A CRITICAL LOOK AT GOOD GOVERNANCE PRACTICE THROUGH PROJECT IMPLEMENTATION: THE CASE OF SNV (THE NETHERLANDS DEVELOPMENT ORGANISATION) IN KENYA

A Final Research Report

Presented to the

Graduate School of Business Leadership

University of South Africa

In partial fulfilment of the requirements for the

MASTERS DEGREE IN BUSINESS LEADERSHIP

UNIVERSITY OF SOUTH AFRICA

By

Lynette Auma Onyango

71379711

December 2009

DECLARATION

I, Lynnette Auma Onyango, Student Number 7137-971-1, declare that this research report is a product of my work as a Master of Business Leadership student of the School of Business Leadership (SBL), University of South Africa (UNISA). Sources of information have been acknowledged in line with the University of South Africa, School of Business Leadership referencing requirements.

ABSTRACT

Understanding and appreciating the nature and power of effective governance structures is vital for a country's stability as well as economic and social growth. Good governance results in transparency and accountability thus promoting ethical managerial practices, high positive impact and sustainable development.

By the nature of their existence, the success of Non Governmental Organizations (NGOs) is pegged on issues related to good governance and ethical managerial practices. Governments and donors entrust these organizations with funds on the understanding that they will efficiently manage allocated resources to run projects that result in sustainable development characterized by high impact. Good governance and ethical managerial practices are critical in ensuring such accomplishments; and studying an NGO perceived as having these attributes may be a useful source of best practices for not only the NGO sector but even the private and public sector.

This report, therefore, proposes to make a contribution in the area of governance by critically analyzing the governance structures of SNV (The Netherlands Development Organization) in implementing its projects. The study is motivated by the scarcity of published documentation on corporate and project governance practices specific to the African and particularly Kenyan context, which organizations interested in pursuing good governance and managerial practices can use as a reference point. It pursues literature which emphasizes that effective governance can lead to managerial excellence but managerial ethical excellence does not always exist without effective governance.

The primary interest is on the success emanating from good governance, with the aim of coming up with recommendations that can assist policy makers in formulating a set of best practices that can possibly be emulated and embraced by other donor-dependent organizations. Findings of the report may also be applicable to profit-making, government and other charity-based entities.

DEDICATION

To the memory of my late mum: Abisagy Abonyo Achoki

ACKNOWLEDGEMENT

This research project was successfully completed thanks to the many wonderful people who helped me along the way:

First, I owe much gratitude to my supervisor Prof. P. M. D. Rwelamila. I consider it a privilege to have been supervised by him and can only be grateful for the constructive criticisms and invaluable suggestions that resulted in the completion of this research report. His meticulous, consistent and encouraging guidance coupled with insistence on quality was a tremendous value added to me. That he found time within his understandably busy schedule to painstakingly read through every part of my work reflects his general commitment to excellence and quality.

Secondly, thanks to the Country Director of SNV Kenya Office, Mr. Stuart Worsley for his unwavering support and for permitting me to conduct research within his organization. Special acknowledgement goes to the interviewees who took time to provide information and for being a part of this learning experience.

Thirdly, to my husband, Jackton, for his support and patience during the duration of my study, all my sisters and especially Susan for the regular advice on how to handle issues and for providing solid examples of the fruits of persistence.

Finally to my professional colleagues, Prof. Mukwanason Hyuha, Winston Wachanga, Joyce Isiaho, Damaris Michoma, Rachelle Siele and Stacy Mwangala for their encouragement, advice and being there to listen, especially when things seemed almost impossible. You all kept me going and instilled hope in me during those hard times. Thanks to you all!

Table of Content **Page**

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

BOD	Board of Directors
SNV	The Netherlands Development Organization
NGO	Non-Governmental Organization
CPI	Corruption Perception Index
NASCOP	National Aids and STI Control Programme
NACC	National Aids Control Council
FMS	Founder Member Syndrome
ICS	Internal Control Systems

CHAPTER ONE
GENERAL INTRODUCTION

1.1. Background

Good governance is an important tool for socio-economic development. Studies have shown (African Development Bank, 2007) that it: contributes to macroeconomic stability and predictability, enhances the government's ability to implement poverty reduction policies by ensuring transparent and participatory policy-making, enables public functions to be performed in an accountable manner and therefore increases investor confidence and demonstrates a country's commitment to international anti-corruption standards.

Globally, over the last few decades, there has been a growing interest on corporate governance. To some extent, the evolving form of business enterprises arising due to pressure from stakeholders' demands for better productivity, reduced costs and higher managerial efforts to boost economic performance has stimulated this interest (Fryzel, 2006). To a large extent though, the attention towards corporate governance has specifically arisen from the increase in corporate scandals witnessed across the world involving corporate giants such as Enron and MCI WorldCom (Florou and Galarniotis, 2007; Kyereboah-Coleman, 2007; Davies and Schlitzer, 2008; Soobaroyen and Sheik-Ellahi, 2008). These corporate scandals have not only created panic in the financial markets resulting in stock fluctuations and unsustainable quick-fix remedial actions, but have also impacted negatively on the lives of thousands of stakeholders. The increased awareness and recognition of corporate scandals, has raised alarms for the necessity of effective regulation of both public and private corporations (Cooper, 2007).

The definition of corporate governance differs depending on one's view point (Davies and Schlitzer, 2008; Gillan, 2006). Hence, it is difficult to come across a definition that has been met with a strong or general consensus among practitioners and scholars. In fact, Kooskora (2006:28) corroborates this viewpoint by stating that:

> *"… no single definition of corporate governance can be applied to all situations and jurisdictions".*

Nevertheless, the theoretical framework for corporate governance presupposes the existence of information asymmetry which allows the management of an organization to pursue objectives that may be at variance with those of shareholders. Accordingly, Barros and Nunes (2007:811) maintain that:

> *"Effective corporate systems of governance are best practice rules regarding the behavior of the board of directors in an organization, and are intended to address deficiencies in corporate governance due to the principal-agent relationship".*

Further review of existing literature however, reveals that the scope of corporate governance is not limited to one specific area. It impacts on three key areas namely: board and corporate management (focusing on the structure of the board, codes of board practices and corporate effectiveness), financial management and corporate social responsibility (African Development Bank, 2007). Viewed from this broad perspective, corporate governance goes beyond the principal-agent relationship to encompass a complex set of linkages among disparate groups of stakeholders.

For the purposes of this study, the following definition by Hendrikse and Hendrikse (2004:102) is adopted:

> *"Corporate and business governance is the system that maintains the balance of rights, relationships, roles and responsibilities of shareholders, directors and management in the direction, conduct, conformance and control of the sustainable performance of the company or business with honesty and integrity in the best long-term interests of the company, shareholders, and business and community stakeholders".*

This is a more comprehensive description that acknowledges the existence of various stakeholders and the intricate relationships arising thereof. Kooskora (2006:37) further reinforces the aspect of relationships by asserting that:

> *"Corporate governance is as a system of relationships defined by structures and processes".*

Under normal circumstances, these relationships involve parties with different and sometimes divergent goals and interests. The aim of corporate governance is to align as nearly as possible the interests of individuals, corporations and the society. In the context of corporate governance therefore there is need to strike a balance between the pressures of internal and external stakeholders; otherwise operational risks will inevitably occur. Appropriate collaborative communication practices grounded on embracing differences, can yield positive results and enhance creativity, efficiency and effectiveness in the pursuit of personal and organizational goals, mutual commitment as well as the long-term success of an organization.

Many studies on good corporate governance have focused on the four underlying values of accountability, integrity, efficiency and transparency, all being interwoven and interdependent. The appropriate implementation of and compliance with these principles is largely perceived as a critical factor in the quest for good governance. Whereas there have been some success stories in the implementation of good governance principles across the world, debates on the relevance of corporate governance in providing a platform for best practices to sustain organizations have continued. Evidently there is a gap between best practice theory and implementation.

The concept of "best practices" is applicable to many fields including governance. Typically, it refers to those practices that experience and innovation have shown to work better than alternatives. Apreda (2006:51) refers to codes of best practices as:

> *"any set of rules of behaviour that allow a distinctive governance structure to be put into practice and held accountable, provided that such rules meet the following constraints:*
>
> *a) By necessity, they stem from the underlying governance structure;*
> *b) They match the institutional framework within which the organization not only lives and develops, but also abides by the law;*
> *c) They are in agreement with the organization charter and by-laws; and*
> *d) They become fully operational, that is, the rules are set up within the framework that allows monitoring, assessment, updating and improvement".*

When considered from the face value, there is a hopeful sense of progression in the connotation of the expression "best practices". This is because it is easy to believe that experience and innovation will move forward and that tomorrow's best practices will be better that today's. On the flip side however, concentrating on best practices can blind us to the possibilities of larger advances, by limiting our horizon, hence impede progress. To achieve optimal results, the implementation of best practices must embrace creativity and be structured to think out of the box. This will go a long way in ensuring that best practices are context specific and relevant.

In an effort to develop a proactive approach to the implementation of good governance, best practice guidelines have been developed and prescribed by major organizations such as the Organization for Economic Co-operation and Development (OECD) and through a forum of the World Bank and OECD (Mardjono, 2005). Specifically, the OECD in 1999 came up with a set of principles for corporate governance that focuses on defining the concerns of corporate governance laying emphasis on the five topical issues of shareholders' rights, equitable treatment of all shareholders, roles of stakeholders in corporate governance, disclosure and transparency. Other selected examples of efforts to promote best practices at the international level include: the CACG Guidelines: Principles for Corporate Governance in the Commonwealth (Commonwealth Association for Corporate Governance, 1999), the French Vienot I Report (Conseil National du Patronat Français and Association Française des Entreprises Privees, 1995), the French Vienot II Report (Mouvement des Enterprises de France (MEDEF), 1999), the German Code of Corporate Governance (Berliner Initiativkreis, 2000), Corporate Governance Principles: A Japanese view (Corporate Governance Forum of Japan, 1997) and the UK Code of Good Practice (Association of Unit Trusts and Investment Funds, 2001), to mention just a few.

There has also been a reasonable attempt to entrench corporate governance into organizations within the African continent. Some notable examples include the Code of Corporate Governance for Banks in Nigeria Post Consolidation (Central Bank of Nigeria, 2006), the Code of Corporate Governance for Private Sector in Egypt (Egyptian Institute of Directors, 2006), the Moroccan Code of Good Corporate Governance Practices (Commission Nationale Gouvernance d'Entreprise, 2008), the King I Report on Corporate Governance in South Africa (Institute of Directors of Southern Africa, 1994) and the King II Report on Corporate Governance in South Africa (Institute of Directors Southern Africa, 2002). At the national level, that is in Kenya, the Principles for Corporate Governance in Kenya (Private Sector Corporate Governance Trust, 2002) and the Sample Code of Best Practices for Corporate Governance in Kenya (Private Sector Corporate Governance Trust, 2002) offer good examples.

From the foregoing section, it is apparent that prior to the early 1990s; corporate governance had little prominence in Africa. Apart from some notable exceptions like the King I Report of 1994 on Corporate Governance in South Africa, the upsurge of interest in corporate governance in Africa began in the late 1990s. In Kenya specifically, the revolutionary work in the area of corporate governance began in 1998 when the corporate leadership acknowledged an urgent need for corporate governance reform as a way of enhancing economic performance (Trade and Development Board, 2003). This pressure culminated in a seminar to discuss the role of non-executive directors being held in November 1998 and a second consultative forum being convened in March 1999. Consequently, the Private Sector Corporate Governance Trust (PSCGT) was launched in

September 2000, to spearhead the promotion of good corporate governance. Its aim was to achieve sustainable wealth creation, increase employment opportunities and to enhance an overall improvement in the quality of life of the people of Kenya. The PSCGT now known as the Centre for Corporate Governance has since made significant progress in its efforts toward promoting corporate governance in the country. According to the Centre for Corporate Governance website (www.ccg.org), the organization's significant achievements include, *inter alia,*

- Publishing and disseminating the Principles for Corporate Governance in Kenya and the Sample Code of Best Practices for Corporate Governance in Kenya (as already alluded to above) , Guidelines for Good Corporate Governance in State-Owned Corporations and Governance Guidelines for Shareholders;
- Conducting successful training courses in the region;
- Developing postgraduate and diploma curricula and initiating discussions with local universities with the objective of facilitating the introduction of diploma and graduate courses in corporate governance;
- Setting up the Institution of Directors with the primary purpose of promoting director professionalism;
- Setting up of the Kenya Shareholders' Association to mobilize shareholders to effectively play their role in demanding and enforcing good governance; and
- Corporate governance has now been put on the Kenyan policy agenda, for example, the Central Bank of Kenya (CBK) now demands good corporate governance for financial stability and sustainability of all licensed banks and financial institutions, the Capital Markets Authority (CMA) requires all listed companies to comply with principles of good corporate governance, universities are now examining their own governance practices and many public, private and state corporations boards are requesting seminars and training on corporate governance.

Review of the literature by Smallman (2007) indicates that the majority of best practice guidelines have focused around issues such as:

a) The need for boards to have majority of independent directors;
b) The need for a board leader who is not the Chief Executive Officer (CEO);
c) The need for independent directors, rather than the CEO, to control the process of directors appointment and recommendation to the shareholders;
d) The requirement for boards to have at least 3 core committees – audit, compensation and corporate governance (or nomination) - the members of which should all be the independent directors;
e) The need for independent directors to meet periodically alone without the CEO or other executive directors;
f) The need for boards to be small and feasible;
g) The expectation that boards will carry out certain activities that are scheduled into the annual agenda, which provide a clear signal that the board is in charge of overseeing the CEO and the company's management; and
h) The need for directors to be compensated through means that motivate them to focus on maximizing shareholder value.

Despite the view that corporate governance best practices have historically focused on the above issues, Dalton and Dalton (2006) submit that these conditions though necessary, are insufficient for achieving optimal board success and do not guarantee that the board processes will be effective. This position holds water: it can be argued that no amount of structure can overcome deficiencies that may arise from poor processes. The misplaced focus on structural aspects of the board of directors at the expense of the processes aspects may possibly be one of the causes of poor implementation of best practices.

Needless to say corporations operate in complex and dynamic business environments that require complex, but flexible, governance regulation. The range of corporate governance guidelines reflects the uniqueness of each nation arising from country specific factors such as legal and financial systems, culture, corporate ownership structures and economic conditions. Arguably, no single set of governance rules fits all firms and situations. This calls for the need to understand the practice of governance and the processes that comprise this practice within the relevant context. Hence, when developing a framework for best practices, it should be tailored to the distinctiveness of the subject matter. Vaughn and Ryan (2006:510) in pursuing this line of thought states that:

> *"While diffusion of best practices is critical to the continent, tailoring corporate governance standards to national contexts is essential in order to sustain financial stability and economic growth in African countries. Rules should be tailored to address the unique corporate governance problems in each country".*

This view is further substantiated by Ho (2005:248) who reasons that:

> *"… there is not a one-fits-all model of corporate governance, but substance over form, commitment and professionalism of the board and management, and discipline of the markets are necessary in achieving an effective governance system".*

It is important to recognize the fact that although corporate governance structures provide the medium to promote best practices in a manner that balances the needs of all the stakeholders, they will not necessarily eliminate illegitimate conduct by themselves; but will provide the tool by which such conduct can be measured and identified. Consequently, any model for corporate governance structure should include economic, political, social and ethical norms for decision making in order for organizations to gain and retain legitimacy that will result in sustainability.

The interaction of all stakeholders is necessary in helping corporations abide by best practices at all times hence, organizations must proactively engage all stakeholders in governance dialogue, and strive to implement value-adding governance proposals in appropriate ways and in accordance with existing regulation. Sound governance structures assure investors and other stakeholders that the business environment in which the organization operates is fair and transparent. It affirms to them that the company is made up of diligent and trustworthy employees with integrity and respect. Further, it minimizes information asymmetry between managers, shareholders, creditors and investors. Accordingly, Yeoh (2007) claims that, an international corporate governance survey showed that investors are prepared to pay more for corporations with more effective governance structures and practices. This underscores the value of good governance.

Organizations must therefore look beyond simply complying with principles of corporate governance and pay attention to how governance structures and policies are perceived by investors and the wider stakeholder community that monitors its activities. Not only must the organizations implement policies that are aligned with the existing best practice models but they must also ensure that the internal practices put in place are strictly adhered to and communicated to all concerned stakeholders. It may be worthwhile for organizations to engage governance officers responsible for consistency in putting these practices in place as well as reputation officers - otherwise known as public relations officers - in charge of coordinating communication and activities that convey transparency about these practices. Such initiatives will not only minimize regulatory scrutiny and risks, but will also go a long way in facilitating the implementation of value-adding strategies.

Generally speaking, the importance of corporate governance cannot be over-emphasized as it constitutes the organizational climate under which firms operate. Good management of corporations is critical to the corporate and economic development of both developed and developing countries. The adoption of best practices in corporate governance is a major step towards creating safeguards against corruption and mismanagement, promoting transparency in economic life, attracting more domestic and foreign investment and enhancing competitiveness and sustainability of corporations.

This notwithstanding and in spite of the efforts to streamline corporate governance in Kenya by the Centre for Corporate Governance - Kenya, the journey to successful implementation of good governance initiatives in the country, is still far from over. There have been various impediments to the process, including poor political and economic governance, corruption, poor understanding of the implications of good corporate governance, absence of complementary institutions necessary to implement the principles of good governance and circumvention of the rule of law due to lack of good enforcement mechanisms. Therefore, there is need to focus on and embark on a meaningful analysis and development of a realistic and feasible corporate governance policy in Kenya.

It is against this background that, this case study was conceptualized. It proposes to reflect on global trends on generic corporate governance best practices, and specifically in the context of the NGO Sector by examining the practices of SNV, an international Non Governmental Organization (NGO), with operations in many countries across the world including Kenya. The organization is perceived to be a success story in the implementation of its projects (SVN Annual Report, 2007). The study will be enriched by synthesizing and comparing existing related literature to the findings of the field research. The results will then be structured into a code of best practices tailored to the peculiarities of the Kenyan setting.

1.2. Statement of the Research Problem

As mentioned in the preceding section, efforts to mainstream corporate governance in Kenya are yet to bear fruit. It is undisputable that corruption remains the single greatest obstacle in the process of the country's development. Moreover, although corruption attracts much discussion in the global arena and is not unique to the country, Kenya's relatively high levels of corruption in all sectors of the economy are known well beyond its national borders (Institute of Economic Affairs, 2000). It can be argued that the vice has been institutionalized since perpetrators are rarely tried in the courts of law and those tried are seldom reprimanded. Transparency International (2008), ranked Kenya at 147th position as the least corrupt country out of the 180 countries in the sample, behind Nigeria at the 121st position. With a Corruption Perception Index (CPI) of 2.1, Kenya shared this position with countries such as Syria, Bangladesh and Russia. Closer home, both Tanzania and Uganda ranked better at 102nd and 126th positions with CPIs of 2.6 and 3.0 respectively.

The Goldenberg and Anglo Leasing Scandals in which prominent politicians and businessmen were implicated offer good examples of corruption in the public sector (Kibwana, Wanjala and Owiti, 1996). In the Goldenberg Scandal, the government paid export compensation amounting to billions of Kenya Shillings to Goldenberg International Limited between 1990 and 1992 for fictitious gold and diamond exports. More recently under the Coalition Government the questionable sale of the Grand Regency Hotel, the Triton Scandal and the Maize Saga have hit the news headlines. These scandals have resulted in the loss of tax-payers money, fueled food insecurity in the country thus pushing the nation to the brink of starvation and generally impaired investor confidence.

Similar incidents have taken place in the private sector. Between the years 2003 and 2007 several privately owned companies in Kenya went public and the stock market was vibrant; operating at an all time high. This sent positive signals to investors – both individual and institutional; and many undertook bank loans to invest and make what they believed to be quick profits. During this time the country managed an unprecedented economic growth of close to 7% (Kenya. Central Bank of Kenya, 2009). Unfortunately, this realization was short-lived, as within the same period, 3 stock brokerage firms - Francis Thuo & Partners, Nyaga Stockbrokers and Discount Securities, went under due to mismanagement and misappropriation of investors' savings (Kang'aru, 2009). Hence, the once vibrant stock market is now viewed with skepticism.

As a developing country, Kenya is home to a broad spectrum of NGOs operating at the grass-roots, national, regional and international levels. These organizations conduct high impact-high resource projects mainly in the fields of health, human rights, education and environment. Despite the fact that NGOs are donor dependent and their existence hinges upon transparency and accountability issues, many of them have failed to meet these requirements. A case in point is in the health sector, where the country still bears the burden of a relatively high HIV prevalence rate. Estimates suggest that approximately 1.5 million people are infected with HIV, while another 1.5 million have died since 1984 when the virus was first detected in Kenya (NASCOP, 2007). These statistics indicate that the HIV/AIDS pandemic can potentially ruin the country if not managed appropriately.

In spite of the magnitude of the problem - the disease was declared a national disaster in 1999, and donor requirements with respect to proper accounting of funds, there have been reports of mismanagement of the HIV/AIDS fund. Compensation of top management has been cited as one of the contentious issues – the allegation being that they allocate themselves exorbitant pay packages at the expense of project implementation. For example the top management of the National Aids Control Council (NACC) were in the year 2004 charged and convicted of fraudulently receiving Kenya Shillings 27 million between April 2001 and July 2003 in exaggerated salaries and allowances (It is One Year for Gachara, 2004; AIDS Chief Suspended Over KSh. 27m Pay Fraud, 2004; Transparency International, 2006). Naturally, questions have been asked about which stakeholders NGOs represent and in whose interest they operate with some arguing that these organizations are formed for purely opportunistic reasons (Bob, 2007). Generally speaking, mechanisms through which communities can hold NGOs accountable tend to be lacking and as a result, many "briefcase" NGOs whose long-term existence and performance are highly compromised have been registered in Kenya (Time is Up for Briefcase NGOs, 2007; Centre for African Studies, 2001; Kenya: Smaller AIDS Organizations Struggle for Transparency, 2009).

Given the examples cited above, it is logical to speculate on what Kenya would have achieved in terms of its overall development if those in leadership positions had proactively championed the need for good governance practices in the last decade. How would this have influenced the country's poverty, unemployment and inequality levels, food security situation and economic growth? Would this have edged the country closer to attaining self sufficiency and minimized its dependence on donor support? These and other similar questions come to mind.

1.2.1. Research questions

From the preceding section, it is manifest that poor governance cuts across all sectors of the Kenyan Economy. This study will however focus on the NGO sector. In this context therefore, the foregoing problems make a good case for raising the following question: How have some organizations, within the NGO sector managed to uphold good governance and managerial practices? To answer this, the report proposes to pursue the following theoretical and empirical research questions:

i) What are the key components of a good governance framework that would facilitate successful project implementation in NGOs in Kenya?
ii) What factors promote the effective deployment of good governance practices during project implementation within the NGO Sector in Kenya?
iii) Is it possible to nurture good governance practices so that they evolve into best practices that can augment project implementation in the Kenyan NGO Sector?

Addressing these and related issues will constitute the primary thrust of the study.

1.3. Objectives and Significance of the Study

The study seeks to explore the elements and drivers of good governance in project implementation within the NGO Sector in Kenya. The main objective is to formulate a set of recommendations that will enhance an appreciation and the internalization of good governance and managerial practices in project implementation across NGOs in Kenya and perhaps further. To achieve this, the following specific objectives will to be pursued:

a) To identify what constitutes good governance practices in general terms;
b) To examine the key elements of SNV's governance framework and how these have been applied in the implementation of its projects;
c) To determine the factors that have facilitated the deployment of the governance practices and procedures identified in (b) above during project implementation;
d) To assess the benefits, if any, that have accrued to SNV as a result of applying the practices and procedures identified in (b) above in project implementation, with a view to fostering stakeholder support in enforcing adherence;

e) To highlight the challenges faced by SNV in the process of executing good governance practices during project implementation;’
f) To draw lessons from the experiences of SNV in promoting good governance in the implementation of its projects and consequently formulate policy recommendations relevant to the NGO sector and other project oriented organizations keen on strengthening their governance structures; and
g) To propose structures and processes that may possibly create a favourable environment for good governance practices to evolve into best practices that can facilitate successful project implementation.

It is envisaged that valuable information and policy lessons will be drawn from the findings of this study. Although the study will focus on SNV, a not-for-profit organization it is believed that the findings will also be applicable to profit-making, government and other charity-based organizations in Kenya and possibly beyond. Hopefully, the organizations that choose to emulate the findings of this study will develop mechanisms to mesh them with their already established knowledge and corporate cultures in order to enhance implementation.

1.4. Propositions

In pursuit of the research questions advanced above this paper makes the following propositions:

a) Generic governance frameworks are inadequate in addressing governance issues that may arise in the course of project implementation within the NGO Sector in Kenya;
b) The successful deployment of good governance practices during project implementation entails the creation of a favourable environment - both internal and external to the organization; and
c) With appropriate structures in place good governance practices can evolve into best practices that may augment project implementation.

1.5. Methodology

1.5.1. Data type and sources

This study used both primary and secondary data.

1.5.2. Data collection techniques

The case study involved three methodological approaches: review of existing literature, archival analysis and qualitative field research. This approach allowed for an in-depth understanding of the subject as well as operations of SNV.

1.5.2.1. Literature review

This entailed the use of secondary data obtained from academic journals, business journals, periodicals, conference papers, unpublished reports, SNV's website, internet search portals like Google Scholar and newspaper articles.

1.5.2.2. Archival analysis

This component involved the review of organizational and project documents to get a deeper insight into the organization's activities and processes. Documents such annual reports, regional office reports, project reports, SNV's strategic plan, newsletters, program manuals and newspaper clippings were examined. Detailed notes were taken during this exercise.

1.5.2.3. Qualitative field research

a) Interviews:

Face-to-face interviews guided by a pre-determined set of questions were conducted. The interviews targeted the following specific individuals within SNV:

- The Country Director
- 1 Portfolio Manager
- 2 Project Managers

The interviewees were selected based on their positions in the organization. It was believed that by virtue of the positions they held, they were better placed to know or have access to important information, specific to their functions and roles that may not necessarily have been available to other employees. Additionally, they were perceived to have a broader view of the organization's processes and procedures in areas like project conception, design, implementation, evaluation and dissemination.

b) Site visits:

This involved conducting field visits and holding informal meetings with project stakeholders available on the ground to assess their perceptions about project success and ascertain the benefits arising thereof. A manageable sample of 3 projects implemented by SNV were selected randomly and surveyed. During the field visits photographs were taken to showcase project implementation and outcomes.

1.6. Data Analysis Techniques

A case study database was established for all the transcribed interviews and archival study findings. Interview transcripts, archival data and field notes were coded for concepts perceived to be attributes of good governance. After the data was gathered and coded, the preliminary findings were presented and summarized in tables.

1.7. Ethical Considerations

The researcher ensured that the purpose of the study and its potential benefits were clearly explained to all interviewees. SNV's consent was sought prior to engaging in the study and participation of interviewees was on voluntary basis.

1.8. Chapter Outline

The thesis is organized into six chapters, as outlined below:

- Chapter One: General Introduction

  This chapter sets the tone of the thesis by providing a background to the research problem, stating the research problem, highlighting the significance of the study and the research objectives, making propositions and outlining the methodology that was adopted for the study.

