

**MEKELLE UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF ACCOUNTING AND FINANCE**



**DETERMINANTS OF DONOR FUND UTILIZATION EFFECTIVENESS:  
A CASE STUDY ON AFRICA CDC IPF, ETHIOPIA**

**A THESIS SUBMITTED TO THE DEP'T OF ACCOUNTING AND  
FINANCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR  
THE MASTER OF SCIENCE IN FINANCE AND INVESTMENT**

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## **STATEMENT OF DECLARATION**

I, Fisseha Moges, hereby declare that the research paper submitted is my own original work. This paper has been created by me solely for the purpose of fulfilling the requirements of the Master of **MSC in Finance & Investment** program under the guidance of my advisor, **Abeba Kelelew (Assistant Professor)**. All sources used and literature cited have been duly acknowledged. This paper has not been previously submitted for any degree or examination in any other University or institution of higher learning.

**Date:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

## **STATEMENT OF CERTIFICATION**

This is to certify that the research paper entitled “ **DETERMINANTS OF DONOR FUND UTILIZATION EFFECTIVENESS: A CASE STUDY ON AFRICA CDC IPF, ETHIOPIA**” in the Ethiopian Public Health Institute submitted by Fisseha Moges has been under my supervision and is a comprehensive account of his original work. The research findings and analyses presented in this paper are accurate to the best of my knowledge. Fisseha Moges has fulfilled all the requirements set by the **MSC in Finance & Investment**, and this paper is ready for submission to the examination committee.

**Advisor:** \_\_\_\_\_

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This is to certify that the research prepared by Fisseha Moges, titled “DETERMINANTS OF DONOR FUND UTILIZATION EFFECTIVENESS: A CASE STUDY ON AFRICA CDC IPF, ETHIOPIA” in the Ethiopian Public Health Institute, submitted in partial fulfilment of the requirements for the MSC in Finance & Investment at MEKELLE UNIVERSITY, complies with the college's regulations and meets the accepted standards with respect to originality and quality.

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## ACRONYMS AND ABRIVIRATIONS

AfDB	African Development Bank
BoFED	Bureau of Finance and Economic Development
BSTP	Basic Services Transformation Program
CIDA	Canada International Development Agency
CPAR	Country Procurement Assessment Report
CSA	Central Statistics Agency
DAs	Development Agents
DfID	Department for International Development
DPs	Development Partners
EMCPD	Expenditure Management and Central Program Directorate
EU	European Union
ESPES	Enhancing Shared Prosperity through Equitable Services
EPHI	Ethiopian Pharmaceutical Health Institute
EPHI	Ethiopian Public Health Institute
FMF	Financial Management Factor
GoE	Government of Ethiopia
HAPCO	HIV/AIDS Prevention and Control Office
IBEX	Integrated Budget and expenditure
ICB	International Competitive Bidding
IDA	International Development Association
IFMIS	Integrated Financial Management Information System
IPR/A	Independent Procurement Review/Audit/
JBAR	Joint Budget and Aid Review
KPIs	Key Performance Indicators
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MOE	Ministry of education
ACDC	Africa Centre for Disease Control

IPF	Investment Project Financing
MoFEC	Ministry of Finance and Economic Cooperation
MOH	Ministry of health
MTR	Mid - term review
NGOs	Non-Government Organizations
OFAG	Office of the Federal Auditor General
PAD	Program appraisal documents
PDO	Program development Objectives
PIU	Program Implementation unit
POM	Program operational manual
PPF	Procurement Procedures Factor
PSCAP	Public Sectors Capacity Building Program
SWAPs	Sector-Wide Approaches
UNCIF	United Nations Children
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
WB	World Bank

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## **ABSTRACT**

*The goal of this study was to determine what determines the Africa CDC IPF initiative in Ethiopia's efficient utilization of donor funds. We sought to understand why money isn't always spent as effectively as intended. In order to accomplish this, we used surveys and an examination of important project documents to get feedback from 115 employees who were directly involved in the project at different government agencies. This research identifies five key elements that have a significant impact: sound financial management, capable leadership and management, appropriate technology and expertise, consistent donor behavior, and efficient procurement procedures. Many of the fundamentals are in place, but some significant obstacles are preventing progress. For example, throughout five years, the project only used roughly half of its allotted budget. The procurement procedure is a significant roadblock; it is frequently sluggish and hampered by red tape. Additionally, we discovered that equipment purchased with project funds isn't always accurately documented and that more specialist training in foreign aid management is required. In summary, for a project's success, the proper functioning of all the components working together is essential where all these parts work together. When one part, like procurement, falters, it drags everything else down. On the other hand, all the components will also be challenged when one, such as procurement, fails. To change this, the initiative must engage in team training, improve asset tracking, streamline its purchasing procedures, and cultivate a more open and honest culture with its funders. The secret to making sure the donor's contribution actually fulfills its promises to get these components just right.*

**Keywords:** *Financial management, Managerial factor, Technical factor, of donor behaviour attribute and procurement procedures are key factors.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

An effective utilization of funds requires well-coordinated financial management system by which an organization or institution manages its finances. Good accounting system improve information flow of decision-making and more relevant projects financed by donors. A financial grant affirming the proper use of the funds, a grant or regular grants can provide timely information; provide early warning of problems for project implementation and project objectives (Daniel, A 2015). The concept of donor financial support comprises giving funds for projects of a development nature by a donor agency or organization. The function of a donor agency is to provide funds through different channels, for example through official government channels as well as private channels. The private funding agencies generally channel funds through non -government organization (NGOs). There are three different kinds of donor funding agencies. The first one is national governments, For example, in normal channels and privately channels. Individual aid agencies generally fund governmental organizations (NGOs). There are three donor agencies such as the World Bank and UNHCR and lastly, there are charitable organizations such as OXFAM, the ford foundation among others (Mosley, 1987).

Donor funding has played a pivotal role in Ethiopia's socio-economic development, supporting various sectors such as health, education, agriculture, and infrastructure. Effective utilization of these funds is crucial to achieving sustainable development goals and ensuring that donor resources translate into tangible benefits for the population. However, challenges related to fund management, transparency, and accountability often hinder optimal utilization of donor funds in Ethiopia. Understanding the factors influencing fund utilization is essential for policymakers and stakeholders to enhance the efficiency and impact of donor contributions. Previous studies have highlighted issues such as administrative capacity, governance, and monitoring mechanisms as key determinants affecting the effective use of donor funds in developing countries, including Ethiopia (Kassie et al., 2020).

Donor funding has significantly contributed to Ethiopia's development agenda over the past

decades, supporting sectors such as health, education, agriculture, and infrastructure development (World Bank, 2025). These external resources are vital for bridging financing gaps, implementing large-scale projects, and fostering economic growth. However, the mere inflow of donor funds does not guarantee developmental outcomes; the effectiveness of fund utilization is equally important. Efficient management and proper utilization of donor funds are essential to maximize their impact, ensure transparency, and foster accountability among implementing agencies (Kassie et al., 2020).

Despite the substantial inflow of donor resources, Ethiopia has faced challenges related to fund absorption, misallocation, and delays in disbursement, which undermine the potential benefits of aid (OECD, 2019). Several factors influence the utilization of donor funds, including institutional capacity, governance structures, monitoring and evaluation mechanisms, and political stability (Abdissa & Teshome, 2021). Understanding these determinants is critical for enhancing aid effectiveness and ensuring that donor investments contribute meaningfully to Ethiopia's development objectives.

Previous research emphasizes that strong institutional frameworks and effective oversight significantly improve the utilization of donor funds in developing countries (OECD, 2019; Kassie et al., 2020). In Ethiopia, efforts to improve fund management have been ongoing, but persistent challenges remain. Thus, analyzing the determinants of donor fund utilization provides valuable insights for policymakers, development partners, and stakeholders committed to fostering sustainable development through efficient aid management.

ACDC Support EPHI to build a Center of Excellence for public health emergencies, Enhance digital systems and data analysis through the NDMC, Build better lab and surveillance systems for AMR tracking, Train professionals in data analysis and evidence-based decision-making, Promote collaboration across human, animal, and environmental health, Develop leadership, labs, and public health functions under APHIC, Provide technical support during emergencies (e.g., cholera outbreaks)

## **1.2 Statement of the Problem**

Donors usually have the objectives of providing direct financial support to the government budget for various sectors through improving the livelihoods of residents. Unfortunately, the majority of these donors are financed through project-based short-term financing including general finances policies that will ensure that such projects are fully implemented after donors have withdrawn (Moses 2012). The African country faces a number of other economic and social challenges, including poverty, the HIV/AIDS pandemic inadequate economic growth, high levels of unemployment, inadequate capacity, and low levels of industrialization, the vulnerability of the economy to the unpredictability in international financial markets (Rena,2013), Poverty has been universally identified as key challenge to improving the living standards of people. Due to rise of poverty levels over time, many organizations are pumping resources into poverty-alleviation oriented projects (Mulwa, 2007). Not only are donor-funded projects funded by the project but also the way the project continues after the donors have been funded been withdrawn is dangerous to the project successful implementation (Young and Hampshire, 2000). Failure of a programme results from poor planning and weakness in implementation process. Conditions like poor project management discipline, bureaucratized decision-making and inadequate resources may cause failure in programme (Moses, 2012). Also, how much impact and impact on foreign aid and financial impact in developing countries shows that surveys apply to the utilization of selected projects (white, 1992).

Ethiopia has received substantial donor assistance over the years to support its development initiatives, particularly in sectors such as health, education, and infrastructure (World Bank, 2025). Despite the significant inflow of aid, the country continues to face challenges related to the efficient utilization of these funds, which hampers the achievement of intended development outcomes. Issues such as misallocation, delays in disbursement, weak institutional capacity, and inadequate monitoring and evaluation mechanisms have been identified as major barriers to effective aid utilization (Kassie et al., 2020; OECD, 2019).

Furthermore, the mismanagement of donor funds not only results in suboptimal project implementation but also affects donor confidence and future aid inflows. While Ethiopia has made efforts to improve aid management systems, inconsistencies in fund utilization persist, raising concerns about transparency and accountability. Therefore, understanding the determinants that influence how donor funds are utilized is crucial for developing strategies to

enhance aid effectiveness and ensure that donor investments translate into sustainable development benefits.

The STP III of EPHI total estimated cost requirements for the execution of the planned activities to be implemented over the five-year strategic plan period from 2015/16-2019/20 was USD 9,283,700,000, and from this total cost USD, 5,617,754,000 was mapped budget. Even though EPHI managed to mobilize 1,799,976,599.00 USD from total mobilized resource efficiently utilized budget was 1,472,124,471.93 \$USD (82%). the institute mapped and mobilized financial resources in each year from the 2015/16-2019/20 strategic plan implementation period. The main challenge was the donor dependence budgeting system that leads to poor resource allocation for some national priority research agendas, public health emergency preparedness, and other institutional infrastructure investment.

When we reviewed the proportion of the mobilized financial resources from the government treasury was 31% and from donors or partners it was 69% of the total managed and mobilized financial resources. Due to partners, support attributes more likely to finance programs and projects in key areas, but the Government treasure is used for salary and office input rather than to run programs and projects.

The effective utilization of donor funds is critical for translating aid into tangible benefits, including improved health, education, and infrastructure services. However, the gap between aid allocation and actual utilization remains significant, often resulting in underperformance of development projects and wasted resources (Abdissa & Teshome, 2021). Factors such as limited capacity of implementing agencies, inadequate financial management systems, lack of transparency, and weak oversight mechanisms further exacerbate these issues (Tesfaye & Mulatu, 2020).

Moreover, ineffective aid utilization undermines donor confidence and can jeopardize future funding, thereby creating a cycle of dependency and inefficiency. Despite various policy reforms and initiatives aimed at enhancing aid effectiveness, challenges persist, indicating a need for a comprehensive understanding of the determinants influencing donor fund utilization in Ethiopia. Addressing these issues is essential for optimizing aid impact, ensuring accountability, and advancing Ethiopia's development agenda.

Midterm evaluation conducted by donors in collaboration with MOH (2024) and the showed that the overall summary rating on the financial management arrangement of the ACDC IPF project

is retained total FM risk rating for the project also remains to be “Substantial” and the mission recommends that attention should be given to identify the bottleneck and their respective action plan and also another assessment have undertaken on procurement risk assessment of the key implementing agencies of the program by the world bank, according to the assessment of procurement risk of ACDC IPF is “High” and then the bank recommends, the risks that can be addressed and make a respective remedy action according to the agreed action plan.

