its intended desired goal entirely. Even if budget increases are not severe the delays in project completion reduce the value of the project to beneficiaries.

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Appendix 1: Research questionnaire
St Mary's University

School of Graduate Studies MBA Program

Questionnaire to be filled by INGO Staff at PSI Ethiopia

Dear respondent,

My name is Betelhem Tedla; I am attending my second degree in **Master of Business Administration (MBA) in General management** at St Mary's University. Currently, I am conducting a study on **"Effects of grant management system in project success: the case of PSI Ethiopia" as part of** in Partial fulfilment of the program.

The study is purely for academic purpose and tries to assess how grant management is crucial for the success of a project in an international NGO. Therefore, your genuine response is highly valuable for this study to reach at reliable results.

I hereby request you to fill in this questionnaire and return the earliest time possible. All your responses will be kept confidential. You don't need to write your name. Thank you for your cooperation and time in advance.

Instruction: Please use a (x) mark in the boxes provided to choose from the options given and answer the open-ended questions in writing your responses.

Part I: Respondent profile

1. What is your age category?

    a, 25 – 35

    b, 36 – 45

    c, 46 – 56

    d, above

2. Sex   a, Male   b, Female
3. What is your educational Level?

        a, 1st degree   b, 2nd dgree   c, PhD

4. Your department in the organization?

    a. Finance   b, Grant   c, Program

5. How many year/s have you been working in the organization?

    a. Less than a year
    b. 1 – 3 years
    c. 3 – 5 years
    d. 5 – 10 years
    e. Above 10 years

Part II : Questions on research topic

| Strongly Disagree | Disagree | Neutral | Agree | Strongly agree |

Levels of rating				
1	**2**	**3**	**4**	**5**
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
If you believe your applications and practices are lowest of the average	If you believe your application and practices are below the average.	If you believe your application and practices are on average.	If you believe your application and practices are above the average	If you believe your applications and practices are highest of the average.

Questions	1	2	3	4	5
PSI Practices of Core Competencies of Grant Management					
1 **Managing Risk:-** PSI Ethiopia grant management practices has a mechanism to identify the financial and program risk as it related to its grant, and has a strategy how to manage the risk and monitor the implementation of risk management plan.					
2 **Understanding Donor Requirements:-**The grant management practices in PSI, fulfill the donor's requirements that pertain to its grant, including compliance of grant provisions by its grantee, and have taken steps to ensure they are addressed and fully complied.					
3 **Translating a Proposal into a Program Plan and Using It:-**PSI and its grantee has a clear work plan with the corresponding budget for implementing and a process to track its progress.					
4 **Managing and Administering Sub-grants:-**PSI developed a sensible, reasonable, and effective process for selecting and managing sub-grantees.					
5 **Managing Budget and Finances:-**PSI's grant management practices follow financial management principles and have a comprehensive system at PSI and grantee level for organizing financial statements, managing and documenting costs, and ensuring internal controls.					

6	**Using Management Systems:-**PSI and its grantee have an organizational structure accountability for managing the grant that produces results, ensures coordination, and builds.				
7	**Keeping Records and Documenting Progress:-**PSI and its grantee understand donor's documentation needs and requirements and meeting them with regularity.				
8	**Addressing Weaknesses:-**PSI and its grantee addressed prior programmatic and financial weaknesses, and continue to review its program's performance and make Mid-course corrections as needed.				
Common Grants Management Challenges					
9	PSI grant management process easily track and report grant data (programmatic and financial) in real time to enable timely interventions and corrective actions.				
10	PSI grant management practices are consistently applying governance, compliance, and risk management principles across programs and sub-grantees to manage fraud, waste, and abuse.				
11	PSI grant management process is effectively managing and coordinating the required activities and tasks associated with the pursuit of grant management.				
12	PSI grant management practices communication and information exchange with grantees are well establish or having a set of protocol.				
13	PSI managed increased number of grant and sub-grantees with decreasing administration/support budgets in the award.				
Pre-Award assessment as part of Grant Management Efficiency and Effectiveness					
14	PSI uses pre-award assessment as part of the grant management process, it is one of the key factor for grant efficiency and effectiveness.				
15	PSI's uses pre-award assessment appropriately to assess risk and determine the best measures to mitigate financial and programmatic risk in its grant management process.				
16	Pre-award assessment used by PSI grant management process for determining the grant instrument/agreement type based on the risk level of grantee.				
17	Pre-award assessment is one of the tool used by PSI grant management practices to identify the grantee's area that needs improvement, in terms of technical, financial and management capacity.				
18	PSI grant management process uses pre-award assessment result as a major factor for selecting a grantee.				
19	PSI's Pre-award assessment process involves all players to get depth of information, increased credibility and acceptance of findings.				
20	The standard pre-award tool PSI currently using is comprehensive and could be applied to asses all sub-grantees regardless of its size and complexity.				

	Post-Award assessment as part of Grant Management Efficiency and Effectiveness				
21	PSI post award intervention bases the pre award assessment result.				
22	PSI conducts post award assessment for all its projects in yearly bases or midterm evaluation to measure grantee capacity development progress and project performance.				
23	PSI Ethiopia has a system of capacity building during the implementation of grant in order to address the capacity gap of the LNGO/CSO				
24	PSI Ethiopia consistently applied the policy and procedure of capacity building to the partner organizations				
25	PSI Ethiopia has a system of timely receiving Report from sub grantee to follow up their accomplishment.				
26	PSI Ethiopia has a system of regular grant Monitoring and follow up the sub grantee's accomplishment				
27	The sub grant monitoring and follow up system of PSI Ethiopia helps for addressing timely the problem in implementation and to give timely feedback to the LNGOs/CSOs				

PART III – Grant Management Competencies

1. How many times does a project amend its budget in a year on average?

        A, Once   B, Twice

        C. Three times   D, more than three times

2. How many sub-grantees have terminated before the project ends?

        A, none   B, one to Five

        C, Six to Ten   D, above ten

3. What is/are the major reason/s for sub-grantees to terminate? Explain.

_____

4. What should, do you think, a grant management system be or have to contribute to a success of a project? Please explain

_____

_____

5. When is a grant management system said to be a factor to a failure of a project? Please explain

_____

_____

6. What other factors that limit the implementation of the grant management system do you observe? Please explain?

_____

_____

7. Would you please mention three key factors/elements of grant management system of PSI Ethiopia which are **useful for the success of project implementation of local NGO**?