- Chapter Two: The Theory and Practice of governance in Project Management within the NGO Sector

  This chapter provides an in-depth analysis of the concepts of corporate governance and project governance, discusses the key emerging issues in the area of governance, looks at generic governance frameworks developed across the world and introduces an operational framework for successful project implementation.

- Chapter Three: Research Methodology

  Chapter three provides a justification for the selected research methodology, describes the selected methodology in terms of its theory and practice as well as its weaknesses, proposes ways of dealing with those shortcomings during both data collection and analysis and accounts for the choice of the measuring instrument.

- Chapter Four: Research Findings

  Apart from describing the sample selection process, this chapter also exhibits the research findings by organizing them along various themes and sub-themes.

- Chapter Five: Analysis and Synthesis of Research Results

  Chapter five presents an analysis and synthesis of the research finding. Herein the propositions of the study are tested with a view to validating whether they should be accepted or rejected.

- Chapter Six: Conclusions and Recommendations

  In addition to drawing conclusions from the research findings and recommending a set of best practices that may be adopted by policy makers in the NGO sector in Kenya and perhaps beyond, this chapter also suggests areas for future research.

CHAPTER TWO

THEORY AND PRACTICE OF GOVERNANCE IN PROJECT IMPLEMENTATION IN THE NGO SECTOR

2.1. Introduction

There is a wide range of social institutions that operate outside the market and the state across world. These institutions, commonly referred to as "not-for-profit," "non-governmental," or "civil society" organizations, implement high impact-high resource projects mainly in the areas of health, education, environment, rights-based awareness, women empowerment as well as microfinance in both developed and developing countries. Over the last few decades, the importance of these organizations has grown as funding and other limitations have reduced the state's capabilities to adequately cope on its own, with social welfare, development and environmental challenges; and as citizens have sought to play a more proactive role in social problem-solving and public affairs (Toepler and Salamon, 2003). Because of their economic value and the role that they play in the countries where they are present, the activities and functions of NGOs have been receiving a lot of attention (Garcia and Marcuello, 2002).

Like elsewhere in the world, the growth of the NGO sector in terms of size, scope and amount of resources they control has been phenomenal in Kenya. Official estimates indicate that Kenya is home to approximately 6,000 registered NGOs: 5,500 being national organizations and 500 being international organizations (NGO Council, 2008). Although there is no general consensus on this view, one of the reasons often cited for this development is their comparative advantage – the ability of NGOs to deliver emergency relief or development services cost effectively to the needy (Tvedt, 2006; Lewis and Opoku-Mensah, 2006). In the face of this expansion however, there also seems to be a paradox: the growth of NGOs has been accompanied by growing governance and regulatory challenges for governments, NGOs and donors alike, that has threatened the reputation and funding of legitimate organizations within the sector (Gugerty, 2008). Consequently, it has been argued that some funders no longer regard

NGOs as positively as they previously did and that the era of NGOs as the international development donors' 'favoured child' has passed (Lewis and Opoku-Mensah, 2006).

The absence of institutional structures and systematic reporting requirements in NGOs has resulted in information asymmetry between these organizations and their donors and in effect impacted negatively on their accountability and transparency levels. Many NGOs have interpreted accountability and transparency narrowly to mean furnishing donors with periodic narrative and financial reports. However, the big question is: should NGOs seek to satisfy donor requirements only and pay little or no attention to the demands of other project stakeholders? The inadequate structures alluded to above have resulted in an increasing number of NGOs that are run like private business concerns or family enterprises or that are plagued by the Founder Member Syndrome (FMS) - where people who formed the organizations are unwilling to exit even when circumstances dictate so (Onyando, 1999; Tvedt, 2006). FMS is detrimental to organizations and can lead to cronyism and nepotism.

To counter the above-mentioned challenges and to enhance effective implementation and delivery of projects in the NGO sector, good governance at both corporate and project levels is imperative. Good governance is not simply a matter of adopting a set of rules, but a continuous process of implementing tailored strategic initiatives to maximize long-term value and sustainability (Fombrun, 2006). NGOs that adhere to good governance practices relentlessly stand higher chances of survival and prosperity in the implementation of their projects. In so doing, it is also possible for best practices to emerge.

Bearing this in mind therefore, it is necessary to rethink the governance and leadership structures for NGOs in terms of their long-term sustainability. Although project risks may be high and unpredictable, clear governance frameworks – at the organizational and project levels – detailing structured processes and procedures for project implementation should be developed, communicated and promoted among all project stakeholders. This will minimize project failure.

2.2. Theoretical Orientation

As indicated in the preceding chapter, there is no homogeneous approach for defining corporate governance. This is largely because of the multi-faceted nature of the subject. Studies have identified various competing theoretical approaches to corporate governance, each implying a different mode of how the board should carry out its functions (Cornforth, 2004). The diversity of theoretical perspectives is a reflection of the historical experiences of these contrasting modes of governance in and across societies and over time (Tunzelmann, 2003).

This section, presents an overview of some the theories as shown in Figure 2.1.

a) Agency theory:

This has been the dominant theory of corporate governance. It views the organization as a nexus of contracts between principals (owners/shareholders) and agents (managers/directors) with the key goal of maximizing return to shareholders. Usually, the relationship between these two parties is prone to the principal-agent problem which is reflected when management pursue activities that may be detrimental to and/or divergent from the interests of the firm’s shareholders (Coase, 1937). Control over managers is thus exercised via the threat of takeover whose role is two-fold: to act as an incentive for managers to fulfill the goal of shareholder wealth maximization and also as a disciplining mechanism for under-performing managers (Lane, 2003). Under these circumstances, effective governance structures such as the firm’s board of directors (BOD) play an important role in mitigating the agency problems that may arise from time to time (Murphy and Mclntyre, 2007).

b) Stewardship theory:

This theory is grounded in a human relations perspective and is an alternative managerial motivation to the agency theory (Barney, 1990; Donaldson, 1990). It assumes that executive managers, far from being opportunistic, are keen on doing a good job, are motivated by a need to achieve and gain intrinsic satisfaction through the superior performance of inherently challenging work and will act as effective stewards of an organization's resources. The senior management and the board in this case are viewed as partners working together to improve organizational performance. The stewardship theory therefore holds that there is no inherent, general problem of executive motivation (Donaldson and Davies, 1991).

Those in support of this theory are individuals who contribute their own money and other resources to not-for-profit organizations and become directors. Here, the logical extension is either towards an executive-dominated board or towards no board at all.

c) Resource dependency theory:

The resource dependency theory views the organization as being interdependent with the environment, that is, an organization will inadvertently rely heavily on other organizations and players for resources and information vital for its survival. This theory considers the board of directors as a means of extracting resources from the environment and predicts that the more resource-rich outside directors are included on the board to bring in needed resources, the better the firm's performance (Peng, 2004)

d) Managerial hegemony theory:

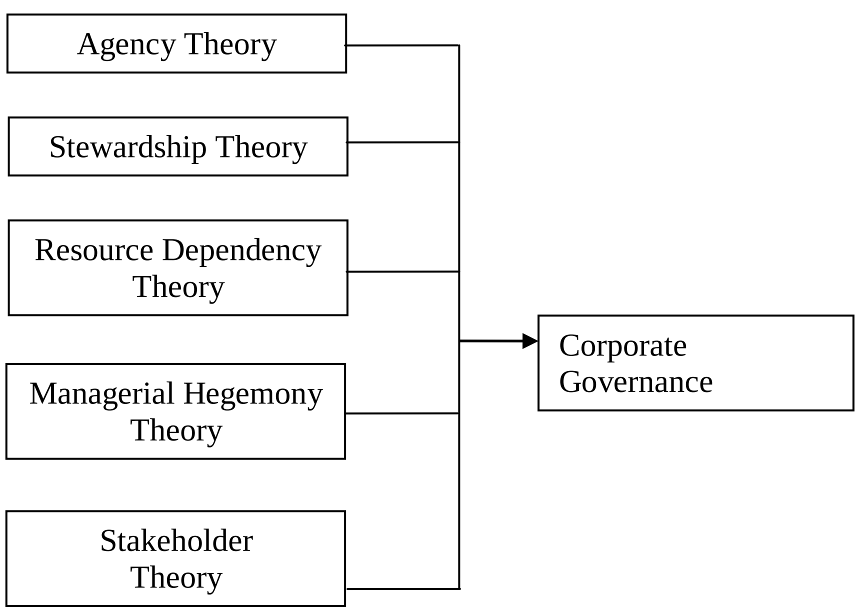
This theory suggests that although shareholders may legally own and control large corporations, they no longer control them, control effectively having been ceded to a new class of professional managers. The theory describes the board of directors as a *de jure*, not a *de facto* governing body of the organization (Stiles, 2001). By virtue of this fact, therefore, the board acts more like a 'rubber stamp' for decisions made by management, thereby playing a symbolic role of legitimizing management's actions.

e) Stakeholder theory:

Based on the stakeholder model of corporate governance which is widely practiced in Germany and Japan, this theory focuses on the network of formal and informal relations that determine how control is exercised within corporations and how risks and returns are distributed between the various stakeholders. It exemplifies the principle that companies should be required to serve a number of groups rather than treat the interests of shareholders as overriding all others (Lane, 2003).

In defining the stakeholder theory Clarkson (1994**)** argues that, the organization is a system of stakeholders operating within the larger system of a host society that provides the necessary legal and market infrastructure for the organization's activities. The purpose of the organization is thus to create value for its stakeholders by converting their stakes into goods and services. The key to achieving this is to enhance the voice of and provide ownership-like incentives to those participants in the organization who contribute or control some critical inputs and to align the interests of those critical stakeholders with the interests of outside passive stakeholders.

Figure 2.1.: Theoretical Framework of Corporate governance



Source: Author

2.3. Empirical Review

In this section, we consider various empirical studies conducted as well as related literature to establish the extent of implementation of corporate governance. Such studies have pursued a broad range of topics but this report will focus on three main areas: Firstly, the implementation of corporate governance in Africa with emphasis on Kenya;

secondly, the models upon which corporate governance frameworks across the world and specifically in the NGO sector are based on and lastly, the role of corporate governance in project implementation. Addressing these three areas will guide our arguments towards finding solutions to the research questions advanced in Chapter One.

2.3.1. Principles of good governance and their implementation

Good governance imposes processes and procedures that act as the boundaries of accepted behaviour for both organizations and societies and if well implemented can also provide an opportunity-creating environment (Kakabadse and Korac-Kakabadse, 2002). Consequently, corporate governance has become a major policy objective around the world and many countries have adopted codes of corporate governance that specify common standards of behaviour to be followed by organizations. Appendix 1 provides a comprehensive list of the available codes of corporate governance. Most of these codes have been modeled around the OECD principles of good corporate governance which imply that good governance should be pluralistic in nature, inclusive in decision making, empowering the weaker sections of society and be geared towards achieving the generally accepted common good (Frederikson, 1992).

Several studies have been conducted on the adoption and implementation of codes of corporate governance in Africa. Findings from a broad range of these studies identify continued serious shortcomings in the implementation of good governance. Goldsmith (2003) conducted a comparative study of Ghana, Kenya, Madagascar, Malawi, Senegal, Tanzania, Uganda and Zambia and found that despite a decade of reforms in corporate governance, there is still a general lack of will and capacity by governments to provide a legal, regulatory and political environment to enhance the implementation of good governance practices. Mensah (2003) in a multi country study covering Egypt, Ghana, Mauritius and Kenya, found that poor governance is not as a result of lack of reasonable rules for supporting corporate governance, but arises from the problem of enforcement and inappropriate mechanisms to reinforce the effectiveness of governance promoting rules. Okeahalam (2004) who investigated the issues and challenges of corporate governance and disclosure in Africa discovered that corruption and the absence of informed and responsive shareholders and appropriate monitors are some of the hindrances to the implementation of good governance practices. Tsamenyi, Enninful-Adu and Onumah (2007) in their study on disclosure and corporate governance in Ghana found that disclosure and transparency levels in that country are generally low, while Okike (2007) found that although the government had taken steps to initiate an effective system in Nigeria, the effectiveness of the enforcement mechanisms put in place is still in doubt. Commendably though, research conducted by Vaughn and Ryan (2006) indicated that although a lot still remains to be done, South Africa rates among the best performers in corporate governance in emerging markets.

In studies specific to Kenya, Gustavson, Kimani and Ouma (2005) and Trade and Development Board (2003) found that the main obstacles to the implementation of good governance were non-separation of the roles of managers and the board, inappropriate board composition and characteristics, lack of training on corporate governance as well as weak legal and regulatory systems. Nonetheless, a study by Barako, Hancock and Izan (2006) that covered the period 1992 – 2001 found that listed companies do voluntarily disclose information on their annual reports. Results of a trend analysis carried out in this research suggested that there had been an increase in the level of information voluntarily disclosed by the listed companies over time.

A key argument running across the studies highlighted above is that the implementation of good corporate governance practices by organizations is largely dependent on their country and business contexts and therefore, generic corporate governance frameworks are unrealistic and inappropriate. In spite of this, however, there seems to be a consensus with respect to the basic principles that transcend borders and which are viewed as representing global standards of good governance. Studies conducted by corporate organizations (OECD, 1999; OECD, 2004; Centre for African Family Studies, 2001; Private Sector Corporate Governance Trust, 2002) indicate that effective governance in organizations including NGOs should be founded on the following basic principles:

i) Accountability to funding agencies, stakeholders, legal authorities, employees and beneficiaries;
ii) Transparency and open leadership with accurate and timely disclosure of information relating to activities of an organization;
iii) Effectiveness and efficiency in the use of resources and in getting results;
iv) Integrity and fairness in all dealings and operations, hence implying honesty, faithfulness and diligence; and
v) Responsibility, that is, the leadership should be capable, responsible, representative and conscious of its obligations.

Whereas some codes of good corporate governance, for example, the South African King II Report (2002) have further expanded these principles to include discipline, independence and social responsibility, there is a general consensus among authors that corporate governance hinges on the four cardinal values of fairness, accountability, responsibility and transparency (Spira, 2001; Grant, 2003; Walker and Fox, 2002 and Rezaee, Olibe and Minmier, 2003). These values are the pillars of good governance, and although maintaining them, especially over a long period of time may be challenging, any framework for governance must provide for these basic principles which are interdependent and cannot be isolated. The achievement of these characteristics is generally determined by factors such as:

a) The ethical tones and existence of a culture of upholding ethical standards by the top structure of an organization;
b) The dominance and personality of the Chief Executive of the organization; and
c) Willingness of the board to adopt a questioning and independent approach to issues at hand.

Implicit in the above mentioned factors is the reality that the BOD must comprise of individuals of integrity, high ethical standards and unquestionable character who will not only comply with the requirements of the codes of corporate governance but who will actually believe in and uphold the values entrenched in those codes. This is the particularly important because apart from a selected few, many codes are voluntary and not legislative. Hence studies such as Ogbechie, Koufopoulos and Argyropoulou (2009), Abdullah (2004), Pass (2006), Mclntyre, Murphy and Mitchell (2007), Kyereboah-Coleman and Biekpe (2007), Collier (2004), Petrovic (2008), Van der Walt, Ingley, Shergill and Townsend (2006), Marimuthu (2008), Belkhir (2009), Brauer and Schmidt (2008), Kakabadse, Kakabadse and Baratt (2006), Murphy and Mclntyre (2007) and Petra (2005) have concentrated on board composition and characteristics and their effect on organizational performance. Overall organizational performance is a reflection of the implementation of the various projects and activities within the organization.

2.3.2. Corporate governance models

Corporate governance has been implemented in different ways throughout the world and its practice varies across nations and organizations along dimensions like control structures, financial systems, legal regimes, business circumstances and competitive conditions thus reflecting divergent societal values. A comparison of existing literature indicates that corporate governance reforms and the phenomenon of corporate governance in general have been captured in simple dichotomous distinctions (Heugens and Otten, 2007; Abdesselam, Cieply and Nadant, 2008) and that national systems of corporate governance can therefore be classified into two distinct models: the shareholder (Anglo-American) model and the stakeholder (Continental European) model (Goergen, Manjon and Renneboog, 2008; Ooghe and Langhe, 2002).

Whereas in the shareholder model of corporate governance - widely practiced in the UK and USA - the ownership structure of the firms tend to be dispersed among a myriad of small shareholders and capital markets are highly developed; in the stakeholder model which is dominant in Germany and Japan, the role of the stock market in the provision of financing is less pronounced, banks play a central role in both financing and governance activities and most firms have a large, controlling shareholder (Goergen, Manjon and Renneboog, 2008). These differences are summarized in Table 2.1.

Table 2.1: Shareholder versus Stakeholder Corporate Governance Models

	Shareholder Model	**Stakeholder Model**
1.	Great management power	Great shareholder power
2.	Free-riding problem	Conflicts of interest
3.	Over-investments	Limited financial resources
4.	Problem of control	Movement of cash flows
5.	Short-term problem	

Source: Van Hulle (1997)

2.3.3. The convergence debate

Because of the aforesaid merits and demerits and their potential consequences, questions have arisen as to which model of corporate governance is optimal: the shareholder model or the stakeholder model. Which of the two is less flawed than the other? This has resulted in the ongoing convergence debate – some arguing that there is a convergence towards the shareholder model.

Studies in this area have returned varied findings. Sam (2007) in his study of Asia concluded that it is neither appropriate nor necessary to apply the Western ideas of corporate governance in a wholesome manner. Rather than doing this, each model should be recognized and respected in terms of its merits and demerits. Rossouw (2009) in his study of the four regions: Africa, Asia, Continental Europe and North America found that there is divergence rather that convergence and argued that the divergence should be appreciated as an indication of context specific factors, while Khanna, Kogan and Palepu (2006) concluded that globalization may have induced the adoption of some common corporate governance standards, but there is little evidence that these standards have been implemented.

A study by Lane (2003) on convergence toward the shareholder model in German corporations, found that transformation is already taking place in the German system with support from powerful actors within the German economy particularly large banks, internationally oriented and listed German Companies and some government ministries. A similar study conducted by Goergen, Manjon and Renneboog (2008) on the other hand showed that most of the features of the German system are still intact. However, the study noted that the German system had experienced some cultural changes such as the principles of shareholder value and stock-based remuneration packages which make it more similar to the shareholder system than one would expect.

Sarra and Nakahigashi (winter 2005-2006) in their study on Japan found that a majority of Japanese companies do not list on overseas markets. Hence, while there has been increasing competition for capital there has been less pressure for Japanese corporations to conform to Anglo-American securities and governance standards imposed by listings on international exchanges. This is likely to result in hybrid forms of corporate governance as opposed to adoption of the shareholder model. A study by Wang (winter 2005- 2006) also revealed that China has opted to fuse the American and German Corporate practices with their Chinese characteristics.

The divergent views exposed by the studies referred to above, provide grounds to infer that the convergence debate may be misplaced and even misguided. Critics of this debate have stressed the need to customize governance frameworks to national and business contexts while taking into consideration the cultural and other social factors that may come into play even at the industry level.

2.3.4. Interpreting the models in the NGO context

2.3.4.1. The shareholder model

From the NGO perspective, the shareholder model reflects the traditional approach to accountability and is interpreted according to the principal-agent model where principals delegate authority to agents to act in their interests. Accountability is ensured through economic and legal incentives and sanctions.

However, this understanding is narrow and restrictive, as it affords only those with formal authority over an NGO the right to hold it accountable. Within the NGO context, therefore, the interpretation of this model permits organizations to focus on their accountability relationships with donors, governments and their board of governors (BOD), to the exclusion of other stakeholders such as the communities they purport to serve with the projects they implement. Moreover, this approach tends to propagate the minimalist view that NGO accountability is mainly about how money is spent and how the fund-raising can be maintained (Slim, 2002).

2.3.4.2. The stakeholder model

NGO accountability is better understood through the stakeholder approach, which transfers the right to accountability from exclusively those that have authority over an organization to multiple stakeholders including those that may be affected by the organization's policies, procedures, processes and even projects, thus making accountability a more inclusive and open concept. The open and participatory approach creates positive feedback that enables organizations to learn and ensures that decisions are made in a fair and equitable manner. Viewed from this broader perspective, accountability shifts from being a simple mechanism for either rewarding responsible managers or disciplining errant managers and becomes a force for social change (Lloyd, 2005).

According to this approach NGOs are accountable to stakeholders in four different ways: upwards to the donors, foundations and governments that provide them with the legal and financial support for their operations; downwards to their beneficiaries, that is, those expected to gain from the projects they implement or on whose behalf they purport to speak in policy forums; inwards to themselves in terms of respecting and honoring their organizational mission, values and staff effort; and horizontally to their peers with regard to upholding the standards of professionalism and reputation of the sector (Edwards and Hulme, 1996).

Lloyd (2005) argues that the strength of the aforementioned accountability relationships varies depending on the relative power wielded by each group of stakeholder over the NGO. Donors and government, for example, enjoy solid accountability relationships because they can reinforce NGO accountability through their financial leverage and by creating the legal and regulatory framework within which NGOs must function. On the other hand, the accountability relationships between NGOs and their beneficiaries and peers tend to be fragile attributable to the fact that these groups of stakeholders lack adequate power to demand accountability from the NGOs. This notwithstanding, NGOs have a moral obligation to be accountable to these two particular groups of stakeholders.

2.3.5. Governance and project management

According to Cicmil (2000), project management has traditionally been regarded as an exclusive management process of scientific nature characterized by a range of specific techniques developed for planning, monitoring and control of project performance and quality. Viewed from this perspective, it has mainly focused on the complexity and improvement of the processes and procedures involved in project implementation. Today however, the scope of project management has widened as managers face challenges in delivering successful projects within a climate of high uncertainty (Bourne and Walker, 2005). Programme management has thus shifted its focus and is being increasingly accepted as an inclusive concept integrated into general organizational endeavor to provide better quality to stakeholders through effective intra-organizational integration and optimal resource utilization (Cicmil, 2000).

Cicmil (2000) further claims that:

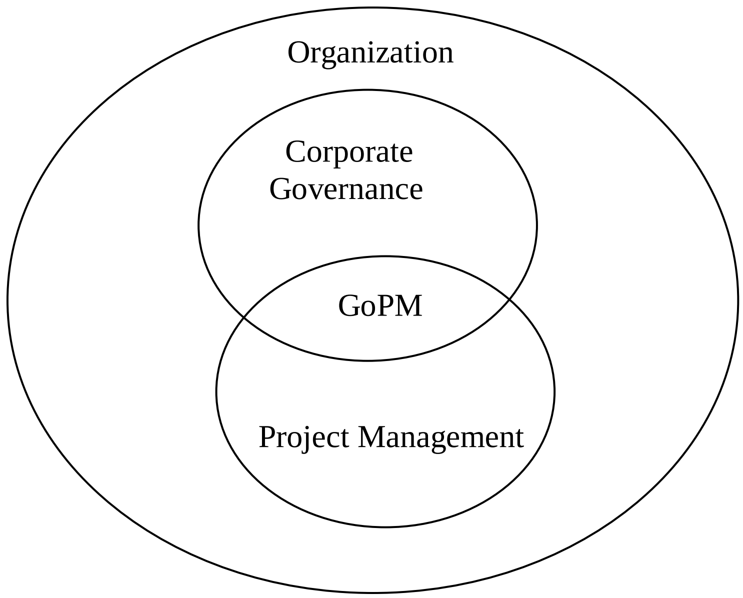
> *"It is commonly acknowledged that projects fail to deliver because of a combination of inadequate planning, wrong selection of personnel, lack of change management and the absence of feedback".*

Crawford, Cooke-Davies, Hobbs, Labuschagne, Remington & Chen (2008) purport that, after several decades of attempting to improve project success by focusing on project-based management and project management competence, it is now recognized that project success is not entirely within the control of the project manager and project team; and that other contextual issues are important in shaping the progress and outcomes of projects. For example, the numerous corporate scandals experienced in the recent past have highlighted the need for accountability, transparency as well as the ability to implement strategy and a key emerging theme in the field of project management is the importance of governance in project implementation.

Studies in the area of project governance have covered broad issues such as the effective governance of projects, programs, and organizational portfolio (Deenen, 2007; Weaver, 2005; Weaver, 2007; Morris & Jamieson, 2004; Pells, 2007; Maharaj, Heil and Renseburg, 2006) and effective organization and functions of the project management office, project support office and project management center for excellence (Hobbs & Aubry, 2007). Winch (2006), Pryke (2005) and Pryke and Pearson (2006) in their respective studies propose the need to investigate the governance of project coalitions and the social networks theory while Renz (2007) has specifically focused on project governance in Non-Profit Organizations.

As represented in Figure 2.2., project governance is a sub-set of the overall corporate governance. It outlines the relationship between all internal and external project stakeholders, describes the proper flow of information to all project stakeholders, ensures appropriate review of issues encountered within a project and ensures that required approvals and direction for the project are obtained at each stage of the project life cycle.

Figure 2.2.: Governance of Project Management in Context



Source: Shannon, 2004

The term 'project governance' is used to describe the processes that are necessary for successful project implementation (Deenen, 2007). Also referred to as governance of project management, APM (2007:4) defines it as follows:

> *"Governance of project management (GoPM) concerns those areas of corporate governance that are specifically related to project activities. Effective governance of project management ensures that an organization's project portfolio is aligned to the organization's objectives, is delivered efficiently and is sustainable".*

Additionally, APM (2007) outlines the eleven overarching principles of GoPM to include:

i) The Board has overall responsibility for governance of project management;

ii) The roles, responsibilities and performance criteria for governance of project management are clearly defined;

iii) Disciplined governance arrangements supported by appropriate methods and controls, are applied throughout the project life cycle;

iv) A coherent and supportive relationship is demonstrated between overall business strategy and the project portfolio;

v) All projects have an approved plan containing authorizing points at which the business case is reviewed and approved. Decisions made at authorization points are recorded and communicated;

vi) Members of delegated authorization bodies have sufficient representation, competence, authority and resources to enable them make appropriate decisions;

vii) The project business case is supported by relevant and realistic information that provides a reliable basis for making authorization decisions;

viii) The board or its delegated agents decide when independent scrutiny of projects and project management systems is required, and implement such scrutiny accordingly;

ix) There are clearly defined criteria for reporting project status and for the escalation of risks and issues to the levels required by the organization;

x) The organization fosters a culture of improvement and of frank internal disclosure of project information; and

xi) Project stakeholders are engaged at a level that is commensurate with their importance to the organization and in a manner that fosters trust.

