# COVER PAGE AND DECLARATION

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| **Students' Full Name:** | Inacio Domingos Bobo |
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**I confirm that this assignment is my own work, is not copied from any other person's work (published/unpublished), and has not been previously submitted for assessment elsewhere.**

**E-SIGNATURE:** Inacio Bobo

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**Action Research Report Outline**

**Action Research Topic/Title: Budget Management in NGOs**
**(The Case of Mozambique NGOs Based in Nampula)**

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**Declaration**

I hereby declare that this action research is a result of my personal research, its content is original and all the quoted sources are appropriately referred in the text, footnotes and on the final reference page.
I really pledge that this research has never been presented to any institution to attain any academic degree or for any other purposes.

Inácio Domingos Bobo

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Nampula, January 9th, 2025

**Abstract**

This action research paper explores the critical role of fund management in non-governmental organizations based in Nampula city. This action research paper scrutinized the fund management at the World Vision, Uataf, Plan International and Save the Children based in Nampula city. Vast majority of NGOs based in Nampula city often operate in resource-constrained environments, making effective fund management essential for fulfilling their missions and maximizing impact. The study examines funding management, including grants, donations, and social enterprises, and assesses their implications for financial planning and community benefits. The research paper highlight best practices in budgeting, financial reporting, and donor communication that enable these NGOs to build trust and transparency with stakeholders. Additionally, the paper discusses the importance of risk management and the need for adaptive financial strategies in response to current political and economic challenges in Mozambique, more precisely in Nampula city. Through case studies of these NGOs, we identify key factors that contribute to effective fund management, such as capacity building, community situations in Nampula province, stakeholder and community engagement, and the use of technology in financial process planning. Ultimately, this research aims to provide a comprehensive framework for NGOs to enhance their fund management practices, ensuring long-term viability and greater social impact in their communities.

## 3. Introduction

### Chapter I: Introduction

It is believed that Nampula Province is one of the poorest provinces of Mozambique and is heavily dependent on external funding. Due to this extreme poverty, the vast majority of Non-Governmental Organizations act in distinct and legally specified areas, from the areas of health, education, social assistance, economy, agriculture, environment, defense of minorities, religion, among others, at a community, district and Provincial level. Non-Governmental Organizations, despite not belonging to the State, act in the public sphere through the provision of social services, usually of an assistance nature, which serve a larger group of society by promoting social actions that have a public purpose. In order to carry out all these activities, the NGOs use the allocated budget to run their social programs in Nampula Province.

### 1.1 Background to the study

As far as we know, budget management involves planning the budget, tracking expenses, and ensuring that the project stays within the approved financial limits during the project lifetime. Effective budget management helps in avoiding cost overruns and ensures that resources are used efficiently. Therefore, it is very important that we find out how some NGOs based in Nampula city use their Project budget to run or implement the programed activities. It is on this perspective that the researcher raises the following research questions:

1. How do NGOs based in Nampula city manage their budgets in order to carry out their programed activities?

### 1.2 Objectives

According to Namara (2000) argues that objective is what is intended to achieve at the end of any activity or work. The main aim of a research is to find out the truth which is hidden and which has not been discovered as yet.

#### 1.2.1 General objective

The overarching objective of this action research is to find out and then unveil how some NGOs based in Nampula city do the budget management to implement their social activities during the project lifetime.

1.2.1.2 Specific objectives

a) Provide insights on how some NGOs based in Nampula city handle their budget management during the project lifetime.

b) Propose feasible alternatives of budget management for NGOs based in Nampula city.

4. **Main Body**

# Chapter II: Literature Review

## 2.1 Definition of Concepts

### 2.1.1 Budget

In a common sense, a budget is understood as a plan that specifies how much money is available for a given period and the expenditures to which this money will be allocated. As a rule, it is drawn up for a long period of time, and indicates what the NG Os' financial position will be at the end of the year if all goes according to plan. Since the vast majority of NGOs have policy for non-profitable social activities in Nampula communities, so their budget is made up of a single, highly interdependent component – expenditures (funds that will be spent).

Basing on the above statements, the researcher can conclusively consider budget as the end product of a strategic planning and operational programming process aimed at generating and deploying resources for an institution action. Cliché (2012) argues that a medium-term budget framework is prepared to show the cost of activities announced or under way and their impact on future budgets.

The above stand point may reflect what the vast majority of NGOs based in Nampula are doing for the Implementation of their activities in the communities.

