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Withdrawal of Donor Funding on Sustainability of Community Based Projects in Kenya: A Case of Ishaqbin Hirola Community Conservancy

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ABSTRACT

This study determined effect of withdrawal of donor funding on sustainability of community based projects at the Ishaqbin Hirola Community Conservancy. The target population was 87 employees of Ishaqbini Hirola Conservancy and 30 selected community representatives. Stratified random sampling and structured questionnaires were adopted. The results were tabulated for presentation. The regression model explained 65.0% of variation in project sustainability ($R^2 = 0.650$), while overall model was statistically significant ($F = 35.157$, $p < 0.001$). Sustainability practices were found to be in place with mean scores between 3.91 and 3.97. Financial reserves (Mean = 4.02, SD = 0.86) and multiple funding sources (Mean = 4.01, SD = 0.89) were used to support financial diversification. The results indicate that well-developed internal systems are essential for the sustainability of projects after the donor's funding has ended. Withdrawal of donor funding can impact the sustainability of community based projects unless there are suitable sustainability mechanisms in place. The study recommends the conservancy to diversify its funding sources, build governance, increase community involvement and increase operational capacity. The conservancy should allocate resources towards training their staff, maintenance, accountability and monitoring practices to improve the continuity of the project. Development partners should also target sustainability planning and capacity building and not solely short term donor funding.

Key Words: *Financial Diversification, Governance Capacity, Community Based Projects*

INTRODUCTION

Background of the Study

Community-based projects have emerged as an effective tool to promote sustainable development for local socio-economic, environmental, health and conservation issues based on active involvement of community. Community-based approaches are used in the world, including in countries like Nepal, as they increase local ownership, are more accountable and effective in the long run. But most community based projects rely on financial and technical support of bilateral donors, multilateral agencies and international development organizations. Donor support has continued to play a key role in community-based projects, as has been highlighted by UNDP (2022), in providing funding for infrastructure, institutional capacity development, livelihood, environmental conservation and strengthened governance. Vulnerable groups in developing countries, have pursued projects through external financial assistance which would otherwise not be possible due to scarce local financial resources (UNDP, 2022).

There is recent empirical evidence that, although donor funding is crucial for both starting and scaling up community-based projects, it's phasing out is a threat for sustainability of the projects. A global review of Community-Driven Development programmes found that many community projects struggled to maintain their operational performance after the withdrawal of their donor, largely because they lacked effective financial sustainability mechanisms, the institutional capacity was weak, and over-dependency on external funding (World Bank, 2023). The review noted that projects that had multiple income-generating streams, good governance mechanisms and community ownership were more likely to be resilient when faced with funding changes than those that depended almost exclusively on donor funds. These findings highlight the importance of supporting both institutional and financial capacities that will evolve and allow communities to continue the project activities beyond the end of the donor funding cycle, in addition to direct project implementation (World Bank, 2023).

In Canada, the number of projects that rely on a combination of donor and other funding to achieve better project sustainability and to minimize external funding needs has been growing in area of community conservation and environmental stewardship projects. In 2024, Environment and Climate Change Canada undertook a study through the Conservation Exchange and found that government and donor grants were catalytic in reducing the risks of investment, bringing in private-sector investment and building relationships between local communities, conservation firms and financial institutions. The study also found resilience was higher for projects that had a diversity of financing mechanisms, like private investment and community generated revenues, after the reduction in donor funds. In contrast, projects whose activities were greatly reliant on grants faced financial pressures, limited activities, and issues with conservation success after end of grant funding. The report highlights that while donor support is valuable, sustainable funding

mechanisms are essential to help ensure that community-based projects can continue to operate after funding has concluded (Environment and Climate Change Canada, 2024).

Donor funding has been an important instrument for supporting community-based development projects in India, especially the Self-Help Groups (SHGs) which have been helping to reduce poverty, improve women's economic empowerment, and enhance community participation. A study carried out by Darlong (2023) looked at how donor supported interventions contributed to the sustainability of rural SHG and concluded that external funding had a substantial influence on building the capacity of SHG in terms of leadership development, financial literacy, entrepreneurship training and access to income generation opportunities. In the implementation phase, donors helped to promote group cohesion, boost household incomes and give greater voice to the community in community activities. But the research found that the removal of donor money revealed vulnerabilities in groups lacking robust governance, internal savings mechanisms and other income streams. Declining participation, reduced project activities and financial instability were experienced by many groups that were donor dependent after donor exit. SHGs with institutionalized governance enhanced local leadership and sustainable financial mechanisms were able to sustain their efforts beyond the donor funding period! It study found that although donor funding is still crucial to starting and building up projects in the community, the sustainability of these projects is more likely to be achieved when they are not reliant on donor funding and are self-reliant and owned by the community (Darlong, 2023).

