STRATEGIC IMPLICATIONS OF DONOR SUPPORT AT THE KENYA INSTITUTE OF PUBLIC POLICY RESEARCH AND ANALYSIS

BY

HAWKINS NASSIR SAMBA

A RESEARCH PROJECT SUBMITTED IN PARTIAL FUIFILMENT OF THE REQUIREMENT OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2013

DECLARATION

This research project is my original work and has not been presented to any university for an award.

Sign……………………………………………...   Date…………………………

HAWKINS NASSIR SAMBA
D61/61934/2010

This research project has been submitted for examination with my approval as the candidate's supervisor.

Sign…………………………………………........   Date……………………….…...

DR. VINCENT MACHUKI
LECTURER, DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI

DEDICATION

This research work is dedicated to my parents Mr. Nelson Samba and Mrs. Benter Samba for their invaluable investment in my life and planting a seed of success in me.

ACKNOWLEDGEMENT

This research work would not have been fully accomplished without the valued input from different groups and individuals. While I may not exhaustively mention everybody whose assistance enabled me to finish this research, I am humbled by the value-adding endeavors from my supervisors, family, friends and course colleagues.

I give special thanks to my supervisor Dr. Vincent Machuki for his relentless assistance and support in supervision, experience and initiative which guided me throughout the proposal development process. Dr. Machuki strongly laid an irreversible skill and strong commitment towards refining the work in befitting its defined contextual and conceptual scope.

I am also indebted to my course lecturers at University of Nairobi for their invaluable course-work input that formed basis for this work.

I acknowledge University of Nairobi for having accorded me opportunity to engage in this particular research. The same goes to my colleagues and friends for the great assistance they accorded me in one way or another.

I appreciate KIPPRA management in Nairobi for giving me permission to collect working data from the institution in spite of their tight work schedules. The same goes to all divisional head who dedicated part of their time to participating in this study.

It will be impossible to end without a mention of my relatives especially my wife Rose and our children for their encouragement throughout my studies. To them I am highly indebted.

Finally, thanks to the Almighty God for granting me sufficient grace in my academic life

TABLE OF CONTENT

ACRONYMS AND ABBREVIATIONS

ACBF:	African Capacity Building Foundation
AFD:	France’s Agence Française de Développement
CBOs:	Community Based Organizations
DAC:	Development Assistance Committee
DFID:	Department for International Development
DPMT:	Directorate of Personnel Management and Training
EDF:	European Development Fund
EEC:	European Economic Community
EFD:	Environment for Development
ERS:	Economic Recovery Strategy
EU:	European Union
GDP:	Gross Domestic Product
GNP:	Gross National Product
IDRC:	International Development and Research centre
IMF:	International Monetary Fund
KIPPRA:	Kenya Institution for Public Policy Research and Analysis
NGOs:	Non Governmental Organizations
ODA:	Official Development Assistance
OECD:	Organization for Economic Cooperation and Development
OVI:	Objectively Verifiable Indicators
SAPs:	Structural Adjustment Programmes
SIDA:	Swedish International Development Cooperation Agency
SPSS:	Statistical Package for Social Sciences
SWAps:	Sector-Wide Approaches
TTI:	Think Tank Initiative
UNDP:	United Nations Development Programmes

ABSTRACT

Donor support is considered a key input in influencing far-reaching strategic implications in both public and private organizations. In this study, the case of KIPPRA was investigated using data collected from all the seven departmental heads. Data was analyzed using content analysis. The study found that donor support was a key performance component at KIPPRA and its technical and financial components yielded significant strategic implications. Fundamentally, the donor inflows had remarkable strategic implications in core areas such as output quality in research policy formulation, institutional governance, finance and accountability, human resource capacity, and summative performance. The output quality of research was enabled through positive and value-adding donor motives and co-ownership in management. However, fragmentation of donor aids and conflicting restrictions/conditionalities were noticeable hindrances to intended goal-realizations. Governance was influenced through higher aid absorption capacity, collective investment decision making, and insistence on conditionalities. Financial accountability was enhanced through persistence on accountability standards and KIPPRA commitment through co-financing arrangements. The institution's human resource strategy was considerably influenced by widened sharing of work experiences, incorporation of expatriates, consultants, and implementation of discriminate wage levels. The study recommended that primary partners in the funding arrangement collectively plan on how to deal with negative restrictions and conditionalities that were found to compromise aid absorption capacities. Also, to avoid disjointed programme implementation and unnecessarily inflated costs, donors and recipients need to adopt a dedicated and singular approach in view of maximizing efforts while minimizing wastages. Based on an observed weak post-funding arrangement, there was also need to strengthen relationships so that sustainability of finished projects is guaranteed.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The role of donor support in the growth process of developing countries has been a topic of intense debate. It is an important topic given its implications for poverty reduction in developing countries (Dalgaard *et al*., 2004). Previous empirical studies on donor support and economic growth, however, generate mixed results. For instance, Gomanee, et al. (2003) and Karras (2006), find evidence for positive impact of donor support on growth while Burnside and Dollar (2000) and Brautigam and Knack (2004) find evidence for negative impact of the support. Jensen and Paldam (2003) find evidence to suggest that donor support has no impact on growth in developing countries. According to Morrissey (2001), the role of donor support in stimulating economic growth is to supplement domestic sources of finance such as savings, thus increasing the amount of investment and capital stock.

The concept of donor support and its strategic implications in relation to recipient States can be explained by two theories: Resource-Based Theory (RBT) and Resource Dependence Theories (RDT). The RBT focuses on the idea of costly-to-copy attributes of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Barney, 2006). On the other hand, RDT postulates that dependence on critical and important resources influences the actions of organizations, and that organizational decisions and actions can be explained depending on the particular dependency situation (Baker and Aldrich, 2003).

In the public, to achieve effectiveness and efficiency, collaborations, technical support and partnerships from likeminded stakeholders in the public sector are needed. This leads to need for donor support (World Bank Group, 2007). Morgan (2003) argues that public organizational performance depends on the availability and effective use of resources. Specific to funding, Heller and Gupta (2006) advocate for a donor shift leading to a significantly diminished role in problem identification, design and implementation of interventions and greater emphasis on facilitation, strategic inputs and supporting processes aimed at strengthening developing country capacity.

Within the African context, Obasanjo (2002) regrets that countries are fixated at extreme poverty levels due to reasons such as funding constraints, technological problems, insufficient personnel, and poor operation and maintenance practice. This gap justifies the demand for donor funding (Obasanjo, 2002). In Kenya, this problem has been partly dealt with through inception of Kenya Institute of Public Policy Research and Analysis (KIPPRA) established in early 1990 to expand analytical capacity in Government especially in training economists and other requisite disciplines. Since inception, KIPPRA has occupied a very central role as the Government's main policy advisor especially on strategic policy matters. The institution enjoys donor support from various funding agencies including European Union (EU), Africa Capacity Building Foundation

(ACBF) and the Think Tank Initiatives (TTI) of International Development and Research Centre (IDRC) (KIPPRA, 2013).

1.1.1 Strategic Implications

Organizational strategy is concerned with envisioning a future for the business, creating value in the eyes of customers, and building and sustaining a strong position in the marketplace. The general direction a business takes involves the bigger issues. The first critical strategy elements include vision, mission and competitive advantage, which describe the business a company is in, it's current and long term service objectives and the manner in which it differentiates itself from the competitors (Thompson and Martin, 2005). Thompson and Martin (2005) further say that an organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure.

In relation to donor support, an organization’s strategy is prone to constraints accompanying the aid. The donor policy-based lending and structural adjustment programs include a wide array of policy and structural conditions (Killick, 2008). Beynon (2007) supports this by the idea that aid without some sort of conditionality is unthinkable and politically impossible, as donor governments must account for the use of their taxpayers’ money. Nevertheless, while the principle of conditionality has some legitimizing arguments, it is open to criticism as to the way it is applied and its ultimate effectiveness in achieving its intended objectives. According to Gwin and Nelson (2007), the failure of strict conditions to attain its desired objectives and bring about sustained policy reforms is widely recognized. They argue aid is only effective in promoting growth in a good policy environment, and on the whole, it has not succeeded in leveraging good policies (Gwin and Nelson, 2007).

Reviewing the experience in Southeast Asia and Latin America with structural adjustment lending, Killick (2008) demonstrates the inability of donor terms to act as a credible mechanism to induce policy reform. The adopted conditionalities adversely affected the States' autonomy, policy direction, and generally increased their extent of dependence on foreign support (Killick, 2008). Feroni (2006) partly agrees with this, saying that reform of governance systems in recipient countries should be matched by corresponding reform in the governance of aid and, in particular, the aid delivery system. This implies sustained dependence by recipient country on the donor partners. Beynon (2007), however, argues that reforming foreign aid requires crafting genuine partnerships and processes for reaching agreement on priorities, procedures and reciprocal obligations toward specified objectives. In particular, the governance agenda should compel development institutions and aid agencies to link economic assistance and political aid (Beynon, 2007).

1.1.2 Donor Support

Donor support is a broad term describing the help (technical or financial) one country or institution gives another through some form of donation. The donors and recipients may be governmental or non-governmental bodies. Donations may go directly from the donor to the recipient, or they may pass through other bodies. The purposes of donor support differ, but are commonly grouped into three broad categories: relief, military aid, and development assistance (World Bank Resource Book, 2008).

Aid comes in various forms. One common distinction is based on the way it is given. In some cases, donors deal directly with recipient countries through their own aid agencies. This is bilateral aid and it is given through agencies such as the Department for International Development (DFID), France's Agence Française de Développement (AFD), or European Development Fund (EDF). In other cases, a donor supports programmes and projects as one of many donors. This is multilateral assistance and is administered by agencies such as the United Nations Development Programme and the World Bank. Of all official development assistance, roughly one-third is multilateral. The traditional bilateral-multilateral distinction no longer covers all donors (World Bank Resource Book, 2008).

Donor aid is also distinguished by whether it supports projects or programmes. Project aid covers many different activities, but is dominated by funds directed towards interventions in health, education, rural development, transport and power, housing, and water supply and sanitation. The main purpose of such projects is to achieve specific and concrete outputs, with many projects attempting to fill gaps by providing resources, skills and systems which the recipient country needs but does not have. Programme aid, on the other hand, is broader in coverage and objectives. Two types of programme aid have become popular with both donors and recipients. These are sector-wide approaches (SWAps), in which a donor or group of donors supports a particular sector, such as health or education, and budget support (Riddell, 2007). Aid agreements typically set out terms and conditions to be met by the parties. Most of these refer directly to the project or its administration. They are what Martens (2005) calls “input conditionalities” that restrict the recipient’s discretion in spending the resources availed. Such conditions are in themselves fairly uncontroversial. More onerous is “tied aid”, a form of aid that requires the recipient to buy certain goods and/or services from the donor country. Aid tying is an input conditionality that is generally agreed to be costly (Martens, 2005).