## 2.2 Funding

The basic definition of funding is any money that is provided, usually by a business, an organization, or a government, for a particular purpose. Investments, grants, loans, and even donations are all forms of funding unveil Cliché (2012).

For the vast majority of NGOs do the donations or fund for the community development, training on disease prevention, agriculture, education, savings, or simply they promote the community development for nonprofits, in other words, the NGOs based in Nampula carry out their mission without the pressure of generating profits.

## 2.3 Purchase

According to Cliché (2012) purchase in accounting refers to the taking control of a given item or service by paying a set amount of money. Conversely, it is the exchange of money for a particular good or service. He argues that the process is usually undertaken by individuals or corporations in need of items or services. For the case of NGOs based in Nampula city, they normally purchase different items for internal

(within the organization) and external use (in the communities) and other operating areas. This process implies the transfer of ownership of physical items (money) or property as well as intellectual, between a buyer and seller. Upon purchase, the NGOs have the right to use the item as they wish or dispose of them in the best way they see fit.

## 2.4 Fixed asset

Sullivan and Steven (2003) consider fixed assets as the long term tangible assets that are used by institutions. Fixed assets provide the firm with long term financial gain as they have a useful life of more than one year. They unveil that fixed assets are also known as capital assets and are denoted by the term Property, Plant and Equipment in the balance sheet. Fixed assets cannot be easily converted into cash. The NGOs based in Nampula city possess a number of fixed assets which enable them to run their activities.

### 2.5 Effective budget management

It is believed that being able to manage a budget is a useful skill for professionals in almost any industry, especially for people who are in a supervisory role or have inventory control or purchasing duties. Creating and monitoring a budget allows you to facilitate the growth of a business and promote its financial stability by accurately managing monetary resources. There are several skills you can use when creating, monitoring and managing a budget for a business. Budget management skills are the abilities and knowledge you use when planning and regulating spending at a business disclose Sullivan and Steven (2003)

It is believed that the NGOs based in Nampula apply these skills in a range of contexts in the communities, such as training the associations, communities, supervising the financial situation of entire project to coordinating the spending of a small short-term project or program. Department heads, team leaders and budget managers use their skills to help institutions maintain. Proper budget management can also allow project managers and supervisors to plan for future expenses and delegate funds appropriately.

### 2.6 Cost overruns

Varshney and Maheshwari, (2010) argues that project managers should create plans to account for factors such as materials, labor and overall costs for a project. Therefore, changes, miscommunications or errors during the planning phase may lead to cost overruns, impacting the project's profitability and efficiency. They explain that learning about how cost overrun occurs can help you prevent potential

delays or financial challenges in future projects. In this action research, we discuss cost overrun and its potential causes, and we offer strategies you can use to avoid cost overrun.

In this perspective, the researcher expect that the NGOs based in Nampula city are aware about the implications that cost overruns may bring about during the implementation of their activities. Cost overrun is the act of an institution incurring excess expenses outside of the planned budget for a project. This creates a deficit in the project's initial estimates and its final cost.

### 2.7 Long-term goals

Cliché (2012) sees long-term goals as objectives that an institution sets and intends to achieve over time. When it creates goals for the long term (versus short term), it plans to achieve those goals in the future using a series of different stopping points to check on progress. He argues that the benefit of setting these types of goals is that you get to determine what "long-term" really means to it. The institutions can also set the milestones as they see fit and in a way that makes those goals easier to accomplish. Basing on these standpoints, we can conclusively argue that NGOs based in Nampula city may be aware and keen on creating plan long-term goals. We surmise that before they even begin to really dive into long-term goals, they make sure that they understand what the time frame is that they're supposed to be working with**.**

### 2.8 Public service announcement

It is believed that a public service announcement is a short, community-oriented message that radio stations air at no cost in order to fulfil their obligation to serve the public interest. Cliche (2012) says that public service announcements are a cost-effective way for non-profit organizations to raise awareness about the benefits their organizations provide. Basing on my personal experience, we can assert that some of NGOs based in Nampula city are conducting Community Radio programs to broadcast information to communities. He argues that through appropriate distribution, they can be targeted to preferred demographics and markets. Radio stations have a vested interest in serving their communities, and they really do want to help promote their non-profit message. However, depending on the time of year and the markets the NGOs may want to reach, there might be dozens of other organisations competing for airtime.