According to Kagendo (2010), found and stated that there have been important procurement-related challenges that lead to poor project implementation, and this is a global phenomenon. Despite the much funding from donors, there was a lack of effectiveness in implementing projects thus lack of objectives achievement. 80% of procurement practices and government bureaucracy are the main reasons for success. Others are not financially responsible; Setup spend time; Lack of human resources, lack of accountability, The procurement process and the bureaucratic process differ among users and the social cultural barriers Mwende (2015) and the studies conducted by Abebe (2017), in many developing countries, many procurement practices are still neglected, lack of proper guidance, co-ordination, bureaucracy, low competition and transparency, lack of accessibility, different levels of corruption and professional and professional monitoring of careers in developing countries, They are competent, timely and cost effective.

In Ethiopia, research conducted by Belay (2008) the fund management and its utilization in Ethiopia in case Tigray HAPCO identified that having lower capacity (human, financial, material and technology) leads an organization to perform its operation is not in the best method and utilize its resources not efficiently. by Dereje (2025) on factors affecting Fund management in the case of Water Sanitation and Hygiene National Program identify that Budget process, Fund utilization and accounting & reporting are positive and significant effect on fund management, whereas fund disbursement has a negative and significant effect on fund management. Furthermore, a study conducted by Daniel (2015) found that fund utilization is determined by financial, managerial factors and technical factors are not significant.

According to the literature review different scholars has conducted numerous international and national studies in different area, method and level of study and **empirical literature review indicates that the knowledge gaps identified relates** low fund utilization, sustainability and effectiveness program after withdrawal of donor and delays in implementation by external

factors as well as low government commitment and ownership have an impact of successful factors on donor financed program. Moreover, as to the researcher knowledge, no study has been undertaken regarding the determinants of donor fund utilization in ACDC IPF in Ethiopia. Therefore, considering of all said the above, the study seeks to bridge the gap by identify the determinants of donor fund utilization in ACDC IPF in Ethiopia.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of the study is to identify determinant factors of donor fund utilization effectiveness in case of Ethiopia Public Health Institute Africa CDC IPF Project.

#### **1.3.2 Specific Objectives**

- To analyse the effect of financial management factors on the ACDC IPF,
- To identify the effects of technical and managerial factors on the fund utilization of the ACDC IPF Project and
- To identify the donor attributing and procurement process factors on the effect of fund utilization of the project

### **1.4 Significance of the Study**

This research is expected to make valuable contributions to both practice and academia. Its findings will be significant for the government, particularly the Program Management Office (PMO) and the EPHI, as well as other stakeholders involved in managing donor funds. The insights derived from this study can inform decision-making processes, enabling more effective and efficient management of program funds, ultimately leading to improved achievement of development objectives.

Additionally, the study aims to identify key factors and challenges impacting fund utilization, providing evidence-based recommendations for enhancing program effectiveness. These findings could support policymakers and program managers in implementing better strategies for timely and economical project execution.

From an academic perspective, the research will contribute to the existing body of knowledge on aid utilization and program management in Ethiopia. It may also serve as a foundation for future research by highlighting areas requiring further exploration and by identifying best practices that could be scaled up or adapted in similar contexts both within and outside Ethiopia.

In summary, this study has the potential to improve program performance, promote transparency, and support sustainable development through better management of donor funds.

### **1.5 The Scope of the Study**

The scope of this study is limited to identifying the determinants of donor fund utilization effectiveness in Africa Center for Disease Control IPF in Ethiopia. It will also focus only on the main implementer of the program particularly the Ethiopian Public Health Institute (EPHI), the Ministry of Health (MoH), the Ormoia, Gambella, Somlia and Afar Regional Health Bureau, Addis Ababa City Administration Health Bureau, and the donor partner ACDC IPF. The project implementation period as per project appraisal documents is in the relations of the data collection covers for 5 years starting from EFY 2013 to EFY 2017.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter reviews the theoretical and empirical literature on the determinants of donor fund utilization in Africa Center Disease Control IPF in Ethiopia. The review of the literature establishes the framework for the current study and provides the deficiencies of the previous studies, which in turn, help in clearly identifying the gap in the literature and formulating research questions for the study.

The review has three sections. Section one presents a theoretical review of donor fund utilization. This is followed by a review of the relevant empirical studies on determinants of donor fund utilization in Africa Center Disease Control IPF. Finally, conceptual frameworks are presented in this chapter.

#### **2.1 Theoretical Literature Review**

##### **Brief overview of Program Development Objective**

The objective of ACDC Support EPHI to build a Center of Excellence for public health emergencies, Enhance digital systems and data analysis through the NDMC, Build better lab and surveillance systems for AMR tracking, Train professionals in data analysis and evidence-based decision-making, Promote collaboration across human, animal, and environmental health, Develop leadership, labs, and public health functions under APHIC, Provide technical support during emergencies (e.g., cholera outbreaks).

##### **Evolution of Donor Fund in Africa**

###### **a) Rise and fall of Project and Program Aid**

Most of western countries-initiated aid programs in Africa, in the 1960s in the wake of independence from former colonial states. Over the past few years, donors have encouraged the governments of African states to adopt policies that promote the development of African states and encourage industry development. In the 1970s, poverty reduction came to a head in the development of rural areas, the focus of aid shifted increasingly to poverty reduction with a priority on projects to develop rural areas. In the 1980s, with the economic catastrophe in Africa and debt defaults associated with it, donors were forced to reconsider the effectiveness of project aid modality. In the 1990s, the limitation on the range 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 socioeconomic welfare of vulnerable households were again emphasized as the overarching objective of development (Adedeji, 2001).

In the 1980s when the collapse of the African financial crisis and the debt-related issues collided, donors were forced to re-evaluate the effectiveness of project service delivery. Our speech focuses on the importance of economic growth as the role and the stability of the economic policies and the structural reforms. At this time, donors need tools that will require rapid exchange, a policy shift, and a tool to build the government capacity in Africa. The project aid could not meet donor's needs. In this situation, for several donors, financial program aid came to occupy a growing proportion of the foreign aid budget. Foreign aid was used in large part as balance of payments support for governments committed to economic-reform programs based on a neoclassical economic dream of free markets, private investment-led growth, and minimal government involvement in the economy (Lancaster, 2000). In addition to an inability to agree with the crisis situation, project aid has been criticized in terms of ownership, fragmentation, and weak impact on the sector level (World Bank, 2000).

### **Reaction to a Growing Dissatisfaction**

By the early 1990s, restrictions on the growth of most of Africa's developmental stages were banned, and donors turned to other sources that were responsible for farm growth. Building Capacity of African Governance and Their governments to manage the Economy (Lancaster, 1999). Poverty mitigation and improvements in the socio-economic welfare of exposed households were again emphasized as the overarching objective of development. Poverty and improvements to poverty reduction and improvements to social and economic well-being of affected households are the main objective of development. Progressive poverty deficits are based on customary measures rather than agricultural inputs (Thorbeck, 2000). Moreover, as the increasing intensity of the project and program approaches has been achieved, global approaches and budget support, such as African style strategies,

### **Present Situation of Aid Modalities in Africa**

As a result, various aid schemes, such as African donors (CIDA, 2000), provide assistance in Africa. In private projects, donations are outside the government program. The donor's funds will only be registered in a project account for a representative of the entity. In terms of Sector

wide approach, there are fundamentally three types of modalities, i.e. project type aid, earmarked funds, and sector budgetary support (pooled funds). Projects such as donor support, donor support the framework of the government, but control as a project. For example, donor-funded activities rely on donor management systems, reporting, contracting, etc. The reserved funds, donor funding supports the government's sector policy framework. Dedicated accounts are used for financing, but with conditionality or performance agreements linked to their release. In the sector, budget supporters combine money with other funds. Although some conditions are asked to be deposited for the donors, this variable depends on timetables, such as evaluation, reporting, monitoring and evaluation, and joint evaluation.

**Donor Fund:-** Donor Funding Organizations frequently require resources in order to pursue their objectives. Organizations are resource-insufficient and rely on external stakeholders who control resources and make certain demands. The heavier the dependence of the organization on these resources, the more influential the demands of the donors are. Donor funding is expected to be an increased direct source of funding, which is factored either in investing or financing activities. (Pfeiffer, 1982)

**Utilization of Donor funding:** - Using donors' money properly, it is essential for an organization or institution to develop an integrated financial management system that manages the money. Good accounting and reporting accuracy, as well as good financial management and good accounting systems are more relevant to projects that improve quality of decision-making and for projects that are financially supportive for donors, a financial management system, a grant fund, or a routine and reliable information system that is collected from traditional operations, to anticipate problems with project implementation and to monitor compliance with the project implementation and the purposes of the project. a sound management system is well backed up by a sound accounting system that provides reliable records and reports of financial transactions of the project. In the recent past the business environment, both for profit making and non-profit making organizations has been punctuated with extreme levels of turbulence. poor decision making by managers, ineffective utilizations of funds as well as new project and business activities. It provides sufficient financial information for managing and monitoring project activities (Dakane 2013).

The rising of the involvement of Non-governmental organizations in the development process (Dakane 2013). This phenomenon is partly a consequence of disappointment with government

performance in the delivery of basic services. As a result, international NGOs, agencies such as the UNHCR as well as bilateral and multilateral donors increasingly seek to channel development funding through local NOOs. Consequently, the NGO sector has grown rapidly in developing countries. What is unclear is whether donors, through their funding, encourage the blossoming of a local charitable sector, or whether local NOOs are nothing but sub-contractors for international development agencies. Non-governmental organizations (NGOs) operating in the entire poor are affiliated with selfish and low interests who share their members and their advertisers.

**Donor Funded Projects:** - According to Gibson (2013) argued that donor funded projects were defined as those projects sponsored by external donations normally provided by international aid or development agencies. This definition suggests that sources of funds for projects undertaken to achieve intended goals, mainly to transform the quality of the lives of people, especially within developing countries need support from Multinational Agencies, Governments and Private Sectors.

### **Objectives of Donor Fund Projects**

Most of the emerging countries do not have enough money, properties to enable them to do what their people required of them. Due to this, the governments of developing countries are therefore finding ways of getting additional resources and one of such ways is the help from donors in the form of loans and grants to support their budget. The presence of these donors in the economy over the years has served the country well in most areas. Even though the introduction of donors in the development of most countries has helped meaningfully, some countries are tumbling deeper and deeper into donor dependency and this dependency has very difficult to split. Over the years Non-government organizations have been involved in development activities across the globe, through funding from different donors, their aim is to supplement the government's effort in development activities particularly in areas where the government activities not very strong. Their operations are governed by policies and agreements that are enforceable and therefore binding once they approved and signed by the parties involved. To implement agreements, how, when and where / project time is one of the major terms that are required to be provided during the delivery of the services / services in the service and agreed upon costs. Donor funding is meant to benefit the intended beneficiaries at the end of the day, i.e., the services being delivered to them on time and at the lowest possible cost, any delay, utilization of the resources mean, the needed services are delayed also and if they are ever delivered then at a high cost. This study

benefits four key parties, the first is project implementing organization, to reexamine the project duration and cost at proposal stage, the second is the intended beneficiaries who are concerned with services being delivered at the right time when needed and at the lowest cost possible, the third is the founding donors whose interest getting reports on time and feedback on the impact of the project to beneficiaries and last is the government whose planning incorporate what the NGOs are doing (Yator 2012).

### **The Nature of Donor Funded Projects**

Emphasis has been placed on how prescriptive expenditure affects project operations. Donor funding is received as loans (repayable with or without interest) or grants (non-repayable) and comes from bilateral (between countries), financial institutions which may be; regional (such as East African Development Bank -EADB), Continental (such as the African Development Bank - AfDB, etc) and international institutions like that of World Bank. The World Bank Group for example lends through two approached International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) provides interest free loans and grants to least developed countries (LDCs) whose per capita income is less than \$1,000. IBRD offers loans to countries with a per capita income of more than \$1,000 and some LDCs which are measured credit worthy (World Bank, 2008).

Donors owe a responsibility to their funders (governments or boards) of ensuring that the funds disbursed to the recipients are used for the intended purposes. To meet this objective, disbursements are preceded by a funding agreement which stipulates how the funds will be spent among other conditions. Expenditure ceilings are thus built into these agreements to prevent misuse, align the impact and outcome of these projects to the countries 'direction of development as well as the Millennium Development Goals (MDGs). Unfortunately; it is these very safeguards which become an impediment to the establishment of a smooth implementation of a sound reporting process. Whether the projects are implemented by governments, local Non-Governmental organizations (NGOs) or the donors own local management teams, these strict expenditure ceilings within which implements have to operate in order to warrant a continued flow of funds from the donors, leave little room for the establishment of sound and effective reporting (Lancaster,1999).

