

**FACTORS INFLUENCING IMPLEMENTATION OF DONOR FUNDED PROJECTS  
IN GOVERNMENT MINISTRIES: A CASE OF MINISTRY OF TRANSPORT AND  
INFRASTRUCTURE- KENYA.**

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## DECLARATION

This project report is my original work and that it has not been submitted in any other university or institution for academic credit.

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## **DEDICATION**

To my Family members Roseline Akinyi, Sifa Atieno, Faith Amondi, Collins Olima, Paul Trevor, Austin Otieno, Latifa Riziki, Raphael Opiyo, Roderick Odongo and Yesmin Oganyo.

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## **ABBREVIATIONS AND ACRONYMS**

ADB	Africa Development Bank
ADF	Africa Development Funds
CPM	Critical Path Method
DFID	Department for International Development
EXIM BANK	Export Import Bank
GOK	Government of Kenya
IDA	International Development Agency
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
JKIA	Jomo Kenyatta International Airport
M&E	Monitoring and Evaluation
NBC	National Broadcasting Cooperation
NGO	None Governmental Organization
PERT	Project Evaluation and Review Techniques
PIU	Project Implementing Unit
CARE	Cooperative for Assistance and Relief Everywhere

## ABSTRACT

The study report aimed at investigating the factors influencing implementation of donor funded projects. The objectives of the study were: to assess how conditions imposed by donors influence implementation of donor funded projects, to investigate how procurement related factors influence implementation of donor funded projects and to determine influence of skills in project planning and management on implementation of donor funded projects. The study concentrated on three independent variables namely: donor conditions, procurement related factors and skills in project planning and management. The Ministry was implementing several projects funded by donor and the government of Kenya. It had, however, been experiencing low absorption of funds hence slow or poor implementation of donor funded projects. The researcher established a gap that the roles played by the three factors in the implementation and absorption of the donor funded project had not been studied albeit the government had been reporting under absorption of donor funds every financial year. The study used descriptive research design for open ended questions with a survey used as a method of collecting data while frequency tables and percentages were used for quantitative data analysis. The targeted population comprised 50 officers working in departments that deal with donor funded projects in the eight state corporations and two State departments of the Ministry of Transport and Infrastructure that included state department of transport and state department of infrastructure. Sample was clustered between the state corporations or semi-autonomous government agencies under Ministry and state departments in the Ministry headquarter. The collected data was analyzed by way of descriptive statistic and the results presented using frequency distribution tables. Data collected from open-ended questions were summarized into themes. From the findings it was established that donor conditions, inadequate skills and procurement process negatively affect the project implementation. Donor funded projects are not completed on time and donor funded projects objectives are not always achieved. Project cost escalates during the procurement process. Project commencement date always experience delays hence affecting the implementation of the donor funded projects. This is due to insufficient skills from the implementing unit, delay in delivery of materials, bulky paper work, delay in disbursement of project funds and long tendering process. Absorption rate for donor funded project are found to be low. This emanates from poor planning by the ministries, lengthy procurement procedures, and stringent demands from donors. The study recommends donor conditions should be made flexible and none punitive to the users of the funds to increase the implementation process of donor funded projects; again, they should be free from political interest and countries left to set their own priorities. Timely completion of donor funded projects can be achieved by enhancing transparent tendering process, employing monitoring and evaluation technique. Absorption rate can be improved by proper planning and monitoring of the projects, and when disbursement ration and rate are enhanced. The government should therefore have department for project planning and management in every Ministry and State Corporation with professionally qualified personnel.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. Background of the Study**

The transport sector in Kenya encompasses a transport system comprising of road, rail, air and marine. The sector is crucial in the promotion of social economic activities and development since an efficient and effective transport system is a mainstream for a rapid and sustained development in terms of national, regional and international integration, trade facilitation, poverty reduction and improvement of welfare of the citizen. Due to the huge financial requirement of the projects the sector undertakes, there is need of partnering with other foreign donors for funding of the projects.

Functions of the sector are being executed by the Ministry of Transport and Infrastructure. The ministry implements many project within the aspirations of the Kenya Vision 2030 some which are financed not only by development partners but some are also financed purely by GOK or as counterpart financing where both development partner and Government of Kenya participates (Government of the Republic of Kenya, 2008). It therefore follows that Transport sector is one of the key enablers to the realization of the Vision 2030 and thus the outlined project such as Dredging of Mombasa Port, Rehabilitation and Expansion of Kisumu airport, Road Network Expansion, development of the Lamu port and the new transport corridor to South Sudan and Ethiopia (LAPSSET), development of Dongo Kundu Free port, Expansion and modernization of JKIA, development of Commuter Rail Network and the development of the Standard Gauge Rail; Mombasa – Nairobi – Malaba - to Kisumu are some of the infrastructure Flagship projects (Government of the Republic of Kenya, 2013).

The Ministry does these functions either through various departments in headquarters or through state corporations under it namely: Kenya Port Authority, Kenya Rural Roads Authority, Kenya Maritime Authority, Kenya Civil Aviation Authority, Kenya Airport Authority, Kenya Highways Authority, Kenya Ferry Services, Kenya National Shipping Line, National Transport Safety Authority and Kenya Urban Roads Authority. It is composed of two state departments, that is, State Department of Transport and State Department of Infrastructure.

In this regard the Ministry through its above mentioned implementing agencies is supposed to implement projects that are efficient, effective and above all meets internationally accepted standards. The issue that then arises is that the use of these funds has to follow some terms or conditionality, regulations and policies of the donor of those funds. At some point these conditionalities impede the implementation of these projects as some of these conditions are political and therefore not aimed at the efficient and effective implementation of the projects

These just emphasizes that there was a problem in the way donor projects were identified, implemented and sustained. The low absorption of donor funds visa avis GOK funds which has always been encountered during budget execution is an indication that most of the donor funded projects are not properly implemented. This was the problem this investigation was seeking to dig out by testing the possible factors that might be contributing to the cause of the problem. In some reports these low absorptions are attributed to a number of factors among them lengthy procurement process, poor planning and delay in release of donor funds (Republic of Kenya, 2014) but an investigation has not been done.

## **1.2. Statement of the Problem**

The government has been receiving funds from several donors for financing various projects implemented by the government; however, there have been problems of under-absorption of the funds hence failing to implement projects or slow implementation of the projects. This problem is across all sector of the government.

As stated by the controller of budget in her Budget Implementation Review Report for fourth quarter of 2011/2012 the expenditure for the total development budget stood at Kshs210.7billion representing 55.1 percent of the gross revised estimate which was Kshs382.6 (Republic of Kenya, 2012). This shows how poor ministries and government departments are doing in implementation of their budget allocations. The problem seems to be persistent as reflected in budget implementation review report for third quarter of 2013/14 published by office of the Controller of Budget. It is indicated in this report that during the financial year 2013/14 the government of Kenya allocated Kshs446.2 billion for development expenditure but only Kshs129.1 billion representing 26.3 percent had been spent on development activities as at the end of the third quarter (Republic of Kenya, 2014).

Energy, infrastructure and Information Communication Technology (EI& ICT) Sector where the ministry of Transport and Infrastructure falls, the absorption rate for the same period was 19.7 percent which is lower compared to 20.6 percent for the same period in 2012/13.

Even where projects were successfully completed, assets maintenance was a problem hence sustainability was compromised as they were wearing out very fast from vandalism and careless usage. There is therefore need to investigate the causes of the poor implementation of the project funded by donors. This study however zeroed in on Ministry of Transport and Infrastructure as a case.

### **1.3. Purpose of the Study**

The purpose of this study was to investigate factors influencing implementation of donor funded projects in government: a case of Ministry of Transport and Infrastructure.

### **1.4. Objectives of the Study**

#### **The objectives of this research were:**

- (i) To assess the influence of conditions imposed by donors on implementation of donor funded projects in government. The Case of Ministry of Transport and Infrastructure-Kenya.
- (ii) To investigate the influence of procurement related factors on implementation of donor funded projects in government. The case of Ministry of Transport and Infrastructure-Kenya.
- (iii) To determine the influence of project management skills on implementation of donor funded projects in government. The case of Ministry of Transport and Infrastructure-Kenya.

### **1.5. Research Questions.**

- (i) How do donor conditions influence implementation of the donor funded projects in government: the case of Ministry of Transport and infrastructure-Kenya?
- (ii) To what extent does the procurement related factors influence implementation of donor funded project: the case of Ministry of Transport and infrastructure-Kenya?
- (iii) To what extent do skills in project management influence implementation of donor funded projects: the case of Ministry of Transport and infrastructure-Kenya?

### **1.6. Significance of the Study**

The significance of this study was to:

Contribute to the pool of knowledge that already exists in this area of implementation of donor funded project, and help in policy formulations that assist in making decisions regarding utilization of the donor funds. It will also help in improving the planning and bring efficiency and effectiveness in the management and by extension improve implementation of the donor funded project in the ministry and the whole government.

### **1.7. Delimitations of the Study**

The scope of this study was limited to investigating the factors influencing implementation of donor funded Projects under Ministry of Transport and Infrastructure. The ministry is implementing several projects funded by donor and the government of Kenya.

The state corporation where the study was conducted were Kenya Airport Authority, Kenya Railways Corporation, Kenya Port Authority, Kenya Maritime Authority, Kenya Urban Roads Authority, Kenya Highways Authority, Kenya Rural Roads Authority and Kenya Civil Aviation Authority.

### **1.8. Assumptions of the Study**

This study was conducted on the premise that the data and records of all projects financed by the donor in the Ministry of Transport and Infrastructure will be available and that respondents were to be available and that they were to truthfully answer the questions. It was

also conducted with the assumption that the selected samples represented the target population.

### **1.9. Limitations of the Study**

Due to limitation of time and resources, the study was confined to a smaller area by concentrating on the Ministry of Transport and Infrastructure and her State corporations even though the problem affected all ministries and departments receiving donor funds. Still, the researcher hoped to achieve the objective of the study as the chosen Ministry implements mega projects funded by the development partners.

### **1.10. Definitions of significant Terms used in the Study**

**Donor funded Projects:** Are projects implemented by government in Ministry of Transport and Infrastructure which are externally funded by the development partners. The development partners include multilateral donors like IDA, ADB, and bilateral like JICA, EXIM Bank and others. The projects include Standard Gauge Rail, Expansion of Jomo Kenyatta International Airport, Thika Road, Eldoret Southern Sudan Link and Second Container Port among others.

**Donor condition:** Are the terms or conditions donors attached to the funds that if the implementing Agency does not abide to, the donor may end up not funding the project or causing delay in the commencement of the project.

**Implementation:** Project delivered that meets the original objectives within the constraints and specifications of budget, time and quality.

**Projects:** Are series of undertaking which continues over a period of time and in the context of this study undertaken by the government that are initiated in various programmes. Among them are infrastructure project and capacity building project that are implemented by various agencies under Ministry of Transport and Infrastructure.

**Project Planning:** Planning entails defining the activities, scheduling and sequencing for the project implemented by the ministry and its agencies. Planning the requisite manpower and staff required in sufficient quantities and quality, planning for the resources that will be spent



in a time-phased manner and finally planning the information system necessary for effective communication to enhance project monitoring and control within the ministry.

