

*Full Length Research Paper*

# Factors affecting use of donor aid by international non-governmental organizations in Kenya: A case of USAID

**Ofunya Francis Afande**

Dedan Kimathi University of Technology, P.O. BOX 657 - 10100, Nyeri, Kenya. E-mail: [offunya@gmail.com](mailto:offunya@gmail.com). Tel: +254 723 736 332/+254 733 240 245.

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The purpose of this study was to examine the factors affecting effective use of donor aid by International Non-Governmental Organizations in Kenya. The study was guided by the following specific objectives: (i) to establish the extent to which technical factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya, (ii) to determine the extent to which factors attributed to donor behaviour affects effective use of donor aid by International Non-Governmental Organizations in Kenya, and (iii) to establish the extent to which managerial factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya. In order to undertake the study, a descriptive survey was used. The sampling frame was the listing of staff in the various departments of USAID in Kenya. Stratified sampling was used to select the staff of USAID who participated in the study. Each department was a stratum, represented by the head of department. In order to investigate the research objectives stated above, both secondary and primary data were collected and analyzed. Data analysis involved preparation of the collected data - coding, editing and cleaning of data in readiness for processing using Statistical Package for Social Sciences (SPSS) package version 19.0. SPSS is preferred because it is very systematic and covers a wide range of the most common statistical and graphical data analysis. The data pertaining to profile of the respondents and their respective organizations were analyzed using content analysis. Factor analysis was performed to explore the underlying variance structure of a set of correlation coefficients. Confirmatory Factor Analyses was used to determine the ability of the adopted conceptual model in fitting the observed set of data. To better understand the characteristic of each variable, descriptive statistic analysis was used to illustrate the means, and the standard deviation of each research variable. Presentation of information was done with the aid of bar charts, frequency tables, percentages, standard deviations and mean scores. The information was presented and discussed as per the objectives. Findings indicate that the factors that affect effectiveness of donor aid in Kenya include: technical factors, factors attributed to donor behaviour, and managerial factors. The key areas mentioned include inadequate funding, wrong timing in funds disbursement, lack of/inadequate human resource capacity (knowledge and skills), lack of accountability (overstatement of prices and use of substandard materials), insecurity, disagreements among beneficiaries, and social-cultural obstacles.

**Key words:** Technical factors, managerial factors, factors attributed to donor behavior.

## INTRODUCTION

### Background of the study

Essentially, aid is the provision of direct or indirect finance for goods or services at costs that are less than would be charged in the normal 'open market', and provided by an external source. Donor Aid Effectiveness

remains a top priority for the international development community. According to Acharya et al. (2003), whether tackling the global Millennium Development Goals (MDGs) or working collaboratively on Poverty Reduction

Strategies at the country level, donor agencies must improve their effectiveness to achieve concrete development outcomes and eliminate poverty. Easterly (2003) argued that in looking at the history of aid, one might wonder if Official Development Assistance (ODA) is truly meant to promote economic growth and reduce poverty. Mosley and Marion (2000) asserted that problems of economic governance and ineffective utilization of development assistance have ranged from poor or no consultation with the intended beneficiaries, lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, poor project design, to poor monitoring of foreign funded projects and consequently indebtedness and poverty.

The extent of success of donor funded projects is determined by both technical and managerial capacity of the human resources of the implementing agencies. In addition, appropriate supportive infrastructure is a necessity. According to Arndt (2000), the officers in the donor funds projects' chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor.

O'Connell and Soludo (2001) argued that accountability is a key pillar of effectiveness. Accountability refers to full transparency regarding the purpose, content, responsibility and performance of the development agency. Martens et al. (2001) observed that because of the broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes is necessary to eliminate performance problems. If the evaluations are well performed, to the extent that there is no mechanism in place to act on these evaluations (that is, no mechanism to get the evaluation results out in the public), the aid agency's behavior would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems. In addition, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships (World Bank, 2003).

In all governments, resources earmarked for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available (Dehn, 2003).

Most donors have multiple objectives. USAID, for example lists six goals: (i) economic growth, (ii) economic and social equality, (iii) economic and political independence, (iv) democratic development, (v) environmental care, and (vi) gender equality. The

problem with multiple objectives is that they typically imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort. Since some tasks are more easily monitored by their supervisors, such as input activities like budget, procurement, and hiring of consultants, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks. This study seeks to examine the key factors affecting effective use of donor aid by International Non-Governmental Organizations in Kenya.

### Statement of the problem

Though foreign aid has continued to play an important role in developing countries, especially sub-Saharan Africa, it is interesting to note that after half a century of channeling resources to the Third World, little development has taken place. In almost all of sub-Saharan Africa, there is a high degree of indebtedness, high unemployment, absolute poverty and poor economic performance. The average per capita income in the region has fallen since 1970 despite the high aid flows. This scenario has prompted aid donor agencies and experts to revisit the earlier discussions on the effectiveness of foreign aid (Lancaster, 1999).

Studies on extent and impacts of foreign aid on savings and growth in developing countries, besides having made a good case for increased flow of foreign aid, raise questions on the utilization of these funds on their designated projects (White, 1992). Earlier, the aid-savings debate focused on the two-gap model developed by Chenery and Strout (1966) that set foreign aid as an engine of growth. Critics of this model have argued that foreign aid substitutes domestic resources through declined savings, reduced government tax revenue and increased government consumption. With the renewal of the debate, the question remains as to whether external assistance complements or substitutes available domestic resources. In Kenya, the answer to this question is complicated by the fact that aid flow has not been consistent. Given Kenya's high dependence on foreign aid, coupled with major aid freeze episodes, there is need to analyze the extent and impact of aid flows.

A key challenge facing both the local and international community is how to ensure the effective delivery of foreign aid in poverty-reduction efforts around the world. Easterly (2003) argued "despite large amounts of foreign aid-and several countries that were able to utilize foreign assistance in their development and poverty-alleviation strategies, the effectiveness of foreign aid remains in doubt". Several surveys of the evidence conclude that aid has not led to increased growth and may have even worsened the economic performance of the countries receiving aid (Adedeji, 2001; Alesina and Weder, 2002; Round and Odedokun, 2003). This study therefore,

sought to examine the factors affecting use of donor aid by International Non-Governmental Organizations in Kenya, with a focus on USAID.

### **Purpose of the study**

The purpose of this study is to examine the factors affecting effective use of donor aid by International Non-Governmental Organizations in Kenya. The specific relationships between independent variables: (i) factors attributed to donor behaviour, which include time frame, donor regulations and funding; (ii) managerial factors, which include human resources capacity; and (iii) technical factors, which include appropriate technology and availability of infrastructure and equipment.

### **Objectives of the study**

The study was guided by the following specific objectives:

- (i) To establish the extent to which technical factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya.
- (ii) To determine the extent to which factors attributed to donor behaviour affects effective use of donor aid by International Non-Governmental Organizations in Kenya.
- (iii) To establish the extent to which managerial factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya.

### **Study hypotheses**

The following relationships were hypothesised:

**H<sub>1</sub>0:** There is a relationship between technical factors and effective use of donor aid.

**H<sub>1</sub>A:** There is no relationship between the technical factors and effective use of donor aid.

**H<sub>2</sub>0:** There is a relationship between factors attributed to donor behaviour and effective use of donor aid.

**H<sub>2</sub>A:** There is no relationship between factors attributed to donor behaviour and effective use of donor aid.

**H<sub>3</sub>0:** There is a relationship between managerial factors and effective use of donor aid.

**H<sub>3</sub>A:** There is no relationship between managerial factors and effective use of donor aid.

### **Significance of the study**

Despite the large amounts of both local and foreign aid aimed at facilitating development and poverty-alleviation strategies, the effectiveness of foreign aid remains in doubt. Against the challenges faced by aid management and the seemingly lack of significant achievement in the

war against poverty, discussions have emerged on how best aid could be effectively utilized. This study aims at shedding light on factors that lead to lack of aid effectiveness in Kenya despite the spirited efforts by donors.

The study seeks to raise ideas and issues in the hope that the various stakeholders and persons directly addressing issues related to donor funded projects will continue the discussion. It does not presume to offer a prescription for the ideal measures to be employed by the stakeholders so as to reverse the trends. Specifically, it is hoped that the findings of this study will be beneficial to various key stakeholders as discussed subsequently.

### ***International non-governmental organizations operating in Kenya***

The study findings will enable the Non-Governmental Organizations (NGOs) already operating in Kenya to understand the missing link between the humanitarian services they offer to the communities and the needs of the communities in order of priority. On basis of the findings, they should be able to put in place appropriate corrective mechanisms that would enable them offer services in a more effective manner. In addition, the NGOs that would wish to offer humanitarian services to the slum communities will make entry into the area from an informed point, which will be a great advantage.

### ***The Republic of Kenya***

The government policy makers, who include planners, will gain an understanding of the factors affecting effective use of donor aid, and will therefore undertake a policy review and formulate policies that address the findings of the research. This will enhance the chances of not only meeting the Millennium Development Goals (MDGs), but also the Vision 2030.

### ***The project managers***

The project managers will gain an understanding of the factors affecting effective use of donor aid and use the research findings to improve on their own performance in managing donor funded projects.

### ***The donor community***

The donor community will understand their role in the donor funds management and projects successes.

### ***The academic researchers***

This study will make a significant contribution to the growing body of research on effective use of donor aid. The findings may also be used as a source of reference by other researchers. In addition, academic researchers

may need the study findings to stimulate further research in this area and as such form a basis of good background for further researches.