Project governance lays emphasis on eliminating project failure by doing the right projects – in the terms of prioritization, selection as well as alignment to organization strategic objectives, and doing them right all the time (Weaver, 2007). The aim is to leverage the minimums of good governance imposed by regulation and legislation in order to create a system that can generate real benefits and not to enforce blind conformance to the minimums (Weaver, 2005). Weaver (2007:4) further states that:

> *"... it focuses on areas of corporate governance related to project activities including:*
>
> *a) Project direction;*

b) *Project sponsorship;*
c) *Project management and efficiency; and*
d) *Disclosure and reporting".*

The governance regimes for projects comprise the processes and systems that need to be in place to ensure successful project implementation and would typically include a regulatory framework to ensure adequate quality at project commencement, compliance with agreed objectives, management and resolution of issues that may arise during the projects and standards for quality review of key governance documents. Deenen (2007:194) therefore asserts that:

"Important specific elements of good project governance include:

a) *A compelling business case, stating the objectives of the project and specifying the in-scope and out-of-scope aspects;*
b) *A mechanism to assess the compliance of the project to its original objectives;*
c) *Identification of all project stakeholders;*
d) *A defined method of communication to each stakeholder;*
e) *A set of business-level requirements as agreed to by all stakeholders;*
f) *An agreed specification for the project deliverables;*
g) *The appointment of a project manager;*
h) *Clear assignment of project roles and responsibilities;*
i) *A current, published project plan that spans all project stages from project initiation through development to the transition to operations;*
j) *A system of accurate upward status-reporting and progress-reporting including time records;*
k) *A central document repository for the project;*
l) *A centrally-held glossary of project terms;*
m) *A process for the management and resolution of issues that arise during the project;*

n) *A process for the recording and communication of risks identified during the project; and*
o) *A standard for quality review of the key governance documents and of the project deliverables".*

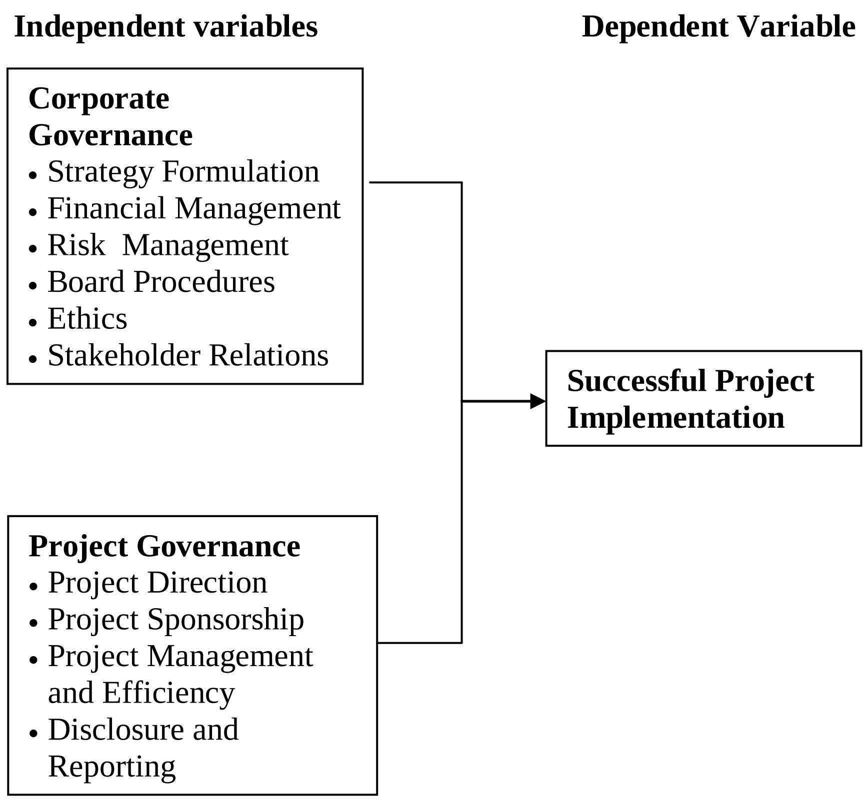
With these systems and procedures in place, it is possible to visualize a scenario whereby an organization is able to detect and mitigate project risks effectively, manage group dynamics in project implementation, draw valuable lessons from the implementation of its past projects and improve in the implementation of the future projects and while at it, progress towards the development of best practices.

2.4. Conceptualizing the Role of Governance in Project Implementation

Conventional wisdom on governance predicts that good corporate governance enhances firm performance. It is generally believed that organizations with good corporate governance structures perform better than those without. Although many studies have produced inconclusive results, others such as (Mehdi, 2007; Gruszczinsky, 2006; Raja and Kumar, 2007/2008; Barako and Tower, winter 2006-2007; Kyereboah-Coleman, 2007; Wilkes, 2004 and Chiang, 2005) have found that there is a positive correlation between corporate governance and organization performance. Arguing along the same lines, we conceptualize that since projects are undertaken to serve corporate objectives, good corporate governance practices will trickle down to the project level. The adoption of good corporate and project governance practices in NGOs should therefore create an opportunity towards improving their accountability, transparency and credibility thereby augment NGO performance and by extension, project implementation.

The conceptual framework shown in Figure 2.3 combines the key features of traditional corporate governance as applicable to the NGO sector and the project governance dimensions that are construed to foster successful project implementation.

Figure 2.3.: Conceptual Framework for Successful Project Implementation



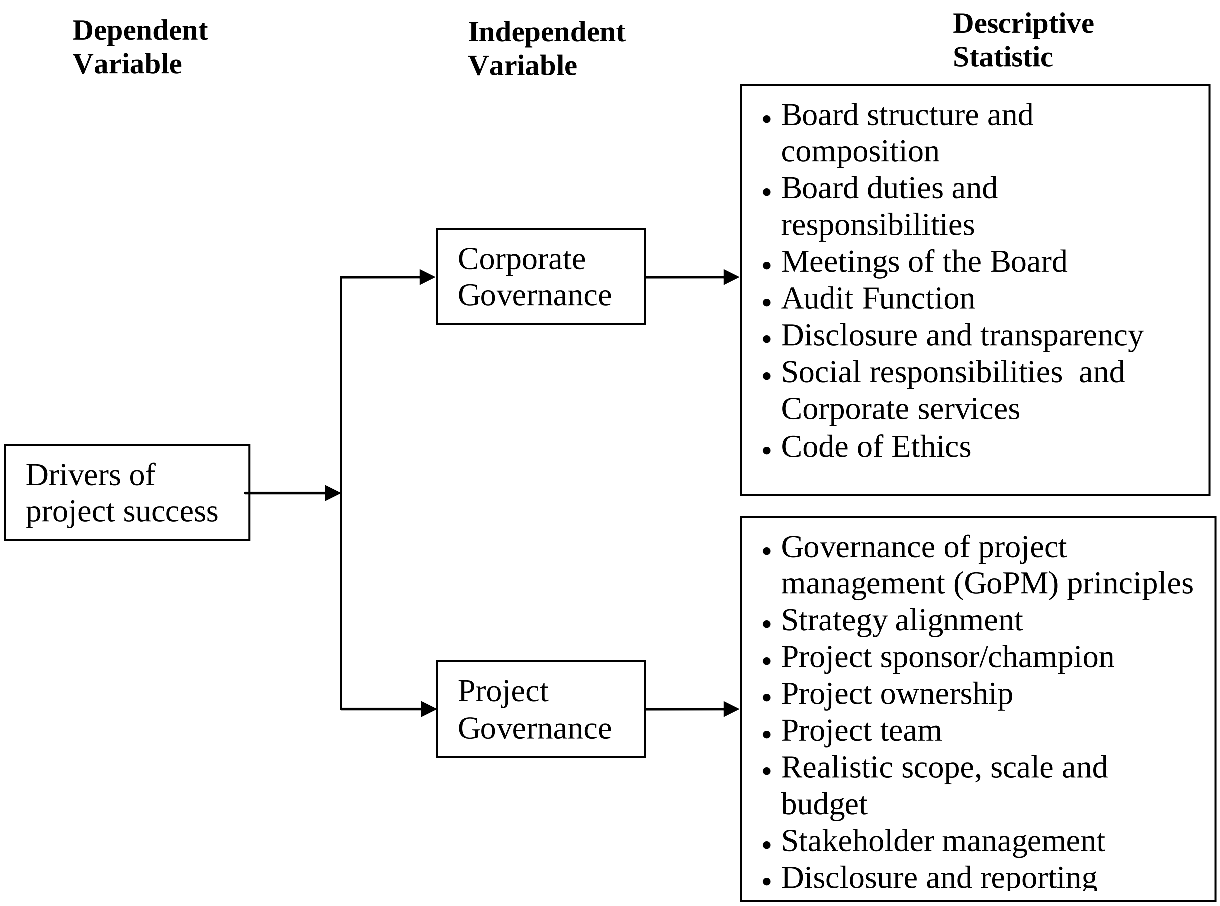
Source: Adopted from Carver (1997) and Kilminster (1993)

2.5. Operational Framework for Successful Project Implementation

The aim of this study is to develop a coherent and integrated set of principles of good governance and ethical managerial practices for project implementation. It is necessary therefore to 'think out of the box' beyond our conventional confines and ask pertinent questions. Caver (2007:1032) claims that the relevant questions to pursue then would include: "What governance methodology can assure primary commitment to all project stakeholders? How can individual directors' advice be used by management without endangering the holism - the one group voice - of the board? How can the board be as proactive in governance as the CEO is expected to be in management – without being meddle-some? Are there crucial ways in which group responsibility as found in governance differs from individual responsibility as typical in management? Are there decisions that should be made only by the board, not in any way shared with management? Given that a board is expected to add value and given that there are a number of values that directors might add or might withhold, which values or board "products" constitute the irreducible minimum of values-added for the board to be said to have fulfilled its jobs?" Answering these questions appropriately will be a step toward meeting the research objectives.

By integrating the different dimensions of corporate governance and project governance and adopting the stakeholder approach to corporate governance which is more apt in the NGO setting, we develop an operational framework for successful project implementation applicable for purposes of this study as represented in Figure 2.4. An analysis of the descriptive statistics and other factors under each dimension will form the basis of the study.

Figure 2.4.: Operational Framework for Successful Project Implementation



Source: Author

2.6. Conclusion

Project success should not only be measured in terms of cost, quality and timeliness. Other aspects such as stakeholder satisfaction and corporate reputation are also important measures of successful project implementation. This is especially true within the NGO sector where project activities and outcomes affect multiple stakeholders and where funding of subsequent projects depends largely on the performance of past projects.

Good governance promotes openness, trust and fairness in the management of stakeholder relations. Whereas it may not enforce ethical managerial practices per se, good governance provides the checks and balances that if well applied can preclude unethical behaviour amongst managers and guide them towards being good stewards. By incorporating corporate governance into project implementation within the framework of the stakeholder model of corporate governance, NGOs may be better equipped to meet the varying and sometimes conflicting needs of the different project stakeholders. This is an important and feasible avenue for improving project success.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1. Introduction

In this chapter the research strategy for analyzing governance in project implementation is developed. The chapter provides a detailed analysis of the theory and practice of research methodologies by highlighting the broad paradigms of research and discussing the methodologies under each paradigm. Thereafter, the selected research methodology and the data collection techniques that guided the description and interpretation of this study are presented. The subsequent section outlines the guiding themes and procedures that were used to analyze the data thus obtained. The chapter then concludes by highlighting the ethical issues that were taken into consideration prior to, during and after the study was completed.

3.2. Theory and Practice of Research Methodologies

3.2.1. Methodological paradigms

The theoretical perspective selected for any study should be congruent with the purpose of the research, justify the selection of the methodology and approaches used to execute that purpose and also provide an avenue for answering the research questions set forth (Crotty, 1998). A theoretical perspective therefore provides a logical basis for the processes involved in the research, structures the research design, gives direction for data collection and provides a basis for data analysis.

The philosophy of research can be categorized into two broad paradigms, namely positivism and interpretivism. These paradigms and the range of methodologies available under each are discussed in the sub-sections that follow.

3.2.1.1. Positivism

Positivism is associated with scientific, experimental, quantitative and deductive frameworks of research. The researchers, who adopt this approach show preference for working with observable social realities, are detached from the data being collected and focus on descriptions, explanations and uncovering facts (Ticehurst and Veal, 1999). Such researchers seek precise and quantifiable observations and will often use statistics and experiments to test their hypotheses (Neuman, 1997). Usually, the positivism approach results in law-like generalizations similar to those produced by physical and natural scientists (Remenyi, Williams, Money & Swartz, 1998).

Research methodologies such as observation studies, correlation studies, developmental designs and survey research are classified under this paradigm. These methodologies are described below.

a) Observation studies:

In the context of positivism, observation studies focus on particular aspects of behaviour that are quantified in some way. In this case, the researcher may use various techniques such as counting the occurrence of behaviour in order to determine its overall frequency or rating the behaviour for accuracy and intensity of maturity (Leedy and Ormrod, 2005).

Leedy and Ormrod (2005) further assert that the main challenge in observation studies is that it is time consuming, owing to the fact that it involves a lot of prior planning and may call for a pilot study, thorough attention to detail as well as help from one or more research assistants. This may be a costly affair. This notwithstanding, an observational study has the potential of producing data that may reveal the richness and complexity of human behaviour.

b) Correlation studies:

Leedy and Ormrod (2005:180) contend that a correlation exists if an increase in one variable leads to either an increase or a decrease in another variable, in a manner that is fairly predictable. They go further to state that:

> *"A correlation study examines the extent to which differences in one characteristic or variable are related to differences in one or more other characteristics or variables*".

A key weakness of this method is the possibility of faulty logic, a situation that occurs when a researcher presupposes that since two variables are correlated, then one must influence the other in some way. It is therefore imperative for researchers who adopt this methodology to understand that correlation does not necessarily indicate causation.

c) Developmental designs:

This type of research design is used in a variety of disciplines but mainly in developmental research, where the focus is on how a particular characteristic changes as people grow. There are two distinct types of developmental designs: cross-sectional studies and longitudinal studies. Whereas in a cross-sectional study a researcher samples and compares different groups of people or sets of characteristics at a particular point in time, in a longitudinal study a single group of people or characteristic is studied over a period of time – usually several months (Leedy and Ormrod, 2005).

Cross-sectional research tends to be more manageable than longitudinal research. However, Leedy and Ormrod (2005) indicate that both have some demerits. By virtue of the lengthy period of time dedicated to data collection in a longitudinal study, the researcher may invariably lose some participants along the way due to various reasons. Moreover, there is a likelihood of the remaining participants improving on their responses or behavior with time – as a result of practice or familiarity - especially when the same research instrument is used over and over again. A cross-sectional study on the other hand has two major drawbacks: firstly, different groups may possess different inherent characteristics, hence limit comparison and secondly, it is impossible to measure correlations between different characteristics.

d) Survey research:

According to Leedy and Ormrod (2005), survey research entails obtaining information about one or more groups of people by asking a sample of the population being studied questions and tabulating their responses. After summarizing these responses by calculating percentages, performing frequency counts or using other more complex statistical methods, the researcher is able to make deductions about the whole population. This is referred to as generalization – a merit of this research design.

On the flip side however, generalizations can be misleading because by and large, they are based on assumptions. Additionally, under the survey research design, the researcher relies heavily on self-report data and consequently there is a risk of misrepresentation of facts either knowingly or unknowingly.

3.2.1.2. Interpretivism

Newman (1997) argues that positivism has been criticized for reducing people to numbers and for being concerned with abstract laws and formulas that tend to be irrelevant to the actual lives of real people. Generalizations based on the positivist approach may therefore fail to explain the uniqueness of particular situations and to capture rich insights into this complex world.

On the contrary, the interpretative approach otherwise referred to as hermeneutic, qualitative, phenomenological or inductive research, is based on the view that researchers study meaningful social action - not just the external or peoples' observable behaviour, and endeavor to capture the rich complexity of social situations (Saunders, Lewis and Thornhill, 2003). This approach attempts to understand issues from the subjects' perspective. Hence, when using it, the researcher interprets the information availed to him/her based on his/her understanding of the situation and becomes a part of the research process (Ticehurst and Veal, 1999).

Various methodologies are available under the interpretivism paradigm. These methodologies, which include case study, ethnography, phenomenological study, grounded theory study and content analysis, are discussed hereafter.

a) Case study:

Yin (2003:13) defines case study research as:

"…an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident".

The case study approach seeks to understand parts or patterns within a case by understanding the inter-relationships between the parts, and thus how they form a whole. This holistic approach can be contrasted to the analytical approach, which assumes particular parts or patterns can be studied in isolation. By contrasting the two, it becomes evident that a holistic approach such as a case study is most appropriate for any research that seeks to understand the whole configuration of a situation (Sturman, 1997). Further, because of its extensive description and analysis of the circumstances, the case study design aims at gaining a deeper understanding of such circumstances and of the meaning which those involved in the study give to their experiences (Merriam, 1998).

A review of literature on case study reveals that it has a number of strengths and weaknesses. Generally, the case study approach has been criticized for being 'soft' with many uncontrolled variables, for being ambiguous in design and inherently biased (Hutchinson, 1988). Nevertheless, Yin (1989) has argued that case studies are particularly useful in examining the "how" and "why" aspects of real life phenomenon which cannot be manipulated by the researcher. The extent of data required to answer the how and why questions inherent in case study also serve to strengthen it as an approach that will yield meaningful results (Hutchinson, 1988). However, this strength arising for the large quantum of data yielded also reveals a major weakness: the presence of so much data may overwhelm the researcher (Yin, 1989). Moreover, because it seeks to understand a bounded, defined case, the case study methodology has also been criticized for it inability to make generalizations to the wider population. Nonetheless, Cohen and Mannion (1994) contend that the deep probing and intensive analysis of the diverse phenomena occurring within the defined unit allows for generalizations about the wider population to which the unit belongs to be made. Stenhouse (1980) also raises an important problem area within case study research: the need to gather evidence in such a way as to make it verifiable and accessible to critical assessment. Essentially this is directly related to the issue of validity which is critical in any qualitative research.

b) Ethnography:

Ethnography is interpretive in nature, focuses on studying an entire group that shares a common culture and is especially useful for gaining an understating of the complexities of a particular, intact culture (Leedy and Ormrod, 2005). Rather than simply describing what a researcher sees in a research setting, an ethnographer seeks to understand what those observations mean. Hence, an ethnographer will go beyond just seeking to know that something happened differently across groups, and will be more concerned with discovering why something happened differently across groups (Kelly and Gibbons, 2008).

Several challenges are associated with this research method. It is generally understood that ethnographies are more expensive than traditional qualitative methodologies. Traditional ethnographies done by academics usually take months or years to complete and call for a lot of patience and tolerance on the researcher's part (Leedy and Ormrod, 2005). Ethnography can produce rich, detailed data which may raise expectations and produce actionable ideas. Managing such expectations can be problematic. Additionally, it also can produce a lot of 'interesting' information that does not cohere into anything useful, especially if those for whom the study is conducted cannot devote time and attention to digest and analyze the rich stream of data, along with the researchers.

c) Phenomenological study:

According to Leedy and Ormrod (2005:139),

> *"A phenomenological study attempts to understand people's perceptions, perspectives and understandings of a particular situation".*

The aim of such studies is to discover and describe the common elements and themes that comprise the experience of the phenomenon being studied.

Phenomenological studies typically involve small groups of participants and use open, explorative data collection methods to investigate the qualitatively different ways in which a phenomenon can be experienced. The utterances of the participants are combined to form a pool of meaning with regard to the phenomenon. Analysis is an iterative, interpretive process in which the researcher seeks to describe the distinctly different ways of experiencing the phenomenon which will allow each utterance to be understood from a participant's perspective, according to the way the participant experiences the phenomenon (Booth, 1992).

Like other qualitative studies in general, the rigor and precision of phenomenological studies is a contentious issue that has been discussed theoretically with no clear resolution (Sandberg, 1997). As such validity and reliability concerns remain some of the main shortcomings of this research methodology and should be afforded adequate consideration.

d) Grounded theory study:

A grounded theory study focuses on a process related to a particular topic, with the ultimate goal of developing a theory about that process (Creswell, 2002). This research method calls for a continual interplay between data collection and analysis to produce a theory during the research process. Hence, in a grounded theory study, data collection, analysis and theory stand in a reciprocal relationship with one another (Strauss and Corbin, 1990).

In grounded theory, the 'theory' comes from the data. The investigator does not attempt to impose a theory from another study onto the data. This means that information from participants determines what is explored in the research, the literature searched, the research question developed and the number of participants in the study (Cutcliffe, 2000).

The grounded theory methodology follows a detailed seven step process of familiarization, reflection, conceptualization, cataloguing concepts, recoding, linking and re-evaluation. Nonetheless, this approach has been criticized for failing to give proper attention to data collection techniques and to the quality of the data gathered. Through subjectivity and bias, a researcher may inadvertently place data into a category where it does not analytically belong. Furthermore, some researchers who adopt this methodology, use poorly developed categories and sub-categories, thereby compromising their conceptual density (Corbin and Strauss, 1990).

e) Content analysis:

Leedy and Ormrod (2005:142) define a content analysis as:

> *"... a systematic examination of the contents of a particular body of material for the purpose of identifying patterns, themes and biases".*

Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic manner. It can be a useful technique for allowing us to discover and describe the focus of individual, group, institutional or social attention and also provides an opportunity for the researcher to make inferences that can be corroborated using other methods of data collection (Weber, 1990).

This technique has two major shortcomings: lack of objectivity and by extension inter-rater reliability. As such the technique is susceptible to the infiltration of subjectivity and interpretive bias. Inter-rater reliability refers to the extent to which different coders, each coding the same content, come to the same coding decisions. Potter & Levine-Donnerstein (1999) regard reliability of data as an important part of content reports and argue that if content analysts cannot demonstrate strong reliability for their findings, then people who want to apply these findings should be wary of developing implementations.

3.3. Research Methodology

The research orientation chosen to guide the conduct of this study factored in the influence of the context and personal meaning from both the researcher's and participants' perspectives as they seek to construct their understanding of governance in project implementation. In light of the foregoing discussions, the interpretivist paradigm was deemed appropriate for this study.

Candy (1989) argues that the aim of the interpretivism approach is to understand the values, attitudes and beliefs which influence people to act in a particular manner. This provides an opportunity for the researcher to understand the nature of the participants' interaction with their working environment. The author further claims that interpretivist research takes the following assumptions into account:

a) The influence of the context on human behaviour;
b) The difficulty in gaining complete objectivity because of the influence of personal meaning on the participants;
c) The emphasis on developing an understanding of a number of individual cases rather than seeking to make generalizations; and
d) The influence of the researcher's own value systems in relation to the research problem.

Evidently, a number of methodological approaches fall within the interpretivist paradigm. However, the case study research design was selected for this study. This is because as already alluded to in the preceding sections, case studies are the preferred strategy when addressing the 'why' and 'how' questions. More precisely the research pursued a single case study research design, because it seeks to identify the unique and exceptional qualities of SNV – the organization under investigation - with a view to promoting an understanding of and informing the practice of governance in project implementation across other NGOs in Kenya and maybe even further.

3.4. Data Collection

Various techniques are available for data collection within the case study research design. These include documentation, archival records, direct observation, participant observation, interviews and physical artifacts (Yin, 1989). In this case study, however, four techniques were employed in order to gather the relevant data: systematic literature review, interviews, archival analysis and site visits. The procedures that were carried out under each technique are described in the sub-sections that follow.

3.4.1. Systematic literature review

Review of literature is a means of identifying, evaluating, synthesizing and interpreting all available research relevant to a particular research question, topic area or phenomenon of interest. The individual studies contributing to such a review are called primary studies whereas the review itself is a form of secondary study (Kitchenham, 2004).

Most research usually starts with some sort of a literature review. However, unless a literature review is thorough and fair, it is of little relevance and scientific value, hence, the rationale for undertaking systematic reviews. A systematic review synthesizes existing work done in a particular area in a fair manner. For example the use of a predefined search strategy is a good way of ensuring that a thorough and comprehensive literature review is carried out

In this study a traditional literature review was conducted by using key word searches on various online databases such as Business Source Complete, Science Direct, Emerald and ABI Inform. Other sources of information included various organizational websites as well as internet search portals like Google Scholar. The survey relied heavily on peer reviewed articles published in international journals specializing on corporate governance, project governance and project management. To a small extent, the study also utilized reports from smaller journals, conference papers and the 'grey literature' which included popular articles, unpublished reports, internet materials and extracts from local newspapers. Keywords relevant to the study, for example, corporate governance, project governance, project management good practices, project management methodologies, project management approaches, project success, project failure and governance in Non-Governmental/Not-for-Profit Organizations were used to search for and filter out the articles that were relevant for the study. The articles found were then systematically organized along the main themes of the study.

By undertaking a systematic literature review, the researcher was able to:

- Summarize the existing evidence concerning the topics of corporate governance, project governance and project management;
- Examine the extent to which empirical evidence supported or contradicted the theoretical propositions introduced in Chapter One; and
- Identify the gaps in current research in order to suggest areas for future investigation.

3.4.2. Interviews

Bogdan and Biklen (1998) have described an interview as a purposeful conversation usually between two or more people, directed by one in order to get information from the other. Interviews are a necessary source of case study data because they provide the researcher with important insights into the experience of what is being studied from the perspective of the participants (Merriam, 1998). Interviews are also valuable in qualitative research because according to Sarantakos (1993:177)

> *"...they are prepared and executed in a systematic manner, are controlled by the researcher to avoid bias and distortion and are related to specific research questions and specific purposes".*

Interviews were used as a second method of data collection in this study. Specifically, semi-structured interviews were conducted whereby interviewees were asked a set of pre-determined questions as detailed out in Appendix 2. The research questions and objectives advanced in Chapter One served to focus the development of a broad framework of questions that were relevant for the preparation of the interview guide. The interview questions were prepared on the basis of review of existing literature on corporate governance and project governance and were developed in a manner that would facilitate the collection of adequate information about the variables presented in the conceptual and operational frameworks discussed in Chapter Two. The interview guide comprised a total of 80 questions - 34 questions on corporate governance, 42 questions on project governance and 4 questions exploring the drivers of good governance. The questions specific to project governance were borrowed directly from the GoPM – APM, 2004 which outlines a set of 42 questions that the board of directors should ask to satisfy themselves and their stakeholders that effective project governance exists in an organization (www.apm.org.uk). All the 80 questions were divided into 3 main themes and 14 sub-themes as presented in Table 3.1 below.

Table 3.1: Summarized Interview Guide

No.	Main Theme	Sub-Theme	Section/Questions
1.	Corporate Governance	Board structure and composition	A: 1-5
		Board duties and responsibilities	B: 6-11
		Meetings of the Board	C: 12-14
		Audit function	D: 15-22
		Disclosure and transparency	E: 23-28
		Social responsibility and corporate services	F: 29-34
2.	Project Governance	Portfolio direction	G: 35-44
		Project sponsorship	H: 45-55
		Project management effectiveness and efficiency	I: 56-64
		Disclosure and reporting	J: 65-76
3.	Drivers of Good Governance	Facilitators	K: 77
		Benefits	L: 78
		Challenges/Lessons Learnt	M: 79
		Evolution of Best Practices	N: 80

Source: Author

Whereas the use of an interview guide provided some level of control and direction to the questions asked, it also allowed the researcher greater flexibility in the sequencing and wording of the questions. The questions were simple, easy to understand, analytical in nature and afforded the interviewees some degree of freedom to discuss the subject matter in each question critically. The researcher did not at any one time give her own opinion, beliefs or feelings about the subjects advanced in the study.

3.4.2.1. Interview procedures

The selection of interviewees was based on their positions within the organization and the nature of their work. Those selected were perceived to possess a wealth of knowledge or have access to important information, by virtue of their functions and roles – information which may not have necessarily been available to other employees. Additionally, they were deemed to have a broader view of the organization's processes and procedures with respect to project conception, design, implementation, evaluation and dissemination. As such, those interviewed included:

- The Country Director;
- 1 Portfolio Manager; and
- 2 Project managers.

The initial interaction with the main contact person – The Country Director - was by email, followed by telephone contact to clarify issues relating to the study and the proposed interviews. However, in the case of the portfolio and project managers, the main contact person was requested to communicate with them officially first. This was done as a matter of protocol, to ensure that they did not feel ambushed by the researcher and to enhance their support during the interviews and site visits. After receiving a go ahead from the Country Director, the researcher then communicated with each of them via email followed by telephone calls within a week of sending the emails.