In Ghana, the donor support has essential in rural livelihoods and local governance projects. Huffstetler et al. (2022) proved that the donor financing significantly contributed to access of agricultural extension services, water resources and community capacity building during implementation phase. After the phasing out of donor support however, many community based projects faced a decrease of service provision, poor maintenance of project infrastructure, low institutional capacity and low participation of the community because of limited financial resources. The review also identified that projects that had co-financing mechanisms with local government, encouraged local government cost-sharing and enhanced the local government institutional capacity were more likely to be resilient at end of donor funding than those that were solely funded by the donor. Overall, these results highlight the need for embedding sustainability measures in donor funded community initiatives from the outset to reduce the negative impacts of the withdrawal of donor funding (Huffstetler et al., 2022).

This practice of CBT has been done in Tanzania under the Wildlife Management Areas, where communities are involved in conserving wildlife and tourism with socio-economic benefits. Kimario et al (2020) in Tanzania identified donor funding and support from conservation partners as crucial factors in building governance mechanisms, funding conservation work and engaging communities. The study, however, confirmed that the number of Wildlife Management Areas with financial instability was also high, as their income streams were not adequate to cover operational expenses and the cost of community development programmes when external funding was lost. The researchers also noted that the sustainability of community conservation efforts was hampered by lack of funding, insufficient institutional capacity, and poor governance. They agreed that though donor funding is necessary during project establishment and institutional development, sustainable community-based conservation relies on the diversification of funding mechanisms and effective governance systems that will foster community ownership and support projects to sustain their activities beyond donor funding. This is strongly linked to the current study since the Ishaqbini Hirola Community Conservancy also relies on external partnerships for funding of conservation and community development programmes and donor funding withdrawal is a major conservation sustainability concern.

Donor support has played a key role in setting up and expanding community based conservation projects in Kenya which incorporate both biodiversity conservation and socio-economic development. Community conservancies are now a significant tool for conserving wildlife, and for fostering improved livelihoods through income-generating activities, education, health programmes, water projects and peace building initiatives. A NRT study states that with the combination of donor support and community participation, community conservancies have been essential in the conservation of biodiversity and improvement of livelihoods. The report, however, shows majority of these conservancies still depend on international donors for funding conservation programmes, governance structures, ranger operations and community development activities. While other alternative funding sources have started to fill vacuum like tourism, carbon projects and county government funding, predominant source of financial sustainability for many conservancies is donor funding. The report thus highlights the importance of building financial self-sufficiency, institutional capacity and diversified income streams to minimize vulnerability arising from variability in donor funding (Oino & Towett, 2023).

In addition, Pas et al (2023) revealed that the level of governance and community involvement has been enhanced in donor-funded institutions, but that many conservancies still struggle with sustainability issues as they rely heavily on external financial and technical interventions. The researchers noted a need for increased local governance and for alternative funding sources and roles for communities to be able to sustain the conservation and development programmes beyond the life of the donor funds. While donor funding has been very effective in improving the development of community conservancies in Kenya, reliance on external funding is one of challenges facing conservancies, and if appropriate transition measures are not initiated, it my affect sustainability of community-based work.

Donor supported Community Conservation Projects are key approach to conservation of endangered wildlife and enhancement of pastoral communities' livelihoods, through community participation and capacity building in Garissa County. Yassin et al (2024) suggests that community awareness programmes, conservation education, anti-poaching programmes and stakeholder involvement played a significant role in increasing community support for wildlife conservation and having a positive impact on Hirola recovery. Development partners were providing significant financial and technical assistance to the area's conservation programmes for training, community mobilization, conservation patrols and institutional strengthening. While donor-funded capacity building programmes have improved conservation results, institutionalizing community ownership, practicing good local governance and finding alternative funding sources that can continue to support conservation and community development after the external funding stops are all needed to sustain the gains. Donor funding continues to be a key element in sustaining community-based projects in Garissa County and that the County's community-based projects are highly sensitive to donor funding withdrawal.