### 2.9 Community mobilization

Cliché (2012) unveils that community mobilization is the process of engaging communities to identify community priorities, resources, needs and solutions in such a way as to promote representative participation, good governance, accountability and peaceful change. This activity is seriously carried out by the vast majority of NGOs based in Nampula city.

#### 2.9.1 Participation

With community mobilization, participation is about meeting the interests of the whole community. When every member of a community has the chance, directly or through representation, to participate in the design, implementation and monitoring of community-level initiatives, there is a higher likelihood that the program accurately reflects their real needs and interests. The NGOs based in Nampula normally conduct this approach and take into consideration the different experiences, needs and capabilities of various groups in a community – women and men, youth and the elderly, persons with disabilities and the able-bodied, ethnic/religious/language minorities and majorities. Rather than "passive participation," they aim to inspire "self-mobilization", where communities organize and take initiative independent of any external actors, discloses Cliché (2012).

#### 2.9.2 Accountability

Cliché (2012) unveils that accountability is most basically the process of sharing information about actions or intentions. He argues that groups and individuals in relationships, such as in communities, are accountable to each other when they honour their commitment to communicate plans and are responsible for what they actually do. In community mobilization, every community and all citizens have the right to know the procedures, decision-making processes and financial flows of the program, as well as the specific community-led projects.

For the NGOs based in Nampula city and their local partner organizations sign contracts, have open selection criteria and processes for projects, and require documentation and tracking of all information to keep the exchange of information open. Transparency among them helps ensure that decisions that affect the community are made in a socially responsible way that particular groups, such as ethnic minorities or persons with disabilities, are not excluded from the benefits of projects or activities.

## 2.10 Good Governance

Governance, in general, relates to the process of decision-making and how those decisions are implemented. Accountability is an essential characteristic of good governance, where leaders are accountable for their decisions to people affected by those decisions, says Cliché (2012). When these processes are institutionalized they become a system of government. Governance is good when it is accountable, transparent, just, responsive and participatory. Good governance is a goal of community mobilization, plus a condition for all development initiatives to be sustainable.

Basing on the above standpoints, we can conclusively many of NGOs based in Nampula city are struggling to stablish good Governance in my organizations. Community infrastructure primarily refers to small scale basic structures, technical facilities and systems built at the community level that are critical for sustenance of lives and livelihoods of the population living in a community. These are low-cost small-scale infrastructures built over time through community-led initiatives according to the needs and aspirations of the community population. These micro infrastructures are socially, economically and operationally linked with community lives and livelihood options, ensure basic services to its population and are thus conceived as critical lifelines for survival of the community.

## 2.11 Construction of Community Infrastructures

Community infrastructures, because of being less robust in their design, are usually subjected to severe damage by any natural event of reasonable magnitude or intensity. These small-scale infrastructures represent a weaker segment of the assets available at the local level, making the community more vulnerable to the challenges of disasters. The conditions are worse for urban community infrastructures that are built in and around slums and informal settlements.

The types of infrastructure that some of NGOs based in Nampula city are extremely diverse and vary from community to community depending on geo-physical, socio-cultural and economic factors that influence the lives and livelihoods of the population in a community. Therefore, estimation of damage, changes in production flows and determination of recovery options require special skills and deeper understanding of geo-physical settings and socio-political dynamics of the affected regions.

## Chapter III: Research Design

### 3.1 Research Methodology

Dawson (2002) sees research methodology as a way how a researcher solves a research problem systematically. In this study, the researcher used qualitative and quantitative methodologies for more probing process and gain reliability. She states that "qualitative research explores attitudes, behaviour and experiences through such methods as interviews or focus groups" whereas quantitative research generate statistics. All this was in attempts to get an in-depth opinion from participants.

The qualitative methodology in this research helped the researcher to collect data from the respondents by using interview and observation forms, whereas the quantitative probing process abetted to set up the graphs and produce statistic to explain the phenomenon that was studied in this research.

### 3.2 Description of Participants of the Study

Dawson (2002) claims that, the population to which the researcher intends to generalize his / her findings is referred to as the target population. " in other words, the researcher uses a target population to generalize his findings. In this perspective, this action research targets the NGOs based in Nampula city. There are about 20 NGOs operating in Nampula city.

### 3.3 Sample of Organisations

Dawson (2002) declares that "usually the target population is too large for the researcher to work with. The geographical area covered may be too widespread. She argues that the number of people may be too many for the researcher's limited sources. Bearing this in mind, the researcher opted to limit the research process to a smaller controllable sample selected randomly from the target population namely the World Vision, Uataf, Plan International and Save the Children.

