

**STAKEHOLDER SATISFACTION IN INGO FUNDED  
LOCAL GOVERNANCE IMPROVEMENT  
PROJECTS IN SRI LANKA**

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Degree of Master of Science in Project Management

Department of Building Economics

University of Moratuwa  
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## DECLARATION

I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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The above candidate has carried out research for the Masters dissertation under my supervision.

.....  
Dr. Y.G. Sandanayake Date  
Dissertation Supervisor

## DEDICATION

*I dedicate this dissertation to my sister, brother-in-law,  
grand-mother, aunt, niece and nephew who was killed  
in a traffic accident on 29<sup>th</sup> April 2011,*



*who had been the utmost inspiration  
and light of my life.....*  
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*May this be a dedication for their greatest love,  
support and understanding...!*

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Last, but not least, I thank my staff and my family for their continuous help and encouragement throughout this study.

Dhilsharth, M.J.M.

March 2013

Department of Building Economics

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## ABSTRACT

Stakeholder satisfaction is an utmost important factor in INGO funded projects especially local governance improvement projects. Stakeholders are satisfied in two key elements in local governance such as expectations and involvement which has an impact on the success of a project. Authors and experts on local governance highlighted the importance of adaptation of these elements and identified various factors of stakeholder satisfaction which could be categorized under both elements, in order to enhance performance of local governance improvement projects.

Stakeholder satisfaction is something which is related with successful implementation of a project. It is prominent to consider stakeholder satisfaction as many INGOs are currently operational widely in Sri Lanka. But, literature on local governance and INGO related activities have given very little consideration regarding stakeholder satisfaction which can be useful to improve the performance of project teams and it is particularly a new topic to Sri Lankan industry. Therefore the aim of the study is to investigate stakeholder satisfaction in INGO funded local governance improvement projects in Sri Lanka.

Key factors of stakeholder satisfaction were identified through literature review. A preliminary survey was conducted to get the opinion of experts in local governance in INGO funded local governance improvement to customize these factors to Sri Lankan context. The outcome of the preliminary survey was customized factors of stakeholder satisfaction and development of stakeholder satisfaction analysis model to be tested in INGO funded local governance improvement projects in Sri Lanka. The research problem was approached through the case study investigation using 12 unstructured interviews. Interview guideline was developed in a way get the level of satisfaction of stakeholders in their expectations and involvements, issues and challenges faced and recommendations to achieve stakeholder satisfaction in INGO funded local governance improvement projects. Stakeholders who have high power and high level of interest such as donors, implementers and beneficiaries were interviewed for data collection and finding were analysed using content analysis technique.

The findings revealed that donors, implementers and beneficiaries are mostly satisfied on the key elements of stakeholder satisfaction while implementers leave some room for satisfaction on their expectations. Stakeholders of local governance improvement projects faced issues mostly pertaining to less involvement of councillors and local people in project implementation, absence of project end reviews and project maintenance, less stakeholder involvement in project planning and not achieving set goal with expected quality and within the budget. The issues and challenges identified through the empirical study provide INGO funded local governance improvement projects areas for improvement.

It was revealed through the study; even though stakeholders are satisfied on key factors there were some room for improvement which could be filled with the recommendation made by each stakeholder considered for the study. The study revealed that the stakeholders considered for the study had same key recommendations to improve stakeholder satisfaction which include strengthening institutional capacity of local government, incorporating implementers, beneficiaries and government authorities for project implementation throughout the project, participatory project management and donor facilitated project end reviews and project maintenance.

**Keywords:** *Local governance improvement projects, International non government organizations, Stakeholder expectation and stakeholder involvement.*

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## LIST OF ABBREVIATIONS

| <b>Abbreviation</b> | <b>Description</b>                                 |
|---------------------|--|
| CIDA                | Canadian International Development Agency          |
| DAH                 | District administrative head                       |
| DFID                | Department for International Development           |
| EPC                 | Eastern Provincial Council                         |
| INGO                | International non-government organization          |
| JICA                | Japanese International Cooperation Agency          |
| NWSDB               | National Water Supply and Drainage Board           |
| NGO                 | Non-government organization                        |
| LA                  | Local Authority                                    |
| MED                 | Ministry of Economic Development                   |
| MPCLG               | Ministry Provincial Council and Local Government   |
| PAH                 | Provincial Administrative Head                     |
| SAC                 | Social Audit Committee                             |
| SSAM                | Stakeholder Satisfaction Analysis Model            |
| UNDP                | United Nations Development Program                 |
| USAID               | United States Agency for International Development |



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