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FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL SUSTAINABILITY OF WORLD BANK FUNDED PROJECTS IN MOMBASA COUNTY

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ABSTRACT

The study was carried out with the general objective of examining the financial management practices and financial sustainability of World Bank funded projects in Mombasa County. The study was guided by the following theories budgeting theory, agency theory, contingency theory, and cash management theory. Descriptive research design was used in this study. The target population of the study was 186 project managers from the various strata. The population sample size of this study comprised of 127 project managers drawn from the county government of Mombasa, World Bank appointees, community proposed members and experts. Questionnaires were used in primary data collection. Descriptive statistics (frequencies, measures of central tendency including mean and standard deviation) were used to give the expected summary statistics of variables being studied. Inferential data analysis was done using multiple regression analysis. Multiple regression analysis was used to establish the relations between the independent and dependent variables. The results of the study indicated that in relation to the first objective that examined the influence of budgeting practice on financial sustainability of donor funded projects, budgeting practice influences the sustainability of donor funded projects. In relation to the second objective, financial control practice was fund to have a significant influence on financial sustainability of donor funded projects in Kenya. Further, financial reporting practice was found to have a significant effect on financial sustainability of donor funded projects in Kenya. Finally, in relation to the final objective that touched on cash management practice, it was found out that cash management practice has a positive and significant influence on financial sustainability of donor funded projects in Mombasa County, Kenya. Overall, budgeting practice had the greatest effect on financial sustainability of donor funded projects in Kenya's Mombasa county followed by financial control practice then cash management while financial reporting practice had the least effect on financial sustainability of donor funded projects in Kenya's Mombasa county. All the variables were thus significant with their p- values less than 0.05.

Key words: *Budgeting, Financial Control, Financial Reporting, Cash Management, Sustainability*

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INTRODUCTION

Donor-funded projects continue as a complement to the role of government in providing developmental needs to the communities (Mang'atu, Oluoch, Nduwayo, Barmasai, Ngengi & Kisimbii, 2021). Such needs comprise economic empowerment and employment creation to communities. To emphasise the significance of initiatives financed by donors According to Kiprop, Nzulwa, and Kwena (2020), donor-funded initiatives seek to advance development by fortifying community-based organisations. Communities, however, have not benefited from these developments and have continued to live in poverty. In comparison to when the initiative was implemented, several of them are now in worse condition. Communities in low-resource nations in Asia, South America, and Africa have not seen a major shift in their quality of life, even after initiatives to empower them and provide jobs have been implemented. According to figures indicating that between 50 and 66 percent of donor-funded programmes in poor countries fail to meet their objectives, donors also do not gain value for their money (World Bank, 2020). According to a World Bank assessment conducted by the Independent Evaluation Group (IEG), 43% of all World Bank projects failed in 2020 alone, while almost 50% of programmes failed in Africa alone (Ika, 2022).

Many financial sustainability approaches and strategies have been studied in a number of toolkits and research papers, but many civil society organisations (CSOs) still struggle to acquire and manage the resources needed to manage their projects and fulfil their missions. Due to its significant impact on long-term planning, configuration flexibility, and the management of various organisational challenges, this critical issue continues to restrict the autonomy of these agencies globally (USAID, 2021).

The allocation of resources, financing and financial management, planning, teamwork, monitoring and evaluation, technology, type of funding, stakeholder participation, and project financing are, however, a plethora of critical success factors that have been identified in studies concerning donor-funded projects conducted across the nation (Ouma and Kamaara, 2020; Wachira and James, 2020; Wamalwa and James, 2020; Kiara and Luketero, 2019). Although these studies haven't examined financial management practises in-depth as a separate factor affecting project success, they have provided background data indicating that donor project financing and the financial management process as a whole are significant factors influencing project performance, making them an important subject of investigation in the current research.

The current study is necessary since several documented studies have shown that there are several issues that negatively impact the overall effectiveness and financial sustainability of donor-funded projects, one of which is inadequate financial management practises. Omer (2020) claims that a number of factors have hindered donor-funded organisations' performance, which is determined by factors like growth and expansion, meeting stakeholder expectations, and financial sustainability. These factors include a lack of institutional capacity, poor financial management practises, a lack of financial and management expertise, low levels of self-sustainability, isolation or a lack of coordination and communication between organisations, and a lack of understanding of the larger social and economic context. Furthermore, the success of donor-funded organisations is influenced by several aspects, including organisational culture, which has to be reshaped for optimal operational efficiency and effective performance. Certain INGOs may be characterised by limited technical capacities and relatively tiny resource bases. As demonstrated by the World Bank-funded projects in Mombasa County, donor-funded organisations in Kenya have significantly aided the country's development process, necessitating the current study (County Government of Mombasa, 2019; World Bank County Report, 2020).

