



St. MARY UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF THE EFFECTIVENESS OF RESULT BASED GRANT
MANAGEMENT PRACTICES IN SELECTED International NON-
GOVERNMENTAL ORGANIZATIONS OPERATING IN ADDIS ABABA**

Advisor: Maru Shete (PhD)

BY
AMARE DESALEGN

MAY 2020

SMU

ADDIS ABABA, ETHIOPIA

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AMARE DESALEGN

ID: - (SGS/0002/2010B)

**A THESIS SUBMITTED TO St. MARY UNIVERSITY SCHOOL OF
BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
MBA IN GENERAL BUSINESS MANAGEMNT**

MAY 2020

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APPROVED BY BOARD OF EXMINAERS

_____	_____	_____
Dean, School of business	Signature	Date
_____	_____	_____
Research Advisor	Signature	Date
_____	_____	_____
External Examiner	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date

DECLARATION

I, the undersigned, declare that this thesis entitled “**Assessment of the effectiveness of result-based grant management practices in selected INGOs operating in Addis Ababa**” is my original work, prepared under the guidance of Maru Shete (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Amare Dessalegn

Name

Signature

St. Mary’s University College, Addis Ababa

May,2020

ENDORSEMENT

This is to certify that Amare Dessalegn Yemam has worked on *“Assessment of the effectiveness of result-based grant management practices in selected INGOs operating in Addis Ababa”* under my supervision. This work is suitable for submission in the partial fulfillment of the requirement for the Degree of Master of General Business Administration.

Research Advisor

Signature

Maru Shete (PhD)

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LIST OF ACRONYMS AND ABBREVIATIONS

- ACCA - Association of Chartered Certified Accountants
- AIDS- Acquired Immune Deficiency Syndrome
- ACSO- Agency for Civil Society Organizations (Ethiopia)
- CCRDA-Consortium of Christian Relief and Development Association
- CDIE -Center for Development Information and Evaluation
- CGD- Center for Global Development
- CHRINET-Children Right Net Work
- CIDA-Canadian International Development Agency (Canada)
- CSO-Civil Society Organization
- DFATD-Department of Foreign Affairs Trade and Development
- DFID- Department Foreign International Development (UK)
- HIV- Human Immune Virus
- INGO-International Non-Governmental Organizations
- NGOs- Non-Governmental Organizations
- OECD- Organization for Economic-Cooperation and Development
- OPCS- Office of Population Censuses and Surveys (UK)
- RBGM-Result Based Grant Management
- SIDA- Swedish International Development Agency
- UNESCO- United Nations Educational, Scientific and Cultural Organization
- UNDP - United Nations Development Programme
- USAID- United States Agency for International Development

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ABSTRACT

This research assessed the effectiveness of result-based grant management practice by INGOs operating in Addis Ababa. To achieve this objective descriptive research design with both quantitative & qualitative approaches were applied, and data were collected from primary and secondary sources through questionnaire. Questionnaire survey were collected from 30 randomly selected INGOs. A sample of 90 INGO staffs from grant, Finance and M&E experts who were purposively selected due to their appropriateness participated in the data collection process. In addition, key informants' interviews were done with 3 Donors and 4 Government officials which makes a total of 96 from total 124 population. The data collected from the questionnaire were analyzed using descriptive statistical tools such as of frequency, percentage, mean and standard deviations. The results of this study indicated that INGOs are practicing result-based grant management. However, they are not effective in implementation because they lack the cornerstones for effective RBGM including putting clear indicator for result measurement, flexibility for learning, adapting and improving within the project timeframe, implement certain milestones from a project with their own seed money & ask reimbursement then after. Without these elements RBGM will not be realized and said to be effective.

The research also found out that INGOs faced challenges such as lack of technical skills in issues like financial risk management, and contract negotiation, easily satisfied and overwhelmed by results that can be achieved quickly because of their short-term horizon, corruption and limited management capacities while implementing result-based grant management. The researcher recommended for INGOs to be proactive in considering how amenability of their sectoral areas, building their capacity in financial risk management, and to increase their grant negotiation skill by emphasizing on setting measurable & verifiable indicators and finally to manage their reserve liquidity and engage on IGA (income generating activities) to have capacities to pre-finance their work. For donors to design results collaboratively with INGOs to minimize the potential for distortion, permit the flexibility for learning, adapting, and improving, ensuring a level of cash flow that doesn't weakness INGOs that have not enough reserves and must create close collaboration with other donors who do not apply RBGM modality instead of taking RBGM as standalone approaches.

Key terms: Result based management, effectiveness, result-based grant management, INGOs, Addis Ababa, Ethiopia

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

According to Financing global health (2011), the economic slowdown in high-income economies has led to a period of stagnating or declining global aid budgets, which in turn has increased attention to obtaining the most impact for public funds invested, or better ‘value for money’. The term ‘value for money’ can be defined loosely as both ‘doing things right’ and ‘doing the right things’. In general these two components of ‘value for money’ respectively refer to ‘technical efficiency’ (i.e. When cost is minimized and impact per dollar maximized for a given intervention) and ‘allocative efficiency’ (i.e. when investments are optimally focused on the right mix of interventions to the right target population in order to achieve a maximum social or health goal).

Global funding agencies have a limited set of tools to obtain ‘value for money’. One such tool is Result-based Grant management, is a management approach for grant in light result based management where future Fund disbursements are conditioned on predefined achievement of results ex post. Result-based grant management can be defined as the transfer of fund /money or material goods conditional on taking a measurable action on the result (Center for Global Development, 2012). RBGM can both make donors more accountable to their citizens by linking payments to specific outcomes and increase the mutual accountability between the donor and recipient(implementer) NGOs by making contracts less ambiguous and focused on shared goals and measured outcomes (Center for Global Development, 2010).

RBGM can address the problems implicit in the ‘principal-agent relationship’, whereby the principal and the agent share a general goal for the agent to provide certain services, but the principal lacks the ability to monitor the agent’s activities. RBGM attempts to mitigate the information asymmetry by basing payment on observable, mutually agreed performance measures. Through this process, PBF can (1) make donor and recipient governments more accountable to their citizens by linking payments to specific outcomes that can be externally

observed; and (2) increase the mutual accountability between the donor and country by focusing contract terms on shared goals and verified results.

Effective result-based management means the introduction of an ex-post conditionality concept: a contract between both partners that defines incentives to produce measurable results therefore fund disbursements or non-disbursements are directly linked to these independently verified measures of results. If these results have been achieved, the fund disbursement will be released; and if they have not, the fund disbursement will not take place. It is necessary to agree upon a 'unit price' beforehand. Donors are not involved in the implementation process ('hands-off') (Hailey and Sorgenfrei, 2004).

According to SIDA (2015) and Arne Hoel/World Bank(2015), a result-based management to be effective the following are keys; alignment of objectives between the donor and the implementing partner (Ownership), clear intended output or outcome that can be measured in terms of improved performance (Measurability), Results (outputs or outcomes) should ideally be measurable in incremental steps of progress (Incremental), results can be reported and verified (Verification) , the degree of risk sharing is determined by the level of results (Risk sharing) , the objectives should be well aligned with the recipient's priorities (Harmonization & alignment) ,Monitoring & independent verification of the results (Monitoring(M&E). Whereas, (Dercon 2014) put the following key principles to be considered effective result-based grant management: Payments for outcomes, not inputs(the funder pays for an outcome, not an input, agreeable to both the recipient and funder), Hands-off funders, responsible recipients (funder embraces a hands-off approach, affirming recipients' responsibility and authority to implement development programs)and publicly disseminates the content of the Result), Complementarity with other aid programs), Managing risk.

The rationale behind a results-based grant management approach is that the funder only releases when the agreed results have been achieved. The approach therefore differs from more traditional approaches where fund is given in advance in order to finance input for activities that are expected to produce results, with the risk that these do not materialize if the cooperation partner does not use the funds well, or if the programme has been misjudged. According to Ireland (2003) RB management serves two main purposes: management improvement (i.e.

learning, improved decision making, and planning, etc.) and performance reporting (accountability).

1.2 Statement of the Problem

Based on observations made by the research in different web based electronic archives like JSTOR, Springer, Elsevier, Google scholars, PDF.com, different universities academics research online repositories and the like there aren't many studies examining the effectiveness of grant management practices in light of result-based approach in Ethiopia, A few local studies focusing on the topic of how effectiveness grant management. For example, Woderyelesh (2010) has done research on "Effectiveness of Grant management" which has a particular focus on "PACT-Ethiopia", Getachew (2015) investigated, the practices and effectiveness of foreign INGOs Project Grant Management system by considering INGOs Operating in Hawassa City/ SNNPR, Ethiopia. Alemu (2018) has also enquired the grant management system of Family Guidance Association of Ethiopia (FGAE), which is a local NGO in Ethiopia.

The two key features of the differences between the above local studies and the current research lies one (1) who gets paid in the agreement, and (2) what they get paid for. The previous studies has focused on the donors disbursement of fund for activities instead of results (who gets paid in the agreement), but this research will focus on the result oriented approach of donors setting direction through goals, maintaining control through regular reporting requirements, and evaluating results through analysis of performance information (what they get paid for) is result-based grants management that is more proactive approach which might well be expected to contribute to higher levels of performance on the part of grantees.

Further, it is not also clear whether the importance of results-based grant management approach has been clearly explained to INGOs by their donors so that they can strive harder to incorporate it into programs at the inception. Moreover, the kind of challenges faced by INGO while implementing the results-based grant management approach and kind of support provided by donors to implement results-based grant management approach by INGOs is not also known. Due to these reasons the researcher is interested to do this research by raising the following research question.

1.3 Research Questions

The central research question that this study going to address is “Does result based grant management being practiced effectively by INGOs in Ethiopia”. Subsequently the study will raise and answer the following specific research question

- Do INGOs practice implementing result-based grant management as per the principles and elements of result-based grant management?
- What are the challenges faced by NGOs in Ethiopia while implementing the results-based Grant management?
- What kind of support is being provided by Donors for INGOs to strengthening results-based grant management by INGOs in Ethiopia?

1.4 Objectives of the Study

1.4.1 General Objective

To assess the effectiveness of result-based grant management practice by INGOs in Ethiopia: based on selected INGOs operating in Addis Ababa.

1.4.2 Specific Objectives

- To investigate the practice and application of effective results-based grant management principles and elements by INGOs.
- To identify the challenges faced by INGOs in practicing in the results-based Grant management.
- To investigate the level of effort donors have exerted to reinforce the importance of results-based grant management in the case INGOs in operating in Ethiopia

1.5 Significance of the Study

The Findings of the research may help the donor’s community and other relevant stakeholders and will assist them to have evidence-based decision making and learning and in understanding the support to provide implementing (International or local) NGOs to enhance the results-based grant management practice in their programme. Moreover, the findings of the research would help NGOs in Ethiopia (local and international) to understand the importance of results-based grant management in their projects they implement so that they will strive harder to institutionalize the results-based grant management processes in their programming.

In addition, the findings may help NGOs in Ethiopia (local and international) to design or come up with interventions to help them improve the results-based grant management of their fund management they implement hopefully with the advantage of improving the performance of the projects and their accountability to the stakeholders in terms of resource use and impact of the projects they implement.

1.6 Scope and limitation of the Study

The study is limited to International non-governmental organizations who are operating or having their head office based in Addis Ababa, the capital city of Ethiopia. Even if most of these INGOs have projects in the different regions of the country where they implement their programs; the information required for this study could be obtained here in Addis Ababa at their Head Office. In addition, the researcher was assuming to face challenges during data collection where some targeted respondents may be failed to give the required information due to their busy schedule (as results of their position) and reluctance (as result of sensitivity of subject),the effect of novel COVID-19 makes not to realize the assumption, instead it was a good opportunity to find the respondents easily with virtual access.

1.7 Organization of the Research Report

Chapter one has already introduced the very essence of grant management in light of Result based management and its background followed by problem statement which were extracted from the literature gap of the study area. The second chapter deals with what result based grant manage is its application and need in the NGO fund management related literature and empirical review will be made. Chapter three is dedicated for the methodological part. It explains about the nature of the study, the sampling design and techniques applied; the sources of data collection and the means of analysis applied to execute the study. The fourth chapter deals with the major findings and discussion. Finally, the fifth chapter summarizes the whole journey by summarizing, concluding and giving some directions for future research.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Introduction

This chapter seeks to put results-based management into context in relation to preceding works by other researchers. The grant management concept is being examined in light with results-based approach. The history or evolution of RBM is also looked at. The chapter reviews the literature related to the study from earlier researches, in the global as well as local contexts. The purpose is to understand and appreciate issues related to implementation of result-based grant management in NGOs, as presented and investigated by other researchers, from different sources including journals, websites, textbooks and reports that have been published on RBM and result based grant management. The chapter also looks at the theories and concepts that are relevant to this study.

