

**FACTORS INFLUENCING LOAN EFFECTIVENESS IN
DONOR PROJECTS IN KENYA: A CASE OF RURAL
HEALTH III PROJECT**

BY

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DECLARATION

This research project is my original work and has not been presented for any examination in any other institution.

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DEDICATION

I would like to dedicate this project to my dear parents Mr. and Mrs. Sungu.

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
CSP	Country Strategy Paper
DMD	Debt Development Department
ERD	External Resource Department
FY	Financial Year
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
GOK	Government of Kenya
MOF	Ministry of Finance
OPEC	Organization of Oil Producing Export Countries
PIU	Project Implementing Unit
PMU	Project Management Unit
RMC	Regional Member Country
SAP	Structural Adjustment Programme
TOC	Theory of Constraints
WB	World Bank
UNDP	United Nations Development Programme

ABSTRACT

Various studies have attempted to reveal the causes of delay in start-up and completion of donor projects in Kenya and other parts of the world. Most of these scholars have pointed out that delays in funds disbursements, poor project preparation, government bureaucracy, among other causes were found to be significant factors affecting completion of donor project. It is however evident that most considerable delays during project start up, delays successive project activities thus delaying project completion. Most of the projects experience lengthy projects gestation periods of average 24months (period from signing of the loan to first loan disbursement) that cause unnecessary time and project overruns. Hence, this project mainly focused on loan effectiveness since it is this factor that determines timely project start up in donor funded projects. The purpose of this study therefore sought to assess factors that influence loan effectiveness in donor projects in Kenya, Case of Rural Health III Project. Kenya's Rural Health III project funded by African Development Bank (ADB) just like many other projects is a matter of public interest and it was evident that it took long time for its first loan allocation to be effective. Since the problem is more likely to reoccur to other starting projects, it was crucial to identify these factors and assess how they influence loan effectiveness in donor projects. This will help Government of Kenya and Project Implementers to minimize significant delays and other unnecessary costs in donor funded project thus improving aid effectiveness. The objectives of the study was to assess how Precedent loan conditions, Capacity of Project implementers, Level of Planning and Communication factors influence loan effectiveness in donor projects in Kenya. The research design used was Descriptive and the data collected was quantitative in nature. The sample size of 176 was used, which was drawn using simple random sampling from a stratified population of Project Management Unit, Ministry of Health and National Treasury Staff. The information was gathered by use of questionnaires that were administered to the sample to answer the research questions. The validity and reliability of the instrument was enhanced through guidance of my supervisor and piloting testing the questionnaire to the respondents before the actual data collection to ensure that the instrument answered the research questions of this study. Data gathered was analyzed using SPSS. The study found out that inadequate knowledge in donor disbursement rules, longer time by borrower to fulfil precedent loan conditions, inadequate staff commitment to adherence of plans, inadequate coordination of roles and responsibilities, long communication levels in the organization and inadequate stakeholders participation during earlier stages of project to be some of the significant factors that contributed to delay in loan effectiveness in donor projects in Kenya. It was concluded that for timely project loan effectiveness, there is need to improve appreciation of roles of project planning and management within projects and other relevant criteria in achievement of project goals and long term expectations. In addition, adequate borrower's need to involve key project staff during project appraisal stages, adoption of flatter organization arrangement and joint donor and creditor staff capacity training and development and staff motivation were recommended by the study so as to minimize delay in project loan effectiveness.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Most countries sort to domestic and external borrowing to fill its budget deficit since its tax revenues collected do not meet the development and recurrent expenditure of its citizens. With the increase in Kenya's budget deficit from Ksh505.2 billion 2012/13 to Ksh614 billion 2013/14 the country's deficit financing options has been through domestic and external borrowing and issuance of sovereign bonds. Kenya's total debt stood at Ksh 2,062,770 billion as at the end October 2013 Public Debt whereby 43% of this amount is composed of external debt. This amount is likely to touch the Ksh 2trillion mark before end of financial year going by Treasury's borrowing plan which includes the issue of a \$1billion Eurobond. (Business Daily, 14th May 2014).

In Kenya, external grants and concessional loans provide crucial resources to support the expansion of public investment programs e.g. building important social-economic infrastructure that are fundamental in the achievement of Vision 2030 goals which aspires to provide high quality of life to its citizens and transform Kenya into newly industrializing, middle income country by the year 2030. Mwega (2009) cited that, the last decade or so has, however, seen a radical criticism of foreign aid. This has driven the perception that foreign aid has not produced the desired or expected results in that, foreign aid can only raise growth in a good policy environment. Where the environment is not good it will have no positive effect and will be wasted at best.

Successful implementation of development projects and programs depends on several factors including the predictability and timing of donor disbursement. The utilization of these loan funds is often seriously compromised by delays in disbursements and the associated unpredictability of its availability. Despite having donor activities in sub-Saharan Africa for more than a decade, most projects in this region have continued to experience long periods of uncertainties in the flow of aids (Mnyawi, Mbaso and Luwao, 2013). In Kenya, disbursement of external project loans continues to record a dismal performance. For instance, the amount disbursed under project loan was Ksh 39.8 million which was below the annual projected target of Ksh 66.5 million at the end of financial year 2009/10. This trend has continued to be

the case trend up to date (as shown appendix III). This low disbursement rates of project loan is due to low absorption capacity of project funds. (Public Debt Management Annual Report, 2010/2011).

Donor projects are characterized by having precedent and subsequent conditions to disbursements which the borrower needs to commit itself to fulfil in time so that the project may access the project funds as per the planned disbursement schedule. Timely fulfilment of precedent loan conditions warrants the project loan to be effective as per the plan, otherwise delay in loan effectiveness leads to project time overruns and payment of commitment fees. According to Nkamleu, Tourino and Edwin (2011), delays in donor projects gestation (lengthy delays in signing loan agreements, loan effectiveness and first disbursement) has always been identified as a recurrent bottleneck constraining the performance of most operations. The review of African Development Bank 1996-1998 evaluation results identified time delays as one of the weakest parts of implementation performance with startup delays average of 24 months(or 44% above original end period of project estimated) with delays in loan effectiveness accounting for almost half of the total delay. The delay in loan effectiveness was found to be one of the major factors affecting the smooth implementation of some Bank Group assisted projects.

Previous studies reveal that delay in donor project loan effectiveness has been blamed on the failure to meet conditionality requirements of multilateral development banks, lack of commitment, stringent conditions, poor communication and coordination in Tanzania(Mnyawi., et al, 2013), in Uganda, failure by the borrower to meet its precedent conditions in time , lack of technical persons and commitment by the some stakeholders was found to be factors that cause delay in loan effectiveness which caused delays in project start up and implementation (Office of the Auditor General Uganda, 2010). Therefore, timely project loan effectiveness which is key to effective project start up is critical in the success of development operations and aid effectiveness in a country. A project is able to absorb the allocated loan funds in time and at the same time adhere to its implementing targets and objectives to avoid project overruns. The problem of delay in completion of projects and aid ineffectiveness in Kenya can be partly reduced first, by identifying causes of delay in loan effectiveness in donor operations, as this will shade more light into the problem. Secondly, this knowledge will later prompt solutions and strategies that will reduce these delays.

Effective and efficient implementation of Kenya's Vision 2030 foundations for national transformation in infrastructure, public, education, security, health population housing and environment sectors is crucial for the improvement of quality of lives of Kenya. Rural Health III project is a project under health pillar funded by African Development Bank (ADB) and Government of Kenya. According to African Development Bank Group (2012), a loan is planned to be effective 120 days after date of signing the loan agreement. However this project took a period of sixteen months for its loan to be effective. The loan was signed in 6th September 2004, declared effective on 21st April 2006 against the planned date of loan effectiveness of 4th January 2005. This delay caused critical phases of the projects to delay that later necessitated the need for a two year extension of the last disbursement date and payment of commitment fees. The purpose of this project was to contribute to the achievement sector goal of improving health status of all Kenyans by improving population access to quality health population through rehabilitation of dispensaries and health centers, operational referral system and training of health workers.

1.2 Statement of the Problem

In their research, Nkamlue, Tourino and Edwin (2011), revealed that, globally the total time elapsed between approval of project loan and first loan disbursement to twenty (20) months on average. Close to half of this time period, total delay is attributed to delay between commitment and loan effectiveness. This indicates that the borrower bears a major part of responsibility in the delay in loan effectiveness.

The delay in loan effectiveness negatively affects success of the project as it disrupts the predictability of timing and disbursements amount which is crucial for successful implementation of development operations. This delay makes the project implementing unit not to timely access the project funds as per the disbursement schedule leading to failure in meeting project implementation targets and resulting in incurred interest charges. (HDR, 2005)

The influence and importance of delay in loan effectiveness in project performance emphasizes the need for a systematic effort to understand why many donor projects experience delay in loan effectiveness. This understanding is crucial as it will help to set up effective strategies to mitigate delay in loan effectiveness and later on enable donor projects to be completed within planned schedule and budget.

Many past studies have attempted to investigate the factors influencing completion of donor projects of which have pointed out that delays in funds disbursements, poor project preparation, government bureaucracy, among other causes to be significant factors affecting completion of donor project (Kagiri and Wainana, (2008), Mnyawi, Mbasa and Lawuo (2013), M. Ngesa, (2012) etc.). However, in Kenya, not much has been adequately focused specifically on fulfilment of precedent loan conditions which is key to timely loan effectiveness in donor projects. Kenya's Rural Health III project funded by African Development Bank (ADB) is a matter of public interest and it is evident that it took long time for its first loan allocation to be effective. To be able to respond to delay in loan effectiveness, it is crucial to identify these factors and assess how they influence loan effectiveness in donor projects.

This study therefore sought to assess factors that influence loan effectiveness in donor projects in Kenya. Case of Rural Health III Project.

1.3 Purpose of the Study

The purpose of the study is therefore to assess the factors that influence loan effectiveness in donor projects in Rural Health III Project in Kenya.

1.4 Objectives of the Study

The study sought;

1. To determine the influence of precedent loan conditionalities on loan effectiveness of donor projects in Kenya.
2. To assess the influence of project planning on loan effectiveness donor projects in Kenya.
3. To establish the influence of capacity of the implementers on loan effectiveness in donor projects in Kenya
4. To establish the influence of communication flow among project implementers on loan effectiveness in donor projects in Kenya.

1.5 Research Questions

The study sought to answer the following questions;

1. How do precedent loan conditionalities influence loan effectiveness in donor projects in Kenya?
2. To what extent does level of project planning influence loan effectiveness in donor projects in Kenya?
3. What is the influence of capacity of project implementing unit on loan effectiveness in donor projects in Kenya?
4. How does communication flow among project implementers influence loan effectiveness in the donor projects in Kenya?

1.6 Significance of the Study

The findings from this study may provide an insight to Government of Kenya, project managers, citizens and researchers on what are the major causes of delay in declaration of loan effectiveness which has been ailing successful completion of donor funded projects in Kenya.

The revelations may enable GoK and project implementing agencies to take stock of past performance and incorporate the lessons learnt on future donor funded projects especially during planning. Since the problem has a potential of recurring in future projects, there is need to anticipate its occurrence hence proper strategies and mechanism needs to be adopted to overcome or minimize the problem of delay in loan effectiveness.

The study would also be a valuable source of reference to researchers or academicians who might be undertaking such a similar problem study. Since donor funded loans are serviced by tax payers or the citizens of Kenya, this research would provide awareness on public spending and challenges faced while ensuring effective and efficient spending of development funds as per the national budget.

1.7 Delimitation of the Study

The scope of the study focused on Rural III Health Project which was funded by ADB, the Project Staff, Ministry of Health (Project Implementing Ministry) and National Treasury which was the government office that coordinated the project financial disbursements from the donor. All these offices are located in Nairobi. The offices mentioned were responsible

for coordinating and/or implementing the precedent loan conditions that were a requirement for declaring the loan effective.

The researcher studied project events or activities from signing of the loan agreement up to the time the loan was declared effective i.e. from September 2004 to April 2006. This enabled the researcher to capture the reasons why the loan was not declared effective as envisaged in the loan agreement.

1.8 Limitations of the Study

Most of the respondents were government officials and accessing them needed to be within normal working hours, the researcher sought permission from relevant authorities or immediate supervisors before engaging the staff in during the study. Appointment was sought in advance so as not to disrupt their normal work schedule. Excellent people skills from the researcher and follow ups were made in cases of uncooperative respondents.

It was somehow impossible to reach other consultants involved in these projects since most of them had left after project hand over .Hence the researcher relied on secondary data to capture the information needed.

1.9 Basic Assumptions of the Study

It was assumed that all the respondents filled the questionnaires truthfully and the feedback would be consistent. This enabled the researcher to answer the research objectives and achieve the research objectives.

1.10 Definitions of Significant Terms used in the Study

Capacity of Project Implementers: These are the skills, trainings, qualifications, adequacy and availability of the project implementer that is required to deliver the project successfully and ensure longer term sustainability.

Communication Flow: Exchange of verbal or non-verbal information or instructions within an institution or between two or more institutions. In involves use of media like telephone, internet, meetings etc.

Donor Projects: Refers to project that are financed by a country's external creditors. External creditors may be bilateral; from a government or multilateral; group of organizations, banks or countries. The finance is in form of a loan which is repayable with interest and incase of default it accrues some penalties.

Loan Effectiveness: Time at which the project implementer qualifies to use the first loan allocation so as to start implementing the project activities. The loan effectiveness date is normally indicated in the project loan agreement as the planned date that the borrower is supposed to access first loan allocation after having fulfilled the conditions to first loan disbursement/precedent conditions to avoid delays and payment of commitment fees.

Precedent Loan Conditions: These are conditions the borrower needs to fulfill for the loan to be declared effective.

Project Implementing Unit: These are the key project staff i.e. project manager, accountant, engineer/architecture, M&E specialist, procurement officer e.tc who are responsible for the implementation of the project.

Project Planning: Preparation and use of documented schedules that enable project implementers to complete a project within a certain time frame, usually with defined stages and with designated resource.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focused on the literature review conducted by the researcher. It also includes a review of the various studies that have been conducted by other researchers on loan effectiveness of donor projects and other related studies. Among areas that was reviewed include: An overview of donor activities in Kenya; characteristics of donor projects; cases where projects have delayed in loan effectiveness; an in-depth look at causes of delay in loan effectiveness in donor projects; this chapter also highlights the research gaps identified and provides a theoretical and conceptual framework to show the relationship between the dependent and independent variables.

2.2 Overview of Donor Funding and Activities in Kenya

Deficits in the current account were considered normal in the last three decades. According to Kosimbei (2009), these deficits is normally blamed on a countries low level of economic development, over in-debttness, macroeconomic shocks and poor government control of its expenditure. Countries normally were encouraged to borrow abroad and create an environment conducive to foreign investment to boost their economic growth through development of sustainable projects. Mwega (2009) indicated that, Kenya's flow of foreign aid started to take visible trend in the 1980's though borrowing from external sources started way before this period but after independence.

According to National Treasury October 2013 Debt Bulletin, Kenya's external loans are majorly sourced through bilateral, multilateral and other commercial banks. Bilateral creditors are Japan, China, Denmark etc.; multilateral creditors are World Bank, IMF, ADB, IDA, etc. As at end of October 2013 overall public and publicly guaranteed external debt stood at Ksh887.99billion whereby 30.8% (232.41 billion) comes from bilateral creditors and 60.8% (Ksh540.22 billion) are sourced through multilateral creditors. Currently, this total debt amount is likely to increase to the Ksh 2trillion before the end of 2013/2014 financial year. (Business Daily, 14th May 2014).