**Project Management Skills:** these are skills that include Planning, Organizing, Staffing, Coordinating and Controlling as far as they are applicable to project formulation and implementation for the projects undertaken by the Ministry of Transport and Infrastructure.

### 1.11. **Organization of the Study**

The Research was organized under five main chapters. It started with an introductory chapter which outlines the Statement of the problem, Research objectives as well as the Research questions, significance, assumptions, limitations and delimitations of the study. In Chapter Two Literature Review of all related literature was undertaken from various sources of materials that include journals and books, conceptual framework that gives relationship between the variable and the knowledge gap has been given. Chapter Three presents the Research Methodology adopted in the study. The same chapter also details the research design used, the target population as well as the sample used for the study. Chapter four gives data analysis, presentation and interpretation of the findings of this research while chapter five has outlined the summary, conclusion and recommendations based on the findings of the study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the review of literature related to the factors influencing the implementation of the projects that are funded by the development partners in form of either Loans, or Grants that also include Revenue and Appropriation in Aids. It is organized as per the themes of the study. It also covers knowledge gap that the researcher intends to bridge by conducting this study, and a conceptual framework that gives the highlights of the dependent and independent variables that the researcher will be testing and the variable indicators.

#### **2.2 Conditions Imposed by Donors and Implementation of Donor Funded Projects**

These are the conditions or terms imposed by the donors that must be followed in projects that they finance or sponsor. When Donor attaches so many conditions on the loan or grants agreement, the disbursement of funds for the projects may end up being delayed and it can culminate into cost overrun of the project or the project stalling or abandoned by the funder. It can also extend the project completion time. Some of the conditions are explained as follows:

##### **2.2.1 Governance and Political Reforms/ Structural Adjustment Program**

Donor funds are channeled to countries which are assumed to be performing better hence encouraging policy reform (“incentives”): this comes from the widespread view that donors should use aid to encourage recipients to improve their policies. There is a lot of sense in this: however, many problems in developing countries are partly or wholly the result of poor policy choices by governments (Sebervik, 1999). The hope is that by making aid conditional on policy reforms – such as restructuring state enterprises, liberalizing the economy, or political reforms – donors might accelerate the changes which are likely to be essential for economic development. The policy changes which aid conditions are intended to produce may be as important as resource transfers.

Possibly more so, the rationale for this approach is that aid spending in countries with a good policy environment produces greater benefits (e.g. in terms of long run economic growth) than

the same amount of spending would produce in countries that have poor policy environments. So for a given aid budget, the total reduction in poverty will be increased if aid is targeted on those countries that can use the aid most effectively. Creating rules for allocating aid to countries that are likely to use it well is known in the jargon as “selectivity”.

On the other hand this condition might also undermine internal government systems. Example is when US said they were withdrawing financial assistance to Uganda because of passing anti-gay law. Aid conditionality, in which aid is linked to particular programs and projects, prevents the government from making decisions about which programs are a priority. Performance agreements are made with donors, not with Finance Ministries or Cabinet. Separate project implementation units, managers, and auditors are hired by the project to ensure that the program remains on track with its conditionality. So government systems are hollowed out: resource allocation, performance management, auditing and accountability are moved from collective government decisions under the control of the Finance Ministry to individual ministers and officials in consultation with their donor patrons (Afande, 2013).

Examples of the reforms also include Structural Adjustment Policies (SAP). SAPs are economic policies which countries must follow in order to qualify for new World Bank and International Monetary Fund (IMF) loans and help them make debt repayments on the older debts owed to commercial banks, governments and the World Bank. Although SAPs were designed for individual countries, they had common guiding principles and features which include export-led growth; privatisation and liberalisation; and the efficiency of the free market.

SAPs generally required countries to devalue their currencies against the dollar; lift import and export restrictions; balance their budgets and not overspend; and remove price controls and state subsidies.

This is a program that did not succeed as much and to date it is very unpopular because it caused much suffering as it brought about things like retrenchment in the civil service, skyrocketing of the prices of even the basic goods among other ill. Damien King, 2000 explained that the fundamental liberal ideas underlying structural adjustment reform were not popular in Jamaica, and had for the most part been foisted on the people by first, an unwilling

administration, and later, by an unfocused one merely following to a limited extent world economic fashion. This unwillingness and lack of commitment is important in understanding the inconsistency in the reform process as it unfolded in Jamaica (King, 2000). As explained below it had many problems than benefits:

A major goal of Structural Adjustment Programs was a reduction of inflation. It is broadly agreed that high levels of inflation have negative consequences on growth and poverty. Some studies however contend that countries which achieve and maintain macroeconomic stability might not necessarily gain significant pay-offs in growth and poverty reduction (Gunter, Cohen, & Lofgren, 2005). Lower inflation is likely to improve the real incomes of the poor if the adjustment of incomes to a rise in expenditures due to inflation is slow. Currency Devaluation where in developing countries we realise there are negative associations with currency devaluation. This is because of fears of setting off a devaluation-inflation spiral, low exports and import elasticities, increased domestic costs of servicing foreign debt, increased costs of financing subsidies for imported inputs, fear of a loss of confidence.

Until now there is no clear cut conclusion about the relationship between devaluation and poverty (Gunter, Cohen, & Loftgren, 2005)

Fiscal Policy which is actually an essential component of IMF programs, which aim to decrease the budget deficit. This can be achieved through higher levels of taxation and/or reductions of public expenditure. Of course the re-distributional effects of such a policy depend on the composition of the budget cuts of the government, but are also influenced by producer mobility and the adaptability of consumer patterns.

Real expenditure reduction is generally achieved through contraction in social expenditure, public sector contraction and privatization. A study conducted by Johnson and Salop (1980) states that a downward adjustment of government expenditure to GDP is very likely to be borne out by public sector employees engaged in capital-intensive projects which come to be postponed (Vreelland, 2003) Expenditure cuts in public sector employment – which lead to an at least temporary increase in unemployment – and lower wages and salaries of people working in the public sector, will tend to increase poverty and worsen income distribution, particularly when those reductions hit low-level government employees.

Trade liberalization which possibly have two contrary effects on poverty. First, sectors which were protected before the liberalization will contract and lead to lower incomes in these areas. Apart from that however, trade liberalization might benefit labor-intensive sectors and finally result in higher wages or lower unemployment (Oberdabernig, 2008).

Financial liberalization which is a common tool used by the IMF to force changes in the domestic capital markets of developing countries. It can be shown that there is a strong connection between financial liberalization, weaknesses in the domestic banking sector and currency crisis. It is commonly agreed that financial liberalization needs to be accompanied by sound economic policies and legal and regulatory underpinnings to improve economic performance, because they would have strongly negative effects on some poor groups otherwise (Oberdabernig, 2008)

Political reforms where political power plays an important role in determining the way of achieving a program (Vreelland, 2003). Therefore, it is most likely that IMF programs are implemented in such a way that hurts politically powerful groups least, frequently at the expense of the poor.

### **2.2.2 Pre- expenditure Approvals/No Objection**

Before expenditure is incurred especially in World Bank funded project a no objection has to be sought from the World Bank office and this delays the process and sometime collapse of the process especially when it is not approved. This therefore means there is no flexibility on the side of the recipient of the Aids as well as lack of confidence by the donor on the proper use of the funds.

As stated in the World Bank consultancy guideline revised July 2014, When, under time-based contracts, the services are of a routine nature or do not require an innovative approach, the Borrower may, subject to the Bank's no objection, require the consultants to include in their proposal the same level of experts' time inputs as indicated in the Request for Proposal RFP, failing which their financial proposal shall be adjusted for the purpose of comparison of proposals and decision for award (World Bank, 2014).

Other conditionalities that must be met by the requisitioning government before any approvals include, but not restricted to:-provision of counterparts funds by respective government,

establishment of Project Implementation Units (P.IUs) to run the project and opening of offshore account where funds are channeled in hard currency (Keng'ara, 2014).

Donor usually disburses loan proceeds to or on the order of the borrower, using four common disbursement methods. These are; direct payment, reimbursement, Reimbursement guarantee, and Special account. In Kenya, the most commonly applied methods are Direct Payment and Special Account. For Direct Payment the arrangement is such that, the donor makes payments, at the borrower's request directly to a third party e.g. supplier, contractor, and consultant for eligible expenditures (Chandra, 2009). This is suitable for major civil works progress payments, purchase of goods/equipment and consultants' progress claims. Special Account/Revolving Fund method applies where the donor advances loan proceeds into a designated account of the borrower to finance eligible expenditures as they are incurred and for which the supporting documents will be provided at a later date (Chandra, 2009).

This is ideal for small and numerous expenditures of an operating nature. The borrower must ensure all the amounts deposited in the special account are fully accounted for before disbursement deadline date. After due date, the borrower must refund all advances still unaccounted for or remaining in this account. The GOK normally opens offshore special accounts where donor funds are channeled in hard currency. These are managed by Ministry of Finance (MOF) through Central Bank of Kenya. However, final allocation in the printed estimates does not always tally with approved project annual work plans and budgets; moreover, total actual disbursements are often less than printed budget estimates disbursed in untimely and small tranches. The P.I.U staff must be knowledgeable on disbursement of funds process in order to institute prudent financial management of donor funds so that the project operations are not adversely affected due to insufficient/lack of funds.

### **2.2.3 Strong Adherence to Procedures and Guideline**

Organization for Economic Co-operation and Development (*OECD*) explained that as a matter of facts “There is too much emphasis within aid agencies on strong procedures and guidelines, which leads to a culture of ‘accountability for results’ and of little attention to ‘managing for results’,” It, therefore, all boils down to the procedures in place to manage projects. The need to show how funds from donors have been spent overrides the need to

actually make progress towards achieving the project's deliverables. The argument is that there is too much weight put on incentives for project managers to report externally and to spend time on monitoring and evaluation. There is not the same level of incentive for a job well done, and project managers lack the tools they need for using project performance data to make decisions that will affect project. These are often donor-specific rules and guidelines which are meant to ensure that donor resources are used efficiently and economically, but at the same time can lead to fragmentation and aid complexity.

Many explanations for the success or failure of the donor funded projects can therefore be said to be coming from the donors themselves. We actually know there are myriad of donors of aid to both developed and developing countries, including multilateral (World Bank, United Nations Development Programme, Asian Development Bank, European Union) and bilateral donors (national cooperation/development aid agencies), non-governmental organizations, and foundations (Font, Goodwin, & Walton, 2012). Each of them imposes some terms to the funds they give as development assistance depending on their individual interest. As a result, there is lack of transparency in decision making about development assistance.

There is evidence of donors partly choosing aid recipients based on potential trade benefits or because of historic ties with former colonies. Donor rankings based on how they allocate aid across countries (allocation performance) are common, with income, population and policy the most commonly used criteria (Anderson and Clist, 2011). However donor performance goes beyond allocation, to include the amount of aid that is tied or the share of aid spent on administration costs (Font, Goodwin, & Walton, 2012).

The proliferation of official donors and private givers is now a common phenomenon in poor countries. Ghana, for example, is referred to as a “donor darling” in aid circles. In theory, more donors should mean more money and greater choice in reducing poverty and financing development. In practice, however, many poor country administrations are overwhelmed by the new complexity in development finance. They need new tools to face it successfully (Lavagnon, 2012).ogress (OECD Development Centre, 2007).