### 3.4 Purposive Sampling Method

According to Dawson (2002) "purposive sampling as a process partly based on picking respondents/ informants who have characteristics and are eligible to answer the research questions". It was in this perspective that the researcher sampled the NGOs based in Nampula city which are eligible informants. The reason for choosing this sampling method was because the target group had been previously set. Due to this sampling method, many NGO staff had a high chance of being selected; however, not all the NGO staffs took part in the research. As far as we know, this research unveils a descriptive paradigm in which the findings of the study are supposed to relate the real perception of the informants about the use of project budgets.

### 3.5 Research instruments

This research was developed using two different instruments such as: *observation form* and unstructured *interview*. The researcher used these two instruments to ensure reliability and validate the information given by the target respondents during interaction with the researcher in the field.

### 3.6 Direct observation

Dawson (2002) defends that "direct observation may be more reliable than what people say in many instances. It can be particularly useful to discover whether people…behave in the way they claim to behave. " So, the researcher used *direct observation* because this method is an appropriate for collecting first hand data and do not require a lot of cost when collecting data in the real field. Additionally, the researcher used *direct observation* to witness what really happens in the field and assess different speaking activities that are working in NGOs based in Nampula city.

### 3.7 Interview

Dawson (2002) claims that "interviews are frequently used to gather data. Interviews tend to elicit more detailed information as the key stakeholders orally respond to questions posed by the researcher. Moreover, the researcher used unstructured interview which is used in qualitative social research. She points out that, in this type of interview, the researcher wants to know specific information which can be compared and contrasted with information gained in other interviews".

In addition, Dawson claims that the researcher must remain flexible so that other important information can still arise.

This author's argument is very important because it calls the researcher attention when comes to collect data, to consider the important questions, time management, and connection in all the questions. Furthermore, the researcher decided to make a list of specific questions because the researcher found them suitable. Moreover, for this type of interview, the researcher produced an interview schedule.

This was basically a list of specific questions and it was taken to each interview to ensure continuity.

### 3.8 Data Collection Procedure

Dawson (2002) argues that the researcher purely points out that, to be able to carry out this research used interview and observation form. Their use in this study is because the type of research (qualitative research) aimed at probing in-depth the respondents standpoints and perceptions. Within the instruments that the researcher used for data collection, interview was used to get information from the NGOs staffs based in Nampula city. Whereas, the researcher displayed the interview questions to the NGOs staffs, and this was in the presence of the researcher to ensure validity and reliability. Finally, observation form was used to probe and scrutinize the extent to which the NGOs based in Nampula city use their project budgets.

## Chapter IV: Data Analysis & Presentation of Results & Findings

### 4.1 Data Analysis

In reporting the findings, the researcher opted by presenting and analyzing extensive reflections of respondents' views and assumptions which were collected through unstructured interview and direct observation feedback. On this perspective, to avoid cumbersome, the data for the present research were analyzed, processed and transliterated in compliance with the respondent's viewpoints, where subjects are discriminated in separate NGO staffs and similarities and differences of information were also grouped, interpreted and placed into categories, patterns and items of particular significance.

### 4.2 Results & Findings

Dawson (2002) unveils that the results section of a scientific research paper represents the core findings of a study derived from the methods applied to gather and analyse information. It presents these findings in a logical sequence without bias or interpretation from the author, setting up the reader for later interpretation and evaluation in the Discussion section. A major purpose of the Results section is to break down the data into sentences that show its significance to the research questions. Within the instruments that the researcher used for data collection, unstructured interview and direct observations were used to get information from the NGOs staffs based in Nampula city. And the researcher displayed the interview questions to the NGOs staffs, and this was in the presence of the researcher to ensure validity and reliability. Finally, observation form was used to probe and delve into the extent to which the NGOs based in Nampula city use their project budgets. Bearing this in mind, the researcher opted to limit the research process to a smaller controllable sample selected randomly from the target population namely the World Vision, Uataf, Plan International and Save the Children.