### **2.1.1 Financial Management Factor**

Financial management is a process having as its primary objective the optimization of financial and economic benefits from an investment. Although viewed and managed as a process, it comprises multiple processes, including financial accounting, management and cost accounting, asset accounting, cash and money market accounting, financial reporting, internal controls and internal audit, with external audit providing a report and opinion on the reported financial status and performance. These processes include management, estimation, strategic planning, preparation, and budgeting, as well as procurement, costs, controls and relationships, including the sub-process and techniques, including the financial management of the African Development Bank (2006).

#### **Financial Management of Donor Funds**

Aid Funding the financial management of donors is initiated by the donor funded donor funded IDA and the Fund. This includes preparing the necessary legal documents and the terms of the pledging agreement. After that, the World Bank will start collecting and administering the money from donor debt and sending it to the distributors. It will then receive a payment and financial management goes beyond the responsibilities of the donor. The World Bank begins to cooperate with the donors' financial and project commitments with the transfer countries and other recipients. It is carried out by other agencies or institutions for financial support activities. The remaining balance is monitored to ensure that the financial subsidy for projects does not exceed the anticipated and expected financial transaction. Estimates are prepared to project the ability of a fund to commit grant amounts for future project payments. Cash flows and liquidity are managed in order to ensure that funds are available when required for disbursement. Disbursements to the recipient are dependent on receipt of funds from the donors. Funds for specific grants the employer shall record the fund managed by the organization. These subsidies may include financial or loan obligations, administration budgets, project monitoring, and other obligations. Treasury translates funds for the costs and salaries of recruits (World Bank, 2010).

**Project Financial Systems:** -Project financial system and financial records and financial statements to confirm the sustainability of finance, financial reliability and financial statements for the project, accountability and cash flow planning, and marketing. Raising products. Project finance analysis should be presented in conjunction with project economic analysis. Financial

prices influence the decisions of project participants; economic process records the consequences of those decisions for the national economy. Financial prices help determine the level of demand for project outputs and the level of supply of project inputs. Prices or user charges demand the scales of investment all need to be considered simultaneously and financial prices provide the incentive for investment (Okun, 2009).

**Budgeting and the Budget Process:-** Budgeting is the process of preparing, compiling and monitoring financial budgets. Budgeting is the major management tool for planning and controlling department within an organization. 'Budgeting creates a framework within which individuals, departments and whole organizations can work and budget encourage individuals and departments to look and plan ahead using a standardized agenda that can enhance effective communication of their objectives (brook son: 2000). Budgets also provide a focus for evaluation of the various aspects of an organization in a controlled fashion.

**Budgeting:-** Budgets are a core component in control systems for sound financial management. A budget is an estimation of costs, revenues and resources over a specified period reflecting a forecast of financial conditions and goals. During budget preparation, the process begins with an individual project's forecast of activities to be undertaken during the year, targets, milestones and timelines for specific deliverables by designated officers. The resultant document is the annual work plan, which expresses activities and targets for a given period all expressed in monetary terms. It also details the source of financing whether loan, grant, GOK contribution or a mixture of all the three sources. The annual work plan forms the basis of the budget estimates after a rationalization process that, among others determines which expenditure constitutes recurrent or development expenditure where the bulk of project funding lies (Robert Keng'ara 2014).

**Principles of Budget System; -** According to Wubeshet (2002) elaborates that a budget process needs to be governed by principles like participation, transparency, accountability, equity and inclusiveness, budget allocation and control is a very vast public administration area that involves different levels of government. Citizens, political parties and other governmental and non-governmental interest groups have also their own stakes in the public budget. Based on donor funding and financial management systems, the Diversity Strategy focuses on selecting part of the Public financial management sections and using a gradual and sequential approach to the selection and separation.

**Fund Flow Arrangement:** - The flow of Donor Funds is typically expected to be a straight forward process. However, this is not the case. The process is much subjective and complex in nature, thereby resulting in delays in receipt of funds by the P.I.U.s. Generally, once a feasibility study has been conducted and the project found to be viable, the next step is to find a suitable financier in the sector and once the proposal is reviewed by experts of the intended financier and found satisfactory, the requisitioning country is invited for negotiations regarding financing arrangements. Donors do place loan conditionality that must be met by the requesting government before any approvals (Robert Keng'ara 2014).

### **Flow of Donor Funds/Disbursements**

The flow of donor funds is usually expected to be a straight forward process. However, this is not the case. The process is much subjective and complex in nature, thereby resulting in delays in receipt of funds by the Program implementing unit, Generally, once a feasibility study has been conducted and the project found to be viable, the next step is to find a suitable financier in the sector and once the proposal is reviewed by experts of the intended financier and found satisfactory, the requisitioning country is invited for negotiations in regard to financing arrangements. Donors do place loan conditionality's that must be met by the requisitioning government before any approvals.: provision of counterpart funds by respective government, establishment of Program implementing unit, to run the project and opening of offshore account where funds are channeled in hard currency. When all the conditions have been met by the borrower, then the loan agreement becomes effective. Program implementing unit, can make an application for 1st disbursement/withdrawal of funds. This application is registered in the donor's system upon receipt. This application process is reviewed for compliance and eligibility for financing. This will result in either the payment being approved, payment made to the beneficiary or the application may be rejected and returned to the borrower (Robert Keng'ara, 2014).

**Disbursement of Donor Fund :-** Disbursement of funds may be defined as the release of funds from one entity, in this case the donor, to an appointed beneficiary of the borrower, that is the PIU for onward implementation of the project activities. These funds are usually in the form of loan, grant or mixture of both. The disbursement process involves a donor making a commitment to release funds after loan approval when PIU places a request for first disbursement,

replenishment or direct payment. This is subject to review by the donor and subsequent approval for release of a specified quantity of funds (Robert Keng'ara, 2014).

### **Disbursement Method**

The donor usually disburses loan proceeds to or on the order of the borrower, using four common disbursement methods. These are; direct payment, reimbursement, Reimbursement guarantee, and Special account. In Kenya, the most commonly applied methods are Direct Payment and Special Account. For direct payment the arrangement is such that, the donor makes payments, at the borrower's request directly to a third party, e.g. supplier, contractor, and consultant for eligible expenditures. This is appropriate for major civil works progress payments, purchase of goods/equipment and consultants' progress claims. Special Account/Revolving Fund's method applies where the donor advances loan proceeds into a designated account of the borrower to finance the eligible expenditures as they are incurred and for which the supporting documents will be provided at a later date. This is ideal for small and numerous expenditures of an operating nature. The borrower must ensure all the amounts deposited in the special account are fully accounted for before the disbursement deadline date. After the due date, the borrower must refund all advances still unaccounted for or remaining in this account. The GOK normally opens offshore special accounts where donor funds are channeled in hard currency. These are managed by the Ministry of Finance (MOF) through Central Bank of Kenya. However, the final allocation in the printed estimates does not tally with approved project annual work plans and budgets and moreover, total actual disbursements are often less than printed budget estimates disbursed in untimely and small trenches. The P.I.U they must have adequate knowledge in financial management processes to maximize donor financial capacity. This is because of insufficient funds for project activities due to lack of sufficient funds. (Robert Keng'ara, 2014).

### **Fund Utilization Challenges**

Yator (2012), has pointed out and stated major factors contribute the donor fund utilization as follow:

1. The funding donor delays releasing funds once the project is approved, and therefore affecting the starting of the project and the project period and Traveling stations are delayed due to the fact that transit stations are delayed in different regions of the region, so it punishes the recovery of money from donors, as it may delay the report of the donors.
2. Project activities not starting on time due to logistical problems between the donors and implementing NGOs, a number of them stated that there are delays in communication on the

approval of the funding on time by the donors; Poor infrastructure, projects, site being in, inaccessible areas most of the time and therefore leading to delays in implementation of the activities;

3. Mobilizations of resources take time, particularly staff recruitment, as in some cases, they have sourced from other countries, e.g. in the post conflict countries or disaster areas, where most of the personnel comes other countries. Also, some of the NGOs have an attendance of changing staff after very project and therefore affect the continuity of the organization activities and There is a trend in which donors are only willing to fund the activities without personnel and even the overhead cost, they give funds for a project and tell the NGOs to use their current personnel to implement the activities. This overloads the current staff and affects implementation of both new and the current projects & several projects.

Furthermore, Ofunya Francis Afande, (2013) also group the factor affecting sound donor fund utilization into three: -

1. Technical Factors: - Shortage of ICT professionals, lack of inadequate coordination, inefficient technology utilization and quality control systems, and lack of compatibility.
2. Managerial Factors: - The lack of capacity of implementing agencies, foreign aid assistance, budget support and financial finance projects, document quality and timeliness (financial reporting), and lack of supportive leadership styles and practices.
3. Factors Attributed to Donor Behavior: -No accountability to donors, lack of proper project monitoring and evaluation systems and donor funding.

### **2.1.2 Managerial Factors Affecting Donor Fund utilization**

The extent of success of donor funded projects is determined by the managerial capacity of human resources of the implementing agencies, Arndt (200) argued and mentioned that the project professionals in worked in donor funds project constrain may lack of formal training in foreign aid management, budgeting and accounting. This poor skills and exposure may result in poor planning of the donor expenditures, resulting in ineligible expenditures ,which lead to rejection of additional funding by the donors.Ochilo(1999) reports that the absence of well-informed citizen communication technologies on investment and infrastructure investments in government and private sector investments in post graduate and low-cost investment, in government and private sectors, explains the economic inequalities between East Africa and South Africa. The studies has suggested that inadequate Information technology skills training in eastern Africa and reveal that a total of 57.8 percent of professionals coming out of organizations

of higher learning rated their institutions as being “less professionally capable of dealing fully with ICT training needs” with only “28.1 percent of the specialized rating the institutions as capable”. The concern of the content and curriculum of the organization which has been noted as Inadequate to fully cater for the emerging ICT African professional in terms of robust training programs, including data processing, systems management, and advanced computer training. The situation is exacerbated by the lack of “real distribution of information” and “Extreme dose of theoretical courses not fully blended with the practical courses that fail to cover the contemporary ICT international issues” (Ochilo 1999)

### **2.1.3 Technical (Technological) Factors Affecting Donor Fund utilization**

The development of Information and communication technologies and e–Government. This modern technologies increase efficiency and effectiveness of internal administration and project activities either private or government office or closer to the citizens. Examples of such locations are cyber cafe’ telecenters or a personal computer at home or office. While the benefits of ICT in government cannot be disputed, there are several Concerns about its accomplishment as well as the strategies to be approved in the implementation of systems in various countries. This paper presents the findings of a literature review knowledge acquired from reviewing case studies from developing countries and a preliminary study grounded on Kenyan government. The paper considers the characteristic challenges that developing nation’s face, which make ICT implementation in government fail to succeed. The descriptive framework for categorizing key factors in ICT implementation in government and an action for success are proposed, Informatics is a bridging discipline that is basically interesting for the application of information and information technology, information system within organization applied in various strategies (Davies 2002). Following this information system and government information are carried out many activates supported by professionals. This therefore, comprises application of e-Government which is mainly to do with making the delivery of government services more efficient (Bannister, 2005). For the government information, Tapscott (1995) argues that information technology causes a paradigm shift introducing “the age of network intelligence reinventing businesses, Governments and individuals. IT is increasingly integrated into the cores of businesses and may satisfy the organization's desire of having a competitive edge, but that requires IT capital investments to compete for scarce resources of the organization which adds pressure on decision makers to have better justification for the investments. Clearly,

globalization has reshaped patterns of poverty, inequality and security and NGOs are facing increasing demands to solve additional and more complex problems. To respond to the new demands, NGOs need to develop and improve their competence. Capacities and strategies, although IT is being adopted in many organizations, assessment of its Appropriateness in strategy implementation has not been fully understood. Based on this, the study seeks to assess IT as a tool for strategy implementation among NGOS within health sector in Nairobi County (Kabiru, 2013).

#### **2.1.4 Factors Attributed to Donor Behavior for fund utilization**

**Accountability:** - O'Connell and Soludo (2001) assert that that accountability is a key pillar of Effectiveness. Accountability means the full transparency regarding the purpose, content. The responsibility and function of the public enterprise (Jordan & Tuijl) Concerns about accountability in the nongovernmental organizations (NGOs) have increased over the last two decades. This is because of the tightening of funds, filtering or lack of accountability and the rapid rise of NGOs in particular around the world, especially in Kenya the unclear goals of the NGOs among Participants have also contributed to this menace. Generally, NGOs belong to a grouping of organizations that are non-profit in nature and therefore not part of the business community (Jordan & Tuijl, 2012). Below are three centralized accountability concepts in the central non-governmental organization. These are transparency, legitimacy and performance are accounted for critical aspect of accountability is transparency. It is important for non-government organizations to clarify their work. This involves their activities, their financial affairs, and their donors and their other activities. Non-governmental transparency is not good for most stakeholders, governments and even users. Therefore, NGOs should work to increase transparency in their consultation.