## LITERATURE REVIEW

### Introduction

Here, this study presents a review of the literature related to its purpose. The review is organized according to the specific objectives in order to ensure relevance to the research problem. The review was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books, thesis and dissertations. The literature review also clarifies the variables, gives insights on how they have been studied previously, the methodologies used, and it leads to the knowledge gap and enables a conceptual framework to be developed. It also provides the theoretical underpinnings of the study.

### Evolution of aid modalities in Africa

Most western countries initiated aid programs in Africa in the 1960s in the wake of independence from former colonial states. In this period, donors encouraged African governments to plan their countries development, and urged the adoption of policies encouraging industrial growth. In the 1970s, the focus of aid shifted increasingly to poverty alleviation with a priority on projects to develop rural areas. In the 1980s, with the economic crisis in Africa and debt defaults associated with it, donors were forced to reconsider the effectiveness of project aid modality. In the 1990s, because of the limitation on the extent of reforms and the continuation of low growth rates in most of Africa, donor agencies turned to look for other causes of lagging growth. Poverty alleviation and improvements in the socio-economic welfare of vulnerable households were again emphasized as the overarching objective of development (Adedeji, 2001; Round and Odedokun, 2003; Ngwenyama et al., 2006).

### Factors affecting effectiveness of use of donor aid

Here, this study presents literature pertaining to the factors affecting effectiveness of use of donor aid.

#### *Managerial factors*

The extent of success of donor funded projects is determined by managerial capacity of the human resources of the implementing agencies. Arndt (2000) argued that the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to

poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

From a skill development perspective, Ngwenyama et al. (2006) have reported on a complementary relationship between education and ICT in the analysis of the Human Development Index (HDI), particularly in Africa, and conclude that ICT and education have a positive impact on development. One worrying trend to note (Ngwenyama et al., 2006) has been the consistent low ranking of African nations. The 2003 HDI Report warned that Africa in general may be facing "an acute development crisis" with many African countries suffering serious socio-economical reversals. HEI in Africa cannot therefore afford to take a "business as usual" approach. Hawkins (2002) contends that Africa needs to have workers who learn how to learn, and are able to quickly acquire new ICT skills.

Poverty and low levels of ICT capital investment in East Africa by public and private sectors and the absence of fully trained local citizens in ICTs explains the economic disparities between East African states and Southern Africa (Ochilo, 1999). The appropriate use of ICT does "give civil society an opportunity to formulate new forms of activism and participation in democracy" (Fleming, 2002). Human capacity projects in Kenya have taken various forms. At Moi University in Kenya, a collaborative project with Delft University of Technology in the Netherlands helped in raising computer awareness and trained staff in management of information systems and project management (Mutula, 2003).

Studies suggest inadequate ICT skills training in eastern Africa and reveal that a total of 57.8% of professionals coming out of institutions of higher learning rated their institutions as being "less professionally capable of dealing fully with ICT training needs" with only "28.1% of the professionals rating the institutions as capable". Of concern here is the content and curriculum of these institutions which has been noted as inadequate to fully cater for the emerging ICT African professional in terms of robust training programmes including data processing, systems management, and advanced computer training. The situation is exacerbated by the lack of "effective dissemination of information" and an "excessive dose of theoretical courses not fully blended with the practical courses that fail to cover the contemporary ICT international issues" (Ochilo, 1999).

Contrasting the above African phenomena with Wessels's (2005) account of developed countries shows the magnitude of seriousness placed on the ICT competency by skilled professionals in other parts of the world. This view is supported by Hostrom and Hunton (1998) who argued that professional educators and their students must either develop high levels of information

technology competence or risk becoming functionally obsolete. It can be inferred from this argument that HEIs can become functionally obsolete by proxy.

### **Factors attributed to donor behavior**

Here, this study presents factors attributed to donor behavior.

**Accountability:** Accountability is a key pillar of effectiveness. It refers to full transparency regarding the purpose, content, responsibility and performance of the development agency (O'Connell and Soludo, 2001).

**Project evaluation complexities:** Because of the broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes is necessary to eliminate performance problems (Martens et al., 2002). If the evaluations are well done, to the extent there is no mechanism in place to act on these evaluations (that is, no mechanism to get the evaluation results out in the public), the aid agency's behavior would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems. In addition, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships (World Bank, 2003).

**Fund disbursement bureaucracies:** In all governments, resources earmarked for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available (Dehn et al., 2003).

**Multiple objectives and tasks:** Most donors have multiple objectives. The Swedish foreign aid agency, Sida, for example lists six goals for Swedish development cooperation: (i) economic growth, (ii) economic and social equality, (iii) economic and political independence, (iv) democratic development, (v) environmental care, and (vi) gender equality. The problem with multiple objectives is that they typically imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort.

Since some tasks are more easily monitored by their supervisors, such as input activities like budget, procurement, hiring of consultants, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.

### **Technical factors**

Informatics is a bridging discipline that is fundamentally interested in the application of information, information technology and information systems within organizations. Informatics is therefore the study of information, information systems and information technology applied to various phenomena (Beynon-Davies, 2002). Following this definition of informatics, government informatics can be defined as the application of information, information systems and information technology within government. This therefore includes application of e-Government which is "primarily to do with making the delivery of government services more efficient" (Bannister and Remenyi, 2005). In support of government informatics, Tapscott (1995) argues that ICT causes a "paradigm shift" introducing "the age of network intelligence", reinventing businesses, governments and individuals. Ndou (2004) quoting Kaufman (1977) observes, "the traditional bureaucratic paradigm, characterized by internal productive efficiency, functional rationality, departmentalization, hierarchical control and rule-based management is being replaced by competitive, knowledge based requirements, such as: flexibility, network organization, vertical/horizontal integration, innovative entrepreneurship, organizational learning, speed up in service delivery, and a customer driven strategy, which emphasize coordinated network building, external collaboration and customer services" all of which are supported by ICT.

Governments around the world have been engaged in the process of implementing a wide range of ICT applications. Countries have been classified by the United Nations according to their Computer Industry Development Potential (CIPD) as advanced or less developed (Kaul and Odedra, 1991). Advanced include, for example, the United States, Canada, West European countries and Japan; less developed include for example Argentina, Brazil, India, Mexico, Kenya and Bulgaria. For all countries, use of ICTs for government reinvention is increasing not only in investment but also in terms of visibility with a number of high-profile initiatives having been launched during the 1990s. This reinvention has taken place especially in the advanced countries (Heeks and Davies, 2000). Western countries are convinced that the information society will result in economic and social benefits (Audenhove, 2000). The author quoting Organization for Economic Cooperation and Development, notes that information infrastructures are expected to stimulate economic growth, increase productivity, create jobs, and improve on the quality of life.

There is a big difference between ICT implementation and use between developed and developing countries (Heeks, 2002). However, Westrup (2002) observes that similarities can also be expected (Westrup, 2002). These similarities include funds which are never sufficient,

bureaucracy and user needs. The difference is how problems are addressed in different countries. It can be argued that with their adequate resources and advanced technology, the Western countries have an easier way of implementing ICT projects than DCs. Most developing countries are characterized by limited computer applications in the public sector, inadequate infrastructure and shortage of skilled manpower (Odedra, 1993). Odedra (1993) notes that "this situation exists not merely due to lack of financial resources, but largely due to lack of coordination at different levels in making effective use of the technology". This uncoordinated efforts can only result in duplication if each department implements its own ICT projects without due regard to compatibility within the government.

The factors for failure are those occurrences that constraint proper/smooth implementation of ICT projects in government. These can either be barriers or inhibitors as described by Khaled (2003), Gakunu (2004), Aineruhanga (2004), Heeks (2003a), Ndou (2004), Bhatnagar (2003), and Saul and Zulu (1994). Barriers can be considered as those occurrences that hinder ICT implementation. Some of these factors for failure are: infrastructure; finance; poor data systems and lack of compatibility; skilled personnel; leadership styles, culture, and bureaucracy; and attitudes. 'Inhibitors' do not necessarily prevent the implementation of ICT projects but they do prevent advancement and restrict successful implementation and sustainability. Some of these factors for failure are: user needs, technology, coordination, ICT policy, transfer of ICT idolizers, and donor push.

### **Donor aid implementation: Success factors**

Here, this study presents donor aid implementation success factors.

#### ***Donor coordination***

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. Aid agencies seek to maximize their aid budgets, requiring them to satisfy their 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. Coordination of donors' goals, if possible, would reduce these problems, and increase the overall development impact of aid, even if donors then act separately (Overseas Development Institute (ODI), 2005).

#### ***Alignment***

A series of principal-agent models have been used to analyze alignment between one donor and a single recipient government (Azam and Laffont, 2000). According to Torsvik (2005), the utility functions of the

donors are assumed to have two elements, consumption at home and consumption of the poor in the aid-receiving country. If one donor provides aid, it has a positive effect on the welfare of all donors. Non-cooperation in such a situation leads to an undersupply of aid (the common goods problem), and cooperation is thus desirable.

### **Efforts to enhance effectiveness of donor aid use**

The ministers of developed and developing countries responsible for promoting development and heads of multilateral and bilateral development institutions, meeting in Paris on 2nd March 2005, resolved to take far-reaching and monitorable actions to reform the ways aid is delivered and managed in view of the UN five-year review of the Millennium Declaration and the Millennium Development Goals (MDGs). While the volumes of aid and other development resources were set to increase to achieve these goals, aid effectiveness had to increase significantly as well to support partner country efforts to strengthen governance and improve development performance (World Bank, 2003).

