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St. Mary's University, Ethiopia

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

AN ASSESSMENT OF PACT ETHIOPIA GRANT MANAGEMENT SYSTEM AND ITS CONTRIBUTION TO THE SUCCESS OF THE PROJECT

BY

ABENET KEBEDE HAILE

APRIL 2016

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY IN A PARTIAL FULFILMENT OF THE REQUIRMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINSTRATION (MBA GENERAL)

APRIL 2016

ADDIS ABABA ETHIOPIA

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APPROVED BY BOARD OF EXAMINERS

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Dean, Graduate Studies   **Signature**

_____   _____
Advisor   **Signature**

_____   _____
External Examiner   **Signature**

_____   _____
Internal Examiner   **Signature**

DECLARATION

Here with I, Abenet Kebede Haile , declare that this research paper prepared for the partial fulfillment of the requirements for degree of Masters in Business Administration on the topic "An assessment of Pact Ethiopia grant management system and its contribution to the success of the project " is completely a result of my own effort. I further confirmed that the thesis has not been submitted either in part or fully to any other higher learning institution for purpose of any degree. I have carried out the paper independently with the close advice and guidance of the research advisor, Ato Teklegiorgis Assefa Ass. Prof.

Abenet Kebede Haile

_____

April, 2016

Addis Ababa, Ethiopia

ENDORSEMENT

This is to certify that Abenet Kebede Haile has carried out her research work on the topic entitled "An assessment of Pact Ethiopia grant management system and its contribution to the success of the project "under my supervision. This work is original in nature and it is for the award of the Masters' Degree in Business Administration (MBA) for examination with my approval as a university advisor.

Ato Teklegiorgis Assefa (Ass. Prof.)

_____

April, 2016
Addis Ababa, Ethiopia

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ACKNOWLEDGMENTS

LIST OF ACRONYMS

ChSA   Charity and Society Agency

CSOs   Civil Society Organizations

DFID   Department for International Development

EU   European Union

GTZ   Germen Technical Cooperation Agency

INGO   International Non-Governmental organization

LNGO   Local Non-Governmental Organization

NGO   Non-Governmental Organization

OCA   Organizational Capacity Assessment

UNFPA   United Nation Population Fund

USAID   United States Agency for International Development's

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ABSTRACT

Grant management is crucial for Non-Governmental Organization mainly for those organizations implement their project through partnership with other organizations. Grant is a non-repayable fund disbursed by one party (grant maker or donor) to other like corporation, foundation and civil society organization for specific project designed for the public purpose. Currently in Ethiopia, there are more than three thousand registered international and local Non-governmental organization/CSOs implementing projects on different issues for the benefit of the public. Having good grant management system is very important for organizations to be successful in terms of completing a project within the planed period, with a specified project budget and required quality for the benefit of the targeted beneficiaries. In addition, it contributes for achieving the country's development goals. The researcher has used questionnaire and structured interview for employees and the management of Pact Ethiopia. The researcher found that strong and applicable grant management practice contributes for the success of a project. 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. Hence it is recommended for Pact Ethiopia to consistently implement its grant management practice with the required number of qualified staff in order to ensure the success of the project as it has a direct relationship with the successful implementation and completion the project.

__Keywords:__ Grants, Grant Management, Non government organization, project and   Pact.

CHAPTER 1

INTRODACTION

1.1 Background of the Study

Foreign aid fund is one of the foreign direct investments in Ethiopia, which contribute for poverty reduction and development. Ethiopia is one of the major recipients of international aid in recent times (OECD. 2012).

In Ethiopia currently there are more than 3,000 local Non Governmental (LNGO) and International Nongovernmental organization (INGO) were registered and operating in the country. The participation of the NGOs in the overall development effort of the country has had significant impact on the life of the poor and the disadvantage and the broad range of basic service made accessible to them on the country economy and development programme. (Dessalegn, 2010)

These NGOs getting grants from the donor through grant making process. The donor before channeling the funds to implementing partner NGOs, they conduct assessments to make sure that the money will be used for the intended purpose. Various assessments include financial management, technical and organizational capacity assessments (William and Flora, 2006).

According to the grant manual of Pact a grant management system is a grant making process which is categorized as pre awarding and post awarding. The pre awarding includes partner identification and selection, pre awarding assessment and risk determination, negotiation and award issuance. The post awarding includes the capacity building and award disbursement, monitoring and evaluation and finally closing. (Pact, 2012).

A project is a complex non routine one time effort limited by time, budget, resource and performance specifications designed to meet subjects needed. (Harold Kerzner, 2010). The

success of a project is said to be achieved when the three parameters are fulfilled. The three parameters are constraints of time, cost and performance or quality. The failure may come from either one of the criteria or combination of the three criteria. Generally, failure of one criterion could sacrifice the others. For example, a project which delays in time will increase the budget, and the quality will be decreased (Atkinson, 1999).

The organization

Pact is US based, non- governmental and not-for-profit international organization operating about 60 countries around the world to build capacity for better and productive lives (Pact Inc. 2012). Pact legally registered in Ethiopia in 1996. In its initial years, it had implemented a program called "Ethiopian NGO Sector Enhancement Initiative'' (ENSEI) and it was implemented in year 1995 – 2003. During that period, Pact's grant making aimed to strengthen the capacity of local non-governmental organizations (LNGOs) working in development, democracy and human rights issues, through the provision of financial, technical and material assistance (Pact Ethiopia, 2008). Though the ENSEI program was successfully completed, these objectives have continued to shape Pact Ethiopia's overall approach to grant making and working with Ethiopian civil society actors (Pact ENSEI report 1996).

Pact's country strategic plan indicates grant making is a central strategy to implement its projects as well as sustain itself as an organization (Pact Grant manual 2009). Pact has experience of awarding a grant for more than 500 NGOs/CSOs with the awards valued more than 121 million USD to implement a project in the area of education, health, women's empowerment, and livelihoods. Pact's geographic operation area has also widened across all regions of the country. (Pact monthly LOP report).

USAID was the major donor for pact. In the last seven years, Pact managed more than ten projects. These projects have grant duration from three years to five year and the funding amount from $400,000- $92 million. (Pact monthly LOP report).

1.2 Statement of the Problem

Many INGO implements their project by sub granting to the implementing partner organization (NGOs). As a grant management system is comprehensive process which starts from partner identification and selection to closing of grant. Each elements of grant management system has an input in the project management and success. Developing good grant management system that focuses on shared understanding is important if both sides are to work together to achieve their goals (TALG 2008).

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

USAID (United State Agency for International Development) describes Pre-Award assessment as a mechanism to assess the capacities of an organization in terms of governance, policies and procedures. The assessment will focus on policies, procedures and structures relating to control environment, financial management and accounting, procurement management systems, personnel policies and payroll systems, monitoring & evaluation and absorptive capacity. The pre-award assessment will identify organization specific capacity gaps in these mentioned areas. Based on these gaps a capacity building plan will be prepared. (USAID, code of regulation). Hence, the assessment helps to reduce the risk of funding being diverted from agreed development objectives (KPMG, 2012).

A systematic and objective monitoring of ongoing project is important to determine the relevance and level of achievement of project objectives, effectiveness, efficiency, impact and sustainability of the project (ILO, ND). Hence organizations having well designed system of monitoring will reduce the risk of miss utilization of funds either by dropping the organization or addressing gap through capacity building during project implementation.

As indicated in project performance report of pact year 2009 to 2015. From the total 10 projects four of them were not able to use the agreed budget within the agreed period and request a time extension from the donors. This means, in terms of project success if one of the project success parameters were not achieved we can say the project were failed. As Atkinson, states the success of a project is said to be achieved when these three parameters are fulfilled. As projects have limited time schedule, limited cost and specified targets to achieve, the failure may come from either one of the criteria or combination of the three criteria. Generally, failure of one criterion could sacrifice the others. (Atkinson,1999).

Therefore, this study is focused on assessment of the contribution of grant management system of pact Ethiopia in the project success.

1.3 Research Question

This research addressed the following basic research questions in order to assess the contribution of grant management system for the project success in pact Ethiopia.

1. How does Pact grant management system contribute for the successful completion of a project?

2. What elements of Pact grant management system lead to the success of a project?
3. What are the challenges of grant management system in pact Ethiopia?

1.4 Objective of the study

1.4.1 The General objective

The general objective of the study was to assess the contribution of grant management system for the success of a project Pact Ethiopia.

1.4.2 Specific objectives

As part of the general objective, the specific objectives of the study are

- To assess the grant management system of Pact Ethiopia for the successful contribution of the projects.

- To identify elements of grant management system of pact which contribute for projects success?
- To assess the challenges of pact grant management practice

1.5 Scope and limitation of the study

This study is limited to assess the grant management system in an INGO setting. In doing so, it will look for the contributions of grant management system for a project success as well as identify its limiting factors. The research setting will be limited to Pact Ethiopia but results can be used for other international NGO settings. Since there are large number similar NGOs operating in the country.