The achievement of Millennium Development Goals or Kenya's Vision 2030 is operationalized through the implementation of the flagship projects under pinned in economic, social and health pillars of this plan. These projects are original large scale

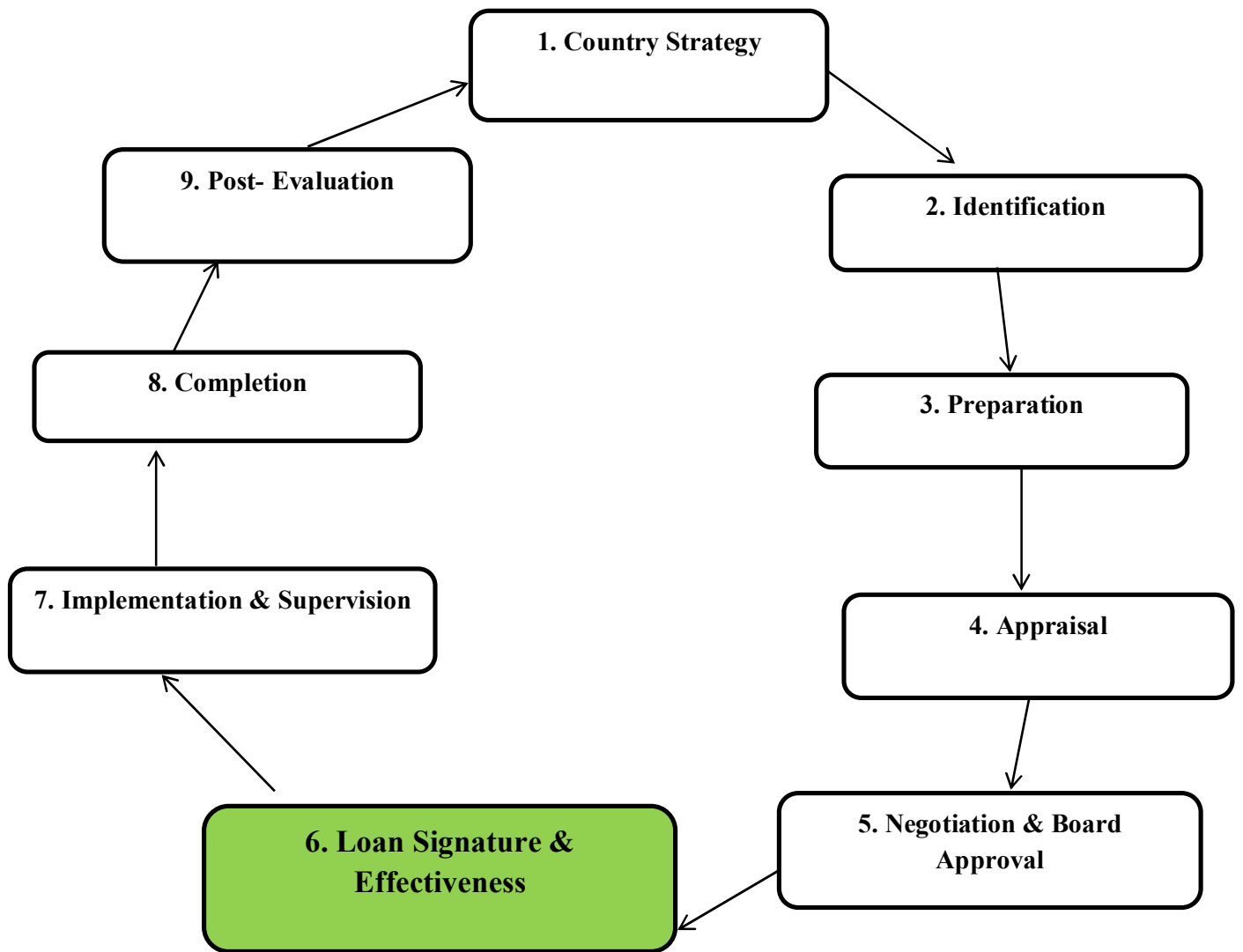
initiatives that look beyond their immediate locality and are capable of impacting on the entire nation. Just like any other project, adequacy, predictability and timeliness of funds are critical in successful completion of projects. Even though most of these flagship projects were earmarked to be financed through issuance of infrastructure bonds and Private Public sector Partnerships (PPP) most of them have been and will continue to be financed through donor funds.

In Kenya's budget, external funding is usually channeled via the development budget. Donor assistance comes in form of grants and loans disbursed either as revenue or Appropriation-in-Aid. Of the total Ksh 255billion (15.5% of Budget 2013/2014) expected from both bilateral and multilateral donor countries in 2013/2014, external loans will account for 73.6% and external grants 26.4%.

2.2.1 Characteristics of Donor Project

Generally, features of donor projects are that they follow a standard project cycle. The difference comes in the specifics/details of the conditionality and repayment terms. The project cycle has a number of successive phases, from identification to post-evaluation, intended to achieve specific objectives consistent with the country's development plan and donor strategy. (ADB Disbursement Handbook, 2012)

Figure 1: Donor Project Cycle



Source: *ADB Disbursement Handbook 2012 version*

Country Strategy Paper involves the Bank working with the borrower regional member country to define a development strategy and operational program in country strategy paper (CSP) (ADB Disbursement Handbook, 2012). Then follows identification projects and preparation or planning. The Bank then carries out assessment whose product is a project appraisal report that informs the Banks decision to provide financing and forms the basis of the legal documents. Borrower and Bank engage in Loan Negotiation that will fund the project. After agreement to terms and conditions they sign the loan agreement. Terms and conditions consists of precedent and subsequent loan conditions, terms for repayment of the loans and penalties. The special conditions of effectiveness are also referred to as Precedent Conditions to first loan disbursements. The first loan disbursement can only be released to the project account after all the required conditions have been met by the Borrower. The Borrower is normally given defined time to fulfill all the precedent loan condition, otherwise commitment fee charged at 0.5 % per annum on undisbursed loan amount accruing 120 days, starting at loan signature date. (African Development Bank Group Loan Administration, June 2012)

According to African Development Bank (2012), Loan Effectiveness Date is the date at which the Bank determines that the Borrower has satisfied all the conditions for effectiveness of the loan. The Bank notifies the Borrower of effectiveness upon receipt and acceptance of the documents submitted to in fulfilment of the effectiveness conditions. Most project loan agreements have it as 120 days after date of signing of the project loan agreement. After declaring loan effective the borrow then qualifies for first disbursement for implementation this is followed by Project Supervision, Completion and Post Evaluation.

2.3 Cases of Delays in Loan Effectiveness

Nkamleu, Tourino and Edwin (2011), in their of study of 525 ADB operations implemented across 41 countries, having elapsed time from commitment to entry into force; elapsed time from effectiveness to first disbursement and total elapsed time between approval and first disbursement as variables of interest, revealed that total time elapsed between approval and first disbursement was 20 months on average. This period was decomposed as follows; 5 months delay between approval and commitment, 9 months delay between commitment and effectiveness and 6 months for the time elapsed between effectiveness and first disbursement. This indicates that considerable delay in projects start up is experienced when project is fulfilling the precedent loan conditions so that the loan may be declared effective.

In their further analysis on the relationship between time delays and geographical distribution of African countries, it was revealed that start up delays ranged between 22 months and 8 months among ADB countries. This is shown in the table 2.1

Table 2.1: Start Delays in various Geographic Regions

Region in Africa	Total time elapsed approval to first disbursement (months)	Total time elapsed approval to commitment (months)	Total time elapsed commitment into force (months)	Total time elapsed effectiveness to first disbursements (months)
Center	24.6	5.3	14	5.7
East	21.9	5.7	8.8	7
North	21.2	5.1	9.4	6.6
South	22.6	4.5	10.4	7.9
West	20.6	3.7	11.2	5.7
Multinational Projects	12.1	5.6	3.7	3.6

Source: Nkamleu, Tourino and Edwin (2011)

Globally, national projects experience more delays than multinational projects. This is particularly pronounced for length of time between commitment and effectiveness i.e. close to half of the total time delay is attributed between commitment and loan effectiveness. Since the borrower is obligated to fulfill the precedent loan conditions, it is with no doubt that, the borrowers bears a major part of the responsibility in project delay at start up.

According to Uganda Office of the Auditor General (2011), performance conditions set in the project loan agreement took long time to be fulfilled leading to delays in utilization of the project funds. As revealed in the audit report, declaration of project loan effectiveness delayed for a period ranging between from 2 to 7 years. Uganda's Vegetable Oil Development Project funded by IFAD whose main objective was to increase household cash income among smallholders by revitalizing and increasing domestic vegetable oil in partnership with private sectors suffered long period of delays leading to a number of extensions. This project took more than 5 years to declare its loan effective. The project's precedent conditions: identifying a private partner and establishing the key institution for

mobilizing smallholder participation took 5 years to be fulfilled (IFAD). Uganda Office of the Auditor General (2011), the lack of technical persons on the project implementation team to provide guidance on the tasks and lack of commitment by some of the project stakeholders were found to be the major cause of delay in loan effectiveness.

In Tanzania, Small Entrepreneurs Loan Facility Project late project loan effectiveness and startup affected project implementation schedule. At appraisal the project was estimated to start in January 1999 for duration of five years. However the commencement of project was majorly delayed due to delayed fulfillment of precedent loan conditions by almost 8 months. This necessitated the government to request for two year extension of the last date of loan disbursement. The project adherence to schedule of implementation was rated unsatisfactory (African Development Bank, 2009).

Kenya just like other African countries has had its fair share of delay in project loan effectiveness. Examples of such donor projects financed by the African Development Bank that whose project loan delayed to be effective are shown in the table 2.2.

Table 2.2: Delay in Loan Effectiveness in some ADB projects

Project	Date of Loan Signature/Commitment	Planned Date of Loan Effectiveness	Actual Date of Loan Effectiveness	Delay in Months
Nairobi-Thika Highway Project	26-Nov-07	25-Mar-08	05-Jun-09	14.33
Rift Valley Water Supply & Sanitation Project	06-Sep-04	04-Jan-05	30-Oct-06	21.87
Arusha-Namanga-Athi River Road Development	08-Feb-07	08-Jun-07	28-Jan-08	7.67
Water Services Boards Support Project	26-Nov-07	25-Mar-08	18-Nov-08	7.77
Rural Health III Project	06-Sep-04	04-Jan-05	21-Apr-06	15.57
District Roads 2000 Project	12-Jul-01	Nov-01	29-Apr-2002	6

Source: *ADB Project Appraisal & Completion Reports*

The Rural Health III Project loan effectiveness delayed by a period of 15 months. The main purpose of the project was to improve access of the population to quality health care by rehabilitating and equipping existing facilities in the selected rural health facilities. According to the Project Completion Report, there was significant time overruns on project milestone as set out at appraisal. The project became effective 15 months after board approval of the loan

and its closing date was extended by 20 months from the original closing date. This delay did not only denied the citizens timely benefits of the project but also the government has paid a total of USD 560,082.20(Ksh 49,197,620.45: 1USD=87.40 Ksh; May 2014 CBK exchange rates) as commitment fee due to delay in utilization of the loan amount. (Debt Management Department, 2014)

2.4 Factors Influencing Loan Effectiveness in Donor Projects

The factors influencing loan effectiveness in donor projects are many and can be broadly categorized into four themes; precedent loan conditionalities, level of project planning, capacity of the project implementing unit and communication flow among project implementers. These factors contribute to delay in loan effectiveness.

2.4.1 Precedent Loan Conditionalities and Loan Effectiveness

The first disbursement cannot be made until the conditions precedent to effectiveness of the loan agreement and other conditions in loan agreement are fulfilled. According to ADB Disbursement Handbook (2012), a borrower is given 120 days after signing of the loan agreement to fulfill all the precedent conditions for the loan to be effective. These conditions are; opening of special and local accounts, employing a project steering committee and implementing unit whose qualification are as per the donor requirements, borrower committing itself by contributing of certain amount of counterpart funds and submission of a work program for one year and its budget.

These conditions are obligatory and standard across all donors. They are;

i) Account Opening

The Borrower is supposed to open and provide evidence to the donor that two separate Special Account at the Central Bank of Kenya into which part of the loan resources and grant resources will be deposited respectively and three local currency accounts in a commercial bank acceptable to the donor have been opened to deposit Loan resources, grant resources and GoK counterpart funds.

ii) Recruitment of Project Steering Committee

The Borrower is supposed to provide evidence of the establishment of Steering Committee whose members shall include representatives from the project implementing ministry, National Treasury and other representatives from relative ministries and the project manager.

iii) Recruitment of Project Implementing Unit/Agency

The Borrower is supposed to recruit key persons who will implement the project. These persons are the Project Manager, Procurement specialist/Quantity Surveyor, Monitoring and Evaluation Specialist, Accountant, Architect/Engineer (depending on the nature of the project) etc. whose qualifications and experience are as per the donor requirements.

Other conditions depending on the nature of the project are submission of detailed project designs and annual work plans of the projects activities, acquisition of land for putting up the project and compensation of persons affected by the project. (Rural Health III and Nairobi-Thika Road Projects Loan Agreements)

Even though these precedent conditionalities are crucial in facilitating funds transfer from donor to the project account., Mnyawi, Mbasu and Lawuo, (2013) argues that conditionality requirements of multilateral agencies cause delay in loan effectiveness or disbursements of aid and that these delays have nothing to do with the recipient failure to fulfill their part of the bargain. Acquiring letter of No Objection involves lengthy procedures and time. This is because, after the borrower has implemented of these conditions, he submits evidence to the donor having fulfilled the said conditions whereby the donor is supposed to respond by a letter of No Objection if the conditions have been met satisfactorily. Each precedent condition that is fulfilled requires approval or letter of No Objection from the bank. The tentative period time for the bank to respond or approve these requirements is 10 working days (ADB Disbursement Handbook, 2012). Also within the government there are administrative procedure that are followed to ensure that precedent conditions are met. Considering the bureaucratic process in governments of developing countries this has led to reporting load (Ngesa R., 2010) thus causing late fulfillment of precedent conditions.

Bulir and Lane (2002) observed that donors do set a number of conditions that govern the entire disbursement of funds to the recipient. It also sets out the accountability criteria for previously disbursed funds before additional tranches are released to PIUs. The process is rigorous and time consuming moreover, the borrower must abide by all rules and regulations for disbursement of funds failure to which may lead to suspension of aid.

Loans provided by the International Monetary Fund and the World Bank (WB) to countries that experience economic crises (IMF) in form of Structural Adjustment Programs (SAP) have very severe stringent economic or financial conditions/policies that require borrowing countries to implement them to obtain the loans. This particular form of conditionality should not be confused by the precedent conditionality in this study since conditions in the SAP are meant to reduce the borrowing country's fiscal imbalances in the short and medium

term or to adjust the economy to long term growth after economic/financial crises. Conditions in this type of loan consist government cut on wage bill or reducing its expenditure.

Despite this difference, we may however borrow the concept of *ex ante* and *ex post* conditionality. Mwega (2012) in his study of Aid Effectiveness in Kenya, discourages the concept of *ex ante* conditionality (where by the borrower is supposed to fulfill the conditions so that he may receive the aid) while he encourages the concept of *ex post* conditionality where the recipient government receives the aid designs its own policies with a focus owning the project actively and later improving the economic conditions of the country. In this study the *ex ante* conditionality is justifiable as the conditions are only meant to facilitate the disbursement of funds and smooth start up projects. However, the stage at which this concept is applicable in the loan cycle has proved to be problematic in most donor funded projects in developing countries as most of the projects tend to deviate from the initial plan date of fulfilling the precedent conditions causing massive time and cost overruns. In most donor funded projects the *ex ante* conditionality concept is applied after signing the loan agreement in the borrower is obligated to fulfill these conditions so that the loan can be effective.

Keng'ara R. (2014) in his study of Disbursement Performance in Kenya recommends that to reduce the delay between signing the loan agreement and first disbursement the PIU must be constituted. Nkamlue, Tourino and Edwin (2011), also supports that approval of project at later stage of the procurement process including adequate capacity assessment before board approval of the loan would help reduce delays in loan effectiveness. This implies that precedent loan conditions will be fulfilled at much earlier stage before approval or signing of the project loan thus eliminating unnecessary delays in loan effectiveness.

