

AN ANALYSIS OF THE FINANCIAL SUSTAINABILITY CHALLENGES FACED BY  
NON-PROFIT ORGANISATIONS IN THE HEALTH SECTOR IN NAMIBIA

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## **ABSTRACT**

This study explored the financial sustainability challenges faced by Non-Profit Organisations (NPOs) in the health sector in Namibia. The objectives of the study were to determine challenges faced by selected NPOs, determine the main source of funding for NPOs in Namibia after the reclassification as an upper middle-income country and finally, examine the impact that sole reliance on external donor funding has on programmes of the selected NPOs. The study mostly used a mixed methodology, and descriptive analysis was done. The targeted population was 100 drawn from five NGOs whose objectives are in collaboration with the Ministry of Health and Social Services. The five NGOs are The society for Family Health (SFH), Namibia Planned Parenthood Association (NAPPA), HIV Clinicians Society, Mister Sister and Namibia Red Cross Society. The study found that reduced annual operational budgets and delayed program implementation are the current challenges NPOs are facing because of the economic crisis and COVID-19. Others listed the difficulties faced as a decline in the number of donors, financial crises, technology gaps, and management control. The research revealed, among other findings, that assistance from local governments is necessary for the financial sustainability of the programs and the continuity of NGOs. Additionally, it was recommended that the Government of the Republic of Namibia Incentivise NPOs' effectiveness, transparency and accountability. More NPOs discuss about gauging and marketing an organisation's social impact need to shift. Due to the difficulty of assessing social impact and the fact that it is still a relatively new idea in the industry, this is particularly tough. Most donors and foundations have the bad habit of viewing an NPO's overhead as the primary barometer of that organisation's success. NPOs are not

challenging this notion enough. They should instead try to offer alternative measures that might reflect on the efficiency of their organisation.

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## DECLARATION

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

CEOs	Chief Executive Officers
CPGS	Centre for Postgraduate Studies
CSOs	Civil Society Organisations
GDP	Gross Domestic Product
GRN	Republic of Namibia
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
MoHSS	Ministry of Health and Social Services
NANASO	Namibia Network of AIDS Service Organisations
NANGOF	Namibian Non-Governmental Organisations Forum
NAPPA	Namibia Planned Parenthood Association
NGOs	Non-Governmental Organisation
NPOs	Non-profit organisations
SFH	Society for Family Health
TB	Tuberculosis
UMIC	Upper Middle-Income Country
UREC	UNAM Research Ethical Clearance Committee
USAID	United States Agency for International Development

## **CHAPTER ONE:**

### **INTRODUCTION AND BACKGROUND OF THE STUDY**

#### **1.1 Introduction**

This chapter introduces the study by providing the research background, stating the research problem, aim and objectives. The chapter further provides the research questions, arguing the significance of the study, limitations of the study, delimitations of the study, definitions of key terminologies, organisation of the thesis and the chapter conclusion.

#### **1.2 Background of the study**

Non-profit organisations (NPOs) are often viewed as leaders in addressing challenging environmental and social issues troubling societies, particularly in countries with frail state-led development (Maboya & McKay, 2019). Many international aid organisations support local NPOs, mostly in developing nations, mainly due to their NPO flexibility in terms of contract agreements, less bureaucratic processes, are more flexible in terms of entering into contracts and are less likely to be partisan echoed (Maboya & McKay, 2019). In addition to the crucial social role that NPOs play in developing nations, the sector also has a substantial economic footprint. It is a significant provider of employment opportunities and a contributor to many countries' Gross Domestic Product (GDP). For example, a report by Johns Hopkins University 2012 revealed that NPOs contribute, on average, 4.5% of the GDP and account for 7.4% of the total workforce (Salamon *et al.* 2013). Choto, Iwu, & Tengeh (2020) agreed that Non-Profit Organisations provide crucial services to society through social value creation, as well as concentrating on the gaps in

society that are not addressed by corporate or governmental sectors. A study by Abraham (2003) discovered that NPOs play a major role in ensuring the continuation of service provision to public health institutions. Civil Society Organisations (CSOs) are intended to fill the Guaranteed Asset Protection (GAP) of service provision to the community.

Financial sustainability refers to the ability of one to maintain financial capacity over time (Sontag-Padilla, Staplefoote & Morganti, 2012). Whether an organisation is a for-profit or non-profit prestige, the challenges of forming financial capacity and financial sustainability are fundamental to organisational operation. Nevertheless, maintaining the capability to be financially agile over the long term may be particularly important for non-profit organisations, considering that many of these organisations serve high-need communities that require consistent and frequently available services.

A mapping survey done by the Namibia Network of AIDS Service Organisations (NANASO) in 2014, as cited in Ephraim (2019), discovered that from the 300 strong national CSOs membership of the network that existed prior to Namibia being declared a high middle-income country, only 160 remained operational, although at a minimal. Recent findings from the non-profit Finance Fund's 2013 State of the Sector Survey discovered that 42 percent of non-profit participants did not have the right mix of financial resources to thrive and be effective in the next three years.

### **1.3 Statement of the problem**

Regardless of the progress made by both the regime and the private sector, including CSOs and the donor community, daunting challenges continue to persist in the Republic of Namibia. This is particularly in the health sector, and the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (HIV/AIDS) pandemic, coupled with the current global pandemic (COVID-19), remains some of the most significant developmental challenges (Aipinge, 2015). Following the re-classification of Namibia as an upper middle-income country with per capita in excess of \$5 200 (European Union, 2021), there has been a reduction in external donor funding, including the United States (US) government aid to Namibia. Therefore, the objective of this study is to analyse and understand the financial sustainability challenges faced by NPOs and to determine whether these organisations have adopted alternative funding strategies in order to develop a sustainable financial stability.

### **1.4 Objectives of the study**

#### **1.4.1 Main Aim of the Study**

The main objective of the study is to determine the challenges faced by Civil Society Organisations (CSOs) in the Namibian health sector regarding financial sustainability.

#### **1.4.2 Main Aim of the Study**

The sub-objectives are:

1. To determine challenges faced by selected Non-profit organisations (NPOs).

2. To determine the main source of funding for NPOs in Namibia after the reclassification as an upper middle-income country.
3. To examine the impact of sole reliance on external donor funding has on programmes of the selected Non-profit organisations.

### **1.5 Significance of the study**

The discoveries of this study would inform donor agencies on how they can support self-sustaining strategies among organisations they engage with. Furthermore, the study is significant in that it would provide an understanding of already existing attempts by the Government Republic of Namibia (GRN), donor agencies and Non-Governmental Organisations (NGOs) in developing policies and strategies to maintain and, where possible, enhance the health gains achieved over the past years. If successful, the study can also be referred to by other scholars studying in the same area, as such, adding value to the body of knowledge.

### **1.6 Limitations of the study**

A convenience sample would target the people who actively know financial management and would be selected to best answer the questionnaire. Not all the people from the selected sample would be willing to participate in the study because of the fear that their views would be publicised. Also, respondents participating voluntarily might be withdrawing from the survey at any time. As a result, the sample that would be selected might be insufficient and not fully representative, though the research instrument would be a combination of several instruments. To overcome these limitations, the researcher

would deploy the following mitigating factors; sample size – the researcher ensured to have a greater sample size. This then allowed for a true representation of the population as possible. Unwillingness of participants – the researcher then ensured that participants are informed on the anonymousness of their participation in this study. This is to ensure that the participants were aware and at ease to participate in the study. Time constraint – participants who may not understood the research questions in the questionnaire due to time constrain. To overcome this, the researcher gave the necessary time to collect data.

### **1.7 Delimitation of the study**

Due to factors such as logistics, time and financial constraints in carrying out the study extensively, the study would not look at Non-Profit Organisations in other parts of the country. The research will mainly focus on the NPOs within the proximity of the Khomas region as demarcated by the National Planning Commission.

### **1.8 Definitions of Key Terminologies**

The following terms were used in this study:

**Non-Profit Organisations (NPOs):** The term NPO is a broad concept that is understood and described differently by diverse entities, and as such various terms have been used to describe it. These include civil society, trusts, foundations, charities, voluntary associations, advocacy groups, philanthropy groups, and non-governmental organisations, among others (Smith, Stebbins & Dover, 2006). Often, NPOs are contextually characterised, thus: organisational structural, functional, and people-centric.

**Non-Governmental Organisations:** A non-governmental organisation (NGO) is an organisation independent of the government whose primary mission is not commercial, and that focuses on social, cultural, environmental, educational, and other issues (Coppola, 2020).

**Financial Sustainability:** Financial sustainability is understood as the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously (Bolívar, 2016).

**Health Sector:** Providing social health protection and equal access to quality healthcare has significant positive effects on individual and public health, economic growth and development (World Health Organization, 2019). The health sector is also a major employment sector, with important potential in job creation. (International Labour Organization, 2022).

## **1.9 Organisation of the Thesis**

This thesis is divided into five chapters, as follows:

*Chapter One: Introduction and Background of the Study* provide the introduction and background to the central themes of the dissertation. The research topic is introduced with its rationale; the research aim, objectives and significance of the study are highlighted.

*Chapter Two: Literature Review* presents various literature sources to place the current research into broader debates. Also, the literature debates and arguments on the analysis of the financial sustainability challenges faced by NPOs in the health sector in Namibia are presented.

*Chapter Three: Research Methodology* presents the research methodology to be adopted for this study. A motivation for qualitative, exploratory, descriptive and contextual designs is provided. The rationale for adopting the used sampling approach, sample size and data analysis are presented in this chapter.

*Chapter Four: Results, Discussion and Interpretation of Findings* provide the analytical approach and results of the analysed data, which were collected through self – administered questionnaire survey as well as from documents such as official government reports and journal articles, particularly on the financial sustainability challenges faced by NPOs in the health sector in Namibia.

*Chapter Five: Conclusions and Recommendations* contain the conclusions and recommendations of the study. The recommendations provide the practical, theoretical and methodological contributions of the study. The focus of the conclusions is on the contributions of the study in the various chapters as well as the overall contribution in responding to the research aim and objectives.

## **1.10 Chapter Conclusion**

This chapter has presented the aspects of introduction, background, research aim, objectives and questions. The chapter has, importantly provided the research problem, significance of the study, limitations of the study, delimitations of the study, definitions of key terminologies, organisation of the thesis and lastly the chapter conclusion. In order to provide more contexts to the analysis of the financial sustainability challenges faced by NPOs in the health sector in Namibia, the next chapter has provided context on the relevant literature review.



## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews the literature on financial sustainability directed towards Non-Profit Organisations (NPOs) in the public health sector. As such, this chapter also emphasises the analyses of the financial sustainability challenges faced by NPOs in the health sector in Namibia to identify the research gaps regarding the literature reviews.

### **2.2 The Role of NPOs in socio-economic development**

#### **2.2.1 Employment creation**

The study by Berg (2013), acknowledges NPOs as providers of steady employment. They require specialised personnel to smoothly run their day-to-day operations with goods and services such as computers, internet services, utilities, and phones in order to generate revenue for the supplying companies. NPOs empower communities by creating employment and access to employment opportunities in established communities (Berg, 2013; Weyers, 2011). The study by Suresh (2017), added that not all people employed by NPOs are volunteers because many of them also have paid staff even though they receive lower pay than the commercial private sector. In addition, NPOs employ students during their vacation, which necessitates skills development and experience. According to Swilling & Russell (2012), the NPO sector employs more people than other major economic sectors. The International Labour Organization (2013) reported that about 197 million people are unemployed globally. In the third quarter of 2019, South Africa's

unemployment rate increased by 0.1% to bring the rate to 29.1%, the highest rate recorded among the youth (Statistics SA, 2019). The findings of Salamon, Sokolowski, Haddock & Tice (2013) suggest that globally the NPO sector employs 10% or more of the workforce, making them one of the largest employers in any industry. In South Africa, the NPO sector employs more people compared to other sectors like government, transport, construction, and financial services (Habib, 2015). The South African NPO sector provides over a million employment opportunities, which include both paid and unpaid (Dlamini, 2019). Thus, NPOs contribute immensely to reducing unemployment (Suresh, 2017).

### **2.2.2 Poverty and inequality alleviation**

According to Van der Westhuizen & Swart (2015), and Cilliers & Aucoin (2016), more than 20% (10.2 million) of the population in South Africa live in extreme poverty, whilst 28 million people in South Africa are poor (earning income below R779 per person per month). Owing to this, the national government considers combating poverty as a national priority, evident with 60% of the government expenditure allocated towards social grants (Schoeman, 2017). The same study confirmed that ‘poverty’ has been South Africa and many other countries like Namibia’s primary concern since their respective independence (Schoeman, 2017).