1.6 Significance of the Study

The outcome of this study is expected to generate useful information on the contribution of grant management system on the successful project success. Thus, international non-governmental organizations and other donor organizations can design a strategy to develop an effective grant management system.

1.7 Organization of the study

This study was categorized into five main chapters. Chapter one will be an introduction giving in detail on background of the study, statement of the problem, research questions, objectives of the study, scope of the study and significance of the study. Chapter two goes through the review of related literature. Chapter three details the research design, source of data, population of the study , sampling techniques and procedure, sample size determination, method of data collection , validation and reliability of instrument, method of data analysis and research ethical consideration. Chapter four will be data analysis and discussion part of the study. Chapter five gives the overall findings, conclusions and recommendations of the research.

CHAPTER 2

LITRATURE REVIEW

This chapter focuses on basic concepts and issues that were discussed by different authors on the research topic basic overview of grant management system and project success. Finally the linkage between grant management system and projects success will be entertained.

2.1 Definition

Grants are non-repayable funds disbursed by one party (grant makers/donors), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a nonprofit entity, educational institution, business or an individual. Most grants are made to fund a specific project and require some level of compliance and reporting. In order to receive a grant, some form of "Grant Writing" often referred to as either a proposal or an application is usually required. The grant writing process involves an applicant submitting a proposal (or submission) to a potential funder, either on the applicant's own initiative or in response to a request for proposal from the funder. Other grants can be given to individuals, such as victims of natural disasters (Helen, 2012).

According to Helen (2012), grant is a generic term applied to funding or other incentives provided to individuals or bodies (including community groups, statutory bodies or commercial enterprises) that exhibit some, or all, of the following characteristics: a transfer to a recipient which may be in return for compliance with certain terms and conditions. Transfer which may not directly give approximately equal value in return to the grantor/government/donor (that is, there is a non-exchange transaction or subsidization), and a recipient may have been selected on merit against a set of program-specific criteria.

According to Domestic Working Group (2005), grants are legal instruments through which funds are transferred to support a public purpose. Donors' grants help foreign and local charities and societies organizations (CSOs)/non-governmental organizations (NGOs) projects and finance programs that cover most areas of disadvantage people's support. In most cases, these areas include agriculture, Women, Youths, and Children (WYC),

healthcare, income support, construction of roads and drinking water facilities, education, environmental and natural resource protection, research, and social services.

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

Grant Management system is the process of using a portion of grants and contributions to fund activities managed by other not-for Profit Organization. It is a mechanism to fund activities necessary to achieve mission, objectives and increase outreach and geographic coverage. (Save the children, 2004)

Grant Management system is a grant making process which is categorized as pre awarding and post awarding. The pre awarding includes partner identification and selection, pre awarding assessment and risk determination, negotiation and award issuance. The post awarding includes the capacity building and award disbursement, monitoring and evaluation and finally closing. (Pact grants manual, 2012).

A project is a complex non routine one time effort limited by time, budget, resource and performance specifications designed to meet subjects need. (Harold Kerzner, 2010)

Civil Society (CSO): The definition of Kaldor (2007/08) in the Global civil society publication by Oxford University Press, Civil Society is defined as "the medium through which social contracts or bargains are negotiated between the individual and the centres of political and economic authority". In this work, NGOs/CSOs shall be treated as representatives of civil society. Therefore the terms CSO/NGOs shall be interchangeably used throughout this research.

2.2 Grant management system

It is a grant making process which is categorized as pre awarding and post awarding. The pre awarding includes partner identification and selection, pre awarding assessment and risk determination, negotiation and award issuance. The post awarding includes the capacity building and award disbursement, monitoring and evaluation and finally closing. (Pact grants manual, 2012).

2.2.1 Pre awarding

Pre awarding is the first stage in the process of grant management system which is under taken before awarding; it includes partners' identification and selection, pre awarding assessment and risk determination, negotiation and award issuance.

- **Partners Identification and Selection**

According to the (Norwegian Financial Mechanism ,2010) grants must be advertise i.e., the call for applications should be announced using different media channels so that NGOs in the beneficiary state know that grants are available, in what priority areas, and how to apply for them. The grant assessment arrangements and other procedures of the selection committee should ensure transparency. The Financial Mechanism Committee and/or the Norwegian Ministry of Foreign Affairs may make suggestions for improvements of the procedure.

Partners identification and selection practices of Pact Ethiopia indicates that depending on the type of grant, it uses different mechanism like, call for proposal, headhunting for searching specific thematic issues.

- **Pre-award Assessment and Risk Determination**

According to William and flora, most organizational conduct pre award assessments which include a comprehensive examination of institutional structure, financial viability, and personnel composition. Best practices at this level indicate that each organization selected should optimally best practices for funding (William and Flora, 2006).

USAID describes Pre-Award assessment as a mechanism to assess the capacities of an organization in terms of governance, policies and procedures. The assessment will focus on policies, procedures and structures relating to control environment, financial management and accounting, procurement management systems, personnel policies and payroll systems, monitoring & evaluation and absorptive capacity. The pre-award assessment will identify organization specific capacity gaps in the above mentioned areas. Based on these gaps a capacity building plan will be prepared (USAID, 2009).

World Bank also used pre award assessment in its fund, as good practices reduce costs and produce timely results, poor practices lead to waste and delays and are often the cause for allegations of corruption and government inefficiency. Accordingly, the Bank is prepared to assist borrower member countries, as an integral part of their Country Assistance Strategies (CAS), to analyze their present procurement policies, organization, and procedures; and to help them develop or modify their systems to increase their capacity to plan, manage and monitor the procurement process efficiently, improve the accountability, integrity, and transparency of the process and reduce the scope for corruption, and be consistent with internationally accepted principles and practices (World Bank procurement guide, 2011).

These implies that organization which did not pass through appropriate pre award assessment the project will face the challenge in terms of utilizing the fund with in the project period and budget at the end of the project. Since through pre award assessment the risk identified and appropriate action will taken before granting.

- **Award negotiation and issuance**

Budget negotiation helps for the project success as budgeting is one of firms' most important coordination and control mechanisms (Luft &Shields, 2003; Merchant & Van der Stede, 2011). Thus, budgeting functions encompass both decision-making and control-oriented purposes of management accounting information.

Most donors ask sub recipient organizations to negotiate before sign an agreement (or contract) and giving them funds. This can provide an opportunity to build up a shared understanding about what you are trying to achieve and how you will work together. Some

donors have very strict conditions, like precisely describing what expenditure they will allow/not allowed; and auditing or purchasing procedures. (The European Union and USAID are very rigid.). Other donors are more flexible. However, they probably still have rules, for example about changing the budget and reporting requirements. It is very important to check the conditions before sign the agreement. Otherwise, organization may be left with big bills that the donor will not cover - for instance, they may declare some of the organization costs as '"unallowable" and fail to reimburse. Or the donor may ask for its money back (Mango, 2014).

Negotiation is often possible with donors about their conditions - if you feel certain conditions are unreasonable then do not be afraid to make your case. It is better to negotiate at the beginning than sign the contract but fail to comply (Mango, 2014)

2.2.2 Post awarding

The post awarding includes the capacity building and award disbursement, monitoring and evaluation and finally closing.

- **Capacity building and award disbursement**

Adapting systems and managing project funds to meet donor conditions. Restricted funds can only be used for the purposes agreed with the donor; they cannot be used to pay for any other costs. It is very important to track restricted funds separately and carefully. This means that having a clear understanding of exactly how donors will allow you to spend restricted funds, and tracking expenditure and income very carefully for each project that receives restricted funds. You can achieve these by using a tool called a 'funding grid' and detailed accounts codes.

Funding Grid: A funding grid shows in detail how all of your income is allocated to spend on your overall budget. It needs to be carefully set up by finance staffs who know the details of restricted grants. A funding grid is also sometimes called an income allocation grid. As you submit funding proposals, sign grant agreements and generate unrestricted income through the year, use the funding grid to keep track of how much of your annual budget is funded. It helps you identify funding gaps and potential double funding. Coding system: A

detailed coding system can categories expenses to a cost type (Travel expenses account) as well as to a specific restricted grant or cost center (Comic Relief funded water project).

- **Monitoring and Evaluation**

Project financial monitoring is a systematic and objective assessment of an ongoing or completed project. The aim is to determine the relevance and level of achievement of project objectives, development effectiveness, efficiency, impact and sustainability. It also feed lessons learned into the decision-making process of the project stakeholders, including donors and national partners. Financial monitoring is also an important part of the ILO's accountability to its donors and to the Governing Body (ILO, ND).