2.4.2 Capacity of the Project Implementers and Loan Effectiveness

Project implementers are key persons or institution or organization responsible for planning, performing and completion of the project activities. Depending on the nature of the project the project implementers may constitute more than one institution but perform different functions in coordination with each other to complete the project. In many instances most of the public funded projects constitute of the Project Management Unit, Project Implementing Ministry and Ministry of Finance or National Treasury as its project implementers.

The Project Implementing Unit (PIU)/Project Management Unit (PMU) are the key and technical persons who are involved directly with the operations of the project. They perform such activities like planning, controlling and execution of project tasks. With regard to the

type of project they include Project Manager, Accountant, Procurement Specialist, Monitoring and Evaluation Specialist etc. (Rural Health III Loan Agreement)

The Project Implementing Ministry or Line Ministry is the ministry under which the project falls i.e. if it's a health project then the project will be under Ministry of Health. They are responsible for drafting project appraisal, constituting and facilitating the PMU and the Project Steering Committee. During project implementation they coordinate or act as go between the PMU and National Treasury/Ministry of Finance. They receive payment requests from PMU then send it to the MoF for processing.

The MoF or National Treasury is responsible for soliciting for projects, coordinating, processing or transfer of project funds from the donor to the project account. They are charged with opening of projects special accounts and local currency accounts. The department in National Treasury that is majorly involved in donor activities is the External Resource Department (ERD). They are involved in all stages of project development cycle. The department also strives to participate during project appraisal, formulation, implementation, monitoring and evaluation stages in all donor funded projects in the budget. ERD in collaboration with Budgetary Supplies department they enhance project implementation through tying release of funds to production of project work plans as inputs to the annual budget estimates (National Treasury, 2014).

Effective project capacity is key to ensuring successful startup and completion of projects. American Public Human Resource Services Association (2012) indicates that effective organizations make a concerted, planned effort to ensure all interconnected parts of the organization are aligned strategically to achieve the mission and goals. The success of any initiative in the plans depends on the effective use of the technical expertise that support functions can provide. Each support function requires performance of specific tasks that necessitates expertise consistent with the organizational effectiveness planned efforts and expected outcomes. The success of an organization effectiveness initiative depends on how each support function is carried out, and understanding its role and the importance of coordination in designing and implementing the collaborative planned strategy.

Therefore projects implementers need to be skilled and qualified as per the requirements of project and donor (ADB Disbursement Handbook, 2012) otherwise it may cause delays in project activities. This was revealed in Uganda's Vegetable Oil Development Project funded by IFAD whose main objective was to increase household cash income among smallholders

by revitalizing and increasing domestic vegetable oil in partnership with private sectors. The project suffered long period of delays leading to a number of extensions. This project took more than 5 years to declare its loan effective. The project's precedent conditions: identifying a private partner and establishing the key institution for mobilizing smallholder participation took 5 years to be fulfilled (IFAD). The lack of technical persons on the project implementation team to provide guidance on the tasks was cited to the major factor that causes delay in loan effectiveness (Uganda Office of the Auditor General, 2011).

Project implementers' awareness on Donor's information and regulations is key to ensuring smooth flow of disbursement and sustainable borrower donor relationship. Therefore the project implementers to fully comply to their terms and conditions they need to be conversant with donor disbursement procedures, regulations and penalties in order to institute prudent financial management of donor funds so that the project operations are not adversely affected (Keng'ara R., 2014). Furthermore, the lack of knowledge or concern of value of money with time or return on investment on most project implementers has been cited by De Silva (2014) and Keng'ara R. (2014) to be some of the factors contributing to disbursement and project implementation delays. It is therefore crucial for the project implementers to not only possess skills needed for project implementation but also to have knowledge of how their other key project stakeholders relate including their governing policies and procedures as this will reduce uncertainties in the process and unnecessary costs or penalties.

Most of the project delay to start up because of late recruitment of the PIU/PMU. Nairobi-Thika Highway project which took 17 months to make its loan effective, took its implementing agency over 1 year to put up the PIU (External Resource Department, 2012). This delayed project start up and made the project accrue penalties in terms of commitments fees. For timely completion of project, Keng'ara R. (2014), recommends that the PIU must be constituted before any funds can be disbursed by the donor. This is to the contrary of most donor funded project in Kenya since the PMU only comes in the last stage of loan effectiveness stage thus they are not fully hands on during project appraisal stages and other initial stages.

The Donor at times provides technical expertise to the project, mostly foreigners at the expense of the locals. This is also confirmed by N.M. Monaheng (2007) who argues that donors find expatriate technical staff helpful in sensitive aspects of the project management and control of budgets and also are knowledgeable about home office reporting requirements

even when locals can competently handle the same task. Soumare and Gouhou (2009) points out that a delay in commencement of the project impacts on performance of the project in several ways including staff leaving for other opportunities that may rise thereby weakening the caliber of staff recruited by Project Implementing Unit (PIU).

2.4.3 Communication Flow among Project Implementers and Loan Effectiveness

Successful progress of project needs effective and efficient coordination and flow of information among project team and project stakeholders. Richards L. (n.d) indicates that communication is a critical function in organization, from the very small to the very large. Even one-to-one communication can be fraught with challenges and misunderstanding. By communicating purposefully and focusing on results and relationships, institutions can leverage effective communication strategies to generate solid results with multiple audiences.

Effective communication in organization increases productivity, decreases employee turnover and improves office atmosphere. Whether a supervisor or regular employee at the organization, the better you communicate the better working relationships you will have. However, if the communication flow is not efficient and effective, organizations are bound to delays in completing their tasks within schedule. Kengøara Robert (2014), confirms that there is a loss of 3-6 months by PIUs due to communication between MoF, Parent Ministry and PIU before accessing funds. This is attributed to the fact that information on approvals and about transfer of funds by donor is not communicated to the PIU on time so as to initiate the requisition process and incomplete documents records on replenishment requests as pointed out by ADB (2012). In most organizations, communication flows from level to level, within level depending on the type of information being passed and from organization to organization and its external environment. Sign R (2009) in his study affirms that execution of donor project activities are highly dependent on joint and timely efforts of the departments involved. However, interdependence of efforts means that it easy for department to shirk and pass blames on others. This has caused many projects governed by intra organizations to incur time and cost overruns

Hierarchical communication is the exchange of information and influences the organization's members. The type of information can be job instruction, job rationale, organizational procedures, and practices, feedback about performance and goals and vision of the organization. Effective communication depends on the organizational structure adopted in the organization. The long hierarchical of communication inherent in the organization structure

sometimes makes responses from members of the organization not to be handled quickly therefore making the problems that exists in the field that need urgent solutions to suffer delays and distortion (Widhiastuti .H., 2012).

Multinational or Intra-ministerial projects suffer delays due to complex long lines of structures of communication as it affects coordination of activities. With no clear reporting lines, project activities tend to experience confusion, duplication of efforts and sometimes omission of activities. In Zimbabwe it was revealed that, of the 180 project loans studied, 42 project loans were used on time while the other 138 project loans remained idle for period ranging from 5 to 73 months before the first disbursement. The delay in loan effectiveness was attributed to failure of the government to meet the requirements of the Aid agencies as laid down in the relevant project loan agreements due to inadequate coordination amongst key players i.e. Ministry of Finance, Line Ministries and Implementers (Comptroller and Auditor-General Zimbabwe, 2000).

Over the past two decades, local governments have increasingly leveraged information technology to transform relationship with stakeholders. Through the use of technology governments have improved the delivery of services to constituents and increased the efficiency of their own work processes. These improvements have led to greater citizen satisfaction, increased government transparency and significant reduction of operating costs. Even with the introduction of E- Government in Kenya, most government offices continue to rely on manual process for fulfilling record requests. For instance to get an approval after fulfilling a single precedent condition, the borrower writes a letter to the donor to acknowledge about this, with supportive documents attached. This is delivered to the donor through mail. The donor then reviews it and within ten working days a response or letter of No Objection is sent to the borrower. As seen earlier there are many consultations, requests and approvals that are needed by the donor from the borrower to kick start an activity especially when funds are needed or whenever there are any changes to be done on project budget, scope and schedule. Thus, a lot of time is wasted to view resolutions, retrieve documents and also sending a copy of the same to concerned stakeholders. This implies that urgent approvals or information that requires quick responses may delay, there by delaying other successive project process.

The lack of technology may be attributed to inadequate funds from the Government side. Proposals/policies may be drafted but resources may be limited. This is confirmed by

Kagwiria .J. (2014), even though Kenya has made remarkable progress putting in place an ICT policies framework and implementation strategy, complete with measurable outcomes and timeframes, the implementation of this policy has proved to be a challenge due to lack of resources, national ICT infrastructure, and even electricity supply in most rural areas.

Technology is key to government operations as it makes it easier for government to share and distribute information to its stakeholders, it is therefore more critical that governments have the proper tools to share and manage information effectively.

2.4.4 Level of Planning and Loan Effectiveness

Project Management Institute (PMI) defines project management plan as a document, capturing the entire project end to end, project phases, from initiation through planning, execution and closure. In donor project, adequate planning involves drafting of comprehensive project appraisal/proposals, activity work plans, stakeholder analysis, budget estimates and disbursement schedules and follow-up frameworks.

A plan therefore captures goals and vision of the project, objectives and resources needed to achieve these objectives. It enable the project team to conceptualize and implement what the project intends to achieve. For a plan to take off the resources or people need to be present, otherwise the plan is just but a draft or a paper (Project Management Institute n.d).

Furthermore, how a project will be able to exceed expectations and stakeholder's needs will mostly depend on the quality of the project plan and its management. Quality must be viewed in an equal level with scope, schedule and budget. If a project donor is not satisfied with the quality of how project is delivering the outcomes, the project team will need to make adjustments to scope, schedule and budget to satisfy the donors need and expectations. Quality management ensures that all project activities necessary to design, plan and implement a project are effective and efficient with respect to the purpose of the objective and its performance (Project Management for Development Organizations, 2011).

A quality plan is a team's blueprint for efficiently producing high-quality deliverable. It describes the project team tools and process as well as responsibilities for quality activities. Quality plan is drafted by during the very initial stages and continues throughout the project life cycle, updated as the project determines the process and procedures to be followed to produce high quality deliverables

Project experiences uncertainties or risks which cause delays and extra costs. This may cause project to fail as it is understood that failure in projects takes the form of budget overruns and missed deadlines. It is therefore prudent for any project to undertake risk assessment as part of project planning. Risk assessment can help the project unit to fully disclose the sensitivity of the project to its participants to ensure that all threats are fully understood. As a result, targets and contingencies can be set at correct levels, contracts can be negotiated with an accurate understanding of potential challenges, and risk mitigation strategies can be created in advance (Oracle, 2009).

Timely stakeholder involvement more so during planning and all other succeeding project stages ensures has proved to be more efficient as it encourages sense of project ownership and availability of a wider knowledge pool that supports better design and implementation (ADB, 2001). Development of plan is a team process that depends on communication information. Normally the key objective is to create a cohesive dialog and subsequently develop an awareness of important issues that may affect the project. Based on this awareness, project implementers can prepare plans and actions to counter any weakness or deficiencies in the project execution, thus ensuring that project objectives are met effectively (Project Management for Development Organizations (PM4DEV), 2011).

According to IFAD, a number of projects in Eastern Africa, the arrangements between funding agencies have been less satisfactory and have resulted in delayed project start-ups or general confusion in the implementation procedures. While co-financing can enhance the scope and size of the project, from the borrowers point of view it is a two edged sword which needs to be carefully controlled for it not to add complexity than rewards. For instance Kenya's Animal Health Services Rehabilitation Programme funded by IDA, UNDP, OPEC and IFAD had a bad start because IFAD design was reappraised by IDA the scale of the project increased by a factor over three times, including a greatly increased contribution from GoK. The two appraisal reports caused confusion for the implementers and there were delays in concluding the ever-increasing complex arrangements between the funding agencies.

This expresses the need to ensure that clear working arrangements between the funding agencies so that the overall objectives of development assistance can be met, without imposing an extra and unwelcome burden on the borrowing country. The financing plan of the project should be straight forward as possible, so as to avoid administrative complexities and adverse effects on the achievements of the overall project objectives. The items to be

funded, wherever possible, should clearly be allocated to one financing agency only, and the specific accounting requirements of each agency should be as similar as possible, so as not to create burdens and confusion for the implementing agency. IFAD (n.d).

The financing plan of a project should be straight forward as possible, so as to avoid administrative complexities and adverse effects on the achievements.

2.5 Theoretical Framework

Theory of Constraints (TOC) introduced by Eliyahu M. Goldratt is a management paradigm which states that every system has at least one constraint limiting it from getting more of what it strives for. TOC adopts the common idiom *“a chain is no stronger than its weakest link”*. This means that processes, organization, etc., are vulnerable because the weakest person or part can always damage or break them or at least adversely affect the outcome. If this was not true, then the system would produce infinite output. TOC uses a focusing process to identify the constraint and restructure the rest of the organization around it. This theory has been applied to production planning, production control, project management, supply chain management, accounting and performance measurement, and other areas of business as well as such not-for-profit facilities such as hospitals and military depots. These constraints determine the output of system whether they are acknowledged or not. Therefore it is the managers’ best interests to identify and reduce the system constraints within the organization. The TOC is both descriptive and prescriptive in nature; it not only describes the cause of the system constraints, but it also provides guidance on how to resolve them (Goldratt .E., 1984). This theory can be applied to factors influencing loan effectiveness in donor projects. The presence of any of the factors in this study will cause delay on loan effectiveness. Therefore it is the responsibility of the project implementing agencies to identify such factors and seek ways to avoid or minimize them for timely loan effectiveness in donor projects.

2.6 Conceptual Framework

The figure 2 shows the relationship between independent variables (factors) and the dependent variable loan effectiveness in donor projects.

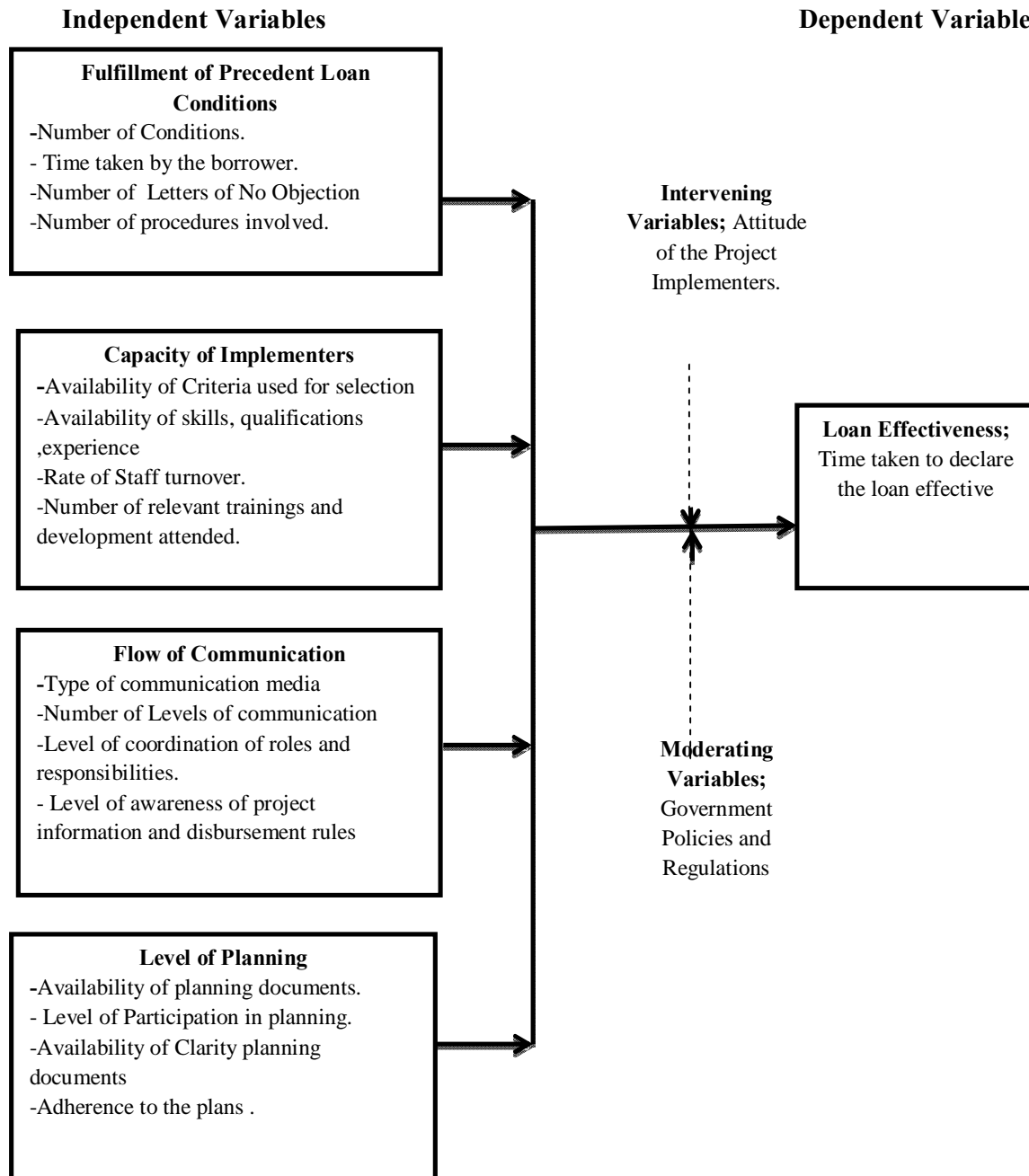


Figure 2: Conceptual Framework for the Study

2.7 Knowledge Gap

There are numerous studies relating to this study topic: Factors Influencing Loan Effectiveness in Donor Projects such as, causes of Cost and Time Overruns in Projects (Kagiri and Wainana, 2008,) Causes of Deviation and Delays in Foreign Aid (Disbursement, Myawi, Mmbasa & Lawuo ,2002), Effects of Funds Disbursement on Implementation of Projects (Kengara .R. 2003), Factors Influencing Project Implementation and Completion (Ngesa .R. ,2012) e.t.c. These studies among others studies in their findings have cited; late project start up, challenges in procurement, poor coordination of roles and responsibilities, bureaucracy in the organization ,inadequate skills to be among others to be the major factors that pose challenges in implementation and completion.