Poverty emanates from the unequal distribution of resources and a lack of access to material and non-material resources (Schoeman, 2017). NPOs play a significant role in reducing poverty by reaching the poorer population that remains unsaved and attempting

to widen access to public resources. Kyalimpa (2013:2) agrees that governments in Africa have limited capacity and resources to deliver services needed by the public. Therefore, NPOs play an important role in closing this gap. The National Treasury Provincial Budgets and Expenditure Review 2010/11 – 2016/17 (2015:103), reported that, in South Africa, a number of measures have been introduced to remove discrimination; however, immense inequities continue to mark the socioeconomic landscape, especially in rural areas. The review further commends the works of NPOs and proposes cementing the relationship between the government and viable NPOs in order to strengthen the capacity of service delivery and reduce these inequalities.

Herlin & Pazirandeh (2012) prove that NPOs have contributed to cross-sector collaboration between companies and NPOs through Public Private Partnerships, resulting in an increasing number of initiatives to reduce market and public failures, particularly in the global public health sector. Buse & Waxman (2014) agree that these partnerships introduce major resources that can benefit large populations of beneficiaries serviced by NPOs.

### **2.2.3 Provision of public services and goods**

Globally, Albareda (2018) noted that the state had withdrawn some of its services but instead subcontracted to the private sector. In South Africa, this is evident with the emergence of Public-Private Partnerships (PPP) that has sprung up. The apartheid-era has also resulted in service gaps for people experiencing poverty with limited public services provision from the state due to limited financial resources, thereby escalating the

inequality gaps (Salamon *et al.*, 2013). According to the National Treasury Provincial Budgets and Expenditure Review 2010/11 – 2016/17 (2015:99), NPOs are the main distribution arm of public welfare services such that the social development sector relies greatly on them for service delivery. They provide better services and goods compared to those provided by the public sector. Ciucescu & Alecsandri (2009) maintain that there is an increasing demand for public services, therefore expanding the need for diversified services provided by NPOs.

#### **2.2.4 Provision of better goods and services**

The study by Ciucescu & Alecsandri (2009) maintained that NPOs provide better goods and services as compared to the ones provided by the public sector. More so, NPOs have less bureaucratic administrative structure, and the presence of volunteers enables them to respond to issues faster and to produce goods and services at a lower cost. Health systems can stimulate local demand for goods and services, increase inward investment, and retain human capital, money and jobs in the villages, cities and regions in which they are located (World Health Organization, 2019). This has direct and indirect benefits, measured by improved indicators of economic and social well-being and sustainability.

#### **2.2.5 Social responsibility and improvement of society**

In the study of Vidal & Torres (2015), it was presented that increasing complexity in society has led to the emergence of diverse organisations that coexist and work together for the betterment of the community. NPOs contribute to the development of the community through the upliftment of the human race (Singh & Bodhaya, 2014). NPOs

bring solutions to urgent social problems by committing to bringing about innovation for the betterment of society, including the improvement of the quality of life for communities. According to Ciucescu & Alecsandri (2009), the development of society is achieved when NPOs efficiently mobilise resources as well as tangible solutions at a lesser cost to those community problems which the government cannot reach. Consistency in NPOs missions and values results in social development (Vidal & Torres, 2015).

### **2.2.6 Supporting and strengthening social systems**

NPOs support the government and the funders to advance more development strategies by strengthening the institutions, increasing the level of skills of their employees, and training their staff to acquire good management capacity (Ciucescu & Alecsandri, 2009). They support the strengthening of social systems by giving citizens the opportunity to influence public policies, to criticise and to keep track of government policy. The study of Oosthuizen (2014) concurs that NPOs often support weak or failing government services, and this is critical for the continued growth of the country socially and economically.

### **2.2.7 The source for research and information**

The study done by Anbazhagan & Surekha (2017), affirms that NPOs can also act as a source of information that can be utilised in the development and formulation of national policies. NPOs can present economy needs based on their direct contact and interactions with the different communities they serve. According to Issaka & Issaka (2016), NPOs conceptualise and formulate projects that respond to communities' particular needs and

constraints. More so, NPOs contribute to all stages of research, which include promoting the significance and usefulness of the research, priority setting, and knowledge conversion to action (Anbazhagan & Surekha, 2017). In South Africa, some NPOs have been explicitly established for carrying out research, and some in the healthcare sector have formed partnerships with universities for research purposes, for example, the Desmond Tutu Tuberculosis (TB) and HIV Centre.

### **2.3 Financial Stability**

The term ‘financial sustainability’ refers to an organisation’s ability to be in a positive financial position and has the financial means to implement its programmes (Maboya & McKay, 2019). Another definition is that financial sustainability is understood as the ability of public administrations to continue now and in the future current policies without causing the debt to rise continuously (Grasse, Whaley & Ihrke, 2015).

In terms of long-term financial sustainability, it is imperative for South African NPOs to achieve a healthy balance between donor funding and independent financial resources (Maboya & McKay, 2019). This would enable them to overcome donor pressures and retain autonomy with regard to their mandates (Hershey, 2013). It would also make them more resilient to changes in the donor and economic landscape. Thus, NPOs could consider strategies such as investing in income-generating programmes, with the recruitment of collaborative partners or financial strategists to assist them in this endeavour. Furthermore, multiyear and long-term donor funding may afford the organisations an opportunity to plan for financial sustainability without the pressures of

short-term fundraising targets (Maboya & McKay, 2019). In addition, the NPOs should ensure that they pull together these strategies by raising the importance of strategic stakeholder relations within their organisation. This overarching strategy can provide organisational assurance for managing the programme implementation and funding uncertainties (Bowman 2011; Grasse *et al.* 2015).

## **2.4 Financial Challenges**

In the study done by Burd (2015), Non-Profit Organisations are primarily dependent on highly restricted grant support that does not cover general operations. Recent findings from the Non-profit Finance Fund's 2013 State of the Sector Survey found that 42 percent of non-profit respondents did not have the right mix of financial resources to flourish and be effective in the next three years. Furthermore, a study by Hall *et al.* (2003) revealed that where governments were reported to have either reduced funding to non-profit organisations or have altered the way in which they provide funding, many of the non – profit organisations indicated the decline in funding and discretionary resources was challenging their ability to respond to increasing needs in their communities. This was echoed by Ephraim (2019), who stated that declining financial resources constitute a major problem for Civil Society Organisations in developing countries such as Namibia due to global economic recession and political transformation.

NGOs are sometimes unable to fully support government-planned interventions due to resource limitations or alternative policy priorities (Kollie, Siakeh, Zawolo, Wickenden, Theobald, Rogers, Zaizay, Thomson & Dean, 2021). For instance, funds intended for the

disease-specific control training programme (example of onchocerciasis) may not be used for integrated such a training (such as training to include lymphoedema management). To maximise the impact and effectiveness of funds, NGOs and government stakeholders should support joint priority integrated planning, recognising the competing priorities that need to be negotiated, particularly in the context of scarce government resources (Kollie *et al.*, 2021).

Strengthening both government leadership and ownership requires working with existing approaches and systems and the relinquishing of some control of national policies by partners (Sridhar, 2009, as cited in Kollie *et al.*, 2021). It is recommended to increase the interaction of national programme managers and policy makers, including donors, to jointly negotiate programme plans, prioritise resource allocation, set milestones and develop interventions responsive to national priorities at all levels of service delivery (Kollie *et al.*, 2021).

## **2.5 Main Sources of Funding for NPOs in Namibia**

### **2.5.1 Donor Funding**

The majority of local NPOs in Namibia depend on donations from outside the country (Namibia Network of AIDS Service Organisations [NANASO], as cited in Ephraim, 2019). The ratio of this source of funding in the NPOs budget structures takes the lion's share. In this category, the main external donors being referred to are governments, international organisations, religious institutions, individuals and legal entities that donate money to be used for a commonly beneficial purpose in developing countries. Donor funding is mostly

provided for the realisation of social programs and social projects established by local NPOs in accordance with the funding agreements. This is in contrast with a study by Karanja & Karuti (2016) asserts that NPOs are more likely to assist those who are in need close by than the needy person far away. The decision as to how much to donate and to whom is made by an authorised manager on the basis of cognitive moral rather than a set of specific criteria. The authors argued that if a firm begins to help people in distant places, it would be part, not all, which seems morally unacceptable. Therefore, the NPOs tend to help the residual people in distant places since it would be morally inconsistent if the firm were to help some people not at all; thus, the firm has to refrain from helping people in distant places. Moreover, never-ending donations are morally unacceptable because they cause the company to fall apart. The study assumes that the donation amount is another determinant because the limited resource restricts the donation intention (as cited in Njoroge *et al.*, 2017).

Unfortunately, this seems to be the most common form of local NPOs financing in Namibia. It is a lifeline for NGOs in developing countries, and if there were no external donor funds available, many organisations would not be in existence (Funds for NGOs, 2022). A study published by Nottingham University indicated that between 2002 and 2008, the number of NGOs registered in Uganda rose from 3,500 to 7,000 because of the availability of external donor funds; a similar proliferation was seen all over East Africa. The study found that foreign funding was the biggest factor for NPOs survival (Owens & Burger, 2016).

It was also confirmed by the United States Agency for International Development [USAID] (2016) that NPOs in developing countries rely heavily on one or two foreign donors for project-oriented funds. In some cases, this is because of reluctance to venture into new types of fundraising or to approach local donors. These assertions co-relate to the study results by Waiganjo *et al.* (2016), which reveal that NGOs in Kenya seem to rely heavily on external donor funding than mobilising resources within the country which are readily available. The study results further show that external donors are the largest and the main source of their income and only generate a negligible percentage of revenue from their own sources. Another study by Onsongo (2016) indicates that 86 percent of Kenyan NGOs funded over half of their budget with external donor money.

### **2.5.2 Commercial Sources Activities**

According to the Namibian Non-Governmental Organisations Forum (NANGOF) Trust (2019), commercial activities in the form of user fees, government contracts, and the sale of products and services ideally should be a major source of funding for not-for-profits. Agencies that can generate their own revenue through the sale of services are generally less dependent on traditional funding sources. However, while these organisations are free from specific allocation demands associated with government or foundation grants, it has been argued that commercial activity compromises the independence and strategic integrity of the agency. Thus, as each not-for-profit funding source bears a different level of risk and requires a different level of administrative maintenance, there is reason to believe that Chief Executive Officers (CEOs) should adjust strategies to best use existing assets, meet the demands of external contingencies, and offset risk.

In developed civil societies, membership fees are the most popular method of fundraising, especially for volunteer organisations. Membership fees contribute to funding programs, increasing the number of members, and strengthening the organisation. Membership fees, however, are not a panacea for fundraising, especially in Namibia, where not only the capacity but also the availability of the population to pay a substantial fee is lower. Even though the amount collected through membership fees may seem insignificant, it may offer a solid basis in the future (Noubissié, 2016).

The largest source of income for local NPOs in Namibia is the external donors, followed by membership fees (including the amounts charged for the services provided and related commercial income from investments, dues etc.), which, on average, represent less than a quarter of NPOs' revenues. It is followed by philanthropy and government sources (including government subsidies and public reimbursement payments). Contrary to what is commonly thought, philanthropy (including private giving from individuals, foundations and businesses) only accounts for 15% of NPOs' revenues. This is an important statement because it says a lot about NPOs' sustainability and autonomy (Namibia Civil Society Support Programme, 2015).

It is, however, interesting to note that if the volunteer time value is added to philanthropy, it doubles the share of the latter from 15% to 30% (Salamon *et al.*, 2013). This actually shows that people prefer to give their time rather than their money which is an interesting indicator of people's involvement in civil society.

### **2.5.3 Government Funding**

Government funding is the process by which national, regional, district or local government structures offer resources to non-profit organisations providing programmes and services to citizens. The level of support changes from year to year depending on a combination of factors: development priorities, the political party in power, the state of the economy, the population of a specific cause, the strength of other competing demands, or the regional demographic situation (Namibia Civil Society Support Programme, 2015). The majority of government funding for local NPOs is directed through local service delivery providers, often targeting vulnerable groups, and the main methods of state funding of NPOs are grants, contracts, subsidies, state procurement of services, and other forms of state support.

Hodge & Piccolo (2005) classifies government funding as the most stable revenue source for not-for-profit organisations. While government grants provide stability for a not-for-profit agency, this advantage tends to be offset by the bureaucratic demands associated with grant administration. A study by Namibia Civil Society Support Programme (2015) found that non-profits shared a dependence on taxpayer dollars for their financial sustainability and viewed government funding as their most dependable funding source. Agencies within rural and urbanised areas all reported the important role government institutions can play in their long-term financial sustainability in principle, but it does not happen. Securing government funding is almost next to impossible.

