



The Strategic  
**JOURNAL of Business & Change**  
**MANAGEMENT**

ISSN 2312-9492 (Online), ISSN 2414-8970 (Print)



[www.strategicjournals.com](http://www.strategicjournals.com)

Volume 4 Issue 2, Article 17

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**Accepted: May 9, 2016**

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**ABSTRACT**

*Donor funded projects aim to promote development by strengthening organizations at the community level. There is, however, a strong realization that in spite of the increased investments, the capacity of districts, constituencies and communities to absorb the resources and sustain local investments in both social and economic infrastructures is weak due to lack of information and capacity to manage investments and their inability to demand accountability in a transparent manner. This is viewed by many as the missing link which CEISP focuses, in order to enhance the effectiveness of local development and poverty reduction. The objective of this study was to investigate the challenges facing implementation of donor funded projects in Kenya. Data was collected by means of questionnaires. The questionnaire was used to gather relevant information from the respondents. Data collected was analyzed using both descriptive and inferential statistics. Linear regression curves were developed and these were used to reveal correlations between all the independent variables and the dependent variable. Regression was done to reveal the magnitude of the relationships between independent and dependent. From the finding, the study concluded that Implementation of donor funded projects was affected by Project Planning and Project Institutional capacity. From the findings, it was established that USAID had adopted some project practices in the Implementation of donor funded projects which involved performance targets and planning and control systems that generated good result.*

**Key Words:** *Project Planning, Project Institutional Capacity, Donor Funded Projects*

## INTRODUCTION

According to World Bank (2007), 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 tended 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.

In assessing the variables in the context of national policy, aid gaps, infrastructure gaps, political leadership support, dualism of development and global capitalistic explanations have some links with grassroots social realities. The global social-economic order, human economic scale, globalism, events and happenings constitute some poverty birth pangs and pressures weighing on grassroots communities. In the livelihoods framework such pressures constitute causes of poverty at grassroots level. The dependency theory that has governed the thought in this dissertation demands that one does not treat a variable effect in entirety (Tdi Report 2004:14-15) as human social behaviour is influenced by a number of external forces. The donors who are placed at the core, and who have their own orientation to development, influence the organisational culture and social standing of grassroots communities to some degree (Thomas 1992:45-67). Even the support institutions or service providers are in positions of authority and power (Myers 1999:55- 78) that emanates from donor expectations. All the high institutions of development influence and push towards the periphery, causing more pressures of poverty, as it were (Linda 2000:99-112), imposing their own knowledge and opinions on how grassroots should manage development. In the onion model institution analogy one can see how the outer, inner and most inner forces of institutional structure operate and continue to constitute various pressures.

Approximately 56% of the Kenyan people live below the poverty line with over 80% of these in the rural areas. 52.5% of Kenyan males in the rural areas and 49.2% of those in urban areas live below

the poverty line. In comparison, the situation of the female counterpart is worse as 54.1% of rural and 63.0% of urban women live below the poverty line. As a result, the Government of Kenya (GoK) has recognized that reducing poverty is key to building an economically strong and prosperous nation, with a cohesive society in which all actors have the opportunity to realize their full socio-economic potential. During 2003-2007, the Investment Program for the Economic Recovery Strategy (IP-ERS) for Wealth and Employment Creation has been guiding the development policy and program implementation in the country.

According to African Development Bank (2007) The Community Empowerment and Institutional Support Project (CEISP) is project whose major objective is to improve the management of local social economic development. This report provides project implementation status for the period 1 st April 2015 to 30 th June 2015 based on activities captured on the Project Appraisal Report, June 2012 Mid Term Review and Annual Work Plans. The project has two main components as follows: (i) Strengthening

Decentralized Development Planning and Finance. This component aims to build capacity of the Ministry staff to enhance planning skills as well as improve access, availability and retrieval of information by Communities for decision making. (ii) Community capacity building. This component aims to build capacity of communities on devolved funds, project management, procurement, financial management, priority setting, strategic planning, proposal writing and gender mainstreaming.

### **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 subSaharan 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 aidsavings 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.