NGOs and other foreign organisations, such as the World Bank Group, manage a range of projects in Kenya covering a variety of topics, including agricultural, politics, cultural development, health, education, and the economy. Through partnerships with the different nations, the organisations are often at the centre of both public and commercial growth. In this setting, NGOs and other financial organisations like the World Bank end up enjoying various government perks including tax exemptions and waivers, claim Karanja and Karuti (2014). According to Chelangat et al. (2018), non-profit organisations, or NGOs, are essential to the wellbeing of society in developing countries like Kenya because they offer services like health care, education, and agriculture.

Karanja and Karuti (2020) assert that it is impossible to overstate the role that non-governmental organisations (NGOs) have had in Kenya's socioeconomic development as a result of their various initiated projects. They continue by saying that they will step in to support government efforts if development gaps occur as a consequence of the government's inability to ensure sustainable development. NGOs serve a vital role, especially in poor nations, but they also face many sustainability difficulties, a lot of which are influenced by how financially sustainable they are. They are crucial in enabling citizens to participate in national decision-making and in running the government's public affairs.

The current study concentrated on how financial management techniques affect donor-funded programmes' capacity to remain financially stable, with a focus on World Bank-funded initiatives in Mombasa County. With varied degrees of success, the World Bank has supported many projects in Kenya's Mombasa County. In general, the degree to which a project is finished on schedule and satisfies customer objectives within the allotted time is used to gauge its success (Schmidt, 2019). With initiatives supported by the World Bank, this isn't always the case. For example, the Water Desalination Project, which was supposed to provide fresh water to the inhabitants of Mombasa and beyond by extracting salty Indian Ocean water, was unable to get underway (2014–2016). In addition, the Kenya Coastal Development Project (KCDP) was delayed by three years due to poor financial management between 2015 and 2016, the World Bank granted $3.8 million for feeder roads and access roads in Mombasa County, and the Water and Sanitation Service Improvement Project (WASSIP) was not completed due to poor financial management practises by the agencies tasked with project implementation between 2014 and 2017 in Mombasa County (World Bank, 2021; UNDP, 2021; GoK, 2020, Auditor General Report, 20120). It is clear that these World Bank-funded programmes continue to face obstacles to their financial sustainability, development, and performance, which creates a vacuum that the current study was meant to fill.

Statement of the Problem

It is apparent that a number of national and international organisations, including NGOs, the World Bank, the IMF, UNEP, and UNICEF, among others, provide funding for well thought out and authorised programmes that are anticipated to help the target audience or achieve the desired outcomes in the far off future. There is a claim that up to 55% of community-focused development initiatives in developing nations receive funding from donors in one form or another (UNDP, 2019). International organisations such as the World Bank, which presents a case for the current study, are major donors of funds intended for a variety of development projects since their funding rates to various projects executed in various sectors of the economy hit the 70% level. Even though the World Bank contributes significantly to development projects, it is clear that up to 36% of these initiatives fail to meet their goals. In developing nations like Kenya, the situation is even worse, as more than 50% of these projects fall short of their goals. Numerous factors, including political meddling in some projects, corruption, inadequate laws, and bad financial management, are to responsible for this (WB, 2021). It can be claimed right away that one of the most important and difficult problems with donor-funded project execution and overall effectiveness is financial management practises, necessitating a thorough investigation such as the one being conducted.

Studies have been conducted to establish a connection between donor-funded projects and NGOs' performance as well as improvements in their financial management practises. But these studies haven't employed the approaches that the present study would employ, and some of them haven't made use of the financial management theories connected to financial sustainability, creating a vacuum that the current study attempted to fill. Moreover, a lot of these studies have not examined donor-funded organisation performance from the standpoint of financial sustainability, which leaves a gap that the current study needs to fill. For instance, Arthur & Appiah-Kubi (2019) looked at how financial management might help non-governmental organisations function better; they used the Young Men's Christian Association of Ghana as a case study. According to the report, a significant obstacle to effective financial management is the sporadic external audit examination of accounting and financial data, which has a negative impact on the advancement of projects sponsored by non-governmental organisations. The study was qualitative in character and relied on documented secondary data, but it was unable to tie itself to any established theories of financial management.