In 2007, the Ishaqbini Hirola Community Conservancy was established in Ijara Sub-County in Garissa County, to conserve the critically endangered Hirola antelope, and to enhance the livelihoods of local pastoral communities through community-based conservation. The conservancy is about 68,000 hectares of community land, and is managed by the local community, with support from conservation partners. Since inception, various conservation and community development projects supported by donor agencies and development partners have been implemented, such as wildlife protection, rangeland management programmes, women's microfinance programmes, youth vocational training programmes, education bursaries, water infrastructure projects and livestock vaccination campaigns. The conservancy reports that these interventions have created jobs for community members, provided over 300 women with access to microfinance and given access to bursaries. These are some of the successes that showcase the impact of funding from donors on biodiversity and socio-economic development in the conservancy (Ishaqbini Hirola Community Conservancy, 2026).

In spite of these successes, the future of the community-based projects of the conservancy is precarious, given the fact that a number of the programmes are still very reliant on outside donor funds and technical assistance. While significant strides have been made in the conservancy to promote community ownership and awareness of conservation, ongoing implementation of livelihood projects, wildlife protection, infrastructure projects and community empowerment programmes will require significant financial resources, in recognition that donor funding cannot ensure long-term sustainability of projects, the conservancy's strategic emphasis on creating resilient livelihoods and partnerships indicates this. With the changing priorities of donors and the ever more fluctuating availability of external funding, it is important to gain awareness of the potential impact of a withdrawal of donor funding on the sustainability of community-based projects at conservancy. This information is crucial for informing strategies that aim to strengthen financial resilience, institutional capacity and community ownership to ensure that the benefits of conservation and community development are not lost when donor funding cycles end (Ishaqbini Hirola Community Conservancy, 2026).

Statement of the Problem

Community-based projects are part of efforts related to biodiversity conservation, institutional development and socioeconomic development of the community. But, if the financial means for such projects are reliant on outside funders, then their sustainability could be put in jeopardy. Activities like conservation operations, community empowerment, infrastructure development, capacity building and institutional administration are all donor-funded. Withdraw or significant reduction of funding, implementing organizations may face difficulties in sustaining current activities, keeping staff and completing planned activities. The UNEP (2023) estimated that $598 billion to $824 billion is needed globally annually to meet the financing requirements of conservation action to reach the global biodiversity goals.

Wildlife conservancies in Kenya are relevant tools for community-based conservation and development. According to Anyonge et al (2024) the number of wildlife conservancies in Kenya as of 2023 was 230, spanning about 16% of the country's land area, or 9.04 million hectares. Whilst their contribution to conservation is significant, long-term sustainability of these organizations depends on effective governance and sustainable funding systems. Conservancies have many types of donor support and are supported by conservation organizations as well, thus donor funding continuity is critical to their operations and community development activities.

However, experience in Kenya shows that funding gaps can cause disruptions to conservation and community development initiatives. In Kenya, a five-year conservation programme in Amboseli and Tsavo was suspended in January 2025, due to the end of funding by the United States Agency for International Development (Koech, 2025). It was an initiative of US$7.8 million that had helped to manage conservation across 376,000 acres, rehabilitate 430 kilometers of roads and train 133 anti-poaching community officers, before being prematurely discontinued. The report added that the Taita Taveta Wildlife Conservancies Association representing 35 community conservancies, has only been allocated half of the $2.1 million it needed before the funding was cut off. Planned beekeeping projects and infrastructure development then fell by the wayside and some of the infrastructure left incomplete (Koech, 2025). These are examples of the operational risks involved with failing to provide financing from donors. Slowdowns in activities and funding, however, should not be reviewed as closing of a conservancy and the amount of conservancy closures that are caused by slowdowns should be verified separately.

The funding sustainability concern is applicable to Ishaqbini Hirola Community Conservancy in Garissa County that carries out wildlife conservation, habitat protection, rangeland management and community livelihood development. It has to have financial and institutional resources to continue conservation operations and community programmes in the long term (Ishaqbini Hirola Community Conservancy, 2023). However, impact of withdrawal of donor funds on continuity of these activities, financial ability of the conservancy, institutional operations, environmental conservation and community involvement ought to be systematically examined.

While studies and policy literature have discussed the development, governance and conservation roles of wildlife conservancies in Kenya, the evidence of how the withdrawal of donor funds is linked to the sustainability of community based projects at Ishaqbini Hirola Community Conservancy is still missing. The contextual gap is around the lack of contextual evidence of conservancy experience; the empirical gap is about the amount and type of funding disruption; and the knowledge gap is about the link between withdrawals of donor funding and financial sustainability and institutional sustainability. Therefore this study assessed impact of withdrawal of donor funding on sustainability of community-based projects at Ishaqbini Hirola Community Conservancy in Kenya.