**Table 1: Sampled NGOs based in Nampula city**

| NAME OF THE PROJECT | PROGRAM | OPERATION AREAS | ACTIVITIES |
|---|---|---|---|
| **World Vision** | Water Charity | Monapo, Nacaroa, Murrupula, Memba and Meconta. | Borehole drilling, water tanks and water system installation and piping distribution. |
| **Uataf** | Literacy | Nampula city, Monapo, Meconta and Rapale | Literacy for Adults |
| **Plan International** | Save guarding and child protection | Angoche, Mongincul, Monapo, Nacaroa, Murrupula, Memba and Meconta. | Gender Equality and Social Inclusion (GESI) |
| **Save the Children** | Children protection and literacy | Monapo, Nacaroa, Murrupula, Memba and Meconta. | Education (Literacy boost, school meals) safeguarding and children protection |

**Source: Primary research, 2024**

### 4.3 Observation Results

Dawson (2002) argues that thematic analysis of observation data refers to the systematic identification, examination, and interpretation of themes or patterns that emerge from the information gathered in data collection through observational or other research methods. This approach is particularly valuable in qualitative research where understanding the nuances of human behaviour, interactions, and environments is crucial. He unveils that observation data, unlike structured interview or survey data, captures real-time interactions, behaviours, and contexts as they naturally occur, offering a rich, detailed perspective on the subject of study. When researchers apply thematic analysis to this type of data, they embark on a meticulous process of data coding, theme development, and data interpretation, all aimed at uncovering the deeper meanings embedded within the observed phenomena.

And as far as we know, the final step involves defining and naming the themes, providing clear definitions and narratives for each, and illustrating them with compelling examples from the data. This stage transforms the raw observational data into a structured and interpretable set of findings that can inform further research, theory development, or practical applications. The aim is to furnish researchers with a solid understanding of how to effectively distil valuable findings from their observational data.

Bearing in mind the above standpoints, we can conclusively assert that observation is a data collection strategy, mostly used in qualitative research process, to see closely the observees' actions. "Overt participant observation is a process in which the observer is known by everyone being observed", argues Dawson, (2002). This method is very valuable, applicable and rewarding for qualitative research in NGOs based in Nampula city to a number of reasons:

a) Poor community working conditions, mostly the ones located in the countryside, some literacy classrooms rooms may not offer clarity for setting one-way cameras as they have no light.

b) The NGOs staffs and the community members (observes) must know that they are being observed, rather than a more intrusive observation process.

c) Overt participant observation may increase the observees' preparedness and good participation.

During the observation of NGOs pictures and videos of (communities, farmers associations, reading camps for literacy, water taps, boreholes, water tanks and water piping work) portraying the activities that they are developing in the communities, for more understanding, I opted to segregate the NGOs activities in isolation:

**4.4 World Vision**

- The Charity Water Program has been constructing hundreds of borehole water systems across Nampula province. Therefore, the Charity Water Program use their budget by providing water to different communities by installing water pipe lines to the villagers and schools. The material used

seems to be very expensive because the World Vision, more specifically the Charity Water Program hires the Drilling Companies for construction of water borehole, and then they install electric pumps and build elevated water tanks for gravity water distribution in the community. Management on monthly basis reviews the Budget as suggested by Terry (2017), Chandra, (2018) and Robert, (2018), as appropriate method for Monitoring activities and decision making.

### 4.5 Uataf

UATAF is carrying out the teaching of Literacy for Adults in many communities in Nampula city, Monapo, Meconta and Rapale districts. During the observation process, I closely saw literacy reading camps for adults, reading books containing very fascinating fable stories and activities. UATAF normally buy literacy books and promote literacy in the communities. So they use their budget to disseminate information, promote literacy for adults, hires teachers to implement the program and by paying the expenses of its staff to meet the communities.

Furthermore, besides this trend, this was an unequivocal strategy to probe the methods employed, students' involvement, activities employed and see if the level of students' interaction would be helpful to cope with the fables exploitation. In addition, the researcher found out that this method raised opportunity to observe the teaching and learning processes closely; in short, it allowed the researcher to probe closely if that teaching and learning environment would suit for exploiting the African fables, and if the students' reading proficiency would be satisfactory enough to cope with African fables exploration context. Moreover, most of these books are written in Portuguese and English, so UATAF hires translators to translate the books.

### 4.6 Plan International

Plan International is working together with children, young people, supporters and partners; they strive for a just world, tackling the root causes of the challenges girls and vulnerable children face.

They ensure marginalised children and young people realise their full potential and contribute significantly to the development of their communities.

To achieve our goals, we place the rights of children at the centre of our work and partner with like-minded organisations to influence the country's decision makers.