Due to the busy schedules of the selected interviewees, the contact person was instrumental in scheduling the interviews. The interviews were scheduled to take place within the first two weeks of September 2009 with specific dates being pegged to the interviewees' availability. Appointments of approximately one hour duration were sought and the interviews took place at SNV offices in Nairobi. Details of the research and its expected outcomes were fully disclosed to each participant prior to their interview sessions (refer to section 3.7 on ethical considerations). To manage the flow of the conversation and to capture all the information provided, the interview sessions were audio taped; and all participants were made aware of the fact that their responses are being recorded. At the end of the interviews, the researcher thanked each participant for having contributed towards the study.

3.4.3. Archival analysis

Archival data is most commonly collected through the process of systematically and painstakingly working through documents. Nevertheless, Hammersley and Atkinson (1983) caution that rather than being viewed as another source of data, official documentary evidence and statistics should be treated as social products; they must be examined, not simply used as a resource. Furthermore, the accuracy of the records should be evaluated before using them.

In this study, documents such as annual reports, regional office reports, project reports, SNV's strategic plan, newsletters, program manuals and newspaper clippings were examined. This was done mainly to achieve a deeper understanding of the policy and practice environment within which SNV as an organization operates. Short notes focusing on the key themes of corporate governance, project governance and project implementation, were taken during this exercise.

3.4.4. Site visits

Through site visits, the researcher was able to collect additional information and ascertain the status of project implementation as well as some of the key issues arising from the archival analysis and interviews. The site visits presented an opportunity for the researcher to hold informal meetings with the some of the project stakeholders available on the ground and get an insight into their perceptions about whether their projects - both on-going and completed – were being/had been successfully implemented. Short notes were taken during these informal meetings. Additionally, photographs were taken to provide further documentary support and add weight to the verbal and written evidence availed on project status and outcomes. The site visits were planned to run back-to-back with the interviews, hence they also took place during the first two weeks of September 2009.

3.4.4.1. Selection of projects

The population relevant for this study was defined as all the projects implemented by SNV in Kenya. However, since it is impractical to survey the whole population, a sample was selected. Due to time and budgetary constraints as well as accessibility considerations, the sample was restricted to projects implemented between January 2006 and the time of the field visits, that is, September 2009. Probability sampling – more specifically the simple random sampling technique - was used to select the projects that were visited. A manageable sample of three projects was selected.

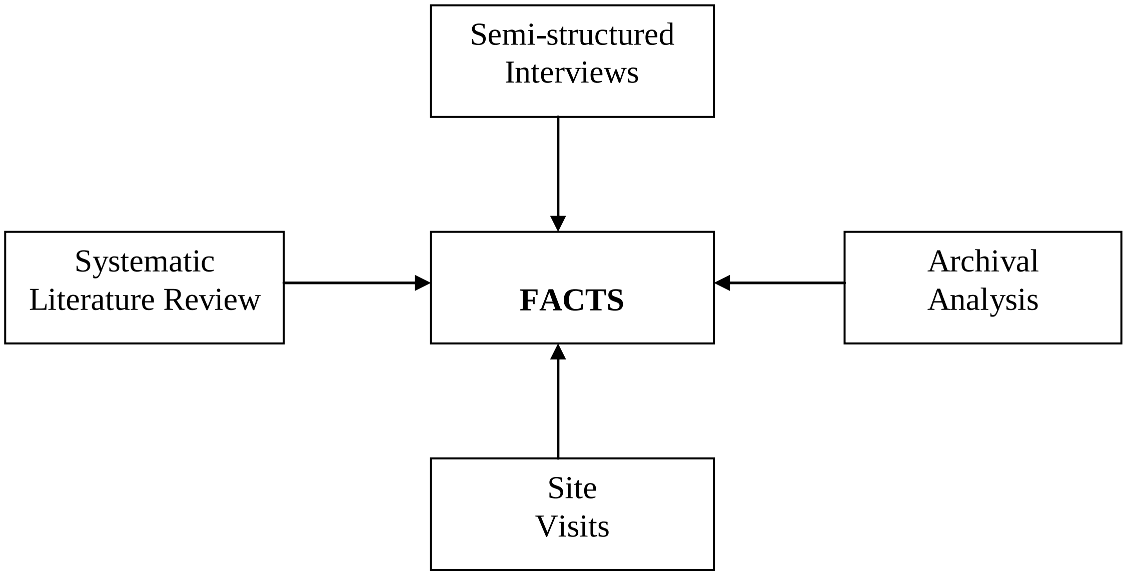
3.5. Enhancing Validity

Whereas in quantitative research the focus is on the measuring instrument, in qualitative research, the researcher is the instrument and the issue of achieving validity is not easily defined (Patton, 1990). Consequently, the skills, competence and rigour of the interviewer in qualitative research are vital in establishing validity in qualitative research. Janesick (1994) contends that qualitative research is concerned with descriptions of phenomenon from the unique perspective of the respondent and validity of these descriptions is therefore determined by the credibility of the explanation given of the situation. Credibility is enhanced when strategies are put in place to check on the inquiry process and to allow for the direct testing of findings and interpretations by the human sources from which they have come (Guba and Lincoln, 1994). Hence, in collecting the data relevant for this study, the researcher adhered to three the principles of data collection in case study research as explained below:

a) Multiple sources of evidence:

To increase construct validity, a triangulation approach was adopted to search for a convergence of findings from the different sources of data alluded to in the previous section, that is, the systematic review of existing literature, semi-structured interviews, archival analysis and site visits. Stake (1994) defines triangulation as a process of using multiple sources of data to verify the reputability of the interpretation. Figure 3.2 is a diagrammatic representation of the triangulation approach that was adopted for the purposes of this study.

Figure 3.2: Convergence of Multiple Sources of Data



Source: Adapted from Yin (2003)

The use of multiple sources of data in case study methodology allows the researcher to present a more convincing conclusion. In this study, the use of multiple sources of data enabled the researcher to corroborate different perceptions and interpretations, thus contributed to the validity of the evidentiary base by incorporating all the understandings and circumstances which the different methods of data collection revealed. Furthermore, combining the four methods of data collection increased validity as the strengths of one method compensated for the weaknesses of the other (Marshall and Rossman, 1995).

b) Case study database:

The creation of a formal, retrievable database in which all the evidence collected during the course of the research is stored, serves to increase validity of the case study (Yin, 1989). Separating the evidentiary base from the final report of the study allows for easier access to and subsequent review of the data by other researchers.

Therefore, a case study database, separate and different from the final report and containing the case study notes, case study documents and responses from interviews was created and maintained throughout this study. By incorporating all the data into the case study database, it is easier to interpret converging evidence and increase internal validity (Anderson, 1990).

c) Maintain a chain of evidence:

Any external observer of a case study should be able to follow a clear chain beginning with the collection of evidence from the research questions through to the findings and conclusion of the case study. By ensuring that the evidence collected is accurately portrayed and appropriately examined before reaching a conclusion, the researcher is able to achieve construct validity and increase the overall quality of the case study (Yin, 1989). The establishment of such an audit trail also serves to indicate a strong correspondence between results, the literature reviewed and the knowledge already established on the subject (Keeves, 1997).

The extent to which a clear chain of evidence was achieved during this study depended largely on the richness and accuracy of the case study database developed in the course of the study. Therefore, throughout the process of data collection, sufficient attention was paid to the maintenance of the database in order to facilitate the establishment of a comprehensive chain of evidence.

3.6. Data Analysis

Kevees and Sowden (1997), acknowledge that substantial problems can arise in qualitative data analysis because there is no recognized structure to qualitative data collection, when compared to the formal standardized instruments tested in the quantitative scientific world. Consequently, they propose the development and implementation of a conceptual framework to describe the key factors in the investigation and the assumed relationship between them. They have further argued that a conceptual framework focuses the collection of qualitative data and guides the analysis of the evidence collected.

To avoid bias, produce a convincing analytical conclusion and rule out multiple interpretations, the researcher used the framework for case study data analysis as outlined by Creswell (1998) and Stake (1995). This included the following five steps:

a) Organization of details about the case in a logical order – in this case according to the major themes of corporate governance and project governance;
b) Categorization of data in order to cluster them into meaningful groups – in this case into the variables identified in the conceptual and operational frameworks;
c) Interpretation of single instances obtained from specific documents, occurrences and other bits of data in order to ascertain their specific meanings in relation to the case study;
d) Identification of patterns and underlying themes that characterize the case more broadly than a single piece of information can reveal; and
e) Synthesis and generalization, which is, constructing an overall portrait of the case.

3.7. Ethical Considerations

Questions about the ethical conduct of research have been challenged by arguments that all decisions about research design are inherently contaminated by the researcher's own personal and ethical position (Archbold, 1986). Similarly, Patton (1990) expressed a concern about the extent to which the researcher's biases or preconceptions may influence data collection, analysis and reporting. To overcome this inherent contamination it is necessary to consider ways of reducing or at least monitoring its influence. Hence prior to and during the course of this study, the researcher took into account several ethical issues as informed by the BPS Code of ethics available from www.bpd.org.uk

a) Debriefing:

Prior to settling on SNV as the organization of choice for this study, the researcher contacted the Country Director via email and explained the concept behind the study. Further, before data collection, the framework of the study was shared with the Country

Director and all the selected participants were provided with the relevant information pertaining to the study and their role in it.

b) Informed consent:

Following debriefing sessions with the participants, they were requested to give their full consent to the research process based on the information availed to them. Only those who consented were required to participate in the study.

c) Right to withdraw:

The researcher made it known that should a participant express any kind of reservation or opt to withdraw from the study at any time and for whatever reason, their wishes would be respected and they would be released in good faith.

d) Deception:

All the participants were made fully aware of the objective of the study and the researcher made a concerted effort not be mislead them in any way. Additionally, the researcher pledged to report the research findings truthfully and accurately and not to misrepresent them.

e) Confidentiality:

The issue of confidentiality is two fold: Firstly, the moral obligation of the researcher to maintain the confidentiality of the data, and secondly, the assurance that it will be maintained throughout the process. As such in this study, the researcher guaranteed SNV's confidentiality at all times and undertook not to divulge any information that she came across during the course of the study. Moreover, the researcher provided the assurance that the research findings would not be circulated without the prior consent of the organization.

3.8. Conclusion

A qualitative approach was chosen for this study. This enabled the researcher to carry out an in-depth investigation of governance in project implementation within SNV Kenya

Office by using multiple sources of data. Specific data collection methods that were used included systematic literature reviews, semi-structured interviews, archival analysis and site visits. To reduce the data to manageable volumes, data reducing techniques of summarizing and categorizing the data obtained from the different sources were used. The data was then analyzed to establish converging themes and meanings. The problem of validity was given serious consideration thorough out the study.

CHAPTER FOUR
RESEARCH FINDINGS

4.1. Introduction

This chapter presents the research findings obtained from the four methods of data collection discussed in Chapter Three. The chapter begins by clarifying the sampling techniques used followed by a brief description of SNV's organizational context. The ensuing sections provide a summary of the research results, organized to address the main objective, the research questions and the propositions of the study by illustrating the interviewees' experiences and perceptions along the themes and sub-themes specified in Table 3.1.

4.2. Sampling

A complete coverage of the total population is seldom possible – more often than not, it is impossible to reach all the members of the population of interest. Even in cases where it may be theoretically possible to identify, contact and study the entire relevant population; the time and cost considerations would still make it a prohibitive undertaking (Newman, 2003). Hence, different sampling techniques were used to select the interviewees and projects that facilitated this study.

4.2.1. Interviewees

As shown in Table 4.1 SNV has a staff complement of 31. A purposive non-probability sampling frame was used to select a sample of 4 participants from this population. The researcher targeted information-rich participants capable of providing adequate experiences and information by virtue of their positions, nature of their work and length of service in the organization. To identify the information-rich participants, criterion sampling was employed. Criterion sampling refers to selecting participants based on pre-determined criteria (Merriam, 1998). Therefore to be selected, a participant had to:

- Be a current employee of SNV Kenya office;
- Be directly involved in project work as at September 2009; and

- Have worked at SNV (including other country offices) for a cumulative minimum of 8 years, five of which must be in project work.

Although the Country Director did not meet the second and third criteria he was included in the sample owing to the fact that his office is the focal point of the coordination of all project and governance activities in the organization. He was thus deemed to be an important candidate for interviews because his position enables him to have a broad overview of the organization's activities and the dynamics of its operating environment.

Table 4.1: SNV Kenya Office Staff by Category

	Category	Station of Duty	Population	Sample
1.	Country Director	Field/Office	1	1
2.	Portfolio Coordinators	Field/Office	3	1
3.	Advisors (Project Managers)	Field/Office	23	2
4.	Administrative Staff	Office	4	-
	Total		**31**	**4**

Source: Author

4.2.2. Projects

SVN does not implement projects per se but supports local and national actors, generally referred to as clients, within government, civil society and the private sector to find and implement local solutions to social and economic development challenges. Put differently, in the context of SNV, the clients are the projects. Appendix 7 provides a comprehensive list of the SNV Kenya Office Clients from 2006 to September 2009. This list is further summarized in Table 4.2 to provide a statistical dimension.

Table 4.2: SNV Kenya Office Clients by Number

	Activity	Population	Sample
1.	Education	9	1
2.	Water, Sanitation and Hygiene	22	1
3.	Economic Development	20	1
4.	Tourism	6	-
	Total	**57**	**3**

Source: Author

In selecting the projects that were visited, a probability sampling approach was used. First the projects were divided into four clusters based on SNV's 4 main activity areas. 3 clusters - namely education, economic development and water, sanitation and hygiene - were chosen using the simple random sampling technique. Following this, a systematic sampling of the clusters was employed whereby clients/projects under each of the selected clusters were listed, assigned numbers randomly and every fifth client/project on the list picked to form the sample.

4.3. Findings

4.3.1. Organizational profile

According to their website (www.snvworld.org), SNV, an international development organization of Dutch origin with its Head Office in The Hague, Netherlands, has been in existence for over 40 years. The organization currently operates in 32 countries across 5 geographical regions – Asia (6 countries), the Balkans (4 countries), East and Southern Africa (9 countries), Latin America (5 countries) and West and Central Africa (8 countries). Each regional office is headed by a Regional Director while country offices are headed by Country Directors. The Kenya Country Office, which is the focus of this study, falls under the East and Southern Africa region.

As indicated in the foregoing section, SNV works with a broad set of clients to enhance the socio-economic status of local communities. The organization stimulates and sets the framework for the poor to strengthen their capacities and evade poverty by facilitating knowledge development, brokering, networking and advocacy at both national and international levels. Its activities concentrate on impact in two broad areas:

- Basic services - covering education, health care, water and sanitation and renewable energy.
- Production, Income and Employment – covering agriculture, tourism and forestry.

In addition to its clients, SNV places a lot of value in partnerships at the corporate, regional and country levels and views such collaborations as an important avenue for improving outreach (See Appendixes 5 and 6 for SNV's strategic partners). Such collaborations are geared towards increasing impact, learning and improving the critical mass of the organization's advisory practice. Partners are selected on the basis of their demonstrated ability to complement SNV in its development activities. As a result of these alliances, the organization has managed to leverage on its partners' financing, technical expertise and experiences (www.snvworld.org; SNV Annual Report, 2008).

Governance is at the heart of SNV's work and cuts across all its activities, hence good governance principles of accountability, participation and transparency guide the organization's work. The organization applies the 'Governance for Empowerment' concept to underscore the value it places on gender, equity and social inclusion of poor and marginalized people as the basis of sustainable development.

4.3.2. Summary of research findings

Tables 4.3 – 4.16 present a summary of the findings obtained from interviews, archival analysis and systematic literature review. The tables are organized along the main themes and sub-themes highlighted in Chapter Three. Tables 4.3 - 4.8 address the first theme and the 6 sub-themes under it, Tables 4.9 - 4.12 tackle the second theme and its 4 sub-themes while Tables 4.13 – 4.16 address the third theme and its 4 sub-themes.

4.3.2.1. Board structure and composition

Whereas board structure refers aspects such as the board size, the split between executive and non-executive directors, the use of alternate directors, the number and duties of committees of the board and the leadership arrangements in place (for example, separating the roles of the CEO and chairman of the board); board composition refers to the mix of experience, skill and other attributes of the board members. Table 4.3 presents the key highlights of the structure and composition of the SNV Board.

Table 4.3: Board Structure and Composition

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
➢ All interviewees indicated that the board structure and composition (in terms of size, separation of duties and roles, election procedures, office tenures and diversity) is within the prescribed boundaries.	➢ SNV's board consists of between 7-9 members: 5-7 independent supervisory directors and 2 executive directors with different and complementary backgrounds including private sector, development sector, organizational development and international law. ➢ Neither the regional nor country directors are members of the SNV Board. ➢ Apart from the fact that all the current directors are Dutch nationals, SNV's Board is otherwise well diversified in terms of gender, age, managerial background and technical expertise. ➢ SNV has well documented procedures for the recruitment of board members. Board members serve 3-year terms and are eligible for re-election depending on their integrity, performance and willingness to serve.	➢ An optimal board should consist of between 7 and 9 members, with a majority of them being non-executive directors. ➢ Duality of the CEO and the board chairperson positions creates a potential conflict of interest; therefore, these two roles should be separated. ➢ There is value in having a diversified board in terms of technical expertise, relevant industry knowledge, managerial background, academic qualifications, gender, age, nationality and values. ➢ There should be formal and transparent procedures for the nomination and appointment of new directors and each director should serve a limited number of terms in office.

4.3.2.2. *Board duties and responsibilities*

In recent times, the role of the board has come under a lot scrutiny, probably owing to the changing business environment and the various corporate scandals that have been in the public domain. With the gradual shift from the traditional shareholder model of corporate governance to the stakeholder model, today's boards have a collective responsibility for the organization and all of its stakeholders. Although the board does not get involved in the day-to-day operations of the organization, it must establish appropriate structures to ensure that the organization runs efficiently and corporate risks are minimized. Table 4.4 illustrates the various duties and responsibilities undertaken by the SNV Board.

Table 4.4: Board duties and Responsibilities

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
➢ Responses from all the interviewees suggest that the duties and responsibilities of the Board are clearly defined.	➢ SNV's BOD has ensured that the organization has a code of conduct and a governance code which provides clear procedures for handling and investigating alleged cases of irregularities.	➢ The board should cultivate and promote an ethical corporate culture.
	➢ The Board played a prominent role in the development of the organization's current 8-year strategic plan (2007-2015).	➢ Members of the board should be actively involved in strategy formulation.
	➢ The Board has developed a risk management process to detect risk areas and mitigating controls. Risk management identification interviews are carried out annually.	➢ The board must promote effective risk management by setting a risk tolerance level for the organization while taking into account the strategy adopted as well as sustainability and ethical issues.
	➢ SNV's BOD strives to realize the highest level of financial accountability resulting in positive compliance opinions and unqualified opinions from external auditors. Material issues are disclosed in annual reports.	➢ The board should ensure the integrity of the organization's financial reporting and that the company makes full and timely disclosure of material matters concerning the organization.

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	➢ The Board ensures that the organization's Internal Control Systems (ICS) are reviewed regularly e.g. following a review conducted in 2008, the Internal Control Framework Phase 1 project has been finalized and Phase 2 of the project is on-going. ➢ The Board has instituted a remuneration committee responsible for the evaluation and remuneration of SNV's BOD. ➢ SNV Head Office is responsible for the recruitment and mobility of all international staff. All Regional and Country Directors fall under this category (See Appendix 3 for SNV organizational structure).	➢ It is the responsibility of the board to implement and regularly review the organization's existing Internal Control Systems (ICS) for completeness, efficiency and effectiveness. ➢ The board should set up an independent remuneration committee to review the remuneration of respective individual executive directors. ➢ The board should play a key role in the appointment of the CEO and establish a framework for the delegation of authority to him/her.

4.3.2.3. Meetings of the board

As already mentioned, board members do not get involved in the day-to-day running of an organization – they delegate this function to the CEO. Board meetings therefore, provide excellent opportunities for members to interact closely, to discuss and debate on issues of relevance to the organization and consequently make decisions that are pertinent in providing sound direction for the organization in the pursuit of its strategy, mission and vision. As is evident from Table 4.5 only a limited amount of information was available under this component mainly due to the sensitive nature of board meetings and discussions.

Table 4.5: Meetings of the Board

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ There was a general consensus among all the interviewees that board meetings and procedures for convening the meetings are generally satisfactory. However, due to the fact that those interviewed do not attend board meetings, the interviewees could not comment on how well the board members interact and conduct themselves during the board meetings.	➢ SNV's supervisory board meets at least four times a year. Its main task is the supervision of SNV policy and its implementation. ➢ Due to the sensitive nature of board meetings, it was difficult to obtain this information from archival documents.	➢ The board should meet regularly. ➢ All board members should receive copies of the board manual, standing orders and regulations governing the conduct of board meetings, a calendar of meetings, written agendas of meetings (and be allowed to add items to the agenda), timely and accurate minutes of meetings, meeting notices and background material to prepare for board meetings in advance. Additionally, board meetings should be conducted in a manner that allows for open and meaningful participation and timely resolution of issues. All proceedings and resolutions should be documented accurately and in a timely manner.

4.3.2.4. Audit function

One of the key functions of the Board is to ensure the integrity of the organization's financial statements. As such, its members should ensure that the organization has implemented a structure of review and authorization designed to ensure the truthful and factual representation of its financial position. This can be done by instituting an audit committee to review financial statements and by ensuring the independence and competence of the company's external auditors (King II Report, 2002). Although information on the level of interaction between the chair of the audit committee and the head of internal audit was unavailable, Table 4.6 below reveals that SNV has made commendable effort in this front.

Table 4.6: Audit Function

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ All the interviewees agreed that the audit function is well established. However, they were not sure about the extent of interaction between the head of internal audit the chairman of the audit committee.	➢ SNV has an audit committee which is a sub-committee of the Supervisory Board. ➢ SNV has an internal audit unit which conducts audits of all SNV offices. Each country programme is audited at least once in every 4 years. There is also a corporate external auditor (currently Delloite Accountants B.V. contracted for the period 2007-2009) responsible for the financial audit of SNV that results in audit opinions for the consolidated annual accounts. ➢ This information was unavailable from the archival documents reviewed. ➢ SNV's external corporate auditors serve 3-year terms. Selection is done competitively taking into account the potential auditor's qualifications, reliability and independence.	➢ The board should establish an audit committee to serve as a sub-committee of the main board. ➢ Good practice dictates that each organization should have an internal audit function and engage an external independent auditor. ➢ The head of internal audit should have direct access to chairman of the audit committee. ➢ It is recommended that external audit rotation should take place at regular intervals and the appointment of new auditors should be done in a transparent manner.

4.3.2.5. Transparency and disclosure

Transparency refers to the ease with which an outsider is able to make meaningful analysis of a company's actions, its economic fundamentals and the non-financial aspects pertinent to its line of operation. Transparency and disclosure go hand in hand and involve the revelation of an organization's performance risk and the risk performance on its social responsibilities. Both aspects are used to assess the extent to which the necessary information is availed in a candid, accurate and timely manner (King II Report, 2002). Table 4.7 depicts the extent of transparency and disclosure at SNV.

Table 4.7: Transparency and Disclosure

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Respondents rated the organization highly in terms of transparency and disclosure.	➢ 3 members of the Supervisory Board seat on the audit committee and their details are disclosed in the annual reports.	➢ There should be adequate disclosure on the composition of the audit committee.
	➢ SNV's audited financial statements and notes to the statements form part of the organization's annual reports.	➢ Management should make a detailed disclosure of an organization's financial and operating results.
	➢ Details of all serving board members (age, nationality, academic and professional backgrounds, durations of their appointments and other positions/directorships held) are disclosed in the organization's annual reports.	➢ There should be sufficient disclosure about the board members.
	➢ Details (including qualifications and previous work experience) of persons holding key positions in the organization are available on the SNV web-site. Strategic issues and the corporate governance structure are highlighted in the organization's annual reports.	➢ There should be disclosure on employee matters, strategic issues and the organization's corporate governance structure.

4.3.2.6. Social responsibilities and corporate services

A well-run organization should be conscious of and respond to social issues while placing high priority on ethical standards. An organization that can achieve this and be perceived to be non-discriminatory, non-exploitative and keen on environmental as well as human rights issues will score highly when evaluated in terms of its corporate social responsibility efforts. Table 4.8 indicates that overall SNV has performed well in this important but often overlooked component of governance.

Table 4.8: Social Responsibilities and Corporate Services

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Those interviewed acknowledged that the leadership of SNV monitors and evaluates its social responsibilities within the communities in which it operates and promulgates policies that are consistent with the organization's legitimate interests and good business practices.	➢ SNV has an equal opportunity employment policy and adopts the 'governance for empowerment' concept in its work which underscores the value they place on gender equity and social inclusion of children as well as poor and marginalized groups. SNV promotes the rights and participation of its host communities.	➢ The board should promote fair and equitable employment policies, be sensitive to gender interests and concerns and put in place a community development policy.
	➢ SNV has corporate-wide training and development programmes targeting different categories of staff, some of which cover governance issues.	➢ It is important to educate all employees on the principles of good governance and internal controls.
	➢ SNV has strong ties with the media at the local and international levels. In 2007, the organization set up a focused media strategy and began to selectively contact and inform the media about its newsworthy achievements and initiatives. As a result, SNV has received coverage from media houses like CNN and BBC World. In Kenya, the signing of the agreement between SNV Kenya Office and the Government was publicized in local dailies and TV stations. SNV's web-site is also rich with information and its intranet enhances knowledge sharing, internal collaboration and communication.	➢ A corporate announcement function is an important avenue for disseminating information to stakeholders including employees.
	➢ As already alluded to in Table 4.4 above, SNV has a well documented risk identification and management process.	➢ Management and the board should assess the risks associated with corporate governance and internal controls.

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	➢ SNV has a code of ethics that is availed to all its employees.	➢ The board should develop a code of ethics outlining the values, ethics and beliefs to guide the policy and behaviour of the organization.

4.3.2.7. Portfolio direction

The Board must ensure that projects are aligned to specific portfolios and that there is a link between portfolios and the strategy. This can be achieved by constituting a committee comprising of members drawn from all key projects/portfolios to carry out the functions of reviewing new projects, resource allocation as well as monitoring the progress and feedback of ongoing projects/portfolios. The committee should meet on a regular basis and act a link between the strategies defined by the board and the projects implemented by project/portfolio managers thereby ensuring constant alignment and realignment between an organization's long term goals and its short term activities. The findings presented in Table 4.9 indicate that SNV has managed to execute this component well.