Sub grant monitoring is a needs and requirements that should be carefully considered during the program design phase, clearly articulated in the solicitation phase, and explicitly discussed during the award negotiation phase, so that clear plans and expectations are established from the outset of the program (Pact, 2012).

Regardless of the type of award, USAID funded projects mainly conduct the financial monitoring to the Local CSOs who are working as partnership compliance to the rules and regulation of the donor agencies ensure that all costs incurred under the award is according to policies regarding cost principle which is outlined in the cost principle OMB Circular A-122. That is the allow ability, allow ability, and reasonableness. (Pact, 2012)

The financial monitoring finding report shows the sub grantee strength and area needs improvement in financial management. Therefore, the donor organizations use the finding report to develop action point. It helps to the management to design the mechanism how the CSO could be supported like developing financial manuals, specific training to the staff, develop different systems and recruiting the appropriate staff for the different positions.

- **Close out and auditing**

Final step of grant management is project close out and auditing different international organization used different steps and procedures to close the project. At normal condition the project will closed as the end of the agreed period with the donor as stated in the project

agreement. However because of different other reasons like miss management of fund, lack of compliance to the agreed condition or external factor like policy change projects could be closed. The Auditor commissioned by funding organization.

2.3. Project's success criteria

The three parameters that could be defined to measure the successful or failure of the project are the constraints of time, cost and performance or quality. The successful of the project has been granted when they achieved those three parameters. As the project has its own limited time scheduled, limited cost and has to achieved the targeted specification, the failure may be comes from either one of the criteria or combination of the three criteria. Generally, failure of one criterion could sacrifice the others. For example; a project which delay in timely manner will increase the budget nevertheless the quality will be decreased.

2.4. Grant Management System – Project Success Linkage

The project success most of the time is measured in terms of allocated time, budget and expected quality. Having good grant and programme management system would directly contribute to the timely completion of the programme with the agreed budget and required results maintaining the quality. Studies and evaluation reports in Ethiopia and East Africa show that there are problems related with programme management system that has also affected the overall program result.

A research that was undertaken in Ethiopia, with a particular focus on SNNNPR region, to review NGOs Project Grant Management performance as an assessment of its Effectiveness and Practices indicated in its findings that there is inefficient application of effective projects grant management principles, tools and approaches by foreign NGOs (Getachew Abera, 2015). The study also identified that there is a reduced application of accounting standards principle by NGOs projects for their effective grant management, lessened application of consistent approaches to their effective grant management, NGOs projects revealed negligible attention on projects grant close off strategies. As a result, the research recommended that NGOs should train, coach, and monitor their employees on applications of effective grant management principles, tools and approaches, assign project grant

position who will oversee project grant management processes, track grantee profile and status, and assess project results, Donors should assess their grantee organizational capacity such as decentralized organizational structure before getting in to agreement,

A similar study that was undertaken in Kenya on 2013 indicates in its findings that the factors that affect effectiveness of donor aid in Kenya include: technical factors, and managerial factors (Ofunya Francis Afande,2013). The key grant management related findings mentioned in the study include; wrong timing in funds disbursement due to system related and reporting problems, lack of adequate human resource capacity in terms of knowledge and skills required for grant programme management, lack of accountability, disagreements among beneficiaries, and social-cultural obstacles. The study added that officers in the donor funds projects lack the formal training in foreign aid management, budgeting and accounting. These weak skills lead to poor understanding of the donor expenditure requirements resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness. Low level of Information Communication Technology (ICTs) capital investment in East Africa by public and private sectors and the absence of fully trained local citizens are also considered as additional reasons. The appropriate use of ICT does enable organizations to formulate new forms of better programme management.

A midterm evaluation report of Child Survival Program (CSP) funded by USAID and implemented by GOAL Ethiopia, indicated that the program has invested considerable efforts into building organizational capacity and has implemented appropriate monitoring and evaluation systems through on-going supportive supervision and on-the-job trainings from staff and Health Extension Workers which highly contributed to the success of the program (CSP, 2009).

Similarly, a terminal report for Amhara Microenterprise Development, Agricultural Research, Extension and Watershed Management (AMAREW) implemented in Amhara region from 2002-2007 E.C and funded by USAID point out that one of the major problems in the implementation of the programme were absence of well-established programme management system and well trained personnel. The reports recommend strengthening the

system and train people who will be on top of the overall programme management to contribute the success of the programme (AMAREW, 2007)

Linking of capacity building with grants managment enabled partner organizations to be innovative and demonstrate their potential to apply new skills and practices (Pact Ethiopia, Organizational Development Impact Evaluation, 2008). The practice of creating linkage between capacity building and grant making is witnessed as a success factor for proper implementation and completion of programmes. Capacity building focused on grant management systems would have strong contribution during the programme implementation. As indicated on the organizational development evaluation of Pact Ethiopia, in 2008, the strategic link between capacity building and grant making assisted the partner organizations especially at their earlier stage of establishment and enabled them to hire personnel to run their programmatic and financial activities, enhanced their efficiency and make them operationally ready to work with Pact and other partners, enabled them to be innovative with new projects undertaken. The capacity building efforts enables organizations to accomplish their programs effectively as their grant management systems are well supported during through capacity building.

Pact Ethiopia introduced the concept of Organizational Capacity Assessment (OCA) to local non-government organizations in Ethiopia: the process as well as the tool, and the range of possible solutions to reduce the gaps identified through the assessment. These tools are designed to gather information about an organization's capacity to conduct its core business (Pact, 2008)

It is also mentioned in the evaluation report that all involved partners indicated that the assessment was useful and allowed them to gain insights regarding their organizational capacity as well as their programme management performance.

As it is indicated in the above studies and assessment reports, the presence of a robust Grant management system has a direct linkage to the proper and timely completion of any programme. The cases in Ethiopia and Africa indicated that linking grant management with Capacity building of implementing organizations would enable to bring a smooth programme implementation and help to achieve better result. Hence, adequate attention

should be given to the grant management system before starting the implementation of the programme to be sure that the existing system is capable of handling all the needs of the planned program.

2.5. Conceptual Frame work

Figure: 2.6 the Conceptual Framework

Pre awarding	**Post awarding**

| Partner Identification and selection | → | Pre award assessment risk determination | → | Award negotiation and contracting | → | Capacity building and disbursement | → | Monitoring and Evaluation | → | Closing |

Determining Risk, Identifying Grant Instrument knowing Capacity Gap then awarding the appropriate amount and type of grant determine Intervention

Follow up the grant implementation and fund utilization, on time feed back

Project Success

The project said to be successful when the three parameters are fulfilled. The three parameters are time, cost and quality.

Conceptual framework for sub grant management system showing the pre-award and post award with the link to the project success. It is designed by the researcher using inputs from various literatures.

CHAPTER 3

RESEARCH DESIGHN AND METHODOLOGY

This chapter will explain the selected research design as well as the population, sample size and sampling techniques. Moreover, sources of data, instrument and procedures of data collection will be discussed. Methods of data analysis, validity and reliability, and ethical considerations will also be described in this chapter.

3.1 Research Design

Research design can be viewed us the blue print of the research. Saunders, Lewis, Thornhill (2009) describes research design as a general plan of how to go about answering the research question(s).

This study employed a descriptive method using primary and secondary data. The object of descriptive research is 'to portray an accurate profile of persons, events or situations. When the purpose of the study is to answer who, what, where, how much and how many questions similar to the questions raised in this research, using descriptive type research will be a typical choice (Saunders et al, 2009).

3.2 Source of data

The study is undertaken based on the data collected from both primary and secondary sources of data that enable the researcher to meet the objective of the study outlined at the beginning.

The primary data was collected through questionnaire that was distributed to the selected 45 employees of Pact. The questionnaire was prepared in English. In addition to the questionnaire structured interview questions was prepared to discuss more with the senior management i.e. grant manager, finance manager and project manager of the study organization. The interview discussion question is designed to explore the understanding of the manager on the contribution of grant management for the success of the project.

The secondary data related for the research work was collected from publications, previous research, reports, brochures and magazine of the organization under study.

3.3 Sampling Technique and procedure

The target population of this research is all the 80 employees of Pact. The researcher was utilized a purposive sampling technique, which falls under the category of non-probability sampling. Among the total population, staff members who don't have direct contribution to the topic under study was excluded through the use of purposive (judgmental) sampling. The excluded staffs are members of Administration department staff like Security staff, Human Recourse unit staff, and transport and logistics staff.

For convincing reasons such as being less expensive, less time consuming and greater accuracy the data for the study was collected from samples selected out of the population. As indicated above the size of the target population was 80 and 35 of them have been excluded with the judgmental sampling as they are not directly related to the study topic. Therefore, the remaining staffs of 45 were taken for data collection.