Nampula province has among of the highest rates of child marriage and teenage pregnancy in the world. These issues are related to structural drivers of poverty as well as harmful social norms that prevent girls from realising their rights, including access to quality education and economic opportunities.

It is in this perspective that the Plan International use budget to disseminate information, promote safeguarding and child protection, by paying the expenses of its staff to meet the communities.

### 4.7 Save the Children

During the observation visit at the Save the Children, we noticed that the staffs normally go to remote corners, villages, and cities where it's really tough to be a child. They ask children, their families, and communities what children need to be healthy, safe, and learning. They listen to their experiences, insights, and ideas. Together, the Save the Children staff work hand in hand to adapt and create new solutions for children facing crisis, now and in the future. Save the Children has a proven track record of using donations efficiently and effectively. From school children who send their allowance for relief efforts. We were assured that Save the Children uses the valuable resources donors and budget to provide the children in the most cost-effective ways possible.

We were also notice that their independently audited financial statements consistently show that every dollar spent, 85 cents goes directly toward helping children in the communities. They keep administrative costs low so that more funding goes to children's programs.

During the observation process, we closely saw literacy reading camps for children, reading books containing very fascinating fable stories and activities. So they use their budget to disseminate information, promote literacy for children, hires teachers to implement the program and by paying the expenses of its staff to meet the communities.

### 4.8 Interview Results

It is believed that there are two main approaches to qualitative analysis**:** inductive and deductive**.** These are called thematic content analysis and narrative analysis, both of which call for an unstructured approach to research.

A narrative analysis involves making sense of your interview respondents' individual stories. Use this type of qualitative data analysis to highlight important aspects of their stories that will best resonate with your readers.

Successful qualitative research hinges on the accuracy of your data. This can be harder to achieve than with quantitative research. It's easy to lose important facts and meaning as you transition qualitative data from the source to your published content. This makes transcription a vital tool in maintaining integrity and relaying information in an unbiased way that's useful for readers and adds appropriate context to the journal or study

The interview was the second instrument used in research setting. Many responses given by the respondents overlap on the same perception viewpoint, although few of them unveil dissimilarity. I addressed the following interview questions to the four NGOs based in Nampula but I opted not to unveil their names for confidential issues. The very first to be interviewed was the World Vision, more specifically the Charity Water Administrative staff.

1. Could you tell me in details how your program spends the budget for the implementation of the activities during the project lifetime?

In response to this question, the Charity Water Administrative staff depicted the budget use in the following terms:

> *"We spend a lot of money investing in order to provide water to different communities by installing water pipe lines to the villagers and schools. The construction material are very expensive because we hire the Drilling Companies for construction of water borehole, and then they install electric pumps and build elevated water tanks for gravity water distribution in the community".*

2. What are the main activities that spend more money for the implementation of the project?

> *" Hiring the Drilling Companies for construction of water borehole, and then to install electric pumps and build elevated water tanks for gravity water distribution in the community, all this is costly imaginable".*

3. Do you sometimes face constraints of Cost overruns during the project lifetime?

In response to this question, the staff portrayed it as follow terms:

*"We have never had constraints of cost overruns during the implementation of their activities because we normally devise a long-term budget plan".*

Soon afterwards, we addressed the very same questions to UATAF Administrative staff, again, we shall not disclose the names for confidential issues.

1. Could you tell me in details how your program spends the budget for the implementation of the activities during the project lifetime? The UATAF Administrative staff disclosed their response in the following terms:

   *"The vast majority of our budget is spent by investing in education field, more specifically in reading camps for adults, reading books containing very fascinating fable stories and activities and hiring teachers".*

2. What are the main activities that spend more money for the implementation of the project?

   In response for this question, the UATAF Administrative staff claimed that:

   *"We spend more money in purchasing literacy books and promote literacy in the communities; all this requires a lot of money investment".*

3. Do you sometimes face constraints of Cost overruns during the project lifetime?

   For the third question, the UATAF Administrative Staff unveiled the following statements:

   *"Well, we rarely face constraints of cost overrun thanks to long-term budget planning and as we are very acquainted with the cost of items in the city and at the community level".*

   So they use their budget to disseminate information, promote literacy for adults, hires teachers to implement the program and by paying the expenses of its staff to meet the communities.

The first question to the Plan International Administrative staff was:

1. Could you tell me in details how your program spends the budget for the implementation of the activities during the project lifetime?