Table 4.9: Portfolio Direction

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Interviewees were of the opinion that all SNV 'projects' are identified within and allocated to portfolios. All portfolios are evaluated and directed with the	➢ SNV activities are driven by its overall strategic plan and are aligned to national development strategies and the Millennium Development Goals. Its activities focus on two key areas: access to basic services and increased production, income and employment. ➢ As shown in Appendix 4 SNV's integrated planning and control cycle captures budgeting, planning, monitoring and control of activities within all layers of the organization including individual projects.	➢ An organization's project portfolio should be aligned to its key business objectives. ➢ An organization's financial controls, financial planning and expenditure review process should be applied to

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
organization's mission, strategy and constraints in mind.		individual projects and portfolios.
	➢ SNV conducts internal and external evaluations regularly, e.g. in 2007 and 2008 a total of 10 evaluations were conducted by external independent parties to assess whether activities were in tandem with the strategy and their intended impact.	➢ Project portfolios should be reviewed and evaluated regularly and consequently tailored to support strategy and manage external factors.
	➢ SNV has developed a risk management process including annual risk management identification interviews. The Management Team is responsible for developing action plans for managing and mitigating the identified risks.	➢ An organization should assess and address risks associated with project portfolio including risk of corporate failure.
	➢ SNV screens and only takes on projects that it can handle, in terms of finances, human resources and expertise. It works in partnership with those able to offer complementary skills, proficiency and financing.	➢ Project portfolios should be consistent with the organization's capacity.
	➢ SNV does not engage suppliers as such, but adopts a partnership approach in conducting its activities and endeavors to strengthen such strategic relationships. Partners (See Appendixes 5 and 6) are selected based on their ability and willingness to complement SNV's approach to development, work within best practice models and work collaboratively to achieve development impact by pooling resources and sharing risks.	➢ An organization should ensure early involvement of its project suppliers to enhance a shared understanding of the project risks and rewards.
	➢ SNV has developed a clear and unique niche in capacity development services laying emphasis on actively engaging local capacity builders in order to enhance project ownership and sustainability. To allay donor fatigue, SNV maintains good relations with project partner/funders/sponsor by ensuring transparent and honest reporting.	➢ To encourage sustainable portfolios, an organization should engage with its customers and financiers actively.
	➢ As a learning organization, SNV systematically assesses the quality of its services and its contribution towards enhancing capacity by reviewing	➢ An organization must assure itself that the impact of implementing its

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	feedback from project stakeholders including its clients/beneficiaries. Such feedback is used for further improvement in service delivery.	project portfolios is acceptable.

4.3.2.8. *Project sponsorship*

Project sponsorship entails identifying the business need, problem or opportunity and ensuring that the project remains a viable proposition whose intended benefits are realized. As such, project sponsors are the owners of the project business case. Project sponsors have decision making, directing and representational accountabilities. Hence, project managers report directly to and obtain their formal authority from project sponsors. Given the importance of this role, project sponsors must of necessity be competent (APM, 2007). Table 4.10 provides an insight into project sponsorship at SNV.

Table 4.10: Project Sponsorship

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Responses from interviewees suggest that in general the organization has competent project sponsors who act as the link between the organization's senior executive body and the management of projects.	➢ SNV works in collaboration with a few selected strategic partners who are committed and competent to complement its development efforts. ➢ Records indicate that some SNV projects have ended prematurely e.g. many gender programmes were stopped abruptly with the change in strategy in 2007. Other projects have also been extended beyond their initial completion dates as a result of delays from various quarters. ➢ Although minutes of such meetings were not availed, documents reviewed indicated that project meetings are held with strategic partners on a need by need basis. ➢ SNV's strategic partners are organizations of reputable standing and	➢ All major projects must have a competent sponsor able to devote time to the project. ➢ Projects should be closed at the appropriate time. ➢ Project sponsors should hold regular meetings with project managers and provide timely directions and decisions. ➢ Project sponsors must ensure that project

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	good financial positions. As already mentioned in Table 4.9, the organization seeks for partners who are able to offer complementary skills, expertise and financing, thus ensuring availability of the resources necessary for project implementation.	managers have sufficient resources to deliver projects.
	➢ Five independent external evaluations per year were conducted in 2007 and 2008. Additional evaluations are on-going in 2009.	➢ Independent advice should be used for appraisal of projects.
	➢ SNV's strategies both at the corporate, regional and country levels are based on the corporate framework known as the 'Business Case' which is informed by more than four decades of its work in development and hands-on experience in capacity building over the last five years. This approach is adopted by most of SNV's strategic partners.	➢ Sponsors should be accountable for, own and maintain the business case.
	➢ Project success at SNV is measured in terms of cost, time, quality, impact and sustainability, which are the main interest areas of the various stakeholders. SNV also conducts biannual compliance self assessments (from portfolio level to Head Office level) with a view to obtaining positive compliance opinions. Such opinions are important to all stakeholders.	➢ The interests of key project stakeholders including regulators and financiers should be aligned to project success.

4.3.2.9. Project management efficiency and effectiveness

To measure project management efficiency and effectiveness, the board and project sponsors should consider the project team's capability which includes the skills and experiences of project leaders, resource availability and the tools and processes available for project implementation. The board and project sponsors should be actively engaged in the process of developing core teams comprising of representatives from different departments to work on new projects from beginning to completion. As a way of improving productivity, creativity and problem solving, the core team members should work on projects on a full time basis and in the same location for the entire duration of the project. This way a sense of team identity, team cohesion and project ownership is likely to develop among the team members and their complementary skill can be better utilized. As shown in Table 4.11, SNV strives to ensure that its projects/portfolios are managed well.

Table 4.11: Project Management Efficiency and Effectiveness

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
➢ All the interviewees felt that project teams are capable of achieving the objectives that are defined at the various project approval points. Project status is reviewed regularly and necessary corrective measures taken as and when necessary. Furthermore, people are assigned to projects on the basis of demonstrated ability to handle them effectively and efficiently (in terms of technical expertise and experience).	➢ For all its projects, SNV sets impact targets and concrete development expected results as defined in national development strategies/plans. The Triple AAA model (**A**nalysis & planning, **A**ction & monitoring and **A**ssessing results & evaluation) make it possible for SNV to achieve measurable results and increase its quality in capacity building.	➢ All projects should have clear success criteria used to inform decision making.
	➢ Information pertaining to this aspect was not available from archival documents reviewed.	➢ The board should ensure that the organization's project management processes and tools are appropriate for its projects.
	➢ The Board has developed an human resource policy that guides the recruitment process. The organization prides itself in having a strong multi-cultural team of highly competent and qualified individuals who value respect and trust, equity and equality, diversity and people centeredness. When a gap is identified, training and development programmes are availed. Through knowledge sharing, the organization is able to transfer experiences across its projects thus encouraging inter-project and intra-project learning.	➢ The board should ensure that project managers are competent and capable of achieving satisfactory project outcomes.
	➢ SNV has a culture whereby policies and procedures are	➢ Appropriate issue, change and risk

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	respected and adhered to. Cases of non-compliance are few and there are documented procedures for handling such.	management practices should be implemented in line with adopted policies.
	➢ SNV is a learning organization and tries to improve its results by capitalizing on its successes and learning from its failures in order to influence future project outcomes.	➢ Project managers should be encouraged to develop opportunities for improving project outcomes.
	➢ Due to the good relationships that SNV has maintained with its strategic partners, most of them are flexible and willing to tailor their resources to project needs.	➢ Service departments and suppliers should be willing to provide key resources tailored to the varying needs of different projects and to provide efficient and responsive service.
	➢ This information was not available from archival documents reviewed.	➢ Authority should be delegated to the right levels, balancing efficiency and control.
	➢ This information was not available from the archival documents reviewed.	➢ Project contingencies should be estimated and controlled in accordance with delegated powers.

4.3.2.10. Disclosure and reporting

An organization should conduct project reviews throughout a project's life cycle and project reports should be made accessible to all the project decision makers. This ensures that deviations from plans are detected early enough and that necessary corrective action is taken in good time, thereby minimizing chances of project failure. Table 4.12 depicts the disclosure and reporting activities of SNV as obtained from interviewee responses and archival analysis.

Table 4.12: Disclosure and Reporting

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Interviewees were of the opinion that the organization has a culture of open and honest disclosure. As such the contents of project reports provide timely, relevant and reliable information that supports the organization's decision making processes without fostering a culture of micro-management.	➢ Project information is provided to the Board throughout the project life cycle. Since most of SNV projects are large and capital intensive, they must be presented to the Board for vetting and approval, hence the SNV Board is constantly updated on project progress and status. ➢ All major issues including those related to projects are presented to the Board for consideration and approval.	➢ The board should have access to timely, relevant and reliable information on project forecasts, project progress as well as project related risks and their management. ➢ An organization should use threshold criteria to escalate significant issues, risks and opportunities to the board.
	➢ SNV lays emphasis on impact and results as its key success drivers and mainly uses numbers and percentages as its key success indicators when evaluating project performance.	➢ An organization must use both key success drivers and key success indicators to evaluate performance.
	➢ This information was not available from the archival documents reviewed.	➢ An organization should be able to distinguish between project forecasts based on targets, commitments and expected outcomes.
	➢ The Board commissions external independent evaluations of projects as already alluded to under Tables 4.9 and 4.10.	➢ The board should seek independent verification of reported project and portfolio information.
	➢ A review of interim narrative reports for 2 on-going projects indicated that the project managers communicate with project stakeholders regularly on matters of project status.	➢ The board should reflect project portfolio status in communication with key stakeholders.
	➢ The culture of open and honest reporting at SNV is evident in the annual reports which not only feature the organization's successes but also highlights its failures and areas for possible improvement.	➢ The organization's culture should encourage open and honest reporting.

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
	➢ Regional Directors are responsible for the preparation of Regional Annual Reports. Most of the information presented in these reports is corroborated by the information provided in the Corporate Annual Reports, an indication that quality is not compromised. ➢ SNV has a whistle blowing policy clearly outlining the procedures to be followed by a potential whistle blower and the protection available to such a person.	➢ Where the responsibility for disclosure and reporting has been delegated, the board should ensure that the quality of information received is not compromised. ➢ An organization should have a whistle blowing policy.

4.3.2.11. Facilitators of good governance

There are various impediments to the implementation of good governance practices within organizations. The mere existence of appropriate structures, policies and procedures is not adequate in combating bad governance. Hence, organizations must consciously work towards creating a favourable environment that can promote the deployment of good governance and managerial practices. The three sources of data – interviews, archival analysis and literature review – yielded interesting results with respect to the facilitators of good governance as shown in Table 4.13.

Table 4.13: Facilitators of Good Governance

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
Responses from interviewees pointed to the following as being facilitators of good governance: ➢ Character and integrity of project staff especially those in leadership positions.	Documents reviewed revealed that promoting good governance calls for: ➢ Capacity building - educating current and future business leaders on governance issues	Literature reviewed indicates that good governance can be enhanced by: ➢ Engaging board members who conduct themselves with integrity both individually

Interview Responses (4 interviewees)	Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)	Literature Review
➢ Appropriate and effective organizational structures and processes to curtail instances of irregularities. ➢ Organization culture – where there is a culture of openness, honesty and transparency, good governance will thrive. ➢ Trainings and workshops targeting various project stakeholders and tailored to highlight governance issues and to facilitate the exchange of information and experiences can enhance the participants' understanding and appreciation of good governance practices.	is a good way of enhancing good governance. SNV has cut a niche for itself in capacity development in the area of governance. ➢ Motivating and challenging donors and other project stakeholders to actively monitor an organization's corporate and project governance practices promotes adherence to such practices. ➢ Scaling up of activities that strengthen the demand side of governance, that is, by creating awareness among stakeholders on the benefits of good governance and allowing citizen's voices to be heard.	and collectively. Such people will be better placed to influence others in implementing good governance practices. ➢ Cultivating independence in spirit as well as structures which then acts as a catalyst for the successful implementation of good governance practices. These two elements complement each other. ➢ Ensuring effective information flows with open channels of communication. ➢ Encouraging constructive debate between management and the board is a critical ingredient for the successful implementation of good governance. ➢ Developing laws, rules and institutions that provide a competitive playing field and disciplines behaviour of project stakeholders thus augmenting the implementation of good governance. ➢ Promoting universal principles such as independence which provide an alternative channel for facilitating the implementation of good governance.

4.3.2.12. Benefits of good governance

There is a lot of value in implementing good governance practices. Although the advantages may vary slightly with the business and country contexts, the underlying themes remain the same across the board. As such, Table 4.14 portrays the benefits of good governance as obtained from the various sources of data collection employed in this study.

Table 4.14: Benefits of Good Governance

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
Interviewees perceived that good governance has: ➢ Enabled the organization to mobilize resources more easily since it has boosted the confidence of its donors, strategic partners and clients. ➢ Enhanced the adoption of good governance practices by some of SNV's clients specifically because SNV as an organization is seen to "practice what it preaches" in its capacity building endeavors. ➢ Facilitated the development of a strong 'SNV brand' and improved the organization's overall reputation.	➢ Archival documents reviewed indicated that as a result of practicing good governance over the years, SNV is increasingly being viewed as model organization that other upcoming local organizations are emulating. Systematic assessments indicate that clients are satisfied with the quality of services provided by SNV. Such assessments allow SNV to learn from its clients' feedback and consequently improve in the delivery of its services.	Review of existing literature suggests that good governance: ➢ Enables an NGO to attract more domestic and foreign aid. ➢ Safeguards against corruption and mismanagement within organizations. ➢ Promotes transparency and probity within organizations, hence minimizing information asymmetry among stakeholders. ➢ Enhances honest internal and external competition and facilitates sustainability of organizations.

4.3.2.13. *Challenges/Lessons learnt*

Organizations face different challenges during various stages of the project life cycle. If not controlled properly, such challenges can derail project implementation resulting in budget over-runs and delays in completion. Table 4.15 highlights some of the key challenges that have arisen and the lessons that SNV has learnt during its four decades of managing projects.

Table 4.15: Challenges/Lessons Learnt

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
➢ Illegitimate NGOs - registered for personal gains, have ruined the reputation of the NGO sector. Hence to win the support of its stakeholders, SNV has had to prove that it is genuinely pursuing its activities for the good of the local communities. ➢ Instances of political instability have led to the destruction of infrastructure and the economy in general and in some cases negated the progress made in the fight against poverty and corruption.	➢ A lot more can be achieved thorough collaboration (with strategic partners) by tapping into each other's strengths. This improves the quality of project outcomes.	➢ Corruption is a major impediment to the implementation of good governance practices. ➢ Weak legal, regulatory and supervisory systems hinder the successful implementation of good governance practices. ➢ History and politics combined have created groups of privileged few that resist efforts to promote good governance.

4.3.2.14. *Best practice evolution*

Best practice management is increasingly becoming a powerful performance improvement tool for learning organizations. To promote the implementation of best practices, it is necessary to create a favourable environment that can facilitate the willingness to identify, share and adopt best practices. This includes providing visible leadership, understanding the inhibitors to managing and transferring best practices and providing clarity over best practice gaps. Table 4.16 provides a summary of the various views on the development of best practices.

Table 4.16: Evolution of Best Practices

Interview Responses (4 interviewees)	**Archival Analysis (4 SNV Annual Reports, 2 East & Southern Africa Annual Reports , 2 Progress Reports and SNV Strategic Plan 2007-2015)**	**Literature Review**
➢ One interviewee did not respond to this question. However, the 3 who responded were of the opinion that repeating a practice over time, provides an opportunity for learning from past mistakes, fine tuning practices and possibly modifying them to suit an organizations unique circumstances and business environment. Hence, they believed that it is possible to nurture good governance practices to evolve into best practices	➢ As a learning organization SNV values the experiences resulting from its successes and failures in project implementation. Having been in existence for a long time, SNV has developed a wealth of knowledge with respect to its structures, policies, processes and procedures by capitalizing on those that have produced superior results and either modifying or abandoning those that have produced negative results. In this way, SNV has discovered those practices that are applicable, relevant and necessary for it to function optimally.	➢ Best practices permit organizations to capitalize on their experiences hence promote effectiveness, efficiency and innovation. Best practices are those practices that have been shown to produce superior results, are selected by a systematic process and are judged as exemplary, good or successfully demonstrated. This implies that the impact of such practices are analyzed over time, hence an element of repetition. However, it can be argued that there is no single 'best practice' because best is not always best for everyone and is generally contextual.

4.3.3. Site visits

Field visits were conducted to three projects. As described in Section 4.2.2 the projects were randomly selected from a list of projects implemented by SNV from the year 2006 up to the time of conducting the field study. In all cases, the members of the local communities expressed their gratitude to SNV for their initiatives and lauded the organization for doing a commendable job.

The sections that follow illustrate the findings of the field visits, by providing a background to each project, describing SNV's involvement in the projects and highlighting the project outcomes. In a nuts shell, the three projects demonstrate positive outcomes emanating from SNV's social development efforts.

4.3.3.1. Livestock project in Samburu District

Traditional livestock rearing is the mainstay of the people of the predominantly semi-arid Samburu District of Kenya. However, there is a lot of inefficiency in the value chain in livestock trade including the number of middlemen involved, cattle rustling, mortality of the animals en route to the market, poor infrastructure and long distances between the farmers' homesteads and the markets places. These inefficiencies reduce returns to farmers substantially.

Having noted the above mentioned problems SNV saw an opportunity. Hence, in the year 2007, by pursuing one of its broad impact areas of Production, Income and Employment, SNV in partnership with a local NGO, the Samburu Integrated Development Programme (SIDEP) and the Samburu Local Council facilitated the establishment of a primary market within the Lolguniani village to strengthen the pastoralist economy and to serve as a business model. Today, the Lolguniani community which has an estimated population of about 800 households boasts of a vibrant interior market where approximately €30,000 circulates within the market on any given market day. Additionally, women involved in hawking general merchandize and food vendors make profits estimated at €16 and €33 per day. This project has also created employment for the youth in that area as they participate in collecting cess and managing the livestock yard.

Other benefits attributable to this project include: increased community confidence in the county council – hence willingness to collaborate with them in other ways and the emergence of subsidiary businesses such as hotels, butcheries and shops. Furthermore the community has used resources accumulated from sharing revenue with the county council to employ nursery school teachers – thereby providing access to early childhood education to over 200 children.

This is a success story that has been shared across portfolios during quarterly SNV meetings. Other SNV clients have also visited the area to learn from the business model. Better still other local councils such as West Pokot are already adapting the business model.

Figure 4.1: A Trader Arrives at the Lolguniani Livestock Market

4.3.3.2. Education project in Uasin Gishu District

Following the post-election violence that gripped Kenya in early 2008, many families were displaced from their homes and forced into internally displaced persons (IDP) Camps. Approximately 6,000 children from Uasin Gishu Districts formed part of the internally displaced statistics.

With education as one of its key focus areas SNV Kenya Office brokered information and action to meet the needs of this population in crisis and facilitated a collective response from different organizations. In collaboration with UNICEF, SNV ensured that the displaced children living in the IDP camps at that time had access to education by setting up temporary schools. World Vision, the International Organization for Migration, the Red Cross and the Jomo Kenyatta Foundation provided material support, Muli Children's Family provided school lunches, the Eldoret Municipal Council Education Office ensured that the schools had teachers while the Kenya Private Schools Association provided baseline information on school going children. As a result, over 4,000 children were able to continue schooling during the entire time they were displaced.

Figure 4.2: Internally Displaced Children Learning

4.3.3.3. Water, sanitation and hygiene project in Isiolo Town

Clean water, sanitation and hygiene are among the most powerful drivers of human development. SNV East and Southern Africa Regional Office thus identified 'water, sanitation and hygiene' as a key area through which fundamental changes in human well being could be achieved.

Currently, all countries in East and Southern Africa face degradation of land and water resources. In Kenya specifically, lake levels have dropped and river flows decreased dramatically while deforestation has caused floods in parts of the country and ground water levels have been dropping over the years.

SNV seeks to ensure that increasing numbers of poor households and vulnerable groups enjoy the benefits of water. The organization aims at securing sustainable supply of clean drinking water and improved sanitation and hygiene. It seeks to support sound water resource management of river basins and catchments to ensure adequate availability of water in balance with growing demands for household and economic use. Therefore, the organization works towards promoting integration between water resource management and efficiency of water use.

It is against this backdrop that SNV Kenya Office in collaboration with the water and sewerage supply companies came up with initiatives to improve the delivery of clean drinking water to urban catchments of approximately 200,000 people in the towns of Isiolo and Eldoret.

A field visit to Isiolo Town revealed that water is available in many households. Records indicate that approximately 7,000 people who did not have access to water now have access. Moreover, staff at the Isiolo Water and Sewerage Company noted that the new billing system had reduced customer complaints, enhanced revenue collection and reduced the volume of water unaccounted for by 6%.

4.4. Conclusion

The data collected from interviews, archival analysis, systematic literature review and site visits was consolidated and then analyzed and summarized along the 14 sub-themes presented in Chapter Three to assess convergence. A quick assessment of the contents of the preceding sections reveals that to a large extent, the research findings obtained from the various collection methods seem to converge and corroborate each other.

The overall findings of this study are further analyzed and synthesized in Chapter Five.

CHAPTER FIVE

SYNTHESIS AND ANALYSIS OF RESEARCH RESULTS

5.1. Introduction

As alluded to in Chapter One, the main objective of this study is to formulate a set of recommendations that will enhance an appreciation and internalization of good governance and managerial practices in project implementation across NGOs in Kenya and possibly beyond. Within this research problem, three sub-problems were pinpointed:

- First, to identify the key components of a good governance framework that would facilitate successful project implementation in NGOs in Kenya;
- Secondly, to identify the factors that promote effective deployment of good governance practices during project implementation within the NGO Sector in Kenya; and
- Thirdly, to determine whether it is possible to nurture good governance practices so that they evolve into best practices that can augment project implementation in the Kenyan NGO Sector.

Tied to the main research problem and the sub-problems outlined above are three propositions:

- Proposition 1: Generic governance frameworks are inadequate in addressing governance issues that may arise in the course of project implementation within the NGO Sector in Kenya;
- Proposition 2: The successful deployment of good governance practices during project implementation entails the creation of a favourable internal and external environment; and
- Proposition 3: With appropriate structures, good corporate and project governance practices can evolve into best practices that may augment project implementation.

In light of the preceding discussion, this chapter now analyzes and discusses the research findings presented in Chapter Four by integrating it with theory from existing literature in an attempt to respond to the research questions and propositions outlined above.

5.2. Proposition Testing

To allow for a logical discussion from the preliminary issues to the ultimate practical issues, the sub-sections that follow are organized according to the propositions of this study. A comprehensive analysis and synthesis of the research findings is done by considering the research questions and linking each to its corresponding proposition with a view to validating the propositions.

5.2.1. Proposition one

The first proposition stated that: *"Generic governance frameworks are inadequate in addressing governance issues that may arise in the course of project implementation within the NGO Sector in Kenya".* To validate this proposition, emphasis was laid on determining the key components of SNV's corporate and project governance frameworks.

The findings of the study reveal that SNV has well established structures, systems, policies and procedures to facilitate the implementation of good governance. An assessment of the organization's corporate governance structures shows that:

a) The board is generally feasible (usually does not exceed 9 members) and a majority of the directors are independent;
b) The roles of the chair person of the board and the CEO (Country Directors in the context of SNV) are separated;
c) The board members serve fixed terms in office - usually 3 years with the possibility of renewal;
d) The board's duties and responsibilities are clear and include strategy formulation, risk management, ensuring the integrity of the organization's financial statements,

instituting effective internal control systems, CEO appointment and promoting an ethical corporate culture among other things;

e) The board meets regularly – at least 4 times in a year - to discuss issues of policy and strategic relevance to the organization;

f) The board has ensured that the organization's internal and external audit functions are effective. The external auditors are contracted for 3-year terms and are rotated upon expiry of their contracts in order to guarantee their independence;

g) The board encourages transparency in its operations and open disclosure of relevant corporate information to all its stakeholders. A lot of valuable information is posted on the organization's website, intranet, annual reports, regional reports and country office reports. Pertinent information such as details of the serving board members and their remuneration, details of persons holding key positions in the organization (for example the Regional and Country Directors), the organization's audited financial statements and notes to the financial statements, project outcomes in terms of successes and failures as well as the organization's rating based on results of client surveys are available for public scrutiny; and

h) The organization is actively engaged in corporate social responsibility endeavors to ensure that the interests of all its stakeholders are taken into consideration. To this end, the board had ensured the organization has a well developed code of ethics and a whistle blowing policy to guide and manage employees' behaviour. The organization also runs capacity building programmes for both its employees and its clients to equip them with relevant knowledge in important areas like governance. Furthermore, SNV shows its sensitivity to the needs of the communities it serves by providing equal employment opportunities for all, being gender sensitive and by facilitating the social inclusion of under-represented and marginalized groups such as children and the poor in its activities. All SNV projects are implemented by the concerned communities at the grass-root level (referred to as clients within SNV circles).

Further analysis of the research results indicates that at the project level, SNV has put in place structures to facilitate effective governance of its projects. Specifically the Board has ensured that:

a) It plays an oversight role in the governance of project management and that SNV only engages in projects that are congruent to the organization's overall strategic objectives. Hence, there is constant alignment and re-alignment of activities to ensure that they match and support the organization's strategy;
b) Project and portfolio planning, budgeting, monitoring and control are integral components of the project life cycle at SNV. This is done to ensure that projects are realistic in terms of scope, scale, resource envelope as well as technical competence ;
c) The organization's risk appetite is kept on check by pegging its participation in projects to its capacity and ability to perform. Issues with major implications – financial or otherwise are passed on the Board for consideration and possible approval;
d) Internal and external evaluations of projects are conducted during the project life cycle to assess project status, risks, outcomes and overall impact against pre-determined attainable targets. The evaluation reports - showcasing both successes and failures - are availed to project stakeholders and used as learning experiences in the implementation of subsequent projects;
e) The organization maintains a committed and sustainable pool of project sponsors by selectively engaging competent and willing strategic partners at corporate, regional and national levels. In the context of SNV the project sponsors are actually the strategic partners with whom the organization works in close collaboration with a view to ensuring successful project implementation;
f) Project staff are people of high caliber – in terms of character, experience, educational qualification and professional background. Staff are recruited and assigned to projects based on their skill set, competence, interest in a particular area and demonstrated ability to work in and with multi-cultural teams;
g) Each project is managed by a competent project manager and each portfolio by a competent portfolio manager, project team members' roles are clearly spelt out to minimize conflicts, reporting lines are clearly stipulated and realistic deadlines and targets are set and communicated; and

h) All project stakeholders including the host community, sponsors, relevant governments and their corresponding ministries are involved and consulted during the project life cycle to enhance project ownership and acceptance.

To a large extent, the findings highlighted above, which are specific to SNV's corporate and project governance structures, seem to agree with recommendations found in the wide range of literature reviewed. The elements of corporate and project governance outlined above are the most basic and should be part and parcel of any good governance framework for any project-oriented organization. Literature on governance further suggests that organizations should set up internal governance structures if the implementation of good governance is to succeed and that this should be guided by the legal codes of their countries of operation and be developed as stipulated by the laws of those countries as outlined in basic documents such as the acts of incorporation, statutes, charters and rules of operation. As a matter of necessity, NGOs must strengthen their governance by clarifying and simplifying the relationships among their leadership entities. Hence, an NGO's basic documents should provide vital information such as key responsibilities and powers, duties of individual board members, board membership rules, terms of office for board members, procedures for convening board meetings and minimum number of board members.

It is important to reiterate that, in order to maintain close contact with its intended beneficiaries at the grass-root level, SNV operates country offices in 32 countries across 5 geographical regions while maintaining its head office and its governance body in The Hague, Netherlands. In as much as the implementation of SNV projects is influenced by national development strategies, frameworks and policies of the different countries in which it operates, SNV's governance body and structure is based on the Dutch legal framework only. This governance body is responsible for setting policy, formulating strategy, managing organizational risk and generally playing an oversight role for the entire organization. Notwithstanding the geographical distribution of its projects and the distinctive country characteristics, SVN's governance structures are not country specific. In spite this arrangement the organization has continued to post impressive overall results over time. This strongly implies that competitive advantage in project implementation is derived not from customizing governance frameworks to an organization's specific contexts but by ensuring that the existing structures are respected and that the basic principles of good governance, that is, accountability, transparency, efficiency and integrity are embedded within the organization's culture, such that they direct and guide behaviour.