These procedure and guidelines can also cause higher transactions costs and add significantly to the transactions costs of aid, for both recipient and donor for example:

Tanzania once estimated that it had to account for 20,000 different performance criteria a year to more than 50 different donors. Many African finance ministers reckon to spend 3 days a week or more talking to donors (or being talked to by them).

In addition, sometime they undermine government accountability. It is sometimes claimed as a benefit of aid conditionality that it enables governments to take difficult decisions, because Ministers can tell the affected constituencies that the decision was forced upon them by donors.

This is a double-edged sword, however. To the extent that domestic stakeholders accept that the government has little discretion because of conditions attached to aid, this reduces the accountability of governments to their own citizens. Governments can, and frequently do, blame donors for having imposed conditions upon them, and assert – often truthfully – that the eventual outcomes were beyond their control (Sebervik, 1999).

In the worst cases, the donors, acting individually or collectively, effectively take the place of the opposition that should hold the government to account. Admittedly, the capacity of some legislatures and political systems to carry out this function is weak, which leads donors to step into the role; but in doing so; they crowd out the role that should be filled by local stakeholders.

This is important because lack of government accountability is a common feature in many developing countries. The long-term solutions lie in strengthening legislatures, civil society and the media to enable them hold the government to account, and also enable them to press for more rapid reform in the interest of the broader population. To the extent that aid conditionality obstructs increasing accountability of governments to their citizens, the system delays rather than accelerates reform (Barder, 2005).

Withdrawal for non adherence to conditions: the single biggest constraint on the effectiveness of aid is not the corruption or incompetence of the recipients, but lack of predictability by



donors. It is shaming (or should be) that aid is the single biggest cause of fiscal volatility in least developed countries (more volatile than commodity prices, economic growth or tax collection). It is shaming that past aid levels are a better predictor of future aid flows than the formal projections and promises made by donors.

This lack of predictability in aid matters for developing country governments for the same reasons that macroeconomic stability matters in affluent countries: there are huge economic costs associated with variability in demand for both public and private services (Kanbur, 2000). Many developing countries face challenges that require reform with short-term costs and enormous long-term benefits. An example is public sector reform. If a country is to pay off redundant staff with inappropriate skills while hiring new staff to replace them, it requires a considerable investment over a number of years, albeit with huge returns in the long run. Other examples include liberalization of state monopolies, or reductions in import tariffs (Kanbur, 2000). All such reforms with high costs in the next few years, but significant long term benefits, are unthinkable for developing country governments with little ability to borrow. Only if they have reliable access to long term aid flows can they begin to contemplate the sorts of reforms they need to make to make these essential changes.

Aid conditionality adds to lack of predictability. Sometimes aid is withheld because the policies or actions of the recipient have deteriorated significantly. But more often, aid is withheld for more technical reasons: accounts have not been submitted, or one of the conditions has not been met in full. Sometimes the problem is that the donor agency does not have the capacity to process the information that it originally asked for. As a result, aid programs stop and start, with little link to the underlying state of policies and commitment of the recipient country or the effectiveness with which they are able to use the aid they receive.

#### **2.2.4 Technical Assistance**

Earmarking of donor resources applies also to aid modalities of technical assistance (where the spending often are done on external experts' guidance and advice) (Celasun & walliser, 2007).

The implication of this is that most aids come with a condition that the recipient will get technical assistance from the donor in the form of experts. There are more than 100,000 foreign advisers resident in Africa, costing aid budgets a little under \$10 billion. Some of these advisers provide valuable advice and expertise. This sort of knowledge-transfer is an important form of aid in its own right.

However, a substantial proportion of the work of these advisers is to design conditions to attach to aid, to monitor whether those conditions are being met, and to make judgments about what to do if they are not. Some of this work is valuable in its own right, since all governments need analysis of the programs they are implementing. But the bulk of it is jumping through hoops, which adds greatly to the overhead costs of aid, reducing the amount of taxpayers' money actually being received by the people for whom it is intended (Afande, 2013).

Beside, requirement for monitoring and evaluation, normally done by their expatriates, is integral to conditionality, as the principal will collect data to see if conditions are met. Whilst some interventions and programme evaluations are conducted, and confidential internal reports written, they are rarely shared or published. The literature and results agree that impacts of interventions are rarely reported (Font, Goodwin, & Walton, 2012). There are some instances where donors make it clear from the outset that they would be seeking high developmental returns from the initiative. In response, a concept is adopted that specifically targeted a number of projects that would generate high direct developmental returns (as opposed to indirect returns through increased growth). In practice, such projects are difficult to develop, take longer than anticipated time to bring to the point of sale, and are proving difficult to sell under current capital market constraints.

What is then coming out is that donors' behavior partly explains project success and failure, through their policies and how they identify and conceptualize funding lines. Any sustainable project management must include an evaluation of the organizational culture of an enterprise that plans to implement any new project or initiative (Sustainable Project Management, 2011).

Government aid is funded by taxpayers, whose money has been involuntarily taken from them to pay for it. Those taxpayers are entitled, at minimum, to know what their money has been

used for and whether it was for the purposes intended and that it has produced the desired effects. Aid conditionality, which sets limits on how aid money can be used and demands information and evidence to show that this is what has happened, might contribute to the accountability to which taxpayers are entitled. This may be compromised when a good chunk of the funds are going back to the donor in form of payments to their own expatriates even though the Project aid is tied to specific and pre-identified expenditures of the aid recipient. The classical example of project aid is supposed to fund are large infrastructure project, such as a road, that donors agree to finance (Celasun & walliser, 2007).

### **2.3 Procurement Related Factors and Implementation of Donor Funded Projects**

Procurement is the acquisition of goods and services. It is a process that involves two parties with different objectives who interact in different market segment. Good procurement practice increases profitability by taking advantage of quantity discounts, Minimizing cash flow problems, and seeking out quality suppliers. For this reason, it is always standardized practice that is aimed at lowering the paperwork cost (Kerzner, 2001).

Procurement Related Factors refer to several factors that directly or indirectly determine the implementation progress of projects. These include such factors as, length procurement procedures, too many authorization requirements especially for donor funded projects (in form of Letters of no Objection) and lack of skills in donor procurement procedures which creates absorption capacity problems affecting calendar time. The following are procurement related factors that influence implementation of the donor funded projects:

#### **2.3.1 Procurement Procedure and Guidelines**

Within the context of public procurement, section 26(3) of the Public Procurement and Disposal Act 2005 and Regulation 20 of the Public Procurement and Disposal Regulations 2006 provide for an elaborate structured Procurement Planning, Contract Monitoring and Control, Communication Choice of procurement procedure and effective project implementation mechanism for procurement planning of public entities (Republic of Kenya, 2005). Of major significance is the requirement for the procurement plan to contain, among other things, a detailed breakdown of goods, works, or services required; a schedule of the planned delivery, implementation or completion dates for all goods, works, or services

required; an indication and justification for whether it shall be procured within a single year period or under a multi-year arrangement, an estimate of the value of each package of goods, works or services required, an indication of the budget available, sources of funding and an indication of the appropriate procurement method for each procurement requirement.

In an attempt to bring efficiency and to ensure that funding bottlenecks are eliminated, regulation 20 of the Public Procurement & Disposal Regulations (2006) stipulates that every procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process. Still, the Kenyan procurement system together with development partners' conditions on the procurement system are blamed for poor absorption of the donor funds (Republic of Kenya, 2014). The public procurement regulations also stipulate that there ought to be a confirmation of availability of funds for the intended project before commencement of any procurement process (Republic of Kenya , 2006). This therefore calls for establishment of clear channels of communication between the user, finance and procurement departments on budgetary issues to avoid any financial lapses in respect of meeting financial obligations that would arise from a given project being implemented.

Controller of Budget contended that among the Key challenges affecting the implementation of budget are procurement delays, donor conditions and inaccurate cash flow projections. (Republic of Kenya, 2012)

### **2.3.2 Integrity of the Procurement Process**

An effective public procurement system is essential for good governance. A poor procurement system results in higher costs to government and the public. It delays project implementation which further increases costs, leads to poor project execution performance and delays the delivery of benefits to the beneficiaries. Procurement problems also increase scope for corruption, generate more complaints and raise concerns about the integrity of the procurement process.

The organizational factors also affect ethical standards in public procurement. These factors include: frequency of procurement cycle audit, procurement professionals' pay get-rich quick culture and lack of fair competition practices within the procurement cycle (Kasyoki, Okibo, Cheptoo, & Wamalwa, 2014).

Finally, poor procurement discourages good firms (both national and foreign) from participating in bidding, thus deprive the country of receiving better prices and goods, works and services (Sarfo, 2011)

### **2.3.3 Donor Procurement Guidelines**

Donors insist on using their own system of procurement which implies they do not trust the country's existing procurement laws and guidelines. As can be evident from the following statement the World Bank can only allow some few cases as much as they are consistent with their guidelines 'The Use of Country Systems (UCS) refers to the use of the procurement procedures and methods contemplated in the public procurement system in place in the country of the Borrower that have been determined to be consistent with these Guidelines and acceptable to the Bank under the Bank's Use of Country Systems Piloting Program. They may be used by Borrowers in pilot projects that have been approved by the Bank under such Piloting Program' (World Bank, 2014). This means the use of country system can only be allowed in very limited cases.

The use of donors' procurement system alongside the country procurement system further lengthens the process and creates confusion in the procurement of donor funded projects related items (World Bank, 2014). This actually becomes more evident where there is counterpart funding where GOK component should follow the country procurement system. As stated by the World Bank in their guidelines that those carrying out a project that is financed in whole or in part by a loan from the International Bank for Reconstruction and Development (IBRD), a credit or grant from the International Development Association (IDA), a project preparation advance (PPA), a grant from the Bank, or a trust fund administered by the Bank and executed by the recipient, of the policies that govern the procurement of goods, works, and non-consulting services required for the project. The Loan Agreement governs the legal relationships between the Borrower and the Bank, and the Guidelines are made applicable to procurement of goods, works, and non-consulting services for the project, as provided in the agreement. Finally, they do have their way because we are the people in need.

### **2.3.4 Procurement Planning**

A Procurement Plan defines the products and services that you will obtain from external suppliers. A good Procurement Plan will go one step further by describing the process you will go through to appoint those suppliers contractually. Whether you are embarking on a project procurement or organizational procurement planning exercise, the steps will be the same. First, define the items you need to procure. Next, define the process for acquiring those items. And finally, schedule the timeframes for delivery (Northwest Territories Public works and Services, 2009).

The purpose of procurement planning is threefold: first, to clarify and quantify (to the extent possible) the technical, cost, and schedule objectives of the procurement; second, to define the plan for accomplishing the objectives; and third, to determine a methodology for evaluating performance against defined objectives during the time that the contract is being carried out. Whether or not a procurement plan is required will depend on the complexity of the requirement, the sensitivity of the requirement, and/or the estimated value of the requirement, e.g., capital projects.

