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Influence of Donor Financial Reporting Requirements on Project Implementation Efficiency in Selected NGOs in Kicukiro District, Rwanda

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Abstract: *This study examined the influence of donor financial reporting requirements on project implementation efficiency among selected non-governmental organizations (NGOs) operating in Kicukiro District, Rwanda. The study was guided by three specific objectives: to assess the influence of donor reporting frequency requirements; to examine the influence of donor reporting format and documentation requirements; and to determine the influence of donor compliance and audit requirements on project implementation efficiency. The study was anchored on Accountability Theory, Agency Theory, and Institutional Theory. A descriptive and correlational research design was adopted using a mixed-methods approach. The study targeted 157 staff and managers from five selected NGOs, namely NUDOR, HDI, RISD, SGO, and HACORWA. A total of 152 staff members were approached through structured questionnaires, while five Project Managers participated as key informants. Of the questionnaires distributed, 134 were returned, representing an 88.2% questionnaire response rate, and all five interviews were completed. Quantitative data were analyzed using descriptive statistics, Pearson correlation, and multiple regression, while interview data were analyzed thematically. The findings showed positive and statistically significant relationships between project implementation efficiency and reporting frequency, reporting format and documentation and compliance and audit requirements. The regression model was statistically significant. Reporting frequency was the strongest predictor, followed by compliance and audit requirements and reporting format and documentation. The study concludes that effective donor financial reporting requirements can function not only as accountability mechanisms but also as management mechanisms that support financial control, timely decision-making, resource utilization, and project implementation efficiency. NGOs should strengthen reporting systems and staff capacity, while donors should provide clear, practical, and appropriately harmonized reporting requirements.*

Keywords: *Donor financial reporting, Reporting frequency, Documentation, Compliance, Audit; Project implementation efficiency, NGOs, Rwanda*

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I. Introduction

Donor-funded projects implemented by non-governmental organizations (NGOs) operate within accountability arrangements that require organizations to demonstrate how financial resources are received, managed, and used. Financial reporting requirements commonly include reporting schedules, prescribed formats, supporting documentation, and compliance and audit procedures. These mechanisms are intended to promote transparency, financial discipline, and confidence between donors and implementing organizations. At the same time, reporting obligations may impose administrative demands that affect the time and resources available for project implementation.

Project implementation efficiency concerns the extent to which project activities are delivered within planned timelines, budgets, available resources, and expected objectives. In donor-funded environments, the quality of financial information available to project managers can affect planning, monitoring, resource allocation, and corrective decision-making. Effective reporting systems may therefore strengthen implementation efficiency, while complex or poorly coordinated reporting requirements may increase administrative workload and reduce operational flexibility.

International development organizations have increasingly emphasized accountability and financial transparency, leading donors to require standardized financial reports, budget tracking, supporting evidence, and periodic financial disclosures. However, NGOs operating in resource-constrained environments may face difficulties when managing different reporting frameworks, particularly where donors use different templates, reporting calendars, and documentation standards (Agyemang & Ofori, 2023; Khan & Qureshi, 2022). Evidence from African NGO settings similarly suggests that reporting requirements can strengthen financial management while also creating administrative burdens if they are not effectively integrated into organizational systems (Mwangi & Wanjiku, 2023; Njoroge & Wekesa, 2023).

In Rwanda, NGOs contribute to national development through projects in areas such as health, education, social protection, and community development. Their operations are influenced by both donor requirements and national accountability expectations. Kicukiro District hosts a range of NGOs implementing donor-funded interventions, making it an appropriate context for examining how specific financial reporting practices relate to project implementation efficiency. Previous studies in Rwanda have largely emphasized financial accountability, governance, and compliance, with less attention to the separate contribution of reporting frequency, reporting format and documentation, and compliance and audit requirements to project implementation efficiency (Habimana & Nkurunziza, 2024; Mukamana & Rwigema, 2024).

1.1 Statement of the Problem

Despite the importance of donor-funded projects in supporting development outcomes, NGOs may experience implementation inefficiencies reflected in activity delays, budget deviations, ineffective resource utilization, and difficulties in achieving planned outputs. Donor financial reporting requirements are intended to reduce such risks by strengthening accountability and financial control. However, when requirements are frequent, complex, or documentation-intensive, they can also increase administrative workload and divert staff attention from core implementation activities (Petrovic & Jovanovic, 2022).