3.4 Method of Data collection

The primary goal of this study is to assess the contribution of grant management for the success of the project. Accordingly, to collect the required pertinent data, a 5 point liker scale self-administered questionnaire with open ended was distributed to the selected 45 employees. The questionnaire was prepared in English. In addition to the questionnaire, interview question was prepared for discussions with six selected staff of Pact Ethiopia. Secondary data relevant for this research work was collected from previous researches on the topic, the organizations' policies, procedures, manuals and websites.

3.5 Reliability of the instrument

To test the validity of the instrument, the sample questionnaire had been distributed to 10 employee of other INGO having similar objectives, British Council Ethiopia. This is done

in order to maintain the number of the selected sample size of Pact Ethiopia employees to avoid the decrease of the number of respondents below 45.

3.6 Method of Data analysis

Data collected from respondent employees through questionnaire and interview discussions was analyzed and interpreted so as to reach on meaning full findings.

The researcher used Microsoft Excel to code and analyzes the collected responses from questionnaire. After properly editing, data were coded and then made ready for analysis. Descriptive statistical techniques were used for analysis of data from questionnaire responses of respondents, in doing so tables and percentages were used. This helped the researcher to analyze and interpret the questions one by one in order to arrive at meaningful results.

Data collected from interview discussion was organized as per the interview questions and were included in the data discussion and interpretation part of the study. Hence the result was easily interpreted to see the contribution of grant management for the success of the project.

3.7 Ethical Considerations

The researcher followed ethical guidelines including keeping identity of respondents confidential by avoiding any identification on the questionnaire. Great care was taken to ensure that these participants were kept completely anonymous in the research. Participants were also thanked in writing for their help.

CHAPTER 4

DATA PRESENTATION ANALYSIS AND INTERPRETATION

In this chapter the data collected from employees of the study target organization is discussed, analyzed and interpreted to arrive at conclusions. Questionnaire was distributed to employees of the study organizations and discussions were made with selected staff based on the structured interview questions designed by the researcher and notes of the discussion are incorporated in the discussions in the chapter. The data collected is analyzed using Microsoft Excel and presented using graphs and tables. This chapter has two main sections. The first section deals with the respondents profile and second section deals with data analysis & interpretation.

4.1.1. Respondents General Profile

Here the respondents' general profile which includes age category, gender, year of work experience in the organization and work unit are discussed and their relationship with the study is explained.

Data is collected from respondents through questionnaire. In addition to questionnaire, structured interview was undertaken with selected management staff of the organization. From the total 45 respondent employees for whom questionnaire was distributed, 42 respondents (93%) response is collected and the remaining 3 (7%) is not collected due to different reasons. The next Figure: Figure 1 and 2 distribution of respondents by age category and gender is presented.

Age and Gender Profile of respondents

Figure 4.1: Respondent by age group   **Figure 4. 2: Respondent gender**
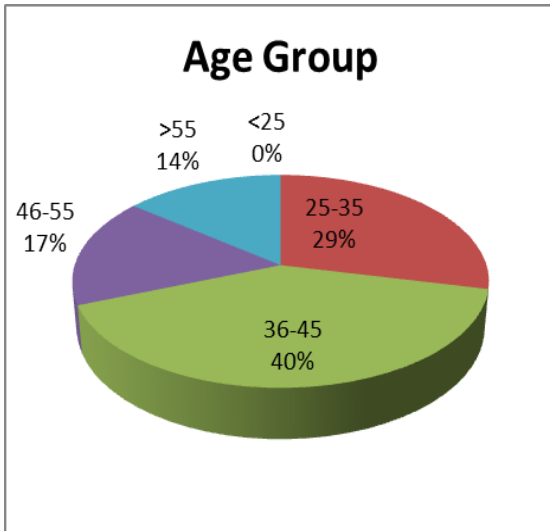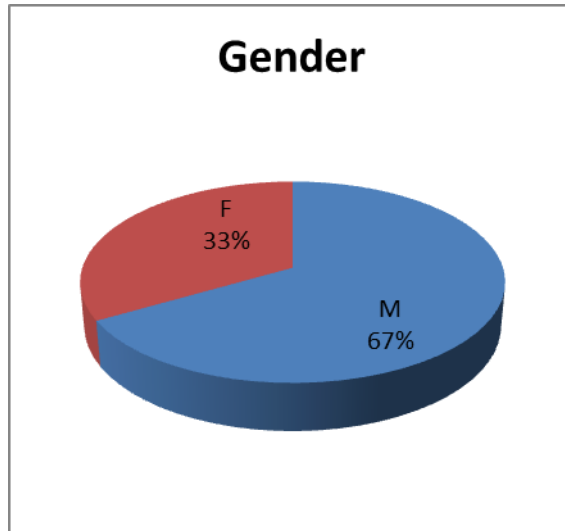
Source: own survey, 2016

As indicated in figure 4.1 above, the age category of respondents shows that most respondents are between the age categories of 25 to 35 and 36 to 45. From a total of 42 respondents, 12 of them are under the age category of 25 to 35 respondents, and 17 of them are under the category of 36 to 45, which represent 29% and 40% of total respondents respectively.

Though the majority of respondent employees are under these two categories, other categories are also represented by significant respondents. This helps to see the impression of employees from different age categories on the contribution of grant management for the project success as employee's age category has its own implication regarding project success and grant management.

The above figure 4.2 shows that, from the total 42 respondent employees, 28 of them are male and the remaining 14 are female respondents, which represents 67% and 33% respectively.

Respondent's Educational Status

Figure 4.3: Respondents Educational status
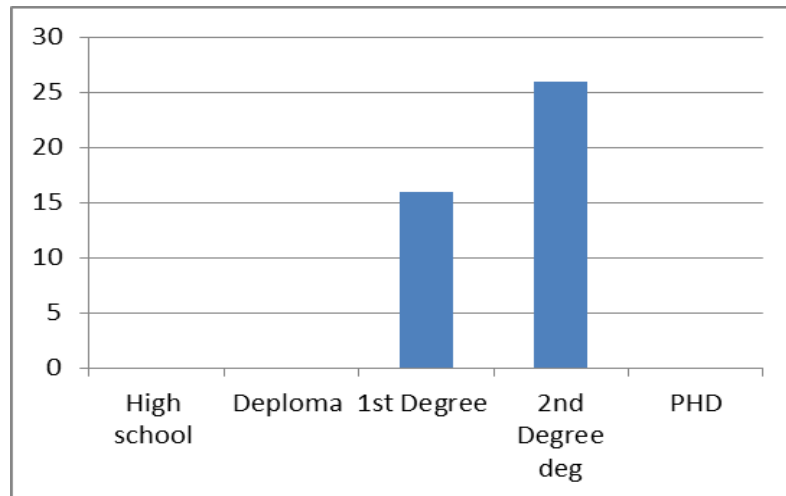
Source: own survey, 2016

The above figure 4.3 shows the educational status of respondents. In general, all respondents have first degree and above of which 16 of them have first degree and the remaining 26 have second degree, which represents 38 % and 62% respectively. The educational background of respondents is significantly important as the focus of the study requires technical knowledge on project management and having these people in the study helped a lot to get reliable information useful to the study.

Respondent Work Unit

Figure 4.4: Respondent by work unit
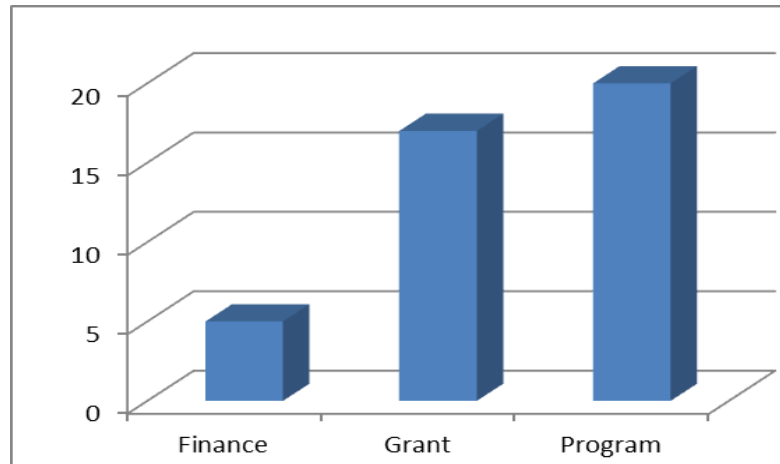
Source: own survey, 2016

The above figure 4.4 shows that, from the total 42 respondent employees 5 of them are under finance section, 17 of them are under Grant section and remaining 20 are under programme section which represents 12%, 40%, and 48% respectively. This indicates that all of the respondents have knowledge about the grant management and project management. The mix from three areas of work (finance, grant and programme) had also significant importance on grant management and project implementation as well as on gathering information from their own perspective and work experience.