Objectives of the Study

General Objective

To determine effect of withdrawal of donor funding on sustainability of community based projects at Ishaqbin Hirola Community Conservancy

Specific Objectives

i. To examine effect of financial diversification on sustainability of community-based projects at Ishaqbin Hirola Community Conservancy.

ii. To assess effect of governance capacity on sustainability of community-based projects at Ishaqbin Hirola Community Conservancy.

Significance of the Study

Ishaqbini Hirola Community Conservancy leadership and surrounding community will be able to gain valuable insights for conservancy leadership on both the financial, operational and governance issues encountered in face of decreasing donor support and on what options exist for diversifying revenue sources and for sustainability and continuity of conservation programmes and livelihood support programmes.

Government institutions responsible for wildlife conservation and community development will also be the study beneficiaries. The research will generate evidence of impacts of donor dependency on the sustainability of conservation projects in local communities, which will help shape policy and funding structures that will support stronger community-led conservation models, while minimizing over-reliance on external sources of funding.

The can be used to enhance understanding of long-term sustainability issues faced by organizations engaged in conservation and community development, including donor agencies and conservation networks like the Northern Rangelands Trust. The study could support these to develop more sustainable exit strategies, capacity building programmes and financial transition plans to ensure community projects can continue to operate beyond end of donor funding cycles.

The finding will help scholars, students and academic institutions conducting research in the broad fields of development studies, environmental management and project sustainability to better understand donor funding sustainability and community based conservation projects. It will also serve as a benchmark for ongoing studies on how to achieve funding sustainability and governance of community conservation projects in Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Resource Dependence Theory

The anchor theory for this study is Resource Dependence Theory created by Pfeffer and Salancik (1978). The theory gives an explanation of how organizations rely on other people and organizations for vital resources that enable them to survive and function. It suggests that organizations often do not have the necessary resources in-house and hence must develop links with external stakeholders like donors, government departments, development partners and private sector organizations. These external resources affect organizational decisions, strategies of operations and its sustainability in the long run (Pfeffer & Salancik, 1978). This theory relevant as community based projects frequently rely on external donors for funding in the areas of infrastructure, staff salaries, training, conservation programmes and community development programmes. A major donor may cease financial support which can lead to a project receiving insufficient resources to implement the project, to lack of institutional capacity and risk of project not being able to continue planned activities. In relation to Resource Dependence Theory, withdrawal of donor funds can be seen as a withdrawal of an external resource that is crucial for the project, thereby potentially revealing the vulnerability of projects where a small number of external resources is significant.

Institutional Theory

John Meyer and Brian Rowan in (1977) formed this theory to explain how firm structures and practices are influenced by broader institutional environments consisting of norms, regulations and societal expectations. Within the context of community-based development initiatives in Kenya, governance capacity attributes are particularly important when donor funding is withdrawn because sustainability of project depends largely on the strength of internal management systems (Nalivata et al, 2022). This theory emphasizes that organizations must maintain effective governance structures in order to sustain operations and secure support from stakeholders and development partners. In donor-funded projects, donors often establish strict monitoring systems, financial reporting procedures and accountability mechanisms to ensure that project resources are managed effectively. However, when donor funding is withdrawn, the responsibility for maintaining these governance standards shifts entirely to the internal leadership of the project. Community-based projects with weak governance capacity may therefore experience challenges like poor financial management, ineffective leadership and declining stakeholder confidence (Kamau et al., 2024).

Participatory Development Theory

This theory emerged from Paulo Freire in (1970) work, particularly through his emphasis on community empowerment and participatory approaches to development. The theory argues that sustainable development can only be achieved when communities actively participate in identifying their needs, designing solutions and managing development initiatives. Unlike traditional top-down development approaches where external organizations design and implement projects for communities, participatory development approaches encourage beneficiaries to in decision making. In connection to this study, community participation is essential for ensuring that development initiatives address local priorities and remain sustainable after donor funding is withdrawn (Mwangi & Mutuku, 2025). This theory further emphasizes that active involvement of community members in project planning and implementation help to support project activities and maintaining project infrastructure. In rural development programs across Kenya, participatory planning mechanisms such as community development committees, local management boards and participatory monitoring systems have been shown to enhance project sustainability. These participatory governance structures enable communities to mobilize local resources and leadership to support project operations even when external funding declines (Mwangi & Mutuku, 2025).