Waititu, Ngali, and Maina (2022) conducted a nationwide study on the resource mobilisation and financial management practises of Kenyan organisations supported by donors. The four theories (cash management theory, agency theory, contingency theory, and budgeting theory) that also served as the basis for the current study were employed in this study, which likewise used a descriptive research approach. The results showed that cash management, financial reporting, budgeting, and financial control are important financial management techniques that affect how much money non-governmental organisations in Kenya raise for different initiatives. However, the research did not address the financial sustainability—a performance factor that donor funding agencies consistently overlook—in its report. Furthermore, unlike the current study, which only focused on the World Bank Group—a more established organisation that employs financial management experts—the study was carried out in Nairobi and focused on local donor organisations (NGOs), some of which occasionally have inadequate financial management skills and systems.

The results of this study clearly showed that, to the best of the researcher's knowledge, no research had been done on the impact of financial management techniques on the long-term viability of donor-funded projects, with a focus on World Bank Group projects in Mombasa County. In light of this, the current study was conducted in Mombasa County, Kenya, to investigate the impact of financial management practises on the financial sustainability of projects sponsored by the World Bank.

Objectives of the Study

The study was guided by the following four specific objectives:-

- To examine the effect of budgeting practice on financial sustainability of World Bank funded projects in Mombasa County.
- To assess the effect of financial control practice on financial sustainability of World Bank funded projects in Mombasa County.
- To establish the effect of financial reporting practice on financial sustainability of World Bank funded projects in Mombasa County.
- To find out the extent to which cash management practice affects the financial sustainability of World Bank funded projects in Mombasa County.

The study tested the following hypotheses at 95% degree of significance:

- **H_{01}:** There is no statistically significant effect of budgeting practice on financial sustainability of World Bank funded projects in Mombasa County.
- **H_{02}:** There is no statistically significant effect of financial control practice on financial sustainability of World Bank funded projects in Mombasa County.
- **H_{03}:** There is no statistically significant effect of financial reporting practice on financial sustainability of World Bank funded projects in Mombasa County.
- **H_{04}:** There is no statistically significant effect of cash management practice on financial sustainability of World Bank funded projects in Mombasa County.

LITERATURE REVIEW

Theoretical Framework

Budget Theory

The budget theory was proposed by Henry Adams, William Willoughby, in 1978. The study of social and political factors that influence government and civil society budgeting is known as budgeting theory. Although budgeting is a challenging and time-consuming procedure, Kamau, Rotich, and Anyango (2017) contend that it is an essential component of success. The author said that the amount of money gathered and the accessibility of outside resources are the two main variables that affect the budget process. If revenue is not as high as anticipated, the difference is filled by outside resources. This affects how the budget is implemented since it requires reducing spending by either reducing capital or operating predictions, which has an impact on service delivery (Ajibolade & Oboh, 2017). The budget incorporates external resources, such grants and loans, in accordance with the pledge made by the organisations sponsored by donors (Kenno, Lau & Sainty, 2018).

Budgets are viewed as the focal point of an efficient control procedure and, as such, as a fundamental part of the more general notion of efficient budgetary control. Budgets help you determine if a certain approach is financially viable by projecting future financial performance. The majority of organisations formalise this process by establishing yearly budgets and monitoring their performance. Thus, budgets are nothing more than an assemblage of projections and plans (Ho, 2018).

By specifying the kind, number, and timeliness of resources needed, budgets show how business goals will affect the company's bottom line (Hijal-Moghrabi, 2017). The budget incorporates external resources, such grants and loans, in accordance with the pledge made by the organisations sponsored by donors (Kenno, Lau & Sainty, 2018).

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By specifying the kind, number, and timeliness of resources needed, budgets show how business goals will affect the company's bottom line (Hijal-Moghrabi, 2017). This theory was applicable in this study, for it supported the budgeting process and links it to projects implementation. This theory informed the first objective that examined the effect of budgeting practice on financial sustainability of World Bank funded projects.

Agency Theory

Agency theory was developed in 1976 by Jensen and Meckling. According to agency theory, an agency relationship is a legal agreement in which one or more parties (the principal(s)) hire an individual (the agent) to carry out a function on their behalf, entailing the agent's delegation of some degree of decision-making authority. Agency theory studies the relationship between management and investors. The principal (investors) agrees to pay the agent (manager) in exchange for the agent doing certain responsibilities for the principal (Panda & Leepsa, 2017). The agency theory defines a firm as a network of agreements between managers, who are in charge of using and controlling economic resources, and principals, who are the owners of those resources. The hypothesis states that agents possess information that principals do not, and that information asymmetry hinders the principal's ability to determine whether agents are effectively representing their interests (Vitolla, Raimo & Rubino, 2020). As a result, the theory presents companies as necessary frameworks for contract maintenance and suggests that controlling firms may be achieved through firms. Accordingly, the theory characterises enterprises as essential institutions for upholding contracts, and it is via firms that control may be exerted, hence reducing agents' opportunistic behaviour (Mwangi, 2012).