Respondent Year of Service in Organization

Figure 4.5: Respondent year of service in organization
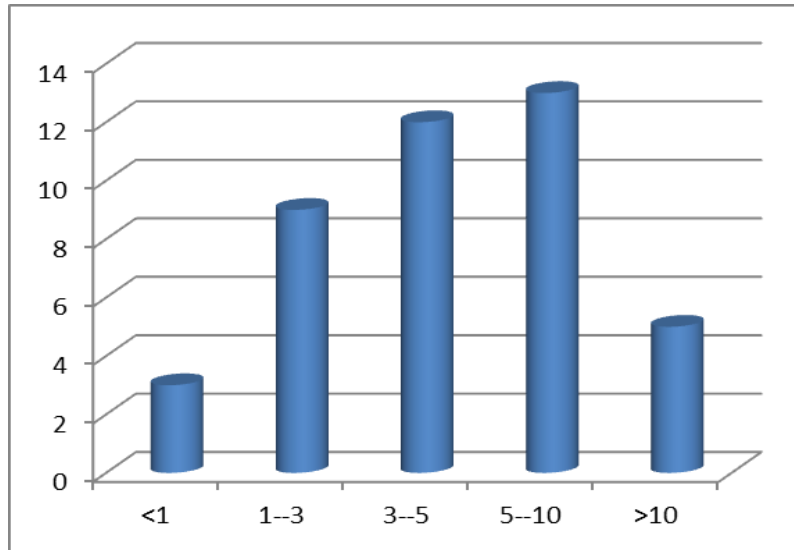
Source: own survey, 2016

The above Figure 4.5 shows that, from the total 42 respondent employees 39 of them have worked in the organization more than 3 years which represents 93% and the remaining 7% (three in number) served for less than a year. This enables the researcher to include people who have stayed more years as well as people who have joined the organization recently. This helped to incorporate the exposure of staff at different level of experience on the issue.

4.1.2. Grant management system, policy and procedures and its consistency in its application.

Respondents were asked to give information on the existence of grant management system and the required policies and procedures in Pact Ethiopia followed by their perception on the consistent application of the procedures. The table below summarizes the response on these questions;

Table 4.1- Grant management system, policy and procedures, and consistency in application

S.N	Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Pact Ethiopia has a grant Management system in place	34	81%	8	19%							42	100%
2	Pact Ethiopia has a grant management policy and procedures.	33	79%	9	21%							42	100%
3	Pact Ethiopia implement its grant management policy and procedure consistently	23	55%	14	33%			5	12%			42	100%

As it can be seen from the above table (Table 4.1), all respondents indicated that Pact Ethiopia has a grant management system as well as the required policy and procedures for the implementation of the grant management system.

Regarding the consistent application of the existing grant management system and procedures, 88% of the respondents agree that Pact Ethiopia has been consistently applying the grant management policy and procedures. However, the remaining 12% of the respondents disagree on this issue.

Based on the response obtained on the study, the main reason for the disagreement is that the standardized policy and procedures have not been similarly used for all organizations working with Pact Ethiopia due to the nature of the project and other requirements. On the interview discussion with the Grant manager, Pact Ethiopia's has a Grant manual which was updated on 2011.

The following points are identified as factors that limit the implementation of grant management system

- Lack of proper understanding of the grant management framework by the implementers and those people who are responsible to monitor the project

- Overlooking of some parts of the grant management system
- Lack of adequate and qualified staff to fully implement the grant management system for all projects
- Limited capacity of CSOs (human resource, financial etc.) to implement the grant management at the required level
- Inadequate orientation for sub grantees on various grant management tools
- Unorganized monitoring and follow up practices with poor feedback mechanisms.
- The large number of CSOs to be followed as compared to staffs assigned to monitor them

In summary, from points raised by respondents, the existence of poor understanding, lack of adequate qualified staff, limited capacity of implementing local CSOs as well as problem of having proper monitoring system and follow up practices has limit the proper implementation of the grant management system which in turn limits successful project implementation and completion.

4.1.3. Partner Selection and Pre award assessment

As key steps of grant management, partner selection and pre award assessment are the major and crucial steps that always come at the inception of the grant and project management. Respondents were requested to respond on the partner selection and pre award assessment processes and procedures of Pact Ethiopia and their response is analyzed as follows;

Table 4.2-Partner selection and pre award assessment

S.N	Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Pact Ethiopia grant management system has a policy and procedure of identify and select sub grantee	18	43%	24	57%							42	100%
2	Pact Ethiopia apply consistently its policy and procedures of sub grant selection	16	38%	19	45%	3	7%	4	10%			42	100%
3	The grant management system applied by Pact Ethiopia helps to get the right candidate of LNGO/CSO	19	45%	18	43%	5	12%					42	100%
4	Pact Ethiopia used a pre award assessment before making grant	34	81%	6	14%	2	5%					42	100%
5	The Pre award assessment system of Pact Ethiopia helps to identify the risk level of the candidates organization (organizational/ Financial capacity gap) of LNGO/CSOs	30	71%	8	19%	4	10%					42	100%

As indicated on Table 4.2 above, all respondents (100%) agree that Pact Ethiopia's grant management system has the required policy and procedure to identify and select appropriate sub grantee partner organizations. However, the consistent application of these partner selection procedures has not been agreeable to all respondents. Accordingly, 10% of the respondents disagree that Pact Ethiopia is consistent in selecting its sub grantee organizations and 7% respondents are undecided on the issue, though 83% of the respondents believe that the existing partner selection procedures are being used consistently. This tells us that there are occasions that forced people in the organization to think that the procedures are not used in consistent manner.

Responses for the question on the significance of the grant management system applied by Pact Ethiopia in selecting the right candidate of organizations (question 3 in Table 2 above) indicated that 88% of the respondents agree that the partner selection procedures are adequate mechanisms to select the right candidate organization. However, 12% of the respondents have a different observation and they are undecided on the significance and adequacy of the procedure on selecting the appropriate partner organization for sub granting. Being undecided to this level is an indication for not having confidence on the partner selection procedures of the organization.

In the interview discussion with the Grant Manager, it is learned that Pact Ethiopia believes that the partner selection procedures and tools are adequate to select the right candidate organization. And as a reflection on respondents who are undecided on the significance and adequacy of these procedures, the interview discussion was revealed that these people might not be well understood the partner selection procedures as well as tools.

Regarding pre award assessment before making grant, 95% of the respondents agree that the organization has a pre award assessment mechanism that enabled to affirm the selection of partners by making a short assessment of their financial and programme management capacity. The remaining 5% of the respondents are undecided on the issue. This tells us that the organization has appropriate pre award assessment procedures to make sure that the selected partners have the required capacity as well as organizational structure. As a result of pre award assessment, the risk level of the selected partner organizations should be identified in terms of organizational and financial management capacity. As part of this, respondents were requested to give their opinion on the importance of the grant management system in determining the risk level of the selected partner organizations and 90% of them responded that pre award procedures enabled the organization to determine the risk level of the organization as well as areas of gaps that need to be addressed by capacity development support. The remaining 10% of the respondents are undecided on this issue.

According to DFID Pre grant due diligence guideline, pre award procedures aims to ensure long term value for money by identifying potential weakness and risk and considering opportunities to enhance before grant began. It reduces risk and establishes the environment of accountability and transparency. Increasingly, the assessments are incorporating pre-

grant due diligence into their grant making processes and promoting the importance to protect the organization from risk in their sub grant making and other contract (DFID, 2012). Most organizational assessments include a comprehensive examination of the potential grantee, including a review of institutional structure, financial viability, and personnel composition. The organizational capacities of all prospective grantees must be more closely analyzed through a number of assessment tools (William and Flora 2006)

4.1.3. Award negotiation and issuance

The next step of grant projects management after partner selection and pre award assessment is award negotiation and contracting. The focus of this step is discussion on the parts of the project proposal, activities and budget for mutual signing of grant contract agreements. Questions on these issues were requested to respondents and the responses are summarized the Table 3 below;

Table 4. 3- Award negotiation and contracting

S.N	Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Pact Ethiopia has a policy and procedure of award negotiation before agreement in order to determine the amount of grant to the selected LGO/CSOs	23	55%	11	26%	5	12%	3	7%			42	100%
2	Pact Ethiopia consistently applied the policy and procedures of award negotiation	21	50%	9	21%	7	17%	5	12%			42	100%

As summarized on Table 4.3 above, 81% of the respondents responded that Pact Ethiopia has award negotiation policy and procedures to determine the amount of grant before agreement signing with partner organizations.