1.1.3 Public Policy Research

Sharkansky (2008) defines public policy as a goal or action of administrators undertaken in an effort to shape the quantity or quality of public service. In the same vein, Siegel and Weinberg (2007) argue that public policies are shaped (or made) when government or comparable authorities decide whether or not to alter aspects of community life. They further argued that policies are public to the extent that they involve governmental or quasi-governmental decision making and determine the interest of the community. And, that “whenever we dwell on public policies, we focus on governmental actions and the consequences that flow from them” (Siegel and Weinberg, 2007: 119). Contributing to the explanatory efforts on the subject - matter of public policy, Eyestone (2007) broadly defines public policy as the relationship of a government unit to its environment; a position that tallies with that of Anderson (2005) in his system analysis to demands arising from its environment, while Dye (2002) understands public policy as whatever government choose to do or not to do.

Eyestone (2007) examined the concept of public policy through various theoretical perspectives. These ranged from the perspective of political system theory, group theory, elite theory, functional process theory, institutional theory, incrementalism, game theory to public choice. Each of these perspectives viewed the subject-matter of public policy differently in terms of the compelling influences and authoritativeness involved in public policy-making. But then, none of these perspectives took for granted the ecological or the environmental determinism involved in public policy formulation or public policy-making. According to Starling (2008), public policy follows required process of problem formulation, planning/formulation, adoption, implementation, and evaluation. Brewer and Deleon (2003) involve six stages in the public policy process: initiation; estimation; selection; implementation; evaluation; and termination. These phases are superimposed by Aucoin (2003) who argues that policies are the result of process which deliberates and determines the values priorities of society. That is, public policy consists of the goals and assumptions that underlie what government does. It is a guide for government action and inaction (Aucoin, 2003).

Smith (2004) alludes that public policy implies that government must make choices to do one thing rather than another or to do little of this and a lot of that or not to do anything at all. It therefore implies that an attempt of a government not to act is a policy. Public policy making implies a rational activity of government that involves planning policy making is a combination of politics and planning. Hugo (2002) explains that public policy in a more explicit language is an action or inaction of the government and when there is a problem and such action or inaction is directed towards such problems for accomplishment of some purpose or goal. Hugo (2002) proceeds to describe public policy as a course of action or inaction intended to accomplish some ends.

According to Doern and Phidd (2002), research can play a major role in the public policy-making process and there is little doubt that greater emphasis will be placed on policy research to help inform future policy decisions. Majchrzak (2004) contends that public policy research is a special type of research that can provide communities and public decision-makers with useful recommendations and possible actions for resolving fundamental problems. Such research provides policy-makers with pragmatic, action-oriented recommendations for addressing an issue, question, or problem. The primary focus of such policy research is linked to the public policy agenda and results are useful to the development of public policies. A public policy research effort begins with a social issue or question, evolves through a research process whereby alternative policy actions for dealing with the problem are developed, and communicates these alternatives to policy-makers. Public policy research is unique in focusing on action-oriented recommendations to social problems (Majchrzak, 2004).

1.1.4 Kenya Institute for Public Policy Research and Analysis

Daneke and Steiss (2008) define public policy as a broad guide to present and future decisions, selected in light of given conditions from a number of alternatives; the actual decision or set of decisions designed to carry out the chosen course of actions; a projected program consisting of desired objectives (goals) and the means of achieving them. Obasanjo (2002) blames public policy in most parts of developing countries, citing presence of programmes which have become nothing more than white elephants. Much blame, according to Dye (2010), has been with public policy research which is adopted to cover academic research that will have explicit policy implications on public policy development. In Kenya, Kenya Institute of Public Policy, Research and Analysis (KIPPRA) is the public entity responsible for public policy research.

KIPPRA was an autonomous public institute that was established in May 1997 through a Legal Notice and commenced operations in June 1999. In January 2007, KIPPRA Bill was assented into law and the KIPPRA Act No. 15 of 2006 commenced on 1st February 2007. The Institute undertook a range of activities including conducting objective research and analysis on public policy issues with the goal of providing advice to policy makers; providing advisory and technical services on public policy issues to the Government, government agencies, and other stakeholders; collecting and analyzing relevant data on public policy and disseminating its research findings to a wide range of stakeholders through workshops/conferences, internal seminars, research papers, policy briefs, a newsletter, and the Kenya Economic Report; developing and maintaining research resources and databases on public policy and related issues, and availing these to the Government, the private sector and academic institutions; undertaking contracted public policy research and analysis for the government and clients from the private sector; conducting capacity building for government and private sector officers; and serving as a point of contact and encouraging exchange of views between the Government, private sector and civil society (KIPPRA, 2012a).

Since inception, KIPPRA occupied a very central role as the government's main policy advisor especially on strategic policy matters. Since 2002, the government signaled commitment to reforms for accelerating economic growth and reducing poverty, and a reversal of past trends by implementing appropriate policies. On the other hand, achievement of the country's development goals required implementation of carefully developed and objectively analyzed policies. Given the renewed commitment to develop a progressive reform agenda, KIPPRA's strategic role in policy research, analysis and in building the capacity of the public sector to carry out policy analysis and research was expected to deepen. KIPPRA enjoyed donor support of various funding agencies including European Union (EU), the African Capacity Building Foundation (ACBF) and the Think Tank Initiative (TTI) of International Development and Research centre (IDRC) (KIPPRA, 2012).

1.2 Research Problem

Donor support stands out as one of the means through which resources are mobilized for a good cause. It provides much needed resources to facilitate a whole range of economic, political, and social processes. The interactions between donors and recipients foster mutual learning and associated benefit (White, 2007). Different forms of donor supports yield different strategic implications on the part of the recipient. For instance, other than gradual propensity to dependence on aid, some financial support comes with strings and conditionalities that reduce donor effectiveness and makes recipients lose their autonomy. Moreover, the complex funding and administrative arrangements that surround donor support require the beneficiary institutions to devote time to everything from proposal writing to entertaining dignitaries from the support origin. The more projects and donors there are, the more time and effort beneficiaries and governments must spend to satisfy these requirements. Such effort may affect the recipient's capacity to carry out its own development responsibilities (Torsvik, 2005). Over the years, though, there has been a steady flow of donor support to many institutions in developing world to enhance their operational sustainability. While majority of these donor funded institutions have over the years reduced to white elephants, some have sailed through and emerged as key player in shaping the economies of these countries (McCormick et al., 2007).

As a public entity, KIPPRA was principally funded by the Exchequer. Due to budgetary deficits, however, the key policy research institution in Kenya attracted external sources of financing which included IDRC, TTI, EU, ACBF and EFD. In the respective funding agreements, these donors gave incentives and outlined conditions which ought to be met prior to remittances and subsequent implementation of the programmes. The European Union, for instance, required that all goods and services procured for the projects must have originated from the member states, which were predominantly in Europe failure to which the expense became ineligible (ec.europa.eu/europeaid/how/finance/edf_en.htm retrieved on 23rd July 2012). In addition, Environment for Development (EfD) programme, supported by the Swedish International Development Cooperation Agency (Sida), on improving and strengthening the integration and mainstreaming of environmental issues in planning and public policy in Kenya, required inclusion of own expatriates throughout the implementation phase failure to which remittance was restricted (EfD-Kenya, 2012). Despite all these stringent conditions, the entity's financing structure constituted foreign donor sources.

The fact that KIPPRA had limited local fund-base forcing it to depend on external aid and thus attracting additional incentives and conditions associated with willing suppliers, made its independent formulation and implementation of strategic intents complex and prone to partner-conflict. This notwithstanding, there was no single study giving deductions and recommendations on strategic implications of aid dependence and compliance requirements at the institution or any related in Kenya. Though the existing studies considered institutional strategic implications, no direct reference was made to the context and concept of this study. These studies laid focus on different aspects of strategic implications in different organizational environments or interventions. Wangui's (2005) study looked at the strategy and structural relationship of Monitoring and Evaluation and the success of projects, taking a case of Non Governmental Organizations funded projects in Kenya. Kaloki (2008) focused on managing strategic alliances between Church World Services and Community Based Organizations (CBOs) in Kenya, while Onchoke (2010) looked at strategy and aid effectiveness after the signing of Paris declaration 2005. Despite invaluable scholarly contributions from these studies, one question remains unanswered: What are the strategic implications of donor support in public policy research at KIPPRA?

1.3 Research Objective

The objective of this study was to determine the strategic implications of donor support on public policy research at the Kenya Institute of Public Policy Research and Analysis (KIPPRA).

1.4 Value of the Study

Findings from this study were expected to be of significance in theory building, policy development, and managerial practice. First, based on the identified gap, the findings were expected to form an invaluable input towards establishing an explanation and push for an ideal donor funding environment. As a result, the findings would enrich existing knowledge on strategic implications by donor inflows in public institutions. Also, the findings would form the basis upon which other related and replicated studies and theories are based.

Second, the findings would be indispensable to policy-linked stakeholders including KIPPRA management and other State agencies engaged in national planning and development. As a Public Policy Research institution, KIPPRA was expected to use the information from the study as an independent audit of its policy effectiveness in the context of donor relationships as well as for recommendation on areas which they could improve on as far as their operations were concerned.

Other than theory and policy development, the generalizations were expected to be imperative in bolstering managerial practices that link funding to strategic goal realization through intermediate systems such as accountability of resource use, competence in strategy formulation, responsibility and focus towards core performance areas. This would in turn form another solid foundation to justify future support partnerships.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

For purposes of understanding the study area and putting the research objectives in right scope and context, a guided set of literature as contained in this section was reviewed. The key areas covered included the concept of strategy, resource-based theory of strategic success, donor financial support, and strategic implications of donor support in public policy research.

2.2 Theoretical Underpinnings of the Study

The study was anchored to two related theories: Resource-Based Theory (RBT) and Resource Dependency Theory (RDT). RBT has been developed to understand how organizations achieve sustainable competitive advantages. The theory focuses on the idea of costly-to-copy attributes of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Barney, 2006). A firm can be understood as a collection of physical capital resources, human capital resources and organizational resources. Resources that cannot be easily purchased, that require an extended learning process or a change in the corporate culture, are more likely to be unique to the enterprise and, therefore, more difficult to imitate by competitors. It is argued that performance differentials between firms depend on having a set of unique inputs and capabilities (Conner, 2001). According to resource-based theory, competitive advantage occurs only when there is a situation of resource heterogeneity and resource immobility which is the inability of competing firms to obtain resources from other firms (Barney, 2006).