In accordance with the notion, a comprehensive contract is created to balance the interests of the principal and the agent. Further reinforcing the agent-principal bond is the principal's usage of an expert and monitoring mechanisms (auditors and control systems) for the agent (Dong, Karhade, Rai & Xu, 2021). The theory also acknowledges that there may be a moral hazard and harm from any incomplete knowledge about the agent's relationship, interests, or productivity at work. Negative selection and moral hazard have two consequences on an agent's performance: they prevent them from knowing what needs to be done and prevent them from completing the tasks they are assigned to do.

Because of this, the agency theory is predicated on the notion that principals and agents use contracts to maximise their wealth and act rationally (Jensen & Meckling, 1976). One of the methods utilised by businesses to address the agency problem and reduce agency costs—which have an effect on the partnership's overall performance and the principal's benefits—is internal control (Mio, Fasan, Marcon & Panfilo, 2020). Internal control minimises information asymmetry, lowers investor risk, and boosts the transfer of additional information about the agent's (management's) behaviour to the principle (shareholder).

This theory was applicable to the study because, according to Politi-Hughes and Briano-Turrent (2019), internal control is one of several business strategies used to address the agency problem by lowering agency costs, which have an impact on both the benefits to the principal and the performance of the relationship as a whole. Supervisors are supposed to make use of the tools at their disposal to act in a way that improves the welfare of the public by guaranteeing financial control and high-quality reporting. This theory was helpful in this study because it clarified the relationship between financial reporting, financial control, and the financial sustainability of projects supported by the World Bank.

Contingency Theory

Fred Fielder initially proposed contingency theory in the early 1960s under the name contingency theory of effectiveness. The foundation of contingency theory is the idea that any situation's result is contingent upon the circumstances that exist at that particular moment. According to Hanisch and Wald (2012), a project cannot be thoroughly examined without taking its context into account. Hanisch and Wald (2012) point out that while the idea of contingency may be used to assess a project's financial viability, it is not without its difficulties. The difficulties stem from the imprecise and inconsistent definitions of contingency variables, the identification and examination of numerous affecting elements, and the incompleteness of the subjects covered by contingency theories.

Because contingency theory is predicated on the idea that each situation's outcome depends on the conditions that exist at that specific moment, the research adopted this idea. However, due to its limitations in handling a wide range of circumstances influencing a specific outcome, the notion of contingency theory was applied cautiously. This argument supports the claims made by Howell et al. (2010) that the use of contingency theory to project management is limited. Nonetheless, it is discovered that contingency theory is more relevant to the financial sustainability of projects than other theories now in use. Kipyegon (2019) examined the financial viability of World Bank-funded initiatives in Kenya using this data. It provided information for all of the independent and dependent variables in the research.

Empirical Review

There are many indications of budgeting practise, but in the current study, some indicators were linked to it, such as financial resource allocation, budgetary planning, budgetary management, activity coordination with respect to the budget, and financial situation monitoring. According to Nair (2020) and Agbenyo et al. (2018), budgetary planning is the process of project managers implementing provided projects forecasting future occurrences and how activities should be managed based on preset goals. A sample of 83 employees was utilised in Kibunja's (2019) investigation on the financial performance and budgetary procedure of the Murang'a county government's projects in Kenya. The study found that the financial performance of the county government was significantly impacted by budgeting planning, execution, monitoring, and assessment.

Budgetary control defines budgetary skills and financial skills to make better judgements, according to Koech's (2020) study on the impact of budgetary control on the financial performance of manufacturing enterprises operating various CSRs in Kenya. Additionally, Koech (2020) provides guidance on when and how to monitor the financial metrics of the company carrying out a specific community-based development project. This helps to clarify the role of performance indicators and budgets as vehicles for communication. But unlike financial performance, which was the study's main focus, the performance was generic.