Despite the above numerous work, no adequate comprehensive work has been done to identify challenges specifically facing project startup especially during project loan effectiveness. As it had been found out that close to considerable delay in completion of projects is attributed to late project start up (Nkamleu, Tourino and Edwin, 2011). Thus the variable loan effectiveness and precedent loan conditions have not been adequately studied as contributing factors causing delay in loan effectiveness and consequently project startup.

2.8 Summary of Literature Review

This chapter covered an overview of donor activities in Kenya; characteristics of donor projects; cases where projects have delayed in loan effectiveness; an in-depth look at causes of delay in loan effectiveness in donor projects; it also highlighted and acknowledged studies and work done by various researchers in relation to this topic. While most studies have generally highlighted delay in loan effectiveness or delay in fulfillment of precedent loan conditions as a significant factor among other factors causing late startup in projects, time and cost overruns and late completion of projects this study would try to build up specifically on factors influencing loan effectiveness by assessing the influence of such variables like precedent loan conditions, level of planning, capacity of project implementers and project planning on loan effectiveness in donor projects. This chapter also highlighted theoretical applies in this study and the conceptual framework that shows the relationship between the dependent and independent variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in conducting the study .It discusses the research design, target population, sampling design and techniques; research instruments for data collection; the research process; validity and reliability of the research instruments as well as data processing and analysis techniques.

3.2 Research Design

The study used quantitative approach using descriptive survey design. Descriptive design was deemed appropriate since this approach involved collecting and converting data into numerical form so that statistical calculation can be made and conclusion drawn. Kothari (1985) recommends descriptive design as it allows the researcher to describe, record analyze and report conditions that exist or existed. A case of Rural Health III Project was used to assess the factors that influence Loan Effectiveness in Donor Projects in Kenya.

3.3 Target Population

The study focused on Rural Health III Project. The population of interest of this study consisted of a total of 216 staff of National Treasury, Ministry of Health and Project Implementing Unit as shown in the table 3.1. The researcher targeted this population because they are the key stakeholders and also they are knowledgeable in the area under study.

Table 3.1: Target Population

Categories	Target Population
Project Management Unit (Rural Health III)	20
Ministry of Health (Rural Health III)	100
National Treasury(Rural Health III)	96
Total	216

3.4 Sample Size and Sample Selection

According to Kothari (2004), Sampling is defined as a process of drawing some elements from a larger population so that this portion could be easily studied to make general conclusion with reference to the entire population. Sampling is more preferred to census since it is more economical, needed information sought in timely manner and that the elements to be studied are more accessible and accurate information can be easily obtained.

The study used stratified random sampling to select respondents who participated in the study. The target population was stratified into Project Implementing Unit, Ministry of Health and National Treasury Staff ignoring the irrelevant departments. Then simple random sampling was used to select individuals/samples in each stratum. According to Krejcie and Morgan (1970) and The Research Advisors (2006) determination of sample size formulae table using 95% confidence interval and 5 % Margin of Error the required sample size for each strata will be as shown in table 3.2.

Table 3.2: Sample size

Categories	Target Population	Sample Size
Project Implementing Unit (Rural Health III)	20	19
Ministry of Health(Rural Health III)	100	80
National Treasury(Rural Health III)	96	77
Total	216	176

Krejcie & Morgan (1970)

3.5 Research Instrument

The study used both primary and secondary data. The primary data was collected through a self-administered questionnaire. According to Fraenkel & Wallen (2009), use of self-administered questionnaire allows the researcher to relate every question to the study objective, develop simple questions that potential respondents may understand and clear instructions. This will enable the respondent to complete it without the intervention of the interviewer. It can be physically distributed or emailed so that the respondent could fill it at his convenience. This will enable the researcher to feel free while filing the questionnaire thus may be able to give more comprehensive information. This method also convenient as it saves time and costs when respondent are geographically dispersed since emails can be used.

The research questionnaire assessed the perception of respondents on the various factors identified by the researcher and the relative importance of the factors. This covered almost all the research questions of the study. The questionnaire contained both structured and unstructured questions. The questionnaire was divided into two parts: Section A captured the respondents' basic details; Section B focused on factors (independent variables) influencing project loan effectiveness those sourced from literature reviewed. Information was captured by the respondent responding on a Likert scale from 5 (very high) to 1 (very low). Also this section captured respondents' opinions, comments and recommendations. It was assumed that the respondents were knowledgeable on the subject.

Secondary data was used to capture the project events from loan approval up to project loan effectiveness and other significant information necessary for the study. This information was sort from project loan agreements, project appraisal, progress and completion report, Aide Memoirs, correspondence letters, monitoring and evaluation reports etc.

3.5.1 Piloting the Instrument

A pilot study is a small scale preliminary study conducted before main study in order to enable the researcher check feasibility or improve the design of the research. It enables the researcher to identify vague and unclear questions in the questionnaire. It also captures vital comment and suggestion of the respondents that will improve on efficiency of the instrument, adjust strategies and approaches to maximize response rate (Nachmias and Nachmias, 1996).

To ensure data collection instrument are reliable, pretesting and practical interviewing was conducted by the researcher. The instrument was pilot-tested among three representatives from each stratum namely the Project Implementing Unit, The Ministry of Health and the National Treasury before being distributed. Thus a total of nine respondents was enough and easy for piloting the questionnaire. The data and any suggestions, recommendations was collected and analyzed to reveal any pattern or clarification that needed to be incorporated in the questionnaire before actual data collection.

3.5.2 Validity of the Research Instrument

Zikmund (2003) defines validity as the ability of a scale or a measuring instrument to measure what it is intended to measure. It is the degree to which results from the analysis of the data actually represent the phenomenon under the study. In this study the instrument or questionnaire was reviewed by experts such as the project supervisor. The appropriateness of

the questions in terms of its relevance in providing answers to the research questions was assessed and guidance was provided.

3.5.3 Reliability of the Instruments

Mugenda and Mugenda (1999) defines reliability as the extent at which a research instrument yields consistent results or data after repeated trials. Gay (1987) also defines reliability as, the degree to which a test consistently measures whatever it measures and that any random influence which tends to make measurements different from occasion to occasion or circumstance is a source of measurement error. Test-Retest method was used to determine the reliability of the research instruments in which the questionnaire was administered to the same people after a period of time. Berg (1998) explains that the use of consistent and systematic line of questions for even the anticipated areas is particularly important for reliability and for possible replication of a study. The scores from the two set of response were then correlated to obtain an estimate coefficient of reliability. Coefficient was be computed using Karl Pearson's Product Moment Coefficient of Correlation (r) .Coefficient of correlation (r) of 0.84 was realized which is slightly more than the 0.8 recommended value, thus the questionnaire used was reliable.

3.6 Data Collection Procedures

Data was collected using questionnaire having both closed and open ended questions. The questionnaire was guided by the research questions whose factors or variables were derived from the literature review. The researcher physically distributed the questionnaire to Rural Health III Project Implementing Unit Staff, The Ministry of Health and National Treasury through a designated contact person in each case. This was done after getting permission letter to conduct the research from University of Nairobi and approvals from these entities. Both the respondents and the researcher agreed that the completed questionnaire be collected from contact person a within two weeks. In case of clarification, researcher contact number was also given to the respondents. An introductory statement at the beginning of the questionnaire was written to explain the purpose of the questionnaire and encourage a high response rate. Also to improve on the response rate, soft copy of the questionnaires were used for respondent's convenience. The whole data collection process took approximately one month.

3.7 Data Analysis Techniques

Mugenda and Mugenda (1999) define data analysis as the process of bringing order, structure and meaning to the mass of information collected. Data analysis seeks to answer the research questions of the study. After data collection, data was cleaned, sorted, coded, entered and analyzed using SPSS. Since the study used mainly descriptive statistics i.e.; quantitative method, percentages, frequency distribution tables were used to analyze data.

3.8 Ethical Considerations

The study proposal was approved by the School Academic Board at the University of Nairobi. Research authorization was sought from the National Council of Science and Technology. Further approval to conduct the study was sought from the PMU, Ministry of Health and National Treasury of Kenya. The researcher also sought permission from the respondents. The names of the respondents were not captured to ensure confidentiality; instead each questionnaire was assigned a code. Respondents were interviewed based on their willingness and were allowed to withdraw from participation in the study at their own wish.

3.9 Operational Definition of Variables

Indicators were denoted by the main variables under study so that they can be measured.

Table3.3: Operation Definition of Variables

Variable	Type of Variable	Indicators	Measure	Scale of Measurement	Data Analysis Techniques
Fulfilment of Precedent Conditions	Independent	-Number of Conditions to be fulfilled -Time taken by borrower to fulfil precedent conditions -Number of letters of No Objection involved. -Number of procedures involved	-How many conditions -How long/time frame taken -How many procedures involved in fulfilling the precedent conditions	Ordinal Ratio	Excel/SPSS
Capacity of Project Implementers	Independent	-Criteria used for selection -Skills and Experience -Staff Turn over -Number of relevant trainings and development attended	-Availability of the criteria -Availability of skills and -Number of years of experience. -Rate of staff turn over -How many workshops/trainings attended	Ordinal Ratio	Excel/SPSS
Level of Planning	Independent	-Planning tools used -Schedule adherence (plan vs actual) -Participation during planning process. Attendance rate during meetings.	-Availability of planning documents -Percentage plan/actual -Attendance rate in meetings	Ordinal Ratio	Excel/SPSS
Flow of Communication	Independent	-Media/Tools used for communication -Awareness of project and donor disbursement rules -Levels of communication i.e. Organizational structure	-Availability of up to date media of communication -staff awareness of their disbursement rules and responsibilities -Number of communication levels in the organization structures	Ordinal Ratios	Excel/SPSS
Loan Effectiveness	Dependent	Time taken to declare the Loan Effective.	Duration i.e. compare the plan date and the actual date of loan effectiveness	Ordinal	Excel/SPSS

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter provides an analysis, presentation, interpretation and discussion of the data collected from the study respondents on Loan Effectiveness of Kenya's Rural Health III Project. The aim of the study was to assess the factors that influence loan effectiveness in donor projects in Kenya. The data was collected in its raw form and required intensive analysis in order to classify it into meaningful categories. Descriptive analysis assisted in making comparisons of the different reactions from the responses which guided in the formation of the conclusion and recommendations. The data was gathered using questionnaires whose questions were designed in line with the objective of the study.

4.2 Questionnaire Return Rate

The study sample was 176 subjects, 19 from the Rural Health III Project Implementing Unit, 80 from the Ministry of Health Staff and 77 from the National Treasury Staff in order to gather data with regard to the factors that influence loan effectiveness in the project. The study administered 168 questionnaires: 17 from the Project's Implementing Unit, 77 from the Ministry of Health and 74 from National Treasury. Thus the response rate was therefore 95.45%. According to Rubin and Babie (2008), a response rate of at least 50 percent is usually considered adequate for analysis and reporting, 60 percent is good and more than 70 percent is very good. Thus response rate in this study is considered to be above good.

4.3 Demographic characteristics of Respondents

In order to understand the characteristics of the respondents the researcher was dealing with in the study their background information was necessary. The study sort to elicit information from the respondents on gender, age academic and work related background.

4.3.1 Age Distribution of the Respondents

The study sort to find out the age information of the respondents thus they were asked to give their age. The results are depicted in table 4.1.

Table 4.1 Age Distribution of the Respondents

Age Bracket	Frequency	Percentage
Below 25 years	2	1.2
25- 35 years	43	25.6
36 years and above	123	73.2
Total	168	100

From the study, 73.2% of the respondents were aged 36 years and above, while 25.6% of them were aged between 25-35 years. It was noted that only 1.2% of the respondents were of age below 25 years. This shows that the respondents are fairly distributed.

According to World Bank (2014), total population between the ages 15 to 64 is the number of people who could potentially be economically active in Kenya. Therefore this implies that the respondents were considered to be active in technology advancement, productivity and thus contribute constructively in timely loan effectiveness.

4.3.2 Gender Distribution of the Respondents

The research sort to find out the gender of the respondents. In this study the respondents sampled were expected to comprise of both male and female staff. Table 4.2 shows the distribution of the respondents by gender.

Table 4.2: Distribution of the Respondents by Gender

Gender	Frequency	Percentage
Male	93	55.4
Female	75	44.6
Total	168	100

From the study, 55.4% of the respondent comprises of the males while 44.6% were females. The findings show that the institutions studied had both male and female members.

The finding above indicates that, there is gender equality as per Constitution of Kenya Sections 10 and 197 (2010), which promotes gender equality and balance by ensuring that no more than two-thirds of public offices are of same gender. Bearing the gender percentage distribution in mind, this implies that the views expressed in these findings are gender sensitive and can be taken as representative of the opinions of both gender as regard to the factors that influence loan effectiveness in donor funded project in Kenya.

4.3.3 Level of Education of the Respondents

The study sought to investigate the education level achieved by the respondents. The difference in the level of education might contribute to differences in responses given by the respondents. The level of education is shown in table 4.3.

Table 4.3: Level of Education of the Respondents

Education Level	Frequency	Percentage
O-Level	0	0.0
Diploma	25	14.9
Graduate	98	58.3
Postgraduate	45	26.8
Total	168	100

The study results revealed that 58.3% of the respondents had acquired undergraduate degrees level of education, 26.8% of the respondents had acquired post graduate level of education, 14.9% of the respondents had acquired college diplomas. There were no respondents of O level education. These is an observation that majority of the respondents have at least an undergraduate degree and hence understood the information sort by this study. Thomas .W. and Feldman .D. (2009) in their study found out that education level is positively related to task performance. This implies that all the respondents were academically qualified and also familiar with their duties and could dispense them effectively in terms of professional work ability and performance.

4.3.4 Position of the Respondents

The respondents from this study involved staff from Rural Health III Project, Ministry of Health and National Treasury. As such the study sought to establish the position of the respondents in these categories. The results are depicted in table 4.4.