## **2.4 Project Planning and Management skills and Implementation of Donor Funded Projects**

Competency of the project manager or project desk officer as they are referred to in the Ministries and Government Departments and other staffs participating in implementing projects of whatever nature is very important for the effective implementation of projects. Whereas the technical expertise is necessary to evaluate technical concept and solutions, to communicate effectively in technical terms with the project team, and assess the risks and make trade-offs between cost, schedule, and technical issues, planning and management skill will improve the coordination and leadership that is necessary in the project implementation.

### **2.4.1 Absorption of Funds**

The project planning and management skills can enhance the absorption capacity, improve monitoring and evaluation system and inculcate the culture of proper planning of the projects financed by the donors in an entity. The three factors are very essential in the implementation of any project but as evidenced in Kenya case the absorption is very low that as was reported

by the controller of budget in 2011/12 the government only absorbed 40% of the money allocated for development (Business Daily Africa, 2014). The low absorption trend is being blamed on poor planning by the ministries, lengthy procurement procedures, and stringent demands from donors (Business Daily Africa, 2014).

#### **2.4.2 Project Coordination**

It is essential for a project manager to acquire six important types of interpersonal skills namely: effective communication, motivation, negotiation, conflict management, stress management and leadership as human aspect in the project Management besides technical skills (K.Verma, 1995). James Taylor (2006) also asserted that personal characteristic of a good project manager include: Flexibility and adaptability, possessing and exhibiting initiative and leadership traits, confident and persuasive, possess verbal fluency, ability to balance technical and human components of a project, problem solving and decision making capability and good time management. The real key to success can only be achieved through good leadership, mentoring, coaching and negotiation. They must therefore have a strong, active and continuous interest in teaching, training and developing subordinates (Taylor, 2006).

As we put emphasis in the project manager's skill we should not forget the skill requirement of the other members of the team. Team skills are a critical factor in implementation success. Team skills are enhanced by interpersonal abilities which are in turn determined by good interpersonal communication skills. To further underscore the value of communication in project implementation, Brown and Hyer (2010) hold the view that keeping key stakeholders (including the Procurement Manager) informed of the project's purpose, goals, progress and changes are key to successful project implementation.

The program or project managers rarely possess all the technical, administrative, and marketing expertise needed to direct the program/project single handedly; moreover, it is not even necessary or desirable (Gosh, 2008). However, it is essential for the program manager to understand the technology, the market and the environment of the business to participate effectively in the search for integrated solutions and technological innovations (Kerzner, 2001). Furthermore, the technical expertise is necessary to evaluate technical concept and

solutions, to communicate effectively in technical terms with the project team, and assess the risks and make trade-offs between cost, schedule, and technical issues (Kerzner, 2001).

As Muhammad Israr (2005) explained in his article of Project Mentality: a threat to effective implementation and sustainability of donor funded projects in Pakistan, a new project initiative in the public sector triggers a political race for gaining important positions in the project. Merit and qualifications are usually set aside and nepotism nurtures the less competent leadership. Privileges associated with a project such as provision of new vehicles and the procurement liberty motivate those who are politically potent to influence decision making processes in the country. The unqualified leadership which takes up the charge is less bothered to comprehend the purpose and objectives of the project (Israr, 2005).

A comprehensive understanding of "Project Mentality" is crucial in relation to the sustainability and effectiveness of donor funded initiatives, particularly in the public sectors in developing countries. Appropriate management research is required to further explore the complex interactions, dynamics and the effects of different facets of project mentality. The most important challenge for the government in Pakistan, and also in other developing countries is to devise appropriate strategies for nullifying the effects of prevailing organizational culture on current and the future initiatives in order to ensure their sustainability and effectiveness (Israr, 2005). Averting the deep-rooted misperceptions, myths, mindsets and the unlawful practices would require short-term and the long-term strategies. Isra emphasizes that, the short-term strategies should focus on the newly initiated projects and may include: a participatory planning involving all line managers in order to develop a sense of ownership; involvement of civil society for a greater transparent accountability system to ensure the identification and recruitment of more visionary and competent leadership and better management of resources, and an effective monitoring and supervisory mechanism for maintaining good quality of project outputs (Kusek & Rist, 2004). The donor agencies should make the availability of funds conditional to the enforcement of these short-term strategies. The long-term strategies may include: Sound policies and appropriate strategies to mitigate poverty and implement good governance reforms, political stability and commitments, and the focused efforts to build institutional capacity.



### **2.4.3 Project Planning**

Planning skills is also a major issue to be looked into when we deal with the project implementation of the donor funded projects. Kerzner, 2014 contends that the project plan is the road map that defines how to get to the end. Effective project planning requires particular skill far beyond writing a document with schedules and budget. Unlike small projects that involve few activities, complex projects that go beyond a certain threshold level of magnitude should proceed on the basis of a sound formal planning platform without which there may be chaos. Sound formal planning provides the basis for organizing the work on the project and allocating responsibilities to individuals. It is not only a means of communication and coordination between all those involved in the procurement project but also induces people to look ahead besides instilling a sense of urgency and time consciousness (Barasa, 2014).

Above all planning provides the basis for monitoring and control. Planning entails defining the activities, scheduling and sequencing, planning the requisite manpower and staff required in sufficient quantities and quality, planning the money that should be spent in a time-phased manner and finally planning the information system necessary for effective communication to enhance project monitoring and control (Lockyer & Gordon, 2005).

Planning will also involve setting out goals, and also includes an outline of the time and cost. Well defined objectives and policies serve as the framework for the decisions to be made by the procurement manager (Brown & Hyer, 2010). General planning includes identifying the purpose, defining the scope, determining customer requirements (user needs), identifying tasks (key procurement activities), estimating time (delivery schedules for goods and services) and cost, assigning responsibilities and other activities (Brown & Hyer, 2010). Planning answers the question: What does the organization hope to accomplish by successfully completing this project? What organizational result is expected?

Finally, as Joan Knutson and Ira Bitz put it, ‘if you do not believe that you possess the requisite technical expertise to manage an undertaking, refusing the assignment is also acceptable. In this case, a more technically strong individual may be assigned to assist you’ (Knutson & Bitz, 2006).

#### **2.4.4 Monitoring and Evaluation**

Monitoring, in a limited definition, means keeping track of a project's activities and outputs on an on-going basis during the life of the project it involve collecting data on a project's processes. It is important, because the information can be helpful to those responsible for ensuring that the project is on track (consistent with what it agreed to do) (Lockyer & Gordon, 2005). However, monitoring is even more helpful when viewed in relation to an overall M&E plan – one that relates to the broader purposes of the project, and contributes to an evaluative perspective.

Monitoring is a continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development or relief intervention with indications of the extent of progress and achievement of objectives and progress in [activities and results generated by] the use of allocated funds.

Evaluation is the systematic and objective assessment of an on-going or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, and effectiveness. Evaluation also refers to the process of determining the worth or significance of an activity, policy or program - an assessment, as systematic and objective as possible, of a planned, on-going, or completed development intervention. Note: Evaluation in some instances involves the definition of appropriate standards, the examination of performance against those standards, an assessment (Gosh, 2008).

The main difference between monitoring and evaluation is that monitoring is done routinely by project staff and others directly engaged in project implementation, whereas evaluation involves a periodic “stepping back” and gathering information that may require more than routine monitoring. Evaluation involves reflecting on the data and its meaning, and gaining broader perspectives on the effect and potential impact the project is having. Yet the two are interconnected: when monitoring data is consistent with a strong overall life-of-project M&E plan, it can contribute significantly to evaluation, by providing a ‘video’ view of the process (CARE, 2007).

## **2.5 .Implementation of Donor Funded Project**

The project implementation actually involved the execution of the projects as per plan and within the predefined specification that will meet the purpose for which the project was conceptualized. As asserted by Kerzner, 2001; if the project was developed for establishment of a marketable product, then the implementation phase could include the product life-cycle phase of market introduction, growth, maturity, and a portion of deterioration (Kerzner, 2001). Effective Implementation is the delivery of project that meets the original objectives within the constraints and specifications of budget, time and quality.

Implementation is the carrying out, execution, or practice of a plan, a method, or any design for doing something. As such, implementation is the action that must follow any preliminary thinking in order for something to actually happen.

The nature of the implementation processes will depend on the type and size of the project. Scope, time, cost, risk, quality, project organization, human resources, communications and procurement must be managed.

The requirements for successful implementation of a project are: Planning, Managing the project team, managing stakeholders, managing change, Project reporting, good communications and Project Records

Under the Ministry of Transport and Infrastructure there are a number of projects most of them are donor funded and are implemented by either the two state departments at the headquarter or her state corporation.

They include Projects being implemented Kenya Airport Authority, Kenya Ports Authority, Kenya Civil Aviations Authority, Kenya Railways Corporation, Kenya National Highways Authority, Kenya Urban Roads Authority, Kenya Rural Roads Authority and the Ministry Headquarter (Republic of Kenya , 2013). This is expected to cover projects like upgrading of the Kisumu Airport, Development of the Second Container port at the Mombasa Port, the expansion of the Jomo Kenyatta International Airport, 50 Years Transport Master Plan, Establishment of Data Centre, Kibera and Mukuru Relocation Action Plan, Mass Rapid Transport Transit System, Southern bypass, Kisumu Bypass, and equipping Railway Training

School and Construction of the Thika Super Highway among others (Government of the Republic of Kenya, 2013).

The flow of donor funds is usually expected to be a straight forward process. However, this is not the case. The process is much subjective and complex in nature thereby resulting in delays in receipt of funds by the P.I.U.s. There are several cases in which implementation of donor funded project did not go right as outlined below:

In Chad-Cameroon, oil pipeline to the Atlantic Ocean a project which was funded by World Bank at an estimated cost of \$4.2 billion did not perform well (Grimes, 2009). The pipeline was the biggest development project in Africa when it was completed in 2003. It was funded on condition that the money is spent with international supervision to develop Chad. However, President Idris Deby's government announced in 2005 that oil money would go toward the general budget and the purchase of weapons, or else oil companies would be expelled (Healy, 2000). Now Deby spends the oil money on regime survival and rigged elections.

The Norwegian government also funded Lake Turkana fish processing plant project in Kenya at a cost of \$22 million but turned out not to a success story. The project was designed in 1971 to provide jobs to the Turkana people through fishing and fish processing for export. However, the Turkana are nomads with no history of fishing or eating fish (Cocks, 2006). The plant was completed and operated for a few days, but was quickly shut down. The cost to operate the freezers and the demand for clean water in the desert were too high (Standard Digital, 2012). It remains a "white elephant" in Kenya's arid northwest.

Implementation of some projects went wrong because of integrity issues as brought out in this case of Lesotho Highlands Water Project. The project was funded by World Bank, European Investment Bank, and African Development Bank. Its cost was \$3.5 billion. The purpose of the project was to divert fresh water from the mountains for sale to South Africa and for electricity (World Bank, 1995). It began in 1986; but, the electricity proved too expensive for most people, and the diversion of so much water caused environmental and economic havoc downstream. The project was shut down in 2003. The courts convicted three of the world's largest construction firms on corruption charges and the project's chief executive was jailed.

Tens of thousands of people whose lives were ruined by the diversion are still waiting for compensation.