The recording of financial data in compliance with the relevant accounting regulations is known as financial reporting. Financial reporting, according to Zimicki (2020), is the process of providing related financial data about an organisation to different stakeholders over a set period of time. Among these stakeholders are government agencies, lenders, suppliers, and investors. Financial reporting, the ultimate product of accounting in any project or organisation, has a significant impact on the long-term viability and expansion of these organisations (Habib & Jiang, 2020). The following financial statements are included: notes to financial related explanations, quarterly and annual reports (if any quoted organisations), prospectuses (if any quoted organisations), management discussion and analysis, and the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Equity (Omoregie & Kelikume, 2019).

According to Gadave (2020), financial reporting is more than just a final product; the process's quality is determined by each of its constituent parts, which include details about the business's transactions, information about the choice and implementation of accounting rules, and knowledge of the decisions made. A company's financial information has become an essential tool for every market player as it lessens the information asymmetry that exists between management, investors, regulators, society, and other stakeholders. Therefore, how financial reporting quality affects a company's future success—that is, how the market interprets this greater perceived quality—is one of the most important things to look at.

Financial control is essential to the success of many initiatives carried out by organisations, whether they be donors, NGOs, or CBOs. It guarantees accurate reporting, protects an organization's resources (physical and intangible), and eradicates fraud. According to Iddrisu and Anang (2019), prudent financial management is applicable to all sectors of the economy, including the education sector, and is not limited to governmental or financial entities.

Systems that a company uses to provide efficient operations, dependable financial reporting, fraud prevention, and legal and regulatory compliance are known as internal financial controls. The purpose of the examination of internal financial controls is to assist the institution in examining and evaluating the organisational accountability framework. The integrity of financial reporting and asset protection are guaranteed by an efficient internal control system. With internal controls, fraud is quickly identified. According to Asare (2020), these controls also aid in financial reporting accuracy.

Effective cash management is crucial, particularly for businesses and organisations carrying out different development initiatives where the assets they own are made up of current assets that have an immediate effect on profitability and liquidity. In order to support an organization's daily operations, growth in finance, and provision for unforeseen disbursements, cash management involves prudently managing an organization's cash while significantly forfeiting profit due to holding excess cash in what is referred to as sustainability and expansion/growth (Akinyomi, 2019).

Since cash management is an essential part of every organization's working capital management, it has a big influence on the liquidity position of that same organisation, which allows it to grow and maintain its financial sustainability (World Bank, 2020). According to Arnold (1998, referenced in Akinyomi, 2019), managing cash includes controlling cash and cash equivalents, which makes it easier to finance the company. Consequently, cash control assumes a pivotal role in augmenting the firm's liquidity position to fulfil its responsibilities by curbing wastage and prudently allocating the excess cash generated during operational operations.

A comparison of an organization's assets and debt/liabilities, an excess of revenues over costs, and the availability of cash to meet expenses are all indicators of a financially sustainable business. Sustainability shows if a business can fulfil its commitments and look out for its stakeholders over the long term. Sustainability is described by USAID as having more access to funding sources and the ability to deliver the services target populations need (USAID, 2021).

A project's ability to satisfy its needs for funding and other resources regardless of the level of donor assistance is measured by its financial sustainability. Consequently, the project is considered to have fulfilled its objective of continuing to operate and serve the communities for which it was intended (Miriti, 2019). Notwithstanding, it is imperative to evaluate financial sustainability issues within the dynamic framework of shifting political, social, economic, and temporal conditions. Organisations that attain financial sustainability, according to Johnson and Scholes (2021), are able to prosper for a very long period in terms of growth, operation, and evolution.

METHODOLOGY

Research Design: The best study methodology for examining the impact of financial management practises on the long-term financial viability of donor-funded projects in Kenya was descriptive research design. Since the research strategy was able to explain the study variables in their unaltered natural condition and surroundings, it was judged appropriate.

Target Population: As per Mombasa County's 2022 County Development Strategy Report, 186 managers had been involved in carrying out the several projects that have been supported by the World Bank since 2013. Thus, the study's target population consisted of 186 project managers from diverse strata.