2.2 Definition of Terms

The researcher would like to define some literature-based terms that are used in the study as listed below.

Effectiveness: This is the accuracy and completeness with which users achieve certain goals.

Result based Grant management: A financing arrangement in which part of the payments are contingent upon the achievement of predefined and verified results (Gorter 2013).

Results; are the effects of an intervention. Such effects can be intended or unintended, positive or negative. There are three levels of results: outputs, outcomes and impacts (OPCS Results Secretariat – World Bank, 2012).

Outputs: are the products, capital goods and services that are produced by an intervention, including changes arising from the intervention that are relevant to the achievement of outcomes. Outputs are the first level of results. They are the most immediate effects of an activity, the results over which you have most control (OPCS Results Secretariat – World Bank, 2007)

Outcomes: Outcomes are the likely or achieved medium-term effects of an intervention's outputs. Outcomes are the second level of results. You have less control over outcomes than over outputs, but they are essential because they represent the tangible changes you are trying to bring about in your work (Pearson, 2011).

Impacts: are the primary and secondary long- term effects of an intervention, be they positive or negative, direct or indirect, intended or unintended. Impacts are the third level of results. They make up the “big picture” of the changes that you are working towards but that your activities alone may not achieve. Impacts represent the underlying goal of your work and justify the intervention (Vahamaki ,2011).

2.3 Historical development of NGOs in Ethiopia

Prior to the coming of CSOs/NGOs many informal institutions such as *Iddirs* and *Mahbers* and many others have been there from time immemorial both in the rural and urban areas being a useful instrument in the local development activities PACT (2011). The involvement of modern CSOs/NGOs in the areas of economic and social life of the country started back in the early 20th century, especially with the emergence of European missionaries that were engaged in the task of transforming both the economic and social lives of the people via building educational and health institutions.

CCRDA (2005), However, their vigorous involvement in the development efforts started immediately after the outbreak of the drought and its attendant famine of 1973/74 (Ibid) Initially, the development of CSOs/NGOs were more of related to relief and rehabilitation activities and since then became a permanent feature in the development process of the country.

During the mid-1970s there were not more than twenty or twenty-five CSOs/NGOs operating in the country mostly in relief and rehabilitation. Furthermore, a decade later came the devastating famine of the 1984/85 which gave further increase to the growth of CSOs/NGOs operation in number and scale, particularly in the areas of emergence. At the end of the 1980s, there were more than sixty-five to seventy CSOs/NGOs in the country. The pre 1990 period i.e. during the Derg and Imperial regimes did not allow advocacy CSOs/NGOs except some CSOs/NGOs, even though in other regimes the policy and legal environment provided wide variety of civil liberty including the right to freedom of expression and assembly. In the post-1991 there was a dramatic growth of the CSOs/NGOs in Ethiopia and their role and areas of engagement changed through time.

The developments are directly linked to the post-1991 policy environment and the advent of modern CSOs/NGOs. The FDRE Constitution which came into force in 1995 guarantees a wide range of human rights and freedoms, including the right to freedom of expression and of assembly. In the past two decades, there was a dramatic growth of CSOs/NGOs in Ethiopia.

According to the 2009 law, all charities are classified by the nationality of their staff and the source of their funding (Prakash, 2015). The 2009 law classifies NGOs into three types):

‘Type 1. Ethiopian charities and societies have Ethiopian citizen members and administrators, as well as budgets that are at least 90% locally sourced.

Type 2. Ethiopian resident charities and societies have members residing in Ethiopia, but have budgets composed of over 10% in foreign-sourced money.

Type 3. Foreign charities and societies, are formed under foreign laws, employ foreign staff, are controlled by foreign nationals, and receive substantial overseas funds.

While the revised proclamation No. 1113/2019 law defines a civil society organization and defined as;

“Local Organization” means a civil society organization formed under the laws of Ethiopia by Ethiopians, foreigner’s resident in Ethiopia or both;

“Foreign Organization” means a non-governmental organization formed under the laws of foreign countries and registered to operate in Ethiopia;

“Charitable Organization” means an organization established with the aim of working for the interest of general public or third party;

“Professional Association” means an Organization formed on the basis of a profession, and its objectives may include protecting the rights and interests of its members; promoting professional conduct, building the capacities of members or mobilize professional contributions of its membership to the community and the country.

“Consortium” means a grouping formed by two or more civil societies Organizations and includes consortia of consortiums.

In light of such distinction, the study area international NGOs are is Foreign Organization” means a non-governmental organization formed under the laws of foreign countries and registered to operate in Ethiopia. According to ACSO data base (2016) there are 66 international NGOs that are licensed to operate in Ethiopia.

2.4 Result based management

2.4.1 Results-Based Management, the new discourse

The Organization for Economic Co-operation and Development (OECD) defines results-based management (RBM) as “a broad management strategy aimed at achieving important changes in the way in which agencies operate, with improving performance and achieving results as the central orientation” (Binnendijk 2000). The Department of Foreign Affairs, Trade and Development (DFATD) Canada, defines RBM as a program/project life cycle approach to management that integrates strategy, people, resources, processes, and measurements to improve decision-making, transparency, and accountability. The approach focuses on achieving outcomes, implementing performance measurement, learning, and adapting.

The United States Agency for International Development (USAID) defines a result as a change in a relationship to the customer. Results are linked by causal relationships, that is, a result is achieved because related, and interdependent results were also achieved USAID began experimenting with performance management (RBM) approaches in selected country operating units in the early 1990s, with technical support provided by the Center for Development Information and Evaluation (CDIE) (USAID 2015).

RBM is a management strategy that focuses on performance and the achievement of results (outputs, outcomes and impacts). RBM is also defined as a management strategy aimed at achieving important changes in the way organizations operate, with improving performance in terms of results as the central orientation (Mayne, 2007). Forss (2002) argued that the primary purpose of RBM is to improve efficiency and effectiveness through organizational learning, and secondly to fulfill accountability obligations through performance reporting. Key to its success is the involvement of stakeholders throughout the management lifecycle in defining realistic expected results, assessing risk, monitoring progress, reporting on performance and integrating lessons learned into management decisions.

Therefore, RBM focuses on managing the interventions while trying to ensure its relevance, efficiency, effectiveness, impact and other quality criteria.

RBM procedures have been centrally driven and priorities corporate requirements such as demonstrating accountability and financial soundness. At the programmatic level, the donors’

interests for reporting and accountability are of paramount. Meeting reporting commitments is paramount and has become more important than learning to better manage the results. All in all, the staff is more concerned about satisfying reporting requirements to the donors rather than managing the results (UNDP, 2007).

2.4.2 Historical Overview of result-based management

The roots of RBM date back to the 1950s, when Peter Drucker introduced the concept of management by objectives in his book. The practice of management (Drucker 1954). The private sector was the first to manage by objectives, which later developed into the logical framework for the public sector and was adopted by USAID in the late 1960s (UNESCO 2011). Throughout the 1990s and 2000s, the Canadian Government and the Canadian International Development Agency (CIDA) further developed RBM. The OECD Development Assistance Committee established the Working Party on Aid Effectiveness and Donor Practices, which recognized the importance of RBM in the context of the effectiveness of development cooperation at its first meeting in Paris, in 2003 (Meier 2003).

As per Vahamaki (2011) Over the past 10 to 12 years, due to growing financial constraints and a global debate on the effectiveness of aid, there has been significant external pressure for development cooperation agencies to steer their management systems toward effectiveness. RBM systems have been introduced in most developed country government sectors, while implementation of RBM is ongoing in most developing countries.

The Paris Declaration of Aid Effectiveness as it stated in (Acharya / Alvarez 2012 report, it sets out five key principles that donors, recipient countries and multilaterals had agreed upon in order to improve the effectiveness of grant management). As a report by OECD (2012) states also Grant is considered to be effective if it fulfils the principles of ownership; alignment of donor support with national strategies of the partner country; harmonization of donor actions; mutual accountability of donors and partners; and results-based management.

In general terms, results-based grant management is a partnership between a development partner (donor) and implementing partner NGOs (recipient) whereby fund transfer/payments are only made once a pre-defined result has been achieved. Effective result-based management means the introduction of an ex-post conditionality concept: a contract between both partners

that defines incentives to produce measurable results therefore fund disbursements or non-disbursements are directly linked to these independently verified measures of results. If these results have been achieved, the fund disbursement will be released; and if they have not, the fund disbursement will not take place. It is necessary to agree upon a 'unit price' in advance. Donors are not involved in the implementation process ('hands-off') (Hailey and Sorgenfrei, 2004).

At the Second-High Level Forum on Aid Effectiveness in Paris, France, in 2005, it was recognized that aid could and should be producing better impacts. The Paris Declaration was endorsed in order to firmly base future aid efforts on first-hand experience of what works, and does not work, with aid. The declaration outlines the following five fundamental principles for making aid more effective: (1) ownership by partner countries; (2) alignment with each country's poverty reduction strategies and systems; (3) harmonization among donor countries; (4) focus on development results and on measuring results; and (5) mutual accountability. The concept of "aid effectiveness" therefore entered development discourse as embodying a package of specific ideas and measures (Hayman 2009). Under the fourth principle (results), "results-based management" and "results oriented reporting and assessment frameworks" are highlighted as a means toward achieving aid effectiveness.

In the Paris Declaration, managing for results means managing and implementing in a way that focuses on desired results, and uses information to improve decision-making. In Clause 46, partners and donors jointly commit to "work together in a participatory approach to strengthen country capacities and demand for results-based management" (Ibid).

In 2008, at the Third High Level Forum on Aid Effectiveness held in Accra, Ghana, an even greater number and wider diversity of stakeholders endorsed the Accra Agenda for Action. This agenda both reaffirms commitment to the Paris Declaration and calls for greater partnership between different parties working on aid and development (OECD, 2014). The Open Forum for

CSO Development Effectiveness held a global forum in Istanbul, Turkey, in 2010. At the forum, the Istanbul principles for civil society organization (CSO) development effectiveness were established. Principle 8, “Commit to realizing positive sustainable change,” states that: *CSOs are effective as development actors when they [...] collaborate to realize sustainable outcomes and impacts of their development actions, focusing on results and conditions for lasting change for people. (Open Forum for CSO Development Effectiveness 2014).*

Following the High-Level Forum on Aid Effectiveness held in Busan, South Korea, in 2011, the results agenda has received even more emphasis and is currently a top political priority. There is now a strong focus in the nonprofit sector on results and managing by results to help deliver on aid effectiveness RB Grant management was introduced as a result of donors getting pressure from governments and the stakeholders on greater accountability for funds given. Previously, funds have not served the purpose they are intended for and therefore misuse or misdirecting of funds has been a practice in most of the developing countries (Vahamaki, 2011).

A number of international aid agencies have been using RBM for some time. DFATD in Canada states that it has been using RBM, in one form or another, for over 30 years. CIDA’s first official RBM policy was released in 1996, and a revised and updated policy was approved in 2008 (DFATD Canada 2014). The Danish International Development Agency (Danida) says that using a managing for development results approach helps to ensure that all resources are directed toward achieving set goals. The goals must be clear, concrete, measurable, limited in number, and with a clear timeframe. Monitoring, documenting, and reporting goals are emphasized (Danida 2014).

RBM has been part of the United Nations reform agenda, which seeks to improve coherence of the United Nations system, its effectiveness, and its accountability, for over a decade. There have been increased efforts on the part of the United Nations development system to enhance RBM within individual agencies and at the country level. The application of RBM in the development field has gained currency, and national governments and public institutions increasingly are adopting this approach (Bester 2012).

Concern has been expressed by many across the development sector, who believe that the focus on results has narrowed the view of what is valued and how value is measured, and is promoting work that is easy to measure, while often the work that is most transformational is the least measurable (transformational referring to changing power relations and structures that perpetuate inequality and injustice). RBM encourages a focus on identifying and continuously monitoring SMART (specific, measurable, agreed, realistic, and time-limited) goals, indicators, and targets, and that this focus on measurability has led to a reduced interest in difficult-to-measure goals such as human rights, participation, and democracy (Hulme 2010).

According to Hatton (2007), many development practitioners view RBM in a negative light, considering it a donor requirement that diverts time, energy, and resources away from development work. However, in reflecting on the challenges associated with RBM, they suggest several strategies to improve its use and conclude that development practitioners need to be more aggressive in implementing RBM.