In response to this question, they portrayed it as the following: "

*"The vast majority of our budget is spent by working together with children, young people, supporters and partners in the communities; these issues are related to structural drivers of poverty as well as harmful social norms that prevent girls from realising their rights, including access to quality education and economic opportunities. So we purchase a lot of education and social materials for pamphlets, books, and we produce a lot of pictures, laptops, videos, etc."*

For the second question;

2. What are the main activities that spend more money for the implementation of the project?

In response to this question, they asserted in the following terms:

*"We spend more money in issues related to structural drivers of poverty as well as harmful social norms that prevent girls from realising their rights, including access to quality education and economic opportunities. All this requires a lot of money investment in order to meet the objectives".*

3. Do you sometimes face constraints of Cost overruns during the project lifetime?

The Plan International staff responded this question by unveiling the following statement:

*"Well, we normally never experienced Cost overruns just because we are much acquainted with the local pricing, the price rise and fall throughout the year".*

Soon afterwards, we addressed the very same questions to the Save the Children Administrative Staff; again, we shall not disclose the names for confidential issues.

1. Could you tell me in details how your program spends the budget for the implementation of the activities during the project lifetime? The Administrative staff disclosed their response in the following terms:

*"Normally the vast majority of our budget is spent by investing in education field, more specifically in reading camps for children and adolescents, reading books containing different stories and activities and hiring teachers to teach the children and adolescents".*

2. What are the main activities that spend more money for the implementation of the project?

In response for this question, the Save the Children Administrative Staff; claimed that:

*"We customarily spend a lot of money in purchasing literacy books, because they are written in English, so we hire translators to translate them, and promote literacy in the communities; all this requires a lot of money investment because we train the teachers to implement our education programs".*

3. Do you sometimes face constraints of Cost overruns during the project lifetime?

For the third question, the Save the Children Administrative Staff unveiled the following statements:

*"Well, we rarely face constraints of cost overrun thanks to long-term budget planning and as we are very acquainted with the cost of items in the city and at the community level, in addition, some books are offered by USAID".*

## Chapter V: Conclusion, Implications, and Recommendations for Improvement/Future Research

### 5.1 Discussion/Implications

Non-Governmental Organizations (NGOs) based in Nampula city face unique challenges when it comes to managing their budgets. These challenges can often impact their ability to fulfil their missions effectively.

**As far as we know, m**any NGOs based in Nampula rely on donations, grants, or European funding, which can be unpredictable and irregular for the vast majority of the NGO based in Nampula city. This makes it difficult to plan long-term financial strategies or allocate funds effectively for future projects. In addition, most of the NGOs face cash flow problems, leading to delays in project implementation, staff payments, or inability to scale their programs. Apart from the above challenges, a humanitarian organization may rely on seasonal donations, which fluctuate depending on economic conditions or global crises.

**On the other hand,** donors often impose restrictions on how their funds can be used. These restrictions can strongly limit NGOs' flexibility in reallocating funds or purchases or some incidental payments in far communities to urgent needs or to different programs. In addition, NGOs may struggle with producing timely, transparent, and accurate financial reports due to inadequate accounting systems or lack of proper tracking tools.

In short, the vast majority of NGOs based in Nampula city face challenges in controlling overhead costs, including salaries, rent, utilities, and administrative expenses. There is often pressure to minimize administrative costs to appear more efficient, but this can lead to underinvestment in essential in Nampula province communities.

### 5.2 Evaluation: Strengths/limitations

As far as we know, non-Governmental Organizations (NGOs) based in Nampula city play a crucial role in addressing social, economic, and environmental challenges throughout Nampula province, more precisely in the communities. Effective fund management is central to their success in fulfilling their missions in the communities. In this perspective, many NGOs emphasize transparency in fund management to maintain trust with donors, stakeholders, and beneficiaries. Regular financial reporting, audits, and oversight mechanisms help ensure that funds are used effectively and strengthen trust between the donors and the NGOs. In other words, financial accountability helps NGOs build credibility, which is essential for securing ongoing support from donors and the public.

As far as we know, Mozambique is currently undergoing political and economic crises due to the last awkward elections. In this perspective, political and economic instability in Nampula city strongly force sudden changes in NGOs policies, or economic crises can influence donor funding and the ability of NGOs to manage funds effectively. For example, when a donor country faces economic difficulties, it may cut funding to international NGOs, leading to operational difficulties. In addition, many NGOs invest in training their staff on financial management, ensuring that they have the skills to handle funds efficiently. Capacity-building programs are integral in helping NGOs optimize their fund utilization.