### **Objectives of the Study**

The main objective of this study was to investigate the challenges facing implementation of donor funded projects in Kenya. The specific objectives were:-

- To find out the effect of Project planning framework on donor funded projects in Kenya.
- To establish the effect of Project Institutional Capacity on donor funded projects in Kenya.

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **Theory of Constraints**

The basic premises of the Theory of Constraints assume that people can think, they are good and systems are simple (The Choice, Eliyhau M. Goldratt, North River Press, 2009). Yet, there must be something missing. Why do good, thinking people have so much trouble with projects? After all, projects are simply a set of tasks which must all be done within some precedence order before the project is complete. What is missing? It must be something that is a hidden understanding of how project systems perform. Or, it must be something acting upon the project management system: good, thinking people that do things to actually make the problems worse.

Theory of Constraints argues that an organization facing challenges in cost management, poor performance and chronic conflicts is as a result of poor management practices and lack of necessary intervention. Eliyahu developed the theory of constraints in the early 1980s to help organizations decide what to change, identify a desirable new condition and how to trigger the change. He

recommended first identifying the main factors affecting budget estimates in an organisation. He then suggested that the managers figure out how to handle the constraints or barrier to success within prescribed budget. By focusing on fixing the main problem, overall performance could be improved (Eliyahu, 2004). Additionally, Baloi& Price observed that most organizations fail to examine their operations as a whole when developing cost estimates (Baloi& Price, 2003). By focusing only on short-term goals, long-term success becomes jeopardized so he suggested establishing a long-term view.

According to this theory, all systems operate in an environment of cause and effect. One event causes another to happen thus prompting for factors analysis as a measure. Adherence to cost estimates is either a constraint or has the potential to become a constraint. This cause-and- effect relationship can be very complex, especially in complex systems such as those of construction projects. Capturing the essence of cause and effect within the system and identifying factors that emulate these relationships are the keys to system performance and excellent adherence to cost estimates.

The Theory of Constraints (TOC) approach focuses on successful on-time completion of the entire project. According to TOC, the main constraint in any project is the time taken for completion of the critical chain. Therefore emphasis is laid on completing activities in the critical chain without wasting any time. Hence, cutting safety time from individual activities eliminates the major cause of time wastage, thereby removing the constraint. However, this does not mean that the project is to be left unprotected against any unforeseen delays in any individual activity. The project is to be guarded against delays by providing time buffers. Projects involve a high level of uncertainty and depend heavily on the contributions of individuals. Project manager needs to work with different

departments involved in the project to estimate lead times so that they meet the needs of the critical chain. The critical chain concept starts with a set of talented and driven project managers and assumes that the resource constraints are within the scope of the project but not in its leadership.

### **Complexity Theory**

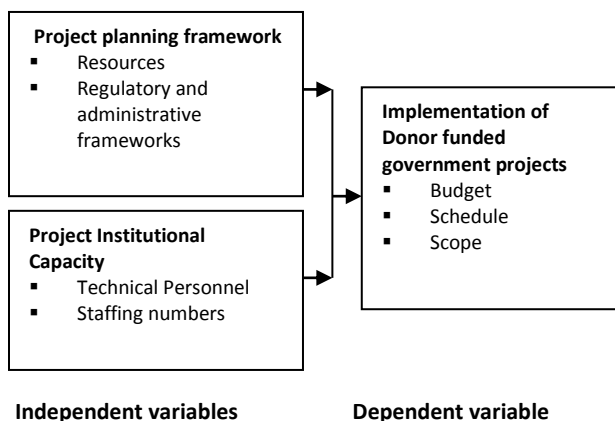
The theory of classifying problems based on how difficult they are to solve. A problem is assigned to the P-problem (polynomial-time) class if the number of steps needed to solve it is bounded by some power of the problem's size. A problem is assigned to the NP-problem (nondeterministic polynomial-time) class if it permits a nondeterministic solution and the number of steps to verify the solution is bounded by some power of the problem's size. The class of P-problems is a subset of the class of NP-problems, but there also exist problems which are not NP. A prominent author in the field of complexity is Terry Williams who shares the view of other scholars on complexity but extends it by one additional dimension of time estimates.