Barney (2006) argues that in order to provide competitive a success, a resource must fulfill four criteria: valuable:- the resource must have strategic value to the firm either by exploiting opportunities or neutralizing threats; rare:- the resource must be unique or rare to find amongst the current and potential competitors of the firm; imperfect imitability:- it must not be possible to perfectly imitate or copy the resource because it is difficult to acquire or because the link between the capability or the achieved sustained competitive advantage is ambiguous or because it is socially complex; non-substitutability:- competitors cannot substitute the resource by another alternative resource to achieve the same results.

As Grover *et al*. (2008) explain, the essence of a resource-based theory is that given resource heterogeneity and resource immobility and satisfaction of the requirement of value, rareness, imperfect immitability, and non substitutability, firms' resources can be a source of sustained competitive advantage. Resource-based theory treats enterprises as potential creators of value-added capabilities. Understanding the development of such capabilities and competences involves viewing the assets and resources of the firm from a knowledge-based perspective. Prahalad and Hamel (2000) concentrate their attention on the collective learning processes of the organization, on the development of skills and technology integration. Their concept of "core competences" is related to mechanisms by which firms learn and accumulate new skills in order to develop business capabilities to outperform competitors. One of the objectives of the theory is to help managers to appreciate why competences can be perceived as a firms' most valuable asset and, at the same time, to understand how those assets can be used to improve business performance. A resource-based view of the firm accepts that attributes related to past experiences, organizational culture and competences are critical for the success of the firm. Conner (2001) suggests that an in-house team is likely to produce technical knowledge, skill, or routine that fits better with the firm's current activities.

According to Baker and Aldrich (2003), the Resource Dependence Theory gained public awareness in 1978 through the book by Jeffrey Pfeffer and Gerald Salancik, The External Control of Organizations: A Resource Dependence Perspective, and became widely accepted in scholarly discussions. A fundamental assumption of Resource Dependence Theory (RDT) is that dependence on critical and important resources influences the actions of organizations and that organizational decisions and actions can be explained depending on the particular dependency situation (Baker and Aldrich, 2003). Pfeffer and Salancik (2003) postulate that the environment provides critical resources needed by the organization. To be able to understand organizational behavior, one must first of all clarify which resources are the critical ones. Criticality measures the ability of the organization to continue functioning in the absence of the resource or in the absence of the market for the output (Pfeffer and Salancik, 2003).

Simon (2007) adds that a particular resource may only constitute a very small part of total resource needs or costs, but it is critical if the missing of that resource endangers the ability of the organization to function. However, RDT does not argue that the environment and dependency on critical resources directly influence organizational behavior behind the backs of actors involved. Rather, it makes assumptions about actors and their relation to the environment. The theory assumes bounded rationality which takes into account the limits in formulating and solving complex problems and in processing. At the same time, one can assume that organizations strive to reduce or avoid uncertainty (Simon, 2007).

Those actors who control a large part of critical resources but do not themselves need any resources from the organization are relatively powerful and will make and want to realize high demands on the organization. The more an organization is dependent, the higher the amount of uncertainty and the more it will try to reduce uncertainties (Pfeffer and Salancik, 2003). By controlling resources, powerful external stakeholders influence the filling of important positions of the organizations' dominant coalition. It is realistically assumed that the interests of powerful decision makers are more likely to be realized than other interests. The decisions lead to actions and organizational structures that suffice power interests and also efficiency interests of dominant coalitions. The efficiency of the organization is thus a means to an end, for the purpose of retaining power. At the same time, actions meet requirements of important suppliers of resources and thus contribute to providing the organization with critical resources and ensure survival of the organization (Barney, 2009).

Resources on which power is based can of course differ considerably from case to case. The work of Provan, Beyer and Kruytbosch (2008) is one example of a study which analyses the relationship between resource control and power. They examined the relationship between non-profit organizations and their umbrella organization financing them and concluded in agreement with RDT's assumptions that power over an individual organization is larger the more resources it controls. They explained further that resources are relationships that an organization has in a particular community. Resources increase the more connections it has to the elite in the community, the more connections it has to other member organizations, and the more their services are in demand within the community. An organization with these characteristics therefore controls valuable resources for the umbrella organization and is more independent and thus more powerful. Saidel (2009) presents further results which support RDT. In a survey of over 80 non-profit and 73 state organizations he found a correlation between the importance of a controlled resource and the influence of the organization controlling this resource.

2.3 Donor Support

Sachs et al. (2004) argue in favor of a massive increase in donor support to developing countries in order to escape from a supposed poverty trap. They propose to increase the capital stock in one step, through a large, well-targeted infusion of assistance. In their proposal, the flow of aid is targeted to a particular set of investments and specifically public sector investments so that part of the support cannot be misdirected. Other than the technical support, the large amount of support should be given in the form of grants rather than loans. They believe that such a commitment can be enforced through improved monitoring of budget processes and expenditures. Further, Sachs et al. (2004) explain that unconstrained aid flows would probably be consumed rather than invested. The strategy thus needs to be designed to ensure that the support is properly invested and there must be a credible mechanism for enforcing the strategy over a relatively long period.

The empirical evidence on the effectiveness of donor support is, however, discouraging. Burnside and Dollar (2000) found that donor support neither significantly increases investment nor any human development indicator, but it does increase the size of government. They further concentrate on the differential effect of policies, instead of political institutions, on the effectiveness of donor support. They find that the support works in good policy environments - notably, good fiscal, monetary, and trade policies. The results in Burnside and Dollar (2000) imply that increasing the conditionality of the support on policies would improve the effectiveness of aid. In contrast, Hansen and Tarp (2001) examined the relationship between donor support and growth in real GDP per capita and found that donor aid increases the growth rate, and this result is not conditional on “good” policy. They also find that there are decreasing returns to aid, and the estimated effectiveness of donor support is highly sensitive to the choice of the estimator and the set of control variables.

According to Cordella and Dell’Ariccia (2003), the way to disburse a given amount of donor support is another important issue with respect to its effectiveness. They argue that the relationship between aid, policies, and growth depends on whether the aid is delivered in budget support or project financing. They find no effect of aid by itself or coupled with policies. However, they explain this result as the effect of pooling together aid delivered in form of budget support and project financing. When the product of aid by policy is broken into two different variables (budget support by policies and project aid by policies), Cordella and Dell'Ariccia (2003) find statistically significant results.

Existence of many donors generates high transaction costs within each recipient nation, and therefore reduces the value of donor support. Acharya et al (2004) summarize the different kinds of transaction costs that are generated for recipient governments, based on the existing literature and personal experiences in the aid business. They classify them as direct and indirect transaction costs. One of the direct costs is related to the fact that aid comes from a variety of donors, which means that the energies and attentions of senior government personnel are absorbed, to an inefficient degree, in establishing and maintaining relationships with a multiplicity of donor agencies, and adjusting to their differing procedural requirements, languages and forms of expression, policy idioms, and financial periods (Acharya et al., 2004).

In another study, Knack and Rahman (2004) found that donor aid undermines the quality of government's bureaucracy more severely in recipient countries the more fragmented the donors are. These results can be interpreted as the political consequence of the transaction costs derived from a high degree of donor fragmentation. Djankov et al (2005b) analyzed the effectiveness of foreign aid depending on the level of fragmentation of the donors the country is facing. They found that the higher is the level of fragmentation of the donors the lower is the positive impact of aid on economic performance. White (2007) studied on impacts of donor support on growth and development in developing countries. The study found that besides having made a good case for increased flow of donor aid, there were questions on the utilization of these funds on designated projects. Finally, Levy (2007) reveal that only minimal levels of the external funds reach the designated targets, underscoring the notion that aid to developing countries is fungible.

2.4 Public Policy Research

Shaping public policy is a complex and multifaceted process that involves the interplay of numerous individuals and interest groups competing and collaborating to influence policymakers to act in a particular way. These individuals and groups use a variety of tactics and tools to advance their aims, including advocating their positions publicly, attempting to educate supporters and opponents, and mobilizing allies on a particular issue. As an academic discipline, public policy brings in elements of many social science fields and concepts, including economics, sociology, political economy, program evaluation, policy analysis, and public management, all as applied to problems of governmental administration, management, and operations (MacGregor, 2006).

Murji (2010) makes the argument that research in public policy-making helps in gathering intelligence, accumulating findings, raising questions and encouraging a culture of objectivity. Public policy research is a tool to legitimize a shift in public policy once a consensus is established and assists in improving the implementation of that approach.

Nevertheless, policy research which challenges an accepted consensus tends to have less immediate impact on policy, but over time it could be seen to help to develop alternative perspectives and in alliance with other forces may lead to a further policy shift when opportunity arises. To have impact, therefore, research evidence has to be linked directly to the policy (Kingdon, 2002).

MacGregor (2006) introduces the idea of evidence-based policy-making which calls for more respect for evidence prior to making policies with far-reaching implications. An evidence-based policy, if initiated, involves: firstly, the generation of conclusions, drawing on evidence derived from the use of robust scientific method; secondly, peer review of the methods used to filter out unsound conclusions; thirdly, selective transmission of sound evidence to policy; followed, neatly and fourthly by the response of policy to these findings (MacGregor, 2006). According to Murji (2010), in a rational world, policy would act on this evidence. However, the real world is not entirely rational and few would want to see a technocratic, all-powerful elite determining the essentially political outcomes of who gets what, how, where, when and why. Moreover, evidence which seems persuasive to researchers is sometimes viewed less favourably by other policy players (Murji, 2010).

Sandle (2004) outlines three key factors that led to the growth of policy research think tanks: funding, competition and complexity. The author traces that with huge cuts in public funding and deteriorating economic conditions, many researchers from formerly state funded institutions left to create their own research centres and independent policy research institutes. This growth in research think tanks was largely funded by various western foundations and aid agencies. Krastev (2000) argued that the US (the region's largest governmental donor since the fall of communism) was eager to export a specific process of policymaking. In fact, foreign funding had an enormous effect in professionalizing a number of prominent research organizations.

2.5 Strategic Implications of Donor Support on Research

According to Heller and Gupta (2006), if donor resources were consistently distributed according to a different criterion - for example, proportional to the share of the world's absolute poor in a country - the macroeconomic issues associated with resource transfers would be significantly diminished. The likelihood of significant macroeconomic problems will depend both on the size of the external resource transfers relative to the scale of the recipient economy or organization and the extent to which such transfers take the form of financial transfers for spending on domestic goods and services rather than imports.