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

In a two-year study on the effects or changes experienced by ICT users in communities conducted in Kenya, Senegal, Uganda and South Africa, Thioune (2003) reports, "the process of appropriating and using ICTs on a large scale in poor communities was hindered by many institutional, technical, economic, and socio-cultural constraints". Some of the constraints facing ICTs in poverty alleviation, according to Elijah and Ogunlade's (2006) Nigerian study are technological and socio-cultural constraints. The technological constraints are: lack of

access to electricity or unstable supply of electricity and lack of adequate technical support. These constraints have huge ramifications as Ngwenyama et al. (2006: 4) caution: "in Africa, three quarters of the population is illiterate and lives in rural areas that lack basic facilities such as electricity and to expect effective utilization of communication technologies like the Internet in all areas, by all people, would be unreasonable". These constraints have not spared HEIs. For example, in Ghana most universities lack course web sites and cannot support online courses that rely on heavy bandwidth. Moreover, the costs require that students be charged a fee for Internet access at the ICT centre. This fee limits the time each student can spend accessing the Internet and therefore also the content they are able to access (Obuobi, 2006).

An example of socio-cultural constraints is provided in the study of Elijah and Ogunlade (2006) who report that "... women in Nigeria considered the word 'technology' to have male connotations, even though 'information' seemed more feminine. Some even believed that working with ICTs would drive women mad".

While it is important to be mindful of constraints, Africa has strengths that can serve as springboards to development. In a study of e-readiness in nine countries from two regions of Africa, namely Nigeria, Ghana, Cote d'Ivoire, Kenya, South Africa, Mauritius, Botswana, Egypt and Tunisia, Ifinedo (2005: 65) reports that "Africa performs fairly well on culture, understanding, effectiveness and these should be used as springboards towards improving the overall position of the networked economy".

In the foregoing, Africa's challenges were reviewed both in general and in specific countries. It was shown that despite constraints, Africa has strengths that can serve as development springboards. In considering the role of ICTs, it is important to be mindful of both challenges on the ground and available opportunities. In 2003, the World Summit on the Information Society (WSIS) adopted a declaration of principles aimed at enabling everyone to create access, utilise and share information and knowledge. In this declaration, member states affirmed their commitment to aggressive investment in ICT for social and economic development (Ngwenyama et al., 2006).

Oyendemi (2003) observes that policy makers and national governments in Africa are faced with the challenge of developing appropriate policies that enhance the universal diffusion of, and access, to ICT services while adopting a holistic approach taking cognizance of the social, cultural and political needs of the community. The need for a holistic approach is echoed by Barnard and Vonk (2003) who postulate that Africa ought to develop a strong collective vision, a plan for ICT implementation and establish an information society on the continent. Hawkins (2002) reports that many ministries of education view computers as a stand-alone

subject requiring a curriculum focusing on basic computer literacy skills. While computer literacy represents a start, the integration of computers and the Internet into the broader curriculum is where real learning gains will need to be made.

### **Theoretical framework**

Here, the theoretical framework of this study is presented.

### **Introduction**

The literature on foreign aid can be divided into three fields. These are: the effects of aid, the allocation of aid, and the determinants of aid. The first field in the literature on foreign aid looks at the effects or results of foreign aid. Most research in this field is done by scholars in unilateral and multilateral donor agencies. A vast literature exists (Masud and Yontcheva, 2005; Rajan and Subramanian, 2005), but a simple answer to the question: does aid work? seems hard to give. Part of the reason for this has been a severe lack of focus on development results. Governments, multilateral institutions and Non-Governmental Organizations (NGOs) have failed to account for the results of their aid efforts. Much is known on inputs, but little is known on outcomes. As a result, those responsible for communication in government development agencies face huge problems when asked to communicate the results of aid policy.

Recent pressure for a more result oriented policy from aid opponents, civil society, donors and recipients alike has led to a formal process that resulted in the adoption of the Paris Declaration on Aid Effectiveness. Implementation of the Paris agenda is forcing both donors and recipients to look better and more systematically at the concrete results of development efforts. Although a long way has to be gone, the Paris declaration is an important step in the right direction. The second field in the literature on foreign aid looks at the allocation or distribution of foreign aid budgets. Paraphrasing the title of a recent study (Alesina and Dollar, 2000), the following question is asked: "who gives foreign aid to whom and why?" The object of inquiry in these studies is how donors distribute their funds. "Do former colonies, the poorest countries, strategic allies or others receive the largest piece of the pie?" The independent variables in these models are aspects of recipient states. Recent studies assessed whether recipient needs (Trumbull and Wall, 1994; Alesina and Dollar, 2000; Berthélemy, 2006; Nunnenkamp and Thiele, 2006) or recipients' respect for human rights and democracy (Alesina and Weder, 2002; Neumayer, 2003) are the main determinants for aid allocation.

Other studies have compared French (Quinn and Simon, 2006), or Japanese aid allocation (Hook and

Zhang, 1998; Tuman and Ayoub, 2004). Most of these studies also seek to answer the question of whether foreign aid is motivated by self-interest or humanitarian concerns (Hook, 1995; Schraeder et al., 1998). Pratt (1989) calls this opposition "international realism versus humane internationalism". In an international political realist perspective, states are primarily driven by the desire for military and economic power. This theoretical position leaves little room for control over foreign policy by domestic powers.

In the neo-realist framework, foreign policy is not the result of internal power struggle and policy formulation, but a reaction to systemic features of the external state system (Waltz, 2001). For Morgenthau (1962) for example, much of foreign aid "is in the nature of bribes". Morgenthau considers this a highly inefficient form of buying political influence, since a pervasive system of make believe is required to feign the goal of economic development. In a pure realist perspective, there is no possibility of people in power striving for the ideal of economic development of underdeveloped states. In contrast, the liberal idealist or Wilsonian position claims that states can (or even should) make their internal philosophy the goal of their foreign policy. This is deemed *utopian* by early realist thinkers, who denote attempts in this domain as a misunderstanding of the underlying conflicts of interest (Carr, 2001).

The liberal position sees internal forces as the main origins of foreign policy. In this tradition, explanations for variations in relative levels of foreign aid are found 'inside' the states in question, in the groups, parties and institutions of that state. The third field of literature on foreign aid inherently takes this position. The third and smallest field of the foreign aid literature looks at the determinants of foreign aid and compares donor aid 'effort'. "Why do some donors give more aid than others?" The main object of inquiry in these studies is the level of foreign aid measured as a percentage of GDP, although one study has also looked at the dispersion of aid (Breuning and Ishiyama, 2003). These studies look at aspects of donor states rather than aspects of recipient states. Several studies have hypothesized and (partly) shown that domestic welfare state generosity correlates positively with relative levels of foreign aid (Imbeau, 1989; Pratt, 1989; Stokke, 1989; Lumsdaine, 1993; Noël and Thérien, 1995). However, Imbeau (1989) notes that institutional inertia is the main explanation for aid levels, a finding that is confirmed by Breuning and Ishiyama (2003) for the dispersion of aid. The most pervasive (and only) cross-sectional time-series analysis of the determinants of foreign aid finds no evidence of an association between the generosity ratio and domestic pro-poor government spending, or that right-wing governments are more parsimonious than left-wing ones (Round and Odedokun, 2003). These results contrast with the results found by Noël and Thérien (1995), and Lumsdaine (1993). These contrasting results call for a

closer look at this issue. Subsequently, this study presents an examination of the rationale behind the link between welfare state generosity and ODA in more detail.

### ***The influence of ideas and values on foreign policy***

Lumsdaine (1993) provides the most elaborate rationale for the link between domestic and international concerns for poverty. He argues that: (i) foreign aid was largely a product of humanitarian ideas and values; and that (ii) these ideas and values found support in the domestic political arrangements and religious and moral traditions of the West. These ideas and values issued an emphasis on international cooperation and a commitment to remedying poverty for humanitarian and egalitarian reasons. In Lumsdaine's (1993) theoretical framework, the level of foreign aid of a country is a function of the level of concern for poverty in that country.

Lumsdaine (1993) argues that at the domestic level, the concern for alleviating and reducing poverty, combined with the social and political dynamics of society, leads to social spending. At the international level, the concern for poverty combined with the dynamics of international power and organization leads to foreign aid. He notes that policies at the international level reflect not just root desires on the part of policy elites in donor countries, much less mass opinion or feeling. However, he notes that organizational decisions and events that had little to do with those ideas, 'also drew upon those ideas and values'. This observation links domestic and foreign poverty alleviation programmes. Lumsdaine provides evidence that states with social-democratic traditions and strong support for domestic government assistance to poor people are more willing to provide foreign aid. Lumsdaine's data analysis shows that domestic social spending, social democratic party strength, public support and private voluntary contributions to international economic assistance all correlate with higher foreign aid levels. He also links the rise of the welfare state and its roots of support in domestic movements (humanitarian, labor and social democratic) to the rise of foreign aid. This effect of the welfare state on foreign aid is examined in closer detail by Noël and Thérien (1995).

### ***Welfare states and their influence on foreign aid***

Noël and Thérien's (1995) theoretical framework is similar to that of Lumsdaine (1993). They agree that aid and welfare state policies express the same values. They also understand these programs as expressions of social values embedded in specific political institutions. They remark that welfare programs cannot be reduced to a single spending or partisan logic and instead must be seen as lasting outcomes of social and political conflicts over distributive justice (1995). This explains their focus



on 'institutional' aspects of the welfare state, where other authors mainly looked at spending and partisan orientations.