In addition to the two components of complexity, vis-à-vis the number of factors and the interdependency of these factors, he introduces the third factor which is uncertainty. Since uncertainty adds to the complexity of a project, time estimates therefore can be viewed as a constituent dimension of project complexity that can be as a result of various factors (Williams, 2008). Projects occasionally demand for more additional funds as there is an increasing desire to reduce time to market thus affecting the cost estimates of the project (Williams, 2008). Kahane on the other hand puts a lot of emphasis on talking and listening to each other when solving tough problems when developing estimate costs. His approach to complexity is deeply rooted in a social environment.

He distinguishes complexity in three ways. These are; Dynamic Complexity which means that the cause and effect are far apart and it is hard to grasp from firsthand experience. It should be noted that complexity-based factors related to project dynamic are often abound. This is due to the difficulties in well understanding the nature of dynamic in construction project in order to identify relative complex factors. In other words, planning for a dynamic system is difficult due to changes in environment and circumstances. It is even more difficult to estimate when considering dependent on environmental conditions and other unknowns. There is an ongoing research in this regard and more details need to be revealed and findings explored.

Project management systems are considered dynamic systems, similar to those in nature, which means they change over time and are hard to predict. This increasingly fast-paced system is creating a complexity explosion, which is affecting the way project managers need to govern. Although they are changing, there is usually an underlying predictability that can be identified.

### Conceptual Framework



**Figure 1: The conceptual Framework**

### Project planning framework

According to Republic of Kenya (2015) Existing evidence shows that the national development planning is managed in isolation from that of the local development planning process. While sector ministries implement investments that are incorporated in the national development plans, there are various parallel donors, local government and non-governmental organizations funded programs and projects that are not integrated into the national and district development planning framework. Moreover, the Devolved Funds inject significant amount of resources on constituency based interventions which are also not captured in the district development plans. Since these institutions are governed by different regulatory and administrative frameworks and are financed by different sponsors; they adopt different planning, implementation, reporting and monitoring procedures.

Consultations with district level officials and the MoPND indicate a tendency for stakeholders to finance priorities other than those appearing or consistent with the current district development plans covering the period 2002-2008. This is partly occasioned by perceptions that, since the plans were largely developed by district sector departments, they do not reflect community priorities. Arising from the absence of a coherent and consistent planning framework for decentralized development, the processes through which the central government has devolved funds to the regions exhibit: a complex interplay of parallel institutional and administrative arrangements that have often resulted in duplication of roles and overlapping mandates; poor coordination of development efforts due to lack of a harmonized and coordinated process of development planning implementation, reporting and monitoring procedures; and lack of an institutional framework for community involvement

especially in prioritization and choice of projects that have led to limited ownership of programs and projects and poor sustainability. The most glaring example of the dysfunctional planning system is that schools or health centers are built a short distance from each other when sector ministries did not plan or budget for servicing such facilities; lack of long term planning capacity led to wastage of resources as communities use their allocation on buy food or to ferry water by truck; and various sponsors or Funds may claim the financing of a specific project leaving one wonder which monies were actually used.

### **Project Institutional Capacity**

Implementation experiences to date revealed gaps relating to the effectiveness with which these initiatives have performed, including observed weak capacities at national level to manage and coordinate development and in communities to identify and assess needs, prioritise them in an equitable fashion, successfully implement them; and implement and sustain them. There is also increasing resource flows from various sources to finance programs/projects at district/constituency/local authority levels.

This comes without corresponding investment or resource allocation for training and institutional capacity building. The additional project case work created by the various devolved funds puts a heavy pressure on the limited technical staff at District level and below. For instance, the DDO is the only officer available to coordinate all development activities in the district. The same case was cited by the roads engineer and most other technical staff whose mandate is very wide. In addition, the DPU which coordinates development planning at district level is ill equipped and poorly staffed.