Sampling Frame: A list of 19 projects was taken into consideration in this study. Furthermore, while donor-funded programmes were often multifaceted, the study limited its attention to World Bank Group-funded initiatives in Mombasa County because the county administration was just established in 2013. The projects to considered were selected projects funded by World Bank in given areas as follows: Water and Sanitation (Innovation in Scaling Up Access to WSS for Urban Poor(ISUAWSSUP); Settlement projects (Kenya Informal Settlements Improvement Project (KISIP) (P113542); Kenya Municipal Program (KMP) (P066488); Kenya Coastal Development Project (KCDP) (P094692); East Africa Trade & Transport Facilitation Project (EATTFP) (P079734) Regional Project; Kenya Transport Sector Support Project (KTSSP) (P124109); Cash Transfer for Orphans and Vulnerable Children (CT-OVC) (P111545); Kenya Youth Empowerment Project (KYEP) (P111546); National Safety Net Program (NSNP) (P131305); Judicial Performance Improvement Project (JPIP) (P105269); Kenya Infrastructure Finance& Private Partner Project (IFPPP) (P121019); Kenya Urban Water OBA Fund for Low Income Areas (KUWFLIA) (P132979); Water Security and Climate Resilience Project (KWSCRP2) Phase II (P145559); South Sudan – East Africa Regional Transport, Trade and Development Facilitation Program (SS-EARTTDFP) (P131426); Kenya Electricity Modernization Project (KEMP) (P120014); Kenya Electricity Modernization Project (KEMP) (P145104) Guarantee; Kenya Petroleum TA Project (KEPTAP) (P145234); Kenya Transparency and Communication Infrastructure Project (KTCIP) (P094103) Regional Project Additional Financing (P149019).

Sample Size: The particular group from whom a researcher gathers data is called a sample. The sample size is consistently smaller than the population's overall size. A sample is the precise number of objects that the researcher must physically access in order to collect data (Bhandari, 2020). A sample size of 127 for the research was determined using the Yamane Formula of 1967.

Sampling Technique: Stratified sampling was employed to ensure that an equal ratio value was utilised to choose a specific sample from each stratum because the sample size of 127 respondents came from different departments conducting separate projects that make up to the bigger World Bank supported programmes. Subsequently, a fixed number of respondents was selected by simple random selection from each stratum.

Data Analysis and Presentation: The structured questionnaire produced quantitative data for the study. By putting the data into the computer and using SPSS to calculate the frequencies, quantitative data analysis was completed. To get the anticipated summary statistics of the variables under study, descriptive statistics such as frequencies and measures of central tendency like mean and standard deviation were employed. The investigation yielded answers at both the nominal and ordinal scale levels, necessitating the employment of non-parametric analysis tools, namely the Pearson Correlation, the most suitable inferential analysis tool for the measurement level.

Since inferential statistics (Pearson Correlation) is a more effective statistical technique for data analysis, it was used to analyse the data. Tables with the data were displayed. Multiple regression analysis was used to analyse inferential data. To determine the relationships between the independent and dependent variables, multiple regression analysis was employed. Because multiple regression analysis is a method for predicting a dependent variable using two or more independent variables, it was applied. The following equation was often assumed by multiple regression models:

$Y = \beta o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$ ....*equation 1*

Where; Y=Dependent Variable (Financial Sustainability of Donor Funded Projects)

β_o= is the intercept of the variable Y (Constant)

X_1= budgeting practice

X_2= financial reporting practice

X_3= financial control practice

X_4= cash management practice

ε = error term

FINDINGS

Response Rate

The self-administered questionnaire that was utilised in the research was selected as soon as the participants finished it. A total of 127 questionnaires were given to participants. A total of 100 surveys were correctly completed and returned, as indicated in Table 1; the remaining 27 questions were not returned. The questionnaire had a response rate of 78.7%. While Babbie (2004) states that a return rate of 50% is appropriate for analysis and publishing, 60% is good, and 70% is very good, Rogers et al. (2009) state that a response rate of 50% is acceptable in descriptive social research. Baruch and Holtom (2008) state that an average response rate of at least 52.7 percent is deemed excellent, whereas rates more than 70% are deemed remarkable. Therefore, the response rate obtained for this study (78.7%) was adequate to draw conclusions.

Table 1: Response Rate

BE area	Sample Size	Returned
World Bank Appointees	14	11
County appointees	37	25
Project managers	52	51
Community experts	24	13
Total	**127**	**100 (78.7%)**

Regression Analysis

The link between the variables was tested using multiple regression analysis, which illustrates how the independent factors impact the dependent variable. The study tested the relationship between cash management, financial reporting, budgeting, and financial control and sustainability of donor-funded projects in Mombasa County, Kenya, using a regression model. The outcomes are displayed in the tables that follow.

Model Summary

The results for the model summary are as presented in Table 2.