Therefore, the research findings do not agree with the first proposition.

5.2.2. Proposition two

The second proposition asserted that: *"The successful deployment of good governance practices during project implementation entails the creation of a favourable environment – both internal and external to the organization*". Hence the corresponding research questions delved into the benefits, challenges and facilitators of good governance.

Those interviewed were of the opinion that SNV has profited immensely from pursuing good governance practices. They argued that being donor dependent, the organization has been able to attract funding and other support from many donors and strategic partners much more easily thus facilitating its overall sustainability. This is mainly attributable to the fact SNV has proved to be a reliable, transparent and accountable organization that walks the governance talk. This aspect has fostered trust among its stakeholders at both the corporate and project levels. Additionally, the interviewees felt that, as a result of implementing good governance practices and building capacity in the same area, SNV's reputation and corporate image has improved and it is now viewed as a model organization which other local NGOs are using to benchmark themselves.

Where benefits accrue, challenges will abound. Consequently, the findings reveal that SNV Kenya has faced various hurdles in the process of implementing good governance practices. One of the key challenges has been the mushrooming of illegitimate NGOs in Kenya, most of which lack the necessary structures to facilitate transparency and accountability among other pertinent governance issues. Such NGOs have destroyed the reputation of the NGO sector as they are formed to pursue personal rather than communal interests. This situation has thus driven SNV to work diligently in ensuring that the organization's mission and vision are upheld and that a good public image is maintained. Other challenges include the political, economic and social environments in Kenya. Although in general Kenya generally enjoys a relatively stable political environment, corruption has been on the rise everywhere including the courts of law where justice is supposed to be observed.

In spite of the aforesaid challenges, the benefits of implementing good governance are varied and worthwhile. It is therefore vital for each organization to create an environment that will facilitate rather than impede the adoption of good governance practices. Further analysis of data obtained from the study suggests that it is impractical to separate, to a particular setting, the relationship between an organization's environment – both internal and external - and the practice of good governance. The successful implementation of good governance at the project level involves a delicate interplay between the values, character, behaviour and choices of the various members of the project team, the organization climate, leadership as well as the broader micro and macro environments in which the organization operates in.

Hence, both the internal environment and the external environment play a critical role in facilitating the implementation of good governance practices. From the internal perspective, it is important to note that apart from instituting effective internal control systems, factors such as the existence of a code of conduct, open channels of communication and the nature of the organization's culture can also influence the implementation of good governance. Those in leadership positions must therefore take a lead role in promoting and instilling an ethical culture that is in line with the values of the organization by encouraging ethical awareness, ethical leadership, ethical decision-making and ethical talk. They should be seen to "walk the talk" and be good role models for other employees. By developing a good recruitment policy, the board can ensure that all potential job applicants are carefully screened to ascertain their past histories before they are absorbed into the organization. The essence is to try as much possible to make sure that only those who can fit into the organization's culture are hired.

The external environment also determines the extent to which good governance is implemented. Needless to say, an organization operating in a country where bribing is more or less an accepted way of doing business; may find it difficult to operate without getting sucked into that culture. A weak legal system on the other hand will provide room for unscrupulous persons to commit fraudulent activities in the knowledge that they will not be punished or that they can buy their freedom even if found guilty. Hence in both scenarios, the external environment would hinder the practice of good governance. The reverse is also true.

Notwithstanding the foregoing arguments, those interviewed in this study strongly suggested that although the environment has an impact on the implementation of good governance, it is ultimately the character, behavior and choices made by individual employees that determine the extent to which good governance is achieved and sustained within an organization. Systems and laws are not foolproof; so even with appropriate structures in place employees of low moral standing can uncover and capitalize on loopholes in such systems so as to satisfy their own selfish interests. An organization should as matter of policy conduct comprehensive background checks and carry out relevant tests to ascertain that its potential employees are people of integrity. In-house trainings and mentorship programmes can help in creating awareness and can facilitate the harvesting of ideas on how to handle the governance issues that may arise.

Although the findings of the study leaned more toward the integrity, character and willingness of employees to adhere to good governance practices as the key facilitators of the implementation of good governance practices, it is apparent that there is a considerable link between the internal and external business environments and the successful deployment of good governance.

The research findings support the second proposition.

5.2.3. Proposition three

The third proposition stated that: *"With appropriate structures in place, good governance practices can evolve into best practices that can augment project implementation".* To test this proposition, it was necessary to look into the area of knowledge management, owing to the fact that although many codes of best practices have been developed across the world, there is still a gap between best practice theory and implementation.

Knowledge is a key asset that can be used strategically by an organization to gain competitive advantage. Consequently, developing adequate capability to manage knowledge is imperative. While knowledge tends to be tacit and organizations cannot truly manage it, it is possible to administer an environment that is necessary for a community of practices to flourish and share information that is a product of that knowledge (Jarzombek, 1999). This implies that there must be a deliberate attempt to create an environment that promotes knowledge sharing.

The research findings portray SNV as a learning organization that takes pride in its accomplishments and considers its mistakes as learning opportunities. It is for this reason that the organization conducts both internal and external evaluations of its projects to assess their impact and to discover the organization's strengths and weaknesses. SNV draws on the results of such evaluations with the intention of improving future project outcomes and this has enabled the organization to achieve superior results over time. For example, the outcomes of evaluations conducted in the years 2007 and 2008 guided the development of the organization's current strategic plan which covers the period 2007-2015 and are reflected therein. The organization hopes that as has been the case previously, by letting go of its unproductive traditions and perfecting its valuable practices, it will succeed in implementing its new strategy.

As prescribed in literature on best practices, it was also noted the SNV Board and the senior management infuse knowledge vision to the entire staff visibly, regularly and extensively. The concept of a learning organization is thus upheld as part of the organization's culture. By being a role model in knowledge management programmes, both the Board and senior management have been well positioned to demonstrate to employees that knowledge management is not just a management jargon, but a course of action to identify with in order to foster organizational competence. SNV maintains open channels of communication and encourages its staff to engage in free-ranging discussions with the aim promoting creative ideas and innovative thinking within the organization. The Board and the senior management team also play a facilitating role in ensuring that tacit knowledge is converted into what others can learn or into comprehensible formats by maintaining knowledge repositories in the form of discussion databases, best practice repositories, lessons learnt and learning histories. The knowledge repositories have provided staff with opportunities to utilize and experiment with their knowledge.

Literature on best practices also suggests that management should be open to adopting and implementing new ideas into the organization's existing work processes as this will facilitate knowledge experimentation from conceptual ideas to practical actions. Good practice requires that management should appreciate failure in the course of project implementation as part of the learning process. As such, everybody within the organization should be open to learn from both the organization's successes and failures. This is the case at SNV.

Overall the research findings point to a relationship between a learning culture and the development of best practices. Consequently the research findings confirm the third proposition.

5.3. Conclusion

This case study broke down the interviewees' perceptions and experiences into three main themes and fourteen sub-themes, each theme being tied to a proposition. Nevertheless, it is worth stressing that all the themes and sub-themes are intertwined and interrelated as they all contribute to the practice of good governance. This observation supports an old adage which maintains that "the whole is greater than the sum of its parts".

A superficial analysis of the research results points to the fact that overall, SNV has made commendable efforts to ensure that good governance is upheld within the organization and in its day to day operations. By and large, the findings reveal that SNV has demonstrated its commitment to good corporate and project governance by establishing effective systems. An in-depth analysis of the research results on the other hand, indicates that SNV has gone out of its way to ensure that beyond simply putting in place good systems and structures, the organization has also provided a favourable internal environment to facilitate the successful implementation of good governance practices. This has yielded positive results as evidenced by the outcomes of client surveys.

CHAPTER SIX
CONCLUSIONS AND RECOMMENDATIONS

6.1. Introduction

As discussed in Chapter Two, the stakeholder theory of corporate governance is the most appropriate approach for project implementation within the NGO context. Following that line of thought and in pursuit of the main research objective, this chapter draws conclusions from the research findings and recommends ways of promoting good governance and managerial practices during project implementation across NGOs in Kenya and possibly beyond. The chapter also provides suggestions for further research.

6.2. Conclusions

Although a single case study is not always generalizable, the researcher is of the opinion that this study has raised some interesting observations which can hopefully be used by other project-oriented organizations in their pursuit for good governance during project implementation. Evidently, the study has revealed that many of the issues alluded to in the literature reviewed are practiced at SNV. The following conclusions can therefore be drawn from the findings of the study.

6.2.1. Accountability to multiple stakeholders promotes project success

Accountability refers to the final responsibility for the successes or failures in a project or an organization. In the NGO context, it translates to demonstrating regularly that the organization uses its resources wisely to implement its intended projects without taking advantage of its special privileges to pursue activities that may be contrary to its non-profit status. Accountability gives assurance to all stakeholders that the NGO is pursuing legitimate activities thus fostering trust. Because of its importance, accountability at SNV is not viewed from a narrow perspective. Instead it is examined from different dimensions which include accountability to donors, beneficiaries, other NGOs and the government. This approach has ensured that the interests of all the stakeholders are given due consideration.

6.2.2. Governance and management are separate and distinct

Management and governance are distinct from each other. At SNV, the board is charged with the responsibility of setting policy, exercising oversight and strategically guiding the organization while management runs the day to day operations of the organization. Separating the two functions has augmented the implementation of checks and balances, ensured that important decisions are made with the public interest in mind, prevented instances of potential conflict of interest and enhanced objectivity and transparency within the organization.

6.2.3. An NGO's mission provides focus during project implementation

An NGO's mission is what it does to meet an identified need. The mission is usually linked to a set of basic, deeply held values such as respect or aid to the poor. The mission and values of an organization inspire people to get involved in the organization while providing a common focus for its activities, projects and goals.

By being able to identify, articulate, safeguard, promote and regularly review its organization mission to ensure that it is aligned to its planned activities and projects SNV has over a period of time, managed to win the trust, support and commitment of its stakeholders. This has enhanced the organization's overall stability.

6.2.4. Projects thrive in a culture of professionalism and ethics

An NGO that can demonstrate a commitment to all its stakeholders that goes beyond its mission and display exemplary behavior throughout the organization and in the management of its projects is destined to prosper. At SNV, the quest for professionalism and high ethical standards starts at the top by the board itself communicating the professional and ethical standards of the organization and ensuring that its members display outstanding judgment and conduct in the boardroom and in their own professional lives. In doing so and by communicating to the public the values and priorities by which the organization would like to be identified with, the Board has created an environment that allows the same level of professionalism and ethical conduct to permeate to the rest of the organization. Therefore, while implementing projects, the behaviour of SNV employees is guided by professionalism and ethical conduct. Benefits such as improved reputation and corporate image have accrued to SNV as a result of this.

6.2.5. Responsible resource mobilization and management averts project failure

An NGO’s short-term health and long-term sustainability depends on how well the board is able to ensure that the organization is financially sound and that its project resources are well managed. Responsible fund raising by SNV’s board has ensured that the organization maintains the necessary resource envelop to carry out its activities. The organization has acquired, maintained and diversified its sources of funds in order to avoid over dependence on one source only. Furthermore, through reliable financial management SNV has managed to allocate and use organizational resources for planned activities and projects. Financial management at SNV entails verifying that expenditures are appropriate and reasonable, ensuring that funds are spent according to approved budgets, for approved projects and according to requisite procedures, managing investments carefully and maintaining complete and accurate records of financial transactions, among other things. By mobilizing and managing its resources appropriately SNV has attracted and maintained uninterrupted donor support.

6.2.6. Aligning projects to corporate strategy aids project implementation

Projects are implemented with a particular set of intended outcomes and impact in mind. The intended outcomes and impact are usually pegged to the strategic focus of the organization. Moreover, projects tend to be capital intensive and may run for several months or years thus escalating project risks.

At SNV only those projects that support and complement the organization’s overall corporate strategy are taken up. Clear processes for project selection and prioritization have been put in place to minimize the problem of sub-optimization and to motivate project teams to appreciate that the projects they are working on have been selected based on the strategic plan and not simply on whims of individuals. This has enhanced their commitment to projects and augmented project implementation.

6.2.7. Committed project sponsorship fosters successful project completion

Project sponsorship is an important ingredient for successful project implementation. A project sponsor is a member of the senior management team within an organization, with authority to allocate resources and enforce decisions regarding a project such as deadlines and project scope (Heldman, 2007). The sponsor implements upper management decisions, ensuring that the project delivers as expected while implementing the strategy formulated by the board (Graham and Englund, 2004).

Over the years, SNV has identified competent sponsors for each of its projects. These sponsors are selected based on their willingness and ability to offer complementary skills, expertise and financing to SNV. In a way, these sponsors drive SNV projects through the challenges and triumphs associated with project implementation to ensure successful completion. SNV also conducts sponsorship training programmes to equip its sponsor with relevant knowledge so that both parties (SNV and the sponsors) operate on the same level of understanding. These initiatives have played an instrumental role in ensuring successful completion of projects at SNV.

6.2.8. Learning organizations improve continuously

Whereas inter-project learning entails combining and sharing of lessons learnt across projects to apply and develop new knowledge, intra-project learning involves the creation and sharing of knowledge within a project and supports the delivery of successful projects by identifying problems and solving them during the course of project implementation (Kotnour, 2000).

SNV gains a lot of invaluable knowledge from its experiences in running past projects through both inter-project and intra-project learning. By initiating project audits and evaluations at different stages of the project life cycle, the organization has facilitated learning and knowledge transfer across its projects thereby enhancing continuous improvement and quality management. The external evaluations enable the organization to detect mistakes and risk areas and manage them early enough. Furthermore, SNV conducts post project audits at the end of its projects. The results of such audits present a broader view of the organization, lay emphasis on improving management of future organization projects and have generally minimized project failure.

6.3. Recommendations

The main objective of this study was to formulate a set of recommendations that will enhance an appreciation and the internalization of good governance and managerial practices in project implementation across NGOs in Kenya. The sub-sections that follow point out and propose feasible approaches that can facilitate this process. Based on the overall findings of the study, the researcher recommends that NGOs should focus their attention and efforts towards addressing and improving in the following areas:

6.3.1. Adopt governance as part of organizational strategy

An NGO should make governance an inherent part of its strategy. This strategic approach to implementing sustainable good governance must be founded on the paradigm which presupposes that governance is an essential part of superior performance at both the corporate and project levels.

6.3.2. Encourage collaborative working relationships

Although the board is required to delegate authority to the CEO and this inadvertently creates vertical lines of authority between the two parties (whereby the CEO is expected to provide the board with accurate, thorough and timely information about the organization and the board is supposed to provide instructions, guidance and timely feedback to the CEO), both the CEO and the board should maintain a productive relationship and work in partnership while maintaining open channels of communication.

To enhance their working relationship, the board should evaluate the CEO regularly and provide him with feedback on his performance based on predetermined criteria like his/her annual work objectives. Such reviews should help the CEO to understand the board's expectations.

6.3.3. Support from board and top management

The board and senior management of an NGO should act as a link between the organization and its project stakeholders firstly by taking on a consultative role of finding out stakeholders' opinions about the organization and keeping employees aware of stakeholders' needs and desires and secondly, by playing an ambassadorial role for the organization and spreading news about it to the wider public through communicating with supporters, speaking to the media and making fundraising calls. All board members and the senior management team should strive to speak with one voice and offer consistent messages to various audiences.

6.3.4. Develop a communication policy

An NGO should encourage transparent and honest communication to all project and corporate stakeholders by ensuring that a basic communication policy is in place and that all communication from the organization including publicity material, annual reports, grant proposals, fundraising letters, financial statements, reports to public authorities, its web site and description of its services are presented truthfully. It may be worthwhile to engage of a competent, honest and professionally qualified public relations officer to oversee this function.

6.3.5. Establish a conflict of interest policy

Each organization should establish and stringently enforce a conflict of interest policy. This is particularly important in the NGO sector where in addition to the founder member syndrome which propagates nepotism and cronyism, the level of perceived mismanagement and corruption is also relatively high.

6.3.6. Develop ethics management systems

- An NGO's board should ensure that the organization develops a code of ethics which must be communicated to all employees. A code of ethics is useful in protecting stakeholders, enhancing trust, promoting organizational reputation, preventing and promoting ethical behavior, encouraging ethical decision-making, facilitating social integration and legitimizing the ethical talk. To enhance its effectiveness, the code of ethics should be aspirational (value based) as opposed to directional (rules based).

- An NGO should institute an ethics helpline/advisor to assist employees in interpreting the code of ethics thus developed. In addition to this the advisor should be available for consultation when employees are confronted with difficult ethical issues (Greengard, 1997; Navran, 1997).
- An NGO should develop a whistle blowing policy and provide anonymous/safe reporting lines where unethical behaviors that pose dire consequences for an organization can be reported without the fear of potential victimization.
- An NGO should have a recruitment policy in place. When devising its recruitment strategies, the organization must put out the word in no uncertain terms that it wishes to attract only people that can align their ethical orientations with those espoused by the organization.
- An NGO should include integrity as a criterion for the selection of employees or promotion. Given the assumption that integrity may be measureable, it would be a good idea to include it as dimension to be assessed using a number of selected methods including psychometric tests and reference checks.

6.3.7. Embrace a progressive organization culture

The characteristics of a high performing team include elements such as a sense of purpose, open communication, trust and mutual respect, shared leadership, building on differences and diversity, developing effective work procedures, facilitating continuous learning and encouraging team morale. Hence, an NGO must by necessity incorporate these aspects into its organizational culture to augment the implementation of its activities and projects. In addition to the above mentioned aspects, a culture of professionalism and ethical behaviour should also be promoted within an NGO.

6.3.8. Monitoring and evaluation

An NGO should ensure timely provision of comprehensive control information at each stage in the project implementation process. To this end, project and corporate wide audits should be conducted regularly to detect problem areas and to initiate corrective action in good time. Every monitoring and controlling activity should include lessons learnt and challenges encountered which should feed in to the planning processes of future projects and activities.

On-going engagement with stakeholders is another approach to monitoring and evaluation. This method can provide valuable feedback on whether the governance expectations that stakeholders have of the organization are being met or frustrated. Changes in stakeholder expectations can be gauged qualitatively or quantitatively.

6.3.9. Internal controls systems

To ensure efficient financial management, the board must identify an effective ICS as an explicit board policy. An effective ICS promotes the organization's integrity and efficiency in addition to safeguarding its assets. As part of its financial management duties, the board should ensure that professional accounting standards are adhered to, transactional responsibilities are separated and that sound financial policies and procedures are developed and implemented. There should be periodical reviews of these internal controls to verify their effectiveness and to ascertain that they are being observed.

6.3.10. Voluntary service

NGO board members should be willing to serve on a voluntary basis. This is viewed as proof that they are not motivated by opportunities for personal gain. Nevertheless, they should be reimbursed for reasonable expenses such as travel and accommodation resulting from the execution of their board duties.

6.3.11. Future research

The value of this study lays not only in its findings but more in the fact that it involved various participants working within the same organization but in projects running in different regions of the country. This involvement offered an opportunity for increased understanding of the organizational setting and the impact of contextual factors on the implementation of governance during project implementation. The research approach involved and provided a broad learning environment.

In spite of the point noted above and the fact that the NGO sector in Kenya is wide, this was a single case study that adopted a qualitative approach. Therefore, it cannot be generalized to represent the views of every member from SNV and the findings cannot be applied to all NGOs in Kenya. It is therefore recommended that a similar study be conducted involving a wider cross-section of NGOs operating in Kenya. Such a comparative type study would allow for a quantitative analysis and evaluations of the phenomenon covered in this study and provide room for generalizations.

6.4. Reflection on the Study

A decade after work in the area of governance was introduced in Kenya a majority of organizations are still grappling with how to implement it in a sustainable and beneficial manner. In the NGO Sector specifically, only a few NGOs seem to have been successful in deploying good governance practices with a vast majority still lagging behind and several others remaining unaware of the value of good governance.

Overall this study has established a link between good governance and successful project implementation in the NGO Sector. NGOs that pay close attention to good governance practices give their projects a competitive advantage and enhance their corporate reputation thus creating a strong brand. Donors give preferential support to reputable NGOs that can be trusted with their funds. Although various challenges such as the existence of illegitimate NGOs, weak legal and regulatory environment as well as widespread corruption may be encountered, it is crucial for NGOs to channel their efforts toward facilitating good governance because the benefits are worthwhile.

For this study to add value to SNV Kenya Office and to the wider NGO sector in Kenya, recommendations have been made relating to the key governance practices that can augment project implementation. Following the proposition testing exercise which concluded that generic governance frameworks are effective, the researcher is of the view that the aforementioned basic recommendations may be applicable not only in Kenya but even beyond. Further, it is envisaged that the recommendations may also benefit other charity-based, profit-making and governmental organizations.

REFERENCES

Abdesselam, R., Cieply, S. and Nadant, A. L. 2008. 'Are Corporate Governance Systems Typologies Relevant? Evidence from European Transfers of Ownership Rights' *Corporate Ownership & Control*, 5(2): 87-99.

Abdullah, S. N. 2004. 'Board Composition, CEO Duality and Performance among Malaysian Listed Companies' *Corporate Governance: An International Review*, 4(4): 47-61.
[Available from www.apm.org.uk]

African Development Bank. 2007. *Corporate Governance Strategy*. Tunisia: African Development Bank.

AIDS Chief Suspended Over Sh. 27m Pay Fraud. 2004. *Daily Nation*. 6 April: 1.

Anderson, E. P. 1993. 'The Perspective of Student Nurses and their Perceptions of Professional Nursing during the Nursing Training Programme' *Journal of Advanced Nursing*, 18: 808-815.

Apreda, R. Winter 2005-2006. 'The Semantics of Governance: The Common Thread Running Through Corporate, Public and Global Governance', *Corporate Ownership & Control*, 3(2): 45-53.

Archbold, P. 1986. Ethical Issues in Qualitative Research. In Chenitz, W. and Swanson, J. (Editors). *Qualitative Research using Grounded Theory*. Menlo Park, CA: Addison-Wesley.

Association for Project Management. 2007. *Directing Change: A Guide to Governance of Project Management.* London: Association for Project Managers.

Association of Unit Trusts and Investment Funds. 2001. *Code of Good Practice*. London: Association of Unit Trusts and Investment Funds.

Barako, D. G., Hancock, P. and Izan, H. Y. 2006. Factors Influencing Voluntary Corporate Disclosure by Kenyan Companies. *Corporate Governance: An International Review*. 14(2): 107-125.

Barako, D. and Tower, G. Winter 2006-2007. 'Corporate Governance and Bank Performance: Does Ownership Matter? Evidence from the Kenyan Banking Sector' *Corporate Ownership and Control*, 4(2): 133-144.

Barney, J. 1990. 'The Debate between Traditional Management Theory and Organizational Economics: Substantive Differences or Inter-group Conflict' *Academy of Management Review*, 15: 382-393.

Barros, C. P. and Nunes F. 2007. 'Governance and CEO Pay and Performance in Non-Profit Organizations', *International Journal of Social Economics*, 34(11): 811-827.

Belkhir, M. 2009. 'Board of Directors' Size and Performance in the Banking Industry', *International Journal of Managerial Finance*, 5(2): 201-221.

Berliner Initiativkreis. 2000. *German Code of Corporate Governance*. Berlin: Berliner Initiativkreis.

Bob, C. 2007. 'NGO Representation and Accountability: A Skeptical View', *Social Science Research Network*, 34(11): 811-827.

Bogdan, R. and Biklen, S. 1998. *Qualitative Research for Education.* 3rd ed. Boston: Allyn & Bacon.

Booth, S. A. 1992. *Learning to Program: A Phenomenographic Perspective.* Göterborg Studies in Educational Sciences. Göteborg: Acta Universitatis Gothoburgensis.

Bourne, L. and Walker, D. H. T. 2005. 'The Paradox of Project Control', *Team Performance Management*, 11(5/6): 157-178.

Brauer, M. and Schmidt, S. L. 2008. 'Defining the Strategic Role of Boards and Measuring Boards' Effectiveness in Strategy Implementation' *Corporate Governance: An International Review,* 8(5): 649-660.

Candy, P. 1989. 'Alternative Paradigms in Educational Research' *Australian Educational Researcher*, 16(3): 1-11.

Carver, J. 1997. *Boards that make a Differenc*e. 2nd ed. Josey Bass Inc. California.

Carver, J. 2007. 'The Promise of Governance Theory: Beyond Codes and Best Practices' *Journal Compilation*, 16(6):1030-1037.

Central Bank of Nigeria. 2006. *Code of Corporate Governance for Banks in Nigeria Post Consolidation*. Abuja: Central Bank of Nigeria.

Centre for African Family Studies. 2001. *A Situational Analysis of NGO Governance and Leadership in Eastern, Southern, Central and Western Africa*. Nairobi: Africa. Centre for African Family Studies.

Chiang, H. 2005. 'An Empirical Study on Corporate Governance and Corporate Performance' *Journal of Academy of Business, Cambridge*, 6(1): 95-101.

Cicmil, S. 2000. 'Quality in Project Environments: A Non-Conventional Agenda' *International Journal of Quality and Reliability Management*, 17(4/5): 554-570.

Clarkson, M. B. E. 1994. 'The Toronto Conference: Reflection on Stakeholder Theory' Journal of the International Association for Business and Society. 33(1): 82

Coase, R. 1937. 'The Nature of the Firm' *Economia*, 4: 386-405.

Cobin, J. and Strauss, A. 1990. 'Grounded Theory Research: Procedures, Canons and Evaluative Criteria' *Qualitative Sociology*, 13(1): 3-21.

Cohen, L. and Mannion, L. 1994. Case Studies. In Cohen, L. and Mannion, L. (Editors). *Research Methods in Education.* 4th ed. London: Routledge.

Collier, J. 2004. 'Measuring and Evaluating Board Performance' *Measuring Business Excellence,* 8(3): 12-17.

Commission Nationale Gouvernance d'Entreprise. 2008. Moroccan Code of Good Corporate Governance Practices. Rabat: Commission Nationale Gouvernance d' Entreprise.

Commonwealth Association for Corporate Governance. 1999. *CACG Guidelines: Principles for Corporate Governance in the Commonwealth*. Malborough: Commonwealth Association for Corporate Governance.

Conseil National du Patronat Francaiş and Association Française des Entreprises Privees. 1995. *Vienot I Report*. Paris: Conseil National du Patronat Français and Association Française des Entreprises.

Cooper, S. M. 2007. *Corporate Governance in Developing Countries: Shortcomings, Challenges and Impact on Credit: proceedings of the Congress to Celebrate the Fortieth Annual Session of UNCITRAL, Vienna, July 9-12, 2007*. Nepad.

Cornforth, C. 2004. 'The Governance of Cooperatives and Mutual Associations: A Paradox Perspective' *Annals of Public and Cooperative Economics*, 75: 11-32.

Corporate Governance Forum of Japan. 1997. *Corporate Governance Principles: A Japanese View*. Tokyo: Corporate Governance Forum of Japan.

Crawford, L., Cooke-Davies, T., Hobbs, B., Labuschagne, L., Remington, K. & Chen, P. 2008. 'Governance and Support in the Sponsoring of Projects and Programs' *Project Management Journal*, 39: S43-S55.

Creswell, J. W. 1998. *Qualitative Inquiry and Research Design: Choosing among Five Traditions*. Thousand Oaks, CA: Sage.