Office du Niger is a project which was being financed by France and implemented in Mali. It took over 50 years and implementation cost was more than \$300 million (Watkins & Alley, 1996). The goal in 1932 was to irrigate 2.47 million acres to grow cotton and rice and develop hydropower in the Mali desert. More than 30,000 people were forced to move to the desert to work on the largest aid project attempted by French colonial authorities (Hertzog, Admczewski, Molle, Pousin, & Jamin, 2012). The African workers largely ignored French attempts to change traditional agricultural practices. By 1982, only 6 percent of the region was developed and the infrastructure was falling apart. The World Bank took over the project in 1985 and has shown limited success with rice farming.

Another case which was unsuccessful was Roll Back Malaria project, across Africa which was funded by multiple agencies at a cost of about \$500 million. It was established in 1998, and it aimed to halve malaria incidence by 2010. The program said Africa needed \$1.9 billion a year to slow the disease, but by 2002 donors had only come up with \$200 million a year. By 2004 the infection rate had risen 12 percent. Experts say donors rarely followed through with pledges and some programs were subject to political considerations, such as what kinds of insecticides to use, whether to buy cheap generic drugs or how much poor people should pay for mosquito nets (Narasimban & Aharan, 2003).

Factors that affect effectiveness of World Bank funded projects in Kenya include: adequacy of funding; timing of funds disbursement; adequacy of human resource capacity; lack of accountability; procurement procedures and bureaucracy; disagreements among beneficiaries and social-cultural obstacles. Streamlining of government procurement laws; capacity building for staff of the donor agencies; use of local staff to overcome language and other socio-cultural factors; sensitization and training of beneficiaries; timely auditing of implementing agencies to ensure accountability; timely programme reports from project officers; frequent meetings with key stakeholders; adequate collaboration and networking of all development partners (Shool of Business University of Nairobi, 2014).

As reported in International Journal of Business Management and Administration, It was encouraging to note that many donors and partner countries were making aid effectiveness and by extension project implementation effectiveness a high priority, and reaffirmed commitment to accelerate progress in implementation, especially in the following areas (Afande, 2013): (i) Strengthening partner countries' national development strategies and associated operational frameworks; (ii) Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities; (iii) Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance; (iv) Eliminating duplication of efforts and rationalizing donor activities to make them as cost-effective as possible; (v) Reforming and simplifying donor policies and procedures to encourage collaborative behavior and progressive alignment with partner countries' priorities, systems and procedures; and (vi) Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application (Afande, 2013).

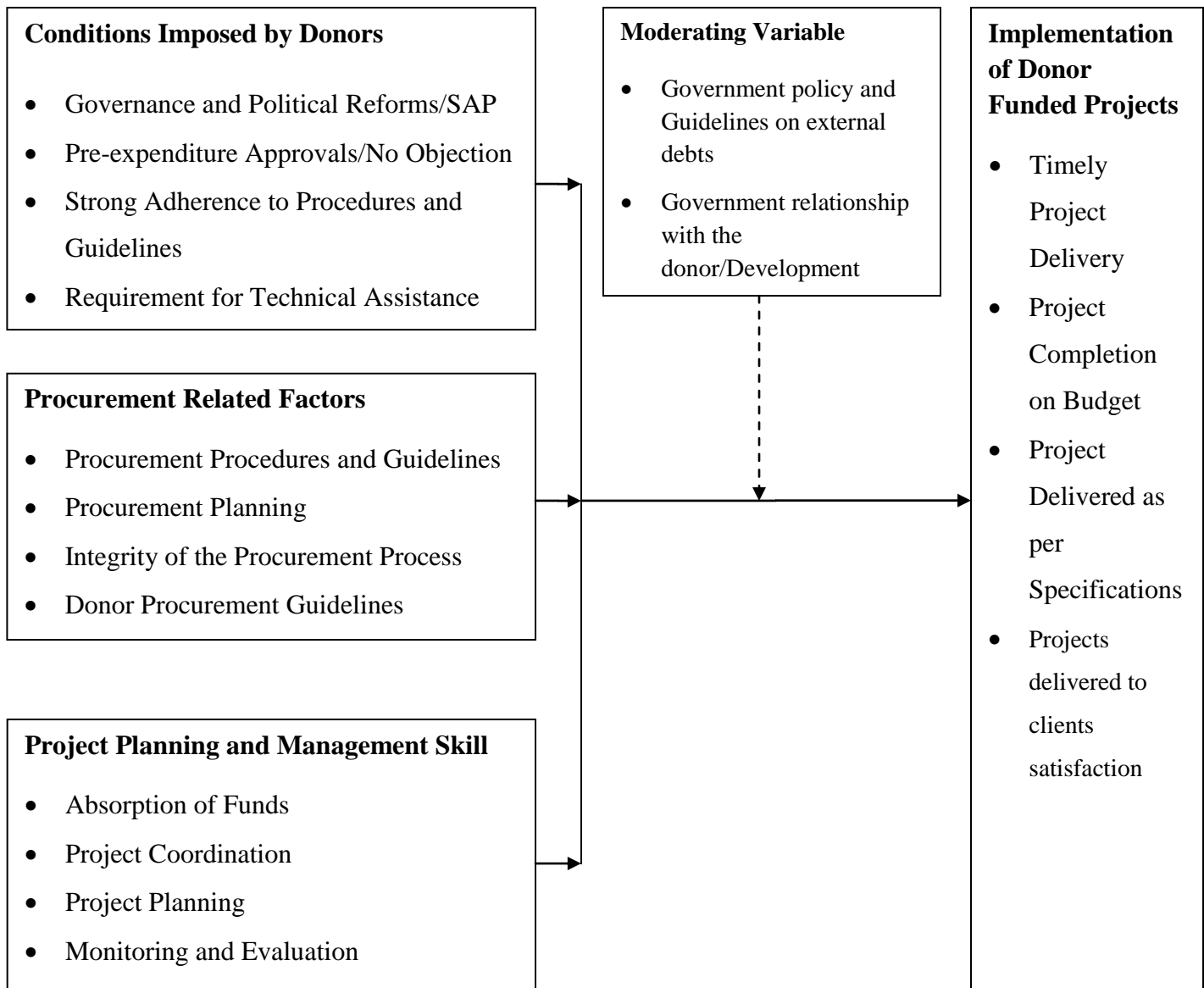
In addition, here are some more critical factors that must play for a successful implementation of any project. They include the flexibility of the recipient of donor funds and implementing agency to decide the kind of assistance they need and the project they wish to be funded based on the priority of the a particular sector; the qualification and the competency of the officers managing and coordinating the project; the monitoring and evaluation system executed to keep track and feedback on the progress of the project and the way the materials and equipments are acquired.

## 2.6 Conceptual Framework

The Conceptual Framework sets out the concepts that underlie the factors influencing implementation of donor funded project. The objective of this Conceptual Framework is present the structure of this research investigation.

### Independent Variables

### Dependent Variable



**Figure 1 Conceptual Framework**

## **2.7 Knowledge gaps**

Even though studies have been done on and around this topic from the literature review the researcher found out that no specific investigation on the three factors which the researcher intend to study to establish their contribution to level of success or otherwise of implementation of the various projects that are funded by the development partner. Literature review revealed that, Barasa, 2014 did a study on Procurement Practices Affecting Effective Public Projects Implementation in Kenya: a case of Kenya Civil Aviation Authority, Israr 2005 studied threats to Effective Implementation and Sustainability of Donor Funded Projects in Pakistan and Keng'ara investigated the Effect of Funds Disbursement Procedures on Implementation of Donor Projects in Homabay County. In the review, it was also noted that school of business – University of Nairobi investigated the Factors Affecting the Effective Implementation of Donor Funded Projects in Kenya: a case of World Bank funded projects in Kenya. Therefore, there is a gap to be studied on Factors Influencing Implementation of Donor Funded Projects in Government Ministries especially under the Ministry of Transport and Infrastructure which is actually a major consumer of the funds given to the Kenyan government by the development partner.

## **2.8 Summary of literature Reviewed**

Donor funds are channeled to countries which are assumed to be performing better hence encouraging policy reform (“incentives”); however, many problems in developing countries are partly or wholly the result of poor policy choices by governments (Sebervik, 1999). Donors do therefore come up with some conditions precedent to release of funds.

The literature review gave information on how general management skills, technical expertise are necessary in evaluating technical concept and solutions, communicating effectively in technical terms with the project team, and in assessing the risks and making trade-offs between cost, schedule, and technical issues (Kerzner, 2001). The literature review has also brought out the fact that a good procurement system can enhance effectiveness of project implementation.

Implementation is the carrying out, execution, or practice of a plan, a method, or any design for doing something (Kerzner, 2001).



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, the research design and methodology that was used in conducting the study are explained. The targeted population, sample and sampling methods, data collection instruments and data collection and analysis procedures are also described. The process of data coding, data entry and statistical procedures employed to enable the researcher organize the collected data analysis are also discussed.

#### **3.2 Research design**

The study used descriptive research design for open ended questions with a survey used as a method of collecting data while correlation research method were used for quantitative data analysis. The study aimed at collecting information on the factors influencing implementation of donor funded project a case of Ministry of Transport and Infrastructure. Design was appropriate for this study because it helped in collecting data from a wide range of respondents and enables the researcher to compare the outcome with the best practice in other parts of the world.

#### **3.3 Target population**

The target population for this study was all project coordinating officers in all state corporations implementing donor funded projects under the Ministry of Transport and Infrastructure, the project desk officers in the Ministry, Project accountant and Planning, Engineering and Finance departments of the two State Departments of the Ministry. The targeted population was homogeneous as they had almost the same donors and they were subjected to similar conditions and donor financial administration system. The targeted population comprised forty (40) officers from the 8 state corporations and ten (10) from the two state departments of the Ministry of Transport and Infrastructure namely state department of transport and state department of infrastructure.

### 3.4 Sample Size and Sampling Technique

Sample was clustered between the state corporations or semi autonomous government agencies under Ministry of Transport and Infrastructure and state departments in the Ministry headquarter. The researcher then purposefully picked respondents from Project Desk Officers, Project Accountants, and officers from Finance, Planning and Engineering units of the selected state corporations implementing donor funded projects and the two State departments at the Ministry headquarters. A random sampling method was then employed to come up with a manageable respondent that enabled the researcher to achieve the objective of the investigation. This came to 46 from a population of 50 officers.

**Table 3.1 Sampling Frame**

<b>Target group</b>	<b>No. of state corporations/departments</b>	<b>Population</b>	<b>Sample</b>
State corporation under the Ministry	8	40	36
State Departments	2	10	10
Total	10	50	46

**Source: Ministry of Transport and Infrastructure, 2014**

#### 3.4.1 Sample Size

Sample size looks at how big a sample needs to be in quantitative research to enable a study have a significant power to do the job (Fox, Hunn, & Mathers, 2007). It is the segment of the population that is selected for investigation (Bryman, 2012). This research used the Krejcie and Morgan (1970) table of determining sample size from the population as shown in Appendix IV. With a confidence level of 95%, and a margin of error of 5% and a target population of forty (40) for cluster of state corporations and Ten(10) for cluster of state departments in the Ministry headquarter. The table gives a sample size of thirty six (36) and

Ten (10) from a population of forty (40) and ten (10) respectively. The overall sample size was therefore Forty Six (46).