According to Eyben (2015), while development organizations are increasingly seeking to understand better what works, many in the sector have felt that results and evidence protocols and practices have constrained their ability to pursue transformational development. However, there is also recognition that the results agenda can create opportunities for people-centered accountability processes, to promote useful debates about value for money, and to provide insights on power dynamics using theory of change approaches.

Vahamaki (2011) conclude that, despite the large amount of literature and research focusing on the difficulties and challenges associated with implementing the results agenda in the development community, there are examples of success and recommend, based on several theories, how to improve RBM as it is currently practiced.

2.4.3 Four Main Pillars of Results Based Management

As UNDP (2011) the RBM approach is based on six main principles:

Simplicity: RBM tries to identify a strategy that is easy to understand and easy to put into practice. RBM provides several simple tools to help with project design, project management and achieving the project's results.

Action learning: RBM integrates the learning cycle. We learn by doing and what we learn enables us to strengthen our capacities, improve the quality of our projects and get better results. This learning cycle is inclusive: it's not just about the leading NGO that learns and improves, but everyone involved in the project. Partners and beneficiaries are empowered through learning and participation, and gradually see how important their role is and as a consequence they take up more responsibility.

A flexible method: RBM adapts itself to different contexts and different types of projects. It's even possible to introduce RBM into projects that are already running.

Partnership: participation of partners and stakeholders is not only important during the formulation of the project, but also during the execution, monitoring and evaluation (appreciation) of the project. This is the only way to come to solid project design with relevant objectives and to durable results and a sense of ownership of those results from the part of the local population and partners.

Accountability, or sharing responsibilities between the partners. In RBM, participative decision making is important, as well as clearly defining each party's responsibilities and tasks.

Transparency: using well designed and well-chosen indicators, it must be possible to give a clear image of what the project is doing and where it is going. Transparency towards the donors, but also transparency towards the partners and beneficiaries. RBM introduces the Performance Framework to clearly identify objectives, how their progress will be measured (and at what frequency), who will be responsible for what, etc.

2.4.4 Potential advantages and challenges and adoption of RBM

OECD (2005) described the key challenges that have been identified in RBM practice. An OECD survey identified twelve key challenges. The challenges can be classified into organizational and technical challenges. Organizational challenges include such as organizational culture, unrealistic goals, lack of result information, result indicators can distort the actual intended outcomes of a programme and the fact that higher level outcomes are less tangible or easily visible as compared to outputs.

Technical challenges in RBM include the problem concerning the measurement of outputs and outcomes of intervention. Measurement of the outputs and outcomes of government programmes is a main challenge to deal with when coming up with performance information systems. Another technical challenge is the knowhow of data analysis and measuring the numerous outcomes of interest. Following onto that is the challenge of attributing the extent to which a programme led to the realized outcomes (Mayne, 2004). The issue is that there are frequently other factors or interventions other than the programme that will have contributed to the observed changes or results. (Perrin, 2002) notes that in addition to monitoring, it is important to ensure that evaluations happen so that the attribution issue can be critically looked at. There is also limited experience and capacity in reporting and measuring of outcomes.

There are also no generally recognized standards for reporting on the outcomes; further compounding the problem as each authority publishes their own standards. The (OECD, 2005) highlights the necessity of simplifying and harmonizing the reporting requirements of the various donor agencies. The more reporting focuses on higher level results; the larger the challenges become, as there is need to report real change in the form of a performance story, as opposed to simply reporting on quantitative data or numbers. There are generally major gaps in data quality, accessibility and availability from the implementing partners. Interpreting the data and making conclusions is another challenge. Behavior change is a long-term change and change in behavior is vital in RBM. A challenge in most NGOs is that the three main components of RBM: capacities; incentives and system specific information have gaps and are not adequately formulated in the organizations and hence the steps in setting up an RBM system become a challenge (Mayn, 2004).

Results-based aid cannot be implemented equally well in all sectors. Social sectors, such as education and health, as well as sectors dealing with infrastructure services that can more easily be measured (transport, public water supply, etc.) are well suited to results-based aid. In other sectors it may be harder to measure these results or to come to an agreement on them with the partner countries (such as complicated agreements on good governance), and the direct effects cannot always be clearly shown as wider outcomes. This applies, for example, to various areas of public financial management (Klingebiel and Janus 2014).

2.5 Result based grant management

2.5.1 The why of result-based grant management

According to Financing Global Health (2011), the economic slowdown in high-income economies has led to a period of stagnating or declining global aid budgets, which in turn has increased attention to obtaining the most impact for public funds invested, or better ‘value for money’. The term ‘value for money’ can be defined loosely as both ‘doing things right’ and ‘doing the right things’. In general these two components of ‘value for money’ respectively refer to ‘technical efficiency’ (i.e. When cost is minimized and impact per dollar maximized for a given intervention) and ‘allocative efficiency’ (i.e. when investments are optimally focused on the right mix of interventions to the right target population in order to achieve a maximum social or health goal).

RBM is an in-depth management approach whose main focus is achieving results. The United Nations Development Group defines results-based management as an approach of management whereby different people indirectly also as directly contribute to achieving results. Their processes services also as products should contribute to the accomplishment of intended results. There should even be use of evidence on real results to tell future management. Global funding agencies have a limited set of tools to obtain ‘value for money’. One such tool is Result-based Grant management, is a management approach for grant in light result based management where future Fund disbursements are conditioned on predefined achievement of results ex post.

Result-based grant management can be defined as the transfer of fund /money or material goods conditional on taking a measurable action on the result (Center for Global Development, 2012). RBGM can both make donors more accountable to their citizens by linking payments to specific outcomes and increase the mutual accountability between the donor and recipient(implementer) NGOs by making contracts less ambiguous and focused on shared goals and measured outcomes (Center for Global Development; 2010).

RBGM can address the problems implicit in the ‘principal-agent relationship’, whereby the principal and the agent share a general goal for the agent to provide certain services, but the principal lacks the ability to monitor the agent’s activities. RBGM attempts to mitigate the information asymmetry by basing payment on observable, mutually agreed performance

measures. Through this process, PBF can (1) make donor and recipient governments more accountable to their citizens by linking payments to specific outcomes that can be externally observed; and (2) increase the mutual accountability between the donor and country by focusing contract terms on shared goals and verified results.

Result-based grants management can also help grant-making organizations to mitigate principal-agent problems (Moynihan,2008). Moynihan affirms that when grantees recognize that future awards are at least partially dependent on actual performance, they tend more to align their own goals and activities with the priorities of the funding agency.

Accord to Colby (2010), by setting appropriate targets, monitoring progress toward these goals, and rewarding the achievement of targets, result-based grants management allows principals to impose their values, priorities, goals, and objectives on their agents). With respect to the principal-agent paradigm, then, the traditional grant management systems have emphasized on accountability, control, and cost-effectiveness (Heinrich, 2010). More recently, however, the use result-based grants management, has broadened to focus on other purposes as well, such as promoting learning and motivating improved performance among grantees (Behn, 2003; Moynihan,2008).

Result based management, defined as “a system that generates result information through strategic planning and performance measurement routines and that connects this information to decision venues” (Ibid), has been promoted as an effective strategy for providing accountability and improving performance by scholars and practitioners alike. Within this context, result based budgeting (PBB) is one strategy used to connect performance information to decision making about funding to strengthen accountability. Result- based grants management is a form of PBB used by NGOS and public agencies whose substantive programmatic activity is carried out by grant-funded organizations (Moynihan,2008).

The assumption that Result-based grants management will lead to effective performance can be traced to motivational theories such as goal setting and principal-agent. Identifying goals and connecting rewards to them offers grantees specific focus and direction in order to achieve the assigned incentive (Locke and Latham 1990). More precisely, result based grants management

aligns service priorities to established result targets, clarifying for grantees what they need to achieve in order to gain resources (Cook and Lawrie, 2007).

Wright (2007) claims, setting clear and achievable, goals motivates NGOs to persist in reaching them. Hence, goal-setting theory presumes performance gaps between actual performance and goals, which are considered attainable by grantees. Of note, these goals should be internalized and accepted by grantees. Wright further, states Feedback in the form of result information plays an important mediating role between goal setting and achieving better result (Grantees better understand their performance and related expectations when the grant-making organization communicates information about how well they are doing and what needs to be done differently to reach the desired targets. Moreover, when grantees recognize that their performance is being monitored by higher level authorities and resourcing agencies, they are likely to be further motivated to improve performance. When multiple grantees are involved, comparing performance can incite competition, further boosting performance. A desire to outperform others and be recognized among better performers motivates grantees to do better (Wright 2004).

Result based grants management helps the grant-making organization to mitigate the principal-agent problem (Moynihan 2008). Grantees recognize that future grants are dependent on result and align their activities with the priorities of the funding organizations instead of following their own priorities (Murphy 2000). Specifically, by setting appropriate result targets and monitoring progress towards those goals, result-based grants management allows principals to impose their values, priorities, goals and objectives on agents (Bouckaert and Balk 1991; Colby and Pickell 2010).

Heinric and Marschke (2010); Loveday (2005) have been identified, shortcomings to result based-based grants management, Aside from these benefits, such as the potential for system gaming and perverse behavior. Heinrich (2007), provides a detailed analysis of the result bonuses awarded by the federal government to state governments or agencies for good performance, and found that these bonuses were ineffective in improving performance owing to gaming (e.g. limiting individual's access to services) and being biased towards historically better performing states. Funders that try to channel aid on the basis of results are often forced to backtrack in the face of objections that giving local governments' discretion will facilitate

corruption that it takes too long for results to be manifest; that it is too costly or difficult to measure outcomes.

Consequently, funders end up buying things instead of buying development. International agreements such as the Paris Declaration and Accra Agenda for Action call for a number of things that would characterize more effective aid a focus on results, more predictable aid, improved accountability, greater country ownership, and harmonization of foreign assistance approaches. However, these agreements don't provide practical mechanisms to achieve these aims. Result based grant management pushed toward increasing fund recipient ownership and paying for results. It is designed to strengthen the accountability of recipient by making financing contingent upon transparent and measurable incremental progress on specific shared goals (Savedoff, 2010).

Thörn (2011) stated that when a donor-receiver partnership is established, certain prescribed methods for evaluation and audit, with a heavy emphasis on quantitative measures of performance, become a fundamental aspect of the process to construct self-regulating actors. He calls this process 'responsibilities', donor agencies must appear to have guarantees that the money is used for the intended purposes. As the nonprofit organizations, have limited opportunities to earn income, and reliance on donations and grants is of paramount importance, efficient utilization of resources become crucial, this unearned income arrives in the form of donations from the donors, as well as grants from foundations and governmental agencies (Racek, 1988). Pollitt (2003) states international donors has focused on how organizational performance has been increasingly formalized and made auditable during the last decades with a heavy focus on internal control systems. He questions both the way these systems produce assurance and accountability and their unintended and dysfunctional consequences for the audited organization.

According to Anderson (2012) one of the problems with this kind of grant management models highlighted in his study is that donors require reports that are tied directly to the proposals they funded to justify and account for the provision of funds. This limits flexibility and responsiveness to contextual changes and may mean that actual results are not included in reports

(2012). Anderson added that actors on the 'receiving' side of grant, often experience donors to use the aid relationship only to get the resources delivered (ibid. p 98).

According to the OECD, there are number of problems faced by the Non-Governmental Organizations like inefficient management, lack of resources, capacity building, performance measurement, in spite of those challenges foreign aid totaled \$125bn USD was channels from Aid agencies in 2015. In countries that depend highly on foreign aid, these transfers can amount to 16.1% of a country's GDP (Djankov, Montalvo and Reynal-Querol 2008, pp. 173). But, whether foreign aid fosters wellbeing and the form in which it should be delivered have been extensively debated. Moreover, the empirical evidence of aid's effects on economic growth and improvements in social indicators is mixed.

According to Ndumbu & Moronge (2014), in Africa funds that are being distributed throughout the continent still be mismanaged, within the year 2009, a Nigerian International NGO, Children Rights Network (CHRINET), involved an investigation into the alleged misappropriation of US\$ 2 billion worth of funding for HIV & AIDS. Concerns have also been raised about the misuse of funds in Ghana, where budget and planning officers recently expressed concern that funds aren't getting used for his or her intended purposes. Within the year 2012, Uganda experienced significant cuts in funding, specifically from the worldwide Fund. The suspension occurred in August 2008, following a worldwide Fund audit that indicated that the Ministry of Health had misused US\$ 1.6 million. In Kenya in year 2010, several AIDS NGOs in Nairobi and therefore the Ministries of Public Health and Medical Services were investigated for failure to account for about US\$ 166 million of the US\$ 512 million donated by the worldwide Fund over the last several past years. that's quite 30% of the worldwide Fund aid the country received therein period (World Bank, 2012).