Creswell, J. W. 2002. *Educational Research: Planning, Conducting and Evaluating Quantitative and Qualitative Research*. Upper Saddle River, NJ: Merrill/Prentice Hall.

Crotty, M. 1998. *The Foundations of Social Research: Meaning and Perspective in the Research Process*. Thousand Oaks, CA: Sage.

Cutcliffe, J. 2000. 'Methodological issues in grounded theory' *Journal of Advanced Nursing*, *31*(6), 1476-1484.

Dalton, C. M. and Dalton D. R. 2006. 'Corporate Governance Best Practices: The proof is in the Process', *Journal of Business Strategy*, 27(4): 5-7.

Davies, M. and Schlitzer, B. 2008. 'The Impracticality of an International "One Size Fits All" Corporate Governance Code of Best Practice, *Managerial Accounting Journal*, 23(6):532-544.

Deenen, W. R. T. 2007. ‘Project Governance – Phases and Life Cycle’ *Management and Marketing, Craiova*, 1: 193-198.

Donaldson, L. 1990. ‘The Etheral Hand: Organizational Economics and Management Theory’ *Academy of Management Review*, 15: 369-381.

Donaldson, L. and Davies, H. J. 1991. ‘Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns’ *Australian Journal of Management*, 16(1): 49-65.

Edwards, M. and Hulme, D. 1996. *Beyond the Magic Bullet: NGO Performance and Accountability in Post-Cold War World*. West Hartford. Kumarian Press.

Egyptian Institute of Directors. 2006. *Code of Corporate Governance for Private Sector in Egypt.* Cairo: Egyptian Institute of Directors.

Florou, A. and Galarniotis, A. 2007. ‘Benchmarking Greek Corporate Governance against Different Standards’, *Corporate Governance: An International Review*, 15(5): 979-998.

Fombrun, C. J. 2006. ‘Corporate Governance’ *Corporate Reputation Review*, 8(4): 267-271.

Frederikson. 1992. ‘Corporate Governance in South Africa: Evaluation of the King II Report (Draft)’ *Journal of Change Management*, 2(4): 305-316.

Fryzel, B. Winter 2005/2006. ‘Governance of Corporate Power Networks’, *Finance & the Common Good/Bien Commun*, 28-38.

Garcia, I. and Marcuello, C. 2002. ‘Governance Strategy: Family Model of Contributions to Non-Profit Organizations and Labour Supply’ *Applied Economics*, 34: 259-265.

Gilan, S. L. 2006. ‘Recent Developments in Corporate Governance: An Overview’, *Journal of Corporate Finance*, 12(2006): 381-402.

Goergen, M., Manjon, M. C. and Renneboog, L. 2008. ‘Is the German System of Corporate Governance Converging Towards the Anglo-American Model?’ *Journal of Management and Governance*, 12: 37-71.

Goldsmith, A. A. 2003. ‘Perceptions of Governance in Africa: A Survey of Business and Government Leaders’ *Journal of African Business*, 4(3): 25-53.

Graham, R. J. and Englund R. L. 2004. ‘Creating an Environment for Successful Projects’, 2nd ed. John Willey & Sons. USA .

Grant, G. 2003. ‘The Evolution of Corporate Governance and its Impact on Modern Corporate America’ *Management Decision*, 41(9): 923-934.

Greengard, S. 1997. ‘50% of your employees are lying, cheating and stealing’ *Workforce*, 76(10): 44-53.

Gruszczynski, M. 2006. ‘Corporate Governance and Financial Performance of Companies in Poland’ *International Advances in Economic Research*, 12: 251-259.

Guba, E. G. and Lincoln, Y. S. 1994. Competing Paradigms in Qualitative Research. In Denzin, N. K. and Lincoln, Y. S. (Editors). *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage Publications.

Gugerty, M. K. 2008. ‘The Effectiveness of NGO Self-Regulation: Theory and Evidence from Africa’ *Public Administration and Development*, 28: 105-118.

Gustavso, R., Kimani, N. N. and Ouma, D. A. 2005. '*The Confluence of Corporate Governance and Business Ethics in Kenya: A Preliminary Investigation, Presented at the 5th BEN-Africa Conference, Kasane – Botswana, August 31, 2005.* Unpublished.

Hammersley, M. and Atkinson, P. 1983. *Ethnography: principles in practice*. London: Routledge.

Heldman, K. 2007. *Project Management Professional Exam Guide.* 4th ed. Willey Publishing, Inc. Indianapolis.

Hendrikse J. and Hendrikse L. 2004. *Business Governance Handbook: Principles and Practice*. Cape Town. Juta & Co. Ltd.

Heugens, P. P. M. and Otten, J. A. J. 2007. 'Beyond the Dichotomous Worlds Hypothesis: Towards a Plurality of Corporate Governance Logics' *Corporate Governance: An International Review*, 15(6): 1288-1300.

Ho, C. 2005. 'Corporate Governance and Corporate Competitiveness: An International Analysis', *Corporate Governance: An International Review*, 13(3): 211-253.

Hobbs, B. and Aubry, M. 2007. 'A Multi-Phase Research Program Investigating Project Management Offices (PMOs): The Results of Phase 1', *Project Management Journal*, 38(1): 74-86.

<http://www.apm.org.uk>
[Accessed 2 October, 2009]

<http://www.bpd.org.uk>
[Accessed 5 August 2009]

<http://www.ccg.org.ke>
[Accessed 6 June 2009]

<http://www.ecgi.org >
[Accessed 28 June 2008]

<http://www.ngocouncil.or.ke>
[Accessed 28 June 2008]

<http://www.snvworld.org>
[Accessed October 2, 2009]

<http://www.transparency.org>
[Accessed 6 March 2009]

Hutchinson, S. 1988. Education and Grounded Theory. In Sherman, R. and Webb, R. (Editors). *Qualitative Research in Education: Focus and Methods*. London: Falmer Press.

Institute of Directors Southern Africa. 1994. *King I Report.* South Africa: Institute of Directors Southern Africa.

Institute of Directors Southern Africa. 2002. *King II Report.* South Africa: Institute of Directors Southern Africa.

Institute of Economic Affairs. August 2000. Corruption in Kenya: A Call to Action. *The Point, 37:1-12*.

It is one year for Gachara. 2004. *East African Standard*. 31 August: 40.

Janesick, V. J. 1994. The Dance of Qualitative Research Design: Metaphor, Methodology and Meaning. In Denzin, N. K. and Lincoln, Y. S. (Editors). *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage Publications.

Jarzombek, J. 1999. 'Software Knowledge Management: Strengthening our Community of Practice' *The Journal of Defense Software Engineering*, 12(2): 1-5.

Kakabadse, A., Korac-Kakabadse, N. 2002. 'Corporate Governance in South Africa: Evaluation of the King II Report' *Journal of Change Management*, 2(4): 305-316.

Kakabadse, A., Kakabadse, N. K. and Baratt, R. 2006. 'Chairman and Chief Executive Officer (CEO): That Sacred and Secret Relationship' *Journal of Management Development*, 25(2): 134-150.

Kang'aru, W. 2009. 'Second Generation Managers on the Spot', *Daily Nation*. 26 January. 1.

Keeves, J. P. 1997. *Educational Research Methodology and Measurement: An International Handbook.* 2nd ed. Adelaide: Pergamon.

Keeves, J. P. and Sowden, S. 1997. Descriptive Data Analysis. In Keeves, J. P. (Editors). *Educational Research, Methodology and Measurement: An International Handbook.* 2nd ed. Adelaide: Pergamon.

Kelly, D. and Gibbons, M. 2008. 'Ethnography: The Good, the Bad and the Ugly' *Journal of Medical Marketing*, 8(4): 279-285.

Kenya. Central Bank of Kenya. February 2009. *Monthly Economic Review*. Nairobi: Central Bank of Kenya.

Kenya. National AIDS & STI Control Programme. 2007. *National HIV Prevalence in Kenya*.

Kenya: Smaller AIDS Organizations Struggle for Transparency. 2009. *PlusNews*. 10 June: 1.

Khanna, T., Kogan, J. and Palepu, K. 2006. 'Globalization and Similarities in Corporate Governance: A Cross-Country Analysis' *The Review of Economics and Statistics*, 88(1): 69-90.

Kibwana, K., Wanjala, S. and Owiti, O. 1996. *The Anatomy of Corruption in Kenya: Legal Political and Socioeconomic Perspectives.* Claripress. Nairobi.

Kilminster, T. 1993. *Boards at Work: A New Perspective on Not-for-Profit Board Governance*. Nfp Press. Newzealand.

Kitchenham, B. 2004. Report on Procedures for Performing Systematic Reviews. Keele University Technical Report TR/SE-0401. Unpublished.

Kooskora M. 2006. Corporate Governance from the Perspective of Stakeholder Theory in Light of Perceptions among Estonian Owners and Managers of Relations with Stakeholders', *EBS Review*, 21(1/2): 27-49.

Kotnour, T. 2000. 'Organizational Learning Practices in the Project Management Environment', *International Journal of Quality and Reliability Management*, 17 (4/5): 393-406.

Kyereboah-Coleman, A. 2007. 'Corporate Governance and Shareholder Value Maximization: An African Perspective' *African Development Review*, 350-367.

Kyereboah-Coleman, A. and Biekpe, N. 2007. ‘On Determinants of Board Size and its Composition: Additional Evidence from Ghana’ *Journal of Accounting and Organizational Change*, 3(1): 68-77.

Lane, C. 2003. ‘Changes in Corporate Governance of German Corporations: Convergence to the Anglo-American Model?’ *Competition & Change*, 7(2-3): 79-100.

Leedy, P. D. and Ormrod, J. E. 2005. *Practical Research: Plannign and Design*. 8th ed. Upper Saddle River, NJ: Merrill/Prentice Hall.

Lewis, D. and Opoku-Mensah, P. 2006. ‘Moving Forward Research Agendas on International NGOs: Theory, Agency and Context’ *Journal of International Development*, 18: 665-675.

Lloyd, R. 2005. ‘The Role of NGO Self Regulation in Increasing Stakeholder Accountability’, *One World Trust*. Charity No. 210180.

Maharaj, K., Heil, D. and Rensburg, A. C. J. Van. 2006. ‘A Framework for Good Governance in Project Management in South Africa’ *SA Journal of Industrial Engineering*, 17(1): 19-33.

Mardjono, A. 2005. ‘A Tale of Corporate Governance: Lessons why Firms Fail’, *Managerial Auditing Journal*, 20(3):272-282.

Marimuthu, M. 2008. ‘Ethnic Diversity on Boards of Directors and its Implications on Firm Financial Performance’ *The Journal of International Social Research*, 1(4) Summer 2008: 431-445.

Marshall, C. and Rossman, G. B. 1995. *Designing Qualitative Research*. 2nd ed. Thousand Oaks, CA: Sage Publications.

Mclntyre, M. L., Murphy, S. A. and Mitchell, P. 2007. ‘The Top Team: Examining Board Composition and Firm Performance’, *Corporate Governance: An International Review*, 7(5): 547-561.

Mehdi, E. and Khanchel, I. 2007. ‘Empirical Evidence on Corporate Governance and Corporate Performance in Tunisia’ *Corporate Governance: An International Review*, 15(6): 1429-1441.

Mensah, S. 2003. *Corporate Governance in Africa: The Role of Capital Market Regulation, Presented at the 2nd Pan African Consultative Forum on Corporate Governance, Nairobi, July 21-23, 2003*. Unpublished.

Merriam, S. B. 1998. *Qualitative Research and Case Study Applications in Education.* San Francisco: Jossey-Bass.

Morris, P. W. G. and Jamieson, A. 2004. *Translating Corporate Strategy into Project Strategy: Realizing Corporate Strategy through Project Management*. Project Management Insitute, Newton Square, PA.

Mouvement des Entreprises de France. 1999. *Vienot II Report*. Paris: Mouvement des Entreprises de France.

Murphy, S. A. and Mclntyre, M. L. 2007. ‘Board of Director Performance: A Group Dynamics Perspective’, *Corporate Governance: An International Review*, 7(2): 209-224.

Navran, F. 1997. ’12 Steps to Building a Best-Practices Ethics Programme’ *Workforce*, 76(9): 117-120.

Newman, W. L. 1997. *Social Research Methods: Qualitative and Quantitative Approaches*. 3rd ed. Needham Heights, MA: Allyn & Bacon.

Newman, W. L. 2003. *Social Research Methods: Qualitative and Quantitative Approaches*. 3rd ed. Boston: Allyn & Bacon.

OECD. 1999. *Principles of Corporate Governance.* Paris: OECD.

OECD. 2004. *Principles of Corporate Governance.* Paris: OECD.

Ogbechie, C., Koufopoulos, D. N. and Argyropoulou, M 2009. 'Board Characteristics and Involvement in Strategic Decision Making: The Nigerian Perspective, *Managerial Research News,* 32: 169-184.

Okeahalam, C. C. 2004. 'Corporate Governance and Disclosure in Africa: Issues and Challenges' *Journal of Financial Regulation and Compliance,* 12(4): 359-370.

Okike, E. N. M. 2007. 'Corporate Governance in Nigeria: The Status Quo' *Corporate Governance: An International Review*, 15(2): 173-193.

Onyando, R. M. 1999. 'Are NGOs Essential for Kenya's Development', *Nomadnet*. 20 November. 1.

Ooghe, H. and Langhe, T. D. 2002. 'Governance Strategy: The Anglo-American versus the Continental European Corporate Governance Model: Empirical Evidence of Board Composition in Belgium' *European Business Review,* 14: (6) 437-449.

Pass, C. 2006. 'The Revised Combined Code and Corporate Governance' *Managerial Law*, 48(5): 467-478.

Patton, M. Q. 1990. *Qualitative Evaluation and Research Methods*. 2nd ed. Newbury Park, CA: Sage.

Pells, D. L. 2007. *Expert Advisory Panels for Project Management Governance and Oversight: Proceeding of the 1st UTD Project Management Symposium, Texas, August 6, 2007.*

Peng, M. W. 2004. 'Outside Directors and Firm Performance during Institutional Transitions' *Strategic Management Journal*, 25: 453-471.

Petra, S. T. 2005. 'Do Outside Independent Directors Strengthen Corporate Boards', *Corporate Governance: An International Review*, 5(1): 55-64.

Petrovic, J. 2008. 'Unlocking the Role of a Board Director: A Review of the Literature' *Management Decisions*, 46(9): 1373-1392.

Potter, W. and Levine-Donnerstein. 1999. 'Rethinking Validity and Reliability in Content Analysis' *Journal of Applied Communication Research*, 27: 258-284.

Private Sector Corporate Governance Trust. 2002. *Principles for Corporate Governance in Kenya and a Sample Code of Best Practice for Corporate Governance*. Nairobi: Private Sector Corporate Governance Trust.

Private Sector Corporate Governance Trust. 2002. *Sample Code of Best Practice for Corporate Governance in Kenya*. Nairobi: Private Sector Corporate Governance Trust.

Pryke, S. D. 2005. 'Towards a Social Network Theory of Project Governance', *Construction Management and Economics*, 23: 927-939.

Pryke, S. and Pearson, S. 2006. 'Project Governance: Case Studies on Financial Incentives', *Building Research and Information*, 34(6): 534-545.

Raja, J and Kumar, A. S. 2007/2008. 'SME Entrepreneurship, Firm Performance and Corporate Governance Practices in India Service Firms' *Journal of Services Research*, 7(2): 99-113.

Remenyi, D., Williams, B., Money A. and Swartz, E. 1998. *Research in Business and Management*. London: Sage.

Renz, P. S. 2007. *Project Governance: Corporate Governance and Business Ethics in Nonprofit Organizations*. Springer Netherlands. Heidelberg.

Rezaee, Z., Olibe, K. O. and Minmier, G. 2003. 'Improving Corporate Governance: The Role of Audit Committee Disclosures' *Managerial Auditing Journal*, 18(6/7): 530-537.

Rossouw G. J. 2009. 'The Ethics of Corporate Governance' *International Journal of Law and Management*, 5(1): 43-51.

Sam, C. Y. 2007. 'Corporate Governance Reforms in the Post-1997 Asian Crisis: Is There Really a Convergence to the Anglo-American Model?' *Global Economic Review*, 36(3): 267-285.

Sandberg, J. 1997. 'Are Phenomenographic Results Reliable?' *Higher Education Research and Development*, 16(2): 203-212.

Sarantakos, S. 1993. *Social Research*. Melbourne: Macmillan.

Sarra, J. and Nakahigashi, M. Winter 2005-2006. 'Balancing Social and Corporate Culture in the Global Economy: The Evolution of Japanese Corporate Structure and Norms' *Law & Policy*, 24(4): 299-354.

Saunders M., Lewis, P. and Thornhill, A. 2003. *Research Methods for Business Students*. Prentice-Hall: Engelwood Cliffs, NJ.

Shannon, D. 2004. 'The Governance of Project Management' *British Journal of Administrative Management*, October/November 2004: 18-19.

Slim, H. 2002. 'By what Authority? The Legitimacy and Accountability of Non-Governmental Organizations' *Corporate Governance: An International Review*, 10: 29-46.

Smallman, C. 2007. 'The Process of Governance: Through a Practice Lens', *Managerial Law*, 49(5/6): 236-248.

SNV. 2006. *SNV Annual Report, 2005*. The Hague. SNV.

SNV. 2007. *SNV Annual Report, 2006*. The Hague. SNV.

SNV. 2008. *SNV Annual Report, 2007*. The Hague. SNV.

SNV. 2009. *SNV Annual Report, 2008.* The Hague. SNV.

SNV. 2008. *East and Southern Africa Annual Report, 2007*. Nairobi. SNV.

SNV. 2009. *East and Southern Africa Annual Report, 2008*. Nairobi. SNV.

Soobaroyen, T. and Sheik-Ellahi, A. 2008. 'A Case Study on the Influence of Corporate Governance Beyond the Boardroom: Perceptions from Business Unit Managers', *Corporate Governance*, 8(2): 179-190.

Spira, L. 2001. 'Enterprise and Accountability: Striking a Balance' *Management Decision*, 39(9): 739-748.

Stake, R. 1994. Case Studies. In Denzin N.K. and Lincoln, Y.S. (Editors). *Handbook of Qualitative Research*. Thousand Oaks, CA: Sage Publications.

Stake, R. 1995. *The Art of Case Research*. Thousand Oaks, CA: Sage.

Stenhouse, L. 1980. 'The Study of Samples and the Study of Cases' *British Educational Research Journal*, 6(1): 1-6.

Stiles, P. 2001. 'The Impact of the Board on Strategy: An Empirical Examination' *Journal of Management Studies*, 38(5): 627-650.

Strauss, A., and Corbin, J. 1990. *Basics of Qualitative Research: Grounded Theory Procedures and Techniques*. Thousand Oaks, CA: Sage.

Sturman, A. 1997. *Social Justice in Education*. Melbourne: Australian Council for Education Research (ACER).

Ticehurst, G. W. and Veal, A. J. 1999. *Business Research Methods: A managerial Approach*. Addison Wesley: Longman Australia Pty Ltd.

Time Is Up For Briefcase NGOs. 2007. *East African Standard*. 18 May: 21.

Toepler, S. and Salamon, L. M. 2003. 'NGO Development in Central and Eastern Europe: An Empirical Overview' *East European Quarterly*, 37: 259-265.

Trade and Development Board. 2003. *'United Nations Conference on Trade and Development: Case Study on Corporate Governance Disclosures in Kenya, Geneva, September 29 – October 1, 2003*. United Nations.

Transparency International - Kenya. 2006. *The NACC – A Year Later.* Nairobi: Adili News-Service.74.

Tsamenyi, M., Enninful-Adu, E. and Onumah, J. 2007. ‘Disclosure and Corporate Governance in Developing Countries: Evidence from Ghana’ *Managerial Auditing Journal*, 22(3): 319-334.

Tunzelmann, N. von. 2003. ‘Historical Coevolution of Governance and Technology in the Industrial Revolutions’ *Structural Change and Economic Dynamics*, 14: 365-384.

Tvedt, T. 2006. ‘The International Aid System and the Non-Governmental Organizations: A new Research Agenda’ *Journal of International Development*, 18: 677-690.

Van der Walt, N., Ingley, C., Shergill, G. S. and Townsend, A. 2006. ‘Board Configuration: Are Diverse Boards Better Boards’ *Corporate Governance: An International Review*, 6(2): 129-147.

Van Hulle, C. 1997. ‘Is het Systeem van Corporate Governance Belangrijk? Op Zoek Naar de Impact van Verschillen in Modellen’ *Report Referaat Vlaams Wetenscchappelijk Economisch Congres*, 287-331.

Vaughn, M. and Ryan, L. V. 2006. ‘Corporate Governance in South Africa: A Bellwether for the Continent’ *Corporate Governance: An International Review*, 14(5): 504-512.

Walker, G. and Fox, M. 2002. ‘Corporate Governance Reform in East Asia’ *Corporate Governance: An International Review*, 2(1): 4-9.

Wang, M. Winter 2005-2006. ‘Independent Directors? Supervisors? Who Should Monitor China’s Boards?’ *Corporate Ownership & Control*, 3(2): 142-147.

Weaver, P. 2005. *Effective Project Governance – A Cultural Sea Change: proceedings of the PMI Global Congress Pacific Asia, Singapore, February 21-23, 2005*. Mosaic Project Services Pty Ltd.

Weaver, P. 2007. Effective *Project Governance – Linking PMI's Standards to Project Governance: proceedings of the PMI Global Congress Pacific Asia, Hong Kong, January 29-31, 2007*. Mosaic Project Services Pty Ltd.

Weber, R. P. 1990. *Basic Content Analysis*, 2nd ed. Newbury Park, CA.

Wilkes, J. 2004. 'Corporate Governance and Measuring Performance' *Measuring Business Excellence*, 8(4): 13-16.

Winch, S. 2006. 'Constructing a Morality of Care: Codes and Values in Australian Career Disclosure' *Nursing Ethics*, 13(1): 5-16.

Yeoh, P. 2007. 'Corporate Governance Models: Is there a right one for Transition Economies in Central and Eastern Europe?' *Managerial Law*, 49(3): 57-75.

Yin, R. K. 1989. *Case Study Research: Design and Methods*. London: Sage.

Yin, R K. 2003. *Case Study Research: Design and Methods*. 3rd ed. Thousand Oaks. CA: Sage.

APPENDIX 1: List of Available Codes of Corporate Governance

	Country	Year	Code Title
1.	Argentina	2004	Código de Mejores Prácticas de Gobierno de las Organizaciones para la República Argentina
2.	Australia	2007	Revised Corporate Governance Principles and Recommendations
		2003	Principles of Good Corporate Governance and Best Practice Recommendations
		2002	Corporate Governance: A Guide for Fund Managers and Corporations
		2002	Horwath 2002 Corporate Governance Report
		1999	Corporate Governance: A Guide for Investment Managers and Corporations
		1997	Corporate Governance - Volume One: In Principle
		1997	Corporate Governance - Volume Two: In Practice
		1995	AIMA Guide & Statement of Recommended Practice
		1995	Bosch Report
3.	Austria	2007	Austrian Code of Corporate Governance
		2006	Austrian Code of Corporate Governance
		2005	Austrian Code of Corporate Governance
		2002	Austrian Code of Corporate Governance
4.	Bangladesh	2004	The Code of Corporate Governance for Bangladesh
5.	Belgium	2009	The 2009 Belgian Code on Corporate Governance
		2009	Draft 2009 Belgian Code on Corporate Governance
		2005	Code Buysse: Corporate Governance for Non-Listed Companies
		2004	Belgian Corporate Governance Code
		2004	Draft 2008 Belgian Corporate Governance Code
		2000	Director’s Charter
		1999	Guidelines on Corporate Governance Reporting
6.	Brazil	2004	Codes of Best Practice of Corporate Governance
		2002	Recomendações sobre Governança Corporativa
		1999	Code of Best Practice of Corporate Governance
7.	Bulgaria	2007	Bulgarian National Code for Corprate Governance
8.	Canada	2006	Corporate Governance: Guide to Good Disclosure
		2003	Corporate Governance: A guide to good disclosure
		2002	Corporate Governance Policy-Proposed New Disclosure Requirement and Amended Guidelines
		2001	Beyond Compliance: Building a Governance Culture (Saucier Report)
		1999	Five Years to the Dey

	Country	Year	Code Title
		1999	Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector
		1994	Where were the Directors? Guidelines for Improved Corporate Governance in Canada (The Toronto Report)
9.	China	2004	Provisional Code of Corporate Governance for Securities Companies
		2001	The Code of Corporate Governance for Listed Companies in China
10.	Commonwealth	1999	CACG Guidelines: Principles for Corporate Governance in the Commonwealth
11.	Comparative Studies	2002	Comparative Study of Corporate Governance Codes relevant to the European Union and its Member States
		2001	International Comparison of Board "Best Practices" – Investor Viewpoints
		2001	International Comparison of Corporate Governance: Guidelines and Codes of Best Practice in Developed Markets
		2000	International Comparison of Corporate Governance: Guidelines and Codes of Best Practice in Developing and Emerging Markets
12.	Cyprus	2006	Cyprus Corporate Governance Code
		2003	Addendum of Corporate Governance Code
		2002	Corporate Governance Code
13.	Czech Republic	2004	Corporate Governance Code based on the OECD Principles
14.	Denmark	2008	Recommendations for Corporate Governance of August 15, 2005 sections III and V Revised
		2008	Active Ownership and Transparency in Private Equity Funds: Guidelines for Responsible Ownership and Good Corporate Governance
		2008	Recommendations for Corporate Governance of August 15, 2005 sections VI Revised
		2005	Revised Recommendation for Corporate Governance in Denmark
		2003	Report on Corporate Governance in Denmark
		2001	The Norby Committee's Report on Corporate Governance in Denmark
		2000	Guidelines on Good Management of Listed Company (Corporate Governance)
15.	Egypt	2006	Code of Corporate Governance for Private Sector in Egypt
		2006	Code of Corporate Governance for State Owned Enterprises in Egypt
16.	Estonia	2006	Corporate Governance Recommendations
17.	Finland	2008	Finnish Corporate Governance Code
		2008	Proposal for an updated Finnish Corporate Governance Code
		2006	Improving Corporate Governance of Unlisted Companies

	Country	Year	Code Title
		2003	Corporate Governance Recommendations for Listed Companies
18.	France	2008	AFG – Recommandations sur le gouvernement d’entreprise – Version 2008
		2004	Recommandations sur le gouvernement d’entreprise
		2003	The Corporate Governance of Listed Corporations
		2002	Promoting Better Corporate Governance in Listed Companies
		1999	Vienot II Report
		1998	Recommendations on Corporate Governance
		1995	Vienot I Report
19.	FYR Macedonia	2003	White Paper on Corporate Governance in South-Eastern Europe
20.	Germany	2008	German Corporate Governance Code as amended on 6 June 2008
		2007	German Corporate Governance Code as amended on 14 June 2008
		2006	Amendment to the German Corporate Governance Code – The Cromme Code (June 2006)
		2005	Amendment to the German Corporate Governance Code – The Cromme Code (June 2005)
		2005	Corporate Governance Code for Asset Management Companies
		2003	Amendment to the German Corporate Governance Code – The Cromme Code (May 2003)
		2002	The German Corporate Governance Code (The Cromme Code)
		2001	Baums Commission Report (Bericht der Regierungskommission Corporate Governance)
		2000	German Code of Corporate Governance (GCCG)
		2000	Corporate Governance Rules for German Quoted Companies
		1998	DSW Guidelines
		1998	Gesetz zur kontrolle und Transparenz im Unternehmensbereich (KonTraG)
21.	Greece	2001	Principles of Corporate Governance
		1999	Principles on Corporate Governance in Greece: Recommendations for its Competitive Transformation
22.	Hong Kong	2004	Hong Kong Code on Corporate Governance
		2001	Model Code for Securities Transactions by Directors of Listed Companies: Basic Principles
		2001	Corporate Governance Disclosure in Annual Reports
		1999	Code of Best Practice
23.	Hungary	2008	Corporate Governance Recommendations
		2007	Corporate Governance Recommendations
		2002	Corporate Governance Recommendations