Of this result only 55% strongly agreed on the availability of award negotiation before agreement while the reaming 26% responded on agreed. The aim of the ward negotiation process is to agree on the objectives of the project as well as the list of activities to be implemented and also make sure that adequate budget is planned for each of the activities. The budgeting exercise is made to determine reasonableness of the cost in relation to current market prices for items, labor etc. coherent to the agreed objective expected to be meet at the end of the project implementation and financial management capacity of organizations. 7% of the respondents disagree that Pact Ethiopia's award negotiation policy and procedures are not serving their purpose before contracting of projects and 12% of respondents are undecided on the issue. This tells us that 19% of the respondents are indifferent to the award negotiation practice of Pact Ethiopia to determine the amount of budget to be awarded, considering the capacity of the organization, the donor's compliance issues and the risk level identified by the pre award assessment process and other follow ups.

Similar observation is found regarding the consistent application of the of award negotiation procedures for selected organizations. Though 71% of the respondents agree that the award negotiation procedures are used consistently, the remaining 29% of the respondents' does not agree on the consistent application the award negotiation procedures. Hence, it is clear that the award negotiation procedures are not consistently used in the organization.

Budget negotiation helps for the project success as budgeting is one of firms' most important coordination and control mechanisms (Luft &Shields, 2003; Merchant & Van der Stede, 2011). Thus, budgeting functions encompass both decision-making and control-oriented purposes of management accounting information.

4.1.4. Budget amendment

It is usual to make project budget amendment in the course of project implementation due to unforeseen circumstances that cannot be considered during the planning phase. Organizations always have mechanisms to manage such changes to allow the smooth continuity of the project towards meeting its objective. However, repeated number of budget amendments is not advisable because it might induce reluctance in the planning as

well as amendment phases. To reduce the number of budget modification Budget monitoring and variance analysis should be made on regular bases in line with the monthly close of financial system to compare budget versus expenditure by budget holders and finance who are responsible for managing the projects budget and activities with clear justification and action points. So that managers are able to prevent over or under spends timely and take corrective actions (Ahmed, 2015).

The grant management manual of Pact Ethiopia, says that it may become necessary to modify or amend the initial grant agreement for a rational justification. Modifications are generally made to reflect incremental funding or new obligations, revisions to program descriptions or budgets, or other substantial changes to the award, such as key personnel, or extension to the anticipated end date, among a range of other unforeseen situations. The request should include details of the requested change, justification for the change, and in the case of budgetary or activity changes, a revised budget showing the old budget, proposed change and new budget by line item.

Respondents were asked how many times does a project amend its budget in a year on average and 30% of them said once in a year, 60% said twice a year, 10% said three times and above in a year. Most of the budget amendments requests come up with additional project period and this affects the timely and successful completion of the project both positively and negatively. Making budget amendments by itself does not affect the project success negatively rather it contributes but when it comes together with time extension it will affect the timely completion of the project as well as timely budget utilization. As timely completion is one factor to assess the success of the project, it is essential to look critically. However, how frequent the budget amendment should be done, in what interval period of time, the magnitude of budget proposed for amendment, as well as the level of deviation from planned physical activity matters more. As a feature of effective budget, the budget should be fair, participative reasonable cognitive of the real environment in which it is operate, supportive and committed (Save the children, 2013)

4.1.5. Capacity Building

After partner selection and contracting of projects, follow-ups and capacity building activities will follow. The capacity building activities are based on the capabilities as well as gaps identified through the pre award assessment undertaken for each partner organization. The questions on capacity building issues are summarized and discussed as follows;

Table 4.4- responses on Capacity Building questions

S.N	Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Pact Ethiopia has a system of capacity building during the implementation of grant in order to address the capacity gap of the LNGO/CSO	20	48%	19	45%	2	5%	1	2%			42	100%
2	Pact Ethiopia consistently applied the policy and procedure of capacity building to the partner organizations	9	21%	28	67%	1	2%	4	10%			42	100%

As can be seen on Table 4.4 above, 93% of the respondents agree that Pact Ethiopia have adequate system to undertake capacity building activities to address the capacity gap of the LNGO/CSO as observed at the pre award assessment stage and other capacity assessment tools. From this figure only 48 % of the respondent strongly agreed on the availability of capacity building system to fill the capacity gap of LNGO/CSOs. This figure has its own implication on the overall understanding and knowledge about the existence of capacity building system during the implementation of grant management as well as limitation on its applicability on bridging the pre assessed and identified gaps of those local institutions working with Pact Ethiopia. The 5% of the respondents are undecided on the issues and the remaining 2% of the respondents disagree on the capacity development system for LNGOs/CSO.

Regarding the consistent application of capacity building procedures, 88% of the respondents agree that Pact Ethiopia has used them consistently, 10% reflected that there is no consistency, and the remaining 2% of the respondents are undecided on the issue. The issue of consistency comes again as an issue on capacity building activities similar to partner selection award negotiation steps of the grant management system.

4.1.6. Reporting and Monitoring

Reporting is the mechanism whereby the implementing partner organization updates it progress on the implementation of the project to stakeholders and the donor organization, Pact Ethiopia. The report composed of project activities and financial utilization progresses made so far while implementing planned activities. Monitoring is the responsibility of Pact Ethiopia to make sure that planned activities and budgets assigned for each activity are used as per agreed action plan. This is done though reviewing progress physical and financial reported, conducting physical visit to see what is implemented at grass root level to assess gaps, identify challenges, to proposed way forward, to share lesson and best practices among other organizations. Responses for questions on reporting and monitoring are summarized and discussed as follows:-

Table 4.5- Responses for questions on reporting and monitoring

S.N	Questions	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Total	
		No	%	No	%	No	%	No	%	No	%	No	%
1	Pact Ethiopia has a system of timely receiving Report from sub grantee to follow up their accomplishment.	29	69%	10	24%	3	7%					42	100%
2	Pact Ethiopia has a system of regular grant Monitoring and follow up the sub grantee's accomplishment.	24	57%	15	36%	3	7%					42	100%
3	The sub grant monitoring and follow up system of Pact Ethiopia helps for addressing timely the problem in implementation and to give timely feedback to the LNGOs/CSOs	13	30%	26	62%	2	5	1	3%			42	100%

As identified on Table 4.5 above, 93% of the respondents responded that Pact Ethiopia has a system of reporting and receive reports timely from sub grantee organizations to see their progress and follow-up their accomplishment. Of this figure, 69 % of the respondent strongly agreed on the availability of a system of regular grant Monitoring and follow up the sub grantee's accomplishment. The reporting mechanism, and timing as well as the reporting formats are communicated to the partner organizations at the beginning and are part of the contract agreement. The remaining 7% of the respondents are undecided on the issue.

Regular monitoring and follow is another issue that followed the timely receiving of reports. Majority of the respondents (93%) responded that system of regular grants Monitoring and follow up the sub grantee's accomplishment is in place in Pact Ethiopia. From this figure only 57 % of the respondent strongly agreed on the availability of grant monitoring and follow up system whereas the remaining respondents (7%) prefer to be undecided on this question.

On the other hand, 92% of the respondents agreed that the sub grant monitoring and follow up system of Pact Ethiopia helps for timely addressing the problem in implementation and to give timely feedback to the LNGOs. From this figure, only 30 % strongly agreed that the system helped LNGOs and NGOs to give timely reflection to address problems & challenges encountered while implementing their respective program or projects. Of the total respondent, 8% does not agree on that the existing system is responsive.

This means that there are gaps on the monitoring activity of Pact Ethiopia in timely addressing the problems encountered by LNGOs during the implementation of grant projects. As per the discussion made with the grant management, there is regular planned grant monitoring and reporting practice but in some cases the monitoring programs might postponed (CSP,2009). indicated that appropriate monitoring and evaluation systems through on-going supportive supervision and on-the-job trainings from staff highly contributed to the success of the program.

4.1.7. Termination of contract

When there are compliance issues that force to terminate the grant and whenever there is no any other amicable solution for problems, termination of the grant project and the contact will come to front. Though it is not advisable to terminate a grant it would sometimes become unavoidable. Respondents were asked questions on the number as well as reasons of termination and the responses are discussed as follows;

Table 4.6 – Responses on number of termination of grants

S. N	Questions	None		One to five		Six to ten		Above ten		Total	
		No	%	No	%	No	%	No	%	No	%
	How many sub-grantees have terminated before the project ends?			34	80%	6	15%	2	5%	42	100%

As shown on Table 4.6 above, 65% of the respondents responded that one to five grants are terminated per year, 20% of the respondents argue it is six to ten, and the reaming 15% of the respondents mentioned that above ten grants are terminated per year. The variation for responses is mainly because staffs of Pact Ethiopia are working in different grant projects that have different nature, requirements and implementation modalities. The interview discussion with the Grants' Manager of the organization reflected that the average number of grants terminated per program per year is in a range from one to three, but it has variations among grant types, implementation location, compliance requirements etc.