2.5.2 Effectiveness of Result based grant management

According to Sida (2015) Project for Results Based grant management Approaches, and (Arne Hoel/World Bank, 2015), a result-based grant management to be effective, if the following is taken into consideration.

Ownership

Ownership and interest from the implementing partner is a prerequisite for almost any successful development intervention. If there is a misalignment of objectives between the donor and the implementing partner, then neither RBGM nor a conventional aid programme is likely to succeed. This approach could however reveal a mismatch of objectives more clearly as the costs of the likely failure would be borne by the implementing partner, not the donor. An RBGM approach could also help strengthen ownership by creating more room for experimentation, adaptation and learning, instead of a steering by inputs and activities. The implementing partner should however have a large degree of control over the results. In cases of low control and in high risk environments RGM may be too risky for the recipient and could be costly for the donor as a large price would be needed to compensate for the increased risk.

Measurability

There should be a clear intended output or outcome that can be measured in terms of improved performance for an RBGM approach to function. The RBGM programme design may reward several steps towards that improved performance but it is important to keep the ultimate intended outcome in mind. Can overall performance be strengthened by aligning financial incentives to the expected results? What is holding back the achievement of development results and what can overcome these constraints? Are there incentives or measures that could unblock such constraints?

Incremental

Results (outputs or outcomes) should ideally be measurable in incremental steps of progress. Progress Instead of setting targets and/or conditions that are met or not met a results-based financing approach can reward incremental steps of progress, measured in units of tangible results, instead of punishing conditions not fulfilled or targets not met. Likewise, a private service provider will get paid in proportion to the actual outputs delivered.

Verification

As a separate part of the results contract, resources need to be set aside to guarantee that results can be reported and verified. This means support for strengthening systems for data collection and reporting, audit and evaluation as well as resources for independent verification of the results. Progress on results should be measurable using indicators that are meaningful, feasible and cost-effective to measure. Can the desired objective be measured effectively by indicators using reliable non-contested data sources? Independent verification is desirable.

Risk sharing

could be used as an element to sharpen performance, i.e. increase the incentives for the implementer to perform well by also assuming some of the risk of failure. RBFA does indeed transfer part of the risk from the donor to the implementing partner. If the expected results fail to materialize there will be no disbursement – hence less risk for the financier. Often however, different RBGM approaches include financing of results at an intermediate level (output or process indicators) and may only partially be linked to outcomes. The degree of risk sharing is therefore partially determined by the level of results. Focusing on an output at an intermediate level can be another approach to share both fiduciary and programmatic risk between financier and implementer.

Harmonization & alignment

The objectives of an RBGM should be well aligned with the recipient's priorities. However, there are different interest groups whose interests could be aligned with the objectives and the incentives provided. Winners and losers of the intervention need to be well analyzed. The donor context could also present special challenges as an RBGM needs to be aligned with government priorities and, to the extent possible, be harmonized with other financiers working in the same area or sector.

Monitoring & Monitoring(M&E)

Monitoring and evaluation should be an integral part of an RBFA. The need for independent verification of the results as a basis for disbursement is just one aspect of an M&E system that needs to be in place, but there are many other aspects such as unintended consequences, equity aspects and the long-term impact that should be evaluated. Since empirical evidence of RBFA approaches is limited, it is strongly recommended that independent evaluation mechanisms are put in place for learning and accountability purposes.

2.5.3 Principles of result-based grant management

Whereas, According to Dercon (2014), the following are key principles must be considered in order to have effective result-based grant management:

Payments for outcomes, not inputs

First, the funder pays for an outcome, not an input, agreeable to both the recipient and funder. The outcome must be measurable and should be continuous (such as number of children enrolled in school or surviving to age five), making it possible to pay in proportion to progress. There are several benefits to providing aid in this way. It helps funders show measurable results to their constituents. It enables funders to complement existing projects and programs of support in countries that may not be eligible to receive budget support. It also creates incentives to collect reliable performance information, whereas traditional aid forces recipients to spend time on detailed reporting of expenditures and activities (Hallett, 2010).

Hands-off funders, responsible recipients

Second, the funder embraces a hands-off approach, affirming recipients' responsibility and authority to implement development programs in their own context. The funder does not pay for inputs and entirely eschews designing or demanding any particular new intervention or investments. The recipient in turn has complete discretion over the chosen strategy. Furthermore, the recipient can use the funds it receives after making progress in any way it chooses. This hands-off feature distinguishes result-based grant management sharply from most existing modalities and reduces administrative costs considerably. Giving fund recipients the flexibility to design and implement policies and programs promotes country ownership and allows them to build their own capacity and make full use of local knowledge and experiences to innovate and learn. Recipients can request technical assistance, ideas, and guidance from funders. Such technical help, being demand-driven, is more likely to be used well (Nancy Birdsall, 2006).

Independent verification

Third, result based grant management requires independent verification of progress toward the agreed-upon outcome. While recipients are responsible for measuring and reporting their progress, independent verification based on new information obtained by a third party independent of the recipient is critical to the credibility of the agreement. Obtaining such information is also the only way for recipients to accurately assess and improve their reporting systems. Funders should pay for the costs of independently verifying the measure of progress.

Managing risk

As with all initiatives, result based grant management agreements entail risks. Three categories: those that can be managed through program and contract design, those that are associated with all forms of aid, and those related to misconceptions and departures from current practice. Risks that can be managed through program and contract design Certain concerns can be managed during the program de-sign and contract negotiation phase. One common concern is the difficulty of measuring outcomes. Program designers can minimize this concern by consulting with experts to determine an appropriate indicator for the shared goal. Incorporating independent verification, with an appropriate system of penalties for misrepresentation, can minimize the risk of over reporting. Result based grant management can be more successful in the face of corruption than traditional aid because it is paid against verified progress while traditional aid disburses against documented expenditures regardless of progress.

2.6 Earned value for money as result-based project management

As international commitments become more ambitious and aid resources become increasingly constrained, global health funding agencies are seeking to improve the efficiency and impact of their investments. This growing “value for money” (VfM) agenda aims to reduce costs, increase impact per dollar spent and focus investments on the highest impact interventions among the most affected populations (Ika, 2012). Earned value management (EVM) is a project management tool that integrates the project scope of work with cost, schedule, and performance elements.

EVM initially as a government contractual mandate was adopted by U.S. government in the management of its internal projects. Since 1996, the emergence of earned value management system (EVMS) has shifted the EVM from government contractual requirements into a viable best practice tool which project managers in private sector everywhere could use (Fleming and Koppelman, 2010). In the USA, the Department of Energy defines an EVMS as “an integrated set of policies, procedures, and practices to support program and project management as a decision enhancing tool and a critical component of risk management” (United States Department of Energy, 2008).

EVM has become the most commonly used method of project performance measurement (PMI, 2008). EVM offers the project manager a tool to timely evaluate the general health of a project

along the life of the project. Particularly, EVM has been used to: (1) estimate cost and time to complete; (2) identify cost and schedule impacts of known problems; (3) accurately portray the cost status of a project; (4) trace problems to their sources; (5) portray the schedule status of a project; (6) provide timely information on projects, and (7) identify problem areas not previously recognized (Kim, 2003).

Valle and Soares (2006) identified the main benefits of EVM: (1) integrated cost, progress and time management; (2) better vision of the project in terms of scope and procurement; (3) early alert to problems; (4) foreseeability of project deviation trends; (5) reduced time to perceive and understand problems and solutions; (6) support for negotiations and the decision making process; and (7) the motivation of people to implement the project control process.

2.7 Conceptual frame work for result based Grant Management Process

The following figure presents the conceptual farm work for pre-award, and post award processes of result-based grant management, which was used by the researcher to assess the practice of RMB in financial management in INGOs operating in Addis Ababa.

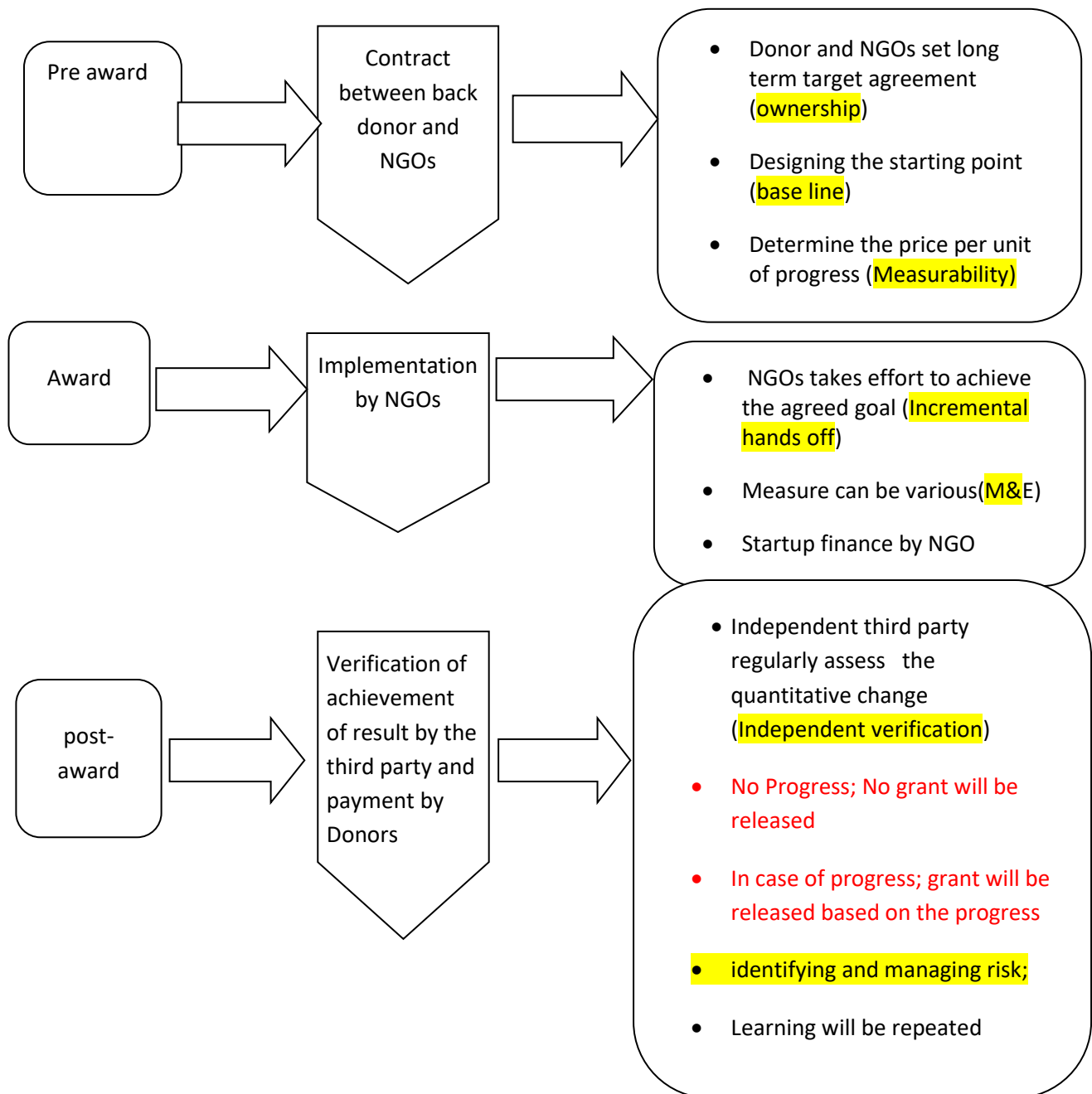


Figure 2. 1 conceptual framework for Presentation of the Process of Pre-and Post-award result-based Grant Management

Source; Own, based on literature (2020)

2.8 Review of Empirical Literature

Although some recent studies examine the impacts of performance-based bonuses (Heinrich, 2007) and performance-based contracting on deliver services (Koning & Heinrich, 2013; Miller, Doherty, & Nadash, 2013), there is a lack of studies addressing the effectiveness of result-based approaches to managing grant. A study by El-Khawas (1998) on the result-based grants management system adopted by Tennessee for its 24 higher education institutions serves as an exception in this regard. Through a qualitative analysis, El-Khawas found several benefits to the system, including increased political support and management efficiency. However, that study did not address the system's effectiveness on actual performance.