**Legitimacy;** -It is important to ensure appropriate approvals between organizations. They must be a non-governmental organization Public interest. They should not be involved in activities that are contrary to public interests or that affect public safety. The performance is a result of the outcomes of the relevant NGOs. Performance is based on the analysis of projects undertaken by non-governmental organizations in relation to the original purposes. Non-governmental organizations must do their best to achieve their goals and achieve the objective of donor financing.

**Effects of Accountability to Donor Funding:** - All non-governmental organizations are required by the regulation to maintain a system for recording and submitting the necessary transaction documents made by them for the purpose of implementing projects and running their organization (Jordan & Tuijl, 2012). One way of doing this is by maintaining a financial Administration policy, which is a manual covering the accounting policy systems and Procedures of an organization.

**Project Evaluation Complexities:** -External aid of natural resources It is important to submit a clear assessment of external aid and external aid programs. Once the reviews have been completed, there is no strategy to implement these assessments - there is no tool to make the assessment available to the public, and the effects of a charity representative will not be affected. A freelance assessment agency can be a roadway to these issues. Additionally, donors provide key internal key resources in regular programs, but effectively utilize internal influences without damaging local accountability relationships. (World Bank, 2003).

**Fund Disbursement Bureaucracies:** - in the whole governments, resources reserved for particular use flow within officially defined institutional frameworks. Traditionally, donations to a number of government offices are made. There is, however, no information on actual government spending on the pre-regular line or the program in developing countries. (Ouma, 2012).

**Multiple Objectives and Tasks:** - Most development partners have numerous objectives. The Swedish foreign aid agency, Sida, for example, lists six goals of 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 several objectives is that they typically imply trade-offs, especially in the short run. When donors face a number of jobs, donor agencies focus on their skills or small-scale efforts. Some activities are more controlled because of the more controlled activities such as budget, purchasing, consulting inputs, (Ouma, 2012).

**Project Monitoring and Evaluation:**-Handling development projects require an operational Monitoring and evaluation system. The M & Es are the set of planning, information gathering and synthesis reflection and reporting processes along with necessary backup conditions and capacities required for the outputs of M & E system to make sure to contributions to decision making and educating. A well-organized monitoring and evaluation system, including informal

field workers, field project staff and their supervisors during lunch time, which are not connected with the monitoring and evaluation system (OLE, 2015).

### **2.1.5 Procurement procedures Related Factors & Implementation of Donor Funded**

Procurement is the acquisition of goods and services and a process that involves two parties with different objectives who interact in different market strategies. Good procurement practice increases profitability by taking benefits of quantity discounts, minimizing cash flow difficulties and seeking out quality suppliers. For these justifications, it is always standardized practice that is aimed at lowering the paper work cost procurement associated factors that directly determined the implementation progress of projects. The Procurement Supported Projects listed below are procurement plans that focus on structured project plans, contract monitoring and control, procurement procedures and government development plans (Oganyo, 2015).

**Donor Procurement Guidelines:** -Donors insist on using their own system of procurement procedures because of them do not trust the country's existing procurement laws and guidelines. As can be evident from the following statement the World Bank can only allow some few cases as much as consistent with their guidelines. The usage of the country procurement system refers to the use of the country procurement procedures and methods according to the local public procurement system in place of the borrower that have been determined to be consistent with the bank guidelines and acceptable by the Bank. They may be used by borrowers in pilot have been approved by the Bank under the Piloting Program (World Bank, 2014), The use of donor's procurement system alongside the country procurement system (CPARs) further lengthen the process and generates confusion for the bank procurement of donor funded projects related items (World Bank, 2014).

**Procurement Implementation Arrangement in PBS III:-**The procurement implemented under the program financed through pooled funding by IDA and development partners and procurement used the trust funds managed by World Bank and according to the bank procurement procedures as follows (i) Guidelines for the procurement of goods, works and non-consultancy (ii) Guidelines for the selection and employment of consultants under IBRD Loans and IDA Credits & grants by world bank borrower dated January 2011 (iii) Supported by IBRD loans and IDA credits and grants on October 15, 2006, a guide to fraud prevention and prevention. (iv) Introduce the differences in national competitiveness, and (d) the provisions of the Articles of Association. A Procurement Plan acceptable to the Bank covering at least the first

eighteen months shall be prepared prior to Credit negotiations. An invoice must be submitted annually to reflect the needs of the project and the institutional capacity of the IDA World Bank Working Group on procurement planning and loan and IDA WB work groups, various procurement methods or options, pre-qualifications, preliminary screening criteria, and timelines. (MOFEC / POM, 2014).

**National Competitive Bidding Procedures:-**The National Competitive Bidding shall implemented as per the open competitive procedures, the directive issued by Ministry of Finance and Economic Development (MOFED) dated 10 June 2010, the bidding process undertaking based on of the Ethiopian Federal Procurement and Property Administration agency Proclamation No. 649/2009 and Guidelines provided that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Guidelines for the Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers(January 2011),NCB shall be implemented the provision with exceptions.

- ✚ The Recipient's standard bidding documents for procurement of goods and works acceptable to the Bank shall be used. at the request of the Borrower, the introduction of requirements for bidders to sign an Anti-bribery pledge and/or statement of undertaking to observe Ethiopian Law against Fraud and Corruption and other forms that ought to be completed and signed by him/her may be included in the bidding documents if the arrangements governing such undertakings are acceptable to the Bank.
- ✚ When the implementing entity will be used pre-qualification, the standard pre-qualification document shall be used; margin of preference is not effected in evaluation on the basis of nationality, origin of goods and preferential programs such as but not limited to small and medium enterprises.
- ✚ Registration of the Supplier List shall not mandatory to be used to assess bidders' qualifications. Foreign bidder shall not be required to register as a condition for submitting their bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the recipient, prior to contract signing.

- ✚ For bidders shall be given a minimum of thirty days to submit their bids from the date of availability of the bidding documents; All bidding for goods and works shall be submitted one-envelope procedure, Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents.
- ✚ The evaluation outcomes and award of contract recommendation shall be made in public. All bids shall not be rejected at the procurement process and not be cancelled, a failure of bidding declared, the new bids shall not be solicited, nor shall negotiated procurement in case of a failure of bidding be resorted to without the Banks prior written concurrence. Negotiations shall not be allowed except in the case of a lowest evaluated responsive bid, which exceeds the borrowers updated cost estimate by a substantial margin.
- ✚ In accordance with para.1.16(e) from the Procurement Guidelines, each bidding document and Contract, financed out of the proceeds of the Financing shall provide that: a)the bidders, suppliers, contractors and subcontractors, agents, personnel, consultants, service providers or suppliers shall permit the association at it request., records and comments relating to the bid performance of the contract and have them audited by auditors appointed by the suggestion and b) acts intended to the materially impeded the exercise of the banks audit and examination rights constitutes an obstructive practice(MOFEC/POM, 2014).

**Procurement Planning:** -Procurement planning provides the basis for organizing the work on the project and allocating responsibilities to individuals, the Brown and Hyer (2010) has mentioned and explain that procurement planning identifying the purpose, defining the scope of activities, determining customer requirements as well as identifying key procurement activities), estimating delivery time for goods and services and cost, assigning responsibilities and other activities. Planning also encompasses the aspects of forecasting techniques to help in the process of predicting costs and cash flows and the development of coordinating mechanisms such as matrix structures, multifunctional teams and committees. In some cases, procurement project teams or task forces may be formed for specific projects (Saunders, (1997).

**Bidder selection (Bidding) Procedures** - According to Gadde and Hakansson (2001) agreed and mentioned that procurement from vendor accounts for more than half the total cost of operations in most organizations. Vendor selection is an important factor for the success of any project from both the financial and risk mitigation perspectives and vendor evaluation and

selection is the most crucial component of risk management and continuous improvement of supply processes.

**Procurement Negotiation:** definition of negotiation varies from scholars and academics do accept certain basic beliefs. This is the mutual awareness that leads to the onset of negotiations and betrays the dependence that exists between negotiating parties. As the Fisher and Ertel (1995) argued that during the dispute process, the parties argued that the parties should carefully investigate what supplies they need during the process of mediation.

**Contract Monitoring and Control:** - According to Meredith and Mantel (2012) argued and stated factors that are tangible and monitored include time, budget boundaries and scope It is useful to perceive the control process as a closed-loop system, based on the updated procurement plan the implementing entities should be made corrective action accordingly. Planning, monitoring, controlling system is continuously process until the project is completed and closed. Negotiation is as part and parcel of the project structure and project implementation, not something external to and imposed on it, or worse, in conflict with it. It is important to prioritize the key points to be monitored and monitored: Scope, Price and Time and Limits within which they should be controlled. According to Brown and Hail (2010), as part of the project process, a project team will take part in appropriate approaches to track key performance applicants during the project cycle and project review concepts, such as processes and actions, respond to project variations and when to stay the course. Brown and Hyer (2010) proposed the following six prerequisites are designed for project procurement monitoring and control (1) ability to identify metrics relevant to the projects balance set of the project performance indicators (2) the system should be in built into the project plan right from the point of projects planning stage (3) capacity to generate accurate information for timely decision making and preventive action (4) visibility to team members to enable every individual stockholder to know what is being measured and have ready access to the information (5) ability to provide a basis for difficulties recovery and solution not mere big brother is watching kind of mechanism that strikes fear into the heart of participation.

**Measurement of Effective Project Implementation:** - According to Brown and Hyer (2010) argued on successful project implementation and project success on time, cost and quality. These three factors represent key performance applicants (KPIs). If a successful implementation of the project is in the project, it will be better to initialize the project goals, cost, quality or

performance and individual success to measure the scale. The three and three bridges of the brake and the hydraulic model are based on each of the modes of advice and influence for others.

### **Challenges of Procurement process**

According to the country procurement assessment report 2010, indicates that procurement capacity is weak. Procurement implementation suffers due to lack of commitment and recognition of public procurement as a strategic function to achieve developmental objectives.

As in the case across the

civil service, support for procurement, including the incentive structure is sufficiently weak that implementing agencies fail to attract and retain proficient procurement experts and procurement units lack the necessary facilities and working documents to enable them to carry out procurement efficiently and effectively. In many developing countries, huge amounts of domestic and foreign resources have spent on public procurement. However, public procurement systems are very weak and effective governance of the public sector is at the center of strong challenges in developing country, many procurement activities still suffer from negligence, lack of proper direction, lack of availability of differing levels of corruption, lack of qualified procurement professional and lack of trained manpower in the field of the procurement to handle procurement planning and management of the procurement process and insufficiency of skills of procurement staffs (Aberu, 2017).

### **Efforts to Enhance Donor Aid Effectiveness**

Governments of developed and developed countries have a responsibility to take care of the development and multilateral development agencies, meeting in Paris on 2<sup>nd</sup> March 2005, resolved to take action and monitor able actions to reform the ways aid are delivered and managed in view of the United Nation five-year review of the Millennium Declaration and the Millennium Development Goals. While the volumes of aid and other development resources were set to increase to achieve these goals, aid effectiveness had to increase significantly to support partner country efforts to strengthen administrative organization and improve development agenda. The meeting confirmed the promises made at Rome to harmonize and align aid transfer. The donors and development partners to make aid effective make a high priority and reaffirmed commitment to accelerate progress of implementation particularly in the following areas (1) strengthening partner countries national development strategies and connected operational framework (2) increase alignment of aid with partner countries priorities systems and

procedures to capacitate themselves(3) enhancing donor and partners countries specially accountable to their citizens and parliaments 4) developing policies and strategies; (4) improving and mitigating potential donor activities as much as possible; (5) improving and mitigating partner policies and procedures.(6) Performance and measurement levels of performance accountability in partner countries; procurement procedures, fund flow and fiduciary safeguards and environment assessment in line with broadly accepted good practices ,their quick and widespread application and also some more critical factors that must play for a successful implementation of any project. They include the flexibility of the recipient of donor funds and implementing agency to decide the kind of assistance they need and the project they wish to be funded based on the priority of a particular sector and the qualification or competency of the officers managing and coordinating the project, implemented to keep track and feedback on the progress of the project and the way the materials and equipment's are acquired (Oganyo, 2015).

#### **Donor Aid Implementation: Success factors**

**Donor coordination:** When there are many independent, uncoordinated donors, the 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 and requiring them to satisfy their various encouragement groups. Thus, the need visible aid results clearly attributed to the development partners activities and even if the donor impact of the budget is thereby reduced. Proper coordination of donor goals and reduce the difficulties and increase the overall development impact of aid (Svensson, 2000).