Bulir and Hamann (2001) argue that a large inflow of donor funds may leave a country facing a trade-off between selling foreign exchange or treasury bills in order to mop up the excess liquidity generated from these inflows. Such an operation could lead to a real exchange rate appreciation and an increase in interest rates. Another policy challenge that can arise with heavy reliance on external assistance for financing basic public services is an increase in fiscal uncertainty, making long-term planning more difficult. The disbursement of donor aid is often conditional not only on satisfactory progress in the efficient use of resources but also on other factors. These include political concerns, the various requirements of donors, and the often-cumbersome procedures for disbursing aid flows.

Squire (2003) expressed dilemma facing policy makers in their strategic efforts. He argues that universal programs to execute a strategy have tended to incur costly leakages to the unplanned efforts whereas highly targeted programs have tended to result in the incomplete coverage of the blueprints. Dollar and Kray (2005) have attempted to address the impact of public policies such as macroeconomic stability and fiscal discipline, and certain components of public spending on health and education and poverty. They find that many supposedly "pro-poor" policies such as public expenditure on health and education do not have any significant impact on the income of the poor.

In contrast, Dollar and Kray (2005) found that income of the poor seems to respond systematically to pro-growth policies such as fiscal discipline, macroeconomic stability, good rule of law and openness to international trade. They conclude that these pro-growth policies should be at the center stage of any program aiming at eradicating poverty. They argue, however, that social spending in developing countries often benefits the rich and middle classes more than the poor. Similarly, Filmer and Pritchett (2007) have not found any significant impact of public expenditures on health and infant mortality that mainly touch the poor fringe of any society. In contrast, Bidani and Ravallion (2007) have found a statistically significant relationship between public spending policy and execution of implementation of strategy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses the research methodology that was adopted by the study in meeting intended objectives. In particular, it identifies, explains and justifies the proposed research design; data collection - in form of data sources, preferred instruments, and instrument validity and reliability; and description of data analysis procedures for both primary and secondary data.

3.2 Research Design

This research was conducted using a case study with an aim of finding out the strategic implications of donor support in public policy research at KIPPRA-Kenya. According to Mugenda and Mugenda (2003), a case study is an in-depth investigation of an individual, institution or phenomenon. Further, it is an appropriate design when a detailed explanation on a particular subject is the core intent of study.

Based on information requirement for the study, a case of KIPPRA was considered more appropriate since it gave a full contextual analysis of events in addition to the fact that it was the only renowned public policy research institution in Kenya. This gave the researcher a powerful form of analysis that involved a careful and complete observation of the institution's internal adjustments to donor support and accompanied aid terms. Moreover, the case study design enabled an in-depth investigation on the study's thematic components thus aiding a detailed dissemination on strategic implications of donor support at KIPPRA.

3.3 Data Collection

Data for the study were obtained from both the primary and secondary sources. The secondary data were used to form a basis for comparison with findings and as a building block to answering research questions. This was achieved through desk review. According to Robson (2002), desk review technique involves critical assessment of documentations without necessarily or if need be prior to going to the field of study. Important documents for the review included financing agreements, strategic plan, performance reports, corporate funding and related policies, management reports, and press articles relating to KIPPRA.

The primary data were collected from seven KIPPRA departmental heads using an interview schedule with predetermined and identical set of question items. The researcher moderated the interview sessions to ensure that all responses were well within the core scope of the study. This was further instrumental in enhancing the instrument's validity and reliability. Saunders et al. (2007) inform that use of interviews can help a study to gather valid and reliable data that are relevant to research question(s) and objectives. The authors recommend interviews on the basis of their in-depth understanding of situations and quality of output through real-time clarifications.

During the actual instrument administration, the interview questions were read out and then responses recorded by the researcher on a standardized schedule with sufficient space for textual supplementation. While this aided a social interaction between the researcher and the respondent, additional expositions were sought using probing questions and variations of questioning to extract more content and meaning.

3.4 Data Analysis

According to Saunders et al. (2007), research data in its raw form conveys very little meaning to user groups. These data, therefore, need to be turned into information so that they are meaningful and useful. Owing to qualitative nature of data collected in this study, content analysis was used in analysis. Wheelock et al. (2000) define content analysis as a systematic and replicable technique for compressing many words of text into fewer content categories based on explicit rules of coding.

During analysis, diverse responses were reduced to a handful of key representative themes on whose basis deductions were derived. The themes were achieved through a stepwise process that involved two broad phases: firstly, taking each person's response in turn and marking in them any distinct content elements, substantive statements or key points; and secondly, forming broader categories to describe the content of the response in a way that allowed for comparisons with other responses. The secondary data were analyzed by detailed scrutiny of individual cases and comparative assessment to ultimately establish linkages with the study. Parts of the secondary findings were used to either support or contrast this study’s findings.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents research findings based on detailed analysis of data obtained from KIPPRA. Analysis outputs are presented based on objective areas which included extent of donor support at KIPPRA, and observed strategic implications of donor support in quality of research output, governance, financial accountability, human resource capacity, and corporate performance. Data were obtained from seven interviewees representing all the administrative divisions at the institution, ensuring an all-inclusive representation of the study sub-units whose distinct programme activities and varied donor-funding concentrations depicted a heterogeneous participation. The specific sub-units represented in the study included Macroeconomics, Productive Sector, Social Sector, Infrastructure and Economic Services, Private Sector Development, Trade and Foreign Policy, and Governance Division.

4.2 Donor Support at KIPPRA

Prior to establishing strategic implications of donor support in public policy, the study sought information on extent of donor support inflows to KIPPRA and if the support affected the institution in any way. Analysis of information obtained showed that KIPPRA was a leading beneficiary both financially and technically from various international donor partners. The key informants unanimously acknowledged that received donor support affected KIPPRA's strategic intents and processes.

Two forms of donor support were of categorical significance and were highly preferred by all KIPPRA administrative divisions: financial and technical support. All divisions other than that dealing with infrastructure and economic services ranked financial aid first, implying that the public policy research institution had budgetary gaps which had to be sealed through donor-disbursements. The study determined that most donor-funded programmes at KIPPRA were under co-funding agreements, requiring the government to meet part of the commitment. Notably, though, a smaller segment of donor support comprised full-aid packages. The study informants preferred inflow of donor support in financial form due to inherent flexibility and contingence-responsiveness. In terms of technical aid, the recipient institution benefited from exchange programmes, donor-project capacity building, hiring of consultants, secondment of expatriates, and access to sophisticated service tools and systems.

The study further established that Macroeconomics division was the leading beneficiary while the least of allocations went to Productive division. The division's representative in the study justified these allocation imbalances citing that:

> "KIPPRA's core functions are delimited to the Macroeconomics division while others play roles construed to be more supportive than mainstream".

Cumulatively, the proportion of donor support at KIPPRA was found to be over three-quarters of the institution's total investment outlay. This though left a funding gap that was sealed through either internal sourcing (such as interests on deposits, charges and donations) or via co-financing arrangements. In conclusion, therefore, KIPPRA was rated a highly donor-dependent institution in quest of fulfilling its strategic mandate. Assuming that every unit investment resulted unto an equivalent return, then over three-quarters of the KIPPRA outputs were directly dependent on solicited or priority inflows occasioned by donor support both financially and technically. This was corroborated by the head of Trade and Foreign Policy division quoting that:

> “The international donor community is part and parcel of the strategic programmes undertaken by KIPPRA and any imbalances could probably jeopardize public anticipations”. In addition, there was a feedback from the division of Governance that “donors are embraced as key stakeholders at KIPPRA”.

4.3 Strategic implication of Donor Support at KIPPRA

In the study, strategic implications of donor support were investigated in quality of research output, governance, financial accountability, human resource capacity, and corporate performance.

4.3.1 Strategic Implications of Donor Support on Research Output

The strategic relationship between donor support and quality of public policy research was tested using indicators which included partnership agreement motives, donor harmonization, project ownership and related policies. Firstly, the study identified several motives precluding donor support. These included need to address emergency needs; to assist recipient in achieving their development goals (new programmes, priorities); to show solidarity; to further political and strategic interests; to help promote donor-country commercial interests; because of historical ties; and to provide and strengthen global public goods. Intuitively, these motives were enshrined well within the mandate of the institution; hence the anticipated policy outputs were most likely a result of donor inputs. Aggregately, research information gave the pointer that soliciting for international support was more driven by the institution's strategic push towards realizing economic, national security, environmental, and moral and humanitarian motives which were considered instrumental in redefining institutional success.

Secondly, the study found that KIPPRA had entered into agreements with various donor agencies whose programme goals were most often than not uncoordinated. There was concurrence from the key informants that this fragmentation was a major challenge owing to possible inter-project conflicts, scarcity of qualified staff, voluminous reporting, frequent disruptions from donor agents, and duplication of transaction costs among others. However, a few of informants did not see this as a challenges since project goals were distinct and funding agencies were accountable to various independent principals. During the time of this study, KIPPRA was in partnership with various funding agencies including European Union (EU), the African Capacity Building Foundation (ACBF) and the Think Tank Initiative (TTI) of International Development and Research centre (IDRC) (KIPPRA, 2012). The partnership agreements were independent of each other and efficiency-criteria used in the projects were at variance depending on the donor's specifications.

Thirdly, it was deduced that KIPPRA did not have an absolute ownership authority on funded projects. This was the case because donors' conditions had to be met prior to disbursement of funds, and incase non-compliance was noticed (though for a good cause) some expenses were declared ineligible. The other pre-requisites that weakened KIPPRA ownership included co-ownership of laboratory/research findings, project branding of donor logos, acknowledgement in publications, seeking no-objections prior to spending, and threats of withdrawals. Even after handover of the projects, KIPPRA still did not enjoy absolute ownership of the investments due to perpetual branding and acknowledgement. In addition, some technical duties were performed by foreign expatriates either on secondment or contracted as consultants by the donors. From a positive perspective, such continued intent in monitoring and evaluation played part towards ensuring that proposed targets were congruently realized. Hence, there was a proven significant strategic implication of donor support on public research and policy output resulting from shared ownership till realization of targets.

4.3.2 Strategic Implication of Donor Support on Governance

Under this objective area, the study adopted absorption of aid, influence on investment decisions, and donor-initiated governance restructuring. In absorption, the study found that there was no absolutely full aid-absorption capacity in any of the seven divisions at KIPPRA. The highest reported divisional aid absorption capacity was documented as 90% while the least was 75%, implying a 15-point range. Averagely, donor-support absorption stood at 84.7% (KIPPRA Newsletter, 2013). There was, thus, wide non-uniformity in terms of how various divisions in KIPPRA absorbed donor-support towards realizing their pre-determined targets. Informants explained that non-absorbed funds were most often than not returned at expiry of the funded programme. A few of funding agencies, however, could allow (under some restrictions) re-allocation of funds to other unmet activities. Key among the reasons mentioned responsible for below-par absorption included occurrence of expense ineligibility, incorporation of limiting conditionalities, dearth of human resource capacity, and donor-recipient policy compatibility challenges. Even though KIPPRA was unable to realize full aid absorption efficiency, the donor support had a significant and strategic bearing on its governance whose refinement ensured a relatively efficient implementation achievement.