Table 4.4: Position of the Respondents

Position	Frequency	Percentage
Project Leaders(Managers and Coordinators)	4	2.4
Financial Specialists	118	70.2
Technical Experts/Consultants	27	16.1
Administrative Staff	5	3.0
Procurement Specialists	2	1.2
Other Staff	12	7.1
Total	168	100

According to the study results, 70.2% of the respondents comprised of financial specialists, 16.1% comprised of technical experts or consultants, 7.1% comprised of other staff, 3% of them indicated that they were administrative staff, 2.4% of them were project leaders while 1.2% of the respondents indicated that they were procurement specialists.

Andrew .K. (2011) in his study indicated that heterogeneous groupings in research is beneficial as it helps the researcher gather diverse, in-depth information of subject which makes it possible for comparison analysis. This implies that various staff in their area of

specialization are able to give significant information sought by the study which is essential in making comparisons and coming up with recommendations on factors influencing loan effectiveness in donor funded project in Kenya since the results depict the opinions of the involved stakeholders from the various designations involved.

4.3.5 Years of Experience of the Respondents

The length of service/working in an organization determines the extent to which one is aware of the issues sought by the study. In the wake of technological advancements and globalization, there are likely to be many changes in organization and operating environment that the respondents should know when responding to the issues sought by the study. The study therefore sought to establish the length of time that the respondents had been working in the organization. The results of this question are presented in table 4.5.

Table 4.5: Years of Experience of the Respondents

Years of Experience	Frequency	Percentage
Less than 4years	10	6.0
4 to 7	72	42.9
7 to 10	48	28.6
More than 10years	38	22.6
Total	168	100

The study results revealed that 42.9% of the respondents indicated that they had an experience of 4 to 7 years in the organization, 28.6% of the respondents had 7 to 10 years of experience, 22.6% of the respondents had more than 10 year of experience while 6.0% of the respondents indicated that they had less than 4 years of experience in their respective organizations. This shows that majority respondents had enough work experience in their respective organization to respond effectively. Most of the respondents had worked in the target departments for long period hence. As indicated by Thomas .W. and Feldman .D. (2009), theoretical skills and practical knowledge/prior knowledge is important in job performance. Prior experience develops knowledge and skill with time, which in turn enhances job performance. Thus it can be said that the respondents are familiar with the project events thus they be able to shed more light in challenges they faced during loan effectiveness in Rural Health III project and also provide recommendations.

4.4 Factors Influencing Loan Effectiveness in Donor Projects in Kenya

The aim of this study was to investigate the factors that influence loan effectiveness in donor project in Kenya a case of Rural Health III Project in Kenya. As such the respondents were required to indicate the factors that contribute to delay in loan effectiveness in Rural Health III project in Kenya. From the study all the respondents indicated that the Government of Kenya did not adhere to the planned date of loan effectiveness donor funded project which is 120 days after signing the loan agreement as indicated in the project loan agreement. This implies that the respondents are aware of the problem of delay in loan effectiveness and therefore they are able to give relevant and reliable information.

The respondents were also asked to give period GoK takes to declare the loan effective during implementing donor project. The results are as shown in table 4.6.

Table 4.6.Period it takes the GoK to declare the Project Loan Effective

Delay Period	Frequency	Percentage
Less than 5 Months	12	7.1
6 to 12 Months	59	35.1
More than 12 Months	90	53.6
Not Sure	7	4.2
Total	168	100

The study results revealed that majority i.e. 90 (53.6%) of the respondents indicated that GoK took more than 12 months to declare the loan effective, while 59 (35.1%) indicated that they took between 6 to 12 months, 12 (7.1%) indicated they took less than 5months and 7(4.2%) were not sure of the period.

This implies that the respondents are aware of the problem of delay in loan effectiveness that affects donor projects in Kenya and that a number of such projects suffer delay of close to one year thus delaying subsequent project activities.

The study assessed the factors that influence loan effectiveness in Rural Health III Project and revealed the below to be some possible factors;

4.4.1 Fulfilment of Precedent Loan Conditions and Loan Effectiveness

This section shows study results for level of influence of precedent loan conditions on loan effectiveness. This factor covered such variables like number of conditions to be fulfilled,

time taken by the borrower to fulfill precedent conditions precedent, time taken by donor to issues letter on No Objection and number of procedures involved.

4.4.1.1 The Number of Conditions to be Fulfilled and Loan Effectiveness

The respondents were asked to give their view as to what extend the number of conditions to be met during loan effectiveness. The results are as shown in table 4.7.

Table 4.7 The Number of conditions to be Fulfilled and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	2	1.2
Somehow significant	84	50.0
Moderately significant	80	47.6
Significant	2	1.2
Most Significant	0	0.0
Total	168	100

According to Rural Health III Project Completion Report (2012), the were 6 precedent conditions to be fulfilled by the borrower; Opening of both Foreign and Local Currency Accounts, Setting up the Project Steering Committee and Project Implementing Unit and Submission of Project Detailed Design and Project Work Plan.

According to the results of the study, 84 (50%) of the respondents said that the number of precedent conditions to be met somehow significantly influences loan effectiveness, 80 (47.6%) indicated that was moderately significant, 2 (1.2%) of the respondents indicated that it was each insignificant and significant factor in influencing loan effectiveness.

This means that the number of conditions to be met somehow affects loan effectiveness. Majority of respondents explained the number of conditions somehow affects loan effectiveness since most of the conditions are standard across most projects and creditors.

4.4.1.2 Number of Letters of No objections and Loan Effectiveness

Letters of No Objections are written approvals from the donor showing that they are satisfied with the condition met by the borrower. Normally the number of letters of No Objections is approximately equal to the number of effectiveness conditions and general conditions that are supposed to be fulfilled by the borrower to qualify for the first disbursement. Thus there are at least 6 letters No Objection involved depending on the nature of the project that is being

undertaken and the how satisfactorily the project implementer adhere to the requirement of the conditions set by the donor. According to ADB Disbursement Handbook (2012), after fulfilment of each of the above mentioned conditions the borrower furnishes the Bank or the Donor with satisfactory evidence that particular effectiveness condition has been met as per the Bank's standards and specification. If the condition has been met according to the Bank's requirement, the Bank responds to the Borrower by issuing a letter of No Objection on that particular condition allowing the borrower to proceed into fulfilling the other remaining condition.

The study respondents were asked to give their opinion on how of letters of No Objections involved influences loan effectiveness. The results are shown in table 4.8.

Table 4.8: The Number of Letters of No objections and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow Significant	7	4.2
Moderately Significant	102	60.7
Significant	55	32.7
Most Significant	4	2.4
Total	168	100

According to the results 102 (60.7%) of the respondents said that the influence of the number of letters of No Objection was moderately significant on loan effectiveness, 55 (32.7%) indicated that it was significant, 7 (4.2%) indicated that it was somehow significant, 4 (2.4%) of the respondents indicated that this factor was most significant while none of the respondents indicated the number of Letters of No Objection had insignificant influence on loan effectiveness

This implies that the influence of the Number of Letters of No Objection on project loan effectiveness is somehow significant. Majority of the respondents explained that this factor was moderately significant since the Number of Letters of No objections are not many and and most of them are standard. According to ADB Disbursement Handbook (2012), depending on the nature of the project, there are five to six basic conditions that a borrower needs to fulfill; opening of the both the foreign and local currency accounts, setting of the project steering committee and the project implementation unit and lastly coming up

with a detailed work and project design and compensation of the affected persons if the project is infrastructural in nature. Thus it is how well the borrower or the project implementer satisfactorily fulfills the precedent conditions that is important as this will determine the number of Letters of No Objections involved.

4.4.1.3 Time taken by the borrower to fulfill Precedent Conditions and Loan Effectiveness

The respondents in this study were asked to what extent does time taken by the borrower to fulfill precedent influence loan effectiveness. The results are shown in table 4.9

Table 4.9: Time taken by the Borrower to fulfil precedent conditions and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	5	3.0
Significant	71	42.2
Most Significant	92	54.8
Total	168	100

According to the results of the study, 92 (54.8%) of the respondents indicated that the length of time taken by the borrower to fulfill precedent conditions was most significant factor that influence loan effectiveness. While 71 (42.2%) of the respondents indicated that this factor was significant and 5 (3.0%) indicated that it was moderately significant.

Rural Health III PCR (2012), the delay by the project implementing agency to put up PMU and late submission of the Detailed Project Design which took more than 14months delayed project loan effectiveness adversely by 2 years. This implies that the challenges in putting up the PMU greatly affected timely fulfilment of precedent loan conditions which consequently delayed project loan effectiveness.

4.4.1.4 The Number of Procedure involved in Fulfilment of Precedent Loan Conditioned and Loan Effectiveness

The study respondents were asked to give the extent to which the number of procedures involved in fulfilling the precedent conditions influences loan effectiveness. The responses is depicted in table 4.10 below

Table 4.10: The number of procedures involved in fulfilment of precedent conditions and loan effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	25	14.9
Significant	89	53.0
Most Significant	54	32.1
Total	168	100

According to the study results 89 (53%) of the respondents indicated that the number of procedures involved in fulfilment of the precedent conditions significantly affects loan effectiveness. While 54 (32.1%) of the respondents indicated that this factor mostly affects loan effectiveness, 25 (14.9%) indicated that it moderately affects loan effects loan effectiveness and none indicated that it's neither insignificant nor somehow insignificant.

The 89 (53%) of the respondents who said that the number of procedures involved in fulfilment of precedent conditions significantly affects loan effect, explained that fulfilment of precedent conditions involves a number of approvals levels i.e. within the Ministry of Health itself, between the Ministry of Health and National Treasury, National Treasury itself and National Treasury and the Donor. Most of the approvals required serve as control measures especially when it comes to appointment of project staff and release of project's Counter Part Funds from Treasury's National Exchequer Account that requires designated signatories only. Further, after fulfilment of a particular precedent condition, ADB checks if the condition has been met satisfactory as per their requirements after which they give feedback by issuing a letter of No Objection. ADB Disbursement Handbook (2012) stipulates the timeline for giving such feedback to be within 10 working days.

Therefore, it can be said there are a number of procedures required in fulfilment of precedent conditions which delays fulfilment of loan conditions consequently negatively impacting on project loan effectiveness.

4.4.2 Capacity of the Project Implementers and Project Loan Effectiveness

This section shows study results for level of influence of Capacity of the project implementers on loan effectiveness. This factor covered such variables like criteria for

selection of project implementers, staff qualification and experience, knowledge in donor disbursement Rules, rate of staff turnover and number of relevant trainings and development attended.

4.4.2.1 The Criteria for Selection of Project Implementers and Loan Effectiveness

The respondents were also asked to give the influence of criteria for selection of project implementers on loan effectiveness. The result is shown in table 4.11.

Table 4.11: The criteria for selection of project implementers and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	54	32.1
Moderately Significant	83	49.4
Significant	26	15.5
Most Significant	5	3.0
Total	168	100

The study results showed that 83 (49.4%) of the respondents indicated that the criteria for selections of project implementers affects loan effectiveness moderately, 54 (32.1%) responded that it affects loan effectiveness somehow affects loan effectiveness, 26 (15.5%) responded that it significantly affects loan effectiveness while 5 (3.0%) indicated that criteria for selection of project implementers mostly affect loan effectiveness. This implies that the criteria for selection of project implementers to a small extent cause delay in loan effectiveness. As indicated in the Rural Health Appraisal Report (2003), the criteria for selection of project staff i.e. their skills, education level and experience. The respondent gave reason that the criteria for selection of project implementers normally specified by the creditor is a measure of ensuring that project implementers have all what it takes to oversee the successful completion of the project and it the adoption of this criteria by the borrower which was a challenge in this case.

4.4.2.2 Staff Skills, Qualification and Experience and Loan Effectiveness

The respondents were asked give the extent to which staff qualification and experience affects loan effectiveness. The result is as shown in table 4.12.

Table 4.12: Staff Skills, Qualification and Experience and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	10	6.0
Moderately Significant	47	28.0
Significant	72	42.9
Most Significant	39	23.2
Total	168	100

The study results revealed that 72 (42.9%) of the respondents staff qualification and level of experience significantly affects loan effectiveness in donor projects, while 47 (28%) of the respondents indicated that moderately affects loan effectiveness, 39 (23.2%) indicated that it mostly affects loan effectiveness, 10 (6%) indicated that it somehow affects loan effectiveness and none indicated that staff qualification and experience was insignificant in loan effectiveness. American Public Human Resource Services Association (2012), the success of any initiative in the plans depends on adequacy of staff and effective use of their technical expertise that support functions otherwise project objectives and goals will not be effectively achieved. Majority of the respondents further explained that most of the staff were qualified and experienced to undertake their task and challenges. Thus this factor did not contribute to delay in loan effectiveness but it is a very significant factor that will enable timely loan effectiveness.

In this section the respondents were also asked to give the extent at which knowledge in donor disbursement rules affects loan effectiveness. The result is shown in table 4.13

Table 4.13 Knowledge in Donor Disbursement Rules and loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	9	5.4
Significant	58	34.5
Most Significant	101	60.1
Total	168	100

Even though most staff were skilled and experienced, the element of awareness on donor disbursement rules and conditions was inadequate. The study results from the table depicted that 101 (60.1%) of the respondents indicated that adequate knowledge in donor disbursement rules was most significant factor that influence loan effectiveness, while 58 (34.5%) indicated that this factor was significant and only 9 (5.4%) indicated that it was moderately significant. Those respondents who indicated that this factor to be most significant, explained that majority of the staff were not conversant with donor conditions especially timelines. Kengøare R. (2014), project implementerø awareness on Donorø information and regulations is key to ensuring smooth flow of disbursement and sustainable borrower donor relationship. Therefore the project implementers need to fully comply to their teams and conditions they need to be conversant with donor disbursement procedures , regulations and penalties in order to institute prudent financial management of donor funds so that the project operations are not adversely affected. Furthermore, the lack of knowledge or concern of value of money with time or return on investment on most project implementers has been cited by De Silva (2014) and Kengøara R. (2014) to be some of the factors contributing to disbursement and project implementation delays. Therefore, lack of awareness on these rules and effectiveness timelines significantly delay fulfill some of these conditions resulting to delay in loan effectiveness and penalties. Rate of staff turnover was considered to be significant factor in influencing loan effectiveness.

4.4.2.3 Rate of Staff Turn Over and Loan Effectiveness

The study sought to assess how rate of staff turnover affects loan effectiveness. The study responses are as shown in table 4.14.

Table 4.14 Rate of Staff Turnover and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	32	19.0
Significant	89	53.0
Most Significant	47	28.0
Total	168	100

The study results showed that 89 (53%) of the respondents indicated that rate of staff turnover to significant factor that influence loan effectiveness, 47 (28%) indicated that this factor was most significant while 32 (19%) of the respondents indicated that this factor was moderately significant. The respondents indicated that a number of staff in the ministry left for other better paying jobs thus leaving capacity gaps where by the remaining staff had to cope with increasing workload before their replacement.

American Public Human Resource Services Association (2012), the success of any initiative in the plans depends on adequacy of staff and effective use of their technical expertise that support functions otherwise project objectives and goals will not be effectively achieved. Thus if staff are leaving for better job elsewhere, then capacity gaps are created thus causing significant delay in project loan effectiveness in donor projects.

4.4.2.4 The Number of Job Trainings/Workshops employee has attended since Employed and Loan Effectiveness

Some of the relevant training and development that are important in enhancing timely project loan effectiveness are the various donor disbursement rules, importance and conceptualization Kenya's Vision 2030, project management skills and also awareness of the scope and complexities of the project being implemented. The study respondents were asked to give the number of job trainings or workshops they have attended since they were employed. The results are shown in table 4.15.