**Alignment:** A series of principal-agent models have been used to analyse the alignment between one donor and a single recipient government (Azam and Laffont, 2000). According to Torsvik (2005), the utility functions of the donors are supposed 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 and cooperation is desirable.

## **2.2 Empirical Literature**

The empirical literature refers to evidence from observations and reports from different sources. There are a number of researches conducted in the field of donor funding by various scholars. The perspective and context as perceived by researchers is diverse, thereby eliciting debates.

According to Kiplang'at K. Yator (2012) identifies the utilization of donor funding by Non-governmental organizations within the agreement schedule and analyses the contributing major factors and the effects of the economic development for the intended recipients. According to the achievement stated objectives and the study proposed that there is 59% of the funds are not utilized or underutilized, 91% of the sampled organizations requested for a no-cost extension period to enable them to accomplish the activities and further 27% returned the fund balance to the donors. This means beneficiaries were unable to receive the services or goods as agreed for the intended purpose and if they are doing well a high cost during the no cost extension and hence affect negatively to their economic development.

The findings are in line with the arguments by Mosley and Marion (2000) that difficulties of economic governance and ineffective utilization of development assistance have ranged from Poor or no consultation with the intended beneficiaries, lack of appropriate coordination between the various government entities, failure to harmonize policies, programs and procedures harmonization and alignment ,poor project design, poor monitoring and evaluation of foreign fund projects and consequently indebtedness and poverty. The success of the donor funded project is determined by technical and managerial capacity of human resources of the implementing entities and appropriate infrastructure is mandatory. According to Arndt (2000) examines the project professionals donated by donor has constrained may lack the formal training in the areas of foreign aid Management, budgeting and accounting and other related training for project implementing key professionals. The stated major weak skills may lead to poor understanding of the donor expenditure protocols resulting of this will ineligible expenditures, which lead to rejection for further funding by the donor.

The findings are also in line with the arguments by O'Connell and Soludo (2001) that identifies accountability is a crucial pillar for project improvement and effectiveness. In addition to this Martens et al. (2001) observed that important to understand the need to have an explicit review system to increase external aid disaggregated natural resource exchange interventions. And also Arndt (2000) argued and examined that officials and experts in donor funding projects cannot have formal training in foreign aid, budget allocations, accounting. This project staffs skills may

help explain that the project costs are low for the donor's fund and increase expenditures. This difficulty leads to rejection for further funding by the donor and may affect the quality and timeliness of the liquidation documents complicates the donor fund release and implications on levels of donor aid effectiveness.

According to Era et al (2011) indicated that Project implementation covers a wide-range of aspects, from timely budget execution and efficient procurement to sound internal budgetary monitoring and control that supports financial and program management. The problems in implementation can be a reflection of inadequacies in the previous stages related to poor project selection and budgetary integration country experiences suggest that the absence of clear organizational arrangements, regular reporting and monitoring frameworks and weak procurement practices, the outcome is chronic under-execution of investment budgets, rent seeking, and corruption.

According to the 2005 Paris Declaration, as part of a global effort to make expansion aid more effective, partner countries devoted to strengthening their national systems, while donors dedicated to using these systems to the maximum degree possible. The third High Level Forum on Aid Efficiency that held in Accra, Ghana in 2008, based on the meeting both partner countries and donors has agreed to accelerate and deepen their commitments and some progress had been achieved in strengthening country systems, less progress had been made toward advancing the use of country public financial management systems by donors. Accordingly, only 45% of external financing being channeled through the country Public financial management systems in the countries surveyed in 2008. In 2011 Survey showed that marginal increase to 48% of disbursements using country PFM systems. The results of the survey indicate that the correlation between the quality of the PFM system and the relationship between the fertility of the country and the relationship between the donors is high. The purpose of this document is to identify government financial management systems. Such as donors and multi-agency development agencies and ii. The framework for guiding the use of country financial management systems in a manner that strengthens countries sustainable development (Section II). For the purposes of the document using country systems is seen as a continuum of practices and with the ideal being the delivery of aid using all of the components of the core budget process aid modality.

According to Funny Francis Afande (2013) a study conducted on Factors affecting use of donor aid by international non-governmental organizations in Kenya the case of USAID. The findings of the study support that are various factors that affect the effectiveness of donor funded projects. These factors are inadequate funding, wrong timing in funds disbursement, inadequate human resource capacity of knowledge, skills, lack of accountability, insecurity, disagreements among beneficiaries and social-cultural difficulties.

According to Donor (2011) observes that the governments disbursement a lot of money in the form of interest due to delayed payments to contractors and should be committed in managing projects to ensure that there is adequate flow of funds in order to avoid delays in project commencement especially counterpart funds provision. This increases project costs and disrupts budget implementation as these were never factored in budgets and in effect are ineligible expenditures that donors would reject. The donors have placed rigorous reporting requirements for program implementing unit in certain specific formats at different timelines for monitoring and evaluation purposes as pointed out by Monaheng (2007).

According to the MOFEC AID MEMOIRE (2014) designates there are some cross-cutting challenges which need to be addressed. For example, (i) Ethiopia faces a huge and growing demand for basic services which leads to financing challenges and shortage of budgetary resources at lower levels; (ii) inadequate revenue generation capacity at lower levels and the shortage of operational budget at facility level is a significant constraint; (iii) quality of services remains an important agenda and (iv) shortage of skilled staff at lower levels and high staff turnover at all levels continue to be a formidable challenge.

A study conducted by Yusuf (2015) the Budgeting and Budget Monitoring practice in NGO operating in Ethiopia and the findings show, the overall budgeting system in the sample organizations missed the participation of concerned staffs. Involvement of staffs in budget development helps to achieve the purposes of the budget such as coordination, communication and motivation in the process of achieving the expected performance level and also recommended that the charities should participate concerned staffs in budget development, budget monitoring and implementation.

### **Summary for the gap of the study**

According to the literature review different scholars has conducted numerous international and national studies in different area, method and level of study and **empirical literature review**

**indicates that the knowledge gaps identified relates** low fund utilization, sustainability and effectiveness program after withdrawal of donor and delays in implementation by external factors as well as low government commitment and ownership have an impact of successful factors on donor financed program. Moreover, as to the researcher knowledge, no study has been undertaken regarding the determinants of donor fund utilization in ACDC IPF in Ethiopia. Therefore, considering of all said the above, the study seeks to bridge the gap by identify the determinants of donor fund utilization in ACDC IPF in Ethiopia.

### **2.3 Conceptual framework of the Research**

According to Magenta and Mugenda (2003), the conceptual framework helps reader to quickly see proposed relationships between variables in the study and show the same graphically or diagrammatically. In this study, the independent variables are Financial Management factor, Managerial factors, Technical factors, factors of Donor behavior attributes and Procurement Procedures that are determining factors of the dependent variable donor fund utilization.

**Dependent variable.** Donor fund utilization is considered as the dependent variable. It is influenced by the following major factors, such as: -

(i)**Financial Management factors:** -this factor contains of accounting systems, accounting practices, Budgets and Donor regulations. Financial management is a process of having as its primary objective the optimization of financial and economic benefits from an investment. Although viewed and managed as a process, it comprises numerous processes, including financial accounting, management and cost accounting, asset accounting, cash and money market accounting, financial reporting, internal controls and internal audit, with external audit providing a report and opinion on the reported financial status and performance. These processes includes financial management should incorporate sub-processes and procedures including management, forecasting, strategic planning, planning, budgeting, organizing, payments, control and communications (African Development Bank Group, 2006).

**Fund Flow Arrangement:** -The flow of donor funds is usually predictable to be a straight forward process. The process is much subjective and complex in nature, thereby resulting in delays in receipt of funds by the Program Implementing Units. Generally, once a feasibility study has been conducted and the project found to be viable, the next step is to find a suitable financier in the sector and once the proposal is reviewed by experts of the intended financier and found satisfactory, the requisitioning country is invited for negotiations regarding financing

arrangements. Donors do place loan conditionality that must be met by the requisitioning government before any approvals. (Robert Keng'ara 2014).

(ii) **Technical (Technological) Factor** -Information is a bridging discipline that is fundamentally interested in the application of information, information technology and information systems within organizations. Informatics is used to study information system, information systems and information technology applied to numerous phenomena (Davies, 2002). Following this explanation of informatics, government informatics can be explained as the application of information, information systems and information technology within government. This therefore includes application of e-Government which is mainly to do with making the delivery of government services more effective(Bannister and Remenyi,2005).Technical factors, which contain appropriate technology, adequate infrastructure and equipment to support new technologies, skilled personnel in Information technology, adequate coordination at different levels in making effective use of the technology, quality data systems, lack of compatibility and policies is required for effective use of donor funds.

(iii) **Managerial factors:** - the achievement of the project funded by donors is measured by the human capacity of management of the executive bodies. Arndt (2000) argued and states that the officials and professionals in the donor funded projects may lack the formal training in foreign aid management, budgeting and accounting and other related training. Protocol handouts may limit the amount of money spent on the donor costs so that they can save costs that impede these significant weaknesses, skills and may affect the quality and timeliness of the updated documentation. Managerial factors, which comprises of managerial capacity of the human resources of the implementing agencies, formal training in foreign aid management, budgeting and accounting of donor funds projects officers.

(iv) **Factors Attributed to Donor Behaviour:** This factor includes absence of accountability by donors, lack of adequate project monitoring and evaluation systems as timetable according to the timetable, absence of reliable and timely disbursement of donor funds as agreed schedule. **Accountability** is a key pillar for project efficiency. full transparency regarding the purpose, content, responsibility and performance of the development agency (O'Connell and Soludo, 2001).

**Project evaluation complexities:** the fragmentation of natural feedback loop in foreign aid and inserting an explicit evaluation function in foreign aid program is necessary to eliminate

performance difficulties (Martens et al.,2002). If the evaluations are well done to the extent there is no mechanism in place to act on these evaluations, no mechanism to get the evaluation results out in the public), the aid organizations behavior would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems and donors have adopted formal evaluation mechanism for key tool in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships (World Bank, 2003)

**V) Procurement Procedures factors:** the procurement procedures the following major parts such as procurement planning, vendor selection, negotiation and contract monitoring and evaluation project procurement contract.

**Procurement Planning:** - procurement planning provides the basis for organizing and undertaking the work on the project and assigning the responsibilities for each key professional staffs , Brown and Hyer (2010) describe that procurement planning involves identifying the purpose of the activities to carried out, defining the scope of activities, determining customer requirements, as well as identifying key procurement activities or tasks, estimating time for goods and services to be delivered and cost of procured activities assigning responsibilities for those participated.

**Vendor Selection (Bidding) Process:** - According to Gadde and Hakansson (2001) mentioned that purchasing from vendors accounts for more than half of the total cost of operations in most organizations. The supplier's selection is the most important factor for the achievement of any project from both the financial and risk mitigation perspectives, vendor evaluation and selection are critical component of risk management and continuous improvement of supply processes.

**Procurement Negotiation:** -the definitions of negotiation may differ from theorists do accept certain basic tenets. Parties who negotiate agree in at least one fundamental respect, they share a belief that their respective purposes will be better served by entering into negotiation with the other party. The common interest in a shared agreement is the starting point for the common interest and mutual dependence that can exist between participants. Fisher and Ertel (1995) argue and stated that during negotiating process concerned parties should reason out carefully about the kind of commitments they prepared and managed the negotiation and carried out according to the agreed contract through the project implementation.

**Contract Monitoring and Control:** - According to Meredith and Mantel (2012) agreed that the most important things to be planned, observed, controlled are time schedule, budget and scope of performance of activities. It is useful to perceive the control process as a closed-loop system, with revised plans and schedules. The project planning, monitoring and controlling cycle is continually in process until the project is completed and closed. Since this process is a part of the project, it is important to first determine the key points that are required and controlled. Limits, ranges, values, and boundaries. According to Brown and Hyer (2010) analyzing from the right details to the original Dashboard templates to distinguish from the original plan. A project team part of the project will follow key milestones during the project and take appropriate project monitoring as a process, implement project details and take project monitoring. Project control thus portends a project change management process for deciding when changes are appropriate and when to stay the course. The other study conducted in Kenya four key procurement functions such as procurement planning, vendor selection, contract monitoring and control of procurement implementation.