The main reasons of termination mentioned by respondents are;

- Incompliance to the contract requirements signed between the organizations
- Lack of capacity of the CSOs to deliver what is agreed and expected at some level of the project
- Internal problems of the CSOs like management turmoil, financial management risks and problems, change of management etc.
- Conflict of interest, negligence of the management and absence of sense of coordination among CSOs that are implementing grants in collaboration
- Lack of accountability and stewardship of CSOs staff and management to deliver the planned activities to the benefits of the targeted community.
- Misuse of resources and corruption
- Inability to renew certificates which is government requirement
- Remoteness   project implementation sites that hinder the planned project implementation
- Change in the external environment-Security issues
- Donor support for the programme is terminated or reduced due to its own reasons

As can be seen from the summary of the response, some of them are related to grant management system. Incompliance to terms and condition lack of capacity, lack of accountability and stewardship, low quality of implementation, misuse of resource etc. can be timely identified and addressed through proper implementation of pre award assessment at the beginning negotiation of award, appropriate capacity building and follow up and monitoring.

4.1.8. Grant management system and its contribution to project success

Since the essence of this study is to see the contribution of grant management system to achieve successful project implementation and completion, respondents of the study were requested to give their responses. The responses on favorable and unfavorable contributions of the grant management system, factors that limit the implementation of grant management system as well as factors that contribute for success of the project are discussed below.

4.1.8.1. Contribution of grant management system for success of project

Respondents indicated that the following are the contribution of a good grant management system for a successful;

- Grant management system of an organization is one essential mechanism for proper management of the programme or project. The main contribution of the grant management system is the establishment of a contractual frame work where by the roles, responsibilities, obligation and other requirements of two parties. The system clearly outlines the procedures, capacity requirements and corresponding supports and way outs of unforeseen circumstances. All these help both parties to have clear understanding of what they are expected to do even before the start of the project. The supportive monitoring, feedback, and follow-ups are also essential to the project success.

- Grant management systems have to contribute a lot to a success of project as the whole grant management system (process) do directly part of the project management.

- The grant management system should generally ensure effective and efficient utilization of financial and non-financial resource and timely utilization of budget

burn rate. It should also help to identify various implementations and other related problem and take a positive corrective measure immediately.

- An integrated grant management system with the finance and programme easy to make financial and program performance comparison and the grant system need to see also the programme implementation procedures with continues and regular supportive supervision, mentoring and coaching.

- Grant management system contribute a lots because in relation to the administration of grant and programme identifying challenge and potential solution to support the delivery of the project and helps to follow innovative approaches

- Having strong system in place and making sure the system is responsive to update and down ward relationship that is donor versus implementing partners

The summary points of the respondents indicated that the grant management system of the organization is one of the important organizational systems that are expected to contribute a lot to the overall success of the project. Since compliance is the heart of project management for both donors and implementing organizations, it is inevitable to consider project success without proper compliance follow-up, and monitoring, which is the major essence of grant management system.

4.1.8.2.   Elements of Grant management system for the project success

The grant management system should be comprehensive enough to be considered as a standard system that can contribute to the successful implementation and completion of a project. Key factors of grant management system that are useful for the success of the project as listed out by the respondents are;

- Proper selection of CSOs through evaluation of applications and capacity assessment
- Well-developed grant manual
- Clear and well understood project proposal, and agreement
- Robust Monitoring and feedback communication of the mechanism
- Value driven work force high quality data available

- The grant management system in Pre award assessment and the post award
- Flexible grant management system based on the project type
- Capacity development and mentoring through Training on budgeting, accounting and Grant Management for each CSO
- There is a room for amendment of contract agreements (including costed and no-cost extension)
- Effective negotiation process of the Grant terms and conditions
- Efficient implementation of the program though quality delivery

The characteristics of a comprehensive grant management system started from having a well-organized grant management manual with clear procedures from selection to closure of the grant management process, well equipped personnel, and sense of partnership.

4.1.8.3.   The challenges of grant management system in Pact Ethiopia

On the other hand, a grant management system that does not have the required comprehensiveness may hinder the success full implementation of a project. The factors mentioned by respondents that challenge the successful implementation of grant management system of Pact Ethiopia are;

- Low capacity of CSOs
- Failure to comply to rules and regulation
- Staff turnover in and low capacity of staff
- CSOs not having diversified funds and dense governments regulations
- Inadequate supportive monitoring and feedback mechanism
- Complicated/ unfriendly financial reporting tools
- Delay in settlement of expenses and release of funds
- Not managing the project with the project schedule (Action plan)
- Applicability of some of the contracts in local context
- Lack of the sense partnership rather a bossy management of relationship with CSOs
- lack of collective responsibility towards the benefit of the community

As mentioned above, the major reasons that hinder the successful implementation and completion of a project in relation to the grant management system are mostly related with the capacity and responsibility of CSOs as well as bulky procedures, lack of monitoring and limited sense of partnership between Pact Ethiopia and its partner organizations.

On contrary, a grant management system that can not contribute what is expected can also be a reason for the failure of the project. Characteristics of the grant management system that can become a factor to the failure of the project, as responded by respondents, include

- A project may fail due to many reasons, a couple of these may be lack of clarity on the procedures, responsibilities, and roles of parties involved, and a grant management system that is not well developed and not tailored to the specific requirements of the project at hand. Lack of timely and adequate monitoring and communication of feedbacks can also be a factor to affect the success of the project. Hence, the quality and practice of the grant management system has its own contribution to the failure of the project as it has on the success.
- When the grant management system could not help the organization to select the right sub grantees, when the system failed to do the expected fund management project management system.
- If the grant management system does not encompass clear and manageable policies and procedures and put continues supportive monitoring with good timely feedback mechanism in place
- When grant is not effectively managed and the system cannot respond to the need of the grant management project cycle.
- When grant management standard is not properly communicated, regularly monitored and supported and timely corrective action is not taken
- If it lacks pre award capacity assessment mechanism to properly assess the sub grantee and lack of follow support can result in the failure of the project

To sum up, a grant management system that is not well structured and properly implemented can be a reason for the failure of the project as opposed to the expected high contribution to the success of a project. This is because of the fact that it is not possible to

ensure adherence to the applicable donor and statutory requirements of the project management frame work without having a well-established grant management system that can help to identify gaps, come up with solutions and make follow-ups to make sure that everything is as required.

CHAPTER V

CONCLUSION AND RECOMMENDATION

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

4.1. Findings

As per the discussion and data interpretation undertaken in the previous chapter, the following are the summary of the findings derived;

- Pact Ethiopia has a well-developed grant management system with the necessary procedures. Some of the respondent in the organization have confidence on the transparency partner selection procedures of the organization for sub granting
- It is understood in the study that Pact Ethiopia is not consistently applying its grant management policy and procedures including partner selection, award negotiation, capacity building and monitoring activities.
  - o Pre award assessment conducted but it does not guarantee that selected CSOs have fulfilled the required capacity as well as organizational structure since it depends on the experience, knowledge and commitment of the staff applying the system. From the study findings, it was found out that some of the implementing partner organizations were terminated before the contract period due to improper grant fund management.
  - o Award negotiation practice of Pact Ethiopia has been rarely used before contracting for grant the partner organization.
  - o Capacity development for CSOs comes late after organizations implemented substantial part of the project which makes the progress (improvement) difficult
  - o There are gaps on the monitoring activity of Pact Ethiopia in timely addressing the Problems encountered by LNGOs during the implementation of grant projects.

- The grant manual of Pact Ethiopia does not show the maximum tolerable number of grant amendment that can be requested by partner organization and processed by Pact Ethiopia.

- The study identified that one of the reasons for not consistently implementing the grant management system is because of incompatible number of grant staff compared to the number of CSOs and projects managed.

- Lack of flexibility on capacity development methodology for organizations that are at different level of capacity, implementation area, and the nature of the project under implementation.

- Loosen track of records of all the CSOs in different programs to use for other programs within the organization

4.2. Conclusion

- The presence of a strong grant management system is a one important factor to ensure successful project implementation and completion, and this is the essence of the study. Pact Ethiopia has good grant management system except few areas that need improvements. The grant management manual of Pact Ethiopia has a standard comprised of procedures, policies and tools. The major challenge observed in this regard is the consistent application of the existing procedures and tools.

- Clear and transparent partner selection procedures, complete pre award assessment that can determine the risk level of the organization, clear contract agreement with easily understandable responsibilities and obligations, timely capacity development support and training, robust monitoring tool and application of the same, and strong partnership and communication are considered as key elements that can contribute to the success of projects.

- On the other hand, the challenge in the proper implementation of the grant management system in a way that cannot support the success of the project include, as internal factor in Pact Ethiopia, delayed exercise of capacity development support with the grant making, difficulty to have a grant management tools that can easily fit in to the local context, and absence of self-appreciation mechanisms for CSOs to motivate and know themselves. As external factor, limited capacity of CSOs, high staff turnover, lack of

accountability of CSOs to the community, and lower inclination to adherence of compliance requirements are the major ones that does not allow successful implementation of grant projects.