#### **2.5.4 Charitable Sources Activities**

Charitable consists of generous giving to human causes on a large scale. Charitable must be more than just a generous donation. It is an effort an individual or organisation commences based on an unselfish need to improve human wellbeing. Well-off individuals occasionally start foundations to simplify their charitable determinations. Similarly, NANGOF Trust (2019) argues that charitable activity is the provision of voluntary, impartial, and unconditional aid or the provision of free services by individuals or legal entities for a person or a group of persons without asking for compensation, payment or execution of certain obligations and without making a profit. A philanthropist can be any individual or legal body, including state institutions or those created by the state, independently or by association, that can make charity donations (the working “charity donation” is used only in this normative act, being equivalent to the concept of “philanthropic donation”). The beneficiary of charitable acts is the person or group of persons who receives the “charity donation” by signing a “philanthropic donation contract” for achieving the charitable goals (Noubissié, 2016).

A study by Noubissié (2016) indicated that charitable tools such as giving circles are an essential source of new and expanded resources for not-for-profit organisations, significantly smaller and grassroots organisations.

#### **2.6 Lack of Innovative Fundraising Techniques**

Like any other organisation, non-profit organisations are negatively impacted by tough economic times because of their dependence on fundraising and philanthropic giving,

possibly more so than for-profit organisations (Sontag-Padilla, Staplefoote & Morganti, 2017). According to Sontag-Padilla *et al.* (2017), it is important to develop a strategic fundraising plan because it provides an opportunity for determining whether or not a particular mechanism works well, whether there are opportunities for improvement, encourages non-profit organisations to set specific goals, and motivates them to commit to long term goals of the organisation. A study by Shuria (2015) discovered that NPOs face numerous fundraising challenges when sourcing funds from individual donors. These challenges include inappropriate fundraising strategies, methods and techniques and lack of organisational and human capacity.

An NPO's lack of effective leadership directly impacts its fundraising capacity (Bell & Cornelius, 2013). According to Bell and Cornelius (2013), NPOs face leadership challenges such as high turnover rates from CEOs and development officers, performance, lack of competencies and skills for fund development, and strategic misalignment with organisational culture. Hopkins *et al.* (2014) postulated that the leadership deficit in NPOs negatively impacts the organisations' capacity for future innovation and technological demands.

Donors are the financial support for organisational survival. To attract donors, we must develop effective marketing strategies. Cacija (2013) conducted an empirical study examining whether fundraising success was predicated on events constructed within the traditional marketing context. In the same study, Cacija (2013) examined fundraising success through the lens of strategic marketing and donor preference. It was argued in the

same study that many non-profits focus more on fundraising outcomes rather than strategic marketing. Cacija (2013) suggested that effective marketing models for fundraising are scarce. The author further argued that performance measures should be divided up into monetary and nonmonetary goals and must be tied into marketing and financial goals (Cacija, 2013).

## **2.7 Reliance on Single Donor Funding**

There are consequences to this financial fuzziness (Foster, Kim & Christiansen, 2019). When NPOs and funding sources are not well matched, money does not flow to the areas where it would do the greatest good (Foster, Kim & Christiansen, 2019). Too often, the result is that promising programs are cut, curtailed, or never launched. Furthermore, when dollars become tight, a chaotic fundraising scramble is all the more likely to ensue (Malone, Weill, Lai *et al.* 2016). The NPOs rarely engage in equally clear and succinct conversations about an organisation's long-term funding strategy. That is because the different types of funding that fuels non-profits have never been clearly defined (Malone, Weill, Lai *et al.* 2016). More than a poverty of language, this represents - and results in - poverty of understanding and clear thinking (Foster, Kim & Christiansen, 2019).

The Namibian health sector remains particularly susceptible to financial sustainability issues due to the reliance on donor funding for certain program areas such as prevention, health systems strengthening and program coordination, incentives for human resources (such as training), and research. It is also exposed to risk because of donors contribute significantly to certain factors of provision, such as employee compensation,

pharmaceuticals, and training, and exclusively to interventions for key populations (Ministry of Health and Social Services (MoHSS), 2018).

NPOs donors tend to prefer single-donor trust funds in areas in which their national interests dominate (Reinsberg, Michaelowa & Knack, 2015). Although they could use bilateral aid for the same purpose, they often prefer to channel their contributions through trust funds at multilateral agencies (Foster, Kim & Christiansen, 2019). Donors thereby reduce their administrative costs while benefiting from the expertise of the multilateral agency (Reinsberg, Michaelowa & Knack, 2015).

## **2.8 The Impact of Reliance on External Donor Funding**

In 2010, Namibia was reclassified as an upper-middle-income country (World Bank Group, 2021). The shift in status perpetuates to cause reductions in international financial aid for the country's health and development programmes, such as HIV prevention and treatment services (Robertson, Ron Levey & Crosby, 2017). Namibia's Non-Governmental Organisations (NGOs), including those providing vital HIV and AIDS services, face a severe decrease in external donor funding due to the country's recent reclassification as an upper middle-income country. The decline may necessitate NPOs to seek alternative revenue streams to uphold health gains achieved over the past decade, and Namibia's growing for-profit private sector is a potential source of such revenue.

Another struggle for NPOs is that the sources of funding can also taint them in the eyes of local communities, who start to view them as agencies of the state or big business

(Banks and Hulme, 2012). This is because, in part, of the imposition of specific (and often onerous) funding conditions on NPOs by some funders. Thus, over time, the activities of some NPOs become tailored to the demands of the donor. The NPO may even become financially dependent on donors – not only for money but also for a *raison d'être*<sup>1</sup>. As such, they may no longer effectively assist local communities (Reith 2010). Consequently, it has been argued by Reith (2010) and McKay, Mbanda & Lawton (2015) that in some cases, donors impose funding conditions that result in NPOs being forced to commit to the donor's agenda, regardless of what is needed or wanted at the local level.

## **2.9 Chapter Conclusion**

The chapter provided relevant literature reviews and provided insight into the analyses of the financial sustainability challenges faced by non-profit organisations in the health sector in Namibia. The theoretical framework was briefly covered in this section. The review showed a gap in the literature that needs to be filled through research and hence the purpose of this research.

The next chapter provides the context and experience of the research methodology of this study.

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<sup>1</sup> Meaning the “*the most important reason or purpose for someone or something's existence.*”

## **CHAPTER THREE:**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presented relevant different aspects of the research methodology of this study. The first sub-topic in this chapter is about the research philosophy, followed by the research design, then research instruments, for example, self-administered questionnaire, leading to the discussions on the advantages and disadvantages of self-administered surveys. This chapter further provides the discussions on the population of the study, then sampling and sample size of the study, which then lead to the discussion of the data collection procedures, then the data analysis and the ethical research considerations section.

The chapter then provides different aspects that have been applied in considering and gather data on analysis of the financial sustainability challenges faced by Non-Profit Organisations in the health sector in Namibia.

#### **3.2 Research Philosophy**

It is important to have the foundation for the study, the philosophy. This study was approached from the phenomenology perspective. Philosophy means “the study of the fundamental nature of knowledge, reality, and existence, especially when considered as an academic discipline” (Saunders, Lewis & Thornhill, 2016: 455). In simple terms, phenomenology can be defined “as an approach to research that seeks to describe the

essence of a phenomenon by exploring it from the perspective of those who have experienced it” (Teherani, Martimianakis, Stenfors-Hayes, Wadhwa & Varpio, 2015: 152). Teherani *et al.* (2015: 152) further stated that “the goal of phenomenology is to describe the meaning of this experience - both in terms of what was experienced and how it was experienced.” There are two kinds of phenomenology: descriptive and interpretive, each rooted in different ways of conceiving what and how of human experience. In other words, each phenomenology research is rooted in a different school of philosophy.

In this study, phenomenology was a useful research philosophy that is well suited for exploring challenges faced by Non-Profit Organisations in the health sector in Namibia and their impact on financial sustainability. Phenomenology philosophy was helpful in understanding lived experiences of the challenges faced by Non-Profit Organisations in the health sector. Generally, phenomenology philosophy helped the researcher understand the meaning of Non-Profit Organisations’ lived experiences in their business careers.

### **3.3 Research Pragmatism**

Research pragmatism refers “a way of dealing with problems or situations that focuses on practical approaches and solutions—ones that would work in practice, as opposed to being ideal in theory. The word pragmatism is often contrasted with idealism, which means based on or having high principles or ideals” (Creswell, 2016). It enabled the researcher to conduct the research systematically and on schedule. Table 1 shows the different types of research pragmatism and their explanations.

Table 1: Types of research pragmatism.

No.	Research Pragmatism	Explanation
1.	Positivist research pragmatism	Refers to where science embodies a set of universal statements whose truth or falsity can be analysed and evaluated by systematic observation and experience.
2.	Phenomenological research pragmatism	Refers to a mixed research approach that focuses on studying an individual's lived experiences within the world.
3.	Combined research pragmatism	Refers to an emergent methodology of research that advances the systematic integration, or “mixing,” of quantitative and qualitative data within a single investigation or sustained program of inquiry. The focus is on the research outcomes and the research questions rather than the techniques and is frequently associated with mixed-methods or multiple-methods. Formal and informal rhetoric could be used (Kaushik & Walsh, 2019).

Adopted from: Saunders, Lewis & Thornhill (2016).

To engage fully with theoretical and methodological issues, a phenomenological research strategy was used. “Phenomenological is the study of structures of consciousness as experienced from the first-person point of view. The central structure of an experience is its intentionality, it is being directed toward something, as it is an experience of or about some object” (Hammersley & Atkinson, 2017: 118). Therefore, a phenomenological research strategy was suitable for this study as it was based on a mixed research approach, with structured interviews involving Non-Profit Organisations in the health sector’s experience of the challenges faced by Non-Profit Organisations on financial sustainability in Namibia.

### **3.4 Research Design**

The research employed the mixed approach (quantitative and qualitative) research design, which is believed to be the most appropriate for an in-depth exploration of the outcome of the findings. A mixed approach research design aims to answer inclusively the subject is what, when, how, why, how much and how many questions (Creswell, 2016). According to Bertram & Christiansen (2014), a mixed methods design combines at least one qualitative and one quantitative research component. The mixed methods helped the researcher gain a more complete picture of the study than a standalone quantitative or qualitative study, as it integrated the benefits of both methods.

Granted that a quantitative approach was not considered the most appropriate for this research, descriptive statistics were regarded as sufficient for data analysis. Whereas, according to the study of Borg (2015), descriptive statistics were significant for both

quantitative and qualitative analysis since it was essential for research to condense a huge volume of data into an understandable summary. Hereafter, a mixed-method approach was utilised for data analysis. According to Onwuegbuzie & Combs (2011), using both quantitative and qualitative analytical methodologies within a single framework that is either a priori, some posterior, or iteratively led (representing analytical judgments that take place both before and during the research), is known as mixed analysis.

### **3.5 Research Instruments**

#### **3.5.1 Self-Administered Questionnaire**

The self-administered questionnaire technique was used in this research. However, the researcher was available to clarify questions where the respondents needed clarification. To address the research questions, the researcher required that respondents provide their answers in an opinion-based type of response. In order to achieve this, the researcher then developed both open, in the form of interview, and close-ended questions to ensure that, where and when possible, respondents are accorded the liberty to express their views and opinions in relation to the questions asked in the questionnaire.

The questionnaires provided a relatively quick and efficient way of obtaining large amounts of information from a large sample of people (McLeod, 2018). The questionnaire was divided into two sections. The first section consisted of questions about the demographic profile of the respondents. The second section then consisted of questions on the six main variables of suitability of finances, driving this study.

The goals and objectives of this research were determined, and it dedicated that the self-administered surveys were suitable for this study (Creswell, 2016). Because of the nature of this study, as complex research, the researcher needed to supervise the data-collection process in person in some cases. Self-administered surveys were ideal for situations where there is an existing relationship between the researcher and the target participants and a known understanding of the questions (Bertram & Christiansen, 2014).

### **3.5.2 Advantages of Self-administered Surveys and Questionnaires**

The following are the advantages of a self-administered surveys and questionnaires:

1. A cost-effective technique to rapidly gather voluminous amounts of information from a huge number of people in a very short time is to use self-administered questionnaires, where you are not required to engage surveyors to do face-to-face interviews (Debois, 2022).
2. In general, self-administered questionnaires are more private, less intrusive and allow for less time pressure de leeuw (2008).
3. In addition to being affordable, questionnaires are an efficient way to obtain information. They can be managed in various ways and targeted to the groups of your choosing.
4. Both the format and the questions asked are flexible (open-ended or multiple-choice). They provide a way to compile much information on any topic (Debois, 2022).

### **3.5.3 Disadvantages of Self-administered Surveys and Questionnaires**

The following are the disadvantages of a self-administered surveys and questionnaires:

1. The issue with presenting questions to users virtually is that they might all understand them differently.
2. Results could be skewed if the questionnaire was not completely explained to everyone and they all understood it in the same way.
3. The respondents may not understand some questions that seem obvious to the originator. This misunderstanding could produce unreliable outcomes (Debois, 2022).