Moreover, many studies have reported that constituencies lack technical personnel to help in

preparing project proposal, implement and monitor their effectiveness, since all the funds are looking up to the few officers available at the district level to process their projects. As a result, recent assessments show that only 20 % of all constituencies actually use up the resources allocated to them by CDF alone, while another 20 % do not use the funds at all.

### **Implementation of Donor funded government projects.**

The concept of the CEISP has been conceived in the context of the existing framework of devolved financing initiatives and delivering services aimed at protecting the poor and vulnerable from various social and economic shocks. In response to the challenges facing the devolved funds, CEISP has been proposed as a capacity enhancement operation seeking to improve the local level development planning and management in line with the District Rural Focus for Development (DFRD) strategy. Essentially, given the discrete and uncoordinated response provided through the DFs and other funding sources, the CEISP will operate at the cross-section among three major elements of local development planning and management framework that brings together the District Planning Units, Communities and the Devolved Funds.

Employing CDD approach within the framework of the DFRD, CEISP support sought to mobilize and unleash the capacities of poor communities and service providers to effectively plan, manage and monitor the results of implemented initiatives based on the concept of 'community sub-project cycle' process. The strategy towards capacity building and institutional development will follow both supply and demand driven approaches, where supply will mean provision of predetermined requirements for effective delivery of devolved funds' projects, and demand-driven will apply to client-based and



process-oriented capacity enhancement needs. Capacity areas to be covered in the CEISP menu of activities will generally fall under the following thematic areas: information and knowledge; competences or human resources development; governance; technical and systems development at national district levels.

## **Empirical Review**

### **Project planning framework**

Poverty Reduction Strategy Papers (PRSPs) describe a country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty, as well as associated external financing needs. Many African governments have now developed, or are developing, PRSPs through a participatory process involving civil society and development partners, including the World Bank and the IMF. The emphasis placed on water and sanitation in these strategy papers varies enormously, from entire chapters devoted to the subject, to passing references alone.

The World Bank (2004) aims to assist policy-makers and sector departments to design PRSP water and sanitation strategies that actively address the needs of the poor. When national governments become reliant on financial support from external donors for virtually all investment in the water sector they may become locked into the dependency syndrome. This places a Government in a difficult position since they require financial support, yet inevitably lose some autonomy as a result of this. Government staff may be unwilling to say 'no' to, or disagree with, policy initiatives of major donors for fear of losing precious external funding. If

policy is to be truly developed by governments they must develop the capacity to say 'no' and to seek ways in which to generate internal revenue for water supply provision. This is likely to lead to the

promotion of low-cost solutions which can be sustained, rather than ongoing dependency on high investment solutions and the need for repeated rehabilitation.

The Sector-Wide Approach (SWAP) is a mechanism whereby governments and development partners agree on a strategy to achieve improvement in sector performance and more effective use of resources through programmes rather than projects. Various definitions of SWAP have been put forward, reflecting a range of views as to what is actually meant by this term. CIDA (2000) suggests the following definition:

'The sector-wide approach defines a method of working between Government and donors. The defining characteristics are that all significant funding for the sector supports a single policy and expenditure programme, under Government leadership, adopting common approaches across the sector, and progressing towards relying on Government procedures to disburse and account for all funds.'

SWAPs have already been developed and implemented by a small number of countries in Africa and are likely to be developed by many more in future. At the heart of the strategy is central budget support, whereby donors give funds directly to central government which allocates funds for sector activities to local government. This is sometimes referred to as a 'basket fund' approach. While there is no fixed formula for their development, SWAPs should always follow a highly consultative process to ensure that all stakeholders participate in the development of the approach.

One of the key features of SWAP is to improve the sustainability of services (DWD, 2002a). The shift from facility-driven 'projects' with a finite lifespan to service-based 'programmes' has significant potential to achieve this aim. The overall drive for greater efficiency and effectiveness should also contribute to service sustainability, as should

greater co-ordination and consistency among implementing agencies. However, if these benefits are to be realized, it is essential that government bodies are accountable, that activities and outputs are adequately monitored, and that roles and responsibilities are clearly defined.