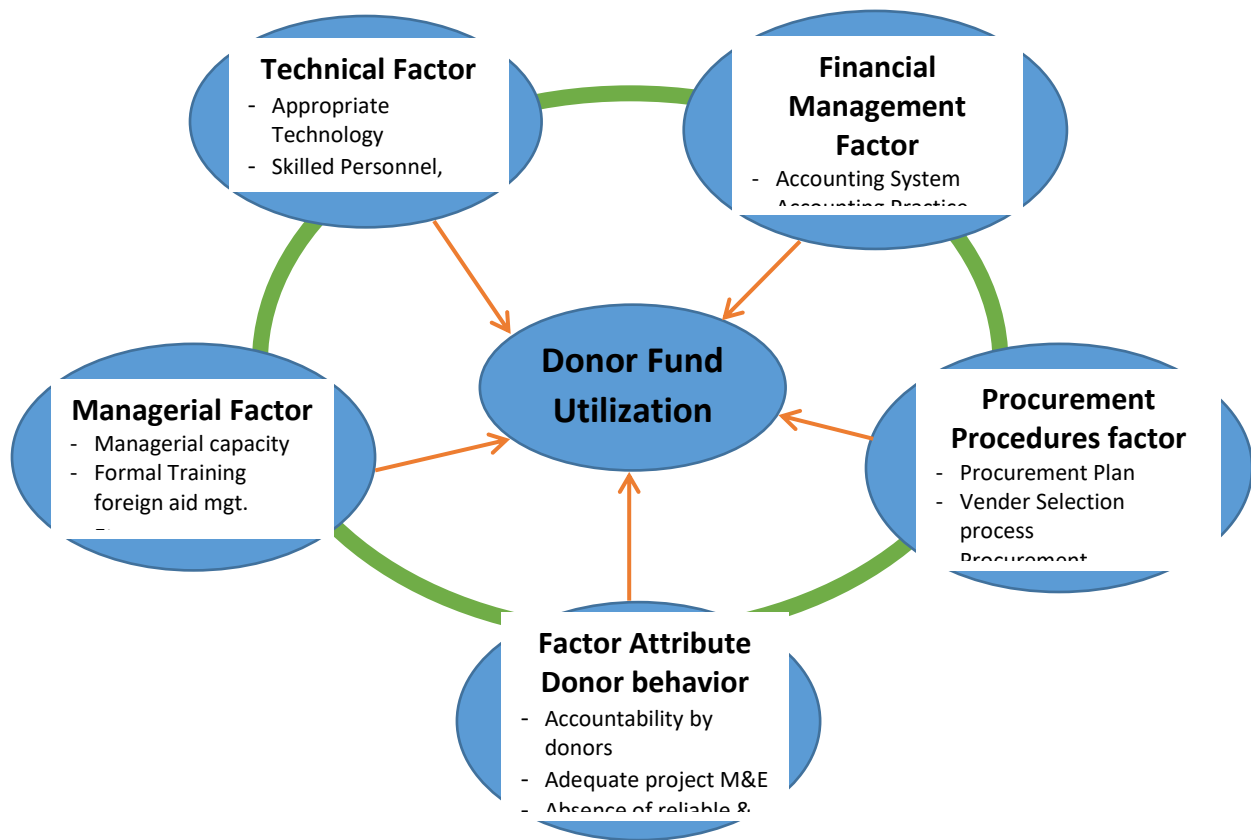


Figure 3.1: Conceptual Framework

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This section presents the methodology employed in the study, including research design, study population, sampling techniques, methods of data collection, and data analysis procedures. The objective is to outline the systematic plan and approaches followed to obtain and analyze relevant data to achieve the objectives of the study.

#### **3.1 Research Design**

To fully comprehend the research challenge, the investigator utilized a quantitative type of research and exploratory research approach. By gathering numerical data, quantitative research enables the methodical examination of correlations and trends across variables (Creswell, 2009). Standardized questionnaires were created for this study in accordance with the particular goals of the investigation and after a thorough evaluation of pertinent literature. McKerchar (2010) highlights that when instruments are correctly created and tested; quantitative procedures improve the objectivity and dependability of findings.

To guarantee their validity and clarity, the questionnaires were thus pre-tested and examined by experts in the field of research. The questionnaires were given out by the researcher in person during the primary data collection phase. The study was able to produce empirical data and significant insights into the research problem by employing this quantitative exploratory design.

##### **3.1.1 Method of Sampling Design and Technique**

The study employed a purposive sampling technique, which is a non-probability sampling method. In this approach, the researcher deliberately selects respondents based on their knowledge, expertise, and direct involvement in the project. Respondents will include professionals working in areas such as financial management, program coordination, planning, procurement, and M&E staff. This method is suitable as it ensures that the selected sample consists of individuals with relevant experience and insight into the research problem.

##### **3.1.2 Study Population**

The target population for this study consists of 160 staff members drawn from both government institutions and donor partners at federal and regional levels. Specifically, the study will focus on staff from the Ethiopian Public Health Institute (EPHI), the Ministry of Health (MoH), the

Ormoia, Gambella, Somlia and Afar Regional Health Bureau, Addis Ababa City Administration Health Bureau, and the donor partner Africa CDC IPF project. The target population composition of this is 25 staff working in financial management of the program, 10 staff in Program Coordinator, 20 staff Planning Experts, 20 staff in Finance Experts, 20 staff in Procurement Coordinators or Specialist, 15 staff in monitoring and evaluation of the program and 5 development partner and Donor. Therefore, the target population of the study was determined as follows:

The sample size was calculated using Yamane's Formula (Yamane, 1973) 95% confidence level. Based on the total population and a margin of error of 5 percent, 115 participants were sampled for this study.

$$n = \frac{N}{1+N\epsilon^2} \approx 115 \quad \text{Where } N=160, \epsilon = 0.0495$$

A proportional allocation was applied to get the representative portion of sample from the respective department and source population. Accordingly, the proportional sample size for the respective population component was determined using:

$n_i = \frac{N_i}{N} * n$ , Where,  $n_i$  is the Sample size of the  $i^{th}$  department/region  $N_i$  = total population of participants from the of  $i^{th}$  department/region,  $N$  is the Total Population of all three banks and  $n$  is the total estimated sample size. Accordingly, the estimated sample size was described in the table below using a stratified proportional allocation method.

Table 3.1 Study Population

S.no	Implementer	Target population	Sample size
1	EPHI	40	29
2	Oromia Health Bureau	25	18
3	Addis Ababa Health Bureau	15	11
4	Gambella Region Health Bureau	15	11
5	Somali Regional Health Bureau	15	11
6	Afar Region Public Health Institute	15	11
7	Ministry of Health	25	18
8	DPS	10	7
<b>Total</b>		<b>N = 160</b>	<b>n = 115</b>

Source: (Survey 2025)

## **3.2 Sources and Methods of Data Collection**

Both primary and secondary data was used. Collecting multiple types of data will help provide comprehensive and reliable findings. Primary data collected using structured questionnaires based on a five-point Likert scale. Secondary data gathered from program appraisal documents, financing agreements, and procurement guidelines, independent procurement review reports, country procurement assessments (World Bank), aide-memoire reports, books, internet sources, and other related documents like audit report.

### **3.2.1 Questionnaires**

This study used both primary and secondary source of data and five point Likert scale questionnaire used to gather the primary data which is developed from collection of different programs assessment checklist and discussing with donor Financial management specialist and consultant as well as Africa CDC IPF Financial management team at EPHI level and distributed to 115 staff working in EPHI at Federal level and the respective institutions at Regional State Health Bureau, Addis Ababa city administration health bureau and from donor partner Africa CDC and World bank specifically working on Africa CDC IPF

### **3.2.2 Document Review**

Secondary data collected through the review of relevant documents, including: Program Appraisal Documents (PAD), Financing Agreements, Procurement Guidelines, Independent Procurement Review Audit Reports, Country Procurement Assessment Reports (World Bank), Aide-memoire of the programmed-term reviews conducted by development partners and government, Books and other literature related to the study.

## **3.3 Methods of Data Analysis**

The data was analyzed by using Microsoft Excel and STATA software for descriptive analysis techniques including frequency, Mean and standard deviations. The data presented using statistical tools like tables and graphs. The primary data gathered using five-point Likert-scale questionnaires in each variable and analyzed using quantitative technique such as descriptive statistics (frequency, mean and standard deviation). The STATA 14.0 version software used to analyse the quantitative data, and the secondary data also used for more elaboration and interpretation with the primary data.

### 3.4 Reliability and Validity Test Results

To determine reliability and validity of the data collection instrument the Cronbach's alpha has been used. The Alpha measures internal consistency by establishing whether certain items measure the intended variable. One of the common methods to test the reliability and validity of data collected through questionnaire is the use of Cronbach's alpha coefficient. Lee Cronbach (1951) defines Reliability as an attribute of an instrument used to measure consistency. Consistency indicates that an instrument has constructive value used to measure. The Cronbach's alpha for data collected for the five explanatory variables in financial management factor, Managerial factor, Technical factors, donor attribute behavior and Procurement Procedures are 84 percent.

Table 3.2 Result of reliability of Statistics

Reliability of Statistics	
Cronbach's Alpha	No, of Items
0.8493	5

Source: Survey Results (2025)

Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above, hence, the survey result indicates 0.849 % the Cronbach's Alpha coefficients is acceptable range to measure the determinate of donor fund utilization effectiveness on Africa CDC IPF Project.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1 INTRODUCTION**

This chapter presents the main issues of the actual findings, which are based on the primary data collected using structured questioners by five- point likert scale and secondary data collected from various sources such as: Project appraisal documents, financing agreements, annual budget reports, annual and interim financial reports, and Aid Memorandum, Independent Procurement Audit (IPR), Country Procurement Assessment Report, World Bank Procurement Guidelines, Manuals and other relevant documents related to projects.

To analyze the raw data collected from the selected Program Implementers including the Ethiopian Public Health Institute (EPHI), the Ministry of Health (MoH), the Oromia, Gambella, Somali and Afar Regional Health Bureaus, Addis Ababa City Administration Health Bureau, and the donor partner Africa CDC, the researcher used STATA 14.0 version software that can provide sufficient tools for analyzing the collected data. The findings are presented in tabular summaries and graphs and their implications are discussed.

As part of the research methodology a total of 115 questionnaires were distributed to Government staffs working in financial management of the different programs such as financial specialist, Procurement Specialist, Monitoring and Evaluation Specialist, Financial management expert, Program Coordinator, Team Leader, and staffs of development and donor partners distributed questionnaires were fully responded and returned.

The analysis was conducted based on the responses of these 115 respondents with supplements of secondary data to interpret and elaborate more to show the determinants of donor fund utilization effectiveness by the explanatory variables such as Financial Management, Managerial factors, Technical factors, factors of Donor behavior attributes and Procurement Procedures factors.

## 4.2 Descriptive Statistics Results

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The main purpose of using this statistical parameter is to interpret the average response rate of respondents for each statement. According to Renjit Kumar (2011) any score can be assigned as long as the strength of the response pattern is reflected in the score and the highest score is assigned to the response with the highest intensity, therefore the study used judgment to classify the range of scores obtained of the five point Likert scale as follows:-A variable with a mean score of 3.4 to 5.00 have taken as strongly agree/agree on the five point Likert scale, a score of 3.3 to 3.4 as ‘neutral’ on the five point Likert scale and a score of 0 to 3.3 either strongly disagree or disagree on the Likert scale.

## 4.3 Demographic Characteristics

It is necessary to analyze the demographic profile of the respondents to validate the reliability of data collected. Accordingly, the respondents’ demographic characteristics presented in this research include Gender, Age, Educational level and Work Experience of the Employees. These are shown in the summary table below and discussed in the subsequent sections

**Table 4.2.1: Descriptive Statistics for Demographic Characteristics**

<i>Variable</i>	<i>Category</i>	<i>Frequency</i>	<i>%</i>
<i>Gender</i>	Male	93	80.9%
	Female	22	19.1%
<i>Age</i>	18 – 30 Years	14	12.2%
	31 – 40 Years	42	36.5%
	41 – 50 Years	50	43.5%
	51 – 60 Years	5	4.3%
	60 + Years	4	3.5%
	<i>Education Status</i>	Certificate	-
Diploma		5	4.3%
Bachelor Degree		65	56.5%
Masters		30	26.1%
Doctorate/ PhD and Above		15	13.0%
<i>Experience</i>		< = 2 Years	5

3 – 5 Years	25	21.7%
6 – 10 Years	44	38.3%
>10 Years	41	35.7%

*Source: survey data (2025)*

**Gender:** The majority of the respondents, which is 93 (80.9%) are males whereas 22 (19.1%) of the respondents are females. This result has indicated that most of the employees in the selected project implementing sectors are male and thus the finding of the study has shown gender biasness towards male. This implies that there are more males than female respondents are with high disparity meaning that there is no gender balance among the employees involved in the implementation of the projects in the institute (see Table 4.2.1)

**Age:** age of the respondents is one of the most important characteristics in understanding their views about the particular problems. Accordingly, majority 50 (43.5%) of the respondents were in a range 41 – 50 years followed by 42 (36.5%) which are within 31 – 40 years of age then 14 (12.2%) were in a range of 18 – 30 years then 5 (4.3%) with in age group of 51 – 60 years and remaining 4 (3.5%) of the respondents above 60 years. Mostly, age indicates level of maturity of individuals and hence, it becomes more important to examine the response. (see Table 4.2.1)

**Education:** The response of an individual is likely to be determine by his/her educational status and therefore it becomes necessary to know the educational background of the respondents. Only 5(4.3%) of respondents held Diploma while 65 (56.5%) were bachelor' Degree holders, and 30 (26%) have second degree or masters as well as 15 (13%) have Doctoral Degree/PhD. This indicates that 95.7 % of the respondents held first degree and above. This also means that the educational level of employees is contributing to strengthen the program fund utilization (see Table 4.2.1). Academic qualification is therefore very crucial for the success of a project. The majority of the respondents were well educated and qualified. The researcher holds that, educated people are more creative, focused and conscious on successes, which are the basic ingredients for ensuring an effective project implementation.