### **3.6 Population**

Saunders, Lewis & Thornhill (2016) defined a study population as the “aggregation of elements from which the sample is selected.” The targeted population was 100 drawn from five NGO`s whose objectives are in collaboration with the Ministry of Health and Social Services. The population comprised Management, Accountants as well as field officers. The five NGOs are: The society for Family Health (SFH), Namibia Planned Parenthood Association (NAPPA), HIV Clinicians Society, Mister Sister and Namibia Red Cross Society. They are systematically selected due to their collaborations with the Ministry of Health.

### **3.7 Sample**

In research, a sample is a selected manageable number from a population. Studying the entire population is complex and time-consuming (Bertram & Christiansen, 2014).

Stratified sampling will be used. The population was grouped in accordance with their positions, such as Management, Accountants and Field officers. This means the sample was stratified, putting strata and then chosen. From each group, a sample was drawn to ensure each organisation and position was represented in the sample. Using an online calculate as a sampling tool, fifty (50) participants were selected from the population of hundred (100).

### **3.8 Data Collection Procedure**

The researcher made appointments with some of the respondents, while some were just approached and asked for permission to carry out the study by interviewing the respondents at that moment, of course bearing in mind COVID-19 regulations, such as social distancing, wearing of masks and sanitising hands regularly. All the respondents answered the questions at their respective business places; this was less costly to the respondents because it was not required of them to travel to meet up with the researcher.

Questionnaires were developed using Microsoft word, which was also imported into online goggle forms and shared with respondents via corporate email addresses. These questions were closed-ended. Then, where possible, interviews were carried to key people in the organisations using in-depth interviews with open-ended questions.

### **3.9 Data Analysis**

The research, as a mixed research method based, both qualitative and quantitative data were analysed. This was done by using correlation and regression analysis, using

Statistical Package for the Social Sciences (SPSS) software as well as Zoho online survey tools results exported to excel for basic statistical analysis such as mean, median, standard percentages, variance, among others, to interpret the different research data, as presented in Chapter four (4).

Data analysis means to systematically organise, integrate and examine data; to connect data to concepts; and identify broad trends or themes (Neuman, 2011). Different ways of analysing data after collection include thematic, descriptive or more in-depth methods (Creswell, 2016). Data analysis was guided by the research objectives and research questions. Since the researcher had limited knowledge of available mixed approach data analysis software, efforts was made to mitigate this constraint. The efforts made include obtaining expert help and attending workshops to improve software comprehension on data analysis techniques.

The researcher created codes and assigned themes that emerged from the data to establish findings. The coding criteria involved labelling each participants' questionnaire as P 1, P 2, P 3 and so on until P 50. This was the best suited classifications to fit into the research ethics as per the coding frame, given the sample size as this process enhanced transparency and credibility of the methodology and research outcomes. In the process, the researcher explored the relationship between the concepts and categories into information, graphs and tables, which has allowed review to ensure that all data is taken into consideration.

### **3.10 Reliability**

The scientific position of reliability undertakes those repeated measures of a phenomenon (with the same consequences) using objective methods prove the truth of the findings (Cypress, 2017). Reliability is based on consistency and care in the application of research practices, which are reflected in the visibility of research practices, analysis, and conclusions, reflected in an open account that remains mindful of the partiality and limits of the research findings. The study's dependability was fulfilled by using an identical questionnaire for every participant and keeping physical or electronic records of the completed questionnaires.

### **3.11 Validity**

According to Snelson (2016), validity refers to an instrument's capacity to capture the intended subject of measurement. As a result, the degree to which a data-gathering tool captures what it is intended to capture is its validity. In qualitative research, there are four techniques to gauge validity. These are construct and measurement validity, as well as internal (authenticity) and external (transferability) (Yin, 2017; Saunders., *et al.*, 2016:20). The ability of the data collection tool to measure what it is intended to assess accurately is referred to as internal validity or authenticity (Saunders., *et al.*, 2016:450). Internal validity was ensured by connecting the questions in the questionnaire to the research questions. Identifying the generalisability and application of the research to the suggested theoretical domains is known as external validity or transferability (Saunders., *et al.*, 2016:204). The prepared questionnaire for this study wasn't finalised and sent to

participants until after conferring with the researcher's supervisor and the ethical clearance committee in order to assure validity.

### **3.12 Research Ethics**

To ensure the privacy of data that can cause risk or harm. Therefore, it was the responsibility of the researcher to ensure the safety and security of the collected information. The purpose of the research study was well explained, and the data collected will be stored for five (5) years. An ethical research clearance from the UNAM Decentralised Ethics Committee (DEC) together with research permission was obtained from UNAM Centre for Postgraduate Studies (CPGS).

Ethical considerations can be described as an “accumulation of values and principles that address questions of what is good or bad in human affairs” (Bertram & Christiansen, 2014: 9). Anonymity and confidentiality of participants is central to ethical research practice in social studies (Crow and Wiles, 2012). Therefore, participants were informed about the aims and objectives of the study. The following ethical considerations were followed:

*Firstly*, the researcher obtained informed consent (annexure 1) from potential research participants; *Secondly*, ensured that the interview of the study did not cause any risk or harm to the participants by not asking or writing any name of the participant; *Thirdly*, the researcher has protected the participants by ensuring anonymity and confidentiality by not asking any private information; *Fourthly*, the researcher gave the participants the right to withdraw from the research by indicating that they are not willing to take part anymore. *Fifthly*, the researcher ensured that permission was obtained to carry out this study and

publish research results by communicating the purpose of the study and by the participant indicating their willingness to participate. *Lastly*, the data collected are locked up in a lockable safe for 5 years, after which they will be destroyed by shredding them.

### **3.13 Chapter Conclusion**

This chapter has presented the aspects of the research methodology used and applied in this study. These include the research philosophy, research design, and the research strategy. The chapter further discussed and presented this study's sampling strategies, sampling and sample size. The section on data collection instruments, data analysis, and research ethical considerations. The last part of this chapter provided detailed explanations of the entire concepts and aspects of the chapter as considerations for readers.

The next chapter is about the results, discussion and interpretation of findings.

## **CHAPTER FOUR:**

### **RESULTS, DISCUSSION AND INTERPRETATION OF FINDINGS**

#### **4.1 Introduction**

This chapter focuses on the research results, discussion and interpretation of research findings which were gathered through a mixed research approach (qualitative and quantitative). The first part of the results and interpretation of the finding are Part A: Demographic information of the participants, then Part B, comprising Part B1, B2, and B3, respectively. Where Part B1 presents the finding and result on challenges faced by selected Non-Profit Organisations (NPOs); whereas Part B2 is based on the main source of funding for NPOs in Namibia, and Part B3 is based on the impact of sole reliance on external donor funding, which is all presented in that order subsections as of this chapter. Before the chapter conclusion, the section on sentiments on external donor funding for any NPOs Programmes is presented. This section reflects on the research questions, the interview questions and the research findings.

#### **4.2 The Research Results, Interpretation and Findings**

##### **4.2.1 Part A: Demographic Information of Participants**

The study's target sample size was 50 respondents, and all 50 completed and returned the questionnaires, yielding a 100% percent response rate. Therefore, the response rate was regarded as representative. Thus, it was determined that this response rate was more than sufficient for drawing research results. The assertion led to the conclusion that the response rate was very high. According to Snelson (2016), a response rate of 60% or more

is considered good, and one of 70% or more is considered exceptional. The researcher engaged fifty (50) participants in this study. The findings from the data collection instruments used in this study are presented in this section. Participants were requested to indicate their gender type. Figure 1 shows that 58% of the participants are male, whereas 42% are female. The benefits of incorporating the gender dimension include increased scientific creativity and excellence as well as the inclusion of all potential users of products and services (Clayton, 2016).

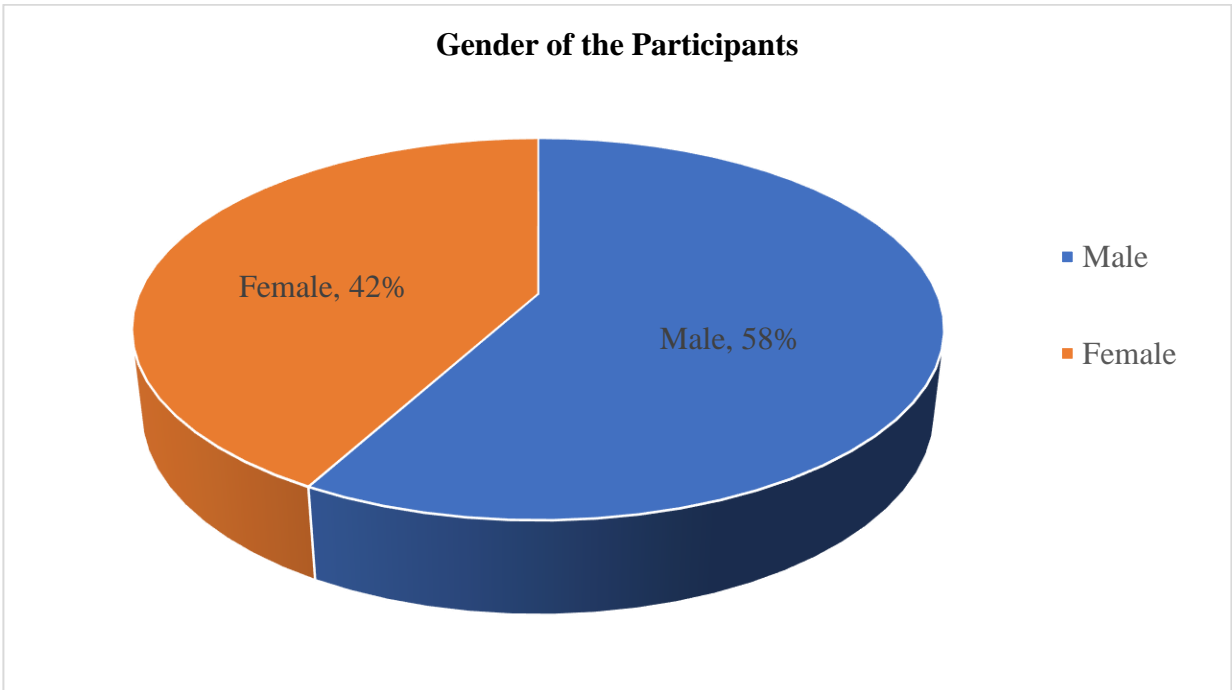


Figure 1: Gender of the participants.

The participants were asked to indicate their age group. Table 2 shows that 29-39 (38%), 40-50 (36%), and 18-28 (18%) are the major age group of the participants. Through surveying age ranges and using appropriate survey questions to identify the age demographic of the people who participated in this study, the researcher gained much

valuable detail during the analysis of the feedback to reveal if there is a strong correlation between age and subsequent opinions and behavioural (Robertson & Watts, 2016).

Table 2: Gender of the participants.

<b>Number</b>	<b>Age group</b>	<b>Frequency (%)</b>
1.	29-39	38%
2.	40-50	36%
3.	18-28	18%
4.	51-61	8%
5.	Over 61	0%
<b>Overall Total Frequency</b>		<b>100%</b>

Academic qualifications are the only easy and reliable way to find efficient, dependable research answers (Clayton, 2016). Therefore, ‘an academic qualification ensures a successful research output from the interview surveys, because participants would have a high understanding of the research subject matter. The participants were asked to indicate their highest academic qualifications. Table 3 shows that Bachelor Honours [NQF 8] (46%), Bachelor [NQF 7] (22%), and Masters [NQF 9] (22%) are the major highest academic qualification level of the participants. The results show that participants were educated enough to understand the concepts under discussion.

Table 3: Participants’ highest academic qualification.

<b>Number</b>	<b>Qualification Level</b>	<b>Frequency (%)</b>
1.	Bachelor Honours (NQF 8)	46%
2.	Bachelor (NQF 7)	22%
3.	Masters (NQF 9)	22%
4.	Diploma (NQF 6)	10%
5.	Grade 12 certificate (NQF 4)	0%
6.	PhD (NQF 10)	0%
<b>Overall Total Frequency</b>		<b>100%</b>

Organisation research and theory are important as they give focus on the effects of social organisations' impact on the attitudes and behaviours of the people involved in them (Hillstrom & Hillstrom, 2016). As such, the participants were asked to indicate their NPO organisation. Table 4 shows that Society for Family Health [SFH] (20%), Namibia Planned Parenthood Association [NAPPA] (20%), HIV Clinicians Society (20%), and Namibia Red Cross Society (20%), respectively, are the major NPOs that the participants are working for. Therefore, the role of organisational research is both to understand the changeability of organisational attributes and, when fixed, to integrate them as modifiers in analyses of the effectiveness and impact of implementation efforts (Sayeshi, 2015).