Noël and Thérien compare the effect of social spending and partisan orientation and find no significant effect for partisan orientation on relative ODA levels. However, they do find a significant effect for total and social spending from 1975 and 1980 onwards respectively. They then use Esping-Andersen's welfare state attributes (Esping-Andersen, 1990: 74) to assess the effect of welfare state institutions. They show that socialist welfare state attributes correlate strongly with aid levels, while liberal and conservative attributes do not. The rationale for this effect is that welfare states are designed according to particular principles that were imposed through decisive conflicts over market and political processes (Noël and Thérien, 1995).

According to Esping-Andersen (1990), conflicts over market and political processes were resolved into three types of welfare states: a conservative, a liberal and a social-democratic regime. Noël and Thérien (1995) find no effect for liberal and conservative welfare states, but do find that the socialist attribute correlates strongly with ODA levels. The social value embedded in the social-democratic welfare state is 'universality': social democratic welfare programs are seen less as complementary measures targeted toward selected groups than as embodiments of a shared conception of citizenship. They claim that the presence of exactly this value causes higher foreign aid levels: institutionalized principles such as universality function as causal mechanisms and help explain why welfare states act predictably in the international arena. Better than partisan dynamics, or public opinion, such principles capture fundamental aspects of a country's politics. As such, they provide useful insights to link domestic and international behavior (Noël and Thérien, 1995).

When both the socialist attribute and social spending are put into a regression equation, the socialist attribute is the main explanatory factor. When left-party strength is added to the equation it has no significant effect. Noël and Thérien (1995) conclude that the best and most immediate explanation seems less partisan than institutional. They do not claim that institutions can explain fully a country's evolution. They say that major changes are likely to require partisan and collective actions aimed at transforming established values and principles. But when principles such as universality prevail and become institutionalized, they function as causal mechanisms. A similar argument is found in the study of Hofstede (2001), who argues that once culture is partly institutionalized, it means that young people exposed to these institutions will embrace parts of it. Institutional effects (on elites) have also been observed by Rohrschneider (1994) in the case of East and West Germany.

In reference to Cox (1981), Noël and Thérien (1995)

claim that institutional factors capture the sociological dimension of political processes because they reproduce what, in a given society, stands as the legitimate or hegemonic consensus. For Noël and Thérien (1995), this reproduction does not occur on a rational choice basis, where institutions form structures of constraints and opportunities that influence the choices and strategies of actors given their prior preference. They choose to adopt a more interpretive or reflective approach which is aimed at explaining why actors adopt certain goals and not others. Scharpf (1997) argues analogously and writes that - although institutions do not determine public policy, they shape actor constellations, actor preferences and the modes of interaction between actors. For Noël and Thérien (1995), values and principles capture fundamental aspects of a country's domestic politics. They argue that the way conceptions of justice are institutionalized in welfare states influence differently internal debates and decisions about foreign policy and development assistance. As a result, public opinion is strongly mediated by the constraints and opportunities provided by institutionalized values and principles.

Both Lumsdaine (1993) and Noël and Thérien (1995) argue that concerns for poverty are the root cause of foreign aid programmes. Lumsdaine sees this concern transmitted into policy through policymaker beliefs, socio-political- and international organization, and the rise of the welfare state. Whereas Noël and Thérien argue that values and principles of (distributive) justice institutionalized in the social democratic welfare state function as causal mechanisms that influence policy through public opinion.

### ***The influence of welfare state institutions on public perceptions about foreign aid***

The influence of institutionalized values and principles on public attitudes (Noël and Thérien, 1995) is described above. In the study of Noël and Thérien (2002), the same authors examine more explicitly the link between welfare policies and public opinion on foreign aid. They conclude, based on their earlier article and other studies that principles institutionalized through social policies shape what political actors consider to be 'morally defensible behavior'. This implies that in countries with social-democratic traditions the public should value equality more strongly and be more sensitive to international redistribution.

### ***The influence of public perceptions on foreign aid levels***

As early as 1952, Berelson (1952) noted that public opinion research can help a democracy to know itself, evaluate itself and bring its practices more nearly in accord with its own fundamental ideas. Lumsdaine's (1993) data analysis leads him to conclude that high

public support (partly) causes high foreign aid levels: comparisons of aid funding levels and opinion data here suggest that the public's concerns about poverty played a part in the link. Countries with high levels of public support for foreign aid tended to give more aid, and were more disposed to raise the level and quality of aid spending and keep it high. The rationale for this effect is that the public's preference is transformed into policy through democratic processes. By definition, democracy implies at least some sort of relationship between public opinion and government policy (Mehrtens, 2004). Theorists disagree about the degree of influence from public opinion. Elitist democratic theory, found in the work of Schumpeter or Weber (Held, 2002), sees democracy as the election of representative officials, who are then autonomous in their decision making and not sensible to public pressures.

In this model, it is elites that influence public opinion rather than the other way around. Mosley (1985) writes: governments do not respond to public pressure (...) but rather (seek) to persuade the electorate to accept the pattern of aid which they have already decided to adopt. Transforming public opinion about development aid is an active policy of governments, leading to communication, awareness raising and development education budgets of up to \$64 million per annum in some countries (Netherlands), and grossing \$204 million per annum in 2004 for all DAC members combined. Comparative research on donor development communication can be found almost exclusively in publications of the OECD development centre (Mc Donnell et al., 2003; Fransman et al., 2004; Mc Donnell, 2004).

Olsen (2001) shows with a case study of five European countries (France, UK, Germany, Denmark and the European Union) that there is no bottom-up relationship between public opinion and aid policy. He argues that it is only possible to understand the relationship between decision-making on aid and public opinion as a 'top-down' relationship. A high degree of centralization of decision-making and the weak link between government and society in this policy area explain the 'missing link' between opinion and policy-making. Risse-Kappen (1991) argues similarly for a somewhat different set of countries (United States, France, Germany and Japan). On the other hand, pluralist democratic theory as developed by Dahl and others (Held, 2002) takes account of intermediary groups in the democratic process, such as community associations, religious bodies, trade unions, and so forth. These groups struggle for influence and power and seek to set and change the policy agenda.

In pluralist theory, it is these groups that transform public opinion into policy. Extensive networks of NGOs, church groups and other civil organizations are active in the field of international solidarity and development. Their influence varies per country, but many are integrated in the policy process through lobbying, petitioning and

consultation procedures. Many are (co)funded by government programmes. Their members often comprised supporters and volunteers who they represent and to whom they are accountable. Apart from electoral pressure and partisan politics, it is through these organizations that public opinion is aggregated to influence decision makers. Some authors have pointed to a middle way between these two positions. They argue that elite and mass preferences influence each other. The reciprocal causal relationship between elite and mass preferences is confirmed in the case of the United States by Hill and Hinton-Anderson (1995). These authors argue that the levels of voter mobilization and party competition accounts for the (absence of) congruence between mass preferences and policy. Mehrtens (2004) notes however that although feedback between public opinion and policy seems to be present, it is indeed public opinion which seems to cause policy more often than the reverse. Erickson et al. (1989) show for the United States that on a state level public opinion has an effect on policy. They argue that this is the case because leaders are led by the desire to be responsive to the public, or more likely, the fear of electoral sanctions. Whether the view of democracy is elitist, pluralist or a combination of the two is decisive for the hypothesis of an effect of public opinion on policy. The literature above shows that in theory it should have an effect, but that the level of voter mobilization and centralization determine whether public opinion makes it into having influence.

### **Conceptual framework**

The conceptual framework for this study is depicted in Figure 1.

### ***Dependent variable***

The ultimate goal of all stakeholders is to achieve effective use of donor aid. Effective use of donor aid is influenced by the following factors among others:

- (i) Technical factors, which comprise appropriate technology, adequate infrastructure and equipment to support new technologies, skilled personnel in ICT, adequate coordination at different levels in making effective use of the technology, quality data systems and lack of compatibility, and supportive ICT policies.
- (ii) Managerial factors, which comprise managerial capacity of the human resources of the implementing agencies, formal training in foreign aid management, budgeting and accounting by donor funds projects officers, quality and timeliness of the liquidation documents which complicate the donor fund release, and supportive leadership styles and culture.
- (iii) Factors attributed to donor behavior, which include accountability, adequate project monitoring and evaluation systems, reliable and timely disbursement of