Table 4.15: The number of Job Trainings/workshops employee has attended since employed

Number of Job Trainings Attended	Frequency	Percentage
None	1	0.6
1 to 5	42	25.0
More than 5	113	67.3
Not Sure	12	7.1
Total	168	100

The study results revealed that 113 (67.3%) have attended more than 5 job trainings/workshops, 42 (25%) said they attended between 1 to 5 trainings, 12 (7.1%) were not sure of how many job trainings they have attended while one said he is yet to attended any. Thomas .W. and Feldman .D. (2009) affirms that job trainings contributes to better task performance. This implies that ministries or the government is contributing towards continuous development of its staff regarding required job skills thus improving task performance related to loan effectiveness and other activities.

The study sought to find out the extent to which relevant trainings and development affects loan effectiveness. The results of the respondents are as shown in table 4.16

Table 4.16: Number of Relevant Trainings and Development and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	42	25.0
Moderately Significant	90	53.6
Significant	35	20.8
Most Significant	1	0.6
Total	168	100

Majority i.e. 90 (53.6) of the respondents indicated that the number of relevant trainings and development moderately influences loan effectiveness, while 42 (25%) indicated that this factor somehow influenced loan effectiveness, 35 (20.8%) indicated that this factor is significant and only 1 (0.6%) indicated that this factor mostly influence loan effectiveness in donor projects in Kenya.

Therefore this implies that relevant training and development are moderately significant in declaring the loan effective for project implementation to commence.

4.4.3 Flow of Communication and Loan Effectiveness

This section shows study results for level of influence of flow of communication on loan effectiveness. This factor covered such variables like media/tools used for communication, awareness of project goals and levels of communication in an organization structure.

4.4.3.1 Technology used in Communication and Loan Effectiveness

The study results showed that all the respondents in this study indicated that the communication tools that are in use in their respective organizations are effective and efficient. Further the respondents were asked to give the level of influence of technology used in communication on loan effectiveness

Table 4.17: Technology used in Communication and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	23	13.7
Significant	69	41.1
Most Significant	76	45.2
Total	168	100

The study results showed that 76 (44.4%) of the respondents indicated that influence of technology used in communication on loan effectiveness was rated to be most significant, 69 (41.1%) of the respondents rated this factor to be significant, 23 (13.7%) of the respondents rated type of communication used to be moderately significant in loan effectiveness. Majority of the respondents indicated that they were now using such tools like emails, fax, mobile phones, video conferencing unlike initially where they had to send express mails to communicate. Kengora Robert (2014), in his study confirms that there was a loss of 3-6 months by PIU due to communication between then the MoF, Parent Ministry and PIU during the early stages of project due ineffective communication. This implies that the use of advanced technology fastened processes thus contributed to timely loan effectiveness.

4.4.3.2 Number of Communication Levels and Loan Effectiveness

The study respondents were asked to give the level of influence of the number of communication levels on loan effectiveness. The results are as shown in table 4.18.

Table 4.18: Number of Levels of Communication and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	10	6.0
Significant	86	51.1
Most Significant	72	42.9
Total	168	100

The study results indicated that 86 (51.1%) of the respondents rated the influence of number of levels of communication in an organization on loan effectiveness to be significant, 72 (42.9%) of the respondents rated this factor to be most significant while 10 (5.8%) of the respondents rated influence of number communication levels on loan effectiveness to be moderately significant.

Majority of the respondents indicated that there were a number of communication levels which any decision making or clearance has to pass through each of the level thus a lot of meaningful time is lost thus delaying loan effectiveness. According to Widhiastuti. H (2012), the long hierarchical communication inherent in the organization structure sometimes makes response from members of the organization not to be handled quickly therefore making problems that exist in the field that need urgent solution to suffer delays and distortion.

This implies that the longer the communication levels in the organization structure the longer it takes to declare the loan effective.

4.4.3.3 Coordination of Roles and Responsibilities among Stakeholders and Loan Effectiveness

The study sought to investigate the extent of the influence of coordination of roles and responsibilities among stakeholders on loan effectiveness in donor funded projects in Kenya. The results are depicted in table 4.19.

Table 4.19: Coordination of Roles and Responsibilities among Stakeholders and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	7	4.1
Significant	90	53.6
Most Significant	71	42.3
Total	168	100

The study results showed that 90 (53.6%) of the respondents indicated that coordination of roles and responsibilities among stakeholders influence on loan effectiveness was rated significant, 71 (42.3%) of the respondents rated it to be most significant while 7 (4.1%) of the respondents rated this factor to be moderately significant when it comes to loan effectiveness. Sign R. (2009) in his study affirms that execution of donor project activities are highly dependent on joint and timely efforts of the departments involved. This calls for proper coordination of roles and responsibilities of persons or institutions. As explained by the project interactions cut through Ministry of Health, National Treasury and PMU among others thus with uncoordinated roles and responsibilities, also with a number of staff being allocated other ministerial duties to fulfill ,significantly contributed to delay in loan effectiveness.

This implies that inadequate coordination of roles and responsibilities among stakeholders contributed significantly to delay in loan effectiveness.

4.4.3.4 Awareness of Project Goals and Donor Rules and Loan Effectiveness

The respondents were asked to give the level of significance of awareness of project goals and donor rules on loan effectiveness. The results are as shown in table 4.20.

Table 4.20: Awareness of project goals and donor rules and loan effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	38	22.6
Significant	83	49.4
Most Significant	47	28.0
Total	168	100

Study results shows 83 (49.4%) of the respondents rated the influence of awareness of project goals on loan effectiveness to be significant, 47 (28%) of the respondents rated the influence of this factor on loan effectiveness to be most significant and 38 (22.6%) of the respondents rated the influence of awareness of project goals on loan effectiveness to be moderately significant.

This implies that awareness of the project goals and donor rules is significant in achieving timely loan effectiveness.

4.4.4 Level of Planning and Loan Effectiveness

This section shows study results for level of level of planning loan effectiveness. This factor covered such variables like planning tools used, schedule adherence, stakeholder participation during planning stages and staff meeting attendance rate.

4.4.4.1 Involvement of Staff during Project Initial Stages

The respondents were asked if they are involved during the project initial stages. The results are as shown in table 4.21

Table 4.21: Involvement of Staff during the Project Initial stages

Response	Frequency	Percentage
Yes	128	76.2
No	40	23.4
Total	168	100

The study results indicated that 128 (76.2%) of the respondents were involved in the project initial stages while 40 (23.8%) of them indicated that they were not involved.

Study results also showed that all the staff attended meetings on a weekly basis. This implies that all staff are involved during planning of the project.

4.4.4.2 Availability of Planning Documents and Loan Effectiveness

The study sought assess the level influence of availability of planning documents on loan effectiveness. The respondents were asked to give the level at which availability of planning documents influences loan effectiveness.

Table 4.22: Availability of planning documents and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	10	6.0
Moderately Significant	122	72.6
Significant	31	18.5
Most Significant	5	3.0
Total	168	100

Study results revealed that 122 (72.6%) of the respondents indicated that availability of planning documents was moderately significant with regard to loan effectiveness. 31 (18.5%) of the respondents indicated that availability of planning document was significant, 10 (6%) of the respondents indicated that it was somehow significant and 5 (3%) of the respondents indicated that it was most significant.

This implies that availability of planning documents moderately influences loan effectiveness. It was explained that the planning documents capturing tasks and resource allocations, project milestones objectives and goals, were made available to all project stakeholders. As indicated by Project Management Institute (n.d), plan captures goals, vision, objectives and resources needed to achieve these, it enables the project team to conceptualize and implement what the project intends to achieve.

4.4.4.3 Stakeholders Participation in Planning and Loan Effectiveness

The respondents were asked to give their view on the level influence of stakeholder's participation in planning on loan effectiveness. The results are as shown in table 4.23 below.

Table 4.23 Significance of Stakeholders Participation in Planning and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	25	14.9
Significant	73	43.5
Most Significant	70	41.7
Total	168	100

Study results shown in the table revealed that 73 (43.5%) of the respondents indicated that stakeholders participation in planning influence on loan effectiveness was significant, 70 (41.7%) of the respondents indicated that this factor was most significant and 25 (14.9%) of the respondents indicated that the influence of stakeholders participation in planning on loan effectiveness was moderately significant. Majority of the respondents especially from the Ministry of Health and the PMU indicated they were not involved during the appraisal stages of the project, they were only involved in the advance stages of loan effectiveness. According to PM4DEV (2004), development of a plan should be a team process whose main objective is to create cohesive dialogue and subsequent develop an awareness of important issues that may affect the project. Based on this awareness, project implementers can prepare plans and actions to counter any weakness or deficiencies during entire project cycle. Since the appraisals were only done by consultant who left after completion and that PMU was not involved during this stage there challenges in adoption and conceptualization of these plans which inadequate commitment and participation.

This implies that inadequate involvement of key project stakeholders (PMU) during planning significantly contributes to delay in loan effectiveness.

4.4.4.4 Clarity of Planning Documents and Loan Effectiveness

The respondents in the study were asked to give the level of influence of clarity of planning documents on loan effectiveness. The results are as shown in table 4.24 below.

Table 4.24 Clarity of Planning Documents and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	7	4.2
Moderately Significant	101	60.1
Significant	54	32.1
Most Significant	6	3.6
Total	168	100

Study results revealed that 101 (60.1%) of the respondents indicated that clarity of planning documents influence on loan effectiveness was moderately significant, 54 (32.1%) of the respondents indicated that clarity of planning documents was significant, 7 (4.1%) of them indicated that this factor was somehow significant and 6 (3.6%) of the respondents indicated that clarity of planning documents was most significant in loan effectiveness. Project Management Institution (.n.d), indicates project ability to exceed expectations depends on quality of the project plan and its management. Respondents indicated that the available plan was clear and useful in providing guidance. Thus this implies that clarity in planning documents to a small extent influence timely loan effectiveness.

4.4.4.5 Staff Commitment in Adherence of Plans and Loan Effectiveness

The respondents were asked to give the level of influence of staff commitment in adherence of plans on loan effectiveness. The results are as shown in table 4.25.

Table 4.25: Staff Commitment in Adherence of Plans and Loan Effectiveness

Level of Significance	Frequency	Percentage
Insignificant	0	0.0
Somehow significant	0	0.0
Moderately Significant	10	6.0
Significant	85	50.6
Most Significant	73	43.5
Total	168	100

The study results showed that 85 (50.6%) of the respondents indicated that staff commitment in adherence to plans was rated as significant, 73 (43.5%) of the respondents rated this factor

to be most significant, 10 (6%) of the respondents rated staff commitment in adherence to plans to be moderately significant. Majority of the respondents explained that it was challenge to commit to the project timeframes since they had other ministerial duties to fulfil at that time and also they had not been involved from the very beginning of the project loan cycle. As indicated by Project Management Institution (.n.d), the need for schedule adherence is important and project accomplishments not in accordance with the planned schedule frequently has adverse repercussions such costs increases and duration is elongated. Thus non adherence of plans impacts negatively on timely loan effectiveness.

4.6 Ranking the Factors that influence Loan Effectiveness

The study also sought to find out the order of significance of the influence of these variables on project loan effectiveness .The respondents were asked in the opinion which factor mostly contributed to delay in loan effectiveness. The table 4.26 shows the results.

Table 4.26 Ranking the Factors that influence Loan Effectiveness

	Factors	Frequency	Percentage
1	Adequate knowledge in Donor Disbursement rules	41	24.0
2	Time taken by the borrower to fulfil precedent conditions	35	20.8
3	Staff Commitment in Adherence of Plans	26	15.5
4	Coordination of roles and responsibilities among stakeholders	17	10.1
5	Number of levels of Communication.	15	8.9
6	Technology used in Communication	10	5.9
7	Stakeholders participation in Planning	10	5.9
8	Number of procedures involved in fulfilment of Precedent Conditions	7	4.2
9	Rate of Staff turnover	7	4.2
11	Staff qualification and experience	0	0.0
12	Clarity of planning documents	0	0.0
13	Number of letters of No Objections	0	0.0
14	Availability of Planning Documents	0	0.0
15	Number of relevant trainings and development	0	0.0
16	Criteria for selection of Project Implementers	0	0.0
17	Number of conditions to be met	0	0.0
	Total	168	100

From the table results, 41 (24.0%) of the respondents reiterated that inadequate knowledge in donor disbursement rules and conditions was highly significant in contributing to delay in loan effectiveness in donor funded project in Kenya, 35 (20.8%) of the respondents indicated that time taken by the borrower to fulfill the precedent conditions was the most significant in contributing to delay in loan effectiveness, 26 (15.5%) of respondents indicated that staff commitment in adherence to plans was the most significant factor contributing to delay in loan effectiveness, 17 (10.0%) of the respondents indicated that inadequate coordination of roles and responsibilities number of levels of communication indicated that it was the most significant, number of communication levels was indicated by 15 (8.9%) of the respondents to be the most significant influencing loan effectiveness , 10 (5.9%) of the respondents indicated that technology used in communication to be the most significant, stakeholder participation in planning was indicated by 10 (5.9%) of the respondents to be the most significant, 7 (4.2%) of the respondents indicated that number of procedures involved in fulfilment of precedent conditions was the most significant ,7 (4.2%) of the respondents indicated that rate of staff turnover was the most significant factor that caused delay in loan effectiveness, while staff qualification and experience ,clarity of planning documents , number of letters of No Objection , availability of planning documents , number of relevant trainings and development , criteria for selection of project implementers , number of conditions factors were not indicated to be the most significant factors that caused delay in loan effectiveness.

This implies that inadequate knowledge in donor disbursement rules and conditions, longer time taken by the borrower to fulfill precedent conditions, inadequate staff commitment in adherence to project plans, inadequate coordination of role and responsibilities among stakeholders, number of communication levels and procedures and inadequate stakeholder participation during planning high rate of turnover were most significant factors that influence loan effectiveness in donor projects in Kenya.

4.7 Discussion of Study Findings

According to Rural Health III Project Loan Agreement, the project had six effectiveness conditions i.e. Opening of Local Currency and Foreign Currency Special Accounts, GoK provision of Project Counterparts Funds, Constitution of the Project Implementing and Management Units by the borrower, submission of Detailed Project Design/Work Plan that required to be fulfilled within 120 day after date of loan signature. However the study revealed that GoK took more than 120 days.

Rural Health III (PCR) 2012, indicates that even though it was possible to achieve project objectives with planned inputs and timeframes as set out at appraisal, project effectiveness was delayed by 2 years mainly due to administrative process by the Executing agency in recruiting the PMU and opening of the project's special accounts. The process of drawing project complete designs and award of works contract took another 2 years.

The interview responses and documentations explains why the above factors were considered key in contributing to delay in loan effectiveness in donor projects in Kenya; The fulfilment of precedent loan conditions was found to be a significant factor that influenced loan effectiveness in donor projects in Kenya. According to Rural Health III Loan Agreement, the Government (National Treasury and Ministry of Health) was responsible for ensuring that the fulfillment of the precedent loan conditions are fulfilled timely and satisfactorily as per the ADB requirements. However according to Rural Health III Project Completion Report (2012), the Project Implementing Ministry delayed to put up PMU and also delayed to submit the Detailed Project Design as this took more than 14 months to accomplish. This greatly affected timely fulfilment of precedent loan conditions which consequently delayed project loan effectiveness . This is confirmed by studies done by Keng'ara R. (2014) and Nkamlue, Tourino and Edwin (2011), who found out that considerable delay in loan effectiveness was attributed to delay in fulfilment of the precedent loan conditions from period between loan signing and first disbursement. It was noted that the number of procedures involved in fulfilment of the precedent conditions was found to significantly affect loan effectiveness. As indicated in the Rural Health III Project Loan Agreement (2004), there are major three stakeholders involved in implementation of the project; The ADB (project donor)Implementing Ministry (Ministry of Health), National Treasury and Project Implementing Unit. More so in a particular ministry we have various department and that are tied to processes of funds disbursement and other approvals relating to implementation of the project. This implies that for a decision to be made or an approval

be processed it will have to pass through a number of interactions which have to be again verified as part of control measure so as to be satisfactorily as per the donor requirements. After which the Donor gives a letter of No Objection indicating that the requirement has been fulfilled satisfactorily. ADB Disbursement Handbook (2012) stipulates the timeline for giving such feedback to be within 10 working days. Thus this implied that number of procedures involved caused delay in fulfilment of precedent conditions which consequently caused delay in loan effectiveness. The study also revealed that the Number of Letters of No Objections to have a moderate significance when it comes to loan effectiveness. This implies that the influence of the Number of Letters of No Objection on project loan effectiveness is somehow significant. Majority of the respondents explained that this factor was moderately significant since the Number of Letters of No objections are not many and most of them are standard. According to ADB Disbursement Handbook (2012), depending on the nature of the project, there are five to six basic conditions that a borrower needs to fulfill; opening of the both the foreign and local currency accounts, setting of the project steering committee and the project implementation unit, coming up with a detailed work and project design and compensation of the affected persons if the project is infrastructural in nature. Thus it is how well the borrower or the project implementer satisfactorily fulfills the precedent conditions that is important, as this will determine the number of Letters of No Objections involved.