_____

_____

8. Would you please mention three key factors/elements of grant management system of PSI Ethiopia which **hampers the success of project implementation** of local NGO/CSO?

_____

_____

9. Would you please mentions three **additional key factors/elements** which need to be included in the grant management system of PSI Ethiopia to increase the efficiency and effectiveness of project implementation of Local NGO?

_____

_____

Appendix 2: PSI Project performance report the year 2016- 2018

Plan Vs actual spending for the year 2016 based on performance report

	Project	Planned budget	Actual Spending	Variance	% of Actual Spending	Remark
1	Ethiopia_GAIN_Blended Foods (4265)	72,436.00	133,982.67	- 61,546.67	185%	Over Spend
2	Ethiopia_MNI_Nutrition (4165)	185,617.35	152,909.30	32,708.05	82%	Under spend
3	Ethiopia CDC HIV Comm Outreach (3454Y5)	37,271.00	11,408.74	25,862.26	31%	Under spend
4	Ethiopia_Mulu II_Workplace (3853)	543,524.75	142,716.34	400,808.41	26%	Under spend
5	MULU MARPS	10,379,390.87	7,345,973.87	3,033,417.00	71%	Under spend
6	Ethiopia_PG/GCF_Purifier (4322)	933,781.33	80,469.15	853,312.18	9%	Under spend
7	Adolescence 360	546,627.51	286,948.02	259,679.49	52%	Under spend
				-		
				-		
				-		
		12,698,648.82	8,154,408.09	4,544,240.73		
	Over/under utilization in (%)		64%	36%		

Plan Vs actual spending for the year 2017 based on performance report

	Project	Planned budget	Actual Spending	Variance	% of Actual Spending	Remark
1	MULU MARPS	6,117,107.66	6,483,675.31	- 366,567.65	106%	Over Spend
2	Adolescence 360	763,199.92	423,481.30	339,718.62	55%	Under Spend
3	P&G Water purifier	1,188,629.77	1,882,454.59	- 693,824.82	158%	Over Spend
4	Growth Through Niutrition	623,158.44	480,906.15	142,252.29	77%	Under Spend
5	WuhaAgar - PC23OTH	360,930.11	344,202.67	16,727.44	95%	Under Spend
6	Ethiopia_Gates_FP Research - 4151ETH	25,981.99	14,997.11	10,984.88	58%	Under Spend
7	Health Heart Africa	377,519.17	392,902.26	- 15,383.09	104%	Over Spend
8	Malaria Prevention - 4346	268,067.83	10,810.35	257,257.48	4%	Under Spend
9	Tranform water sanitation & Hyigen (TWASH)	2,548,442.38	725,856.37	1,822,586.01	28%	Under Spend
				-		
		12,273,037.27	10,759,286.11	1,513,751.16		
	Over/under utilization in (%)		88%	12%		

Plan Vs actual spending for the year 2018 based on performance report

	Project	Contract Budget	Obligated amount	Planned budget	Actual Spending	Variance	% of Actual Spending	Remark
1	MULU MARPS			1,084,787.26	1,723,933.14	- 639,145.89	159%	Over Spend
2	MULU - Key Population activity	65,084,000.00	9,700,000.00	8,875,000.00	8,746,244.65	128,755.35	99%	Under Spend
3	Adolesence - 360	3,362,217.89	30,000,000.00	3,343,871.71	1,272,696.47	2,071,175.24	38%	Under Spend
4	P&G Water purifier	2,362,044.74	2,387,423.00	1,231,453.76	1,005,908.24	225,545.53	82%	Under Spend
5	Growth Through Niutrition	4,003,935.66	1,385,250.00	763,262.92	498,829.02	264,433.90	65%	Under Spend
6	PSI Commodity Ethiopia (PC23MAL)			520,761.35	178,262.86	342,498.49	34%	Under Spend
7	Health Heart Africa	499,996.54	499,997.00	499,999.41	351,545.36	148,454.05	70%	Under Spend
8	Ethiopia_Gates_MHM_PM Activity2 (4365)	187,535.55	168,609.00		77,761.90	- 77,761.90		Not budgeted
9	Ethiopia_Project Hope_HIV Treatmt	887,777.00	887,777.00		760,336.18	- 760,336.18		Not budgeted
10	Ethiopia_Maverick_Next			235,709.85	113,938.17	121,771.68	48%	Under Spend
11	Tranform water sanitation & Hyigen (TWASH)	23,884,619.00	4,500,000.00	4,762,790.88	1,088,263.29	3,674,527.58	23%	Under Spend
12	PSI Commodity Ethiopia (PC23MAL)			18,286.75	12,808.39	5,478.36	70%	Under Spend
13	Ethiopia small Grant				16,662.28	- 16,662.28		Not budgeted
						-		
				1,008,313.41	1,008,313.00	0.41	1.00	
				22,344,237.29	16,855,502.95	5,488,734.34		
	Over/under utilization in (%)				75%	25%		