In Ethiopian context also, there are few researches conducted on the topic of effectiveness of grant management in the context of the traditional approach by which donor's disbursement of fund for activities instead of results. For example, Woderyeleh (2010) explored the practices of Pre-award assessment and post-award monitoring on grant management efficiency and effectiveness in Pact Ethiopia country office, examined the grant management competencies of Pact and described the challenges faced. The main finding of her research is that Pact has been inefficient in the application of some grant management competencies. Moreover, she found out that the corresponding challenges of inefficient application of competencies faced by PACT.

Getachew (2015) assessed the existing practice of foreign NGOs projects grant management and its effectiveness in Hawassa city. His research started to examine the role of government on effective foreign NGOs project grant management. Inefficient application of effective projects grants management principles, tools and approaches by foreign NGOs and minimal government roles on effective foreign NGOs projects grant management were found to be the major findings of his research. Aiming at assessing the main challenges and obstacles encountered by Family Guidance Association of Ethiopia, Alemayehu (2018) discovered the noncompliance with the 70/30 proportion; the underutilization of grant budgets; the long vacancy of the grant's unit; the weak leadership; poor integration and coordination among departments, the inconsistency of cash flows with action plans and lack of adherence to meeting the due date of reports.

Eman (2012) studied three local NGOs working on women and children in Addis Ababa in relation to the CSP. She concluded that the proclamation has brought about new demands on the

way these women and children Charities and Societies operate be it in terms of financial, existential, sustainability or structural change. Though the proclamation creates an autonomous Agency for the CSO sector, allows income generation activities, and tries to curb harmful practices by Charities and Societies; it has strict funding source requirements, potential going out of operation of organizations and termination of employees. According to her, the great challenge for them has been raising 90% of their funds locally; which has led to termination of activities, closure of organizations and termination of employment of staff.

On the other hand, Seblewongel (2015) assessed and described types of financial management practices in selected INGO's utilize to identify their area of strength and weakness as well as challenges around the key financial management components and reporting requirements; namely financial planning, budgeting, accounting records, internal controls and financial monitoring. Seblewongel concluded that international NGOs operating in Ethiopia have a better financial management system. Her study has also proved that the current financial management practices are working and are at high standard as in most of the major categories reviewed, they have well laid down procedures and processes. The current study had conducted the research on grant management system that consisted of both financial and non-financial donations and such sensitive items require effective and efficient management system to protect them from danger that create trust on grantees by the donors.

Abinet (2016), tried to make a research which was aimed on assessing the main challenges and obstacles that encountered the Association from not effectively manage the grant under its custody as required by assessing and evaluating the directives of the government, 39 policies, manuals and guidelines of the association; planning and budgeting; financial recording, reporting and closeout of projects and finally, monitoring, evaluation and controlling mechanisms that are practiced by the Association. He had used primary data comprising of questionnaire and interview and desk review on secondary data consisting of regulations and directives of the government, policies, manuals, guidelines, donors' agreements, plan and budget documents performance reports and reports to donors for the two years of 2016 and 2017. From the study, the researcher found that having strong grant management practice by itself is not adequate but consistent application of grant management policies and procedures is equally required. In addition, appropriate number of capable staff should be assigned to manage projects and to

ensure the proper and quality of project implementation. The questionnaire framework was developed consisting of 61 items that the first eight items consisted of the respondent's profile, the second were 52 Likert Scale of five items ranging from strongly disagree to strongly agree and the third was one open-ended question that gave respondents to freely state their opinion not captured in the previous questions.

The current study had conducted the Assessment on effectiveness of result-based grant management practice by INGO in Addis. The researcher had used primary data comprising of questionnaire and interview and review on secondary data consisting of r grant management policies, manuals, guidelines, donors' agreements, plan and budget documents performance reports and reports to donors. The questionnaire framework was developed consisting of 30 items that the first six items consisted of the respondent's profile, the second were 24 Likert Scale of five items ranging from strongly disagree to strongly agree and the third was one open-ended question that gave respondents to freely state their opinion not captured in the previous questions. The questionnaire was distributed to all the 96 participants of the study of which (99%) had responded and all the responses were coded, recorded and analyzed using SPSS v. 20 and based on their predetermined specific objectives.

Then, the findings of the assessment showed result-based grant management has been practiced by INGOs not as its fullest picture. However, the same research finding indicates INGOs are not effective in implementation because they lack the core elements of effective RBGM like clear indicator and outcome measurement for all relevant outcome-level results, non-Existence of reasonable expectations, learning, adapting and improving within the project timeframe, difficulty by INGOs to implement certain millstones from a project with their own seed money this is mainly due to scarce resource (limited amount of money at hand) and to ask reimbursement then after. Finally, the researcher of this study provided some recommendations for both INGs and Donors.

summary

Based on observations made by the research in different web based electronic archives like JSTOR, Springer, Elsevier, Google scholars, PDF.com, different universities academics research online repositories and the like there aren't many studies examining the effectiveness of grant

management practices in light of result-based approach in Ethiopia. Further all the above studies and the current studies has got two key features of the differences between the above local studies.

The current research lies one (1) who gets paid in the agreement, and (2) what they get paid for. The previous studies has focused on the donors disbursement of fund for activities instead of results (who gets paid in the agreement), but this research will focus on the result oriented approach of donors setting direction through goals, maintaining control through regular reporting requirements, and evaluating results through analysis of performance information (what they get paid for) is result-based grants management that is more proactive approach which might well be expected to contribute to higher levels of performance on the part of grantees.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

The chapter covered the research methodology and describes the methods applied in carrying out the research. The study is organized into the following sections; research design, and approach, population, sample size, sampling techniques, research procedures, reliability and validity, data collection procedure, the method of analysis and ethical considerations taken by the researcher.

3.2 Research Design and Approach

The study is aimed to assess the effectiveness of result-based grant management practice by Ethiopian NGOs based on selected INGOs operating in Addis Ababa. Therefore, the appropriate type of research to achieve this objective is believed by the researcher is descriptive research. Because descriptive research is a research type which describes phenomena as they exist and it is used to identify and obtain information on the characteristics of a problem or issue (Geoffrey, 2005).

A research can be undertaken by adopting one of three research approaches quantitative, qualitative or mixed. The main characteristic of quantitative study is its objectivity, whilst qualitative study is attitudinal (Creswell, 2009). Therefore, in order to achieve the research questions stated in the previous section, the researcher used both qualitative and quantitative approach (mixed approach) in collecting and analyzing data as the combination of both forms of data provides a better understanding of a research problem than either quantitative or qualitative data by itself.

3.3 Population and sampling techniques and Sample Size

3.3.1 Population

According to ACSO data base (2016) there are 66 international NGOs that are licensed to operate in Ethiopia. Among all, 38 international NGOs are operating or having their head office in the city of Addis Ababa. The target population of by which the researcher wants to collect data are those from Finance , grant/program, and M&E , and 7 experts from Donors and ACSO ,therefore the total number of populations is counted to be 121, encompassed of 114 INGO employees experts & 4 government and 3 Donor experts, were population the researcher would

like to obtain information to meet the research objectives. The reason why the researcher focused on this target population is that, it is believed that the most viable and reliable data was collected from these sources rather than others.

3.3.2 Sampling Technique

According to Roscoe (1969), sample sizes of less than 10 are not recommended. In experimental research with tight controls, successful research can be conducted with samples as small as between 10 to 20. However, for most studies samples size between 30 and 500 are most appropriate. Accordingly, Systematic random probability sampling was employed to select 30 INGOs to be included with the research sample. Accordingly the researcher label each INGO with a unique number starting from #000A to #00AL and draw as Sampling fraction = Actual population/ sample= 38/30 =1.26 approximate 1th. The first sample has to be chosen in a random manner, additional members of sample was being chosen by recruiting each 1th INGO without replacement among the population till it reached 30 INGOs.

To determine the sample size the researcher has changed the heterogeneous 114 employees in to three strata as Grant, M&E, Finance then the sample size was determined using the formula as showed under sample size determination below.

3.3.3 Sample size

After the four ASCO and three technical staff from donors had been directly accounted, the remaining INGO staff's sample is drawn using the following statistical formula which was developed by Yemane Taro (1967). The reason for using this formula is that because it is the most simplified and widely applied in determining the sample size in such research work. A 95% confidence level and e=0.05 precision is assumed for the equation.

$n = N / (1 + N(e)^2)$, Where,

'n=sample size,

N=population size of each variable= (114)

'e= level of precision (0.05)

The sample size of respondents from INGOs based on the above sample size determination is 90. This total sample size from INGO experts as follows;

Table 3. 1 NGO staffs and sample size determination

Position in each	population (N)	sample (n)
Grant manager/Coordinator	38	30
M&E Managers/officer	38	30
Finance manager/officers	38	30
Total	114	90

Therefore, taking the 90 INGO staffs and considering the four ASCO and three technical staff from donors the total sample size is counted to be 97 staffs.

3.4 Types of Data and Tools/Instruments of Data

Both quantitative and qualitative data were used be collected for this study. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity (Kothari, 1999). The data for the quantitative data collection method was being collected using survey questionnaire prepared by addressing all-important variables. A close ended self-administered questionnaire was being prepared in English using Likert type scale of measurement to determine the level of agreement or disagreement represented by numerical values ranging from one to five.

Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of researcher’s insights and impressions. Such an approach to research generates results either in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis. Qualitative research also requires flexibility during the analysis phase as well, with procedures developing in response to the ongoing analysis (Elliott and Timulak, 2005).

In this study, qualitative data was collected using key informants’ interview. In terms of data sources, both primary and secondary data sources were explored. Primary data are new data specifically collected in a current research questioner from the relevant government body and NGO’s repetitive. In this research the researcher has collected primary data rough questionnaire

and interviews relevant government institution to identify the practice and challenges faced by international NGO's in practicing Result based grant management.

The researcher had collected the data by distributing through the self-administered questionnaires that were being sent via email using the SurveyGizmo platform. Secondary data was including document review which was focused on the examination of the Grant policies and procedures of selected INGOs and other relevant documents and explored international experiences and best practices from the general literature.

3.5 Research Procedures

The questionnaire was being pilot tested at a random selection of five (5) respondents to refine it. The purpose of the exercise was to ascertain the suitability of the questionnaire as an instrument that would aid in addressing the research questions. Results were used to refine the questionnaire and help the research assistant as a sample during the administering of the questionnaire. Face to face discussions had been held with the respondents to elaborate on the research and objective of the study as the researcher has been administered using hard copy questionnaires. For those respondents who were out of office and unavailable questionnaires were administered online via email. The researcher had received an introductory letter from the University to carry out the research; the respondents were assured of confidentiality and given three weeks to complete the questionnaires.

3.6 Methods of Data Analysis

The questionnaires were sent via SurveyGizmo, online survey development cloud-based software, that allows for online data collection through a user-friendly questionnaire that can be distributed via email. This method was used in the data collection to try and reach the staff as possible within the shortest possible time.

The researcher's experience with SurveyGizmo was that it is an easy to use platform that helps to create a questionnaire in a very short time as it has in-built suggested responses for example for the Likert scale. It also allowed the researcher to reach numerous respondents simultaneously with the self-administered questionnaires even when they are not physically present. The collection, storage and analysis of data is better with SurveyGizmo as it analyses the data and it is easy to export the data and reports and the data is stored in soft copy format automatically as opposed to the hard copy questionnaires that have a risk of being misplaced and if it was also

happened, besides both the researcher and the respondents were protected from physical contact and contamination with COVID-19, and have a relief from movement to each office because Ethiopia has been under state of emergency during this research.

Following the completion of the data collection, the collected data were encoded and entered Statistical Package for Social Science/SPSS/ 20 Version for quantitative analysis the data collected was tabulated and summarized using frequency tables and analyzed using descriptive statistics. Data analysis was expressed in percentages, frequency. Percentages reveal the proportions of different variables being studied for relative comparison, with all the observations being captured on a Likert scale, the use of percentages also facilitate the ease of presentation, interpretation and drawing of conclusions.

As the research used is a mixture of qualitative and quantitative data, for the interview, an interview summary form was prepared. The researcher had completed the summary form immediately after each interview to avoid any errors and to capture the ideas fresh. The interview was conducted both with face to face and telephone call based on the convenience of my respondents that was due to COVID-19 social distancing, respondents were working and stayed at their home.

3.7 Ethical Considerations

Ethics in social science research should be observed when undertaking research study. To reduce psychological and emotional harm of the respondents, ethical consideration was of great importance.

Ethics in this research study was highly considered by the researcher by seeking informed consent from the participants and disclose the aims of the research. Voluntarism was also considered as participants were not forced or coerced to participate in the study. Confidentiality was also considered to protect respondents from any psychological or physical harm and danger against their participation in the study and the identity details of the participants were kept confidential. The data collected from respondents were kept in a secure and private place. Further, all ideas, thoughts taken from others should be properly acknowledged and proper citation have been made.