### **Project Institutional Capacity**

Whichever partnership model is chosen, stakeholder activities need to be regulated. In its broadest sense regulation means a 'sustained and focused control exercised by a public agency over activities that are valued by a community' (Ogus, 1994). It is a set of functions rather than a rigid sense of rules. Government policies set out the general legal framework and rules, and it is the role of the regulator to interpret these in relation to practical circumstances. The term 'regulation' is most commonly used to refer to public sector regulation of the private sector. It can also include, however, regulation of NGOs, community based organizations, co-ordination committees and government agencies.

According to Trémolet and Browning (2002) regulatory functions include economic regulation (of price, service quality and competition), environmental regulation (of water abstraction and discharge) and public health regulation (of drinking water quality).

Regulation should ensure that the price that users pay for water is fair, that there is a high quality of workmanship for construction of facilities, that service standards for O&M are acceptable, that water systems do not result in detrimental effects on the environment (or other water systems), and that water quality is consistent with national (and/or WHO) guidelines.

Local and regional government institutions are best placed to regulate NGO, CBO and private sector activities. This involves monitoring and, on the basis of this, identifying where intervention is required and acting accordingly. Contracts with private

contractors should be devised to ensure service quality standards and to permit the enforcement of fines or penalties for failure to meet standards. Partnerships arrangements with implementing agencies such as NGOs should also ensure that standards are met.

### **Implementation of Donor funded projects**

Management models range from highly centralized government systems to localized community management. Typically, O&M management systems comprise stratified levels of maintenance and repair bodies. A common model has the central government agency on the first tier, the regional government or private body on the second tier, and the community organization on the third tier. Traditional water supplies are managed by a single-tier system of community management.

Past experience has shown that centralized, government-controlled systems of management have not always been able to sustain supplies. In contrast, the "partnership approach" is a more equal and supportive relationship between the community and external organizations, which fosters joint decision-making and management from the start of the project. This is essential if the choice of technology and the design of the scheme are to meet the community's needs and expectations, without exceeding the capacity of the community to operate and maintain the system in the long term. The partnership starts at the beginning of the project and continues through every stage of the project cycle, from feasibility through construction, to the management of O&M. Partnership should be seen as a flexible and evolutionary process, requiring continual dialogue. The sharing of costs and responsibilities will vary according to the type and stage of development. One effective way in which different stakeholders can work together is to form co-ordination committees at regional or district level. Such a

committee is likely to consist of personnel from a variety of local government institutions which are directly or indirectly involved in or affected by rural water supply, as well as representatives of NGOs, private sector organizations and community groups.

Traditional leaders can also have an important role to play, both in representing communities and in ensuring that government is made accountable, and should be included where possible. An example of such a co-ordination committee structure is the Water, Sanitation and Hygiene Education (WASHE) approach, as used in Zambia (Zambia-Water, 2004).

Political interference can be a major obstacle to equitable and sustainable provision of services. Where politicians attempt to influence local government strategies and actions for rural water supply, the presence of a co-coordinating committee can be a useful tool to resist such pressure on the basis of collective authority. This means that if local government officials are pressurized by local politicians to favour particular communities, they can resist this by informing the politician that the decision is not theirs alone, but has to be agreed by the committee which consists of various other partners.

The management system selected will depend on the willingness and ability of the community to take on responsibility for management and the range of options available. This may be influenced by the location of the community with respect to private sector organizations, and by existing management systems in operation in the surrounding area.

Roles and responsibilities must be clearly defined for each option so that the community is able to make an informed choice. Estimated costs and cash flow predictions, including implications for each stakeholder, should be presented to the community. If the selected management system

has implications on cost – for example, the selected privately managed system might be slightly more expensive than the community managed one - then the willingness of the community to pay must be matched against this to ensure that the cost is still within the assessed range. Where this is not the case the whole process may need to be repeated from the willingness to pay stage.