Table 4: Participants' NPO organisations.

<b>Number</b>	<b>Organisation</b>	<b>Frequency (%)</b>
1.	Society for Family Health (SFH)	20%
2.	Namibia Planned Parenthood Association (NAPPA)	20%
3.	HIV Clinicians Society	20%
4.	Namibia Red Cross Society	20%
5.	Mister Sister	12%
6.	Others	8%
<b>Overall Total Frequency</b>		<b>100%</b>

The participants were asked how they would describe their type of job title. Table 5 shows that financial manager (26%), Accountant (20%), and Senior management (16%) are the major type of job titles they are employed in their NPOs. The study of Smith & Hornsby (2022) indicated that job titles help identify a participant's job role and create a brief description. This job title lets readers quickly understand an individual's position and relative importance in their respective company, in relation to the study.

Table 5: Participants' type of job title.

<b>Number</b>	<b>Type of Job Title</b>	<b>Frequency (%)</b>
1.	Financial manager	26%
2.	Accountant	20%
3.	Senior management	16%
4.	Financial clerk/officer	14%
5.	Middle management	12%
6.	Others	10%
7.	Administration officer	2%
8.	Executive	0%
<b>Overall Total Frequency</b>		<b>100%</b>

The participants were asked to indicate how long they have been working for their organisations. Table 6 shows that 2-4 years (48%), 5-10 years (30%), and 11-15 years (14%) are the predominant durations that the participants have stayed in their employment. There are many reasons for the researcher to be interested in the participant's work experience. The reasons include understanding how organisations work, bringing a job they have read about to life and building confidence in interacting with donors and stakeholders (Smith & Hornsby, 2022).

Table 6: Duration of employment for participants.

<b>Number</b>	<b>Duration of Employment</b>	<b>Frequency (%)</b>
1.	2-4 years	48%
2.	5-10 years	30%
3.	11-15 years	14%
4.	Less than 1 year	8%
5.	Over 15 years	0%
<b>Overall Total Frequency</b>		<b>100%</b>

#### 4.2.2 Part B1: Challenges Faced by Selected Non-Profit Organisations (NPOs)

Participants were requested to indicate how they would describe their organisation's financial position. Figure 2 shows that 40% of the NPOs are in a 'poor' financial position, whereas 36% are in 'very poor' financial position. Whereas 'very poor' financial position means NPOs are unable to pay debts or operational costs over the short or long term (Platt & Platt, 2018).

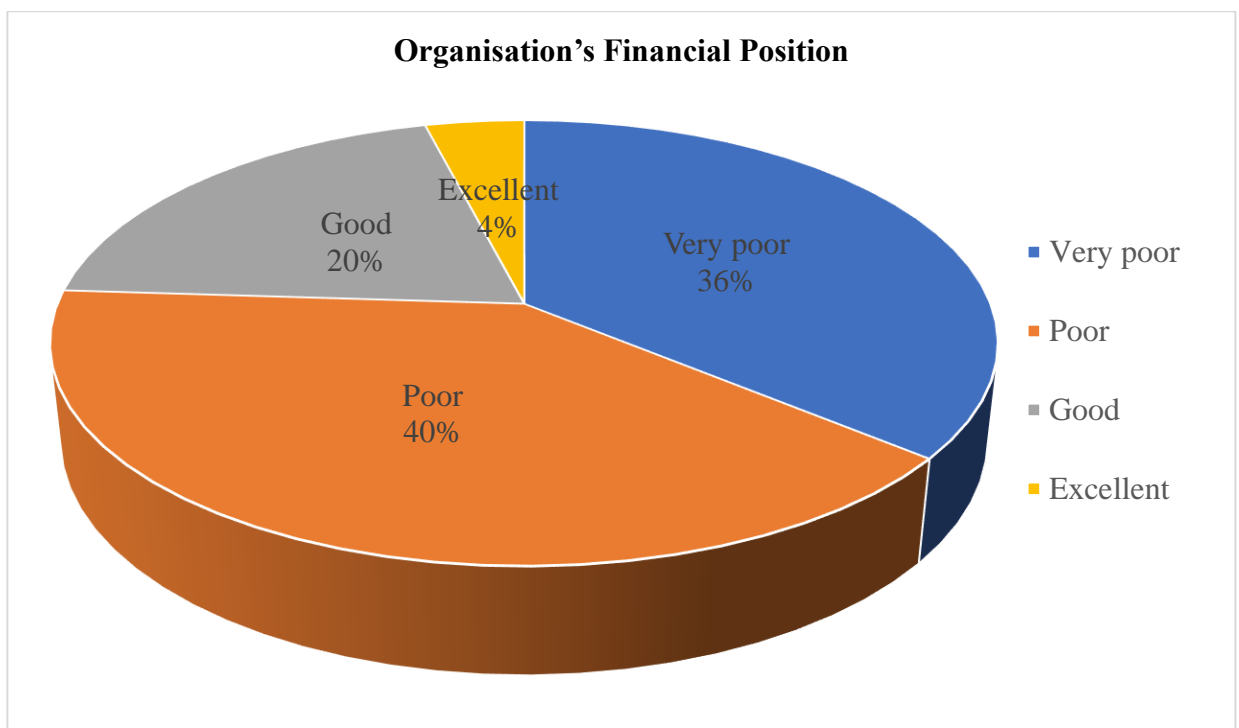


Figure 2: Organisation's financial position.

As we all know, the economic meltdown, coupled with COVID-19, brought about challenges in many NPOs in Namibia. The participants were asked to indicate the challenges that their respective organisations currently face. Table 7 shows that reduced

annual operational budget (24%), delayed programme implementation (22%), and declined number of donors (17%) are the major challenges NPOs are faced in Namibia.

Table 7: Challenges faced by NPOs organisations currently.

<b>Number</b>	<b>Challenges</b>	<b>Frequency (%)</b>
1.	Reduced Annual Operational Budget	24%
2.	Delayed programme implementation	22%
3.	Declined number of donors	17%
4.	Financial crises (e.g. cash flow challenges)	16%
5.	Technology shortfalls.	11%
6.	Management oversight.	10%
<b>Overall Total Frequency</b>		<b>100%</b>

Participants were requested to indicate if maintaining good donor relationships contribute to the financial sustainability of their organisation. Figure 3 shows that the highest frequency (46%) of participants indicated ‘yes’, whereas a frequency of 30% of participants indicated ‘somehow’. The answers to ‘absolutely’ and ‘no’ has the lowest frequency.

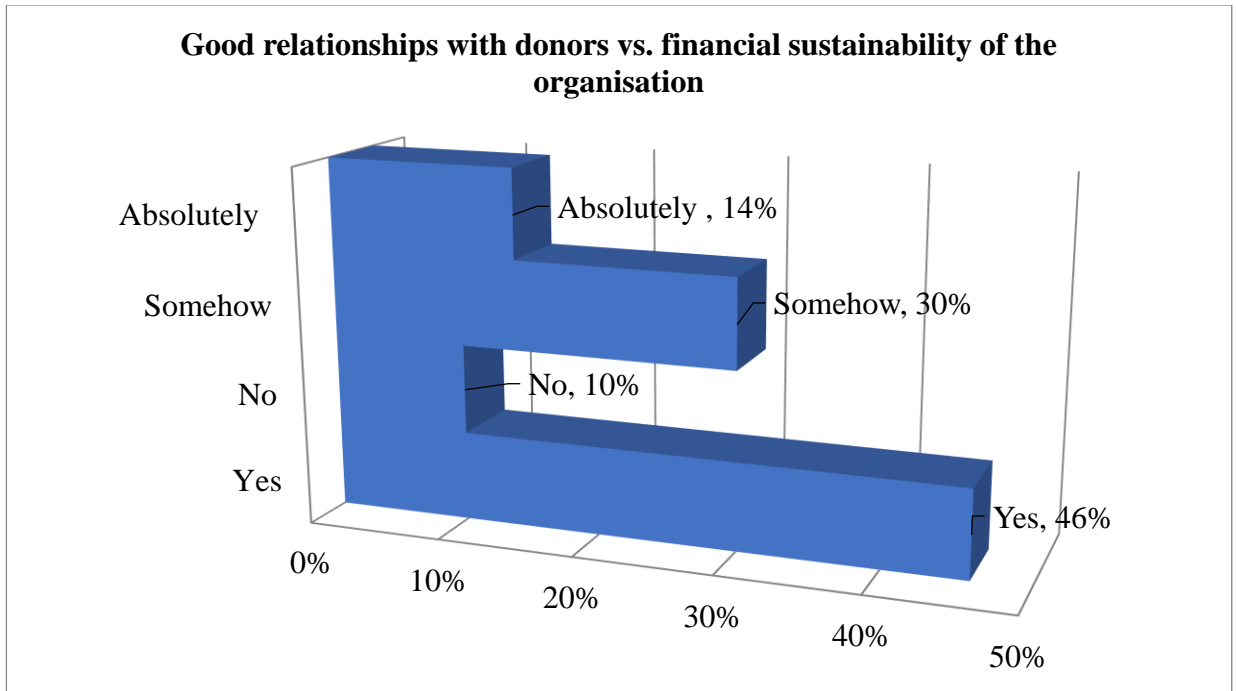


Figure 3: Good relationships with donors vs. financial sustainability of the organisation.

According to Foster, Kim & Christiansen (2019), a non-profit grant is a financial support given to Non-Profit Organisations by corporations, foundations, or government agencies. They are beneficial for NPOs because they provide the opportunity for additional funding that does not need to be paid back and increase awareness of their organisation. The participants were asked to indicate the sought of agreements their NPOs have in place, and with what organisations. Table 8 shows that the World Health Organization (24%), the Global Fund (19%), Others (19%), the United Nations Population Fund (15%) and the Ministry of Health and Social Services (13%) are the major organisation that NPOs has agreements within place.

Table 8: Organisations those NPOs have agreements within their programme.

<b>Number</b>	<b>Organisation</b>	<b>Frequency (%)</b>
1.	World Health Organization (WHO)	24%
2.	The Global Fund to Fight AIDS, Tuberculosis and Malaria (the “Global Fund”)	19%
3.	Others	19%
4.	United Nations Population Fund (UNFPA)	15%
5.	Ministry of Health and Social Services (MoHSS)	13%
6.	African Union	3%
7.	European Union	3%
8.	United Nations Children's Fund (UNICEF)	2%
9.	United Nations Development Programme (UNDP)	2%
10.	United Nations Educational, Scientific and Cultural Organization (UNESCO)	0%
<b>Overall Total Frequency</b>		<b>100%</b>

#### **4.2.3 Part B2: The Main Source of Funding for NPOs in Namibia**

The participants were asked to indicate their funding sources for NPOs organisations in Namibia. Table 9 shows that the frequency of Donor funding (40%), others (24%), and Government funding (20%) are the major sources of funding for most NPOs in Namibia.

Table 9: Sources of funding for NPOs organisation in Namibia.

<b>Number</b>	<b>Sources of Funding</b>	<b>Frequency (%)</b>
1.	Donor funding	40%
2.	Others	24%
3.	Government funding	20%
4.	Fundraising activities	16%
5.	Self-funding	0%
<b>Overall Total Frequency</b>		<b>100%</b>

The participants were asked to indicate other fundraising activities which the NPOs do to raise funding, despite foreign donors or government funding. Table 10 shows the frequency of Membership fees (30%), Services to the Private Sector (22%), and Coin collection boxes/drums/Jars (20%) as the major fundraising activities for most NPOs in

Namibia. The results indicate that donor funding as the main source of funding for these NPOs.

Table 10: Fundraising activities for most NPOs.

<b>Number</b>	<b>Fundraising Activities</b>	<b>Frequency (%)</b>
1.	Membership fees	30%
2.	Services to Private Sector	22%
3.	Coin collection boxes/drums/Jars	20%
4.	Fund raising Gala dinner	18%
5.	Others	10%
<b>Overall Total Frequency</b>		<b>100%</b>

Participants were requested to indicate if their organisations have donors that have withdrawn from funding the organisation in the last 5 years. Figure 4 shows that 66% of the NPOs have experienced donor funding withdrawal, whereas 22% have somehow experience the same.