**Dependent Variables**

**Moderating Variable**

**Independent Variable**

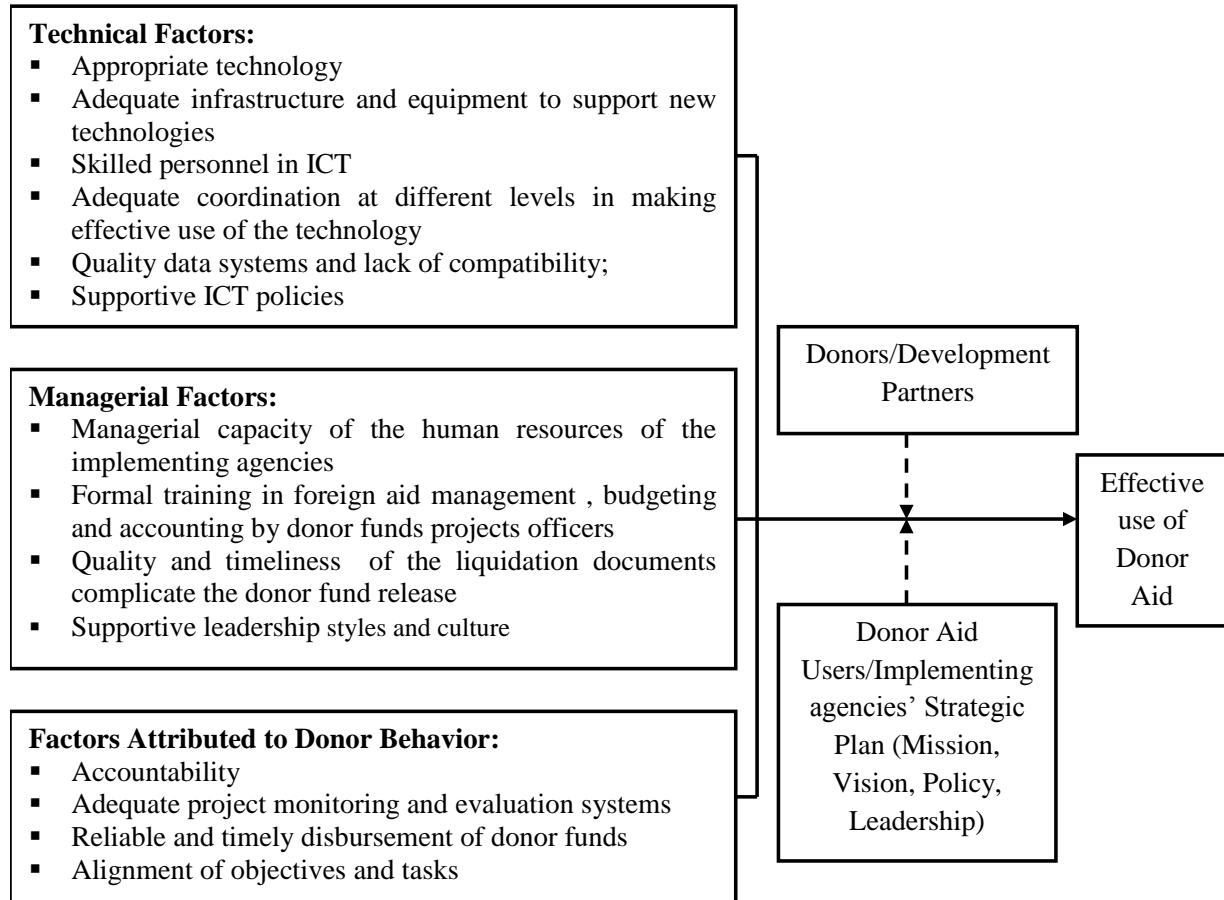


Figure 1. Conceptual framework.

donor funds, and alignment of objectives and tasks.

**Moderating variables**

In order to achieve effective use of donor aid, various interventions are required from the stakeholders involved. These include:

- (i) Interventions from the donors/developments partners, who have to work in partnership with the users in addressing the following among others, provision of technical and infrastructural support, managerial capacity building, monitoring and evaluation, report writing and alignment objectives and tasks.
- (ii) Donor Aid Users/Implementing agencies have to ensure that their strategic plans, including missions, visions, policies and leadership are in adherence to the donors and in line with all stakeholders' needs.

**Independent variables**

The independent variables are the factors that affect effective use of donor aid and which have to be addressed to achieve positive results. These include:

**Managerial factors:** Managerial capacity of the human resources of the implementing agencies need to be addressed to enhance effectiveness in the management of the projects, besides providing formal training in foreign aid management, budgeting and accounting by donor funds projects officers. There are cases of inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. In addition, there is poor quality and timeliness of the liquidation documents which complicate the donor fund release.

**Factors attributed to donor behavior:** The factors attributed to donor behavior include accountability, project evaluation complexities, funds disbursement bureaucracies and multiple objectives and tasks. These are briefly discussed as follows:

**(1) Lack of accountability:** Accountability is a key pillar of effectiveness. Accountability refers to full transparency regarding the purpose, content, responsibility and performance of the development agency.

**(2) Project evaluation complexities:** Broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes is necessary to eliminate performance problems. If the evaluations are well done, to the extent there is no mechanism in place to act on these evaluations (that is, no mechanism to get the evaluation results out in the public), the aid agency's behavior would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems. In addition, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships

**(3) Fund Disbursement Bureaucracies:** Resources earmarked for particular uses flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. Information on actual public spending at the frontline level or by program is seldom available.

**(4) Multiple objectives and tasks:** Most donors have multiple objectives. These include: economic growth, economic and social equality, economic and political independence, democratic development, environmental care, and gender equality.

The problem with multiple objectives is that they typically imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort. Since some tasks are more easily monitored by their supervisors, such as input activities like budget, procurement, hiring of consultants, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.

**Technical factors:** The technical factors that would affect effective use of donor aid include lack of appropriate technology, inadequate infrastructure and equipment to support new technologies, shortage of skilled personnel in ICT, lack of coordination at different levels in making effective use of the technology (this

uncoordinated efforts can only result in duplication if each department implements its own ICT projects without due regard to compatibility within the government), and poor data systems and lack of compatibility.

## Summary

A 2005 Overseas Institute of Development (ODI) Briefing Paper sets out a useful framework for assessing aid effectiveness, constraints and identifies four areas of potential bottlenecks: (i) macroeconomic constraints, (ii) institutional and policy constraints, (iii) technical and managerial constraints, and (iv) constraints generated by donor behavior (ODI, 2005). Previous studies on donor funding have concentrated on the first two constraints: governance and macroeconomic constraints, and institutional and policy constraints. These include: Platteau (2003) paper on, "Effect of Aid on Inequality", presented at the conference on "Poverty, Inequality and Growth"; (b) Martens et al. (2002) paper on "The Institutional Economics of Foreign Aid"; and (c) Knack (2001) paper entitled "Aid Dependence and the Quality of Governance".

Aid assistance and donor funding have done much in the past to assist the developing nations to advance technically and economically. However, much of the funding has not been applied in the most efficient or effective manner and there has been a loss of benefit as a result (Brian and Kpundeh, 2005). Regardless of where one stands on the issue, it is quite evident that foreign aid in its current form is not effective in addressing the emerging challenge of global poverty around the world (Svensson, 2000). Aid implementation, which is at the heart of better aid coordination, requires both recipient countries and donors to move from rhetoric to practice. Aid will only be effective if its objectives are set by donors in partnership with recipients and if donors are convinced that reforming the aid system will allow less dependency and promote growth and development. There is need to develop the managerial and technical skills of implementing agencies' employees. The agencies need to strengthen their capacity to manage large organizations. They have to adopt policies of hiring, training, motivating, paying and promoting personnel, of managing and controlling budgets, of decentralization and innovating management, and of avoiding or overcoming dependency on one leader.

## RESEARCH METHODOLOGY

### Research design

According to Brown et al. (2003), research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the project, which include the samples or groups, measures, treatments or

programs, and methods of assignment that work together try to address the central research questions.

This study was qualitative in nature. According to Cresswell (1994), a qualitative study is defined as an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting. Alternatively, a quantitative study, consistent with the quantitative paradigm, is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether or not the predictive generalizations of the theory hold true.

According to Bogdan and Biklen (1998), qualitative research places emphasis on understanding through looking closely at people's words, actions and records. The traditional or quantitative approach to research looks past these words, actions and records to their mathematical significance. The traditional approach to research quantifies the results of these observations. This is achieved when probing respondents during, for example focus group discussions, where respondents' facial reactions when responding to an issue can be taken into account.

In contrast, qualitative research examines the patterns of meaning which emerge from the data and these are often presented in the participants' own words. The task of the qualitative researcher is to find patterns within those words (and actions) and to present those patterns for others to inspect while at the same time staying as close to the construction of the world as the participants originally experienced it (Patton, 1989).

A case study was used to undertake the current research. Case studies involve collecting empirical data, generally from one or a small number of cases. It usually provides rich detail about those cases, of a predominantly qualitative nature (Yin, 1984). Yin (1984) defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.

A case study generally aims to provide insight into a particular situation and often stresses the experiences and interpretations of those involved. It may generate new understandings, explanations or hypotheses. However, it does not usually claim representativeness. Therefore, researchers using case studies should be careful not to over-generalize (Ball, 1981). Case study research excels at bringing researchers to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research (Hamel et al., 1993). According to Eisenhardt (1989), case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships.

Social scientists, in particular, have made wide use of this qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods (Miles and Huberman, 1984).

Many well-known case study researchers such as Stake (1995), Simons (1986) and Yin (1984) have suggested techniques for organizing and conducting the case study research successfully. This case study research draws upon their work and used the following six steps: (i) determine and define the research questions, (ii) select the cases and determine data gathering and analysis techniques, (iii) prepare to collect the data, (iv) collect data in the field, (v) evaluate and analyze the data, and (vi) prepare the report.

The study took a holistic, in-depth approach and as such, the case study was the most appropriate methodology. According to Feagin et al. (1991), a case study is an ideal methodology when a holistic, in-depth investigation is needed. Case studies are multi-perspective analyses. The researcher considered not just the voice and perspective of the actors, but also of the relevant groups of actors and the interaction between them. This one aspect is a salient point in the characteristic that case studies possess. The survey was conducted using a questionnaire (Appendix I), which was hand delivered to the respondents. Presentation of the information was done using frequency tables and percentages.