Other than absorption capacity of donor support, key informants were asked the different ways through which donors intended to influence KIPPRA's investment decisions. The study established a unanimous agreement that donors indeed influenced how disbursed outlays would be invested. It was established that investment decisions were two-fold. First, priority-investments were to a large extent donor-driven as opposed to request-investments which were more inclined to recipient autonomy. KIPPRA utilized both donor-driven and recipient-driven approaches in variant proportions.

Under the recipient-driven approach, KIPPRA was obliged to make funding requests with convincing justifications as bases of triggering disbursement. In this case, they were the originators and to a large extent the promoters of the programme; the donors were accepted only after idea conception mainly for financial aid and technical input. Donors' late entry, however, did not exclude them from passing changes in the programme proposals. On the other hand, priority/donor-driven investment decisions were initiated and monitored by donors who applied to KIPPRA through the national government for specified strategic interventions. These ‘unsolicited’ interventions allowed donor dominance in programme design, implementation and up to handover. There was unanimous concurrence that admission of outside technical expertise and financial support collectively helped in strengthening the institution’s governance structures. In addition, donors preferred partnerships with internally efficient systems. One respondent quipped that:

> “There is much satisfaction from the donors’ side on overall impact and that this is the substrate upon which further partnerships are built”.

About a third of the donor-funded programmes required KIPPRA to constitute dedicated Project Implementation Units (PIUs) with tailored training on implementation. A similar proportion desired to second part of their numbers to serve as technical expatriates in the projects. Also, the requirement that KIPPRA prepares and submits status/compliance reports to the fund-givers was applied in the programmes. Relatively lower than the rest, physical inspections tool on implemented projects was preferred. Notably, fear of support-withdrawal was adopted as one of the key safeguards that ensured compliance and co-operation by recipient organ, KIPPRA. In addition, there were possibilities of donors declaring committed expenses as ineligible due to omissions or commission or execution error. Indeed, the fact that donors followed up on actual use and impact of their support meant that KIPPRA governance had to be justifiably flexible all-time towards embracing compliance and accountability in view of sustaining partnerships.

4.3.3 Strategic Implications of Donor Support on Accountability

The study investigated how donor support strategically influenced financial accountability using indicators such as tools in improving financial accountability and KIPPRA financial commitment through co-funding. Generally, the study found that financial accountability was a key concern not only for the donors but also for the implementing divisions. This led to both KIPPRA-initiated and donor-designed accountability forms. Donor monitoring of funded projects was found to be the main tool of enhancing quality and accountability for most donor-funded projects/programmes. Through these structured monitoring visits, donors ensured that the standards set at the proposal stage were met and offered technical assistance to support other elements of good quality management, for example recommendations on improving monitoring systems through better quality indicators and helped with designing an after-action evaluation.

Peer monitoring by KIPPRA with similar programmes elsewhere was also found to be a useful tool for enhancing accountability. This way, peer visits became a source of joint learning, appraisal, and collective quality improvement. In addition, financial reporting, under acceptable and donor-dictated guides, was adopted. Lack of information or analysis – or doubts about the same – could lead to an external audit and potential legal consequences, including donors requesting the reimbursement of funds or activating a withdrawal. Finally, the donors used external evaluations as eye-openers, both for the implementing partner and for the donor, and could lead to institutional learning on both sides. On the part of KIPPRA, the most significant approach towards enhancing accountability was selection of qualified and experienced field staff with financial and field credibility. Aggregately and most importantly, informants concurred that the effectiveness of all of the quality control mechanisms and accountability hugely depended on the goodwill and internal procedures of partners.

The study established that KIPPRA management supported co-financing arrangements of programmes under the institution's implementation schedule. Under parallel co-financing, the support programme/project was broken down into clearly identifiable sub-sections, each funded by a different co-financing partner, in this case the donor and Kenyan government through KIPPRA. This meant the origin of funding for each operation was earmarked and could be identified. Under joint co-financing, the funds from primary partners were pooled to finance the costs of the programme/project. The source of funds could not be identified for the individual actions done in the context of this intervention. Predominantly, while the donors disbursed funds and technical aid, KIPPRA subscribed to the co-financing through support staff and part of PIU, land, and actual project implementation. The insistence of co-financing meant that KIPPRA had to demonstrate commitment to the partnership agreement and one of the means was commitment to accountability. Hence, it could be inferred that donor funding strategically influenced financial accountability at KIPPRA.

4.3.4 Strategic Implications on Capacity Development

The study also focused on how donor support influenced human resource capacity at KIPPRA. Unanimously, it was acknowledged that institutional human resources were distinctly higher compared to other public entities in the country. This was attributed to knowledge transfer and skills through internal exchange programmes and peer reviews. Informants also referred to competitive monetary remuneration, goal-oriented culture, inclusion of consultants and expatriates, and easy technology transfer. Notably, however, a few of the divisions complained of inherent discrimination of the local employee clusters in terms of wages, work incentives, duty assignment, and responsibility positioning. One assertion was categorical that:

> "KIPPRA may be in need of money but not labour imports yet the country is equally advancing in capacity development; this takes competition in a slimming labour market to an unnecessary higher level".

Such comment was a sheer prelude to human resource dissatisfactions relating to incorporation of expatriate conditionality. Nevertheless, there were positive assertions that:

> "Expatriates provided fertile grounds for benchmarking" and that "entry of expatriates is justified since it is at the behest of foreign tax-payers whose contributions were channeled to Kenya".

4.3.5 Strategic Implications on Corporate Performance

Finally, the implications in corporate performance were determined using barriers such as budgetary ceilings and donor restrictions. The budgetary ceilings imposed by the donor partners did not influence planned performance at KIPPRA. This was because project-allocation was activity-based meaning that funding for every project component was accommodated in the budget. Nevertheless, not all the proposed project/programme activities were funded; only those considered and passed by the donor agencies were implemented. Though indirectly, implementing project activities to extent of donor support availability implied constrained performance. Moreover, it was evidenced that contingent project activities (not budgeted for) were a significant barrier to successful completion since additional monetary resources had to be sourced from elsewhere. Therefore, it could authoritatively be generalized that budgetary ceilings negatively affected the strategic intent of KIPPRA through controlled and constrained project planning.

Further, the study found that the 'conditionalities advocated by donors in the partnership agreements proved to be the basis on which KIPPRA's effectiveness was appraised. Key informants expressed that the adopted fiscal management policies were always positive and potentially determined successive support originating from donors. However, a few of the divisional heads retorted that the fiscal policies were a determination of the local governance but supplemented by the donor countries/entities. Hence, any foreign fiscal policies that contrasted the national agenda were superseded. Another observation was that the internationalization of KIPPRA's fiscal policies had significantly elevated its positioning in the world map pertaining to public policy research. This further enabled it bolster its image and attractiveness to other funding partners. Also, enhanced accountability and compliance to standards as prescribed by the donors were other budding products from the KIPPRA improved fiscal management benchmarks.

4.4 Discussion

The relationship between aid and development effectiveness remains contested, and while the weight of evidence generally falls in favour of aid, enough dissent exists to ensure the supporters of aid are regularly berated by those who believe aid worsens an already bad situation. Schabbel (2007) argues for the “big push” case that portrays donor support as the necessary catalyst for investment that would, in turn, lead to growth and presumably initialize an upward path to economic development. However, Alesina and Weder (2002) take a contrasting position that there is no compelling evidence that donors inflows lead to improved institutional quality. Findings by Dalgaard et al. (2004) are in favour of a relationship between aid and development, while Rajan and Subramanian (2005) find no evidence of a relationship. The fact that KIPPRA depended on donor support both technically and financially in meeting its strategic intent suggested that it followed aid proponents.

KIPPRA’s donor support motives were a multivariate set to fulfill both the donor and recipient interests. These included need to address emergency needs; to assist recipient with achieving their development goals (new programmes, priorities); to show solidarity; to further political and strategic interests; to help promote donor-country commercial interests; because of historical ties; and to provide and strengthen global public goods. Though found to be indispensable in KIPPRA's strategic focus, they were dominated by the donor agencies' restrictions. According to Riddell (2008), donor support is motivated by different drives and these motives change over time. Donors themselves often emphasize that they provide aid for humanitarian reasons, for helping recipients develop themselves. However, some critics on the other hand state that donors generally only have their own interest in mind when giving aid (ibid). In reality, Riddell (2008) adds, when giving aid, donors often seek win-win situations, where the criteria used for providing aid reflect both the recipient country's needs and the donor's interests and are beneficial for both. Degnbol-Martinussen and Engberg-Pedersen (2003) add that positive donor motives such as economic motives, motives concerning national security, environmental motives, and moral and humanitarian motives are instrumental in redefining institutional success.

The study found that KIPPRA had entered into agreements with various donor agencies whose programme goals were most often than not uncoordinated. Harmonization of donor goals at the institution would help reduce duplicity and conditionality problems, and increase the overall development impact of aid, even if donors then act separately. This was contrary to Balogun (2005) empirical assertion that when there are many independent, uncoordinated donors, responsibility for success or failure is diffused, and no single donor has much at stake in the recipient country. Many different donors, each concerned with their own commercial and possibly security objectives at the same time, also generate a complex set of collective action problems. Aid agencies seek to maximize their aid budgets, requiring them to satisfy their countries and various advocacy groups. They thus need visible aid results clearly attributable to the donor's activities, even if the development impact of the development budget is thereby reduced. And in fact all these mixed incentives distract donors from maximizing overall development (Knack, and Rahman, 2004). In Tanzania, transaction costs declined at least a bit after all Poverty Reduction Budget Support (PRBS)-supporting donors accepted one reporting system, the Performance Assessment Framework, confirming that donor harmonization is significant (Helleiner, 2002).

KIPPRA's ownership of funded projects was found to be partly owned by the donors and partly by the recipient institution, hence making it semi-strong. According to Bagachwa, et al. (1997), programme ownership implies participation of aid beneficiaries in identification, design, implementation, and evaluation of aid programmes while Wangwe (2002) argues that projects and programmes that are locally owned, at least by those who have to implement them have proved more likely to work and to be sustained. In a similar vein, Helleiner (2002) outlines various indicators that can be used to establish the ownership of a programme or project. These include issues such as, to what extent has the public been consulted in the preparatory stages of a project/programme in order to achieve a consensus, and to what extent has responsibility for it been devolved upon those it most affects. Helleiner (2002) adds that in negative terms, local ownership may be indicated by the relative absence of donor conditionality, just as heavy conditionality is a sure sign of weak national ownership.