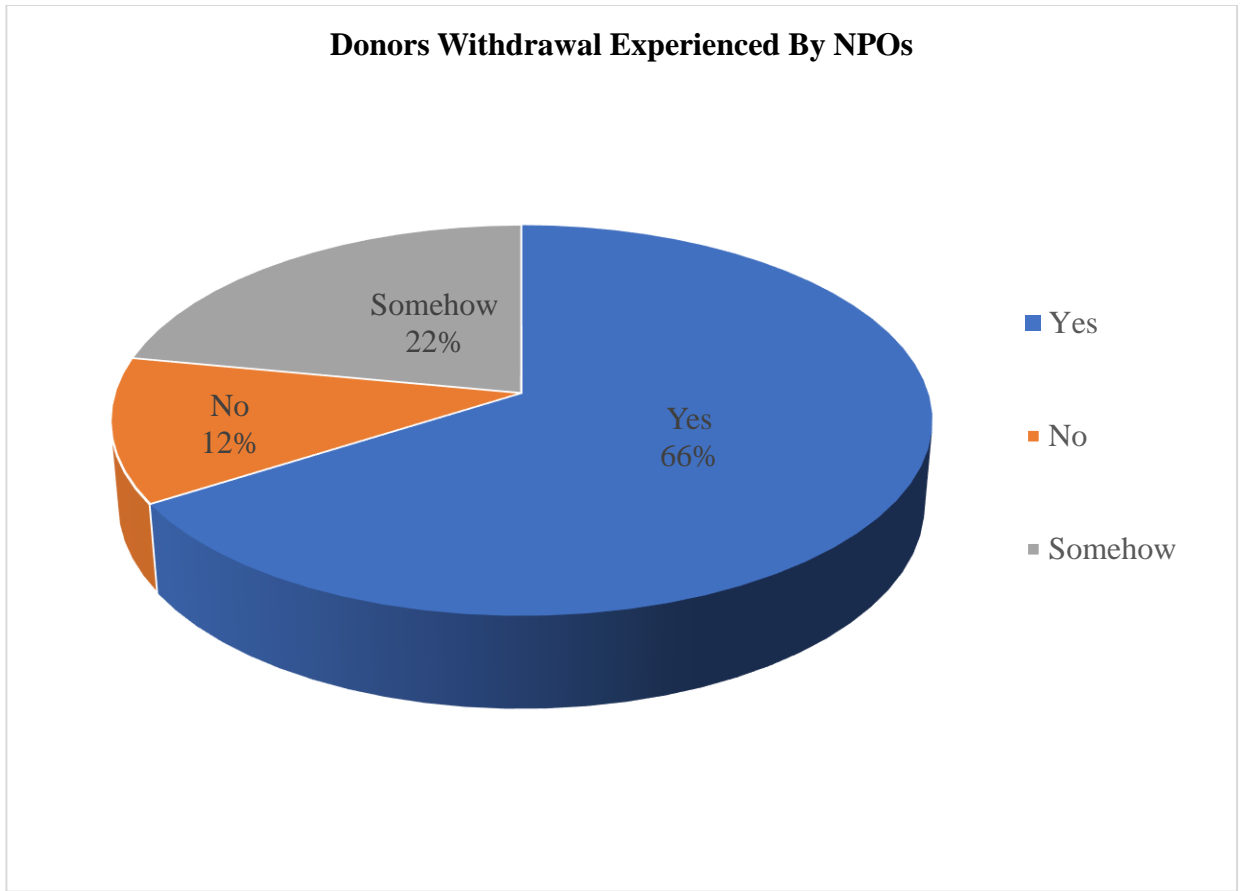


Figure 4: Donors withdrawal experienced by NPOs.

The participants were asked to indicate the reasons for donors' withdrawal from funding their NPOs activities. Table 11 shows that the frequency of short-term project funding [project ended] (30%), Insufficient funds on the part of the donor (16%), Political reasons (13%), Competing non-profit organisations (11%) are the major reasons for donor withdrawal from funding the most NPOs activities in Namibia.

Table 11: Reasons for donor's withdrawal.

Number	Reasons for Withdrawal	Frequency (%)
1.	Short-term project funding (project ended)	30%
2.	Insufficient funds on the part of the donor	16%

<b>Number</b>	<b>Reasons for Withdrawal</b>	<b>Frequency (%)</b>
3.	Political reasons	13%
4.	Competing non-profit organisations	11%
5.	Donor's priorities changed or no more matched with the organisation	9%
6.	Change in organisation's policy, leadership, activities	9%
7.	Lack of financial transparency	7%
8.	Inadequate communications	5%
<b>Overall Total Frequency</b>		<b>100%</b>

Namibia became an Upper Middle-Income Country (UMIC) in 2009 when its per capita GNI reached US\$4, 060. The participants were asked to indicate the financial challenges that Namibia's Upper Middle-Income Country (UMIC) classification did bring or came with to their organisation. Table 12 shows that the frequency of Donor withdrawal (29%), Reduced annual operational budget (19%), Financial crises [cash flow challenges] (16%), and Delayed programme implementation (15%) are the major financial challenges for classifying Namibia to Upper Middle-Income Country that most NPOs experienced in Namibia.

Table 12: Financial challenges for classifying Namibia to Upper Middle-Income Country.

<b>Number</b>	<b>Financial Challenges</b>	<b>Frequency (%)</b>
1.	Donor withdrawal	29%
2.	Reduced Annual Operational Budget	19%
3.	Financial crises (cash flow challenges)	16%
4.	Delayed programme implementation	15%
5.	Management oversight.	11%
6.	Technology shortfalls.	10%
7.	Others	0%
<b>Overall Total Frequency</b>		<b>100%</b>

#### 4.2.4 Part B3: The Impact of Sole Reliance on External Donor Funding

Participants were requested to indicate if the organisation’s strategy is aligned with that of the Ministry of Health and Social Services. Figure 5 shows that 80% of the NPOs have the organisation’s strategy aligned to that of the MoHSS, whereas 14% have indicated ‘Not really’ as a response. This means that most NPOs strategies were aligned to support the broader agenda of the Ministry of Health and Social Services. The strategic alignment to MoHSS could allow the NPOs to be more self-funding in the long run. At the same time, the existing strategic plans’ purpose is to shift the focus from the big picture to the detailed needs of the sponsors. Businesses use budgeting tools to allocate funds better and achieve specific long-term goals (Zeller & Metzger, 2015).

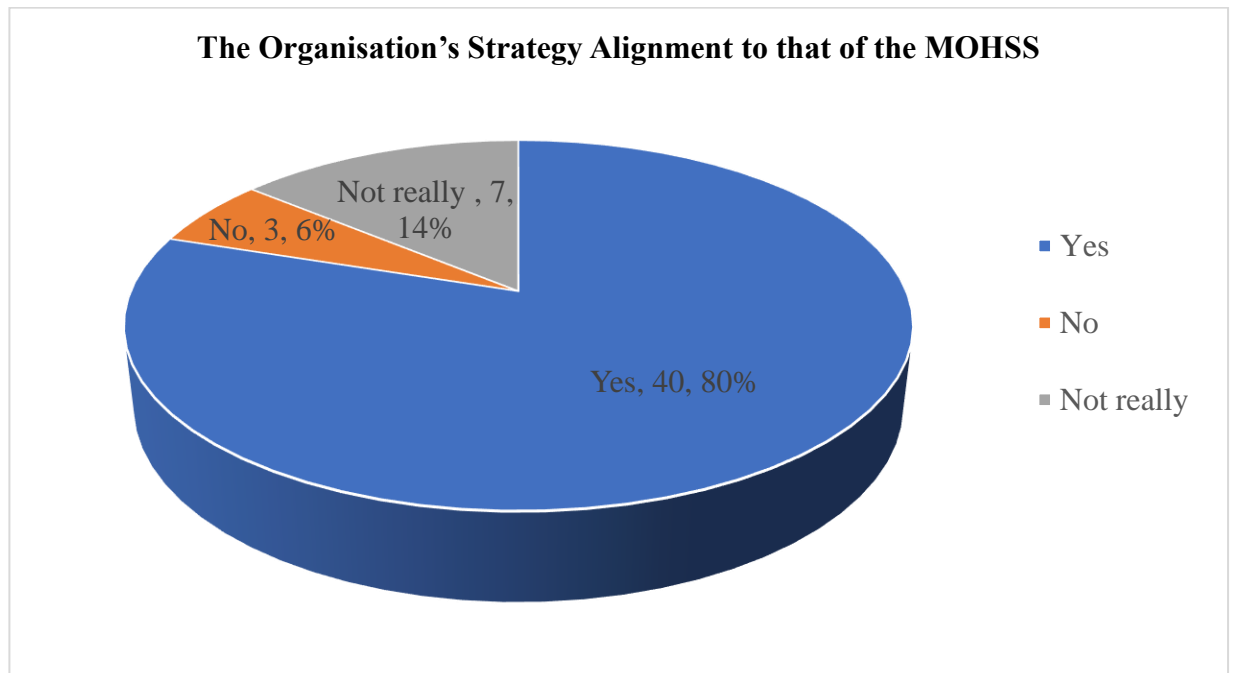


Figure 5: The organisation’s strategy alignment to that of the MoHSS.

The participants were asked to indicate their organisation`s annual budget what is the percentage (%) breakdown between foreign donor funding, government funding and other fundraising activities. Table 13 shows that the frequency of breakdown between foreign donors is funding (54%), government funding (14%) and other fundraising activities (23%) as the most NPOs annual budget percentage (%) in Namibia. The results show a lack of strategic budgeting and sources of funding. Whereas strategic budgeting could allow flexible forecasting for complex spending and revenue goals of the NPOs (Zeller & Metzger, 2015).

Table 13: NPOs annual budget, what is the percentage (%).

<b>Number</b>	<b>Annual Budget in Percentage (%)</b>	<b>Frequency (%)</b>
1.	Donor funding (30%)	0
2.	Donor funding (50%)	5%
3.	Donor funding (70%)	54%
4.	Government funding (30%)	14%
5.	Government funding (50%)	4%
6.	Government funding (70%)	0
7.	Fundraising activities (30%)	23%
8.	Fundraising activities (50%)	0
9.	Fundraising activities (70%)	0
<b>Overall Total Frequency</b>		<b>100%</b>

The participants were asked to indicate if they think it is financially sustainable enough for their organisation to rely only on one donor funding. Figure 6 shows that a high number of participants indicated that ‘No’ (44%), whereas some participants indicated that ‘It’s the only choice’ (26%) that the NPOs have in Namibia.

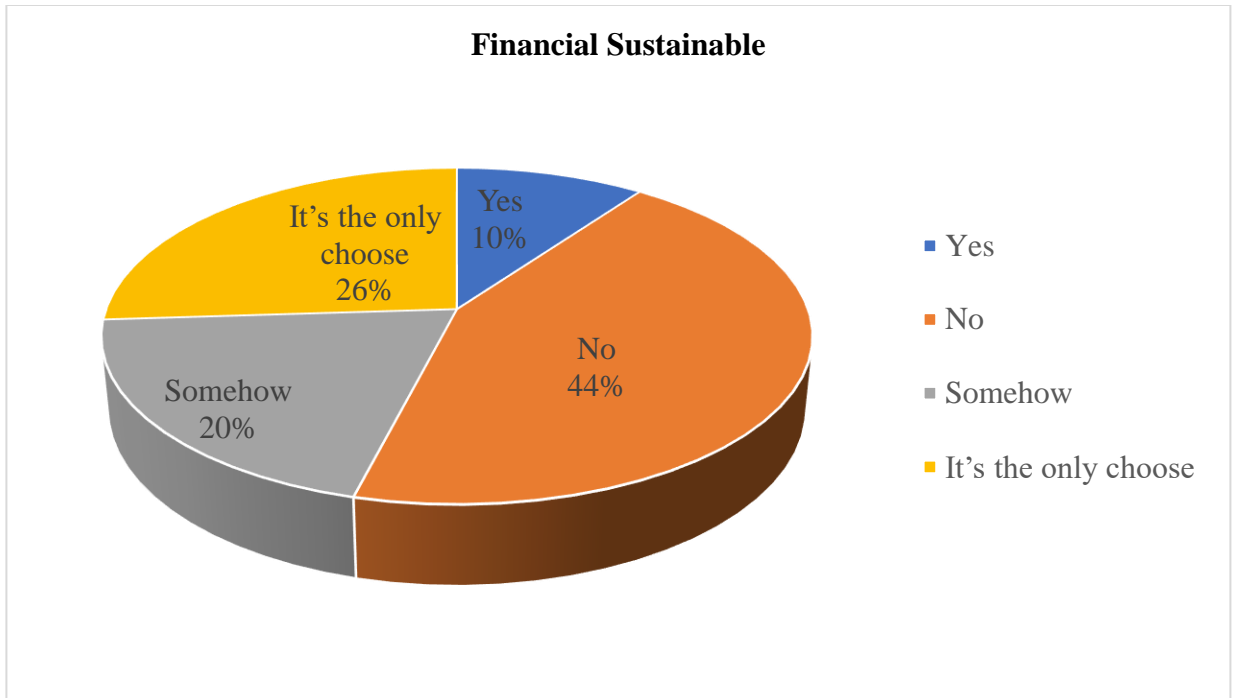


Figure 6: Financial sustainable.