### **Target population**

Cooper and Schindler (2005) define a population as the total collection of elements about which the researcher wishes to make some inferences. Zikmund (2003) defines a population as "a complete group of entities sharing some common set of characteristics". The sampling frame was the listing of staff in the various departments of USAID in Kenya.

### **Sampling procedure**

Stratified sampling was used to select the staff of USAID who participated in the study. Each department was a strata represented by the Head of department.

### **Methods of data collection**

In order to investigate the research objectives stated in the foregoing, both secondary and primary data were collected and analyzed. The first stage of the research process was an extensive search of articles, reports and professional information related to the study area, using the internet and academic databases. The analysis of secondary information provided the general context for initiating the collection, analysis and the interpretation of primary data. Secondary data were collected in order to

ensure relevance to the research problem, eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. In the second stage of the study, primary data were collected. Hair et al. (2006) noted that primary data is gathering of first-hand, new information by the researcher. Saunders et al. (2003) asserts that primary data are needed to thoroughly answer the research question and are collected specifically for the research project being undertaken. Thus, the use of interviews and questionnaires help to collect valid and reliable data relevant to the research questions and objectives (Saunders et al., 2003).

### ***Data collection instrument***

Primary data were collected with the aid of a detailed questionnaire that was completed by the project managers. According to Neuman (1997), a questionnaire is a written document in quantitative research that has set of questions directed at respondents. It is used by an interviewer to pose questions to respondents and to record the answers.

The questionnaire was designed to answer the questions identified in the problem statement. The questionnaire included questions that are relevant to the study and will follow a logical sequence to ensure that accurate answers are given and that misunderstandings are avoided. The questionnaire was based on a quantitative method of data collection. The advantage of this method, as observed by Respini (2000), is that the researcher is able to collect all the data before analysis and to convert it into numerical values, which were then manipulated in order to discover patterns or relationships.

### ***Data collection procedure***

Prior to launching the full-scale study, the questionnaire was pre-tested to 10 randomly selected members of staff of USAID to ensure its workability in terms of structure, content, flow, and duration. According to Cooper and Schindler (2005), a pre-test is defined as the testing of the questionnaire on a small sample of respondents preferably 10 or more. After the pre-testing of the questionnaire, modifications were made in the questionnaire to reduce the possibility of ambiguity of some of the questions before delivering them to the respondents. Two procedures were followed during the pre-testing of the questionnaire. Cooper and Schindler (2005) observed that the researcher may rely on experts when piloting the instrument to identify changes that can be made with confusing items. Experts and colleagues who are experienced in research were also requested to examine the questionnaire to check whether there are any items that need to be changed or rephrased, as well as the appropriateness of the time set for completing it. At the end of the exercise, the items in the questionnaires

were considered to be satisfactory in terms of both wording and format. The operational framework for the study is summarized and presented in Table 1.

### **Operational framework**

Here, the operational framework for the study is presented. Indicators were denoted by the main variables in the study in order to make them measurable.

### **Validity and reliability**

Here, this study presents the validity and reliability of data collection instrument measures.

#### ***Validity***

Validity refers to the extent to which the data collection instrument measures what it is supposed to measure. Zikmund (2003) defined validity as the ability of a measuring instrument to measure what was intended to be measured. According to Sekaran (2003), content validity is a judgmental act where experts check whether the items represent the construct which is being studied as well as the wording, formatting and scoring of the instrument. Two steps were taken to ensure validity. Firstly, wherever possible, research questions from prior studies were used to improve the validity of the research instrument, in particular that of Hall (2000). Secondly, the questionnaire was sent to selected academicians as well as 10 randomly selected Non-Governmental Organizations for perusal and to assess the structure, length, and appropriateness of the questions used.

#### ***Reliability***

Reliability is the degree to which measures are free from error and therefore yield consistent results (Zikmund, 2003). According to Sekaran (2003), "reliability analysis is conducted to ensure that the measures of variables have internal consistency across time and across the various items that measure the same concept or variable". Reliability evaluates accuracy of the measures through assessing the internal stability and consistency of items in each variable (Hair et al., 1998). The extent to which the instrument provides the same results on subsequent administration, known as reliability, was statistically obtained. Guidance of the supervisor was relied upon for reliability of the data collection tool. Factor analysis was performed for testing the validity of measures used in the study. Reliability was measured in this study using Cronbach's alpha coefficients.

### **Methods of data analysis**

The following is brief descriptions of the statistical methods that were employed for this study. According to

Table 1. Operational definition of variables.

Type of variable	Variable	Indicators	Measure	Scale of measurement	Tools of analysis
Dependent	Effective use of donor aid	- Sound financial management - Sustainability of projects implemented - Level of completion of projects implemented and resultant impacts	Dimension of success (efficiency in usage of funds and effectiveness of intended projects implementation)	Nominal	Descriptive
Independent	Technical factors	- Adequacy of infrastructure and equipment supportive of ICT - Availability of appropriate technology - Availability of skilled personnel in ICT	Extent of availability, efficiency and effectiveness of infrastructure and equipments; and extent to which the personnel have attained ICT skills	Likert	Descriptive
Independent	Managerial factors	- Effective management systems at all levels of the organization - Participatory leadership and clarity of roles and responsibilities at all levels	Extent of effectiveness of management systems	Likert	Descriptive
Independent	Factors attributed to donor behavior	- Accountability - Adequate project monitoring and evaluation systems - Reliable and timely disbursement of donor funds - Alignment of objectives and tasks	Extent of accountability and transparency; adequacy of monitoring and evaluation systems and extent to which objectives and tasks are aligned	Likert	Descriptive
Intervening	Donors/Development Partners	- Strong donor collaboration and support	Extent of collaborations	Likert	Descriptive
Intervening	Donor Aid Users/Implementing agencies	- Alignment of policies with donors'	Extent of effectiveness of the alignments	Likert	Descriptive

Marshall and Rossman (1999), data analysis is the process of bringing order, structure and interpretation to the mass of collected data. The collected data from the questionnaire and secondary sources were systematically organized in a manner to facilitate analysis. Data analysis involved preparation of the collected data - coding, editing and cleaning of data in readiness for processing using Statistical Package for Social Sciences (SPSS) package version 19.0. The coded data were keyed into the SPSS program where they were developed into a database and hence analyzed. SPSS was preferred because it is very systematic and covers a wide range of the most common statistical and graphical data analysis.

The data pertaining to profile of the respondents and their respective organizations were analyzed using content analysis. Cooper and Schindler (2005) stated that

content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources. Factor analysis was performed to explore the underlying variance structure of a set of correlation coefficients. Confirmatory Factor Analyses was used to determine the ability of the adopted conceptual model in fitting the observed set of data. Factor analysis can be used to not only summarize or reduce data, but also exploratory or confirmatory purpose. To better understand the characteristic of each variable, descriptive statistic analysis was used to illustrate the means, and the standard deviation of each research variable.

**Correlations**

Correlation is a statistical technique that can show whether and how strongly pairs of variables are related.

In this case, the study seeks to establish the relationships between the independent and dependent variables. The correlation is the *r* value. It can have a value between -1 and 1. The correlation helped to determine what level of confidence could be obtained. The closer to 1 that *r* is, the greater confidence you have. Correlation is likely to work well with quantifiable data in which numbers are meaningful, usually quantities of some sort. The main result is the correlation coefficient (or “*r*”). It ranges from -1.0 to +1.0. The closer *r* is to +1 or -1, the more closely the two variables are related. If *r* is close to 0, it means there is no relationship between the variables.

If *r* is positive, it means that as one variable gets larger the other gets larger. If *r* is negative, it means that as one gets larger, the other gets smaller (often called an “inverse” correlation). While correlation coefficients are normally reported as *r* = (a value between -1 and +1), squaring them makes them easier to understand. The square of the coefficient (or *r* square) is equal to the percent of the variation in one variable that is related to the variation in the other. After squaring *r*, ignore the decimal point. An *r* of .5 means 25% of the variation is related (.5 squared = .25). An *r* value of .7 means 49% of the variance is related (.7 squared = .49). A correlation report can also show a second result of each test - statistical significance. In this case, the significance level will tell you how likely it is that the correlations reported may be due to chance in the form of random sampling error. If you are working with small sample sizes, choose a report format that includes the significance level. This format also reports the sample size.

### **Regression analysis**

The general purpose of multiple regressions (the term was first used by Pearson, 1908) is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. In order to examine the relationship among constructs, multiple regression analysis will be conducted. Neill et al. (1999) assert that regression analysis is the most popular dependence technique used in research. Regression analysis aims at predicting a change in the dependent variable resulting from changes in the multiple independent variables. Also, it is used to enable the researchers to explain the variate by assessing the relative contribution of each independent variable to the regression equation. A line in a two dimensional or two-variable space will be defined by the equation:

$$Y = a + b * X;$$

In full text, the *Y* variable can be expressed in terms of a constant (*a*) and a slope (*b*) times the *X* variable. The constant is also referred to as the ‘intercept’, and the slope as the ‘regression coefficient’ or ‘*B* coefficient’. Presentation of information was done with the aid of bar

charts, frequency tables, percentages, standard deviations and mean scores. The information was presented and discussed as per the objectives.

## **FINDINGS AND DISCUSSION**

### **Introduction**

The study utilized a combination of both quantitative and qualitative techniques in the collection of data. The study covered all departments of USAID in Kenya. Out of the 36 questionnaires that were sent out, 30 were returned completed with 83.3% response rate. The high response rate could be attributed to the personal efforts of the researcher, who made a follow up of every questionnaire sent out. The data were analyzed by employing descriptive statistics such as percentages, frequencies and tables. Statistical Package for Social Sciences (SPSS) was used to aid in analysis. The researcher preferred SPSS because of its ability to cover a wide range of the most common statistical and graphical data analysis and is very systematic. Computation of frequencies in tables was used in data presentation. The information is presented and discussed as per the objectives and research questions of the study.