In the case of KIPPRA, donors conditions had to be met prior to disbursement of funds, and incase non-compliance was noticed (though for a good cause) some expenses were declared ineligible. The other pre-requisites that weakened KIPPRA ownership included co-ownership of laboratory/research findings, project branding of donor logos, acknowledgement in publications, seeking no-objections prior to spending, and threats of withdrawals. Even after handover of the projects, KIPPRA still did not enjoy absolute ownership of the investments due to perpetual branding and acknowledgement. In addition, some technical duties were performed by foreign expatriates either on secondment or contracted as consultants by the donors. However, these restrictions ensured that proposed targets were congruently realized.

Chenery and Strout (2006) argue that the capacity of foreign aid to accelerate economic growth is contingent upon the absorption capacity of aid recipients. The capacity to make productive use of external resources depends on numerous factors such as the existing infrastructure, the available skilled labour and the institutional and administrative capacity of national and local governments. Moreover, excessively high amounts of foreign aid raise problems of absorption capacity and are thus counterproductive. There was no absolutely full aid-absorption capacity in any of the seven divisions at KIPPRA. Moreover, there was wide non-uniformity in terms of how various divisions in KIPPRA absorbed donor-support towards realizing their pre-determined targets. Nevertheless, the average donor-aid absorption capacity at KIPPRA was far above the Moreira (2005) efficiency-benchmark of 75%. Therefore, even though KIPPRA was unable to realize 100% absorption efficiency, the donor support had a significant and strategic bearing on its governance whose refinement ensured a relatively efficient implementation achievement.

Other than absorption capacity of donor support, foreign influence on investment decisions was used to influence institutional governance. There was a unanimous agreement that donors indeed influenced how disbursed outlays would be invested. It was established that investment decisions were two-fold. First, priority-investments were to a large extent donor-driven as opposed to request-investments which were more inclined to recipient autonomy. Coston (1999) discusses the concept of demand-driven governance as reflecting an attempt to link emphasis on 'local participation' with the notion of 'good governance'. The demand-side of good governance addresses the will of the recipient to operate in an accountable, transparent and responsive manner.

The fact that donors followed up on actual use and impact of their support meant that KIPPRA governance had to be justifiably flexible all-time towards embracing compliance and accountability in view of sustaining partnerships. Knack and Rahman (2004), however, disagree with the 'demand-driven governance' in their econometric analysis supporting their hypothesis that regulations-coated aid undermines the quality of local governance, and creates opportunities for overdependence and inability to sustain project utility after funding expiry. This is supported by Bräutigam and Knack (2004) assertion that donor aid might be harmful for governance.

Graves and Wheeler (2006) argue that donors hold a key position in the financial accountability chain. They (donors) perfect this at early stage by requiring potential partners to sign a partnership agreement, which commits them to meeting minimum standards in their internal procedures and programming before they can apply for funding. In addition, donors influence partners' adherence to standards and accountability mechanisms at the various stages of the funding cycle – proposal appraisal, monitoring, financial and narrative reporting and evaluation.

At KIPPRA, the study generally found that financial accountability was a key concern not only for the donors but also for the implementing divisions. This led to both KIPPRA-initiated and donor-designed accountability forms. Donor monitoring of funded projects was found to be the main tool of enhancing quality and accountability for most donor-funded projects/programmes. Through these structured monitoring visits, donors ensured that the standards set at the proposal stage were met and offered technical assistance to support other elements of good quality management, for example recommendations on improving monitoring systems through better quality indicators and helped with designing an after-action evaluation. In addition, the need for co-financing of programmes implemented by KIPPRA was emphasized.

The KIPPRA's institutional human resources were distinctly higher compared to other public entities in the country. The study also established existence of competitive monetary remuneration, goal-oriented culture, inclusion of consultants and expatriates, and easy technology transfer. Notably, however, some informants complained of inherent discrimination of the local employee clusters in terms of wages, work incentives, duty assignment, and responsibility positioning. Partly, this confirmed Berg (1997) findings that control of salary and manpower policy are eroded as donors hire local staff for 'their' projects or contract with them to meet donor needs. Dual salary and incentive structures undermine morale and commitment among public sector employees who are left out of donor-distributed assignments. This neglect of subversion of existing structures creates organizational confusion and contributes to the withering of institutional capacity (Berg, 1997).

In a detailed survey by Hansen and Tarp (2000) on the relationship between donor support and institutional/country development, a positive aid-growth relationship was established. At KIPPRA, the intended performance was not affected despite existence of barriers such as budgetary ceiling and donor restrictions. The budgetary ceilings imposed by the donor partners did not influence planned performance at KIPPRA because project-allocation was activity-based meaning that funding for every project component was accommodated in the budget. Nevertheless, not all the proposed project/programme activities were funded; only those considered and passed by the donor agencies were implemented. Further, the study established that the 'conditions advocated by donors in the partnership agreements proved to be the basis on which KIPPRA's effectiveness was appraised. Adoption of fiscal management policies were always positive and potentially determined successive support originating from donors, confirming to Knack and Rahman (2004) that donor support sustainability is dependent on compliance and commitment from the part of both recipient and donating agencies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the findings' summary, study conclusions, policy recommendations, and suggestions for further studies in the area of donor-funding.

5.2 Summary of Findings

It was widely acknowledged that donor support at KIPPRA affected the institution's strategic processes to a large extent through financial and technical support. Financial aid was ranked most invaluable implying that the institution had budgetary gaps which had to be plugged vide donor-disbursements. The study determined that majority of the donor-funded programmes were under co-funding arrangement making the government a contributor. In terms of technical aid, KIPPRA benefited from exchange programmes, donor-project capacity building, hiring of consultants, secondment of expatriates, and access to sophisticated service tools and systems. Internally, the Macro-Economics (which was the parent division in the institution) was allocated the highest of donor disbursement while Productive division got the least. The study established that the relatively small financing gap was sourced either internally or through co-financing arrangements.

The study identified several motives which induced donor support. They included need to address emergency needs; to assist recipient with achieving their development goals (new programmes, priorities); to show solidarity; to further political and strategic interests; to help promote donor-country commercial interests; because of historical ties; and to provide and strengthen global public goods. Moreover, KIPPRA had entered into agreements with various donor agencies whose programme goals were most often than not uncoordinated. This fragmentation was a major challenge owing to possible inter-project conflicts, scarcity of qualified staff, voluminous reporting, frequent disruptions from donor agents, and duplication of transaction costs among others.

Donors' conditions had to be met prior to disbursement of funds, and incase non-compliance was noticed (though for a good cause) some expenses were declared ineligible. The other pre-requisites that weakened KIPPRA ownership included co-ownership of laboratory/research findings, project branding of donor logos, acknowledgement in publications, seeking no-objections prior to spending, and threats of withdrawals. Even after handover of the projects, KIPPRA still did not enjoy absolute ownership of the investments due to perpetual branding and acknowledgement. In addition, some technical duties were performed by foreign expatriates either on secondment or contracted as consultants by the donors. From a positive perspective, such continued intent in monitoring and evaluation played part towards ensuring that proposed targets were congruently realized.

There was no absolutely full aid-absorption capacity in any of the seven divisions at KIPPRA. The highest reported divisional capacity was estimated at 90% while the 75% was the least reported. Also observed was wide non-uniformity in terms of how various divisions in KIPPRA absorbed donor-support towards realizing their pre-determined targets. The non-absorbed funds were most often than not returned at expiry of the funded programme; a paltry of funding agencies, however, could allow (under some restrictions) re-allocation of funds to other unmet activities. Key among the reasons mentioned responsible for below-par absorption included occurrence of expense ineligibility, incorporation of limiting conditionalities, dearth of human resource capacity, and donor-recipient policy compatibility challenges. Even though KIPPRA was unable to realize full absorption efficiency, the donor support had a significant and strategic bearing on its governance whose refinement ensured a relatively efficient implementation achievement. Both recipient-driven and expenditure-driven investment decisions were influenced by donor agencies. In the recipient-driven approach, KIPPRA was obliged to make funding requests with convincing justifications as bases of triggering disbursement. On the other hand, priority/donor-driven investment decisions were initiated and monitored by donors who applied to KIPPRA through the national government for specified strategic interventions.

About a third of the donor-funded programmes required KIPPRA to constitute dedicated Project Implementation Units (PIUs) with tailored training on implementation. A similar proportion desired to second part of their numbers to serve as technical expatriates in the projects. Also, the requirement that KIPPRA prepares and submits status/compliance reports to the fund-givers was applied in the programmes. Notably, fear of support-withdrawal was adopted as one of the key safeguards that ensured compliance and co-operation by KIPPRA. In addition, there were possibilities of donors declaring committed expenses as ineligible due to omissions or commission or execution error. The fact that donors followed up on actual use and impact of their support meant that KIPPRA governance had to be justifiably flexible all-time towards embracing compliance and accountability in view of sustaining partnerships.

Financial accountability was found to be a key concern not only for the donors but also for the implementing divisions. This led to both KIPPRA-initiated and donor-designed accountability forms. Donor monitoring of funded projects was found to be the main tool of enhancing quality and accountability for most donor-funded projects/programmes. Through these structured monitoring visits, donors ensured that the standards set at the proposal stage were met and offered technical assistance to support other elements of good quality management, for example recommendations on improving monitoring systems through better quality indicators and helped with designing an after-action evaluation. Peer monitoring by KIPPRA with similar programmes elsewhere was also found to be a useful tool for enhancing accountability. In addition, financial reporting, under acceptable and donor-dictated guides, was adopted. The donors used external evaluations as eye-openers, both for the implementing partner and for the donor, and could lead to institutional learning on both sides. On the part of KIPPRA, the most significant approach towards enhancing accountability was selection of qualified and experienced field staff with financial and field credibility. Also, the need for co-financing of programmes implemented by KIPPRA was emphasized as a commitment to undertaking the projects as required.

In regard to capacity, it was acknowledged that institutional human resources were distinctly higher compared to other public entities in the country. This was attributed to knowledge transfer and skills through internal exchange programmes and peer reviews. Informants also referred to competitive monetary remuneration, goal-oriented culture, inclusion of consultants and expatriates, and easy technology transfer. In addition, resource-allocation was activity-driven meaning that funding for every project component was accommodated in the budget. Nevertheless, not all the proposed project/programme activities were funded; only those considered and passed by the donor agencies were implemented. However, contingent project activities were a significant barrier to successful completion since additional monetary resources had to be sourced from elsewhere. Therefore, it could authoritatively be generalized that budgetary ceilings negatively affected the strategic intent of KIPPRA through controlled and constrained project planning. Further, the study established that the 'best practices' advocated by donors in the partnership agreements proved to be the basis on which KIPPRA's effectiveness was appraised. Adopted fiscal management policies were always positive and potentially determined successive support originating from donors.