### 4.3 Sentiments on External Donor Funding for any NPOs Programmes

A number of sentiments on external donor funding was mentioned by the participants. These included sentiments such as, *“During COVID-19 Pandemic, programme implementation was delayed. Hence, some set targets were not met, and donors withdrew due to uncertainties,* indicated by Participant 12. In the same vein, Participant 14 indicated that the *“Majority of our donors usually require written proposals before funding is obtained. Usually these projects are short-term, between 2 - 5 years and come with a clause that states, ‘funding is renewable based on availability of funds on the donor part’.”* Participant Number 16 indicated the need to *“Changes in donor country political status has affected some funding agreements to the organisation which has led to donor withdrawal.”* Whereas a number of prominent sentiments are presented in Table 14.

Table 14: Sentiments on External Donor Funding for any NPOs Programmes.

<b>Participant (P)</b>	<b>Sentiments on External Donor Funding for any NPOs Programmes</b>
P 2, P 44, & P 48.	External donor funds are the anchor of our financial existence. Our organisation has the youth at heart. Therefore, I believe that there is a solid urge for external donors to come and stay on board as the government barely give any funds even to compensate staff or sustain maintenance expenses.
P 20 & P 40.	Sustainability if the GRN Funding withdraws Programmes continuation and the impact on society if the programme discontinue.
P 4, P 7 & P 11.	Due to the COVID-19 pandemic, the donors were also affected financially. This has contributed to donor withdrawal.
P 5 & P 46.	Most of our external donor agreements are less than 5 years. Additionally, some donor agreements are deliverable-based; hence, once deliverables are met, donor consider their contribution to the organisation as complete.
P 6 & P 41.	External donor funding helps our organisation to function better and give better services to the community.
P 3, P 35 & P 37.	Some of our programmes require us to work together with other Non-profit organisations; hence their performance in terms of programme implementation and finances will have an overall impact on the sustainability of the programme.
P 8 & P 49.	The MoHSS`s contribution to our NPO is largely in the form of commodities and not direct financial transfer; hence, contribution to the operational budget is minimal.
P 5 & P 10.	Our organisation` sexual & reproductive health services are offered for free in the respective clinics; this makes it solely reliant on external donor funding to continue with operations.
P 11 & P 12.	Due to high staff turnover as a result of projects coming to an end, and lower salaries, some donors lost trust in the Organisation, subsequently ending agreements which should have been renewed.
P 12 & P 13.	Some donors usually include targets to be met in the agreements; hence results at the end of programmes would determine the continuation of funding.
P 8 & P 23.	A few of the projects (USAID) that NPOs have had included enhancing the infrastructure, e.g. renovating clinics, and acquiring

<b>Participant (P)</b>	<b>Sentiments on External Donor Funding for any NPOs Programmes</b>
	mobile clinics for outreach activities. Once these were received, the project came to an end.
P 4, P 14 & P 24.	Some donors came on board to specifically train staff on the ground to enhance service provision; once training needs were met, the project came to an end.
P 14, P 17 & P 29.	When the Global Fund reduced their overall funding to Namibia in 2018 to help other less fortunate countries, funding to NPOs from the Global Fund completely stopped. This resulted in financial challenges as Global Fund was contributing to our annual operating budget significantly.
P 15 & P 43.	Our organisation relies on external donor funding, commodities for the mobile clinics from the MoHSS, and private sector funding, e.g. NMC, Health Insurance fund etc.
P 33 & P 55.	Other projects came with conditions that the organisation should contribute a certain percentage (%) towards annual operational budgets through collaborations with the private sector and other fund-raising activities; if this is not achieved, donors become sceptical and withdraw.
P 9 & P 16.	Our organisation collects donations in the form of goods, such as winter blankets, sanitary pads etc., which are distributed to needy communities; hence funding is not always in monetary form. This leaves a gap, and we thus need to rely on external donors for operational costs continuously.
P 17 & P 45.	Our organisation has a number of volunteers. Some projects come on board for a short-term agreement to work with our volunteers to disseminate information to the communities; once this is done, the agreement ends.
P 5, P 18 & P 47.	External donors contribute a large % to the Organisation's operational budget compared to the local government and other fundraising activities; as a result, the organisation experiences financial challenges whenever an external donor withdraws funding, or an agreement ends. In the past, this has resulted in the organisation retrenching some employees.
P 19, P 22 & P 50.	Some of our donors usually request that we include other donors who are already on board in our proposals; this gives them confidence that we can administer several donor agreements.
P 1, P 21 & P 31.	Some external donors come on board to support a specific region in Namibia, e.g., Zambezi or Erongo region; this only benefits specific regions and leaves a gap in the distribution of the organisation's resources.

Participant number 19 strongly believed that *“Without external donor funding, the organisation will struggle to stay operational. External donor funding pays for operational costs such as salaries, monthly operational costs etc., while the MoHSS only provides medicine.”* Some of the suggestions that were mentioned by the participants include: *“Previous donor agreements were strictly for the training of our health workers on new health guidelines, once training was completed, the agreement came to an end”*, Participant 31, and that *“Our external donor agreements are normally short-term agreements. This puts pressure on the organisation to continue scouting for additional donors in order to remain operational”*, Participant 38. Lastly, participant number 49 indicated that there is a need to *“Some external donors have in the past withdrawn as a result of late submission of quarterly financial reports and program reports.”*

#### **4.4 Discussion of the Findings**

Based on the objectives designed for this study, the research employed both descriptive and inferential statistics to analyse the collected data. The data collected from primary source was presented using themes, tables, graphs, and figures, as seen in this Chapter.

Firstly, the results with regard to determining the challenges faced by selected Non-profit organisations (NPOs), is clearly point to poor state. For example, figure 2 shows that 40% of the NPOs are in a ‘poor’ financial position. Major challenges contributing to the situation or state of position include: reduced annual operational budget, delayed programme implementation, declined number of donors, and financial crises (e.g. cash

flow challenges). These findings are in line with the views of Burd (2015: 1), who confirms that “financial struggles are a reality for many non-profits, even those with excellent programs. Primarily dependent on highly restricted grant support that does not cover general operations, today’s non-profits spend too much time trying to cobble together a patchwork of funding sources.”

Secondly, the research results pointed to donor funding as the major funding sources for NPOs organisations in Namibia. These results were indicated to persist in Namibia after the reclassification as an upper middle-income country. Table 9 shows that the frequency of donor funding (40%), whereas others was indicated as government funding, and fundraising activities. This finding, just like the study of De los Mozos, Duarte & Ruiz (2016: 34) and Rocha, Queiruga & González-Benito (2015) has suggested that “revenue streams for NPOs can be expanded in different categories such as government funding, service fees, corporate giving, investment incomes, and in-kind donations.

Lastly, the study examined the impact of sole reliance on external donor funding has on programmes of the selected Non-profit organisations. The research findings, presented in figure 5, shows that 80% of the NPOs have the organisation’s strategy aligned to that of the MoHSS, this shows that most strategies of the NPOs are aligned to support the broader agenda of the MHSS. This alignment of the strategies could allow the NPOs to be more self-funding in the long run, as guided in the MHSS’ national strategic documents (Ministry of Health and Social Services, 2018; and Namibia Civil Society Support Programme, 2015).

## **4.5 Chapter Conclusion**

This chapter presented the results, discussion and interpretation of the research findings of this study. It further provided the discussions and analyses of the findings using the mixed research approach (qualitative and quantitative). Results were presented in the forms of tables, graphs and descriptive narratives. The findings from the literature review and primary sources are positively correlated.

The study revealed that Namibia's NPOs, including those providing vital HIV and AIDS services, faced a sharp reduction in external donor funding due to the country's recent reclassification as an upper-middle-income country. This decline has prompted NPOs to seek out alternative revenue streams to maintain healthy gains achieved over the past decade, and Namibia's growing for-profit private sector is a potential source of such revenue (Robertson, Ilana & Dawn, 2016). The study further discovered that many NPOs are experiencing tough times after their donors cut down on the amount of funding, they used to give some years back. Some NPOs have closed down, while others have downsized their operations due to insufficient funds.

The next chapter is Chapter 5, which is the last chapter of this study, and it is about the conclusions and recommendations.

## **CHAPTER FIVE:**

### **SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this study was to carry out an analysis of the financial sustainability challenges faced by Non-Profit Organisations in the health sector in Namibia. Whereas the main focus of this chapter is to reflect on whether the aim and objectives of the study were achieved. Firstly, the chapter summarises the results, draws conclusions on the findings from the study and makes appropriate recommendations. The section on recommendations is presented in two subsections, which are the recommendation to the Government of Namibia and the recommendation to the Non-Profit Organisations. This is then followed by the areas for further research. The chapter then provided the chapter concluding remarks.

#### **5.2 Summary**

According to the findings in Chapter 4, most respondents indicated that one of the current challenges faced by NPOs as a result of an economic meltdown, coupled with COVID-19, is a Reduced Annual Operational Budget and Delayed programme implementation. Others indicated Declined number of donors, financial crises, Technology shortfalls and Management oversight as challenges faced.

One of the objectives of the study was to determine the main source of funding for NPOs in Namibia after its reclassification as an upper-middle-income country. In this regard, the study found that the main funding source for these NPOs is external donor funding,

followed by other types of funding, government funding and fundraising activities being the least type of existing funding. Additionally, it was noted that none of the NPOs is self-funding.

The research also sought to examine the impact that sole reliance on external donor funding has on the programmes of the selected Non-profit organisations. On this effect, the researchers discovered that the majority of the participants highlighted that it was not financially sustainable for their NPOs to rely solely on donor funding, with others saying that it is the only choice available.

### **5.3 Conclusions**

It is clear from the study that in the past, these Non-Profit Organisations have needed to rely on international funding mechanisms, which are increasingly limited given the current economic and political climate around the Globe. Suppose Non-Profit Organisations will carry on in their mission to provide, for example, HIV and Tuberculosis (TB) prevention services and protect the rights and health of people affected by HIV and TB. In that case, they will have to rely on their flexibility, perseverance in advocacy and legal mobilisation both domestically and internationally, and creativity through adverse funding situations. The commitment of the current Namibian Non-Profit Organisations mobilising to have a more prominent voice in the HIV/AIDS and TB response and to raise public awareness of the issues offers inspiration for fighting this increasingly uphill battle.

## **5.4 Recommendations**

### **5.4.1 Recommendation to the Government of Namibia**

The Government of Namibia has created a wide variety of incentives for NPOs to formally organise themselves, such as the ability to open bank accounts as organisations, beneficial tax treatment, or the opportunity to bid for government and international contracts. An incentive-based approach, rather than mandatory registration, is more effective, less costly, and less likely to stifle NPOs.

However, based on the study results and findings, the researcher herewith recommends the following to the Government of the Republic of Namibia:

- Respecting, protecting and promoting civil society and Non-Profit Organisations' space.
- Supporting and engaging with civil society and Non-Profit Organisations in Namibia.
- Incentivising Non-Profit Organisations' effectiveness, transparency and accountability.
- NPOs are ubiquitous and necessary because it exists, however informally, in all health systems and fulfil a role because there is always a place where markets, families and the state all fail to carry out some tasks or communicate. When people band together to do something, they are Non-Profit Organisations. There is still great variation, and a few countries have curtailed the space for Non-Profit Organisations and discouraged action, but it persists, and those countries suffer from its absence.

- NPOs are diverse: As our matrix and the case studies illustrate, many different kinds of Non-Profit Organisations do many different things, from local advocacy to national advocacy and from organising sports for local children to sharing in the governance of an entire country. Not all Non-Profit Organisations are found everywhere, but even more, exist than our matrix could show.
- NPOs are beneficial to society: The ubiquity, energy, flexibility, efficiency and diversity of Non-Profit Organisations mean that working with them is desirable, whether to provide services, improve policy-making and implementation or to carry out governance functions.

#### **5.4.2 Recommendations to the Non-Profit Organisations**

The researcher recommends the following to the Non-Profit Organisations:

- *More Non-Profit Organisations should change the conversation around how to measure and sell their social impact.* This is especially difficult because measuring social impact is challenging, and it is a fairly new concept in the sector. Most donors and foundations fall into the habit of relying on a NPOs' overhead as the main indicator of an organisation's success. Collectively, NPOs are not doing enough to challenge this idea. Instead, they should strive to provide other indicators that may represent their organisation's effectiveness.
- *As Non-Profit Organisations professionals who work within the sector, we should change how we label the sector.* The contradiction of the sector does not help how we ask for help or create incentives to change the conversation around how to operate more effectively. The term "non-profit" has become synonymous

with struggling organisations that survive off of grant funds. NPOs do in fact, need to make a profit, but they do not pay tax on that profit as is required of for-profit businesses. NPOs should be run like a business since they need to make profits, but our language should also encourage that to some extent.