### 3.4.2 Sampling Procedure

Cluster sampling technique was adopted in this research study to select respondents from the eight (8) state corporations and two State Departments under the Ministry which implement donor projects. A two stage cluster sampling was then employed where the state corporations formed one cluster and the state departments formed the second cluster. The subject interviewed were selected randomly within the two clusters. The method allowed the division of the study population into cluster for example, counties, regions, provinces and other boundaries and random sampling of everyone in these clusters (Kombo & Tromp, 2006).

**Table 3.2: Sampling Table**

Cluster	Target group	No. of state corporations/departments	Population	Sample
1	State corporations under the Ministry	8	40	36
2	State Departments in the Ministry	2	10	10
	Total	10	50	46

**Source: Ministry of Transport and Infrastructure, 2014**

### 3.5 Research Instruments

The instrument used for the purpose of this study was questionnaire. The questionnaire targeted the background and the desired information from the respondents. The questionnaire was appropriate for this study because the respondent could be reached by just sending the questionnaire; in addition, their convenient time was sought to avoid interfering with their schedule of work. The researcher used open ended, semi closed ended, closed ended, check

list and likert scale questions in order to collect accurate and adequate data which helped in achieving the objective of this research survey.

### **3.5.1 Validity of the Instrument**

Validity of a test is a measure of how well a test measures what it is supposed to measure (Kombo & Tromp, 2006); in other words, validity is the accuracy and meaningfulness of the inferences which are based on the research results or the degree to which results obtained from the analysis of the data actually represent a phenomenon under study (Mugenda & Mugenda, 2003)

Content validity of the self administered questionnaires was established by carefully designing clear and unambiguous questions making it easy for the respondents to easily answer all questions. The study supervisor was involved at every stage to guide, offer advice and all necessary approvals in the input in the research questionnaire hence enabling the content to address the purpose and avoid ambiguity.

### **3.5.2 Reliability of the Instrument**

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). It can also be referred to as a measure of how consistent the result from a test are (Kombo & Tromp, 2006).

Due to the importance and need to detect and determine weaknesses in the instrument that was applied in the research study, the self administered questionnaire was pre-tested before distributing it to the whole sample. The researcher used targeted respondents to pilot, evaluate and refine the measuring instrument. The researcher also sought suggestions for amendments and adjustments from the supervisor where necessary in order to make and produce an instrument for use in the field that enabled the research to achieve its objective.

The reliability of the instrument was tested using the split half techniques where all the items that purport to measure the same construct was divided into two sets. The entire instrument was then administered to a sample of respondent and total score calculated for each randomly

divided half. The respondents who had participated during the pilot testing were excluded from participating during the actual study.

### **3.6 Methods of Data Collection**

Background information on Factors Influencing Implementation of Donor Funded Project has been obtained from secondary data sources by means of literature review. Primary data will be collected through structured questionnaires.

### **3.7 Data Analysis Technique**

The collected data was analyzed by way of descriptive statistic and regression and the results presented using frequency distribution tables. Data collected from open-ended questions were summarized into themes.. The actual details of the types of analysis undertaken at each stage in the evaluation of the Factors Influencing Implementation of Donor Funded Project in Government will be scrutinized for accuracy and objective achievement. In this study the researcher made sure that all the stages of data processing were thoroughly checked in order to produce error free information. The data collected through the questionnaire were then batched according to the respective donor and coded by use of numerical codes in order to facilitate data entry and manipulation.

### 3.8 Operational Definition of the Variables

**Table 3.3 Operational Definition of the variables**

<b>Objectives</b>	<b>Variable</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Measurement Scale</b>	<b>Type of Analysis</b>
To assess the influence of conditions imposed by donors on implementation of donor funded projects in government.	Conditions Imposed by Donors	<ul style="list-style-type: none"> <li>• Governance and Political Reforms/SAP</li> <li>• Pre-Expenditure Approvals/No Objection</li> <li>• Strong Adherence to Procedures and Guidelines</li> <li>• Requirement for Technical Assistance</li> </ul>	Frequency and percentages	Nominal and ordinal scales	Descriptive Statistics
To investigate the influence of procurement related factors on implementation of donor funded projects in government.	Procurement Related Factors	<ul style="list-style-type: none"> <li>• Country Procurement Procedure and Guidelines</li> <li>• Procurement Planning</li> <li>• Integrity of the Procurement Process</li> <li>• Donor Procurement Guidelines</li> </ul>	Frequency and percentages	Nominal and ordinal scales	Descriptive Statistics
To determine the influence of project management skills on implementation of donor funded projects in government.	Project Planning and Management Skill	<ul style="list-style-type: none"> <li>• Absorption of Funds</li> <li>• Project Coordination</li> <li>• Project Planning</li> <li>• Monitoring and Evaluation</li> </ul>	Frequency and percentages	Nominal and ordinal scales	Descriptive Statistics
To Study how this variable is influenced by the independent variable and draw a conclusion based on the objective of the study.	Implementation of Donor Funded Projects	<ul style="list-style-type: none"> <li>• Timely project delivery</li> <li>• Project completion on budget</li> <li>• Project delivered as per specifications</li> <li>• Projects delivered to clients satisfaction</li> </ul>	Frequency and percentages	Nominal and ordinal scales	Descriptive Statistics

### **3.9 Ethical Consideration**

This study will handle ethical issues by instituting various measures commencing with the use of introductory letter that will seek consent and voluntary participation of the respondents. The letter communicating the purpose of the study will be put together with questionnaire during the actual exercise and on the process of conduction of the study. The right of confidentiality and anonymity will also be assured and there will be nowhere where identity of respondents will be sought in the collection instruments. The data and information that will be gathered will be treated in such a way that it will be impossible to trace the source. The research study will also treat every participant with respect and courtesy. Objectivity will be the guiding principle throughout the research process including design, data collection, analysis and interpretation of data.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter covers data presentation and analysis. The main objective of the study was to establish factors influencing implementation of donor funded projects in government: a case of Ministry of Transport and Infrastructure. In order to simplify the discussions, the researcher provided tables and figures that summarize the collective reactions and views of the respondents

#### 4.2 Response Rate

The study targeted a sample size of 46 respondents from which 35 were filled in and returned the questionnaires making a response rate of 76%. This response rate was satisfactory to make conclusions for the study. Weisberg, Krosnick & Bowen (1996) recommended a response rate of 70%. According to Mugenda & Mugenda (2003), a response rate of 50 percent is adequate for analysis and reporting; a rate of 60 percent is good and a response rate of 70 percent and over is excellent. Based on the assertion, the response rate was considered to be excellent.

#### 4.3 Reliability of the Analysis

Reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. Cronbach's alpha was calculated by application of SPSS version 20 for reliability analysis. The value of the alpha coefficient ranges from 0-1 and may be used to describe the reliability of factors extracted at 5% significance level from dichotomous and or multi-point formatted questionnaires or scales.

A higher value shows a more reliable generated scale. Cooper & Schindler (2008) have indicated 0.7 to be an acceptable reliability coefficient. Table 1 shows that Skills in Project planning and management had the highest reliability ( $\alpha=0.813$ ) followed by project implementation ( $\alpha=0.803$ ), Procurement process ( $\alpha=0.803$ ) and donor conditions ( $\alpha = 0.765$ ). This illustrates that all the five scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda & Mugenda, 2008).



**Table 4.1 Reliability Coefficients**

<b>Scale</b>	<b>Cronbach's Alpha</b>	<b>Number of items</b>
Donor Conditions	0.737	4
Procurement Process	0.781	4
Skills in Project planning and Management	0.813	4
Project Implementation	0.801	4

#### **4.4 Profile of the respondents**

##### **4.4.1 Respondents Gender**

The table below shows that 62.9% of the respondents are male while 37.1% are female. This illustrates that implementation of the donor funded projects in the organization are carried out mainly by male employees.

**Table 4.2 Respondents Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Male</b>	22	62.90
<b>Female</b>	13	37.10
<b>Total</b>	35	100

##### **4.4.2 Age bracket of the respondents**

The respondents were required to indicate their age where the study findings indicated that majority (54.3%) indicated that their age bracket was between 21-40 years while 37.1% were aged between 41 to 50 years. Analysis of findings also indicated that 8.6% of the respondents were over 50 years of age. The finding therefore implies that the respondents were old enough to provide valuable responses factors influencing implementation of donor funded project in the Ministry of Transport and infrastructure.

**Table 4.3 Age bracket of the respondents**

Age	Frequency	Percentage
20-40Years	19	54.30
41-50Years	13	37.10
Over 50Years	3	8.60
<b>Total</b>	<b>35</b>	<b>100.00</b>

#### **4.4.3 Management Level**

Table 4.4 below shows the levels of management of the respective organizations of the staff working in the departments directly involve with implementation of various projects. It breaks the level of management into three categories namely; senior, project/middle and functional levels.

The respondents were required to indicate their management level and majorities of 42.9% at senior management level, 34.3% were project Managers and 22.9% were functional managers.

**Table 4.4 Management Level**

Management level	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Senior Management	15	42.9	42.9	42.9
Project Manager	12	34.3	34.3	77.1
Functional Manager	8	22.9	22.9	100.0
<b>Total</b>	<b>35</b>	<b>100.0</b>	<b>100.0</b>	

The project managers are middle level managers entrusted with the management of various project implemented in their organizations

#### 4.4.4 Area of specialization

The table 4.5 below gives the areas of specialization as per the professional or training backgrounds of the respondents working in the departments entrusted with management of various project implemented by their respective organizations.

**Table 4.5 Area of specialization**

Area of Specialization		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Finance and Accounting	3	9	9	9
	Project Planning and Management	4	11	11	20
	Economics	23	66	66	86
	Procurement and Marketing	5	14	14	100
	Total	35	100	100	

Table 4.5 above indicates that majority of the respondents (66%) are specialized in economics, 14% are specialized in procurement and marketing, 11% are specialized in project planning and management and 9% are in Finance and Accounting.

#### 4.5 Donor Conditions

Respondents indicated the presence of conditions such as no objection, donors insisting on giving technical assistance in form of expatriates to the recipients, too much adherence to procedures and guidelines and pegging of donations to some governance and political reforms.

#### 4.5.1 Effect of Donor Conditions on Project Implementation in the Organization

The study sought to determine if donor conditions affect the project implementation cost on the organization. Majority of the respondents (74.3%) agreed that donor conditions affect the project implementation cost in the organization as shown in figure 2 below. Respondents cited the need for expatriates, consultants, reports on project implementation progress, and project appraisal reports as some of the factors that contribute to the high cost for the implementation of the donor funded projects.

**Table 4.6 Donor Conditions**

<b>Donor Condition</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	26	74.30
<b>No</b>	9	25.70
<b>Total</b>	35	100

#### 4.5.2 Objectivity of the Donor Conditions

The study sought to establish whether donor conditions are objective in the implementation of donor funded projects. From the findings 68% said no while 32% of the responded agreed that donor conditions are objective in the implementation of the donor funded projects.

**Table 4.7 Objectivity of the donor conditions**

<b>Objectivity</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	11	32
<b>No</b>	24	68
<b>Total</b>	35	100

#### 4.5.3 Flexibility of choosing the project to be funded

The study sought to examine if donor conditions allow for the flexibility of choosing the project to be funded by the recipient organization. The result indicates 57% of the respondents said No while 43% said Yes as illustrated in the figure below. The respondents cited that donors have preconceived projects that they want to be undertaken which they have no ideas

about in terms of the implementation process. This tends to negatively impacts on the implementation process of the donor funded projects.