5.3 Conclusion

In conclusion, donor support was found to be a key performance component at KIPPRA and that associated inflows had significant strategic implications on the lives of individually funded or co-funded programmes/projects and/or cumulatively on existence of the institution. This was derived from the fact that most of the KIPPRA outputs were pegged on outlays realizable from donor disbursements.

Fundamentally, the donor inflows had remarkable strategic implications in core areas such as output quality in research policy formulation, institutional governance, finance and accountability, human resource capacity, and summative performance. The output quality of research was enabled through positive and value-adding donor motives and co-ownership in management. However, fragmentation of donor aids and conflicting restrictions/conditionalities were noticeable hindrances to intended goal-realizations.

Governance was influenced through higher aid absorption capacity, collective investment decision making, and insistence on ‘best practices’ prior to and during funding span. Financial accountability was enhanced through persistence on accountability standards and KIPPRA commitment through co-financing arrangements. The institution’s human resource strategy was considerably influenced by widened sharing of work experiences, incorporation of expatriates, consultants, and implementation of discriminate wage levels. Finally, the institution’s performance index was altered as a result of adoption of controlled operational space in the forms of budgetary ceilings and dual-fiscal management environment.

5.4 Recommendations

Findings of this study significantly confirm the applicability of resource-based theory within public setups even when the resources are attached to donor rules. That is, for KIPPRA to realize its strategic intents, availability of resources (donor support) was pre-requisite not only in quantity form but also in their optimization. To realize this, both the donors and recipients have shared responsibilities to complying with the pre-determined support covenants. It is thus recommended that application of resource-based theory in donor-recipient relationships is also viewed from the perspectives of derivative controls occasioned by interparty pacts.

While international donor support (both technically and financially) is a strategically significant component in public policy research, it is recommended that primary partners (government and donating agencies) in the funding arrangement collectively plan on how to deal with negative restrictions and conditionalities that potentially may compromise aid intentions and absorption capacities. Concessions in this should culminate unto a more horizontal partnership, thus eliminating possibilities of agency problems.

Further, it is recommended that to avoid disjointed programme implementation and unnecessarily inflated costs, donors and recipients need to adopt a dedicated and singular approach in view of maximizing efforts while minimizing wastages. There is need also to work on human resource harmony to keep-off any intrinsic dissatisfaction which may derail the project implementation scheduling. Finally, based on an observed weak post-funding arrangement, there is need to strengthen relationships so that sustainability of accomplished projects is guaranteed.

5.5 Limitations of the Study

The findings of the study were subjectively based on responses from representatives of the donor-support recipient, leaving out possibly invaluable empirical perspectives from the donor agencies. Although this was purposively intended, avoidance of inputs from the donor representatives and all other primary stakeholders limited the study's generalization scope and reliability due to inherent skewness in opinion.

Since the study obtained data from managerial staff only, there was a possibility of participants wanting to appear positive in opinion so as not to 'antagonize' working/support relationship between the receiving entity, KIPPRA, and the donor partners. This could have been reinforced by the fact that the researcher was an outsider to the institution, hence unlimited access to internal information was not guaranteed.

Finally, the study concentrated only on the duration of donor funding period and ignoring the post-funding programme regimes. Obviously, therefore, reference to the findings could not give a complete cycle of strategic implications on public policy research unless detailed extensions are accomplished.

5.6 Suggestions for Further Studies

Based on the limitations of study, three suggestions are made for advanced studies in order to draw wider comprehension regarding donor support and service delivery. First, there is need for a detailed cross-sectional study on donor support restrictions and conditionalities, and their causal effects on strategy in public institutions. This will form an indispensable basis for eliminating barriers to absorption capacity and effectively yielding more value from the donor support.

Second, given that donor harmonization was established to be one of the key impediments in streamlining corporate focus due to mixed conditions and fragmented requirements, a detailed investigation is justified. This could ideally focus on donor harmonization without loss through a wider participation scope and triangulated design.

Finally, research intent needs to be trained on donor-funded projects in the post-financing regime to check on sustainability and relevance. This could help in drawing conclusions covering a complete cycle of project/programme initiation, implementation, commissioning, and sustainability.

REFERENCES

Acharya, A., Fuzzo de Lima, A. and Moore, M. (2004). Aid Proliferation: How Responsible Are the Donors? *IDF Working Paper,* 214.

Alesina, A., & Weder, B. (2002). Do corrupt governments receive less? *The American Economic Review,* 92(4): 1126-1137.

Anderson, J.E. (2005). *Public Policy Making*. New York: Praeger Publishers.

Aucoin, P. (2003). *Theory and research in the study of policy making*. In: G.B. Doern and P. Aucoin (Ed.): The Structure of Policy Making in Canada, Toronto: Macmillan Company.

Bagachwa, et al (1997). *Aid Effectiveness in Tanzania. With Special Reference to Danish aid, in Foreign Aid in Africa*. Sweden: Nordiska Afrikainstitutet,.

Baker, T. and Aldrich, H.E. (2003). *The Trouble with Gurus: Responses to Dependence and the Emergence of Employment Practices in Entrepreneurial Firms*. Accessed from www.unc.edu/~healdric/work-papers/wp130.pdf on 23rd April 2013.

Balogun, P. (2005). Evaluating Progress towards Harmonization, *Working Paper No.15*, London: DFID.

Barney, J.B. (2006). Strategic factor markets: expectations, luck, and business strategy. *Journal of Management Science* 32(9): 1231–1241.

Barney, J.B. (2009). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(4): 99-120.

Berg, E. (1997). *Dilemmas in Donor Aid Strategies*, in Gwin, C. and Nelson, J.M. (Eds.), Perspectives on Aid and Development, Washington DC: Overseas Development Council.

Beynon, J. (2007). *Policy Implications for Aid Allocation of Recent Research on Aid Effectiveness and Selectivity*, Paris: OECD.

Bidani, B. and M. Ravallion. (2007). Decomposing Social Indicators using Distributional Data. *Journal of Econometrics*, 77(11): 125-139.

Brautigam, D. A. and S. Knack (2004). Foreign aid, institutions, and governance in Sub-Saharan Africa. *Economic Development and Cultural Change*, 13(9): 255-285.

Brewer, C.D. and Deleon, P. (2003). *The Foundations of Policy Analysis*. Illinois: The Dorsey Press.

Burnside C., and Dollar, D. (2000). Aid, Policies, and Growth. *American Economic Review*, 90 (4): 847–88.

Burnside, C. and D. Dollar (2000). Aid, policies, and growth, *Journal American Economic Review*, 90(13): 847–868.

Chenery, H. B. and A. M. Strout, (2006). Foreign Assistance and Economic Development. *American Economic Review,* 56 (4): 679–735.

Chenery, H.B., and A.M. Strout (2006). Foreign Assistance and Economic Development, *Journal of American Economic Review*, 56 (8): 679-733.

Conner, R. K. (2001). A resource-based theory of the firm: knowledge versus opportunism. *Journal of Organization Science* 7)6): 477–501.

Cordella, T., and Dell'Ariccia, G. (2003). Budget Support versus Project Aid. *IMF Working Paper No*. 88(03).

Coston, J. (1999). Administrative avenues to democratic governance: the balance of supply and demand. *Public Administration and Development* 18(5): 479-93.

Dalgaard, C. J., Hansen, H. and F. Tarp (2004). On the empirics of foreign aid and growth, *Economic Journal*, 114(4), 191–216.

Dalgaard, D. K. (2004). *The Ethics of Assistance: Morality and the Distant Needy*. Cambridge: Cambridge University Press.

Daneke, G. A. and Steiss, A. W. (2008). *Planning and Policy Analysis for Public Administrators,* New York: Van Nostrand and Reinhold Company.

Degnbol-Martinussen, J. & Engberg-Pedersen, P. (2003). *AID - Understanding International Development Cooperation*. London: Zed Books Ltd.

Djankov, S.; Montalvo, J. G.; and Reynal-Querol, M. (2005). *The Curse of Aid*, Working Paper. University of Pompeu Fabra

Doern, G.B & Phidd R.N. (1992). *Canadian Public Policy: Ideas, Structure, Process* (2nd ed.) Nelson: Toronto.

Dollar D. and A. Kraay, (2005). Growth is Good for the Poor. *World Bank*. 54 (5): 16 - 18.

Dolowitz, D. P. and Marsh, D. (2000). Learning from Abroad: The Role of Policy Transfer in Contemporary Policy-Making, in Governance*: An International Journal of Policy and Administration*, 13 (1): 5-24.

Dye, T. (2010). *Understanding Public Policy*. New Jersey: Prentice-Hall.

Eyestone, E. (2007). *The Threads of Public Policy*: A Study in Policy Leadership. Indianapolis: Bobs-Marril.

Ferroni, M. (2006). Reforming Foreign Aid: The Role of International Public Goods, the World Bank Operations Evaluation Department, *OED Working Paper Series*, No.4.

Filmer, D. and L. Pritchett, (2007). Child Mortality and Public Spending on Health: How much Does Money Matter? The World Bank. *Policy Research Working Paper*, No. 1864.

Gomanee, K., Girma, S. and O. Morrisey (2005). Aid and growth in Sub-Saharan Africa, *Journal of International Development*, 17 (8): 1055–1075.

Graves, S. and Wheeler, V. (2006). Good Humanitarian Donorship: Overcoming Obstacles to Improved Collective Donor Performance, *HPG Discussion Paper*, No.12.

Groves M., Leslie, A. and Rachel H. (2004). *Inclusive Aid: Changing Power and Relationships in International Development*. London: Earthscan.

Gwin, C., and Nelson, J. (2007). *Perspectives on Aid and Development,* Washington DC: Overseas Development Council.

Hansen, H., and F. Tarp (2000). Aid Effectiveness Disputed in Foreign Aid and Development: Lessons Learnt and Directions for the Future. *Journal of International Development*, 12(8): 103-128.

Hansen, H., and Tarp, F. (2001). Aid and Growth Regressions. *Journal of Development Economics*, 64(9): 547–70.

Helleiner, G.K (2002). Report of the Group of Independent Advisers on Development Cooperation Issues Between Tanzania and Its Donors. *ESRF Documentation Unit*. No.11.

Heller, P. S & Gupta, S. (2006). Challenges in Expanding Development Assistance, *IMF Policy Discussion Paper*, International Monetary Fund. No.34.

