

Financial performance of NGOS and its impact on sustainability: The case of HakiElimu in Tanzania

Shafii Kachenje Mmile

Master of Business Administration (MBA)

University of Dar es salaam, Business School, 2008

This study attempts to examine the financial performance of NGOs, and assess its impact on development in Tanzania. It examines to what extent they accept and use of financial principles, relevant methods and techniques for seeking funds and what impact that had on the sustainability of the HakiElimu NGO. In order to be knowledgeable with the literature on the topic, a literature review was done to trace the historical background of NGOs, their characteristics, various methods and techniques used for seeking funds, dimensions of NGO sustainability, barriers to financial sustainability in the NGOs and the primacy of adhering to financial principles.

The study was both quantitative and qualitative in its approach. It was conducted in the Kinondoni Municipality, in Dar es salaam city, where the headquarters of the HakiElimu NGO are located. Seventy respondents including directors, coordinators and other workers were consulted to provide data for the study. Four methods of data collection were applied and these were document review, observation, interview and questionnaire. The data were processed by firstly presenting the raw data, categorizing them into groups, reassessing, interpreting, discussing them critically and eventually organizing them for report writing.

Generally, it was found that the HakiElimu NGO adhered to financial principles to the extent of enabling it to survive for seven years despite the barriers it faced from various forces. The causes for such a situation to persist were the good foundation set from the beginning for adhering to financial principles in the firm, unity and integrity among the founders, their education background, relevant objectives and plans in relation to the society it served and the great efforts in implementing them as well as the capacity of the NGO runners to overcome the challenges they faced from different forces. These led us to conclude that the sustainability of the NGO depends on adherence to financial principles and the capacity to face and overcome challenges. The level of education, integrity, hard work and unity of the NGO runners are unique and paramount criteria for NGO sustainability. The study, therefore, commends the NGOs which

have improved in their unique criteria which have been articulated in this study and those which have collapsed or are in a bad situation financially to learn from the HakiElimu NGO.