EMPIRICAL LITERATURE REVIEW

Financial Diversification and Sustainability of Community-Based Projects

In Uganda, Kato and Nsubuga (2023) study determined influence of financial diversification strategies on sustainability of community development projects after donor exit. The researchers applied a cross-sectional survey research design. Analysis of data was through correlation and regression techniques. The research study findings showed that community-based projects that developed alternative income sources such as cooperative enterprises, community savings groups, and local partnerships were more likely to sustain their activities after donor funding declined. It revealed that diversified funding improved project operational capacity and enabled communities to maintain infrastructure and services. In conclusion, financial diversification enhances the sustainability of community development initiatives by strengthening local resource mobilization and reducing donor dependency. In recommendation, development agencies and community organizations should prioritize capacity building in financial management and encourage communities to establish income-generating ventures to support project sustainability.

Jacinta and Gaiku (2022) in Kenya examined how funding diversification influences financial sustainability of organizations implementing humanitarian and community development programs. The researchers adopted a descriptive research design, focusing on departments within the Kenya Red Cross Society. It was revealed that funding diversification had a positive and statistically significant effect on financial sustainability, with a correlation coefficient of $r = 0.429$ and a regression coefficient of $\beta = 0.558$, demonstrating that increased diversification leads to improved financial performance. In conclusion, diversification of funding sources such as charity events, corporate partnerships and self-financing activities significantly strengthens firm sustainability. It was recommended that nonprofit firms should implement diversified fundraising strategies to enhance financial stability and reduce dependence on donor funding

Governance Capacity and Sustainability of Community-Based Projects

Ndayishimiye and Habonimana (2023) in Burundi conducted a study investigating governance capacity and sustainability of donor-funded rural development projects. A total of 74 project coordinators and community development officers involved in rural development programs were part of this study. Analysis of data was through correlation and regression analysis. It was noted that, governance capacity significantly influenced sustainability because projects with strong leadership structures, transparent financial management and participatory decision-making were could continue operating after donor funding ended. Projects that lacked governance capacity often faced challenges such as mismanagement of funds and declining community participation. The study concluded that governance capacity enhances sustainability by strengthening institutional accountability and improving coordination between stakeholders. The study recommended that development firms operating in Burundi should invest in institutional capacity building and leadership development to improve governance systems in community projects.

In Kenya, Okeyo (2023) study examined how governance and organizational capacity affect sustainability of community-based health projects after donor support declines. The study targeted 100 health non-governmental organizations affiliated with the Health NGOs Network, with a sample of 80 NGOs used. Questionnaires collected data administered to project managers. It was discovered that, governance and organizational capacity influence project sustainability, indicating that strong governance structures enhance sustainability of donor-funded projects. Projects with effective leadership, clear accountability systems, and competent management teams were better able to sustain operations after donor funding declined. It was concluded that, governance capacity is essential determinant of sustainability for community-based projects as it strengthens internal management systems and improves stakeholder confidence. It was recommended that community-based firms should strengthen governance frameworks by improving leadership competence and financial accountability to ensure long-term sustainability.

Summary of Research Gaps

Table 1: Summary of Research Gaps

Author /Year	Title	Methodology	Finding	Research Gaps	Focus of the Current Study
Jacinta & Gaiku (2022)	Funding Diversification and Financial Performance of NGOs in Kenya	Descriptive design	Diversified funding affects financial sustainability enhancing project continuity after donor support decline	Study focused broadly on NGOs; did not isolate community conservancies with wildlife conservation functions	Examined whether financial diversification specifically strengthens operational continuity at Ishaqbin Hirola Community
Kato & Nsubuga (2023)	Financial diversification strategies and sustainability of community development projects after donor exit in Uganda	Cross-sectional survey; correlation and regression analysis	Alternative income sources like cooperative enterprises improved project sustainability & operational capacity	Focused on community development projects in Uganda; did not examine wildlife conservation conservancies in Kenya	Examined financial diversification strategies and sustainability of Ishaqbin Hirola Community Conservancy following donor withdrawal
Ndayishimiye & Habonimana (2023)	Governance capacity and sustainability of donor-funded rural development projects in Burundi	Correlation and regression analysis	Strong leadership, transparent financial management and participatory decision-making result to greater sustainability after donor funding ended	Focused on rural development projects in Burundi; did not integrate wildlife conservation or Kenyan conservancy contexts	Examined governance capacity and sustainability of Ishaqbin Hirola Community Conservancy after donor withdrawal
Okeyo (2023)	Organizational Capacity and Sustainability of Donor-Funded Healthcare Projects in Nairobi, Kenya	Descriptive design	Governance capacity affect sustainability by enhancing internal management & stakeholder confidence	Study focused on healthcare NGOs; limited application to community-based conservation initiatives	Assessed the impact of governance capacity on sustainability of Ishaqbin Hirola Conservancy projects
Uwimana & Habimana (2022)	Community involvement in decision-making and sustainability of development projects in Rwanda	Descriptive research method	Projects involving communities in decision-making were sustainable, with community members contributing resources and labour	Focused on development projects in Rwanda; wildlife conservation and Kenyan conservancies were not addressed	Assessed the role of community ownership in sustaining Ishaqbin Hirola Community Conservancy projects
Ahanotu, Calistus & Karuu (2025)	Stakeholder Participation Driving Sustainability of Safaricom Foundation Projects in Kilifi County, Kenya	Descriptive survey	Stakeholder participation in project lifecycle improved sustainability through accountability and local commitment	Focus on ICT and social development projects; wildlife conservation projects were not included	Assessed role of local community ownership in sustaining Ishaqbin Hirola Community Conservancy initiatives
Kamau & Njoroge (2023)	Operational sustainability & sustainability of donor-funded community projects in Kenya	Descriptive design	Operational sustainability (management systems, trained staff, clear procedures) affects project continuity ($\beta = 0.602$, $p < 0.01$)	Focused broadly on community projects; wildlife conservation operations not examined	Examined how operational systems and staff capacity at Ishaqbin Hirola contribute to project sustainability after donor withdrawal