**Work experience:** Majority of the respondents 44 (38.3%) were having an experience of 6 – 10 years followed by those 41 (35.7%) who had > 10 years of experience and then about 25 (21.7%) had a work experience of 3 – 5 years last but not least the remaining 5 (4.3%) of the respondents had less than 2 years of work experience (see Table 4.2.1). This indicates that more than 74% of

the respondents had significantly higher than 6 years of work experience on donor financed projects and they have the adequate capacity to undertake project tasks and achieve successfully.

### Fund Utilization

An effective utilization of funds requires a well-coordinated financial management system by which an organization or institution manages its finances accordingly. The explanation for good financial administration system and good accounting system rests on the assumption that information and reports originating from there improve the quality of decision making and more relevantly to donor funded projects, an inclusive financial management system which sees an effective utilization of funds or funds from normal operations can be referred to as a system that is able to provide reliable information timely, give early warning of difficulties in projects implementation and allow project implementation, the monitoring of a project's progress towards its agreed objectives (Dakane 2017).

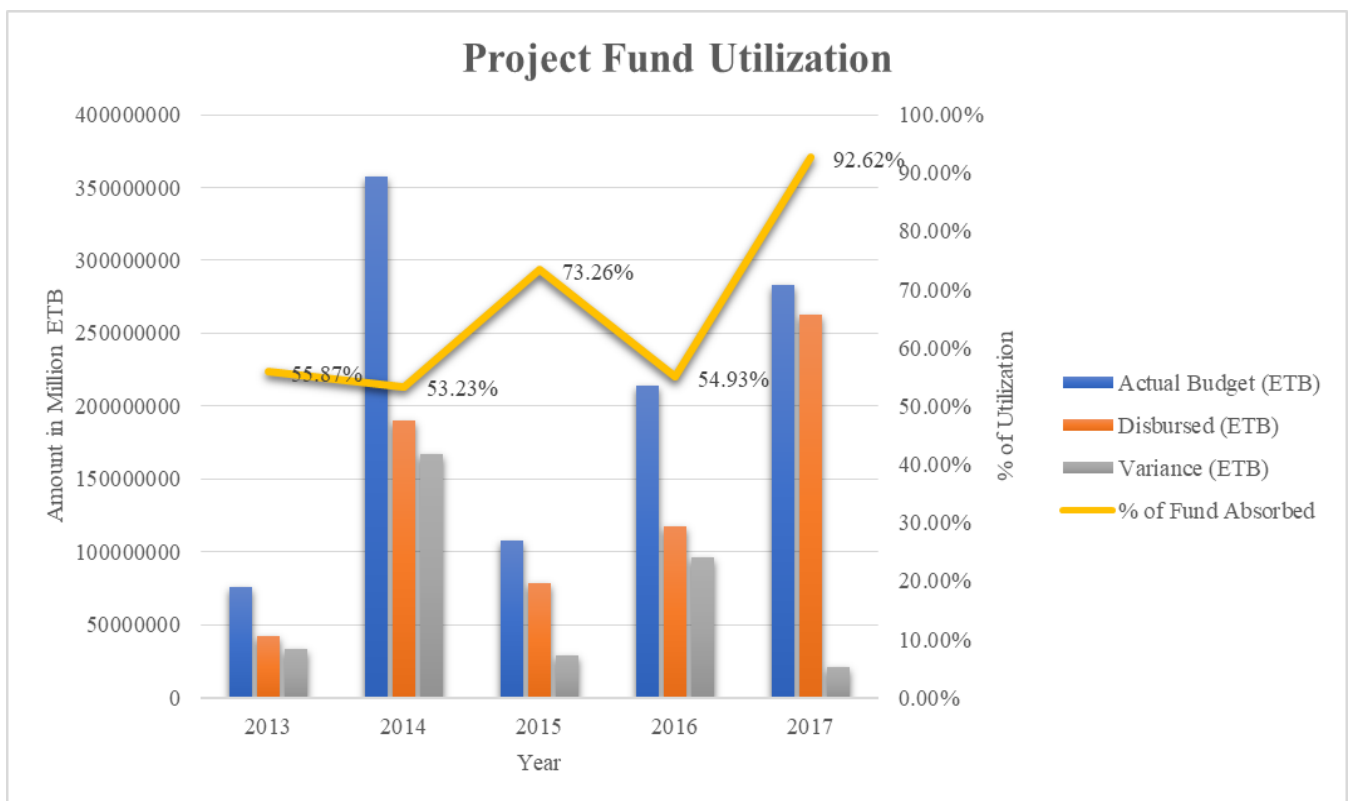


Figure 4.1: Bar-chart on Project Fund Utilization 2013 - 2017

Based on the project fund utilization the programs absorption capacity is around 51% as shown in bar chart in figure 4.1. From the total allocated budget for project during five years implementation period is ETB 1.6 billion a total of ETB 0.82 billion (51%) has been utilized. This has an effect on implementation of the program fund management (IFRs for 2021 – 2025). The utilization fund for program is very low. It is all the way through below annual planned budget target/underutilization although it has shown an improvement through time from 26 % to 63 % utilized as per table 4.2.2 As we see from the trend line at the top of the bar charts, the percentage of absorption has been dramatically increase over the years. Figure 4.1: Bar-chart on Project Fund Utilization 2021 - 2025

**Table 4.2.2: Descriptive Statistics for Fund Utilization**

<i>S.No</i>	<i>List of Variables</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	Are the donor allocated funds utilized effectively and well-coordinated financial management system by organization according to the intended purpose as the agreed financial agreement and detailed cost breakdown	0 (0.0%)	7 (6.1%)	20 (17.4%)	60 (52.2%)	28 (24.3%)
2	Formal training has been provided in the areas of project fund utilization, foreign aid management, budgeting and accounting for projects assigned officers.	5 (4.3%)	12 (10.4%)	25 (21.7%)	50 (43.5%)	23 (20.0%)
3	Are monitoring and evaluation carried out according to the schedule by donors?	0 (0.0%)	5 (4.3%)	15 (13.0%)	60 (52.2%)	35 (30.4%)
4	Are appropriate ICT facilities and infrastructure fulfilled for all project staffs to undertake the assigned tasks?	4 (3.5%)	15 (13.0%)	31 (27.0%)	48 (41.7%)	17 (14.8%)
5	Procurement planning, bidding procedures, Contract Negotiation, administration, Implementation effected according to the agreed plan, procedures and delivered as per the contract agreement and the procurement staffs are qualified with relevant experience	7 (6.1%)	24 (20.9%)	41 (35.7%)	33 (28.7%)	10 (8.7%)

Source: survey data (2025)

According to the analysis result of Table 4.4.2, majority 60 (52.2%) of the respondents agree that donor funds are utilized and managed efficiently followed by 28 (24.3%) who strongly agree that it's utilized efficiently and the remaining 20 (17.4%) were neutral and the final 7 (7.1%) disagree that the donor funds were utilized efficiently. This shows that a key aspect of institutional success is the perception of financial management and fund use procedures as being efficient and in line with donor agreements.

Majority 73 (63.5%) of the respondents agree that that the formal training has been provided in the areas followed by the 25 (21.7%) who were neutral and 17 (14.7%) who disagreed. This means, while most people have a positive opinion of training initiatives, more than one-third express uncertainty or dissatisfaction, which may indicate that personnel or sites may not all

have equal access to or coverage of training. A remarkable number of respondents 95 (82.6%) agree that there is an implementation of donor M&E activities on time followed by 15 (13.0%) who were neutral and very small portion 5 (4.3%) who disagree. This means that monitoring and evaluation processes seem timely and consistent, indicating excellent donor engagement and responsibility in project oversight.

The majority 65 (56.5%) of respondents agreed that ICT infrastructure was deemed to be adequate followed by 31 (27.0%) who said neutral and only 15 (13.0%) disagreed and 4 (3.5%) strongly disagreed. The implication is that while the majority of respondents believe that ICT facilities are satisfactory, a sizeable percentage express indifference, discontent, indicating that there are infrastructural or access to ICT resources deficiencies that need to be addressed.

According to the figures in the table, the majority 43 (37.4%) of the respondents received good comments on procurement management, followed by 41 (35.7%) neutral, whereas 31 (27%) received a combination of disagree and strongly disagree. The findings highlight us conflicting opinions and a sizable portion of respondents expressing uncertainty or skepticism; procurement systems seem to be a weaker sector. This might be a sign of uneven process adherence, problems with personnel capacity, or challenges with transparency. Which ofcourse needs an in-depth study in the future.

**Table 4.2.3: Descriptive Statistics for Financial Management Factors**

<i>S.No</i>	<i>List of Variables</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	Financial transactions of the Africa CDC IPF project are properly documented and recorded.	0 (0.0%)	5 (4.3%)	10 (8.4%)	55 (47.8%)	45 (39.1%)
2	There is an adequate supervision and follow up of audit findings in Africa CDC IP project management.	10 (8.7%)	15 (13.0%)	25 (21.7%)	40 (34.8%)	25 (21.7%)
3	Does an approval system exist for all transactions by the authorized staffs authorized in Africa CDC IPF fund utilization process?	0 (0.0%)	5 (4.3%)	10 (8.7%)	60 (52.2%)	40 (34.8%)
4	Are charts of accounts used to categorize expenditures in implementing Institutions for the project fund?	0 (0.0%)	0 (0.0%)	15 (13.0%)	45 (39.1%)	55 (47.8%)
5	The Financial duties are splited between different members of the assigned staff on the project.	0 (0.0%)	24 (20.9%)	41 (35.7%)	33 (28.7%)	10 (8.7%)
6	Do donors and Government has a system of regular system of reviewing expenditures against budgets?	0 (0.0%)	8 (7.0%)	20 (17.4%)	55 (47.8%)	32 (27.8%)
7	Government and donors are aware that they are responsible for ensuring strong internal control systems.	5 (4.3%)	5 (4.3%)	20 (17.4%)	45 (39.1%)	40 (34.8%)
8	Any irregularities in financial management are promptly reported.	0 (0.0%)	15 (13.0%)	25 (21.7%)	45 (39.1%)	30 (26.1%)
9	All assets purchased by project fund are recorded in a fixed asset register.	25 (21.7%)	35 (30.4%)	40 (34.8%)	15 (13.0%)	0 (0.0%)
10	The financial management system of donors is compliance with the government financial management system	5 (4.3%)	10 (8.7%)	20 (17.4%)	45 (39.1%)	35 (30.4%)
11	Do all implementing Institutions work as per the agreed Terms and Conditions?	5 (4.3%)	15 (13.0%)	25 (21.7%)	45 (39.1%)	25 (21.7%)

Source: survey data (2025)

Table 4.3.3 reveals that the majority 100 (86.9%) of the respondents surveyed agreed that financial transactions are adequately recorded which suggesting that financial documentation has a strong compliance and record keeping culture in the institute.

About 65 (56.5%) of the respondents agreed that there is an adequate supervision and follow-up of audit findings followed by equal percentage 21.7% who disagreed and those who were neutral or indifferent. This implies that while audit follow-up procedures are in place, they could not be applied uniformly throughout all project units.

A significantly higher 100 (87.0%) of the respondents have confirmed that they agree with the existence of an approval system for all transactions followed by 10 (8.7%) neutral and a very small 5 (4.3%) who said they disagree with the existence of the approval system for all transactions. This shows a high level of internal control over financial transaction authorization and responsibility.

Again, about 100 (87%) of the respondents agreed that the institute demonstrates an organized accounting system that is in line with sound financial management techniques followed by 15 (13.0%) who are neutral about it.