## **RESEARCH METHODOLOGY**

This study adopted a descriptive research design. A descriptive research design is used when the problem is well defined and the researcher knows something about the problem (Mugenda & Mugenda, 1999). The populations of interest were the beneficiaries of SNV funded rural water schemes Noondepen, Olturuto, Oldarpoi, Ng'atataek and Department of water all in Kajiado County. Specifically the study focussed on rehabilitated existing shallow wells fitted with hand pumps and boreholes powered by electricity, diesel powered solar generators. In this study, 33.3 % of project staff was selected from a total population of an estimated 150 project staff and beneficiaries. The 150 staff helped this study to collect information that was used to answer the study questions. The main instrument that was used to collect primary data for this research was questionnaire. A qualitative and quantitative data analysis was used to analyse the research data. It followed a systematic process starting with editing of all the data obtained from the field.

## **DATA ANALYSIS, RESULTS AND DISCUSSION**

This study sought to establish the level of academic qualifications that the respondents had attained. The findings showed that majority of the respondents 25.6% had attained postgraduate and diploma level, 23.1% had attained certificate and 12.8% had attained degree and others. From the results, 87.2 % respondents were deemed to be

competent enough to answer to the researcher's questions. Based on **length of continuous service** that the respondents had worked at the USAID. The result indicated that majority of the respondents (53.8%) had been working in the USAID for a period between 11 and above, 30.8 % had been in the USAID between 5 and 10 years and 15.4% had been in the Company for less than 5 year.

**Project Planning**

This sought to get from the respondents on the effect of Project Planning on effective implementation of Projects in USAID. The range was

**Table 1: Project Planning**

Indicators	Mean	Std. Deviation
Improves performance	4.231	.777
Reduces costs	4.205	.801
Resources are utilized	3.897	.754
Reduces Conflict of interest	3.818	.656
Meeting performance indicators	3.872	.767
Meeting organizations objectives	3.821	.796
Uniform project procurement systems	3.746	.880
Increases number of projects completed on time	3.744	.966
Increases number of orders	3.667	.898
Reduces number of complaints	3.615	.935

From the result above, it shows that Project Planning improved performance by a mean of 4.231, costs reduction with a mean of 4.205 and resources utilization with a mean of 3.897. On other hand the respondent supported on conflict of interest reduction and meeting performance indicators with a mean of 3.872 while the meeting organizations objectives by a mean of 3.821. Further respondent on uniform project procurement systems and increase number of

'not at all' (1) to 'strongly agree' (5). The scores of disagreeing have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ( $0 \leq S.D < 2.4$ ). The scores of 'Neutral' had been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ( $2.5 \leq M.E < 3.4$ ) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ( $3.5 \leq S.A. < 5.0$ ). A standard deviation of  $> 0.9$  implies a significant difference on the impact of the variable among respondents.

projects completed on time were supported by a mean of 3.744, increased number of orders by a mean of 3.6667 and finally reduction on number of complaints by a mean of 3.615.

**Project Institutional capacity**

This sought to get from the respondents on the effect of Project Institutional capacity on effective implementation of Projects in USAID.

**Table 2: Project Institutional capacity**

Indicators	Mean	Std. Deviation
Reduces costs	4.103	.718
Reduces Conflict of interest	4.077	.839
Improves performance	4.077	.774
Meeting organizations objectives	3.923	.739
Meeting performance indicators	3.872	.615
Uniform project procurement systems	3.718	.857
Resources are utilized	3.692	.950
Increases number of projects completed on time	3.564	.754
Increases number of orders	3.513	.885
Reduces number of complaints	3.488	.942

From the table 2 above, reduction of costs in Project Institutional capacity was highly supported by a mean score of 4.1026 while reduction in conflict of interest and improvement of performance was seconded by a mean of 4.0769. However, effective selection of suppliers was found to moderately reduce the number of complains with a mean of 3.4872. Therefore, the Project Institutional capacity practice generally improved

the operational efficiency of the firm through reduction of employee conflict of interest with the suppliers.

#### **Implementation of donor funded projects**

This sought to get from the respondents on the Implementation of donor funded projects process at USAID and the results were presented below.