Capacity of the project implementers was key factor in influencing loan effectiveness. The study revealed that even though most staff were skilled and experienced, the element of awareness on donor disbursement rules and conditions inadequate especially from the project implementing ministry. Various loans or creditors have different disbursement rules, conditions and set milestones depending on the nature of the project. As revealed, a number of staff from the Implementing were not fully conversant with the donor rules . Kengøare R. (2014), project implementerø's awareness on Donorø's information and regulations is key to ensuring smooth flow of disbursement and sustainable borrower donor relationship. Therefore the project implementers need to fully comply to their teams and conditions they need to be conversant with donor disbursement procedures, regulations and penalties in order to institute prudent financial management of donor funds so that the project operations are not adversely affected. Furthermore, the lack of knowledge or concern of value of money with time or return on investment on most project implementers has been cited by De Silva (2014) and Kengøara R. (2014) to be some of the factors contributing to disbursement and project implementation delays. It is therefore crucial for the project implementers to not only possess

skills needed for project implementation but also to have knowledge of how their other key project stakeholders relate including their governing policies and procedures as this will reduce uncertainties in the process and unnecessary costs or penalties. Therefore, lack of awareness on these rules and effectiveness timelines significantly delay fulfill some of these conditions resulting to delay in loan effectiveness and penalties. It was revealed that rate of staff turnover had a significant effect on loan effectiveness. American Public Human Resource Services Association (2012), the success of any initiative in the plans depends on adequacy of staff and effective use of their technical expertise that support functions otherwise project objectives and goals will not be effectively achieved. Thus if staff are leaving for better job elsewhere, then capacity gaps are created thus causing significant delay in project loan effectiveness in donor projects. Other factors like criteria for selection of the project implementers, job trainings attended were found not to be a significant factor since both factors had been achieved to satisfactorily be the borrower.

Flow of communication was significant in loan effectiveness in donor projects. Richard L. (n.d) confirms that successful progress of projects needs effective and efficient coordination and flow of information among project team and other project stakeholders, otherwise project is likely to lose 3-6 months as indicated by Kengøara R. (2014). Research findings revealed that inadequate coordination of roles and responsibilities among stakeholders mostly and number of communication levels to significantly influenced loan effectiveness. For approval to be made communication or response passes through various ministries, departments and also from the ministries to the creditor. Since, there were no clear assignment and coordination of duties among officers the approvals or responses remained on officer's desk for some time without being acted upon in time. The long hierarchical communication inherent in the organization structure sometimes makes response from members of the organization not to be handled quickly therefore making problems that exist in the field that need urgent solution to suffer delays and distortion. Many communication levels and long procedures during loan effectiveness could be as result of interactions among and within a number of stakeholders i.e. creditor, PMU, ministry of health and National Treasury, the loan effectiveness suffered delay as approvals and communications had to pass through a number of levels and procedures. The effect is more pronounced when it comes to Multinational or Intra-ministerial projects due to complex long lines of structures of communication as it affects coordination of activities. With no clear reporting lines, project activities tend to experience confusion, duplication of efforts and sometimes omission of activities,

Comptroller and Auditor-General Zimbabwe, (2000). Therefore, these factor adversely affected the processes involved in meeting the precedent loan conditions and consequently loan effectiveness. This implies inadequate coordination of roles and responsibilities and many levels of communication cause significant delays in loan effectiveness in donor project. It was noted that the communication used in these organizations had improved. The organizations have embraced the use of such media like emails, mobile communication, fax and video conferencing. These modes of communication were fast and clear while communicating within and among stakeholders thus they played a role in fast processing of approvals or clearance. The new ADB Country Office that was put up in 1998 access to ADB resource facilities and communication easier, unlike initially where by reports or feedback could take couple of weeks since they were being sent through express mail to its Headquarters in Tunis, Tunisia. Therefore this factor did not cause delay in loan effectiveness it to some extent hastens processes.

Aspects of staff commitment to adherence of plans and stakeholder participation in planning were found to be significant factor in level of planning influencing loan effectiveness. The respondents recapped that lack staff commitment to adherence of plans especially in the earlier stages of the project cycle delayed loan effectiveness in donor project. It was explained that the lack of commitment was due to the fact a number of staff were involved in a number of other duties in the ministries, some especially from the implementing ministry were not adequately aware of the donor rules and milestones, also the entire PMU staff only got to be involved in project cycle at an advanced stages of loan effectiveness. Timely stakeholder involvement and participation is significant in project management. According to PM4DEV (2004), development of a plan should be a team process whose main objective is to create cohesive dialogue and subsequent develop an awareness of important issues that may affect the project. Based on this awareness, project implementers can prepare plans and actions to counter any weakness or deficiencies during entire project cycle. Since the appraisals were only done by consultant who left after completion of appraisal report and that PMU was not involved during this stage, there were challenges in adoption and conceptualization of these plans which resulted to inadequate commitment and participation. Inadequate stakeholder involvement especially during the project appraisal stage delayed loan effectiveness significantly. Other factors like availability and clarity of planning documents were found to be insignificant factors that influenced loan effectiveness as the project implementers made the project plans available and clear.

Therefore, the significant factors that contributed to delay in loan effectiveness in donor funded project were found to be; inadequate knowledge in donor disbursement rules, longer time taken by the borrower to fulfill precedent conditions, inadequate staff commitment to adherence of plans, inadequate coordination of roles and responsibilities among stakeholders, a number of communication levels involved, technology used in communication, inadequate stakeholder participation ,a number of procedures involved and high rate of staff turnover amongst the factors studied in this research.

The adverse effects of delay in loan effectiveness are; delay in starting and completion of project activities, in the event of project crashing; project spend lots funds which could have been used for other developments, funds are also lost through penalties charged and due to time value money of inflation and rise in foreign currency exchanges rates, building materials prices tend to escalate making projects to be completed at higher cost than the initial budget allocation. According to Rural Health III Project Completion Report (PCR) 2013, the project became effective 14 months after approval (contrary to 120 days which is the requirement) and its closing date extended by 20 months from the original closing date. This not only significantly delayed the projects subsequent project milestones as set out at appraisal but also government lost funds through payment of commitment fees as penalty. Up to date the project has paid total of Ksh. 49Million as penalty due to delays in using loan allocation.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This is the final chapter in this study which gives the summary of the findings, conclusions and recommendations of the study based on the objectives of the study. It comes after identifying the background, problem at hand and the objective in chapter one, literature review in chapter two, methodology that was used in collecting data in chapter three and analysis of data collected in chapter four. The chapter finally presents the suggestion for further studies. The study sought to investigate the significant factors that influence loan effectiveness in donor projects in Kenya.

5.2 Summary of Findings and Discussion

According to the illustrated findings and discussion, significant factors that influence loan effectiveness in donor project in Kenya include; knowledge in donor disbursement rules, time taken by the borrower to fulfill precedent conditions, staff commitment to adherence of plans, coordination of roles and responsibilities among stakeholders, number of communication levels involved, technology used in communication, stakeholder participation, number of procedures involved and rate of staff turnover amongst others.

5.2.1 Fulfilment of Precedent Conditions

From the study, fulfilment of precedent conditions took longer period (more than one year) than planned thus contributing to delay in loan effectiveness. Among the conditions that were to be fulfilled, recruiting the PMU, opening of the project's special accounts and completion of project detailed design posed the greatest challenge. Keng'ara R. (2014) and Nkamlue, Tourino and Edwin (2011), both agree that there is delay between signing the loan agreement and first disbursement and that the major delay is attributed to fulfilment of the precedent conditions. Rural Health III Project Completion Report (2012), administrative process by the Executing Agency (Ministry of Health) in recruiting the PMU and National Treasury in Opening of both Foreign and Local Accounts suffered delays due to many communication levels of approvals. The conditions involved a number of approvals levels i.e. within the Ministry of Health itself, between the Ministry of Health and National Treasury, National

Treasury itself and National Treasury and the Donor. Delay was mainly at the approval or decision making stages since documents had to be reviewed by different people without really adding value to the entire process. Even though most of the approvals or clearance required served as control measures especially when it comes to appointment of project staff and release of project's Counter Part Funds from Treasury's National Exchequer Account that requires designated signatories, considerable time was wasted especially in unnecessary approval levels thus delaying loan effectiveness. This greatly affected timely fulfilment of precedent loan conditions which consequently delayed project loan effectiveness. Other factors like number of Letters of No Objections involved and number of conditions involved were found out to be insignificant as since according to ADB Disbursement Handbook they appear to be both standard number ranging between 5 to 6 depending on nature of the project. Also, it entirely depends on how well the borrower fulfils the precedent conditions.

5.2.2 Capacity of the Project Implementers

Keng'ara R. (2014) and Nkamlue, Tourino and Edwin (2011) both agree that for timely start-up of projects, the PMU having relevant skills and requirements must be constituted during the project appraisal to ensure smooth transition of project activities from appraisal to loan effectiveness till completion of the project. The study found out that inadequate knowledge in donor disbursement rules and high rate of staff turnover to be some of key factors ailing timely loan effectiveness. Inadequate knowledge in donor disbursements rules and conditions especially among staff of the executing agency i.e Ministry of Health and few at National Treasury was a setback in timely fulfilment of loan conditions since staff were not adequately versed with the donor specifications, requirements and timelines. High rate of staff turnover experienced in PMU, Executing Agency and National Treasury delayed clearance and approvals during decision making thus delaying loan effectiveness. Despite the above challenges, it was positively noted that the staffs were adequately skilled and experienced and the GoK is contributing towards their continuous training and development. Also the criteria for selection of project implementers designed by the African Developed Bank was one that encouraged project success however, its implementation by the Executing Agency was not fully adhered thus contributing to delay in loan effectiveness.

5.2.3 Flow of Communication

Flow of communication was significant in loan effectiveness in donor projects. Richard L. (n.d.) affirms that successful progress of projects needs effective and efficient coordination and flow of information among project team and other project stakeholders, otherwise project

is likely to lose 3-6 months as indicated by Kengøra R. (2014). Challenges in the flow of communication within and among stakeholders in this study contributed to delayed loan effectiveness of the project. The delay was due to inadequate coordination of roles and responsibilities among stakeholders and numerous number of unnecessary number of communication. Levels. Since the project main stakeholders involved the creditor: ADB Executing Agency: Ministry of Health and National Treasury decision making or clearance has to pass many levels of communication within organization department and between organization. Processing of opening of both Special and Local Currency Accounts requires clearance from External Resources and Debt Management Departments within National Treasury so that Central Bank of Kenya may go ahead and process the opening of these accounts. After which the response goes upwards again to the DMD then to ERD, where ERD notifies the Creditor by providing proof of the same. The Creditor will then check if the condition met is as per requirement, then will send a letter of No Objection to the ERD as go ahead to fulfill other conditions. Unclear job assignments and coordination of roles among officers led to confusion, omission of duties and duplication activities within ministries leading to approvals or clearance taking long than expected leading to delay in loan effectiveness.

It was also noted that the communication used in these organizations are effective and efficient. The organizations have embraced the use of such media like emails, mobile communication, fax and video conferencing. These modes of communication were fast and clear while communicating within and among stakeholders thus they played a role in fast processing of approvals or clearance. The new ADB Country Office that was put up in 1998 access to ADB resource facilities and communication easier, unlike initially where by reports or feedback could take couple of weeks since they were being sent through express mail to its Headquarters in Tunis, Tunisia.

5.2.4 Level of Planning

PM4DEV (2004), development of a plan should be a team process whose main objective is to create cohesive dialogue and subsequent develop an awareness of important issues that may affect the project. Based on this awareness, project implementers can prepare plans and actions to counter any weakness or deficiencies during entire project cycle. Study findings revealed that inadequate planning and non-adherence to the plans were found to be

significant factors that contributed to delay in loan effectiveness. Even though the majority of the staff were involved during the project initial stages i.e. during loan signature and effectiveness, the important staff who needed to participate during appraisal and loan negotiation were not included. The appraisals were done by different consultants thus it took time for the recruited PMU to conceptualize and then operationalize the project appraisal. It was also revealed that staff commitment to set plans significantly contributed to delay in loan effectiveness in donor project in Kenya. This was because a number of staffs were involved in other ministerial duties other than project work. Other factors such as availability and clarity of planning documents were found not to cause delay in loan effectiveness since the project complied effectively.

5.3 Conclusions of the Study

The study identified significant factors influencing timely loan effectiveness in donor projects in Kenya. The study concludes that late start up especially delay in project loan effectiveness is one of the main impediments to the performance of donor projects and programs since it is after this stage that of project qualifies for its first loan disbursement for implementation to kick off.

The study establishes that inadequate knowledge in donor disbursement rules and conditions and inadequate participation of key stakeholders (PMU) during planning stages significantly contributes to delay in fulfilling precedent conditions thus contributing to late project loan effectiveness. This is so since, inadequate involvement of PMU at project appraisal stage and executing agency having inadequate knowledge on donor disbursement rules discourages sense of project ownership thus staff cannot fully to commit or adhere to donor project milestones or rules thus late loan effectiveness.

The study also deduces that the organizational arrangement, interactions and human resource policies employed does significantly influence loan effectiveness. An effective and efficient organization is one that has; embraced advanced technology, only few necessary communication levels without compromising on internal control systems, clearly identified, allocated, all its tasks, roles and responsibilities to its staff. Specifying and synchronizing staff roles and duties, striving towards a flatter organization structures will improve accountability, reduce confusion , number of procedures and communication levels thus tasks will be done efficiently leading timely loan effectiveness.

5.4 Recommendations of the Study

From the findings and conclusion, timely startup and completion of donor projects requires that the government strive to adhere the planned date of project loan effectiveness. Therefore the role of project planning and management within projects must be placed within the context of a wider project alongside other relevant criteria and long-term expectations.

The study therefore recommends that adequate participation of key implementers especially the Project Management Unit (PMU) project appraisal stage should be encouraged to allow for smooth and continuous transitioning from one project stage to another. This factor together training and development staff on job skills and also donor rules will encourage project ownership and enable staff to commit to the milestones they already are conversant with.

The study also recommends adoption of flat organizational structure and having proper clear specialization of roles, responsibilities, tasks, transparency and accountability of workers and human resource policy that continuously encourages development of staff capacity.

The study further makes the following recommendation that will enhance timely project loan effectiveness in donor projects in Kenya.

- i. The project implementers should be employed and tied to duration of project; therefore it is necessary for the Project Executing Agency/Ministry to put up PMU immediately after being notified by National Treasury's ERD of its project having qualified for donor funding.
- ii. Government of Kenya in collaboration with the Development partners or Donors should carry out need assessment at project inception and provide appropriate and timely training on donor procedures and rules to the relevant staff.
- iii. Key stakeholders to reduce and harmonize approvals process and reporting levels within their organization by eliminating unnecessary approval levels without compromising on internal controls to avoid complexities, time wastage and distortion of messages during entire project cycle. Therefore it is necessary for the key institutions to reduce the number of reviews that add no value in the approval process without compromising on check and balances. Also the concerned institutions need to appreciate the use of electronic communication as it is fast and convenient compared to use of physical verification and approvals of documents.