3.8 Reliability and Validity

The research reliability is concerned with the question of whether the results of a study are repeatable. Reliability evaluates the degree in which same findings might be obtained if a research is developed once again (Silverman, 1997). Therefore, in this research, in which the analysis is qualitative and subjective, particular care was taken to have results that are more reliable. As result, the data collection process was planned and structured in advance. This study also reviewed the secondary data, from literatures and grant procedures & policies from three INGOs were reviewed and the respective process of how result-based grant management is practiced validating and make the results of the research are reliable.

Moreover, to validate the study free from bias, the questionnaires were developed and forwarded to two subject matter experts in the organization where the researcher works. Accordingly, they gave their comments and my advisor also commented on it which served the content validity to this end.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings and discussion of the research. Descriptive statistics like frequencies, percentage, mean and standard deviation (SD) were used to analyze the data. Interpretations are made based on the frequency and mean and standard deviation of the data. The findings from the questionnaires were analyzed using SPSS (version.20). The first section provides the respondents general information. The second section provides information on the practices and effectiveness of results-based Grant management, the third section looks at the various challenges which NGOs are facing while they practiced result-based grant management and the fourth section reviews the support given from donors and capacity of NGOs while implementing the results-based grant management initiatives. Finally, discussion was being made based on the findings.

A total of 90 questionnaires for systematically selected selected 30 INGO experts were sent out to the respondents via online survey Gizmo, online technology, through their email address. Besides, another 2- scheduled interview were conducted with 4 ACSO officials (one section head, 3 NGO support experts) and, 3 donor officials. From 90 distributed questionnaires, 89 were returned for analysis with complete information. However, one questionnaire was not returned. Therefore, the remaining 89 questionnaires were accounted for 99 % response rate.

According to Mugenda (2003), a response rate of 70% and over is excellent for analysis and reporting. Based on this assertion, the response rate was excellent as it was 99 % and it is sufficient and allowable for data analysis. The reason for high response rate was the collection data using SurveyGizmo, that is online survey development cloud-based software that allows for online data collection a user-friendly questionnaire that can be distributed via email. This method was used in the data collection to try and reach out the staffs as possible within the shortest possible time as most of the programme staffs were expected to be in the field visit. But due to COVID-19 most of respondents were working from home, so that they might not be as such busy to see the questionnaires and it was an opportunity for researcher's smooth running of the data collection.

The entire respondents had been working in the area of grant and finance for varied number of years. 7 respondents had been working in the area of grant management more than 20 year, 54 had been between 5-10 years, 26 had been between 10-15 years and only 2 respondents were less than 5 years. This implies that all respondents have ample experience therefore their responses would have added value to the study and that they would share their real-life professional experiences. In addition, scheduled face to face and call interviews were conducted with KI from donors and ACSO officials.

4.2 Profile of the Respondents and General information

The respondents were profiled using different criteria that include Gender, educational background, positions, sector in which the respondents are working for, exposure to result based grant management, and source of their grant.

4.2.1 Gender

Table 4.1 below illustrates that 52.8% were male and 47.2 % were female. This finding basically gives some evidence about propionate ration of both genders and not gender biased, it also indicates the existence of result-based grants management skilled professional from both Genders.

Table 4. 1 Descriptive statistics for Gender of respondents

Sex	Frequency	Percent
Female	42	47.2
Male	47	52.8
Total	89	100.0

Source: Own Primary data from SPSS survey report (2020)

4.2.2 Academic Qualification of Respondents

The findings from Table 4.2 below proves that 60.7% of respondents are having their first Degree, 20.2 % having Second degree and 18% were PhD, while 1,1 % Associations of chartered Certified accountants (ACCA), an accounting high level profession, as other. This

implies that the respondents had acquired more than basic education and would therefore understand and respond to the study questions with ease.

Table 4. 2 Descriptive statistics for Respondent’s Academic Level

Credentials		Frequency	Percent
Valid	Degree	54	60.7
	Masters	18	20.2
	PhD	16	18.0
	other (please specific)-ACCA	1	1.1
	Total	89	100.0

Source: Primary data from SPSS survey report (2020)

4.2.3 Position of respondents

Table 4.3 below give us confirmation about 23.6 % are Finance managers/Officers, 34.8% were Grant managers/coordinators, 20.2 % are M&E Managers/officers, the remaining 21.3% are program managers, contract managers (this is mainly job positions in Ethiopian context is not standardize and it is based on the organizations internal policy). The findings are basically giving some evidence as to the reliability of the information collected from those respondents who have the firsthand information and having expertise and knowledge about the subject matter.

Table 4. 3 Descriptive statistics for Position of respondents

Position		Frequency	Percent
Valid	Finance Manager/Officer	21	23.6
	Grant manager/Coordinator	31	34.8
	M&E manager/officer	18	20.2
	other (please specify)	19	21.3
	Total	89	100.0

Source: Own Primary data from SPSS survey report (2020)

4.2.4 Sector where the respondents work for

Moreover, literature for example Klingebiel and Janus (2014), dictate's that results-based management cannot be implemented equally well in all sectors. Social sectors, such as education and health, as well as sectors dealing with infrastructure, an agriculture services that can more easily be measured are well suited to results-based grant management. In other sectors it may be harder to measure these results, and the direct effects cannot always be clearly shown as wider outcomes.

From Table 4.4 below it affirms the literature above as 28.1% of respondents are working in NGOs that are operating in Education sector, 29.2% are from health project sector, 24.7% are from water sector, while the remaining 18% are from Agriculture, food security inclusive / mixed type of sectors, while the secondary data obtained from organizations' websites, Annual reports and brochures from few sampled INGOs affirms the same. Hence, questionnaires' doesn't allow multiple response, organizations replied to what they more inclined or active projects at the time of data collection.

Table 4. 4 Descriptive statistics for Sector by which respondent's organization works for

Sectors		Frequency	Percent
Valid	Education	25	28.1
	Health	26	29.2
	Water	22	24.7
	other (please specify)	16	18.0
	Total	89	100.0

Source: Own Primary data from SPSS survey report (2020)

4.2.5 Source of Funding for the INGO

The below Table 4.5 illustrate, and a bit confirms the same practice as the above literature that is 28.1% of INGOs has been getting most of their fund from Canadian International Development Agency (CIDA), 28.1% of them from DIFID

, 31.5 % from USAID, the remaining 12.4% others not specified. Hence, multiple answer was not permitted in the questionnaires’ NGOs are expected to tally the one in which it has more portfolio of Fund at the time of data collection

Table 4. 5 Descriptive statistics for source of Fund/donors of respondents

Organization		Frequency	Percent
Valid	Canadian International Development Agency (CIDA)	25	28.1
	DEFID	25	28.1
	USAID	28	31.5
	Other (please specify)	11	12.4
	Total	89	100

Source: Own Primary data from SPSS survey report (2020)

4.2 Practices of result-based grant management organization

This finding from table 4.6 below 90 % of respondent’s response as “yes”, indicating they are practicing RBGM, while 10 % of them responds as “No” which indicates they are not practicing result-based approach in their grants management.

Table 4. 6 Descriptive statistics for Application of result-based grant managements

Description		Frequency	Percent
Valid	No	9	0.10
	yes	80	0.90
	Total	89	100.0

Source: Own Primary data from SPSS survey report (2020)

4.3 Effectiveness of result-based grant management practice by INGOs

The first research objective was to examine the effectiveness of result-based grant management practice by international NGOs in Addis Ababa. In order to assess this objective, the sample INGOs were asked give a scale for six key core elements for effectiveness result based grant

management implementation under pre-award, award and post award process. According to SIDA and World Bank (2015), a result-based management is taken as to be effective if the following cornerstones are fulfilled one after the other; alignment of objectives between the donor and the implementing partner (Ownership), clear intended output or outcome that can be measured in terms of improved result (Measurability), Results (outputs or outcomes) should ideally be measurable in incremental steps of progress (Incremental), results can be reported and verified (Verification) , the degree of risk sharing is determined by the level of results (Risk sharing), Monitoring & independent verification of the results (Monitoring and Evaluation). Accordingly, analysis of the responses from the study participants were showed on table 4.7 below.

The analysis for the Likert questions is analyzed using the mean and standard deviation values because these measurements are considered as a better tool to describe an entire set of observations with a single value representing the center of the data and many statisticians use the mean as a standard reference point. In addition, the use of Standard Deviation (SD) is selected as it is used frequently to measure how spread out responses are and it provides an indication of how far the individual responses to a question deviate from the mean. The distribution of responses is important to consider and the SD provides a valuable descriptive measure as compared with evaluation using mean alone. In a 5-point Likert scale the possible score ranges from 1-5 and 3 become the hypothetical average score. A calculated mean scores less than 3, which is hypothetical average, can be considered as low mean score which indicates the respondents are disagree in the given statements which describe the core elements whereas mean score value greater than 3 can be considered as high mean score, which is taken as the respondents agreement with the statements. therefore, the analysis was being made based on this assumption.

Item “#1” under Table 4.7 below respondents of this study were asked to give their attitude one of the first and pre-request element for effective result based grant management implementation , that is Ownership which consists four statements to define ownership (whether organizations have full scope to capture the benefits of innovation in the pricing mechanism, Existence of reasonable expectations, learning, adapting and improving within the project timeframe by INGOs, possibility of having the flexibility in the use of inputs and processes and to scale on RBGM improved beneficiary feedback; ownership & Accountability). The result showed the

mean values 2.83, 2.92, 2.94, 2.97 and SDs of 0.74,0.76,0.77,0.78 respectively, the mean values are less than average mean score of 3.0 which means the respondents are disagree with the statements listed under ownership. Even though taking ownership from the implementing INGOs is a prerequisite for almost any successful development intervention. The finding from this study showed there is a misalignment of objectives between the donor and INGOs then neither RBGM nor a conventional aid programme is likely to succeed. Besides, the result exhibited there is no room for experimentation, adaptation and learning by INGOs, instead INGOs are forced of steering by inputs and activities than results.

Item “#2” under Table 4.7 below the respondents of this study were also asked to give their scale to the second element for effective result based grant management implementation, that is Measurability of their project result indicators which consists of two elements (whether all relevant outcome-level results by their organization are measurable, Having generated baseline data before committing to achieve specific results), the result indicates less than the average mean score which is mean value of 2.98, and SD of 0.78 where the respondents scale their disagreement on the measurability of their result indicators or it is to mean the result indicators are not measurable. But respondents were in different whether their organization has base line data by their organization before stating to implement or not, this is observed from response with mean value of 3.00 and SD of 0.78 that is equal to the mean average score.

Item “#3” under Table 4.7 below respondents of this study were also asked to give their scale for the third element for effective result based grant management implementation, that is Incremental Hands by donors (Having complete discretion over the chosen strategy to implement donors project and Having freedom in using the funds it receives after making progress in any way their organization choose), the finding shows mean score value of 3.02 and SD of 0.79, and mean value 3.03 and SD of 0.79 subsequently which are more than mean average that means the result indicates the respondents agreed on those statements. From this finding it is INGOs’ responsibility and authority to implement development programs in their own context and the funder does not pay for inputs and entirely eschews designing or demanding any particular new intervention or investments. The INGO in turn has complete discretion over the chosen strategy. Furthermore, the recipient can use the funds it receives after making progress in any way it chooses.

Item “#4” under Table 4.7 below respondents of this study were also asked to put their scale for the fourth element for effective result based grant management implementation, that is independent verification which includes (Organizations’ controlling and be able to influence the results from projects, Funders requirement of independent verification for the progress toward the agreed-upon outcome, and Donors’ use of independent verification of results as a base for fund release), the finding shows mean values of 3.04, 3.09, 3.11 and SD of 0.80, 0.81, 0.81 respectively) which are more than mean average score, the result indicates almost all respondents are agreed on their donors made independent verification for progress on results and as desirable before releasing their fund.

Item “#5” under Table 4.7 below the scale of respondents on the fifth element of effective result based grant management that is risk sharing (If the expected results fail to materialize there will be no disbursement and the focus on an output at an intermediate level as to share risk between implementer and donor). Results showed a mean value of 3.11, 3.12 with SD of 0.81, and 0.82 respectively which are more than the average mean score. This indicates the respondents are agreed on the statements that risks are properly identified, quantified and planned by the organization under study.