**Table 3: Implementation of donor funded projects**

Indicators	Mean	Std. Deviation
Competitive advantage of the company is enhanced	3.744	.849
Organization gets value for money on projects implemented	3.641	1.088
Reduced number of complaints are received from customers	3.615	.847
Corporate Social Responsibility are part of the projects	3.539	.854
Key stakeholders are involved during Implementation of donor funded projects	3.539	.756
Environmental factors are considered	3.539	.962
USAID considers green procurement in Implementation of donor funded projects	3.487	.757
Quality projects are achieved at the long run	3.487	.855
Organization has clear policies on projects	3.462	.854
Projects are completed on time	3.434	.912

The findings indicated that most respondents acknowledge that the firms level of competitive

advantage of the company had improved as a result of Implementation of donor funded projects with a

mean of 3.744, USAID getting value for money on projects implemented by a mean of 3.641 and mean score of 3.615 on reduction number of complaints received from customers. The study further revealed that corporate social responsibility are part of the projects, stakeholders involved during Implementation of donor funded projects and environmental factors consideration had mean score of 3.539. However, the USAID Company considered to moderate extent green procurement as Implementation of donor funded projects and quality projects were achieved at the long run by a mean of 3.4872. The organization had clear policies on projects by a mean of 3.4615 and mean of 3.4359 on project completion on time.

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

The findings suggested that USAID Company was clearly aware of the Implementation of donor funded projects of the Project Practices that influenced its Implementation of donor funded projects. Although most of the Project Planning practices had been implemented for a long period, there were however particular project features of implementation that were difficult to be achieved by USAID. The study established that Project Planning improved performance of the organization like USAID. Lysons and Farrington (2010) argued that resource allocation as an aspect of planning in the process of the Implementation of donor funded projects strategy formulation which clearly revealed that USAID uses Project Planning which assists in the costs reduction and proper resources utilization. On other hand, the conflict of interest was an influence of planning in donor sector which eventually requires solution in time. The study further revealed that uniform project systems were at a great extent which resulted to increase number of orders, number of completed projects on time and reduces number of complaints.

The study found that Project Institutional capacity at USAID reduced the costs expenditures on projects. For an organization to obtain reliability and quality from suppliers, it had to decide how much it is willing to pay for the supplies. The Project Institutional capacity also reduced conflict of interest between the suppliers and management of the organization. The study showed that Project Institutional capacity had influence on the improvement of performance in productivity and enabled in meeting objectives which emphasized that selection of the best supplier was an essential strategic issue imperative for supply chain effectiveness and efficiency. The study also showed that well utilization of organization resources and improvement in projects implementations.

#### **Conclusion**

From the finding, the study concluded that Implementation of donor funded projects was affected by Project Planning and Project Institutional capacity, Community participation and Monitoring and evaluation. From the findings, it was established that USAID had adopted some project practices in the Implementation of donor funded projects which involve performance targets, planning and control systems, monitoring and evaluation that generates good result.

The study found out that USAID Company was facing challenges in Project Practices which lead to not achieving its objectives. On the other hand, the organization was faced by conflict of interest and corruption was an influence of project planning and Project Institutional capacity in the implementation of the project.

#### **Recommendations**

The study established that on project practices affect during the implementation of projects, therefore they need to be checked in a more appropriate for a successful implementation of the project. The USAID resources needed to be more

utilized to enable more development and less wastage in the company. The USAID also need to handle on the issue of conflict of interest from the management and the outsiders when dealing with the Project Institutional capacity and Implementation of donor funded projects section. However, the USAID Company also needed to advance more to the green procurement in Implementation of donor funded projects and quality projects are achieved at the long run which was beneficial to the company.

### **Suggestions for Further Research**

The results of this study can be further utilized to suggest several directions for future research. A field study can focus on investigating on project practices influencing Implementation of donor funded projects in public institutions in Kenya. Finally, more research on this area is needed because this study has investigated a subset of the variables found to be important determinants. Other variables that may provide in Project Practices influencing Implementation of donor funded projects in public institutions in Kenya. Further research can examine these possibilities and the extent of their influence.

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