- To sum up, the grant management system of Pact Ethiopia, along with the grant management manuals, procedures, tools and required qualified personnel has contributed a lot to the successful accomplishment of project implemented by CSOs using the fund transferred from Pact Ethiopia. Albeit some gaps and challenges both internally, in Pact Ethiopia and externally in partner organizations themselves, and external environment challenges including lack of fund in the civil society sector, increasing demand of support by beneficiaries due to drought and related crises demands the need for more funding. The contribution of a comprehensive grant management system in challenging environment is even more crucial to periodically ensure that the project is accomplished on the right track.

4.3. Recommendation

The following are recommendations forwarded by the researcher based on the findings of the study highlighted above. The recommendations are presented for the consideration of Pact Ethiopia to ensure the maximum possible favorable contribution for the organization's grant management system.

- It is recommended to be strict and consistent in applying the policy and procedures of grant management system for all organizations working with Pact, unless there is a special case. For Specials cases it is good to have a separate procedure on identifying organizations that need special attention, and how to manage it transparently as grant management has direct contribution for successful completion of project.

- The pre award mechanism of Pact Ethiopia needs to be reviewed in order to reduce the number of grant terminated before the end of contract period. This is because poor pre award assessment may lead to selection of organizations that does not have the required minimum capacity to implement the project.

- Award negotiation practice of pact should consistently implemented to determine the reasonable amount of budget to be awarded to the partner considering the capacity of the organization and the risk level using the pre award assessment result as input. These have a great impact on the budget utilization and reduce the miss utilization of funds at the end of the project period. Budgeting is one of firms' most important coordination and control mechanisms of project.

- Capacity development has to accompany with the grant making to make sure that the CSOs capacity is progressing to the required level to continue in adherence with the required implementation quality and compliance. This ensures the project success in terms of quality.

- The monitoring activity of Pact Ethiopia should consistently and timely implement addressing the problems encountered by LNGOs during the implementation of grant projects as a result of monitoring.

- The grant manual of Pact Ethiopia should indicate the maximum tolerable number of grant amendment that can be requested by partner organization and processed by Pact. The higher the number of budget amendment result in the missing of the initial project objective and also it has a negative impact on cost.

- Pact Ethiopia should put in place the appropriate number of grant staff in line with the number of CSOs managed. The higher number of CSOs managed by one individual staff could reduce the quality project and successful completion of project.

- Pact Ethiopia should increase its level of flexibility in its capacity development service for organizations that are at different level of capacity, and implementing projects in different areas that have unique nature.

- Pact Ethiopia better to keep track records of all the CSOs in different programs to use for other programs within the organization to use them as a stepping stone for other programs and projects that will be implemented in the organization.

- Self-assessment and self-appreciation mechanisms and tools should developed and made available to CSOs themselves to help them to see their own weaknesses and strengths. As a mechanism of capacity development service, this will help CSOs to assess themselves and see their weaknesses and strengths, and accordingly plan actions in collaboration with Pact Ethiopia and other actors in the sector.

- Foreign aid fund is one of the foreign direct investments in Ethiopia, which also contribute for poverty reduction and development. Having well organized project management practices and good grant management systems result in successful implementation and completion of projects. This will also boost the interest of donors to continue their support ion a strengthened manner. Therefore, it is recommended that all actors in the civil society sector should consider their project and grant management practices for the cause of the national development.

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ANNEX

Annex 1- Questionnaire for employees

St Mary's University

School of Graduate Studies MBA Program

Questionnaire to be filled by INGO Staff at PACT Ethiopia

Dear respondent,

My name is Abenet Kebede; I am attending my second degree in **Master of Business Administration (MBA)** program of St Mary University. In Partial fulfilment of the program, currently I am conducting a study on "***an assessment of the contribution of Grant management system for the success of a project in the International Non-Governmental Organization, a case of Pact Ethiopia***'. The study is purely for academic purpose and tries to assess how grant management is vital for the success of a project in an international NGO.

Therefore, your genuine response is highly valuable for this study to arrive at reliable results. I hereby request you to fill in this questionnaire and return back the earliest time possible. All your responses will be kept confidential. You don't need to write your name.

Thank you for your cooperation and time in advance.

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

Part I: Respondents Profile

1. Age

   Less than 25 ☐   46-55 ☐

   25-35 ☐   Above 55 ☐

   36-45 ☐

2. Gender

Male ☐   Female ☐

3.   What is your educational level?

High School Complete ☐   Diploma ☐

1st degree ☐   2nd Degree ☐   PHD ☐

4.   Your department in the organization?

Finance ☐   Grant ☐   Programme ☐

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

Less than a year ☐   5-10 years ☐

1-3 years ☐   More than 10 years ☐

3-5 years ☐

PART TWO: Questions on the research topic

	Question	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	Pact Ethiopia has a grant management system in place					
2	Pact Ethiopia has a grant management policy and procedures					
3	Pact Ethiopia implement its grant management policy and procedure consistently					
4	Pact Ethiopia grant management system has a policy and procedure of identify and select sub grantee					
5	Pact Ethiopia apply consistently its policy and procedures of sub grant selection					
6	The grant management system applied by Pact Ethiopia helps to get the right candidate of LNGO/CSO					
7	Pact Ethiopia used a pre award assessment before making grant					

8	The Pre award assessment system of Pact Ethiopia helps to identify the risk level of the candidates organization organizational/ Financial capacity gap) of LNGO/CSOs					
9	Pact Ethiopia has a policy and procedure of award negotiation before agreement in order to determine the amount of grant to the selected LGO/CSOs					
10	Pact Ethiopia consistently applied the policy and procedures of award negotiation					
11	Pact Ethiopia has a system of capacity building during the implementation of grant in order to address the capacity gap of the LNGO/CSO					
12	Pact Ethiopia consistently applied the policy and procedure of capacity building to the partner organizations					
13	Pact Ethiopia has a system of timely receiving Report from sub grantee to follow up their accomplishment.					
14	Pact Ethiopia has a system of regular grant Monitoring and follow up the sub grantee's accomplishment.					
15	The sub grant monitoring and follow up system of Pact Ethiopia helps for addressing timely the problem in implementation and to give timely feedback to the LNGOs/CSOs					

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

    a. Once ☐   b .Twice ☐   C .Three times ☐

    d. more than three times ☐

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

    a. None ☐   b. one to Five ☐   c. Six to Ten ☐

    d. Above ten ☐

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

1. _____

2. _____

3. _____

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

_____

_____.

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

_____

_____

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

_____

_____

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

Key Factors/element	Why

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

Key Factors/element	Why

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

Key Factors/element	Why

Thank you

St Mary's University

School of Graduate Studies MBA Program

Interview discussion questions with selected managers at PACT Ethiopia

1. Why, do you think, a grant management system is important for the success of project implementation?

▬▬

▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬.

2. What challenge do you face in applying grant management system? How do you overcome those challenges?

_____

_____

3. What major difference do you observe the grant management system of your organization as compare to other similar organization?

▬▬

▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬▬

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

Key Factors/element	Why

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

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

Key Factors/element	Why

Annex 3 Pact project performances for the period of 2009 to 2015

Ser			Estimated	Originally approved		No cost extension		Un used fund at	
				Start Date	End Date	Yes	No	Yes	No
1	Highly Vulnerable Children (HVC) Program	USAID	$92,106,319	4/20/2011	4/19/2016	✓		✓	
2	Transforming Education for Adult and Children in the	USAID	$13,848,881	9/28/2009	9/30/2014				
3	Strengthen Civic Education in Primary School (SCEPS	USAID	$8,929,405	9/28/2009	9/30/2014		✓		✓
4	Improving Quality of primary Education Program	USAID	$1,299,392	11/1/2009	7/31/2014				
5	Promoting Democratization/CDI (Constructive Dialog	USAID	$14,032,085	9/30/2005	9/30/2012				
6	SIDA-Women's Economic Empowerment	SIDA	$1,396,600	6/1/2011	12/31/2012	✓		✓	
7	Youth and Children with Health Option Involving Community Engagement Strategic Program (Y-	USAID	$5,532,298	9/30/2004	9/30/2010				
8	Packard Phase III	Packard	$1,400,000	9/18/2006	2/28/2011	✓			✓
9	Expanding Constructive Dialogue	USDOS	$575,000	6/27/2007	12/31/2009	✓		✓	
10	Care Services for HIV-Infected and Affected	USAID	$7,373,950	8/29/2008	8/28/2011				
					Frequency	6	4	7	3
					%	60%	40%	70%	30%

VIII