Author /Year	Title	Methodology	Finding	Research Gaps	Focus of the Current Study
Mnyanga & Chirwa (2022)	Operational systems and sustainability of community conservation projects in Tanzania	Descriptive survey	Projects with strong operational frameworks, trained personnel, and reporting systems were more sustainable post-donor support	Study did not analyze integrated governance, financial, and ownership factors together	Evaluated operational sustainability in combined with financial diversification, governance capacity, and community ownership at Ishaqbin Hirola

RESEARCH METHODOLOGY

Descriptive cross sectional research design was used to analyze association between financial diversification, governance capacity, community ownership, operational sustainability and sustainability of community based projects at Ishaqbini Hirola Community Conservancy. A total of 117 respondents were targeted. The number of sample size was calculated at 93 based on Yamane's formula (1967) at 5% margin of error. The sampling method was proportionate stratified random sampling to ensure representation in the four employee departments as well as community representatives. Structured questionnaires collected data. Cronbach's alpha was 0.7 or above was employed for reliability test. The NACOSTI and permission from the management of Ishaqbini Hirola Community Conservancy were obtained before data collection. The ethical considerations were adhered to during the research.

RESEARCH FINDINGS AND DISCUSSION

Table 2 Response Rate

Category	Frequency	Percentage
Response	80	86
Non-Response	13	14
Total	**93**	**100**

The questionnaires completed and returned were 86% and those questionnaires not returned were 14% at Ishaqbin Hirola Community Conservancy. The percentage of the achieved response rate was deemed satisfactory for analysis and interpretation because it gave sufficient representation to the targeted sample and gave more credibility of findings. Kothari (2022) suggests that 70% or higher response rate is acceptable and will enable good conclusions to be drawn in survey study.

Table 3 Descriptive Analysis of Financial Diversification

Statements	Mean	SD
The project has multiple sources of funding.	4.01	0.89
Local fundraising initiatives contribute significantly to the project’s finances	3.99	0.95
The project is not overly dependent on a single donor.	3.96	0.87
Income-generating activities are integrated into project operations.	3.90	0.90
The project maintains a financial reserve for emergencies.	4.02	0.86

The results noted respondents mean in financial diversification was in the range of 4.02 to 3.90 on a five-point Likert scale, which reveals that financial diversification is an important mechanism to enhance project sustainability. The most highly rated statement was the project has a financial buffer of reserve funds (Mean = 4.02, SD = 0.86), indicating that respondents felt that the existence of contingency funds was an important strategy to keep the project going during financial uncertainties, such as donor funds withholding. Respondents also agreed that there are multiple sources of funding for the project (Mean = 4.01, SD = 0.89), suggesting that having access to a variety of funding options can provide financial resilience and mitigate funding vulnerabilities from a single donor.