**Table 4.8 Flexibility of choosing the project**

<b>Flexibility</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	15	43
<b>No</b>	20	57
<b>Total</b>	35	100

#### **4.5.4 Project Completion Time**

The study sought to establish whether donor conditions affect projects implementation time. From the findings 54% said No while 46% said yes as shown on the figure below. The respondents explained that poor training of the implementation agency, late disbursements of donor funds, bureaucracy in the payment for the contracts and legal framework are some of the hurdles that impedes on the timely completion of the donor funded projects.

**Table 4.9 Project Completion time**

<b>Completion Time</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Yes</b>	16	46
<b>No</b>	19	54
<b>Total</b>	35	100

#### **4.6 Procurement Process**

Table 4.10 reflects what the existing procurement process can accomplish or the achievement or not of a number of objectives of the process. It has given the most important aspects or parameters that affect the implementation of various projects. These factors must be checked at all stages of project implementation to avoid cost overrun and poor implementation of the projects undertaken by an organization.

The study therefore attempted to examine the effect of Government procurement system on the implementation of the donor funded project in the organizations. Respondents were requested to rate these effects using likert scale of 1= Very Poor, 2 = Poor, 3 = Average, 4 = Good and 5 = Very Good. The findings shows that project cost has a mean of 2.12 with standard deviation of 0.581 illustrating that project cost is poorly handled by the government procurement system during the implementation of the donor funded projects. Respondents indicated that corruption and kick backs in the procurement process inflates the project cost, VAT imposed on the project cost also has a negative bearing on the project cost thereby negatively affecting the implementation of donor funded projects.

With a mean of 1.89 and standard deviation of 0.755, the result showed that there is delay in project commencement date hence affecting the implementation of the donor funded projects. Respondents mentioned insufficient skills from the implementing unit, delay in delivery of materials, bulky paper work, delay in disbursement of project funds and long tendering process.

Integrity of the process has a mean of 2.31 and standard deviation of 0.625 implying that integrity process is poor in the implementation of the donor funded projects. Respondents agreed that tendering process and a awarding of the project contracts are not always transparent as state official colludes with contractors to inflate project cost.

Quality of the project scored a mean of has a mean of 3.50 with standard deviation of 0.774 indicating that quality of the project is good for the donor funded projects. Government competitiveness on the procurement system of the donor funded projects is very poor as shown by a mean of 1.95 and standard deviation of 0.622. Respondents cited presence of cartels within the government line ministries who colludes with contractors to ask for kick backs to award tenders regardless of the due diligence. Completion period has a mean of 1.23 and a standard deviation of 0.534 implying that Government procurement system affect completion period poorly. Delays in procurement process were given as an example as the cause in delay in timely completion of donor funded projects. Procurement plan is poorly done as indicated with a mean of 2.01.

**Table 4.10 Procurement process**

	N	Mean	Std. Deviation
Project cost	35	2.12	.581
Project commencement date	35	1.89	.755
Integrity of the process	35	2.31	.625
Quality of the project	35	3.50	.774
Competitiveness	35	1.95	.622
Completion time/period	35	1.23	.534
Procurement Plan	35	2.01	.458
Valid N (list wise)	35		

#### **4.7 Skills in project planning and Management**

##### **4.7.1 Absorption Rate**

The study also sought to establish the absorption rate of the donor funded projects. The findings the figure shows that majority of the respondents agreed that the absorption rate for donor funded project is between 35-50%. The finding is in line with the Business Daily Africa(2014) which found that absorption is very low. A reported by the controller of budget in 2011/12 indicated absorption rate of 40% of the money allocated for development. The low absorption trend is blamed on poor planning by the ministries, lengthy procurement procedures, and stringent demands from donors.

**Table 4.11 Absorption Rate**

<b>Absorption Rate</b>	<b>Frequency</b>	<b>Percentage</b>
<b>20-30%</b>	5	14.28
<b>35-50%</b>	18	51.42
<b>50-65%</b>	8	22.85
<b>65-80%</b>	3	8.57
<b>Over 80%</b>	1	2.85
<b>Total</b>	35	100.00

#### 4.7.2 Skills in project Planning and Management in the Organization.

The study sought to establish the availability of skills in the organization in project planning and management within the listed management levels and specialized area. Several statements were presented to which the respondents were to indicate their extent of agreement with each statement. The study then computed mean and standard deviation to help in the analysis. The question as to whether there is availability of skills at the technical level of management had a mean of 2.65 and standard deviation of 0.805. This illustrates that there is inadequate skills in technical level of project planning and management. The question on the availability of skills at the middle level of management in project and planning had a mean of 2.71 and standard deviation of 0.458, senior level management registered a mean of 2.77 with a standard deviation of 0.911. As to whether there was availability of skills at executive level in project planning and management, the finding shows a mean of 1.98 and standard deviation of 0.661. The study findings further showed that project manager are not well equipped with skills in project planning and management as shown with a mean of 2.01 and standard deviation of 0.833. The question on the availability of skills among contractors had a mean of 2.99 with standard deviation of 0.875 implying that there were average skills among the contractors.

**Table 4.12 Skills in project planning and management**

	N	Mean	Std. Deviation
Technical/functional	35	2.65	0.805
Middle level	35	2.71	0.458
Senior level management	35	2.77	0.911
Executive	35	1.98	0.661
Project Manager	35	2.01	0.833
Project consultants/contractors	35	2.99	0.875
Valid N (list wise)	35		



### 4.7.3 The effect of project planning and management skills on the implementation of donor funded projects in an organization

The study sought to establish the effect of project planning and management skills on the implementation of donor funded projects in an organization. The mean and standard deviation of these factors were computed and presented in the table below. The question on the absorption of funds and its effect on the implementation of donor funded projects in an organization had a mean of 1.27 with a standard deviation of 0.681 implying that absorption rate of funds is poor consequently posing a negative effect on the implementation of the donor funded projects.

Coordination of the activities of the donor funded project is poorly managed as shown with a mean of 2.85 and standard deviation of 0.732. Planning and controlling had a mean of 2.09 and a standard deviation of 0.700 while quality of the project had a mean of 2.77 and standard deviation of 0.495. Completion time and period of the donor funded projects are poorly achieved as shown by a mean of 1.03 and standard deviation of 0.695. The findings further showed that monitoring and evaluation of donor funded projects is poorly done with a mean of 1.96 and standard deviation of 0.791.

**Table 4.13 Effect of project Planning and Management**

	N	Mean	Std. Deviation
Absorption of funds	35	1.27	0.681
Coordination of the activities	35	2.85	0.732
Planning and controlling	35	2.09	0.700
Quality of the project	35	2.77	0.495
Project planning	35	1.99	0.581
Completion time and period	35	1.03	0.695
Monitoring time/period	35	1.96	0.791
Valid N (list wise)	35		

## 4.8 Project implementation

The study also attempted to examine the contribution of project implementation on the donor funded projects in an organization. On whether cost effectiveness is achieved in the implementation of donor funded projects, the findings showed a mean of 1.97 and standard deviation of 0.781. Respondents indicated overhead costs attributed to delays in project fund disbursement, inflation and high cost of raw materials that contribute to poor cost effectiveness. Project completion period had a mean of 1.28 with standard deviation of 0.681 illustrating that project completion timely is poorly achieved during the implementation of donor funded projects. Respondents were required to indicate whether donor funded projects targets are achieved, the findings showed a mean of 1.77 and standard deviation of 0.771 illustrating that donor funded projects are poorly achieved.

With a mean of 1.83 and standard deviation of 0.831, quality standards are poorly achieved. The study findings showed that donor funded projects fail to achieve its objectives during the implementation as shown by a mean of 1.68 and standard deviation of 0.733. Project monitoring and evaluation and planning and management are averagely achieves as indicated with a mean of 2.87 and 2.99 respectively.

**Table 4.14 Project Implementation**

	N	Mean	Std. Deviation
Cost Effectiveness	35	1.97	0.781
Project Completion Period	35	1.28	0.681
Achievement of the target	35	1.77	0.711
Quality Standards	35	1.83	0.831
Achievement of the objectives	35	1.68	0.733
Project Monitoring and evaluation	35	2.87	0.695
Planning and Management	35	2.99	0.553
Valid N (list wise)	35		

#### 4.8.1 The contribution of donor conditions, procurement process and inadequate skills in project planning and management on the implementation of the donor funded projects

The study sought to establish the effect of donor conditions, procurement process and inadequate skills in project planning and management on the implementation of the donor funded projects. The findings were presented in the table below. The findings indicate that donor condition have a mean of 1.66 with standard deviation of 0.741. This implies that donor conditions negatively affect the implementation of the donor funded projects, procurement process has a mean of 1.57 with standard deviation of 0.557 illustrating a negative impact on the implementation of donor funded projects while inadequate skills I project planning and management had a mean of 1.88 and standard deviation of 0.811 thereby showing a negative effect on the implementation of the donor funded projects,

**Table 4.15 Contribution of donor conditions, procurement process and inadequate skills**

	N	Mean	Std. Deviation
Donor Conditions	35	1.66	0.741
Procurement Process	35	1.57	0.557
Inadequate skills in project planning and management	35	1.88	0.811
Valid N (list wise)	35		

## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of this study was to assess factors influencing implementation of donor funded projects in government: a case of Ministry of Transport and Infrastructure. Accordingly, research questions were formulated in line with the research objectives, which the researcher set out to look for answers. With sample size of 46 respondents, selected using two stage cluster sampling technique, the researcher used questionnaires to gather information related to the study. The study findings were analyzed, presented and interpreted. This chapter therefore presents discussions of the study findings, conclusion and recommendations on important issues that arose from the study and finally recommends areas for further research work.

#### **5.2 Summary of Findings**

The findings indicated that the 62.9% of the respondents were male while 37.1% were female illustrating that implementation of the donor funded projects in the organization were mainly handled by male professionals. Majority of the respondents were between 21-40 years while 37.1% were aged between 41 to 50 years. Analysis of findings also indicated that majority of the respondents (66%) specialized in economics, 14% specialized in procurement and marketing, 11% specialized in project planning and management and 9% specialized in Finance and Accounting

On the question as to whether donor conditions affect the implementation of donor funded projects, the result revealed that 74.3% of the respondents agreed that donor conditions affect the project implantation cost in the organization. 68% of the respondents also indicated that donor conditions are not objective in the implementation of the donor funded projects.

On project completion time, 54% of the responded agreed that donor funded projects are not completed on time while 46% agreed that donor funded projects are completed on time. The study found that project cost is poorly handled by the government procurement system during

the implementation of the donor funded project. There is delay in project commencement date hence affecting the implementation of the donor funded projects. Integrity of the implementation of the donor funded project process is very poor. Tendering process and awarding of the project contracts are not always transparent

Quality of the project is good for the donor funded projects. Government competitiveness on the procurement system of the donor funded projects is very poor. Government procurement system affect completion period poorly. The absorption rate for donor funded project is between 35-50%. Absorption rate of funds is poor consequently posing a negative effect on the implementation of the donor funded projects. Coordination of the activities of the donor funded project is poorly managed. Completion time and period of the donor funded projects are poorly achieved. Donor conditions negatively affect the implementation of the donor funded projects. Procurement process negatively impacts on the implementation of donor funded projects and inadequate skills in project planning and management also negatively affect the implementation of the donor funded projects.