Item “#6” under Table 4.7 below respondents of this research were asked to give their scale on the sixth element of effective result based grant management which is existence of monitoring and evaluation (whether Monitoring and evaluation are an integral part of a result-based grant management approach in their organization and M&E is an integral part of a result-based grant management approach in their organization), the result for both showed with mean scores 3.12 and SD 0.82. which is more than the mean average value this indicates monitoring and Evaluation is taken as part of the result-based grant management approach and INGOs are well performing under this aspect.

Table 4.7 Descriptive statistics for Effectiveness of result-based grant management practice (N=89)

Pre and post- award RBGM elements	Descriptions of elements	No	MIN	MAX	Mean	SD
1. Ownership	Having organizations full scope to capture the benefits of innovation in the pricing mechanism	89	3	5	2.83	0.74
	Existence of reasonable expectations, learning, adapting and improving within the project timeframe	89	3	5	2.92	0.76
	Flexibility in the use of inputs and processes lead to more effective delivery of outputs or outcomes	89	3	5	2.94	0.77
	RBGM improved beneficiary feedback; ownership & Accountability	89	3	5	2.97	0.78
2. Measurability	All relevant outcome-level results by your organization are measurable	89	3	5	2.98	0.78
	Having generated baseline data before committing to achieve specific results	89	3	5	3.00	0.78
3. Incremental Hands-off funders	Having complete discretion over the chosen strategy to implement donors project	89	3	5	3.02	0.79
	Having freedom in using the funds it receives after making progress in any way you choose.	89	3	5	3.03	0.79
4. Independent verification	Organizations controlling and be able to influence the results from projects	89	3	5	3.04	0.80
	Funders require independent verification of progress toward the agreed-upon outcome	89	3	5	3.09	0.81
	Donors use independent verification of results as a base for fund release	89	3	5	3.11	0.81
5. Risk sharing	If the expected results fail to materialize there will be no disbursement	89	3	5	3.11	0.81
	Focus on an output at an intermediate level as to share risk between implementer and donor	89	3	5	3.12	0.82
6. Monitoring & Evaluation (M&E)	Independent evaluation mechanisms are put in place for learning and accountability purposes	89	3	5	3.12	0.82
	Monitoring and evaluation are an integral part of a result-based grant management approach in your organization.	89	3	5	3.12	0.82

Source: Own Primary data from SPSS survey report (2020)

4.4 Challenges of Result based grant management practice

To measure the scale and existence of challenges faced by INGOs while implementing RBGM, the researcher listed five challenges based on literature and principles of effective result-based grant management approach. As shown on table 4.8 below respondents measure showed for the first challenge which is related to skills with mean value of 1.89 and SD 0.95 that is less than mean average score this indicates respondents disagree with the statement that their organization have technical skills in issues like financial risk management and contract negotiation in RBGM contracts, while using result-based grant management. We can reaffirm from this finding that INGOs have limited capacity in the financial risk management and Grant negotiations skills.

In addition, table 4.8 respondents gave their disagreement about implementing certain milestones of a project with their own money and ask reimbursement. the finding result showed with mean value of 1.98 and SD 0.93 again less than mean average value of 3.00. This indicates INGOs are suffering from scarce resource and cannot pre-finance the project milestone with their own seed money, besides it also signposts the need to have sustainable resource/income by means of various means.

Besides, from table 4.8 with a mean score of 2.11 and SD 0.91 still less than mean average score which respondents disagree nonexistence of Corruption and limited management capacities as challenges for their organization project implementation. The result indicates both corruption and limited management capacities are challenges for INGOs. Further, table 4.8 the respondents result indicates mean score of 1.88 and SD 0.90 of the respondents disagree about the Short-term perspective of RBM is not as a difficult to their organization to see the long-term impact of project. From this result it could be seen INGOs are focusing on the short-term result is so that they could not tried to see the long-term impact of a project so it could be taken as another challenge.

Further, the researcher was interested to see the qualitative aspect of this challenge and for that matter have done KI interview; One key informant respondent from donors reflect as *“The monitoring of and reporting on progress and outcomes is seems be a challenge. Consent on indicator measurement under Gentlemen agreement must be establishment of (undisputed) databases, frequency and level of detail of reporting may cause another time-consuming burden.*

Additionally, the follow-up on the outcomes of the agreements on the key measurement indicators and the determination of their impact on the institutions' budget requires careful consideration as well. Even when non-realization of targets can be determined objectively, it may be hard to answer the question of 'who is to blame'. Another key informant states; 'if most of multilateral donors are focusing on this type of grant modality, unless NGOs has develops their capacity and organizational structure in the way the donor needs, they may not get accessed from these funders, instead INGOs who are best suited and familiar with this modality and practice will make a difference and hey will incentives easily accordingly they can increase their capacity in implementing projects without fund constraint'.

The researcher posed a question about KI respondents' opinion about the existence or nonexistence of relationship between the degree of self-funding and the quality of the work of an organization, and to describe how and to what extent; One key informant answered; *'Long-term funding is a critical challenge for NGOs. Most NGOs contend with one-off funding sources that do not enable them to carry out sustained work over the long-term. NGOs looking to meet these challenges have to develop a funding raising strategies consisting of different sources of funds and incomes that enable it to survive on the long-term. one of the fund-raising mechanisms is engaging in income generation activity. Ethiopian NGOs are overly reliant on external funding, so to speak. Significant numbers of NGO's seek funds even at the expense of their organizational cause or beneficiaries they claim to serve due to resource constraints. NGOs are operating under a highly resource competitive environment'*.

Another Question forwarded by the researcher was about *What results do the respondent considered to be reasonable or possible to report on in the short- and in the long run?',* participants; One key informant in particular said: *" In my opinion, long term results mainly referred us impact, could not be achieved with single effort of one INGO , it is aggerate result from cumulative effort done at national level, but organization s may have input for that, therefore ,measuring the contribution at national level by single INGO is difficult if not impossible, as it needs detailed research, therefore, by taking care of the expense from long term , and considering their short life span of the NGO themselves and the time bounded fund based short term results must be reported"*

Another KI stated further “*result agreements cover targets and activities that are supposed to be realized in the (near) future. The purpose of such an agreement is to define both parties’ responsibilities with respect to a desired set of outcomes. If funding is attached to these projected outcomes, the next question is when the actual funding takes place. This can be done prior to the achievement of the performance, in principle with clearance afterwards, or it can be done after the promised performance has been achieved.*”

Table 4. 8 Descriptive statistics for challenges for result based grant management practice

Statements	NO	min	max	Mean	SD
Challenges of result-based grant management					
Your organization have the technical skills in issues like financial risk management, contract negotiation in RBGM contracts	89	3	5	1.89	0.947
It is easily for your organization to implement certain millstones from a project with your own money and ask reimbursement	89	3	5	1.98	0.929
Corruption and limited management capacities are not challenging of your organization for project implementation	89	3	5	2.11	0.91
Short term perspective of RBM is not difficult to see the long-term impact of your project	89	3	5	1.88	0.902
There is Harmonization between internal procedures and donor requirements	89	3	5	2.00	0.905

Source: Own Primary data from SPSS survey report (2020)

4.5 Support from donors to NGOs

Table 4.8 shows that the mean score of 3.12 and SD of 0.82 of the respondents agree about Donors and funders support on the design and implementation of the intervention. The finding indicates, Donors are in their full attention to help INGOs to help the design of and implementation at the inception of grant application. Table 4.8 shows the mean value of 2.16 and SD 0.86 which is less than the mean average of 3.0 which represent as the respondents disagree this means Donors are not focus on results instead of inputs. In addition, from table 4.8 below the

mean score of 2.07 and SD 0.902, respondents disagree results indicators correlated with the underlying variable of interest ex-ante and ex-post intervention.

The researcher has also posed the other question as about the advantages and disadvantages do respondents consider to be associated with a Result based grant management? One KI from donors' states *“More recently, result based grant management has been heavily criticized by key ACSO, and so the likelihood of it becoming established practice for development and humanitarian programs, and so the implications for INGOs and agencies, are yet unknown. However, this reinforces the authoritative for further investment in result-based grant management so that INGOs will still consistently refine and improve articulation of its approach and desired outcomes. NGOs must use the foremost appropriate indicators, methodologies, and tools to line targets that are as measurable and realistic as possible. The setting and achieving of accurate and realistic targets will become ever-more important”*.

Table 4. 9 Descriptive statistics for support from donors to INGOs

Statements	No	min	max	Mean	SD
Kind of support from donors and capacity of the organization					
Your donors and funders support the design and implementation of the intervention	89	3	5	3.12	0.82
Your donors focus on results instead of inputs	89	3	5	2.16	0.865
Results indicators correlated with the underlying variable of interest ex-ante and ex-post intervention	89	3	5	2.07	0.902

Source; Own Primary data from SPSS survey report (2020)

4.6 Discussion

The researcher assessed the practice and effectiveness of result-based grant management by selected INGOs operating in Addis Ababa based as research major objective. On top of this it has aimed to pick out the challenges faced by NGOs while practicing RBGM, and to identify the kind of support exerted by donors to INGOs to enhance the importance and smooth implementation of RBGM. From the findings above the detailed discussion is presented below; -

Practice and effectiveness of result-based grant management

According to Heather (2014), now in a day's most potential donor/or funders reinforces and imposed the implementation of the results-based grant management to become mandatory among NGOs/recipients if they want to receive funding. Mostly if not always the international and local donors in Ethiopia such as United States Agency for International Development (USAID), DIFID, The Canadian aid agency to mention but a few usually demand for established result-based grant management system if INGOs would like their program to be funded.

By triangulating results from table 4.4 to 4.7 we can observe that, hence most of INGOs under this study are receiving their fund from donors that are at the forefront of advocating RBGM. Therefore, it is a default for NGOs for the implementation of result-based grant management in their project and fund management. This finding is also backed by finding from table 4.6 above where 90 % of respondent's response as "yes" for questions raised to assess whether their organization practicing RBGM or not, which indicating that the INGOs under study are practicing RBGM, even if not at its fullest stage, while 10 % of them responds as "No" which indicates they are not practicing result-based approach in their grants management.

As per CGD Policy Paper (2013) result based grant management can address the problems implicit in the 'principal-agent relationship', whereby the principal and the agent share a general goal for the agent to provide certain services, but the principal lacks the ability to monitor the agent's activities. PBGM attempts to mitigate the information asymmetry by basing payment on observable, mutually agreed performance measures. Through this process, result based grant management can (1) make donor and recipient governments more accountable to their citizens by linking payments to specific outcomes that can be externally observed; and (2) increase the mutual accountability between the donor and country by focusing contract terms on shared goals and verified results. In contrast to literature the finding from table 4.7 for the question posed to know their attitude on the use RBGM will increase beneficiary feedback, ownership & Accountability, the a result of this finding shows a mean score 2.97 and SD 0.78 which shows respondents are expressing their disagreement about RBGM will increase beneficiary feedback, ownership & Accountability. Besides, Even thought, Forss (2002)) argued that the primary purpose of RBM is to improve efficiency and effectiveness through organizational learning, and adopting to fulfill accountability obligations through performance reporting but the result from Table 4.7 showed with the lowest mean score of 2.94 with SD of 0.77 that indicates most of

INGO's do not allowed by their donors to have reasonable expectations, learning, adapting and improving within the project timeframe this is against with this literature for INGOs operating in Ethiopia.

Binnendijk (2000) stated that from the inception of implementing result base grant management the first critical cornerstone in the RBGM is the identification of clear and measurable objectives (results), selecting indicators which will be used to measure progress towards each objective and Setting explicit targets for every indicator to judge performance of a contract between a donor &NGO is crucial in several respects. In contrast to this literature the finding from item # 2 of table 4.7 with the lowest mean score of 2.98 and SD of 0.78 confirmed that most of INGO's do not have clear measurement for performance indicators for the result they executed.

As per Dercon (2014) result based grant management requires independent verification of progress toward the agreed-upon outcome. While recipients are responsible for measuring and reporting their progress, independent verification based on new information obtained by a third party independent of the recipient—is critical to the credibility of the agreement. The finding from item # 4 from Table 4.7 is in congruent with this literature(Organizations controlling and be able to influence the results from projects, Funders require independent verification of progress toward the agreed-upon outcome, Donors use independent verification of results as a base for fund release), the finding shows more than mean average that are mean values of .04, 3.09, 3.11 subsequently and SD of 0.80, 0.81 , 0.81 respectively),the result indicates most of INGO s are well performing with this respect of effective result based management.