In Rwanda, NGOs are expected to meet donor financial reporting obligations while also operating within national accountability frameworks. Although these arrangements can improve transparency and financial discipline, organizations with limited capacity may face difficulties in managing multiple reporting obligations. In Kicukiro District, implementation challenges relating to timely execution, resource utilization, and achievement of project objectives remain important areas for empirical investigation. Existing literature has provided useful evidence on accountability and compliance, but limited empirical work has isolated the contribution of specific donor reporting dimensions to project implementation efficiency in this local context. This study therefore examined whether and to what extent reporting frequency, reporting format and documentation, and compliance and audit requirements influence project implementation efficiency among selected NGOs in Kicukiro District.

1.2 Objectives of the Study

1. To assess the influence of donor reporting frequency requirements on project implementation efficiency in Kicukiro District, Rwanda.
2. To examine the influence of donor reporting format and documentation requirements on project implementation efficiency in Kicukiro District, Rwanda.
3. To determine the influence of donor compliance and audit requirements on project implementation efficiency in Kicukiro District, Rwanda.

1.3 Hypotheses

1. H_{01}: Donor reporting frequency requirements have no significant influence on project implementation efficiency.
2. H_{02}: Donor reporting format and documentation requirements have no significant influence on project implementation efficiency.
3. H_{03}: Donor compliance and audit requirements have no significant influence on project implementation efficiency.

2. Literature Review

Donor financial reporting requirements refer to the rules, standards, procedures, and expectations established by funding agencies regarding the preparation, documentation, and submission of financial information. They normally include reporting timelines, approved formats, supporting evidence, financial controls, and audit requirements. Such requirements provide donors with information for monitoring resource use and project progress while encouraging implementing organizations to maintain sound financial systems (Kobayashi & Nakamura, 2023; OECD, 2023).

2.1 Donor Reporting Frequency

Reporting frequency concerns how often NGOs must submit financial information, such as monthly, quarterly, or annual reports. Regular reporting can support timely identification of financial and implementation challenges, improve monitoring, and provide updated information for managerial decisions. However, overly frequent reporting may increase administrative workload and reduce operational flexibility. The literature therefore suggests that reporting frequency can contribute to efficiency when it is supported by adequate systems and staff capacity (Anderson & Lewis, 2023; Uwimana & Ndayisenga, 2024).

2.2 Reporting Format and Documentation

Reporting format and documentation include donor-approved templates, financial records, invoices, receipts, payment records, and other evidence supporting project expenditure. Standardized formats improve consistency and comparability, while complete documentation facilitates verification, audit readiness, and financial tracking. At the same time, different donor templates and documentation standards can create duplication and additional administrative demands (Bennett & Hughes, 2023; Harrison & Cole, 2022).

2.3 Compliance and Audit Requirements

Compliance and audit requirements involve adherence to donor rules, financial controls, contractual conditions, and internal or external verification procedures. Audits can identify weaknesses, strengthen internal controls, and provide assurance that funds are used for intended purposes. Compliance procedures can also improve organizational discipline and risk management. Nevertheless, excessive procedures may increase workload if they are not integrated into routine project management (Henderson & Blake, 2023; Sullivan & Grant, 2023).

2.4 Project Implementation Efficiency

Project implementation efficiency in this study refers to the extent to which NGO projects are implemented according to planned schedules, use financial resources efficiently, achieve intended objectives, and minimize unnecessary costs and resource wastage. Effective implementation requires coordination between financial management, project planning, monitoring, and operational decision-making.

2.5 Theoretical Perspective

The study was informed by Accountability Theory, Agency Theory, and Institutional Theory. Accountability Theory explains the obligation of organizations managing entrusted resources to provide transparent information and justification for their actions. It provides a basis for understanding how reporting frequency, documentation, and audit requirements can strengthen financial discipline and project management.

Agency Theory views donors as principals who provide resources and NGOs as agents responsible for implementing funded projects. Financial reporting and audit requirements reduce information asymmetry by allowing donors to monitor how resources are used and whether implementation follows agreed objectives (Jensen & Meckling, 1976).