- ***More Non-Profit Organisations should hire people who are impassioned about the organisation's mission with a track record of success.*** The argument can be made that what to look for in employees is less tangible. However, the stakes are just as high in this sector when we fail to assess for quality. Our work has the potential to significantly decrease negative outcomes such as high crime rates or poverty, which, when left ignored, can indirectly increase the costs incurred by society in the future. In addition, research by Sampson (2012: 209) concluded that “despite persistent poverty, racial diversity and other social challenges, [the presence of] community-based organisations strongly predict collective efficacy and collective civic action, durably so.”
- ***Under-resourced Non-Profit Organisations should match their high expectations for employees with rewards and bonuses that will make their employees feel valued.*** Organisations that hire great talent also incorporate bonuses that successfully combat burnout. One of the great things about working in the NPOs sector is the proximity between the client and the problem. In this way, NPOs are uniquely positioned to understand the problems faced by their audience and help develop creative and tailored solutions. More NPOs should consider creating an environment with bonuses that empower employees to find creative solutions to problems.

- ***Non-Profit Organisations should not be afraid to whistle their own horn.*** This means that these innovations will rub off on the business sector to bring about much-needed venue to the organisation. Currently, many Non-Profit Organisations have become so good at creating long-lasting change within their respective communities that businesses will integrate social impact and profit seamlessly into their bottom line.

## **5.5 Areas for Further Research**

This study had limitations and delimitations. This study has broadly enabled the researcher to have a better understanding in relation to the research and also realise the need for further investigation on the Non-Profit Organisations in the health sector in Namibia. Equally, the study unfolded many benefits of NPOs that should be appreciated and enhanced or could impair. There are a few overarching further research themes which could be investigated: empowerment, service delivery, commitment, flexibility, participation in policy, and credibility. As such, the following areas are suggested for further detailed research:

- ***Empowerment:*** is a key benefit of strong NPOs both in general and in the health context. The Marmot Review defined empowerment as material, psycho-social, and political, the latter not necessarily or primarily meaning formal political engagement (Marmot & Bell, 2016; Marmot *et al.*, 2015). Empowerment is strongly correlated with health and well-being, and its absence, whether due to poverty, illness, or stressful working conditions, is a cause of ill health, as Marmot has demonstrated (Marmot & Bell, 2016). Many conditions of modern life are in

some way disempowering and addressing disempowerment is important both to health and to a successful, sustainable, thriving society. It is here that NPOs come in.

- ***Service delivery:*** is perhaps the most common attraction for policy-makers. NPOs deliver things that state, market, and family cannot deliver – from well-run healthcare facilities to credible, ethical determinations to outreach to vulnerable populations, social campaigns, and volunteers. Delivery, doing what others cannot, is a key part of the relationship between health systems and NPOs almost everywhere.
- ***Commitment:*** Part of the reason NPOs can (and often do) work so well is a factor that the state and market cannot tap: the commitment of people who are called to a mission, people who are working for a group or because they believe in. Commitment is part of the reason NPOs do things that the state, market, and family will never do, and it is part of the reason why their autonomy is so important. Commitment demands that the organisation does something that its donors and volunteers believe in since otherwise, they might demand market wages or public sector benefits.
- ***Flexibility:*** The cost of entry to NPOs is very low in most cases. If there is no special barrier put in the way, it is easy for a few people to form a local group and clean up a park or advocate that it has better playground equipment. This low cost of entry, which is further lowered in societies where there is high trust and extensive NPOs engagement already (Putnam, 1993; Goldberg, 1996), means that

it is often NPOs that respond first to a crisis or that respond to unexpected new needs.

- ***Policy and participation:*** One of the key benefits of strong NPOs is that it can bring new information to decision-makers, whether through research, through close contacts with particular populations, or through bringing opinions that are born neither in the state nor in the private sector. The benefits to policy-makers of NPOs participation in policy-making are not just better information and better legitimacy, however. The benefits also include diverse ideas that their employees might not originate.
- ***Credibility:*** In political theory, a government has all the legitimacy it needs from its election, but in practice, many policies are challenged if they were made without the participation of affected interests, which are often best accessed through their organisation in NPOs (Greer, Wismar & Figueras, 2016). As a result, NPOs' credibility matters, and that comes from their participation, and endorsement plays a key role.

## **5.6 Chapter Conclusion**

This chapter presented the conclusions and recommendations of this study. It further provided the key recommendations to the Government and the Non-Profit Organisations, respectively. The key areas for further study were presented in the form of descriptive narratives and quantitative graphs and figures.

Non-Profit Organisations in Namibia's health sector face a myriad of challenges in establishing and maintaining financial sustainability. The study established that these challenges are worsened for Non-Profit Organisations serving low-resources, high-need communities. The literature review of this study identified key themes and findings that have informed operations and decision-making related to improving sustainability in such organisations. The researcher conducted systematic literature searches using a combination of academic search engines and the broader Internet, supported by the self-administered questionnaire. The research tools were used to identify and discuss key challenges of financial sustainability for Non-Profit Organisations, such as over-reliance on external funding sources, demonstrating value and accountability to funders, and promoting community engagement and leadership, as well as promising practices for meeting these challenges and achieving financial sustainability. Additionally, the researcher discussed unique challenges faced by Non-Profit Organisations serving low-resources, high-need populations.

The researcher hopes that this analysis would enhance the limited literature on financial sustainability in low-resource or high-need communities and will contribute to an evidence base for promising practices, providing leaders of and investors in Non-Profit Organisations the ability to support and promote growth among organisations serving those most in need.

This was the last chapter of this study, and it was about the conclusions and recommendations.



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# ANNEXURES

## Annexure 1: Research Ethical Clearance



### ETHICAL CLEARANCE CERTIFICATE

**Ethical Clearance Reference Number:** DEC FOC/22/17 **Date:** 21/07/2022

This Ethical Clearance Certificate is issued by the University of Namibia Ethics Committee (REC) in accordance with the University of Namibia's Research Ethics Policy and Guidelines. Ethical approval is given in respect of undertakings contained in the Research Project outlined below. This Certificate is issued on the recommendations of the ethical evaluation done by the ethics committee.

**Title of Project:** An Analysis of the financial sustainability challenges faced by Non-Profit Organizations in the health sector in Namibia.

**Student:** Nancy Makwatikazo

**Student Number:** 201024055

**Supervisor(s):** DR EDSON GWANGWAVA

**Centre for Research Services**

Take note of the following:

1. Any significant changes in the conditions or undertakings outlined in the approved Proposal must be communicated to the ethics committee. An application to make amendments may be necessary.
2. Any breaches of ethical undertakings or practices that have an impact on ethical conduct of the research must be reported to the ethics committee
3. The Principal Researcher must report issues of ethical compliance to the ethics committee (through the Chairperson) at the end of the Project or as may be requested by the ethics committee
4. The ethics committee retains the right to:
  - i) Withdraw or amend this Ethical Clearance if any unethical practices (as outlined in the Research Ethics Policy) have been detected or suspected,
  - ii) Request for an ethical compliance report at any point during the course of the research.

The ethics committee wishes you the best in your research.

A handwritten signature in black ink, appearing to read 'Precious Mushendami', is written over a horizontal line.

Precious Mushendami (Chairperson Ethics Committee)

A handwritten signature in black ink, appearing to read 'Davis Mumbengegwi', is written over a horizontal line.

Prof. Davis Mumbengegwi (Head, Multidisciplinary Research)

## **Annexure 2: Self-Administered Questionnaire**

This self-administered questionnaire is designed to gather data that will be used to analyse, assess, evaluate and gather opinions and perceptions for the study titled: *An Analysis of the Financial Sustainability Challenges Faced by Non-Profit Organizations in the Health Sector in Namibia.*

**By:** Ms Nancy Makwatikizo

**Qualification:** Master of Science in Accounting and Finance

**University of Study:** University of Namibia

**Date:** June 2022

**Email This Back To:** [nancy.makwatikizo@sascal.org](mailto:nancy.makwatikizo@sascal.org)

### **Instructions:**

Please tick [✓] in the box that best describe your response. Where explanation and description is required, fill in the blank spaces provided.

### **Part A: Demographic Information**

1. **Which of these describes your gender.**

Gender	Tick [✓]
Male	
Female	

2. **Indicate your age group.**

Age group	Tick [✓]
18-28	

29-39	
40-50	
51-61	
Over 61	

**3. What is your highest academic/ professional qualification?**

Qualification	Tick [✓]
Grade 12 certificate (NQF 4)	
Diploma (NQF 6)	
Bachelor (NQF 7)	
Bachelor Honours (NQF 8)	
Masters (NQF 9)	
PhD (NQF 10)	

**4. Indicate your NPO organisation.**

No.	Organisation	Tick [✓]
1.	Society for Family Health (SFH)	
2.	Namibia Planned Parenthood Association (NAPPA)	
3.	HIV Clinicians Society	
4.	Mister Sister	
5.	Namibia Red Cross Society	
6.	Other.....	

**5. How would you describe your type of work? (If other, mention/state)**

No.	Type of work	Tick [✓]
1.	Administration officer	
2.	Financial clerk/officer	
3.	Accountant	
4.	Financial manager	
5.	Middle management	
6.	Senior management	
7.	Executive	
8.	Other.....	

**6. Indicate for how long have you been working for the same organisation as in question 4.**

Duration	Tick [✓]
Less than 1 years	
5-10 years	

11-15 years	
Over 15 years	

**Part B: Research Themes/Objectives**

**Part B1: To determine challenges faced by selected Non-profit organisations (NPOs).**

<b>Question 1:</b>	<b>How would you describe your organisation's financial position?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Bad	
Poor	
Good	
Excellent	
<b>Question 2:</b>	<b>As we all know, that economic meltdown, coupled with COVID 19 brought about challenges in many NPOs. In your opinion, what challenges is your organisation faced with currently?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
The changing face of fundraising	
Faltering retention of donors and members.	
Mission creep.	
Technology shortfalls.	
Financial crises	
Management oversight.	
Other.....	
<b>Question 3:</b>	<b>In your opinion, does maintaining good donor relationships contribute to the financial sustainability of the organization, and how do you maintain that relationship?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Yes	
No	
Somehow	
Absolutely	
<b>Question 4:</b>	<b>What sought of agreements does your organisation have in place, with what organisations and how beneficial are there to the organisation (Mention as many benefits as possible i.e. financial, training, services, etc.)</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Government (MoHSS)	
UNICEF	
UNESCO	
UNDP	
WHO	
UNFPA	

Global Fund	
Other .....	

**Part B2: To determine the main source of funding for NPOs in Namibia after the reclassification as an upper middle-income country.**

<b>Question 1:</b>	<b>How does your organization source for funding in order to remain operational?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Self-funding	
Donor funding	
Government funding	
Fundraising activities	
Others .....	
<b>Question 2:</b>	<b>Despite foreign donors or government funding, what other fundraising activities does the organization do to raise funding?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Self-funding	
Donor funding	
Government funding	
Fundraising activities	
Others .....	
<b>Question 3:</b>	<b>Does your organization have donors that have withdrawn from funding the organization in the last 5 years and for what reasons?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
Yes	
No	
Somehow	
<b>Question 4:</b>	<b>Namibia became an Upper Middle Income Country (UMIC) in 2009 when her per capita GNI reached US\$4, 060. What financial challenges did this bring or come with to your organisation?</b>
<i>Guided answers</i>	<i>Tick [✓] your answer (s)</i>
The changing face of fundraising	
Faltering retention of donors and members.	
Mission creep.	
Technology shortfalls.	
Financial crises	
Management oversight.	

**Part B3: To examine the impact of sole reliance on external donor funding has on programmes of the selected non-profit organisations.**

<b>Question 1:</b>	<b>How does the organization’s strategy align to that of the Ministry of Health and Social Services? Yes, not, what impact does this have?</b>
<i>Guided answers</i>	<i>Tick [✓] and answer (s)</i>
Yes	
No	
Not really	
<b>Question 2:</b>	<b>From your organization`s annual budget, what is the percentage (%) breakdown between foreign donor funding, government funding and other fundraising activities?</b>
<i>Guided answers</i>	<i>Tick [✓] and answer (s)</i>
Donor funding (30%)	
Donor funding (50%)	
Donor funding (70%)	
Government funding (30%)	
Government funding (50%)	
Government funding (70%)	
Fundraising activities (30%)	
Fundraising activities (50%)	
Fundraising activities (70%)	
<b>Question 3:</b>	<b>Do you think it is financial sustainable enough for your organisation to rely only on one donor funding, and what are the impact?</b>
<i>Guided answers</i>	<i>Tick [✓] and answer (s)</i>
Yes	
No	
Somehow	
It’s the only choose	
<b>Question 4:</b>	<b>Any final remarks concerning external donor funding for any programmes on your organisation?</b>
<i>Answers:</i>	

-The End-