The results also show that local fundraising efforts is essential in project's financial support (Mean = 3.99, SD = 0.95), indicating the need for local resource mobilization to support ongoing project implementation. It was also agreed that the project is not too much reliant upon a single donor (Mean =

3.96, SD = 0.87), suggesting that de-concentrating donors can improve the project's resilience to external shocks in funding. Furthermore, the level of integration of income generation activities into project operation was mean = 3.90 (SD = 0.90). The standard deviations for all statements were relatively small, which shows that views on importance of financial diversification were similar among the respondents. In sum, it was found that multiple revenue streams, local fundraising, financial reserves and income generation are important strategies that can improve sustainability of community based projects in situations where funding from donors is unpredictable and/or eroding.

The results are consistent with Jacinta and Gaiku (2022) which was a study of funding diversification and financial performance of the Kenya Red cross society and determined that funding diversification had a positive link to financial performance. Their study suggested a variety of funding sources to support organizational financial performance. The deal between the two studies implies that new revenue options and buffers are a key factor when organizations are looking to minimize the impact of fluctuating donor funding. This means that, for Ishaqbini Hirola Community Conservancy, there is the possibility of financial sustainability, if external funding drops off, through local funding, income generation, and maintaining financial reserves. But the current results are based on importance that respondents felt these practices had and do not necessarily indicate their actual financial impact.

Table 4 Descriptive Analysis of Governance Capacity

Statements	Mean	SD
Project leadership demonstrates competence in decision-making.	3.99	0.87
There are clear and effective decision-making processes.	4.00	0.89
Accountability mechanisms are consistently applied.	3.92	0.91
Policies and procedures are followed in project management.	3.91	0.87
Stakeholders are actively involved in governance processes.	3.95	0.92

Most respondents agreed that strong governance capacity contributes to improvement in project sustainability as the mean were between 3.91 and 4.00 with regard to the statements. The highest rated statement was that there are clear and effective decision-making processes (Mean = 4.00, SD = 0.89), followed by the statement that project leadership demonstrates competence in decision making (Mean = 3.99, SD = 0.87). This indicates that good leadership and formal decision making processes are seen as crucial to the effective ongoing operation of community based projects, particularly where there are obstacles like withdrawal of donor support.

Respondents also agreed that stakeholders are actively involved in governance processes (Mean = 3.95, SD = 0.92), suggesting that inclusive participation of community members and other stakeholders helps to enhance ownership, transparency and accountability of project. Application of accountability mechanisms was consistently rated as a mean of 3.92 (SD = 0.91), indicating that those who answered the survey understood the need for monitoring, reporting and responsible resource management to help maintain the project. In the same way, project management adherence to policies and procedures had a mean of 3.91 (SD = 0.87), indicating that effective management structures and operating guidelines help to ensure continuity and effectiveness of community-based initiatives. The standard deviations for each of the statements suggest that perceptions about governance capacity were relatively similar. In summary, the result indicates that, good leadership, open decision making, stakeholder engagement, accountability mechanisms and the following of procedures are among the important governance aspects that can improve resilience and sustainability of community-based projects following a donor funding freeze or withdrawal.

Walker et al. (2024) analyzed governance features and community satisfaction among 28 community-based natural resource management and conservation groups in northern Kenya. They discovered that good governance characteristics have been enhanced in course of the study and that governance quality has been an influential factor in community members' satisfaction with their conservancies. Clear decision making structures and competent leadership and accountability are mentioned as relevant to maintaining organizational effectiveness and community confidence in conservation initiatives in the agreement. Effective governance can facilitate prioritization of scarce resources, adequate management of available funds, and ongoing implementation of critical activities during periods of decreased donor funding, in the context of Ishaqbini Hirola Community Conservancy.

Table 5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.806	0.650	0.631	0.392

a. Predictors: (Constant), Financial Diversification, Governance Capacity,

The model summary summarizes the proportion of variance accounted for by variables financial diversification and governance capacity in explaining sustainability of community based projects at Ishaqbin Hirola Community. There was a strong positive link between independent variables and the sustainability of community-based projects with correlation coefficient (R) of 0.806. This means that better financial diversification, better control systems, more participation of communities and better project management are linked to better project sustainability.

The coefficient of determination (R^2) was 0.650, meaning that the four independent variables as a whole accounted for 65.0% of variance in the sustainability of the community-based projects. This indicates that the factors chosen account for a significant portion, 65.0%, of project sustainability,

with the remaining 35.0% being explained by other factors outside the scope of this study, including other economic factors, policy changes, environmental factors, or stakeholder dynamics. The adjusted R^2 value of 0.631 indicates that even with the number of predictors used in the model, the variables account for 63.1% of the changes in project sustainability, further strengthening and supporting the model.