Institutional Theory explains how organizations adopt formal procedures in response to external expectations and pressures. Donor reporting templates, compliance procedures, and audit standards can therefore shape internal NGO systems and practices, potentially improving legitimacy and organizational efficiency (Scott, 2008).

2.6 Research Gap

Existing research has established links between financial accountability, donor compliance, and organizational performance. However, fewer studies have simultaneously examined the separate effects of reporting frequency, reporting format and documentation, and compliance and audit requirements on project implementation efficiency in Rwandan NGOs. The present study addresses this gap by focusing on selected NGOs in Kicukiro District and by combining descriptive evidence, correlation analysis, regression analysis, and qualitative managerial perspectives.

3. Methodology

3.1 Research Design and Study Setting

A descriptive and correlational research design was adopted within a mixed-methods approach. The descriptive component was used to summarize respondents' perceptions, while the correlational and regression components examined relationships and predictive effects among the study variables. The study was conducted in Kicukiro District, Kigali City, Rwanda, among five selected NGOs implementing donor-funded projects: NUDOR, HDI, RISD, SGO, and HACORWA.

3.2 Population and Participants

The target population comprised 157 individuals directly involved in project planning, financial management, reporting, monitoring, administration, and implementation across the five selected NGOs. Of these, 152 staff members were approached using structured questionnaires. Five Project Managers, one from each organization, participated as key informants.

Table 1: Population and Participants

Participant group	Targeted
NGO staff	152
Project Managers / key informants	5
Total	157

3.3 Data Collection

Primary quantitative data were collected using a structured questionnaire based on a five-point Likert scale. The questionnaire covered reporting frequency, reporting format and documentation, compliance and audit requirements, and project implementation efficiency. Semi-structured interviews were conducted with five Project Managers to obtain contextual explanations of reporting practices and implementation experiences. Secondary information from relevant documents and literature was used to support interpretation.

3.4 Validity and Reliability

The questionnaire was reviewed and piloted to improve clarity and relevance before the main data collection. Content validity was assessed using the Content Validity Index (CVI), which was reported at 0.90. Reliability was assessed using Cronbach's alpha. The three reporting constructs recorded alpha coefficients of 0.84, 0.86, and 0.82 respectively, while project implementation efficiency recorded 0.85. The overall alpha was 0.84, indicating satisfactory internal consistency.

Table 2: Validity and Reliability

Construct	Items	Cronbach's α
Reporting frequency requirements	5	0.84
Reporting format and documentation	5	0.86
Compliance and audit requirements	5	0.82
Project implementation efficiency	5	0.85
Overall	20	0.84

3.5 Data Analysis

Questionnaire data were coded and analyzed using SPSS. Descriptive statistics included frequencies, percentages, means, and standard deviations. Pearson product-moment correlation was used to assess the direction and strength of relationships between the predictors and project implementation efficiency. Multiple regression was used to estimate the combined and individual predictive contributions of the three donor reporting dimensions. Statistical significance was assessed at the 5% level. Interview responses were analyzed thematically and used to complement the quantitative findings.

The regression model was specified as: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon$, where Y represents project implementation efficiency; X_1 reporting frequency; X_2 reporting format and documentation; X_3 compliance and audit requirements; β_0 is the constant; β_1–β_3 are regression coefficients; and ε is the error term.

3.6 Diagnostic Tests and Ethics

Normality, multicollinearity, and autocorrelation diagnostics were examined before inferential analysis. The Shapiro-Wilk significance values for the four study variables ranged from 0.156 to 0.267, supporting the normality assumption. Tolerance values ranged from 0.564 to 0.891 and VIF values from 1.122 to 1.773, indicating no problematic multicollinearity. The Durbin-Watson statistic was 1.846, indicating acceptable independence of residuals.

Ethical procedures included obtaining institutional authorization, informing participants about the purpose of the study, obtaining voluntary consent, protecting confidentiality and anonymity, and using the information solely for academic purposes.