Dercon (Ibid) further states result based grant management agreements entail risks. Ultimately, senior staff and governors in an organization need to make a judgement about the level of risk to which they are willing to expose (Risk appetite) their organization by undertaking a result-based grant management contract. Making a good assessment of the risk involved in a result based grant management contract will often be technically challenging in itself, but even assuming a good understanding of risk, an organization needs to consider the implications for its financial position and viability should it fail to achieve the level of results necessary to trigger payments from donors. From the finding, it could be indicted risks are well managed. The finding for item# 5 from table 4.7 showed with mean value of greater than average, so most of INGOs are also well performing on this aspect of result-based grant management.

The overall finding on the effectiveness of RBGM practice can be summarized as follows; According to SIDA (2015) and Arne Hoel/World Bank(2015), a result-based management to be effective the following are corner stone elements keys must be fulfilled one after the other; alignment of objectives between the donor and the implementing partner (Ownership), clear intended output or outcome that can be measured in terms of improved performance (Measurability), Results (outputs or outcomes) should ideally be measurable in incremental steps of progress (Incremental), results can be reported and verified (Verification) , the degree of risk sharing is determined by the level of results (Risk sharing) , ,Monitoring & independent verification of the results M&E.

Specifically the finding from table 4.7 exhibited that INGOs are not implementing RBGM at its full picture as per the principles of effective result-based implementation, rather they are well doing in some respects like item #3,4,5 while not in other like #1,2, therefore we can say INGOs are partially implementing result based grant management as this stage.

Nevertheless, as per the above findings if the major corner stones and the prerequisites for effective RBGM implementation like ownership, measurability, are not in their effect. There should be a clear intended output or outcome that can be measured in terms of improved performance for an RBGM approach to function, if result indicator and ownership is not functioning well all the other subsequent elements of result-based grant management elements will surely be impaired.

Challenges of INGOs while implementing RBGM

The survey made by OECD (2005) and (Mayne, 2004), identified the key challenges which can be classified into organizational and technical challenges. Organizational challenges include such as organizational culture, unrealistic goals, lack of result information, result indicators can distort the actual intended outcomes of a programme and the fact that higher level outcomes are less tangible. Technical challenges include the problem concerning the measurement of outputs and outcomes of intervention. Measurement of the outputs and outcomes of government programmes is a main challenge to deal with when coming up with performance information systems.

The study revealed in table 4.8, exhibited lack of technical skills in issues like financial risk management, contract negotiation in RBGM contracts, inability implementing certain milestones from the INGOs money and request reimbursement then after , abuse in focusing on results that

can be achieved quickly, Corruption and limited management capacities are observed in this research as challenges faced by INGOs while implementing RBGM.

From finding from the Key informants interview were also indicates NGOs are challenged to access fund from those Donors who present application of RBGM as a pre-request for accessing for grant unless NGOs develop their capacity and organizational structure in the way their donor's needs, in addition Long-term funding is taken as critical challenge NGOs contended with one off funding source that do not enable them to carry out sustained work for long term.

Kind of support by Donors for INGOs

The overall finding shows Donors are supporting NGOs for effective implementation of result-based grant management. But The findings from table 4.8 shows Donors are lagged to support INGOs on the side of designing and implementation of the result-based grant management intervention.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

To achieve the research objective, primary data was collected using questionnaires through survey Gizmo, online technology. In addition, key informant interviews gave a greater qualitative angle and records was also being amassed from secondary facts through organizational grant contracts and documents and literature review were being made to get a better insight into the result-based grant management practice. This chapter then presents conclusion which is being drawn from the findings obtained from analysis of descriptive and inferential statistics. Finally, this chapter presents the recommendation based on the result and suggestions of key informants.

5.2 Conclusion

This research aimed to assess the effectiveness of result-based grant management practices by selected INGOs operating in Addis Ababa. In addition, the study also aimed to assess the challenges faced by NGOs while practicing RBGM, and in addition to identify the support given from Donors to for NGOs to enable impellent RBGM. Accordingly, based on the primary data collected using questioners for 89 INGO experts seven KI interviews from Donors and ASCO officials, and secondary documents reviewed and analysis was being made, the researcher conclude that, INGOs are partially practicing result-based grant management which are sight sawn in the literature review part of this research.

However, INGOs are not effective in implementation of RBGM because they lack the coroner stones for effective RBGM like putting clear indicator and result measurement for all relevant outcome-level results, there is no of reasonable expectations, learning, adapting and improving within the project timeframe, Difficulty by INGOs to implement certain millstones from a project with their own seed money because of lack of reserve resource (limited amount of money at hand) and to ask reimbursement then after. Without having those core elements, RBGM will not be realized at its full picture.

The research also identified challenges faced by INGOs in the process of implementing RBGM. Therefore, based on the collected and analyzed data, the study observed that INGOs do not have the technical skills in issues like financial risk management, contract negotiation in RBGM contracts, lack of Measurement of the outputs of their project activities. In addition, the short-term perspective of results-based grant management leads INGOs to abuse a focus on results that can be achieved quickly. Besides, Corruption and limited management capacities are found to be challenges for INGOs in applying RBGM.

Moreover finding from the Key informants interview were also indicates NGOs are challenged to access fund from those Donors who present application of RBGM as a pre-request for accessing for grant, unless NGOs develop their capacity and organizational structure in the way their donor's needs, in addition Long-term funding is taken as critical challenge NGOs contended with one off funding source that do not enable them to carry out sustained work for long term.

5.3 Recommendations

Recommendation for NGO's

1. INGOs must be proactive in considering how amenable their sectoral areas of work are to RBGM approach. This will help INGOs to engage in any consultations with donors considering RBGM and allow them to make more considered decisions about whether to pursue RBGM contracts.
2. INGOs must Invest in building their capacity in financial risk management and must increase their grant negotiation skill and management efficiency.
3. INGOs must always seek to collaborate with donors on the design and terms of RBGM contracts and get to be prepared for negotiation.
4. In negotiating RBGM contracts, NGOS must emphasize on the measurability and only use entirely verifiable indicators.
5. INGOs must Manage their reserve liquidity and engaging on IGA (income generating activities) so that they may have capacities to pre-finance their work deliverables by their own money and ask reimbursement then after which is the key to RBGM, Besides, ready to negotiate with donors for a certain percentage of advance for initiating the first millstone, if there is shortage of initial money.

6. INGOs must struggle Corruption and have zero tolerance practice for corruption by making their planning with their beneficiaries at grassroot level and exhibiting their transparency public dissemination of information on the overall result of their project implementation.

Recommendation for Donors

1. Donors must Design results collaboratively with NGOs to be designed carefully and to minimize the potential for distortion.
2. If donors wish to apply RBGM strictly, they must give a corridor of flexibility in implementing their project activities for learning, adapting, and improving moreover set reasonable result expectations increase efficiency and effectiveness relative to other funding mechanisms.
3. Donors must ensure a level of cash flow that doesn't disadvantage INGOs, who don't have to enough reserves and must arrange a certain percentage of seed money prior to the activity in order to start the first expected millstone.
4. Donors who reinforce RBGM must create close collaboration with other Donors who do not apply RBGM modality instead of taking RBGM as standalone approaches of one donor might be inappropriate, there must be a strong need to work closely together with other donors in order to have effective result and to avoid conflict of interest, and aligned each donors requirements with the INGO internal policies .

Recommendation for future research

In this study, It could also be exhibited, even in the same organization one project is being managed using RBGM approach and the others might be running with the usual grant management model (existence of dual grant modality), this may hinder the harmonization of policies among donors and implementers besides it might create a conflict of interest. In addition, measuring the result for each donor separately become more complicated if a certain project is implemented with co-funding. Therefore, the detail comparative analysis on advantage and disadvantage of applying each modality simultaneously could be open for further study.

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APPENDIX

Appendix- A: Questionnaire and Interview



ST. Mary's university -school of graduate studies School of business

Researcher/student Name: Amare Dessalegn

General Guideline:

This My Name is Amare Desalegn. I am a student from University of st Merry university Addis Ababa. The researcher is currently undertaking a Master thesis titled “An Assessment of effectiveness of Result based Grant Management practice by NGOs in Addis Ababa” part of requirement for fulfilling Master of Art Degree in Business Administration in specialization of General Business Management.

I will treat all the information you share in the questionnaire with strictest confidence and used for academic purpose only. I am willing to share the findings of this study with you if officially requested.

Please Put ‘√’ sign on the box provided based on your level of agreement for each statement for close-ended questions from 6-31 and circle your choice for question from 1-5

Thank you for participating in this questionnaire!

I. Background Information

1. Gender

- A. Male B. Female

2. Educational Qualification

- A. Degree C. PhD
B. Masters D. Other (please specify)

3. Years of experience-----years

4. What is your current position in the company? _____

- A. Grant Manager/coordinator C. Finance Manager/Officer
B. M&E Officer/manager D. Other----

5. Sector by which your organization works for

- A. Health C. Energy
B. Water D. Education E. Other (specify)_____

	Incremental Hands-off funders, responsible recipients					
14	your organization has complete discretion over the chosen strategy to implement donors project					
15	Your organization can use the funds it receives after making progress in any way you choose.					
	Independent verification					
16	Your organization as implementing partner be in control and be able to influence the results from projects					
17	Your funders require independent verification of progress toward the agreed-upon outcome					
18	Your donors use independent verification of results as a base for fund release					
	Risk sharing					
19	If the expected results fail to materialize there will be no disbursement					
20	Your organization Focus on an output at an intermediate level as to share risk between you and your back donor.					
	Monitoring & Evaluation (M&E)					
21	In your organization independent monitoring and evaluation mechanisms are put in place for learning and accountability purposes					
22	Your donor uses Independent verification of the results as a basis for disbursement					
23	Monitoring and evaluation are an integral part of a result-based grant management approach in your organization.					
	Challenges of result-based grant management					
24	Your organization have the technical skills in issues like financial risk management, contract negotiation in RBGM contracts					
25	It is easily for your organization to implement certain millstones from a project with your own money and ask reimbursement					
26	Corruption and limited management capacities are challenging of your organization for project implementation					

27	Short term perspective of RBM is difficult to see long-term impact of your project					
28	There is Harmonization between internal procedures and donor requirements					
	Kind of support from donors and capacity of the organization					
29	Your donors and funders support the design and implementation of the intervention					
30	Your donors focus on results instead of inputs					
31	Results indicators correlated with the underlying variable of interest ex-ante and ex-post intervention					

Thank you for your time



Study Tool 2: Key Informant Interview

The purpose of the interview is to gather key informants' views on the effectiveness of results Based grant Management practice by INGOs in Addis Ababa from back donors and ACSO Officials.

I. Introduction (5 minutes)

- a. Thank participant for their time and consent
- b. Explain the purpose of the research
- c. Provide assurance regarding confidentiality and non-attribution of data

II. Background Information

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

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

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

vii) Workstation _____

III. Interview questions (20 minutes)

1. How would you describe the added value created by implementation of result-based grant management by fund recipient organizations?
2. What challenges do you think be confronted by civil society NGOs who are applying Result based grant management?
3. Is there, to your opinion any connection between the degree of self-funding and the quality of the work of an organization? If so, describe how and to what extent.
4. What advantages and disadvantages do you consider to be associated with a Result based grant management?
5. What results do you consider to be reasonable or possible to report on in the short- and in the long run?

Thank you so much for your participation!

Appendix C- List of INGOs

No	Organization	CODE
1	ACF	#000A
2	ActionAid	#000B
3	CARE	#000C
4	Catholic Relief Service (CRS)	#000D
5	Catholic Relief Service (CRS)	#000E
6	Child Fund Ethiopia	#000F
7	Christian Children's Fund of Canada	#000G
8	Concern	#000H
9	COOPI	#000I
10	CST	#000J
11	Dan Church Aid (DCA)	#000K
12	Danish Refugee Council (DRC)	#000L
13	Development Fund of Norway	#000M
14	Doctors with Africa CUAMM	#000N
15	Food for the Hungry International (FHI)	#000O
16	GOAL	#000P
17	Habitat for Humanity Ethiopia	#000Q
18	ICRC	#000R
19	IFRC	#000S
20	International Medical Corps (IMC)	#000T
21	International Rescue Committee	#000U
22	IOCC	#000V
23	Islamic Relief	#000W
24	Mercy Corps	#000X
25	MSF – Holland	#000Y
26	MSF – Spain	#000Z
27	Norwegian Church Aid (NCA)	#00AA
28	Norwegian People's Aid	#00AB
29	Norwegian Refugee Council	#00AC
30	Oxfam - GB	#00AD
31	PCI	#00AE
32	People in Need (PIN)	#00AF
33	MSI-Marie stopes international	#00AG
34	Plan International Ethiopia	#00AH
35	Save the Children	#00AI
36	WM Property	#00AJ
37	World Vision	#00AK
38	ZOA	#00AL