Table 2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.651a	.424	.507	1.7608

a. Predictors: (Constant), Cash Management Practice, Budgeting Practice, Financial Reporting Practice, Financial Control Practice

The model summary results in Table 2 showed a moderate regression between the critical success factors and project implementation. According to the model summary results, budgeting, financial reporting, financial control, and cash management operations explain 50.7% of the variation in the financial sustainability of World Bank-funded projects in Mombasa County, Kenya. This indicates that the independent variables were statistically significant in predicting the dependent variable. The adjusted R square was 0.507.

Analysis of Variance

Analysis of variance was employed to test the overall significance of the regression model. The results are presented in Table 3.

Table 3: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.755	4	2.188	17.645	.017[b]
	Residual	11.868	95	0.124		
	Total	20.623	99			

a. Dependent Variable: Financial Sustainability

b. Predictors: (Constant), Cash Management Practice, Budgeting Practice, Financial Reporting Practice, Financial Control Practice

The regression association between budgeting, financial reporting, financial control, and cash management and the financial sustainability of donor-funded projects in Mombasa County, Kenya, was found to be significant, as shown by the probability value of 0.017. At the five percent significance level, the F value was 17.645. The fact that it exceeds the F critical value (value = 2.4706) indicates that the model as a whole was statistically significant.

Multiple Regression Coefficients

The multiple regression coefficients results are provided in the Table 4.

Table 4: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.089	.681		6.008	.000
	Budgeting Practice	.177	.068	.252	2.602	.001
	Financial Reporting Practice	.051	.103	.048	.489	.006
	Financial Control Practice	.175	.081	.214	2.164	.003
	Cash Management Practice	.091	.081	.108	1.123	.004

The result model for the study was:

$Y = \beta o + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$................***equation 2***

Where; Y=Dependent Variable (Financial Sustainability of Donor Funded Projects)

β_o= is the intercept of the variable Y (Constant)

X_1= budgeting practice

X_2= financial reporting practice

X_3= financial control practice

X_4= cash management practice

ε = error term

Substituting the equation:

$Y= 4.089+ 0.177X_1 + 0.051X_2+ 0.175X_3 + 0.091X_4$

According to the aforementioned regression model, all of the investigated independent variables—budgeting, financial reporting, financial control, and cash management practices—shall be held accountable for a general change in the dependent variable of the financial sustainability of donor-funded projects by 4.089. The results also show that a unit improvement in budgeting practise would result in a 0.177 rise in the financial sustainability score of donor-funded projects in Mombasa County, assuming that all other independent variables are set to zero. Since 0.001<0.05, this variable was significant.

Similarly, in Mombasa County, Kenya, it was discovered that a unit rise in the financial reporting practise scores would result in a 0.051 increase in the financial sustainability scores of donor-funded projects. Since 0.000<0.006, this variable has significance. Furthermore, it was shown that in Mombasa County, Kenya, an increase of one unit in the financial control practise ratings would correspond to a 0.175 rise in the financial sustainability scores of donor-funded projects. Since 0.000<0.003, this variable has significance. Ultimately, it was discovered that in Mombasa

County, Kenya, a unit rise in the cash management practise scores would result in a 0.091 increase in the financial sustainability scores of donor-funded projects. Since 0.000<0.004, this variable has significance.

Financial reporting practises had the least impact on the financial sustainability of donor-funded projects in Kenya's Mombasa county, whereas budgeting practises had the biggest overall impact. Cash management and financial control practises came in second and third, respectively. Because each variable's p-value was less than 0.05, they were all considered significant.

Discussion of Findings and Hypothesis Testing

Four hypotheses were investigated in the study to determine the level of correlation between the different variables. The results illustrated that budgeting practises had a good and substantial impact on the financial sustainability of donor-funded projects in Mombasa County (β =.177; t = 2.602; $p < 0.05$). The positive/alternative hypothesis was accepted and the null hypothesis was rejected in light of these findings. Thus, in Mombasa County, Kenya, donor-funded projects' financial sustainability is positively and significantly impacted by budgeting practises. Financial reporting practises had a noteworthy and favourable impact on the financial sustainability of donor-funded projects in Mombasa County (β =.051; t = 0.489; $p < 0.05$). The positive/alternative hypothesis was accepted and the null hypothesis was rejected in light of these findings. Therefore, in Mombasa County, Kenya, donor-funded projects' financial sustainability is positively and significantly impacted by financial reporting practises.