- iv. Staff should be given incentives to motivate them to stay on from start of project till end life of the project. This should minimize high staff turnover since they will not be leaving their current work position for better remunerations package and benefits to other organizations.

5.5 Suggestion for Further Research

The study focused on significant factors that influence timely loan effectiveness in donor projects in Kenya. The study could not exhaustively cover all these factors therefore there is need for more research in this area.

The study therefore;

- i. Recommends the inclusion of additional players such donors since they were not covered due to time constraint.
- ii. The study also recommends research on assessment of Government preparation strategies during approval of project funding.
- iii. The study finally recommends a research focusing on assessment of Government performance in recruiting the Project Implementing Unit.

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APPENDICES

Appendix I: Letter of Introduction

Anita Khalividzi Dorcas

P O Box 15102-00100

Nairobi.

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

REQUEST FOR COLLECTION OF DATA

I Anita Khalividzi Dorcas is a post-graduate student at the School of Distance and Continuing Education, University of Nairobi. As part of the requirement for the Master Degree Award, I am required to conduct a research study which is relevant to the course under study. Therefore, I have chosen to conduct a study titled *“Factors Influencing Loan Effectiveness in Donor Funded Project in Kenya”*.

You have been selected to form part of this study. Kindly assist by filling in the attached questionnaire. The information given will be treated in strict confidence and will be purely used for academic purposes. Do not indicate your name or details on the questionnaire. Once you have completed the questionnaire, kindly contact me through 0733833824 or please return it to me by return email: a.khalividzi@yahoo.com. In case of any clarification kindly contact me using the contacts given.

A copy of the final report will be availed upon request.

Your assistance and cooperation will be highly appreciated.

Yours faithfully,

Anita Khalividzi Dorcas

(Student) L50/81078/2012

Appendix II: Questionnaires for the Study

Questionnaire for Project Management Unit (PMU)

Please read the questions carefully and fill out the following questionnaire on the spaces provided and ticking your responses or answers in the boxes provided. All information you give will be treated confidentially. The information will be used to prepare an academic report and will not include any specific names.

SECTION A

GENERAL INFORMATION-PROJECT MANAGEMENT UNIT (PMU)

1. Age: Below 25 years 25-35 years 36years and above

2. Gender: Male Female

3. Education: o-Level Diploma Graduate Post Graduate

Others (Specify) í .

4. Respondent position in the organization

Project Manager

Procurement Specialist

Project Accountant

Technical Expert

Project Staff

Other Specifyí í í

5. Number of Years worked in the project

1-4 years 4-7years 7-10years More than 10years

SECTION B

6. In your own opinion do project implementers access the first loan allocation as planned?

Yes No

If No, kindly mention how long does the project implementer take to access the first loan allocation.

0-5 months 6-12 months 12 months and above Not Sure

FACTORS INFLUENCING LOAN EFFECTIVENESS IN DONOR PROJECTS IN KENYA

I. Precedent Loan Conditions

7. In your opinion, how many letters of No Objections are required during fulfilment of precedent loan conditions?

Less than 3 between 3-6 More than 6 Not sure

8. In your opinion, how long does it take for Government of Kenya to fulfil loan requirements before it is disbursed?

0-3months 3-12months More than 12 months Not Sure

From your perspective, kindly rank the condition of fulfilment precedent loan conditions using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Question	5	4	3	2	1
9.	How does the number of conditions to be met influence loan effectiveness?					
10.	How does the Number of letters of No Objection involved affect loan effectiveness					
11.	How does the time taken by the borrower to fulfill the precedent conditions influence loan effectiveness					
12.	To what extent does the number of procedures involved affect loan effectiveness					

13. In your own opinion, what do think is the most major factor among the above that causes delay in loan effectiveness? Kindly explain whyí í í í í í í í í í í

II. Capacity of the Project Implementers

14. Kindly mention the number of in job trainings/workshops you may have attended since employed?

None Less than 5 More than 5 Not sure

15. In your own opinion were they useful to you?

Useful Somehow useful Not useful Not sure

From your perspective, kindly rank the capacity of the project implementers using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
16.	To what extend does criteria for selection of project implementers affects loan effectiveness?					
17.	To what extent does qualification and experience among staff affect project loan effectiveness?					
18.	To what extent does Inadequate knowledge in donor disbursement procedures affects loan effectiveness?					
19.	How does Rate of staff turnover impacts on loan effectiveness?					
20.	How does the number of relevant training and development activities influence loan effectiveness?					

21. Among the above factors, what do you think is the most major factor that causes delay in loan effectiveness? Kindly explain why..

III. Level of Planning

22. Are you involved during planning process of project ?

Yes No

23. Kindly mention how many times you participate in staff meetings?

Weekly Twice a Month Monthly Not sure

From your perspective, kindly rank Level of Planning factors using the scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
24.	To what level does availability of planning documents influence loan effectiveness?					
25.	To what extent does the level of stakeholder participation during planning influence loan effectiveness?					
26.	To what extent does clarity of planning documents used affects loan effectiveness?					
27.	To what level does Staff commitment towards adherence of the plans influence loan effectiveness?					

28. Among the above factors, what do think is the most major factor that causes delay in loan effectiveness? Kindly explain why..

IV. Flow of Communication

29. In your opinion, are the communication tools you use in your organization effective and efficient?

Yes No

From your perspective, kindly rank Flow of Communication factors using the scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
30.	How does the type of technology used for communication influence loan effectiveness					
31.	To what extent does the number levels of communication in the organization influence loan					
30	To what extent does Lack of coordination of roles and responsibilities among stakeholders affects loan effectiveness					
32.	To what level does Inadequate awareness of project goals and donor rules influence loan effectiveness					

33. In your own perspective, what do you think is the major factor among the above that causes delay in loan effectiveness?

Kindly explain why..

34. Overall, in your own opinion what do you perceive to be the most significant factor that cause delay in Loan Effectiveness in Donor Funded Project in Kenya?

Kindly explain your answerí .

Recommendations;

35. Kindly what solutions would you propose for addressing the various factors identified to enable timely loan effectiveness in donor funded projects

Thank you!!

QUESTIONNAIRE FOR NATIONAL TREASURY STAFF

Please read the questions carefully and fill out the following questionnaire on the spaces provided and ticking your responses or answers in the boxes provided. All information you give will be treated confidentially. The information will be used to prepare an academic report and will not include any specific names.

SECTION A

GENERAL INFORMATION-NATIONAL TREASURY

(Kindly tick your responses or answers in the boxes provided)

1. Age: Below 25 years 25-35 years 36years and above

2. Gender: Male Female

3. Education: O-Level Diploma Graduate Post Graduate

Others (Specify) í .

4. Respondent position in the National Treasury

Disbursement Officer

Debt Management Officer

Accountant

Economist

Technical Expert

Other (Specify)

5. Number of Years worked in the Ministry

1-4 years 4-7years 7-10years More than 10years

SECTION B

6. In your own opinion does the Government of Kenya adhere to the planned date of loan effectiveness in donor projects?

Yes No

If No, kindly mention how long does the GoK take to declare the project loan effective.

0-5 months 6-12 months 12 months and above Not Sure

FACTORS INFLUENCING LOAN EFFECTIVENESS IN DONOR PROJECTS IN KENYA

I. Precedent Loan Conditions

7. In your opinion, how many letters of No Objections are required during fulfilment of precedent loan conditions?

Less than 3 between 3-6 More than 6 Not sure

8. In your opinion, how long does it take for Government of Kenya to fulfil loan requirements before it is disbursed?

0-3months 3-12month More than 12 months Not Sure

From your perspective, kindly rank the condition of fulfilment precedent loan conditions using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Question	5	4	3	2	1
9.	How does the number of conditions to be met influence loan effectiveness?					
10.	How does the Number of letters of No Objection involved affect loan effectiveness?					
11.	How does the time taken by the borrower to fulfill the precedent conditions influence loan effectiveness?					
12.	To what extent does the number of procedures involved affect loan effectiveness?					

13. In your own opinion, what do think is the most major factor among the above that causes delay in loan effectiveness? Kindly explain whyí í í ..

II. Capacity of the Project Implementers

14. Kindly mention the number of in job trainings/workshops you may have attended since employed?

None Less than 5 More than 5 Not sure

15. In your own opinion were they useful to you?

Useful Somehow useful Not useful Not sure

From your perspective, kindly rank the capacity of the project implementers using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
16.	To what extend does criteria for selection of project implementers affects loan effectiveness?					
17.	To what extent does qualification and experience among staff affect project loan effectiveness?					
18.	To what extent does Inadequate knowledge in donor disbursement procedures affects loan effectiveness?					
19.	How does Rate of staff turnover impacts on loan effectiveness?					
20.	How does the number of relevant training and development activities influence loan effectiveness?					

21. Among the above factors, what do think is the most major factor that causes delay in loan effectiveness? Kindly explain why..

III. Level of Planning

22. Are you involved during the initial stages of the loan cycle?

Yes

No

23. Kindly mention how many times you participate in staff meetings?

Weekly

Twice a Month

Monthly

Not sure

From your perspective, kindly rank Level of Planning factors using the scale provided listed below on a scale of 1-5 (1:less significant, 5 :being most significant)

No	Questions	5	4	3	2	1
24.	How does availability of planning documents influence loan effectiveness?					
25.	To what extent does the level of stakeholder participation during planning influence loan effectiveness?					
26.	To what extent does clarity of planning documents used affects loan effectiveness?					
27.	To what level does Staff commitment towards adherence of the plans influence loan effectiveness?					

28. Among the above factors, what do think is the most major factor that causes delay in loan effectiveness? Kindly explain why..

IV. Flow of Communication

29. In your opinion, are the communication tools you use in your organization effective and efficient?

Yes

No

From your perspective, kindly rank Flow of Communication factors using the scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
30.	How does the type of technology used for communication influence loan effectiveness?					
31.	To what extent does the number levels of communication in the organization influence loan?					

30	To what extent does Lack of coordination of roles and responsibilities among stakeholders affects loan effectiveness?					
32.	To what level does Inadequate awareness of project goals and donor rules influence loan effectiveness?					

33. In your own perspective, what do think is the major factor among the above that causes delay in loan effectiveness?

Kindly explain whyí .

34. Overall, in your own opinion what do you perceive to be the most significant factor that cause delay in Loan Effectiveness in Donor Funded Project in Kenya?

Kindly explain your answer

Recommendations;

35. Kindly what solutions would you propose for addressing the various factors identified to enable timely loan effectiveness in donor funded projects

Questionnaire for Ministry of Health Staff

Please read the questions carefully and fill out the following questionnaire on the spaces provided and ticking your responses or answers in the boxes provided. All information you give will be treated confidentially. The information will be used to prepare an academic report and will not include any specific names.

SECTION A

GENERAL INFORMATION-MINISTRY OF HEALTH STAFF

1. Age: Below 25 years 25-35 years 36years and above

2. Gender: Male Female

3. Education: O-Level Diploma Graduate Post Graduate
Others (Specify) í .

4. Respondent position in the Ministry of Health
Project Coordinator

Project Consultant

Procurement

Accountant

Technical Expert

Other Specifyí í í í í

5. Number of Years worked in the Ministry
1-4 years 4-7years 7-10years More than 10year

SECTION B

6. In your own opinion are there delays in accessing the first loan disbursement in donor funded projects in Kenya?

Yes No

If No, kindly mention how long it takes for the project implementing agency to access the first loan allocation.

0-5 months 6-12 months 12 months and above Not Sure

FACTORS INFLUENCING LOAN EFFECTIVENESS IN DONOR PROJECTS IN KENYA

V. Precedent Loan Conditions

7. In your opinion, how many letters of No Objections are required during fulfilment of precedent loan conditions?

Less than 3 between 3-6 More than Not sure

8. In your opinion, how long does it take for Government of Kenya to fulfil loan requirements before it is disbursed?

0-3months 3-12months More than 12 months Not Sure

From your perspective, kindly rank the condition of fulfilment precedent loan conditions using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Question	5	4	3	2	1
9.	How does the number of conditions to be met influence loan effectiveness?					
10.	How does the Number of letters of No Objection involved affect loan effectiveness					
11.	How does the time taken by the borrower to fulfill the precedent conditions influence loan effectiveness					
12.	To what extent does the number of procedures involved during fulfilling of the conditions affect loan effectiveness					

13. In your own opinion, what do think is the most major factor among the above that causes delay in loan effectiveness? Kindly explain why..

VI. Capacity of the Project Implementers

14. Kindly mention the number of in job trainings/workshops you may have attended since employed?

None Less than 5 More than 5 Not sure

15. In your own opinion were they useful to you?

Useful Somehow useful Not useful Not sure

From your perspective, kindly rank the capacity of the project implementers using scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
16.	To what extend does criteria for selection of project implementers affects loan effectiveness					
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18.	To what extent does Inadequate knowledge in donor disbursement procedures affects loan effectiveness					
19.	How does Rate of staff turnover impacts on loan effectiveness					
20.	How does the number of relevant training and development activities influence loan effectiveness					

21. Among the above factors, what do you perceive to be the most major factor that causes delay in loan effectiveness? Kindly explain why.

VII. Level of Planning

22. Are you involved during initial stages of the project?

Yes No

23. Kindly mention how many times you participate in staff meetings?

Weekly Twice a Month Monthly Not sure

From your perspective, kindly rank Level of Planning factors using the scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
24.	How does availability of planning documents influence loan effectiveness?					
25.	To what extent does the level of stakeholder participation during planning influence loan effectiveness?					
26.	To what extent does clarity of planning documents used affects loan effectiveness?					
27.	To what level does Staff commitment towards adherence of the plans influence loan effectiveness?					

28. Among the above factors, what do think is the most major factor that causes delay in loan effectiveness? Kindly explain why..

VIII. Flow of Communication

29. In your opinion, are the communication tools you use in your organization effective and efficient?

Yes No

From your perspective, kindly rank Flow of Communication factors using the scale provided listed below on a scale of 1-5 (1:less significant 5 :being most significant)

No	Questions	5	4	3	2	1
30.	How does the type of technology used for communication influence loan effectiveness?					
31.	To what extent does the number levels of communication in the organization influence loan?					
30	To what extent does Lack of coordination of roles and responsibilities among stakeholders affects loan effectiveness?					
32.	To what level does Inadequate awareness of project goals and donor rules influence loan effectiveness?					

33. In your own perspective, what do think is the major factor among the above that causes delay in loan effectiveness?

Kindly explain why..

34. Overall, in your own opinion what do you perceive to be the most significant factor that cause delay in Loan Effectiveness in Donor Funded Project in Kenya?

Kindly explain your answer

Recommendations;

35. Kindly what solutions would you propose for addressing the various factors identified to enable timely loan effectiveness in donor funded projects

Thank you!!

Appendix III: Project Loan Disbursement Performance in Kenya

Kenya Disbursement Performance for F/yrs 2009/10-2012/13

Year	Target Disbursements (Ksh 'Million')	Actual Disbursements (Ksh 'Million')	Amount Disbursed as% of target disbursement	Undisbursed Amount Ksh"Million"
2009/10	66,489.66	39,811.25	59.88%	26,678.41
2010/11	82,881.43	48,244.69	58.21%	34,636.74
2011/12	197,170.12	121,993.68	61.87%	75,176.44
2012/13	161,355.35	86,191.30	53.42%	75,164.05
Total	507,896.56	296,240.92	58.35%	211,655.64

Source: National Treasury Data

Appendix IV: Table for Determining Sample Size from Finite Population Table

TABLE¹ FOR DETERMINING NEEDED SIZE *S* OF A RANDOMLY CHOSEN SAMPLE FROM A GIVEN FINITE POPULATION OF *N* CASES SUCH THAT THE SAMPLE PROPORTION *p* WILL BE WITHIN $\pm .05$ OF THE POPULATION PROPORTION *P* WITH A 95 PERCENT LEVEL OF CONFIDENCE

Population Size	Sample Size	Population Size	Sample Size	Population Size	Sample Size
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

¹ Krejcie, R. V., & Morgan, D. W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30, 607-610.