

**EVALUATION OF THE IMPLEMENTATION OF AID
EFFECTIVENESS AFTER THE SIGNING OF PARIS
DECLARATION, 2005: A CASE STUDY OF THE MINISTRY OF
FINANCE, KENYA**

BY:

STEPHEN MAKORI ONCHOKE

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILLMENT FOR THE REQUIREMENT OF THE
DEGREE OF MASTERS OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

OCTOBER, 2011

DECLARATION

This Management Research Project is my original work and has not been presented for a ward of a degree in any other University.

Student.....

Date.....

STEPHEN MAKORI ONCHOKE

D61/70604/2009

SUPERVISOR

This Management Research Project has been submitted for examination with my approval as the University Supervisor.

Supervisor.....

Date.....

DR. WAHOME GAKURU

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENT

The project developed into a valuable product through committed hands, minds and hearts many people. I convey my sincere gratitude to all people whose understanding cooperation, support, encouragement and criticisms helped in the successful writing of the project.

First, my sincere thanks to Dr, Wahome Gakuru for skillful and timely guidance during the research process. I would also acknowledge the contribution of the rest of the University of Nairobi fraternity especially the library staff, department chairman and moderator to the success of this project.

I want to sincerely appreciate my employer, Ministry of Finance for allowing the time to concentrate on my studies during the period I took the MBA course.

Thank you all.

DEDICATION

This dedication is my mother Clemensia Moraa Onchoke. Without her knowledge, wisdom, and guidance, I would not have to strive and be the best to reach my dreams. And to my Wife Mary for her continuous support and for those times when she knew it would be best not to disturb my concentration. Finally, to my children Felix, Faith, Collins and Joshua, you are such a wonderful gift and blessing from God.

ABSTRACT

The Paris Declaration, 2005 on Aid effectiveness represents a landmark achievement for the international community, which brings together a number of key principles and commitments in a coherent way. It includes a framework for mutual accountability, identifies a number of indicators for tracking progress on the part of donors and partner countries. In 2005, Kenya signed into the Paris Declaration on Aid effectiveness along with some of its bilateral and multilateral Development Partners, with the objective of stimulating broad based dialogue so as to achieve increased efficiency and efficacy in provision and management of aid flow to the country. This policy has been developed in the context of Paris Declaration, the Accra Agenda for Action (2008) and the New Constitution and has set ambitious goals that will respond to Kenya's situation and needs.

Although donors have argued that they have changed their approach and conditionality has been replaced by country ownership, poverty reduction and pro- growth strategies, experience on the ground suggest otherwise. Lack of harmonization and alignment policies and programs among various donors' agencies continue to mar effective aid delivery to recipient executing agencies. The study notes with concern the little progress towards the use of national systems in delivery of aid despite the enormous efforts by government in areas of public financial management reforms, procurement reforms and strengthening institutions of fighting corruption. The study outlines some of the challenges facing the implementation of Paris Declaration on aid effectiveness and proceeds to discuss some of the policy recommendations the governments and donors should adopt towards making aid delivery more effective.

TABLE OF CONTENTS

Declaration.....	ii
Acknowledgements.....	iii
Dedication	iv
Abstract.....	v
List of Tables.....	viii
List of Figures.....	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Post Paris Declaration on Aid Effectiveness.....	2
1.1.2 Kenyan Aid Situation.....	5
1.2 Statement of the Problem	6
1.3 Objectives of the Study.....	8
1.4 Importance of the Study.....	8
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 Introduction.....	10
2.2 Concept of Aid Effectiveness.....	10
2.3 African Situation on Aid Effectiveness.....	15
2.4 Conceptual Framework.....	18
2.5 Definition of Independent Variables.....	19

2.6 Challenges of Implementing Post Paris Declaration on Aid Effectiveness.....	23
CHAPTER THREE: RESEARCH METHODOLOGY.....	26
3.1 Introduction.....	26
3.2 Research Design.....	26
3.3 Data Collection	27
3.4 Data Analysis.....	27
CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS.....	28
4.1 Introduction.....	28
4.2 General Information.....	28
4.3 Implementation of Post Paris Declaration on aid effectiveness in Kenya.....	30
4.4 Challenges facing the Post Paris Declaration on aid effectiveness in Kenya.....	36
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	40
5.1 Summary.....	40
5.2 Conclusions.....	42
5.3 Recommendations.....	43
REFERENCES.....	47
APPENDICES.....	50

LIST OF TABLES

Table 4.1: External Resources Loans for Projects in 2009/2010.....	32
Table 4.2: Sector Involvement by Donors.....	34
Table 4.3: Type of support by Donors.....	35

LIST OF FIGURES

Figure 1.1 Aid Effectiveness Pyramid.....	13
Figure 1.2 Conceptual Frameworks.....	18