	Country	Year	Code Title
24.	Iceland	2005	Guidelines on Corporate Governance 2nd Edition
		2004	Guidelines on Corporate Governance
25.	India	2000	Report of the Kumar Mangalam Birla Committee on Corporate Governance
		1999	Draft Report of the Kumar Mangalam Birla Committee on Corporate Governance
		1998	Desirable Corporate Governance in India
26.	Indonesia	2007	Code of Good Corporate Governance
		2001	Code of Good Corporate Governance
		2000	Code of Good Corporate Governance
27.	International	2008	Sovereign Wealth Funds: Generally Accepted Principles and Practices (GAPP) – Santiago Principles
		2005	ICGN Statement on Global Corporate Governance Principles
		1999	Enhancing Corporate Governance for Banking Organizations
		1999	ICGN Statement on Global Corporate Governance Principles
28.	Ireland	1999	Corporate Governance, Share Option and Other Incentive Schemes
29.	Italy	2008	New Regulation on Banks' Organization and Corporate Governance
		2006	Corporate Governance Code (Codile De Autodisciplina)
		2004	Handbook on Corporate Governance Reports
		2002	Corporate Governance Code (il Codile di Autodisciplina delle società quotate rivisitato)
		1999	Report & Code of Conduct (The Preda Code)
		1998	Testo Unico sulle disponsizioni in material di intermediazione
30.	Jamaica	2006	Code on Corporate Governance (Final)
		2005	Code on Corporate Governance (Second Draft)
		2005	Proposed Code on Corporate Governance
31.	Japan	2004	Principles of Corporate Governance for Listed Companies
		2001	Revised Corporate Governance Principles
		1998	Report of the Pension Fund Corporate Governance Research Committee, Action Guidelines for Exercising Voting Rights
		1997	Corporate Governance Principles: A Japanese view
		1997	Urgent Recommendations Concerning Corporate Governance
32.	Kenya	2002	Principles for Corporate Governance in Kenya
		2002	Sample Code of Best Practices for Corporate Governance
33.	Latin America	2003	Latin American Corporate Governance White Paper
34.	Latvia	2005	Principles of Corporate Governance and Recommendations on their Implementation
35.	Lebanon	2006	Corporate Governance Code for Small and Medium Enterprises

	Country	Year	Code Title
36.	Lithuania	2003	Corporate Governance Code for the Companies Listed on the National Stock Exchange of Lithuana
37.	Luxembourg	2006	The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange
38.	Malaysia	2007	Malaysian Code on Corporate Governance (Revised)
		2000	Malaysian Code on Corporate Governance
39.	Malta	2005	Principles of Good Corporate Governance: Revised Code for Issuers of Listed Securities
		2005	Principles of Good Corporate Governance for Public Interest Companies
		2001	Principles of Good Corporate Governance
40.	Mexico	1999	Código de Mejores Prácticas Corporativas
41.	Morocco	2008	Moroccan Code of Good Corprate Governance Practices
42.	New Zealand	2004	Corporate Governance in New Zealand: Principles and Guidelines – A handbook for Directors, Executives and Advisers
		2004	Corporate Governance in New Zealand: Principles and Guidelines
		2003	Corporate Governance Principles
		2003	Corporate Governance in New Zealand: Consultation on Issues and Principles Background Reference
		2003	Corporate Governance in New Zealand: Counsutation on Issues and Principles Questionnaire
43.	Nigeria	2006	Code of Corporate Governance for Banks in Nigerian Post Consolidation
44.	Norway	2007	The Norwegian Code of Practice for Corporate Governance
		2006	The Norwegian Code of Practice for Corporate Governance
		2005	The Norwegian Code of Practice for Corporate Governance
		2004	The Norwegian Code of Practice for Corporate Governance
45.	OECD	2005	OECD Guidelines of Corporate Governance of State-Owned Enterprises
		2004	Draft Guidelines of Corporate Governance of State-Owned Enterprises
		2004	OECD Principles of Corporate Governance
		2004	Draft Revised Text: OECD Principles of Corporate Governance
		1999	OECD Principles of Corporate Governance
46.	Pakistan	2002	Code of Corporate Governance (Revised)
		2002	Stock Exchange Code of Corporate Governance
47.	Pan-Europe	2002	Euroshareholders Corporate Governance Guidelines 2000
		2000	EASD Principles and Recommendations
		2000	Corporate Governance Guidelines
		1997	Sound Business Standards on Corporate Practices: A Set of Guidelines

	Country	Year	Code Title
		1995	Corporate Governance in Europe
48.	Peru	2002	Principios de Buen Gobierno par las Sociedades Peruanas
		2001	Perú: Código de Buen Gobierno Corporativo para Empresas Emisoras de Valores
49.	Poland	2007	Code of Best Practice for WSE Listed Companies
		2004	Best Practices in Public Companies 2005
		2002	Best Practices in Public Companies 2002
		2002	The Corporate Governance Code for Polish Listed Companies (The Gdansk Code)
50.	Portugal	2007	CMVM Corporate Governance Code
		2007	Proposal on the Corporate Governance Code
		2006	White Book on Corporate Governance in Portugal
		2003	Recommendations on Corporate Governance
		2003	CMVM Regulation No. 11/2003: Corporate Governance
		2001	CMVM Regulation No. 07/2001: Corporate Governance
		1999	Recommendations on Corporate Governance
51.	Romania	2009	Bucharest Stock Exchange Corporate Governance Code
		2000	Corporate Governance Code in Romania
52.	Russia	2002	The Russian Code of Corporate Conduct
53.	Singapore	2005	Code of Corporate Governance 2005
		2004	Proposed Revisions to the Code of Corporate Governance
		2001	Code of Corporate Governance
54.	Slovakia	2008	Corporate Governance Code for Slovakia
		2002	Corporate Governance Code (Based on OECD Principles)
55.	Slovenia	2007	Corporate Governance Code (Amended 5 February 2007)
		2005	Corporate Governance Code
		2004	Corporate Governance Code
56.	South Africa	2002	King Report on Corporate Governance for South Africa – 2002 (King II Report)
		1994	King I Report
57.	South Korea	1999	Code of Best Practice for Corporate Governance
58.	Spain	2006	Unified Good Governance Code
		2006	IC-A: Code of Ethics for Companies
		2006	Draft Unified Code of Recommendations for Good Governance
		2004	IC-A: Principles of Good Corporate Governance
		2004	Decálogo del Directivo

	Country	Year	Code Title
		2003	The Aldama Report
		1998	Código de Buen Gobierno
		1996	Círculo de Empresarios
59.	Sri Lanka	2006	Draft Rules on Corporate Governance for Listed Companies
60.	Sweden	2008	Swedish Code of Corporate Governance
		2007	Swedish Code of Corporate Governance
		2004	Swedish Code of Corporate Governance *Report of the Code Group*
		2004	Swedish Code of Corporate Governance *A Proposal by the Code Group*
		2003	The NBK Recommendations
		2001	Corporate Governance Policy
61.	Switzerland	2008	Swiss Code pf Best Practice for Corporate Governance
		2006	Governance in Family Firms
		2002	Swiss Code of Best Practice for Corporate Governance
		2002	Corporate Governance Directive
62.	Taiwan	2002	Taiwan Corporate Governance Best Practice Principles
63.	Thailand	2006	The Principles of Good Corporate Governance for Listed Companies 2006
		2002	Code of Best Practice for Directors of Listed Companies
		1999	Best Practice Guidelines for Audit Committee
		1998	The SET Code of Best Practice for Directors of Listed Companies
64.	The Netherlands	2008	Ducth Corporate Governance Code
		2004	SCGOP Handbook on Corporate Governance 2004
		2003	The Dutch Corporate Governance Code (The Tabaksblat Code)
		2003	Draft Corporate Governance Code
		2001	SCGOP Handbook on Corporate Governance 2001
		2000	Government Governance; Corporate Governance in the Public Sector, why and how?
		1997	Peters Report & Recommendations, Corporate Governance in the Netherlands
65.	The Philippines	2002	Code of Corporate Governance
		2000	ICD Code of Proper Practices for Directors
66.	Trinidad and Tobago	2006	Corporate Governance Guideline
67.	Tunisia	2008	Guide de Bonnes Pratiques de Gouvernance des Entreprises Tunisiennes
68.	Turkey	2003	Corporate Governance Principles
69.	Ukraine	2003	Ukrainian Corporate Governance Principles
70.	United Kingdom	2008	The Combined Code on Corporate Governance (Revised June 2008)

	Country	Year	Code Title
		2007	Guidelines for Disclosure and Transparency in Private Equity
		2006	The Combined Code on Corporate Governance
		2006	Good Practice Suggestions from the Higg Report
		2005	Internal Control: Revised Guidance for Directors on the Combined Code
		2005	Corporate Governance in Central Government Departments: Code of Good Practice
		2005	Pension Scheme Governance – Fit for the 21st Century
		2005	Good Governance: The Code of Governance for the Voluntary and Community Sector
		2004	Corporate Governance: A practical Guide
		2003	The Combined Code on Corporate Governance
		2003	Audit Committees – Combined Code Guidance (The Smith Report)
		2003	The Higgs Report: Review of the Role and Effectiveness of Non-Executive Directors
		2002	The Responsibilities of Institutional Shareholders and Agents – Statement of Principles
		2002	The Hermes Principles
		2002	Review of the Role and Effectiveness of Non-Executive Directors (Consultation Papers)
		2001	Code of Good Practice
		2000	The Combined Code: Principles of Good Governance and Code of Best Practice
		1999	Hermes Statement on International Voting Principles
		1999	The KPMG Review Internal Control: A Practical Guide
		1999	Internal Control: Guidance for Directors on the Combined Code (Turnbull Report)
		1998	Hampel Report (Final)
		1995	Greenbury Report (Study Group on Directors' Remuneration)
		1992	Cadbury Report (The Financial Aspect of Corporate Governance)
71.	United States	2008	Key Agreed Principles to Strengthen Corporate governance for U.S. Publicly Traded Companies
		2007	TIAA-CREF Policy Statement on Corporate Governance
		2004	Asset Manager Code of Professional Conduct
		2003	Final NYSE Corporate Governance Rules
		2003	Restoring Trust – The Breeden Report on Corporate Governance for the Future of MCI, Inc.
		2003	Commission on Public Trust and Private Enterprise Findings and

	Country	Year	Code Title
			Recommendations: Part 2: Corporate Governance
		2002	Corporate Governance Rule Proposals
		2002	Principles of Corporate Governance
		2002	Core Policies, General Principles, Positions and Explanatory Notes
		2002	Principles of Corporate Governance: Analysis & Recommendations
		2001	Report on the NACD Blue Ribbon Commission on Director Professionalism
		1999	Global Corporate Governance Principles
		1997	Statement on Corporate Governance

Source: http://www.ecgi.org

APPENDIX 2: Measuring Instrument

INTERVIEW GUIDE

PART I: CORPORATE GOVERNANCE

Section A: Board Structure and Composition

1. There are less than 10 directors presently serving on the Board of Directors.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

2. The positions of Chairman of the Board and the Chief Executive officer (CEO) are held by different individuals.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

3. The functions of the CEO are clearly defined by the Board.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

4. A formal and transparent procedure for the election of directors is in place.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

5. Directors are subject to a limit on the number of directorships.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

Section B: Duties and Responsibilities

6. The organization has a statement of Ethics and Business practices issued by the Board and signed by all directors and employees.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

7. The Board has formulated a corporate strategy and announced significant policies.

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)				
8. A complete record of the particulars of significant policies is maintained.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
9. Significant matters such as investments and divestments are brought to the attention of the Board.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
10. The Board has ensured the implementation of effective systems of internal control.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
11. The terms of appointment and remuneration packages of the CEO is approved by the Board.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
Section C: Meetings of the Board				
12. The Board of Directors meets at least twice a year.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
13. The minutes of such meetings are properly recorded and circulated to the directors within a reasonable time after each meeting.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
14. Significant issues are place at the Board meeting for discussion and consideration.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)

Section D: Audit Function				
15. The organization has established an audit committee.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
16. The audit committee is a sub-committee of the Board.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
17. There is an in-house audit department in the organization.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
18. The internal auditors are independent.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
19. The Head of Internal Audit has direct access to the Chairman of the Audit Committee.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
20. The internal audit reports are provided to the external auditors.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
21. The organization practices external audit rotation (at least once every three years).				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				

22. The external auditors are appointed in a transparent manner.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
Section E: Disclosure and Transparency				
23. There is adequate disclosure on the composition of the audit committee.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
24. Management makes a detailed disclosure of the organization's financial and operating results.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
25. There is sufficient disclosure about the Board members.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
26. The organization makes disclosure on matters concerning employees.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
27. There is disclosure on strategic issues.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
28. Management and the Board make adequate disclosure on the organization's corporate governance structure.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
Section F: Social Responsibilities and Corporate Services				
29. The organization has a code of ethical practices.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)				
30. The organization has a clear employment policy incorporating practices such as equal employment opportunities for minorities and females.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
31. The organization has a community development policy in place.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
32. The organization has a corporate-wide training programme that teaches employees the principles of corporate governance and internal control.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
33. The organization has a corporate announcements function.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
34. The organization performs assessments of the risks associated with its corporate governance and internal control practices.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
PART II: PROJECT GOVERNANCE				
Section G: Portfolio Direction				
35. The organization's project portfolio is aligned with its key business objectives, including those of profitability, customer service, reputation, sustainability and growth.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
36. The organization's financial controls, financial planning and expenditure review processes are applied to both individual projects and the portfolio as a whole .				

☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
37. Project portfolio is prioritized, refreshed, maintained and pruned in such a way that the mix of projects continues to support strategy and take account of external factors.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
38. The organization discriminates correctly between activities that should be managed as projects and other activities that should be managed as non-project operations.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
39. The organization assesses and addresses the risks associated with the project portfolio, including the risk of corporate failure.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
40. The project portfolio is consistent with the organization's capacity.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
41. The organization's engagement with project suppliers encourages a sustainable portfolio by ensuring their early involvement and by a shared understanding of the risks and rewards.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
42. The organization's engagement with its customers encourages a sustainable portfolio.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
43. The organization's engagement with the sources of finance for its projects encourages a sustainable portfolio.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)				
44. The organization assures itself that the impact of implementing its project portfolio is acceptable to its ongoing operations.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
Section H: Project Sponsorship				
45. All major projects have competent sponsors at all times.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
46. Sponsors devote enough time to the project.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
47. Project sponsors hold regular meetings with project managers and they are sufficiently aware of the project status.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
48. Project sponsors provide clear and timely directions and decisions.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
49. Project sponsors ensure that project managers have access to sufficient resources with the right skills to deliver projects.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
50. Projects are closed at the appropriate time.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)				
51. Independent advice is used for appraisal of projects.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
52. Sponsors are accountable for and they own and maintain the business case.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
53. Sponsors are accountable for the realization of benefits.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
54. Sponsors adequately represent the project throughout the organization.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
55. The interests of key project stakeholders including regulators and providers of finance are aligned to with the project success.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
Section I: Project Management Effectiveness and Efficiency				
56. All projects have clear critical success criteria used to inform decision making.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
57. The Board is assured that the organization's project management processes and project management tools are appropriate for he projects that its sponsors.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

	Elaborate further (optional)				
58.	The Board is assured that the people responsible for project delivery, especially the project managers, are clearly mandated, sufficiently competent and have the capacity to achieve satisfactory project outcomes.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
59.	Project managers are encouraged to develop opportunities for improving project outcomes.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
60.	The key governance of project management roles and responsibilities are clear and in place.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
61.	Service departments and suppliers are able and willing to provide key resources tailored to the varying needs of different projects and to provide an efficient and responsive service.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
62.	Appropriate issue, change and risk management practices are implemented in line with adopted policies.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
63.	Authority is delegated to the right levels, balancing efficiency and control.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
	Elaborate further (optional)				
64.	Project contingencies are estimated and controlled in accordance with delegated powers.				
	□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree

Elaborate further (optional)				
Section J: Disclosure and Reporting				
65. The Board receives timely, relevant and reliable information on project forecasts, including those produced for the business case a the project authorization points.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
66. The Board receives timely, relevant and reliable information of project progress.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
67. The Board has sufficient information on significant project-related risks and their management.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
68. Threshold criteria are used to escalate significant issues, risks and opportunities through the organization to the Board.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
69. The organization uses measure for both key success drivers and key success indicators.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
70. The organization is able to distinguish between project forecasts based on targets, commitments and expected outcomes.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree
Elaborate further (optional)				
71. The Board seeks independent verification of reported project and portfolio information as appropriate.				
☐ Strongly agree	☐ Agree	☐ Neutral	☐ Disagree	☐ Strongly Disagree

Elaborate further (optional)				
72. The Board reflects the project portfolio status in communications with key stakeholders.				
□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
Elaborate further (optional)				
73. The organization's culture encourages open and honest reporting.				
□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
Elaborate further (optional)				
74. Where the responsibility for disclosure and reporting is delegated, the Board ensures that the quality of information that is received is not compromised.				
□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
Elaborate further (optional)				
75. The organization has a policy supportive of whistleblowers and the policy is effective in the management of projects.				
□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
Elaborate further (optional)				
76. Project processes reduce reporting requirements to the minimum necessary.				
□ Strongly agree	□ Agree	□ Neutral	□ Disagree	□ Strongly Disagree
Elaborate further (optional)				

PART III: DRIVERS OF GOOD GOVERNANCE

Section K: Facilitators

77. In your opinion, what factors have facilitated the deployment of good governance practices and procedures at SNV?

Section L: Benefits

78. Do you believe that SNV has benefited from applying good governance practices in the implementation of its projects?

- ☐ Yes
- ☐ No

If yes, please identify some of the benefits.

Section M: Challenges/Lessons Learnt

79. In your opinion, has SNV faced any challenges in the process of promoting good governance during the implementation of its projects?

- ☐ Yes
- ☐ No

If yes, please outline some of the challenges.

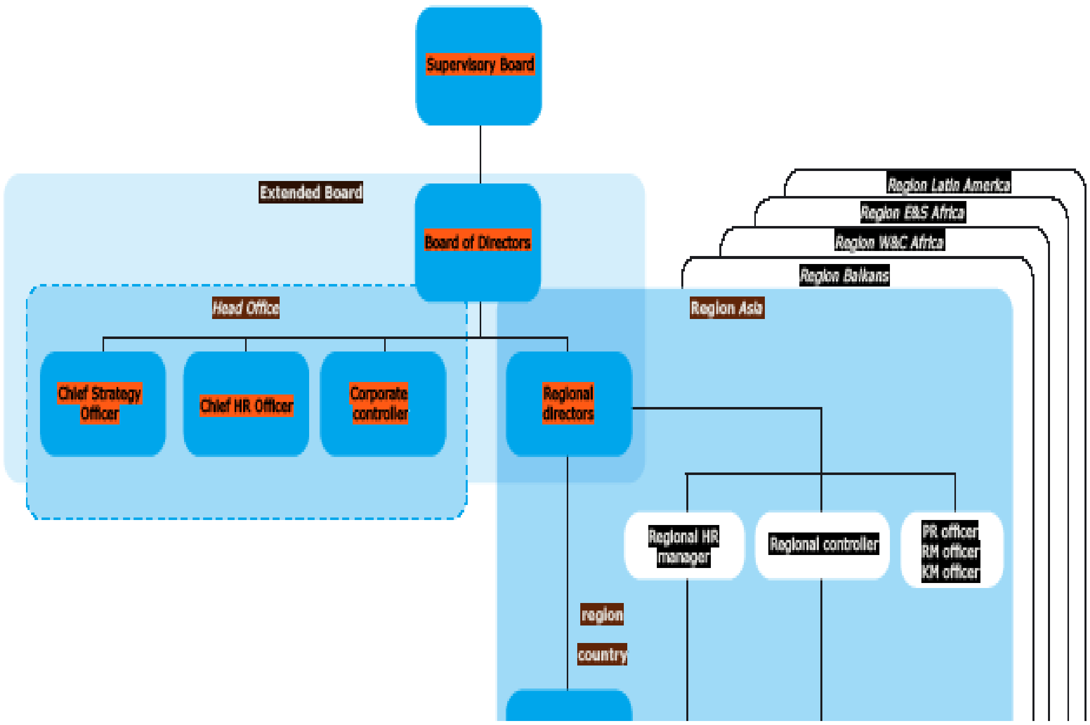
Section N: Evolution of Best Practices

80. In your opinion, is it possible for some of the good governance practices to evolve into best practices?

- ☐ Yes
- ☐ No

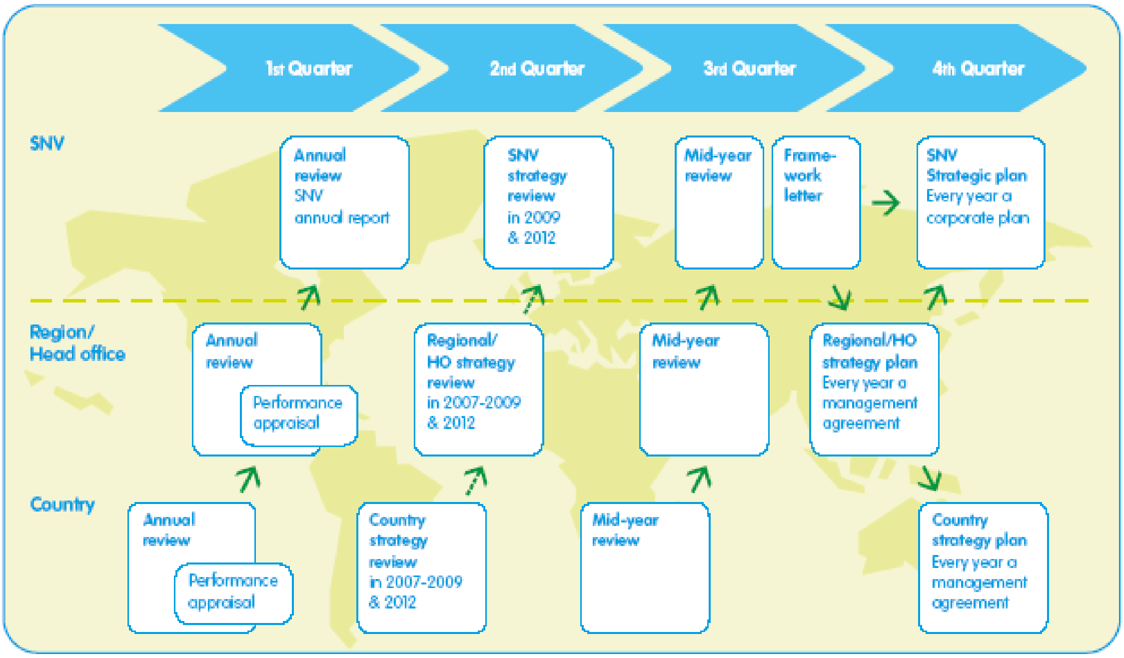
If yes, please explain how.

APPENDIX 3: SNV Organization Structure



Source: SNV Annual Report 2007

APPENDIX 4: SNV's Integrated Planning and Control Cycle



Source: SNV Annual Report 2008

APPENDIX 5: Strategic Partners at the Corporate Level

No.	Partner	Commenced
1	United Nations Development Programme (UNDP)	2004
2.	United Nations World Tourism Organization (UNWTO)	2004
3.	World Business Council for Sustainable Development (WBCSD)	2006
4.	World Wide Fund for Nature (WWF)	2006
5.	Fair Trade Labelling Organization (FLO)	2006
6.	Millenium Promise	2008

Source: SNV Annual Report, 2008

APPENDIX 6: Strategic Partners for East and Southern Africa Region

No.	Regional Partner	Focus Area
1.	Embassies of the Kingdom of the Netherlands	Domestic accountability
2.	IFAD	Support for capacity enhanced market access
3.	Agriterra	Value chain development o producer group strengthening
4.	Fair Trade Labelling Organization International	Access to fair trade markets
5.	United Nations World Tourism Organization	Destination management
6.	United Nations Development Programme	MDG-based national development strategies
7.	UNICEF	Water, sanitation and hygiene
8.	UN-Habitat	Lake Victoria water and sanitation programme
9.	Millenium Promise	Business developmentin Millenium villages
10.	Twaweza Hivos	Citizen empowerment
11.	Value Chain Catalyst Fund	Small enterprise assistance fund

Source: East and Southern Africa Annual Report, 2008

APPENDIX 7: SNV Kenya Office Clients

	Activity	Client
1.	Education	Ex-Street Children Community Development Organization
		Kenya Private Schools Association
		Kitale Municipal Education Department
		Kenya National Union of Teachers Baringo Branch
		Turkana Education For All
		Laikipia East District Education Office
		Samburu Education Sector Forum
		Pastoralists Women Leadership Forum
		Narok Education Task Force
2.	Water, Sanitation and Hygiene	Eldoret Water and Sanitation Services (ELDOWAS)
		Kapenguria Water and Sewerage Services
		Water Resources Management Authority – Kapenguria
		Water Resources Management Authority – North Rift Catchment Area
		Water and Sanitation for Urban Poor
		UN Habitat Water and Sanitation
		Network for Water and Sanitation
		Boka Water and Sanitation Service
		Burgabo Water and Sanitation Service
		Community Initiative Facilitation Assistance
		Golbo Water and Sanitation Service
		Isiolo Water and Sewerage Company
		Nanyuki Water and Sewerage Company
		Pastoralist Integrated Support Programme
		Urban Water and Sanitation Service
		Water Resources Management Authority
		Rural Focus
		Arid Lands Resource Management Programme – Kajiado
		Arid Lands Resource Management Programme – Narok
		Water Sector Survey – Narok District
		Water Sector Survey – Kajiado District
		Water and Sanitation for the Urban Poor
3.	Economic Development	Eldoret Christian Community Services
		Kenya Cotton Growers Association
		VETWORKS EA

	Activity	Client
		Turkana Pastoralist Development Organization (TUPADO)
		Kenya Dairy Board
		Isiolo Holding Ground Users Association
		Kenya Livestock Marketing Council
		Samburu Integrated Development Programme
		Neighbour Initiative Alliance
		Magadi Multipurpose Cooperative
		Kenya Livestock Marketing Council
		Magadi Farmers
		Kenya National Federation of Agriculture
		Smallholder Dairy Commercial Programme
		Heifer International
		Ministry of Livestock and Fisheries
		Pastoralist Area Development Organization (PADO)
		District Livestock Marketing Councils
		Eldoret Municipal Council
4.	Tourism	Laikipia Wildlife Forum
		Samburu wildlife Forum
		South Rift Association of Land Owners
		Kenya Community Based Tourism Network
		Kitengela Ilaparakuo Land Owners Association
		Amboseli Tourism Association

Source: www.snvworld.org