### **Extent to which technical factors affect effective use of donor aid by International Non-governmental organizations in Kenya**

The respondents were asked to indicate the extent to which they agreed/disagreed that each of the listed technical factors negatively affect effective use of donor aid in their organization by ranking the factors on a five point scale. The responses are summarized and presented in Table 2 (where: SD = Strongly Disagree; D = Disagree; SHA: Somehow Agree; A = Agree; SA = Strongly Agree).

Findings of the study as presented in Table 2 indicate as follows:

- (i) Lack of appropriate technology: Findings indicate that majority of the respondents (60%) either agreed or strongly agreed.
- (ii) Inadequate infrastructure and equipment to support new technologies: Majority of the respondents (50%) either agreed or strongly agreed.
- (iii) Shortage of skilled personnel in ICT: Majority of the respondents (53.3%) either agreed or strongly agreed.
- (iv) Lack of coordination at different levels in making effective use of the technology: Majority of the respondents (66.7%) either agreed or strongly agreed.
- (v) Poor data systems and lack of compatibility: Majority of the respondents (50%) either agreed or strongly agreed.
- (vi) Poor ICT policies: Majority of the respondents (46.7%) either agreed or strongly agreed.



**Table 2.** Extent to which technical factors affect effective use of donor aid by International Non-governmental organizations in Kenya.

Technical factor		SD	D	SHA	A	SA	Mean score	Std. deviation
Lack of appropriate technology	Frequency	2	3	7	12	6	3.57	1.135
	Percentage	6.7	10.0	23.3	40.0	20.0		
Inadequate infrastructure and equipment to support new technologies	Frequency	3	4	8	10	5	3.33	1.213
	Percentage	10.0	13.3	26.7	33.3	16.7		
Shortage of skilled personnel in ICT	Frequency	3	3	8	9	7	3.47	1.252
	Percentage	10.0	10.0	26.7	30.0	23.3		
Lack of coordination at different levels in making effective use of the technology	Frequency	2	0	11	9	30	3.83	1.085
	Percentage	6.7	0	26.7	36.7	30.0		
Poor data systems and lack of compatibility	Frequency	3	5	7	9	6	3.33	1.269
	Percentage	10.0	16.7	23.3	30.0	20.0		
Poor ICT policies	Frequency	3	4	9	8	6	3.33	1.241
	Percentage	10.0	13.3	30.0	26.7	20.0		

N = 30

The findings also indicate that the highest ranked technical factor was the factor: "Lack of coordination at different levels in making effective use of the technology", while the least ranked factors were: "Inadequate infrastructure and equipment to support new technologies", "Poor data systems and lack of compatibility", and "Poor ICT policies".

#### **Extent to which factors attributed to donor behaviour affect effective use of donor aid by International Non-Governmental Organizations in Kenya**

The respondents were asked to indicate the extent to which they agreed/disagreed that each of the listed factors attributed to donor behavior negatively affect effective use of donor aid in their organization by ranking the factors on a five point scale. The responses are summarized and presented in Table 3 (where: SD = Strongly Disagree; D = Disagree; SHA: Somehow Agree; A = Agree; SA = Strongly Agree).

Findings of the study in Table 3 indicate the following:

- (i) Lack of accountability - Full transparency regarding the purpose, content, responsibility and performance of the development agency: Findings indicate that majority of the respondents (66.7%) either agreed or strongly agreed.
- (ii) Broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes:

Findings indicate that majority of the respondents (56.6%) either agreed or strongly agreed.

(iii) Poor monitoring and evaluation systems: Findings indicate that majority of the respondents (76.7%) either agreed or strongly agreed.

(iv) A lack of predictability in timing and disbursement (Wrong timing in funds disbursement): Findings indicate that majority of the respondents (70%) either agreed or strongly agreed.

(v) Resources earmarked for particular uses do not flow within legally defined institutional frameworks: Findings indicate that majority of the respondents (60%) either agreed or strongly agreed.

(vi) Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds: Findings indicate that majority of the respondents (70%) either agreed or strongly agreed.

(vii) Information on actual public spending at the frontline level or by program is seldom available: Findings indicate that majority of the respondents (53.3%) either agreed or strongly agreed.

(viii) The problem with multiple objectives is that they typically imply trade-offs, especially in the short run: Findings indicate that majority of the respondents (60%) either agreed or strongly agreed.

(ix) When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less

**Table 3.** Extent to which factors attributed to donor behavior affect effective use of donor aid by International Non-Governmental Organizations in Kenya.

Variable		SD	D	SHA	A	SA	Mean score	Std. deviation
<b>Factors attributed to donor behavior</b>								
Lack of accountability: full transparency regarding the purpose, content, responsibility and performance of the development agency	Frequency	2	3	5	11	9	3.73	1.202
	Percentage	6.7	10.0	16.7	36.7	30.0		
Broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes	Frequency	2	4	7	10	7	3.73	1.196
	Percentage	6.7	13.3	23.3	33.3	23.3		
Poor monitoring and evaluation systems	Frequency	1	2	4	12	11	4.00	1.050
	Percentage	3.3	6.7	13.3	40.0	36.7		
A lack of predictability in timing and disbursement (Wrong timing in funds disbursement)	Frequency	2	2	5	11	10	3.83	1.177
	Percentage	6.7	6.7	16.7	36.7	33.3		
Resources earmarked for particular uses do not flow within legally defined institutional frameworks.	Frequency	3	4	5	10	8	3.53	1.306
	Percentage	10.0	13.3	16.7	33.3	26.7		
Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.	Frequency	2	3	4	12	9	3.77	1.194
	Percentage	6.7	10.0	13.3	40.0	30.0		
Information on actual public spending at the frontline level or by program is seldom available	Frequency	2	6	6	9	7	3.43	1.251
	Percentage	6.7	20.0	20.0	30.0	23.3		
<b>Technical factors</b>								
The problem with multiple objectives is that they typically imply trade-offs, especially in the short run.	Frequency	3	4	5	10	8	3.53	1.306
	Percentage	10.0	13.3	16.7	33.3	26.7		
When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort.	Frequency	2	2	4	12	10	3.87	1.167
	Percentage	6.7	6.7	13.3	40.0	33.3		
Since some tasks are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.	Frequency	1	3	6	11	9	3.80	1.095
	Percentage	3.3	10.0	20.0	36.7	30.0		
<b>N = 30</b>								

effort: Findings indicate that majority of the respondents (73.3%) either agreed or strongly agreed.

(x) Since some tasks are more easily monitored by their supervisors, these tasks will receive a disproportionate attention at the expense of less easily monitored tasks:

Findings indicate that majority of the respondents (67.7%) either agreed or strongly agreed.

The factors above were ranked according to the mean scores recorded. The findings are summarised and presented in Table 4.

**Table 4.** Ranking of extent to which factors attributed to donor behaviour affect effective use of donor aid by International Non-Governmental Organizations in Kenya.

<b>Factors attributed to donor behavior that negatively affect use of donor funds</b>	<b>Mean score</b>	<b>Rank</b>
<b>Accountability</b>		
Lack of accountability: full transparency regarding the purpose, content, responsibility and performance of the development agency	3.73	6
<b>Project evaluation complexities</b>		
Broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes	3.53	7
Poor monitoring and evaluation systems	4.00	1
<b>Fund disbursement bureaucracies</b>		
A lack of predictability in timing and disbursement may hamper efforts at medium and short-term planning and programme implementation (Wrong timing in funds disbursement).	3.83	3
Resources earmarked for particular uses do not flow within legally defined institutional frameworks.	3.53	7
Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.	3.77	5
Information on actual public spending at the frontline level or by program is seldom available	3.43	10
<b>Multiple objectives and tasks</b>		
The problem with multiple objectives is that they typically imply trade-offs, especially in the short run.	3.53	7
When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort.	3.87	2
Since some tasks are more easily monitored by their supervisors (such as input activities like budget, procurement, hiring of consultants), these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.	3.80	4
<b>N = 30</b>		

Findings in Table 4 shows that the highest ranked factor attributed to donor behaviour that affect effective use of donor aid by International Non-Governmental Organizations in Kenya was "Poor monitoring and evaluation systems", while the least ranked factor was "Information on actual public spending at the frontline level or by program is seldom available".

#### **Extent to which managerial factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya**

The respondents were asked to indicate the extent to which they agreed/disagreed that each of the listed factors attributed to donor behavior negatively affect effective use of donor aid in their organization by ranking the factors on a five point scale. The responses are summarized and presented in Table 5 (where: SD = Strongly Disagree; D = Disagree; SHA: Somehow Agree; A = Agree; SA = Strongly Agree).

Findings of the study in Table 5 indicate the following:

(i) Managerial capacity of the human resources of the

implementing agencies: Findings indicate that majority of the respondents (66.7%) either agreed or strongly agreed.

(ii) Lack of/inadequate technical and managerial knowledge and skills of implementers: Findings indicate that majority of the respondents (60.0%) either agreed or strongly agreed.

(iii) Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers: Findings indicate that majority of the respondents (63.3%) either agreed or strongly agreed.

(iv) Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers: Findings indicate that majority of the respondents (63.3%) either agreed or strongly agreed.