### **5.3 Discussions of the findings**

The study sought to investigate the factors influencing implementation of donor funded project in government- Kenya a case of Ministry of Transport and infrastructure. The study was done on the background of low absorption of donor funds and poor implementation of donor funded project across the government ministries and department which was more often reported by the controller of budget and the auditor general. Literature review explored various aspects of the three independent factors and one dependent factor namely conditions imposed by donors, procurement related factors, skills in project planning and management and implementation of donor funded projects. What came out was that these factors predominantly featured either positively or negatively in the implementation of donor funded projects. The study then investigated these factors with aim of uprooting the role they play on implementation of donor funded projects carried out by government through the Ministry of Transport and Infrastructure. The investigation was carried in the two State Departments of Transport and infrastructure namely State Department of Transport and State Department of Infrastructure within the Ministry. It was also done in eight (8) state corporations including Kenya Port Authority, Kenya Rural Roads Authority, Kenya Maritime Authority, Kenya Civil

Aviation Authority, Kenya Airport Authority, Kenya Highways Authority, National Transport Safety Authority and Kenya Urban Roads Authority under the two state departments in the Ministry. The finding revealed that the three factors in their current status have very high negative influence on the implementation of donor funded project undertaken by the Ministry. It came out that skills in project planning and management are lacking within the people entrusted with the management of these projects and this compromises the coordination, utilization of the funds, planning and monitoring and evaluation of the projects; donor conditions serves the interest of the donors more than it does to the recipient and procurement processes are too lengthy and are prone to abuse by the officers whose integrity standings are weak. It is therefore recommended that the three factors should be relooked at with a view to improving on them by removing the weak links.

#### **5.4 Conclusion**

From the findings it was established that donor conditions, inadequate skills and procurement process negatively affect the project implementation process. Donor funded projects are not completed on time and donor funded projects objectives are not always achieved. Project cost is poorly handled by the government procurement system during the implementation of the donor funded projects. Corruption and kickbacks in the procurement process inflates the project cost, VAT imposed on the project cost also has a negative bearing on the project cost thereby negatively affecting the implementation of donor funded projects.

Project commencement date always experience delays hence affecting the implementation of the donor funded projects. This is due to insufficient skills from the implementing unit, delay in delivery of materials, bulky paper work, delay in disbursement of project funds and long tendering process. Absorption rate for donor funded project is between 35-50%. The low absorption trend is due to poor planning by the ministries, lengthy procurement procedures, and stringent demands from donors.

In addition, Due to lack of skills in project planning and management in most organizations, the coordinations of project implementations are very poor, monitoring and evaluation of these project are also not done to the required standard. This end up compromising the quality of project implementation.

## 5.5 Recommendations

From the summary and conclusions, the study recommends the following actions to be undertaken in order to arrest the situation:

- 1) Donor conditions should be made flexible and none punitive to the users of the funds to increase the implementation process of donor funded projects; again, they should be free from political interest and countries left to set their own priorities.
- 2) Technical assistance given by the donors should be re-looked at and given if it is absolutely necessary. Currently, most expatriates engaged by the donors do administrative work of ensuring the procedures and guidelines are followed. Some of those who are employed to do technical work do jobs that can also be done by locals without compromising the quality required; more so, they are paid very high remunerations which means very high percentages of the donation given go back to the donor country.
- 3) Timely completion of donor funded projects should be achieved by enhancing transparent tendering process, employing monitoring and evaluation technique. Absorption rate should be improved, disbursement ration and rate needs to be enhanced to improve on the commencement of the donor funded projects. VAT imposed on the project cost also has a negative bearing on the project cost thereby negatively affecting the implementation of donor funded projects; moreover, it can only be paid by the government from her own revenue which means the government paying herself or pay from the borrowed money which means government borrows to pay herself and later on pay the donor with interest.
- 4) Awarding of tender should be done online to reduce incidence of corruption and kickbacks and collusion between the state officials and contractors. In addition, too much bureaucratic process should be reviewed with a view to coming up with short and efficient procurement system.
- 5) Use of two procurement systems like adoption of World Bank procurement system alongside country procurement system should be avoided and one considered efficient system adopted by all procurement entities.

- 6) Lastly, Government should have project planning and management department with a scheme like other departments where only people qualified in project planning and management are employed to oversee project implementation in Government. What used to be planning unit was changed from Central Planning Unit (CPU) to Central Planning and Project Management Unit (CPPMU) to rope in project management; however, this not enough as the engaged are all of economic background and not project planning and management specialist.

### **5.6 Suggestion for Further Study**

More research should be done in this area especially on:

1. Factors affecting absorption of donor funds as compared to purely government funds allocated for the projects
2. Factors influencing negotiations abilities of the representative of the recipients of the funds visa avis the donor representative



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**APPENDICES**

**APPENDIX I**

**LETTER OF TRANSMITTAL**

Olima John Oganyo,

P O Box 50534 – 00200

**NAIROBI.**

4<sup>th</sup> May, 2015.

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam

**RE: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY**

I am a Postgraduate student at the University of Nairobi, pursuing a Master's degree of arts in project Planning and Management. As partial fulfilment for the degree I am conducting a research study on “**Factors Influencing Implementation of Donor Funded Project – A case of Ministry of Transport and Infrastructure.**”

Therefore I would appreciate if you could spare a few minutes of your time to answer the following questions in regard to how implementations of donor funded projects are affected in your organization. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Your assistance and cooperation will be highly appreciated and thank you in advance for taking your time to respond.

Yours faithfully,

**Olima John Oganyo**

**L50/61908/2013**

**APPENDIX II**

**QUESTIONNAIRE FOR EMPLOYEES OF MINISTRY OF TRANSPORT AND INFRASTRUCTURE (TATE DEPARTMENTS AND STATE CORPORATIONS)**

Information provided through the questionnaire will be treated with confidentiality and will be exclusively for academic purpose. All answers will be considered right.

**INSTRUCTION:**

- i. Do not write your name on the questionnaire.
- ii. Please read each question carefully.
- iii. Kindly answer all the questions by ticking or filling in the spaces provided.

**SECTION ONE: BACKGROUND INFORMATION**

1. Name of Institution: .....

Gender: Male  Female

Age: i)21- 40years  ii) 41-50 years  iii) Over 50years

2. Position held in the Institution: .....

3. For how long have you held the position: .....

4. Which category of management are you representing? .....

i) Senior Management  ii) Project Manager  iii) Functional Manager

5. Level of Education

i) Masters  ii) Undergraduate  iii) Diploma

iii) other please specify? .....

6. Area of Specialization

- i) Finance and Accounting
- ii) Project Planning and Management
- iii) Economics
- iv) Procurement and Marketing

**SECTION TWO: IMPLEMENTATION OF DONOR FUNDE PRJECT IN THE ORGANISATION**

Please mark with a Tick in the applicable box with regard to the implementation of donor funded projects in your organization.

**A. Donor conditions**

- i) Indicate by ticking appropriate box in the following table the nature of donor condition you have seen attached to the project implemented by your organization.

Governance and Political Reform	<input type="checkbox"/>
Pre- expenditure Approval by the Donor	<input type="checkbox"/>
Adherence to Procedures and Guidelines	<input type="checkbox"/>
Giving of Technical Assistances by the Donor	<input type="checkbox"/>

- ii) Do donor conditions affect the project implementation cost on your organization? Yes  No

iii) If the answer is yes please state whether the effect is adverse or positive and briefly explain in which way .....

- iv) Do donor conditions affect the efficiency of implementation of donor funded projects in your organization? Yes  No

v) If the answer is yes please indicate whether the effect is negative or positive.....

- vi) How do donor conditions affect the disbursement of funds for the donor funded project in your organization? Improves disbursement  delays disbursement

vii) In your own opinion please state whether donor conditions serves the interest of the organization or the interest of the donor.....

viii) As per the parameters given in the table below, how would you rate the effect of donor conditions on the implementation of the donor funded project in your organization? Please Tick as appropriate.

	yes	No
Conditions are objective		
Allows the organization the Flexibility of choosing the project to be funded		
Improves Quality of project implementation		
Improve project completion Time		

**B. Procurement Process**

i) In your opinion, how would you rate the effect of Government procurement system on the implementation of the donor funded project in your organization? Please Tick

	Very poor	Poor	Average	Good	Very Good
Project cost					
Project commencement date					
Integrity of the process					
Quality of the project					
Competitiveness					
Completion time/period					
Procurement Plan					

ii) State briefly, if any, other problems that make procurement process impact negatively on the implementation of donor funded projects.....  
 .....  
 .....  
 .....



**C. Skills in project planning and Management**

i) Please indicate your organization’s average absorption rate for donor funds allocated to your organization for implementation of project by ticking appropriate box in the table below.

	<b>20-35%</b>	<b>35-50%</b>	<b>50-65%</b>	<b>65-80%</b>	<b>Over 80%</b>
<b>Absorption rate</b>					

ii) In your opinion, how would you rate your organization in terms of availability of skills in project planning and management within the following management levels and specialized area? Please Tick

	<b>Very Low</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>	<b>Very High</b>
Technical/ functional					
Middle level					
Senior Level Management					
Executive					
Project Manager					
Project Consultants/contractors					

iii) In your opinion, how would you rate the effect of project planning and management skills on the implementation of the donor funded project in your organization? Please Tick

	<b>Very poor</b>	<b>Poor</b>	<b>Average</b>	<b>Good</b>	<b>Very Good</b>
Absorption of funds					
Coordination of the activities					
Planning and controlling					
Quality of the project					
Project reporting					
Completion time/period					
Monitoring and Evaluation					

#### **D. Project Implementation**

- i) In your opinion, how would you rate implementation of the donor funded project in your organization in terms of the following factors? Please Tick

	<b>Very poor</b>	<b>Poor</b>	<b>Average</b>	<b>Good</b>	<b>Very Good</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Cost Effectiveness					
Project completion period					
Achievement of the target					
Quality standards					
Achievement of the objectives					
Project Monitoring and Evaluation					
Planning and Management					

ii) Have ever encountered implementation problem of a project in your organization?

Yes  No

iii) would you please compare by describing briefly the problems in project implementation of wholly or partly donor funded projects visa avis those funded be the Government of Kenya (GOK).....

.....  
 .....  
 .....  
 .....

iv) In your opinion, how would you rate the contribution of the following factor to problem, if any, of the implementation of the donor funded project in your organization? Please Tick

	<b>Highly Negative</b>	<b>Negative</b>	<b>Moderate</b>	<b>Positive</b>	<b>Highly Positive</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Donor Conditions					
Procurement Process					
Inadequate Skills in project planning and management					

*Thank you very much for your time and participation!!*

### APPENDIX III

#### KREJCIE AND MORGAN SAMPLE SIZE TABLE:

##### TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	280	159	750	256	2600	335	100000	384

**Note: “N” is population size “S” is sample size**

Krejcie, R. and Morgan, D.W., (1970). Determining Sample size for Research Activities”, Educational and Psychological Measurement.