The standard error of estimate was 0.392, which meant that deviations of values predicted using regression model from actual values observed was relatively small. Hence, the regression model was deemed appropriate for studying impact of factors connected to withdrawal of donor funding on community-based projects at Ishaqbin Hirola Community Conservancy. The results highlight importance of building financial resilience and governance capability in supporting community-based projects to continue beyond the point of donor funding.

Table 6: ANOVA Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	42.186	4	10.547	35.157	<.000
	Residual	22.486	75	0.300		
	Total	64.672	79			

a. Dependent Variable: Sustainability of Community-Based Projects

b. Predictors: (Constant), Financial Diversification, Governance Capacity,

The regression model is statistically significant as F value is 35.157 and significance value is $p = 0.000 < 0.05$. This suggests that independent variables chosen has a significant combined effect on the sustainability of the community-based projects. The regression sum of squares (42.186) and residual sum of squares (22.486) shows that the independent variables used in the model account for a significant portion of the variation in project sustainability. The results therefore indicate that financial diversification and governance capacity are important factors to explain transitions to project sustainability after donor funding departure. Thus, the regression model is deemed suitable for predicting and analyzing link between donor funding withdrawal factors and sustainability outcome at Ishaqbin Hirola Community Conservancy.

Table 7: Regression Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	0.526	0.128	—	4.109	0.000
Financial Diversification	0.294	0.071	0.312	4.141	0.000
Governance Capacity	0.221	0.079	0.236	2.797	0.007

Dependent Variable: Sustainability of Community-Based Projects

All independent variables were positive and statistically significantly due to the significance values less than the 0.05 value, indicating that all independent variables were favorable to sustainability of the project. This suggests that improvements in these factors are linked to greater capacity of community based projects to sustain their functionality and effectiveness beyond donor funding. The regression constant value is 0.526 that is the expected value of project sustainability if all independent variables equal to zero. The unstandardized coefficient (B) for financial diversification was 0.294 and the standardized Beta was 0.312 ($p = 0.000$), meaning that a one-unit increase in financial diversification would lead to a 0.294-unit increase in project sustainability, everything else being equal. This indicates that other sources of funding, local fundraising efforts and income generating activities play a significant role in mitigating the undue reliance on donor support. Governance capacity was positively associated with a coefficient of 0.221 and a Beta value of 0.236 ($p = 0.007$), indicating that good governance practices, leadership and accountability and transparency of decision-making processes are important in sustaining community-based projects. Governance capacity is an important base for ensuring good project management and use of project resources.

Conclusion

While valuably bringing financial resources to start and support community projects, donor funding is not always a sure way to guarantee long term sustainability if the projects do not have systems in place to encourage continuity. Results showed that the sustainability can be improved by good financial management, governance and community involvement and efficient operational methods.

Financial diversification is an important variable in order to improve sustainability of community based projects. Projects with more than one source of funding, local fundraising initiatives, income generation activities and financial reserves are better able to decrease reliance on donor support. Thus, it is

important to reinforce alternative financing models, so that projects based on community initiative will remain in place and active even when donor funding sources change.

Recommendations

The community-based projects need to boost financial diversification initiatives to minimize donor funding dependence. The conservancy's potential for generating financial reserves, community fundraising, financial partnerships with private entities, conservation economy enterprises and/or income generating activities should be explored. Funding from multiple sources will provide flexibility and increase the financial sustainability of a project and help it continue when donor funding is decreased or withdrawn.

To enhance the governance capacity of community based projects by developing leadership, transparent decision making and effective accountability mechanisms. Project management committees and community leaders should be trained continuously on leadership, financial management, reporting and governance of resources. Good governance arrangements will enhance accountability, build trust among stakeholders, and help to manage project resources effectively.

Suggestions for Further Research

Future studies should be carried out to look into the sustainability of community-based projects beyond the end of the donor funding in other geographic and organizational settings. However, this study was done in Ishaqbin Hirola Community and it would be useful to see if the conclusions could be applied to community conservation projects, rural development projects or non-governmental organization supported projects; this would give an indication on whether the findings could be generalized across other settings.

Future studies might also consider a longitudinal research design to measure outcomes of community based projects over a period of time following donor funding. These investigations would be more likely to give a better insight into long-term impacts of funding shifts and success of sustainability plans carried out by community groups.

Future researchers may want to consider comparative studies, looking at many community-based projects, to compare sustainability outcomes among projects that depend on donors to different extents, that have different governance arrangements and that engage the community to different extents. This would add to the knowledge base of Kenyan context and other developing contexts.

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