4. Results and Discussion

4.1 Response Rate and Respondent Profile

Of the 152 questionnaires distributed to NGO staff, 134 were completed and returned, giving an 88.2% questionnaire response rate. All five Project Managers participated in the interviews. The quantitative respondents comprised 76 males (56.7%) and 58 females (43.3%). Most respondents were aged 25–34 years (41.8%) or 35–44 years (31.3%). A majority held a Bachelor's degree (58.2%), while 23.1% held a Diploma and 18.7% a Master's degree. In terms of experience, 35.8% had 6–10 years and 35.1% had 2–5 years of experience. The profile indicates that most respondents had relevant education and practical exposure to NGO financial reporting and project implementation.

Table 3: Response Rate

Characteristic	Category	n	%
Gender	Male	76	56.7
	Female	58	43.3
Age	Below 25	15	11.2
	25–34	56	41.8
	35–44	42	31.3
	45+	21	15.7
Education	Diploma	31	23.1
	Bachelor's	78	58.2
	Master's	25	18.7
Experience	<2 years	16	11.9
	2–5 years	47	35.1
	6–10 years	48	35.8
	11+ years	23	17.2

4.2 Descriptive Findings

Table 4: Descriptive Findings

Study construct	Mean	SD	Interpretation
Reporting frequency requirements	4.41	0.68	High agreement
Reporting format & documentation	4.38	0.69	High agreement
Compliance & audit requirements	4.36	0.71	High agreement
Project implementation efficiency	4.35	0.70	High agreement

Respondents generally reported high levels of compliance with donor financial reporting requirements. Reporting frequency recorded the highest overall mean (M = 4.41, SD = 0.68). The highest individual frequency indicator was that periodic financial reporting improves monitoring and control of project resources (M = 4.46). Reporting format and documentation recorded an overall mean of 4.38 (SD = 0.69), with proper documentation facilitating timely report preparation and submission (M = 4.45). Compliance and audit requirements recorded an overall mean of 4.36 (SD = 0.71), with transparency and accountability associated with donor audit requirements receiving the highest mean (M = 4.43). Project implementation efficiency recorded an overall mean of 4.35 (SD = 0.70), with effective monitoring systems contributing to timely completion receiving the highest mean (M = 4.42).

4.3 Correlation Analysis

Table 4: Correlation Analysis

Variable	Reporting frequency	Format & documentation	Compliance & audit	Implementation efficiency
Reporting frequency	1.000	0.655**	0.498**	0.644**
Format & documentation	0.655**	1.000	0.307**	0.525**
Compliance & audit	0.498**	0.307**	1.000	0.473**
Implementation efficiency	0.644**	0.525**	0.473**	1.000

Pearson correlation results showed that all three dimensions of donor financial reporting requirements had positive and statistically significant relationships with project implementation efficiency. Reporting frequency had the strongest association ($r = 0.644$, $p < 0.01$), followed by reporting format and documentation ($r = 0.525$, $p < 0.01$) and compliance and audit requirements ($r = 0.473$, $p < 0.01$). These results indicate that NGOs with stronger reporting and compliance practices tend to report higher levels of project implementation efficiency. The findings are consistent with evidence that regular reporting supports monitoring and decision-making and that documentation and audit systems strengthen financial control and accountability (Anderson & Lewis, 2023; Habimana & Nkurunziza, 2024; Sullivan & Grant, 2023).

4.4 Multiple Regression Analysis

Table 5: Regression Analysis

Model statistic	Value
R	0.683
R^2	0.466
Adjusted R^2	0.454
F-statistic	37.807
p-value	< 0.001
Standard error of estimate	0.26966

The regression model was statistically significant, $F(3,130) = 37.807$, $p < 0.001$. The multiple correlation coefficient was $R = 0.683$, indicating a strong positive association between the combined reporting requirements and project implementation efficiency. The R^2 of 0.466 indicates that the three reporting dimensions jointly explained 46.6% of the observed variation in project implementation efficiency, while the adjusted R^2 was 0.454. The remaining 53.4% may be attributable to other organizational, managerial, institutional, resource, or contextual factors not included in the model.