Additionally, financial control practises had a favourable and substantial impact on the long-term financial viability of donor-funded projects in Mombasa County (β =.175; t = 2.164; $p < 0.05$). The positive/alternative hypothesis was accepted and the null hypothesis was rejected in light of these findings. As a result, in Mombasa County, Kenya, donor-funded projects' financial sustainability is positively and significantly impacted by financial control practises. Lastly, cash management practises had a favourable and substantial impact on the long-term viability of donor-funded projects in Mombasa County (β = .091; t = 1.123; $p < 0.05$). The positive/alternative hypothesis was accepted and the null hypothesis was rejected in light of these findings. Thus, in Mombasa County, Kenya, cash management practises have a favourable and noteworthy impact on the long-term viability of donor-funded initiatives.

Waititu, Ngali, and Maina (2022) examined the resource mobilisation and financial management strategies of donor-funded organisations in Kenya and accepted all alternative hypotheses in contrast to null hypotheses. The study employed budgeting, financial control, financial reporting, and cash management activities as independent variables. Wanjiru (2021) found in another study that there is a connection between Nairobi County's non-governmental organisations' sustainability and their financial management techniques. Regression analysis was used in the study to determine the link between the dependent variable (financial sustainability) and the independent variables (cash management, financial reporting & analysis, and capital budgeting). The results showed that the relationships are positive.

CONCLUSIONS AND RECOMMENDATIONS

According to the researcher, budgeting practises have a major impact on the long-term financial viability of donor-funded projects in Kenya. This is supported by the findings of the analysis and interpretation of the data. Budgetary planning, management, and activity coordination with respect to budget are among the most important aspects of budgeting practise that impact the sustainability of donor-funded projects.

The study goes on to say that financial management procedures have a major impact on the long-term viability of donor-funded initiatives in Kenya. The study goes on to say that cash reporting comes in second place and that other elements have a significant influence in varying orders, with financial reporting quality ranking as the highest indicator of financial reporting practise of financial management that influences the financial sustainability of donor-funded projects.

Regarding the third goal, which determined how financial reporting practises affect donor-funded projects in Kenya financially, the researcher comes to the conclusion that these projects' financial viability is significantly impacted by financial reporting practises. The most important factors affecting the long-term financial viability of donor-funded projects in Mombasa County are cash inflow control, general financial management and control, and internal audits and inspections.

Ultimately, the researcher concluded that there was a substantial and positive link with regard to the study's end purpose, which was to determine the degree to which cash management practises impact the financial sustainability of donor-funded projects in Kenya. Cash policies, excess cash management, balances management, and cash conversion cycle identified as major determinants of the financial sustainability of donor-funded projects under World Bank supervision in Mombasa County, according to the ranking.

The report makes recommendations for a comprehensive investment in strategic partnerships between the government and the many parties sponsoring the various development initiatives in Mombasa County and other regions of the nation based on the research findings. To get additional financing and attain financial sustainability, the many parties managing the money from diverse sources must, however, be well-versed in the various facets of financial management practise and apply them to the latter.

The report suggests changing the way donor programmes are implemented in order to establish policies that guarantee community involvement in project conception, budgeting, financial resource mobilisation, budgetary utilisation, and many other areas. In order to achieve the best results in terms of mobilising, allocating, and utilising donor funds, the various agencies, including the national and county governments, should develop mechanisms that will integrate all the stakeholders in financial resource management. This will ensure that different players continue to support community development through the implementation of various projects.

The managers and policy implementers working in various capacities on donor-funded projects should have a clear understanding of the best practises for community-based development projects' financial sustainability, what has to be done strategically to minimize financial management shortcomings, and what strategies should be developed and adopted going forward.

International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) realignment are also necessary for the different stakeholders in donor-funded organisations to improve financial integrity across their systems and operations, which will contribute to the overall financial sustainability. Public access to the financial accounts is necessary to enhance the notion of openness in the administration of donor-funded initiatives, which will ultimately lead to financial sustainability.

Suggestion for Further Research

As the R2 indicated a variation of 50.7%, indicating that other variables not considered in this study explain 49.3% of the change in financial sustainability, further research is required that focuses on the other variables most likely to affect financial sustainability, such as political climate, funding diversification, internal control systems, government policies, internal control systems, laws, and stakeholder involvement, among others. By identifying how each component affects financial sustainability, policy makers would be able to develop and firmly apply an apparatus to increase sustainability.

The study was conducted in a local community named Mombasa with the primary focus being on the financial management practises and financial sustainability of projects sponsored exclusively by the World Bank. It's clear that a wide range of foreign organisations are supporting different initiatives in Mombasa and throughout Kenya. Consequently, research should be done to establish a connection between financial management techniques and the long-term viability of donor funded organisations across Kenya, not only in Mombasa.

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