### 5.3 Recommendations for Improvement

Bearing in mind about the different challenges faced by NGO based in Nampula city, we can conclusively unveil that improving fund management in NGOs based in Nampula city is crucial for ensuring financial sustainability, transparency, and accountability.

One crucial point to stress is that the NGOs based in Nampula city should ensure that there is a clear separation between roles in the financial management process, in other words, one person should not have control over both the authorization and disbursement of funds. NGOs should use financial software to track expenses and revenue in real time. In addition, they should take into account the real situation of the communities located in Nampula province. This enables managers to make informed decisions and adjust plans as needed to avoid overspending or misallocation of funds during the project implementation. In this perspective, the managing team should provide donors, board members, and stakeholders with regular, clear, and detailed financial reports that outline how funds are being used because transparency in fund allocation fosters trust and encourages continued support. In addition, the staff should provide financial management training for staff members to ensure they clearly understand the importance of proper fund management, compliance with donor conditions, and efficient use of resources in every step of fund use. More importantly, the managing teams of NGOs based in Nampula should set up systems to monitor and evaluate the outcomes of programs funded by donors. Demonstrating the impact of their contributions in the communities can encourage donors to continue funding or increase their support for further communities in Nampula province.

### 5.4 Future Research Questions

- How can NGOs based in Nampula design financial strategies that ensure long-term sustainability in uncertain economic climates?
- How can NGOs based in Nampula balance donor demands for accountability with the need for operational flexibility?
- What are the challenges in linking financial expenditures directly to social impact outcomes in Nampula projects?

### 5.5 Conclusion

As I have unveiled the right picture of the current situation about fund management of some NGOs based in Nampula city in the previous pages, I can conclusively assert that effective fund management is crucial for the sustainability and success of Non-Governmental Organizations. They should opt for a prudent allocation, transparent practices, and accountability. The NGOs can ensure that their financial resources are used efficiently to achieve their missions and deliver impactful services to communities. Proper fund management not only enhances operational effectiveness but also builds trust with donors, partners, and beneficiaries, which is essential for long-term funding and organizational growth.

In conclusion, these NGOs must adopt comprehensive financial management strategies that include clear budgeting, regular financial monitoring, and adherence to regulatory standards. This approach not only fosters transparency and accountability but also ensures that funds are maximized to address pressing social issues. The ability to manage funds effectively is not just about compliance but also about demonstrating a commitment to responsible stewardship, which, in turn, can attract new resources and maintain the support of existing stakeholders. By refining their financial practices, NGOs can create a strong foundation for their programs, enhance their impact, and continue to serve communities in need with integrity and dedication throughout Nampula province.

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## 7. Appendices

Appendix 7.1: World Vision - Areas of Intervention

| | |
|---|---|
| Organisation: | World vision |
| Country of operation | Mozambique |

| **Program** | **Areas of Implemantaion** | **Program Activities** |
|---|---|---|
| Water Charity | Monapo<br>Nacaroa<br>Murrupula<br>Memba<br>Meconta | Borehole drilling, water tanks and water system installation and piping distribution. |

Appendix 7.2: Uataf- Areas of Intervention

| | |
|---|---|
| Organisation: | Uataf |
| Country of operation | Mozambique |

| **Program** | **Areas of Implemantaion** | **Program Activities** |
|---|---|---|
| Literacy | Nampula Cidade<br>Monapo<br>Meconta<br>Rapale | Literacy for Adults |

Appendix 7.3: Plan International - Areas of Intervention

| | |
|---|---|
| Organisation: | Plan International |
| Country of operation | Mozambique |

| **Program** | **Areas of Implemantaion** | **Program Activities** |
|---|---|---|
| Save guarding and child protection | Angoche<br>Mongincul<br>Monapo<br>Nacaroa<br>Murrupula<br>Memba<br>Meconta | Gender Equality and Social Inclusion (GESI) |

Appendix 7.4: Save the Children - Areas of Intervention

| | |
|---|---|
| Organisation: | Save the Children |
| Country of operation | Mozambique |

| **Program** | **Areas of Implemantaion** | **Program Activities** |
|---|---|---|
| Children protection and literacy | Monapo<br>Nacaroa<br>Murrupula<br>Memba<br>Meconta | Education (Literacy boost, school meals) safeguarding and children protection |