Table 6: Correlation

Predictor	B	SE	β	t	p
Constant	0.523	0.276	—	1.896	0.000
Reporting frequency	0.413	0.092	0.418	4.489	<0.001
Format & documentation	0.167	0.076	0.187	2.208	0.029
Compliance & audit	0.188	0.067	0.207	2.805	0.006

Reporting frequency was the strongest predictor of project implementation efficiency ($\beta = 0.418$, $p < 0.001$). This finding suggests that timely and regular reporting provides current financial information that supports monitoring, early identification of challenges, and managerial decision-making. Reporting format and documentation also had a positive significant effect ($\beta = 0.187$, $p = 0.029$), indicating that accurate records, standardized formats, and supporting evidence contribute to better financial tracking and implementation decisions. Compliance and audit requirements had a positive significant effect as well ($\beta = 0.207$, $p = 0.006$), demonstrating the role of financial controls, audits, and corrective actions in reducing financial risks and improving project management.

4.5 Qualitative Insights

Interviews with the five Project Managers supported the quantitative findings. Managers described regular reporting as a mechanism for reviewing financial position and project progress, identifying problems early, and taking corrective action. They also emphasized that organized documentation made it easier to track expenditure, prepare reports, and respond to donor reviews. Compliance and audit processes were described as strengthening internal controls, accountability, and responsible resource utilization. At the same time, managers acknowledged that reporting requirements can increase administrative responsibilities when several donor systems must be managed simultaneously. The qualitative evidence therefore supports a balanced interpretation: reporting requirements are most useful when they are clear, integrated into routine management processes, and matched with adequate organizational capacity.

4.6 Hypothesis Testing

Table 7: Hypothesis Testing

Hypothesis	β	p-value	Decision
H_{01}: Reporting frequency has no significant influence	0.418	<0.001	Rejected
H_{02}: Format & documentation have no significant influence	0.187	0.029	Rejected
H_{03}: Compliance & audit have no significant influence	0.207	0.006	Rejected

All three null hypotheses were rejected because their p-values were below 0.05. The results therefore provide empirical evidence that each of the three donor financial reporting dimensions significantly influences project implementation efficiency among the selected NGOs in Kicukiro District.

5. Conclusion and Recommendations

The study concludes that donor financial reporting requirements are not only accountability mechanisms but can also serve as practical management mechanisms for improving project implementation efficiency. Regular reporting, proper documentation, and compliance and audit procedures were each positively associated with project implementation efficiency, and all three were significant predictors in the regression model.

The strongest predictor was reporting frequency, suggesting that the availability of timely financial information is particularly important for monitoring progress, identifying deviations, and making corrective decisions. Documentation and standardized formats contribute by improving the reliability and accessibility of financial information, while audit and compliance mechanisms strengthen internal control, accountability, and responsible resource utilization.

5.1 Practical Recommendations

1. NGO management should maintain internal reporting calendars, assign clear reporting responsibilities, and use routine monitoring to reduce missed deadlines.
2. NGOs should strengthen digital and physical document-management systems so that invoices, receipts, approvals, and other supporting evidence are readily accessible.
3. Project managers and finance teams should integrate donor reporting into project planning, budgeting, monitoring, and decision-making rather than treating reporting as a separate administrative task.
4. Internal audit and compliance functions should monitor the implementation of audit recommendations and use findings to strengthen controls and project management practices.
5. Donors should provide clear, practical, and harmonized reporting templates and timelines where possible, while considering the operational capacity of implementing NGOs.
6. Government and NGO support institutions should strengthen capacity-building opportunities in donor compliance, financial management, documentation, and project accountability.

5.2 Contribution to Knowledge

The study contributes empirical evidence from Kicukiro District on the relationship between specific donor financial reporting dimensions and project implementation efficiency. It demonstrates that reporting frequency, reporting format and documentation, and compliance and audit requirements should be considered distinct but complementary management dimensions. The finding that these variables jointly explain 46.6% of variation in implementation efficiency also highlights the importance of examining donor reporting alongside other organizational and project-management factors.

5.3 Limitations and Future Research

The study was limited to selected NGOs in one district and relied substantially on respondents' perceptions, which may introduce response bias. The cross-sectional design also limits conclusions about changes over time. Future research could compare multiple districts, examine different NGO sectors, use longitudinal designs, and incorporate additional predictors such as organizational leadership, project management capability, stakeholder coordination, funding stability, and institutional capacity.

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