Hugo, H. (2002). Review Article: Policy Analysis, *British Journal of Political Science*, 2 (19): 85-98.

Jensen, P. S., M. Paldam (2003). Can the New Aid-Growth Models Be Replicated?, *Institute for Economics Working Paper* No.2003–17.

Kaloki, P. (2008). *Managing strategic alliances between Church World Services and Community Based Organizations (CBOs) in Kenya*, Nairobi, University of Nairobi.

Karras, G. (2006). Foreign aid and long-run economic growth: empirical evidence for a panel of developing countries, *Journal of International Development*, 18 (7): 21 - 37.

Killick, D. (2008). *Development Effectiveness*: Lessons, Washington DC: World Bank.

Kingdon J. W. (2002). *Agendas, alternatives and public policies*, (2nd edition). London: Longman.

KIPPRA (2012a). KIPPRA in Brief, Nairobi. Accessed from http://www.kippra.org/downloads/KIPPRA%20in%20Brief.pdf on 12th Feb 2013.

KIPPRA, (2012b). External Aid in Kenya: A Background Paper Prepared to Support Development of a National External Aid Policy for Kenya. Nairobi: *Kenya Institute for Public Policy Research and Analysis (Nairobi) and Overseas Development Institute* (London).

Knack, A. and Rahman, A. (2004). *Donor Fragmentation and Bureaucratic Quality in Aid Recipients*, Background Paper to World Development Report 2004, Washington DC.

Levy, V. (2007). Anticipated development assistance, temporary relief aid, and consumption behaviour of low-income countries. *Economic Journal*, 97 (6): 446–58.

MacGregor S. (2006a). Improving the dialogue between social science research and social policy, European Research Centre. *Cross National Research Papers*, 7(6).

Majchrzak, A (2004). *Technical analysis. In Methods For Policy Research*. Sage: Beverly Hills.

Martens, B. (2005). Why Do Aid Agencies Exist? *Development Policy Review,* 23 (6): 28-34.

McCormick, D., W. Mitullah, and E. Manga. (2007). Extent and forms of donor proliferation and coordination in Kenya: The case of inclusive industrialisation and governance reform, 2000-20005. *Working Paper for Institute for Development Studies,* Nairobi.

Moreira, P. (2005). *Aid Effectiveness: A Study of the Effectiveness of Overseas Aid in the Main Countries Receiving ODA Assistance*, London: University of Reading.

Morgan, C. (2003). Imports under a Foreign Exchange Constraint, *World Bank Economic Review,* 3(2): 99 -122.

Morrissey, O. (2001). *Does aid increase growth*?, Progress in Development Studies, 1 (1): 37-50.

Mugenda, O. and Mugenda, A. (2003). R*esearch methods: quantitative and qualitative approaches,* Nairoibi: African centre of Technology studies.

Murji K. (2010). Applied social science? Academic contributions to the Stephen Lawrence Inquiry and their consequences, *Journal of Social Policy,* 39 (3): 343-357.

Ngugi, T.S. (2006). Foreign Aid and Economic Performance in Kenya. *AERC Research Paper,* No. 61. African Economic Research Consortium, Nairobi.

Njeru, J. (2003). Impact of Foreign Aid on Public Expenditure: The case of Kenya. *AERC Research Paper,* No. 72. Nairobi. November 2003.

O’Brien, F.S. and Ryan, T. (2005). *Kenya in Aid and reform in Africa: A report from ten countries.* Devarajan, S., D. R. Dollar, and T. Holmgren. eds. 469-532. Washington D.C.: World Bank.

Obasanjo. O. (2002). *The New Partnership for Africa’s Development.* Abuja: ADC.

Onchoke, K. (2010). Strategy and aid effectiveness after the signing of Paris declaration 2005. *International Journal of Development*, 27 (45): 89-112.

Organization for Economic Co-operation and Development (OECD) (2006). *International Development Statistics*. http://www.oced.org accessed on 20th July, 2012.

Pfeffer, J. and Salancik, G.R. (2003). *The External Control of Organizations. A Resource Dependence Perspective*. New York: McGraw-Hill.

Prahalad, C.K and Hamel, G.H. (2000). *Competing for the Future*, Boston, MA: Harvard Business School Press.

Provan, K.G., Beyer, J.M. and Kruytbosch, C. (2008). Environmental Linkages and Power in ResourceDependence Relations between Organizations. *In Administrative Science Quarterly*, 25 (2): 200-225.

Rajan, J. and Subramanian, A. (2005). Aid Allocation and Aid Effectiveness: An Empirical Analysis. *Research Paper*, United Nations University.

Riddell, R. C. (2008). *Does Foreign Aid Really Work*? Oxford: Oxford University Press.

Riddell, R.C. (2007). *Foreign Aid Reconsidered*. Baltimore: The JH University Press.

Robson, S. (2002). Testing the Survey Method: Continuity and Change in British Industrial Relations. Work, *Employment and Society*, 5(2): 259-282.

Sachs, J.; McArthur, J. W.; Schmidt-Traub, G.; Kruk, M.; Bahadur, C.; Faye, M.; and McCord, G. (2004). Ending Africa's Poverty Trap. *Brookings Papers on Economic Activity*, 1: 117–240.

Sadler, P. (2003). *Strategic Management*. 2nd ed. London: Kogan Page.

Saidel, J.R. (2009). Resource Interdependence: The Relationship Between State Agencies and Nonprofit Organizations. *In Public Administration Review*, 51(3): 543-553.

Sandle, L. (2004). More is less: the tax Effects of Ignoring Flow Externalities. *Resource and Energy Economics* 25 (6): 239-254.

Saunder, M., Lewis, P., and Thornhill, A. (2007). *Research Methods for Business Studies*. 4th Ed. Harlow: Pearson Education Limited.

Schabbel, C. (2007). *The Value Chain of Foreign Aid*. Heidelberg: Physica-Verlag

Sharkansky, I. (2008). *Public Administration: Policy-making in Government Agencies*, 4th Ed., Chicago: Rand Mcnaly College Publishing Company.

Siegel, R. I. and Winberg, L. R. (2007). *Comparing Public Policies: United States, Soviet Union and Europe*, Illinois: The Dorsey Press.

Smith, B (2004). *Public Policy Processes*, New York, McGraw-Hill.

Squire, L., (2003). Fighting Poverty, *American Economic Review*, 83 (2): 377-382.

Starling, G. (2008). *The Politics and Economics of Public Policy: An Introductory Analysis*. Illinois: Dorsey Press.

The Reality of Aid (2002). *Conditionality and Ownership*. Available at www.realityofaid.org/roa.php-17k, retrieved on 3rd July, 2012.

Thompson, J. and Martin, F. (2005). *Strategic Management: Awareness and Change*. Boston: McGraw-Hill.

Torsvik, M. (2005). *European Aid for Poverty Reduction in Africa*, London: Overseas Development Institute.

Wangui, W. (2005). *Strategy and structural relationship of Monitoring and Evaluation and the success of projects: A case of Non Governmental Organizations funded projects in Kenya*, unpublished master thesis, Nairobi, Nairobi University.

Wangwe, S.M (2002). NEPAD at Country Level. Changing Aid Relationship in Tanzania. *Economic and Research Foundation (ESRF*), Mkuki na Nyota Publishers.

Wheelock, A., Haney, W. & Bebell, D. (2000). *Text Analysis for the Social Sciences: Methods for Drawing Statistical Inferences from Texts and Transcripts*. Mahwah, NJ: Lawrence Erlbaum Associates.

White, H. (2007). The Allocation of Aid among Developing Countries: A critical survey. *Journal of Development Studies*, 41(2): 136–189.

World Bank (2005), *Assessing Aid: What works, and what doesn't, and why*? New York: Oxford University Press.

World Bank (2007). *Assessing Aid: A World Bank Policy Research Report***.** New York: OUP.

World Bank Resource Book (2008). *World Development Report*, The World Bank: Washington D. C.

APPENDIX I: Letter of Introduction

HAWKINS NASSIR SAMBA

C/O UNIVERSITY OF NAIROBI,

MBA-PROGRAM-SCHOOL OF BUSINESS

P.O. BOX 30197-NAIROBI

16TH JULY, 2013

THE EXECUTIVE DIRECTOR

KIPPRA-KENYA

P.O. BOX 56445-00200

NAIROBI.

Dear Sir,

RE: ASSISTANCE TO UNDERTAKE AN INTERVIEW-STUDY AT YOUR ORGANIZATION.

Further to my earlier initial visit to your offices, I wish to state that I am an MBA-degree Program Student at the University of Nairobi, **REG: D61/61934/2010**, School of Business and as part of the requirements for the course I am requesting to carry out a study on **Strategic implications of donor support in public policy research at KIPPRA Kenya.**

The interview is intended to collect data relating to the above mentioned topic and your participation is helpful in facilitating its outcomes. You are assured of confidentiality and that whatever information provided will be used only for the intended academic purpose.

Looking forward to your positive response.

Thank you.

Yours faithfully,

HAWKINS SAMBA.

APPENDIX II: U.O.N. Letter of Introduction

APPENDIX III: Interview Guide

Interview No:……………………………………………… Date:……………………

This interview is intended to collect data relating to *strategic implications of donor support on public policy research at KIPPRA.* You participation is helpful in facilitating its outcomes. You are assured of confidentiality and that whatever information provided will be used only for the intended academic purpose.

1. In which division are you currently serving at KIPPRA?

2. For how long have you served at the Institution?

3. From your experience, to what extent does donor support influence KIPPRA's strategic process? Kindly explain.

4. Within your area of operation/analysis, how would you describe the proportion of funds originating from donor sources?

5. What bring about financing agreement between KIPPRA and the potential donors?

6. How would you describe the donor help's reliability in the last two years?

7. What is your opinion regarding donor harmonization in funding KIPPRA programmes?

8. Does the donor funding influence ownership of programmes and policies? Explain how.

9. How would you explain the efficiency with which KIPPRA absorbs the donor aid for the last two years?
10. In what ways do donors influence KIPPRA's fund investment decisions?

11. Do the donors place demands on how the institution should be governed prior or during the funding period? Explain.

12. In your opinion, has accountability in the use of donor funds improved in donor funding regime? Explain.

13. Is KIPPRA required to co-finance the donor-backed projects/programmes? Explain.

14. In programmes/projects requiring KIPPRA to accept foreign expatriates, what is your opinion in terms of their performance and success?

15. How do budgeting ceilings fixed by donors influence your performance?

16. Generally, how has the fiscal management as influenced by respective donors aided in improving the institution's performance?

17. What would you suggest to KIPPRA and donor agencies in perfecting relationships and enhancing service delivery to target groups?

Thank you.