(v) Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor: Findings indicate that majority of the respondents (60.0%) either agreed or strongly agreed.

(vi) Poor quality and timeliness of the liquidation documents complicate the donor fund release: Findings indicate that majority of the respondents (56.7%) either

**Table 5.** Extent to which managerial factors affect effective use of donor aid by International Non-Governmental Organizations in Kenya.

Managerial factors		SD	D	SHA	A	SA	Mean score	Std. deviation
Managerial capacity of the human resources of the implementing agencies	Frequency	2	2	6	11	9	3.77	1.165
	Percentage	6.7	6.7	20.0	36.7	30.0		
Lack of/or inadequate technical and managerial knowledge and skills of implementers	Frequency	2	3	7	10	8	3.63	1.189
	Percentage	6.7	10.0	23.3	33.3	26.7		
Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers	Frequency	1	2	8	9	10	3.83	1.183
	Percentage	3.3	6.7	26.7	30.0	33.3		
Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor	Frequency	2	1	8	10	9	3.77	1.135
	Percentage	6.7	3.3	26.7	33.3	30.0		
Poor quality and timeliness of the liquidation documents complicate the donor fund release	Frequency	2	4	6	11	7	3.57	1.194
	Percentage	6.7	13.3	20.0	36.7	23.3		
Poor leadership styles, culture, and bureaucracy	Frequency	3	3	7	9	8	3.53	2.279
	Percentage	10.0	10.0	23.3	30.0	26.7		

**N = 30****Table 6.** Ranking of extent to which factors attributed to donor behavior affect effective use of donor aid by International Non-Governmental Organizations in Kenya.

Managerial factors that negatively effective use of donor aid	Mean score	Rank
Managerial capacity of the human resources of the implementing agencies	3.77	2
Lack of/or inadequate technical and managerial knowledge and skills of implementers	3.63	4
Lack of formal training in foreign aid management , budgeting and accounting by donor funds projects officers	3.83	1
Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor.	3.77	2
Poor quality and timeliness of the liquidation documents complicate the donor fund release	3.57	5
Poor leadership styles, culture, and bureaucracy	3.53	6
<b>Average mean score</b>	<b>3.68</b>	

agreed or strongly agreed.

(vii) Poor leadership styles, culture, and bureaucracy: Findings indicate that majority of the respondents (67.7%) either agreed or strongly agreed.

The factors in the foregoing were ranked according to the mean scores recorded. The findings are summarised and presented in Table 6.

“Lack of formal training in foreign aid management, budgeting and accounting by donor funds projects officers” was the highest ranked managerial factor affecting effective use of donor aid by International Non-Governmental Organizations in Kenya, while “Poor

leadership styles, culture, and bureaucracy” was the least ranked factor.

### SUMMARY OF FINDINGS

Further, the findings indicate that the factors that affect effectiveness of donor aid in Kenya include: technical factors, factors attributed to donor behavior, and managerial factors. The key areas mentioned include inadequate funding, wrong timing in funds disbursement, lack of/or inadequate human resource capacity (knowledge and skills), lack of accountability (overstatement of prices and use of substandard

materials), insecurity, disagreements among beneficiaries, and social-cultural obstacles. Both the literature review and findings from primary data indicates that the following are the possible interventions that could be used to enhance the effectiveness of donor funded projects in Kenya: capacity building for staff of the donor agencies, use of local staff to overcome language and other socio-cultural factors, sensitization and training of beneficiaries, timely auditing of implementing agencies to ensure accountability, timely programme reports from project officers, frequent meetings with key stakeholders (for example opinion leaders), and adequate collaboration and networking of all development partners.

## Conclusion

The findings of this study indicate that there are various factors that affect effectiveness of donor funded projects. These factors include: inadequate funding, wrong timing in funds disbursement, lack of/inadequate human resource capacity (knowledge and skills), lack of accountability (overstatement of prices and use of substandard materials), insecurity, disagreements among beneficiaries, and social-cultural obstacles. The findings are in line with the arguments by Mosley and Marion (2000) that problems of economic governance and ineffective utilization of development assistance ranged from poor or no consultation with the intended beneficiaries, lack of coordination between various government agencies, the failure to harmonize policies, programs and procedures harmonization and alignment, and poor project design, to poor monitoring of foreign funded projects and consequently indebtedness and poverty. The effectiveness of donor funded projects is determined by both technical and managerial capacity of the human resources of the implementing agencies. In addition, appropriate supportive infrastructure is a necessity. According to Arndt (2000), the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness. The findings are also in line with the arguments by O'Connell and Soludo (2001) that accountability is a key pillar of effectiveness. In addition, Martens et al. (2001) observed that because of the broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes is necessary to eliminate performance problems. Arndt (2000) argued that the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor

expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents which complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

The findings also indicate that the possible interventions that could be used to enhance the effectiveness of donor funded projects in Kenya include: capacity building for staff of the donor agencies, use of local staff to overcome language and other socio-cultural factors, sensitization and training of beneficiaries, timely auditing of implementing agencies to ensure accountability, timely programme reports from project officers, frequent meetings with key stakeholders (for example, opinion leaders), and adequate collaboration and networking of all development partners. The findings support the argument of Svensson (2000) that coordination of donors' goals, if possible, would reduce these problems, and increase the overall development impact of aid, even if donors then act separately (Svensson, 2000).

## RECOMMENDATIONS OF THE STUDY

### Recommendations for policy and practice

Based on the findings of this study, it is expected that the stakeholders (who include donor funded project managers, beneficiaries and donors) will gain a better understanding of issues pertaining to donor projects management. Owing to the critical role played by donor funded projects, especially in poverty eradication, aid effectiveness requires a high priority and there is thus need to place emphasis on the following areas:

- (i) Strengthening partner countries' national development strategies and associated operational frameworks;
- (ii) Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities;
- (iii) Enhancing donors and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance;
- (iv) Eliminating duplication of efforts and rationalizing donor activities to make them as cost-effective as possible;
- (v) Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures;
- (vi) Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application.

### Recommended areas of further research

It is hoped that the findings of this study will contribute to the existing body of knowledge and form a basis for future researchers. The following areas of further research are thus suggested: (1) Whereas the current study focused on responses from the management of the donor funded projects, future studies should focus on responses from the beneficiaries; and (2) The findings of this study should be replicated in other countries for comparison purposes.

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**APPENDIX I: QUESTIONNAIRE****SECTION I: BACKGROUND INFORMATION**

1. Please indicate the department in which you work (optional)
2. For how long have you participated in the implementation of donor funded projects Kenya? (Please tick as appropriate)
  - (a) Less than 2 years
  - (b) 2 to 4 years
  - (c) 4 to 6 years
  - (d.) 6 years and above

**SECTION II: EXTENT TO WHICH TECHICAL FACTORS AFFECT EFFECTIVE USE OF DONOR AID BY INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS IN KENYA**

3. Please indicate the extent to which you agree/disagree that each of the listed technical factors negatively affect effective use of donor aid in your organizations by ranking the factors on a five point scale. (Tick as appropriate)

<b>Technical factors that negatively affect effective use of donor aid</b>	<b>Strongly disagree (1)</b>	<b>Disagree (2)</b>	<b>Somehow agree (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
Lack of appropriate technology Inadequate infrastructure and equipment to support new technologies					
Shortage of skilled personnel in ICT					
Lack of coordination at different levels in making effective use of the technology					
Poor data systems and lack of compatibility					
Poor ICT policies					
Others (Specify)					

4. Please indicate the extent to which you agree/disagree that each of the listed factors attributed to donor behavior negatively affect effective use of donor aid in your organizations by ranking the factors on a five point scale. (Tick as appropriate)

<b>Factors attributed to donor behavior that negatively effective use of donor funds</b>	<b>Strongly disagree (1)</b>	<b>Disagree (2)</b>	<b>Somehow agree (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
<b>Accountability:</b> Lack of accountability: full transparency regarding the purpose, content, responsibility and performance of the development agency					

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**Project Evaluation Complexities:**

Broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes

Poor monitoring and evaluation systems

**Fund disbursement bureaucracies:**

A lack of predictability in timing and disbursement may hamper efforts at medium and short-term planning and programme implementation (Wrong timing in funds disbursement).

Resources earmarked for particular uses do not flow within legally defined institutional frameworks.

Funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds.

Information on actual public spending at the frontline level or by program is seldom available

**Multiple objectives and tasks:**

The problem with multiple objectives is that they typically imply trade-offs, especially in the short run.

When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort.

Since some tasks are more easily monitored by their supervisors (such as input activities like budget, procurement, hiring of consultants), these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.

Others (Specify)

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5. Please indicate the extent to which you agree/disagree that each of the listed managerial factors negatively affect effective use of donor aid in your organizations by ranking the factors on a five point scale. (Tick as appropriate)

<b>Managerial factors that negatively affect effective use of donor aid</b>	<b>Strongly disagree (1)</b>	<b>Disagree (2)</b>	<b>Somehow agree (3)</b>	<b>Agree (4)</b>	<b>Strongly agree (5)</b>
Managerial capacity of the human resources of the implementing agencies					
Lack of/inadequate technical and managerial knowledge and skills of implementers					
Lack of formal training in foreign aid management , budgeting and accounting by donor funds projects officers					
Inadequate understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor.					
Poor quality and timeliness of the liquidation documents complicate the donor fund release					
Poor leadership styles, culture, and bureaucracy					
Others (Specify)					