On the other hand, nearly half of the respondents' 43 (37.4%) agreed that the financial duties were divided among staffs followed by 41 (35.7%) neutral and then 24 (20.9%) who said they disagree with the statement that there is split of duties. This indicates that although there is split of financial duties, there is still possible overlap of financial roles or weak division of duties, which could pose internal control risks.

The majority 87 (75.6%) of the respondents confirmed that there is regular review practices followed by 20 (17.4%) who were neutral and only few 8 (7.0%) disagree with it suggesting there is fairly good budget monitoring, though consistency and documentation could be improved.

About 85 (74%) of the respondents recognized by their agreement that responsibility in the system, followed by 20 (17.4%) neutral and few and equal percentage of respondents, 5 (4.3%) disagree and strongly disagree with having a responsibility and accountability in place in the system. This might potentially reflect there is a good understanding of accountability, yet continuous awareness and training may further strengthen internal control culture.

The majority of the respondents 75 (65.2%) agreed that any irregularities in financial management are promptly reported, followed by 25 (21.7%) who were neutral, and a few, 15 (13.0%) has disagreed. The implication may be taken as that reporting mechanisms exist but are underutilized, possibly due to fear or unclear reporting channels.

Only small 15(13%) of the respondents agreed that all assets purchased by project fund are recorded in a fixed asset register while the majority 40 (34.8%) were neutral followed by 35 (30.4%) who disagree and few 25 (21.7%) strongly disagree suggesting a significant gap in asset management and recordkeeping, which is also one of the key areas in improving accountability. Moreover, a significant 80(69.5%) of the respondents agreed that the financial management system of donors is in compliance with the government financial management system followed by 20 (17.4%) who are neutral and 10 (8.7%) disagree and very few 5 (4.3%) strongly disagree indicating that though there is a reasonable alignment between donor and government systems, though harmonization could be strengthened

Finally. About 70 (60.8%) of the respondents agreed that all implementing institutions work as per the agreed terms and conditions followed by 25 (21.7%) neutrals and 15 (13.0%) those disagree then only 5 (4.3%) who strongly disagree suggesting that moderate compliance; regular supervision and coordination may improve adherence of the donors and partners in the system.

As can be seen indicated from the respondent's profile most of them have bachelor and master's degree and had long years of experience but not fully used Integrated Technology, lack of awareness about the recording system/lack of exposure and lack of formal training in the area of donor fund project management or foreign aid rules and regulations about the necessity of the register, Due to these factors their contribution is still low in donor funds project management areas. This finding is supported by Hendricks (2008) who argued and mentioned that donor financial management should include: keeping an accurate record of all financial transactions; linking the budget to the organization's strategic and operational plans; producing management accounts so that managers can compare the organization's progress against the budget and then make decisions about the future; producing financial statements for outside scrutiny to demonstrate how funds have been applied in the past; having internal controls or checks and balances in place to safeguard the organization's assets, and to manage risk and having an audit committee or auditor to assist in the quality and reliability of financial and other performance

information used and also as stated from the project appraisal document each project asset or any transactions are mandatory to be recorded and documented for until the audit completion and closing of the project so the program implementer should have consideration on this area.

**Table 4.2.4: Descriptive Statistics for Managerial Factors**

<i>S.No</i>	<i>List of Variables</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	Do implementing Agencies face lack of managerial capacity on human resources to carry out the activities on the project?	0 (0.0%)	6 (5.1%)	44 (37.6%)	42 (35.9%)	23 (19.7%)
2	All assigned project staffs have adequate technical, managerial knowledge and skills and are capable to accomplish the assigned tasks.	0 (0.0%)	5 (4.3%)	34 (29.1%)	52 (44.4%)	24 (20.5%)
3	Formal training has been provided in the areas of project fund utilization, foreign aid management, budgeting and accounting by donor funds for projects assigned officers	0 (0.0%)	2 (1.7%)	17 (14.5%)	68 (58.1%)	28 (23.9%)
4	Have Implementing entities managed completion of all projects and resources according to the planned activities/time schedule.	0 (0.0%)	1 (0.9%)	26 (22.2%)	65 (55.6%)	23 (19.7%)
5	For the transparency, the funds utilization status report reflects the true status of the implementation process	0 (0.0%)	7 (6.0%)	36 (30.8%)	59 (50.4%)	13 (11.1%)
6	The government and donors have developed detailed implementation plan, budget, setting out in an appropriate timeframe for the effective implementation.	3 (2.6%)	18 (15.4%)	41 (35.0%)	39 (33.3%)	14 (12.0%)
7	Are the projects managed by a qualified and experienced project manager with appropriate leadership style, culture and experience?	3 (2.6%)	8 (6.8%)	46 (39.3%)	39 (33.3%)	19 (16.2%)

Source: survey data (2025)

Based on the survey results in Table 4.2.4, the findings reveal generally positive perceptions of project implementation capacity with some notable areas for improvement. A strong majority of respondents expressed agreement or strong agreement across most variables, particularly regarding training and project management. Most notably, 82% of respondents agreed that formal training has been provided in project fund utilization and foreign aid management, and 75.3% affirmed that implementing entities have managed project completion according to planned schedules. However, concerns emerge in areas of transparency and planning, where only 61.5% agreed that funds utilization reports reflect true implementation status, and just 45.3% expressed confidence in the detailed implementation plans developed by government and donors.

The data indicates that while technical capacity and training are perceived as adequate, with 64.9% agreeing that staff possess sufficient technical and managerial knowledge, there are significant neutral responses across several key areas. Nearly two-fifths of respondents (39.3%) remained neutral about whether projects are managed by qualified project managers, and 37.6% were neutral regarding managerial capacity of implementing agencies. This suggests uncertainty or lack of information rather than outright disagreement, highlighting potential communication gaps or need for better performance documentation. The overall pattern shows that foundational capacities exist but strengthening strategic planning, transparency mechanisms, and leadership documentation could further enhance project implementation effectiveness.

However, these two statements need attention to speed up fund utilization of the project. This finding is supported by Bagoole (2011) who argued and stated that a weak monitoring and evaluation system contributes to incidences of unprofessional conducted disclosure of false information which translates to wide variation in quality hence, poor utilization of funds disbursed. This always leads to funds disbursement being suspended by donors thereby impeding implementation activities, Ouma (2012) findings exposed by that lack of or inadequate human resource capacity of Knowledge and skills; lack of accountability or overstatement of prices and use of substandard materials); insecurity; disagreements among beneficiaries; and social-cultural obstacles affects fund utilization and implementation of projects. In addition to this, Cole (2002) argued and stated that training brings a sense of safety at the workplace which reduces labor turnover and absenteeism is avoided; the leadership change training will help improve the understanding and participation of the staff in the transformation process and improve the skills, abilities needed to adapt to new circumstances. Recognize recognition,

enhanced responsibilities, additional fees and promotions, express the emotions of growth and success, enhance growth and development and improve the quality of staff and quality of staff. Dakane (2017) also argued and mentioned that to accomplish the proposed tasks according to the agreed schedules strategies are measures to enable and incentivize implementing partners to adopt more generic approaches and strengthen the links between different forms of assistance. This can include joint partnerships for human and development projects support the development of financial support applications and identify opportunities for postponement.

### **Descriptive Statistics for Technical (Technological) Factors**

According to Okun M (2009) defines technology is the technical means people use to improve their surroundings and knowledge of using tools and machines to do tasks efficiently. The use technology to control the world and our systems in which we live and make it easier to control their lives. Technology is the solution to problem solving and problem-solving technology for any Project Success Center by addressing the needs of the people through the application of skills, tools and skills. To promote sustainability the technology to be transferred must be selected on the basis of its appropriateness in terms of technical and financial criteria, plus social, gender and cultural acceptability. The quality of any asset or piece of infrastructure will have direct bearing on its economic life. The longer it lasts, the more sustainable the resulting benefits. However, the appropriate level of quality must be assessed against a number of criteria. Considerations should include: user expectations and acceptance; costs and benefits, including how investment and maintenance costs will be financed; reliability of supply or delivery systems; and local capacity to maintain the asset including access to spare parts. Stakeholder participation in the selection, testing and operation of new technology is a clear strategy for promoting its sustainable use.

**Table 4.2.5: Descriptive Statistics for Technical (Technological) Factors**

S.No	List of Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Are appropriate technologies used for the accomplishment of project activities?	0 (0.0%)	6 (5.2%)	44 (38.3%)	42 (36.5%)	23 (20.0%)
2	Project financial management system is supported by modern Technology or computerized.	0 (0.0%)	5 (4.3%)	34 (29.6%)	51 (44.3%)	25 (21.7%)
3	Can the system produce the necessary project financial reports?	0 (0.0%)	2 (1.7%)	17 (14.8%)	68 (59.1%)	28 (24.3%)
4	Does coordination at different levels make effective use of the integrated technology available?	0 (0.0%)	1 (0.9%)	27 (23.5%)	64 (55.7%)	23 (20.0%)
5	Do projects face poor data system and lack of compatibility to carry out the activities?	0 (0.0%)	7 (6.1%)	36 (31.3%)	60 (52.2%)	12 (10.4%)
6	Does appropriate coordination exist at different levels in making activities effective use of technology exist in the project?	3 (2.6%)	18 (15.7%)	41 (35.0%)	40 (33.3%)	13 (11.3%)
7	All staff have quality and timeliness of the fund management affect fund disbursement	3 (2.6%)	8 (6.8%)	46 (39.3%)	39 (33.3%)	19 (16.2%)

Source: survey data (2025)

According to the Table 4.4.5, the integration and effectiveness of technology in project implementation receive generally positive feedback, though with notable areas of uncertainty. A strong majority of respondents over 80% for several variables agree that appropriate technologies are used, the financial management system is computerized, and the system can produce necessary financial reports. This indicates a solid technological foundation for project activities. However, a significant portion of respondents remained neutral on key issues, with over a third uncertain about whether appropriate technologies are used and whether coordination effectively leverages available technology, suggesting a communication gap or lack of clear evidence in

these specific areas. The findings also highlight concerns regarding coordination and system compatibility. While most respondents disagree that projects face poor data systems, the presence of neutral responses, particularly concerning cross-level coordination (35% neutral) and the quality of fund management 39.3% neutral, points to underlying challenges. The fact that nearly one in five respondents disagree that effective technological coordination exists indicates a need for better integration and communication strategies to fully leverage the available technological infrastructure and ensure its benefits are consistently realized across all project levels.

**Table 4.2.6: Descriptive Statistics for Donor Attributing Behavior**

<i>S.No</i>	<i>List of Variables</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	Does Lack of accountability and transparency regarding the purpose, content, responsibility and performance of the developing agency affects the project?	0 (0.0%)	23 (20.0%)	46 (40.0%)	46 (40.0%)	23 (20.0%)
2	The alignment of objectives and tasks are clearly stated.	0 (0.0%)	0 (0.0%)	34 (29.6%)	81 (70.4%)	0 (0.0%)
3	Adequate project monitoring and evaluation systems established.	23 (20.0%)	24 (20.9%)	24 (20.9%)	44 (38.3%)	0 (0.0%)
4	Are reliable and timely disbursements of donor funds release on time or according to schedule?	0 (0.0%)	22 (19.1%)	47 (40.9%)	46 (40.0%)	0 (0.0%)

Source: survey data (2025)

The survey results in Table 4.2.6 reveal a mixed perception of project governance, with strong consensus on the clear alignment of objectives but significant concerns in other critical areas. While a strong majority (70.4%) agree that project objectives and tasks are clearly stated, the same level of confidence is not reflected in other metrics. There are notable concerns regarding accountability and transparency, with a combined 40% in disagreement or strong disagreement, matched by an equal 40% in agreement. Most critically, the establishment of monitoring and evaluation systems is viewed as a major weakness, with a combined 40.9% disagreeing and only 38.3% agreeing, indicating a fundamental gap in project oversight that is further compounded by significant neutrality 40.9% on the issue of timely fund disbursement, suggesting uncertainty and potential delays in financial execution.

This finding is supported by Bagoole (2011) who argued and stated that a weak monitoring and evaluation system contributes to incidences of unprofessional conducted disclosure of false information which translates to wide variation in quality hence, poor utilization of funds disbursed. This always leads to funds disbursement being suspended by donors thereby impeding implementation activities, Ouma (2012) findings exposed by that lack of or inadequate human resource capacity of Knowledge and skills; lack of accountability or overstatement of prices and use of substandard materials); insecurity; disagreements among beneficiaries; and social-cultural obstacles affects fund utilization and implementation of projects. In addition to this, Cole (2002) argued and stated that training brings a sense of safety at the workplace which reduces labor turn over and absenteeism is avoided; the leadership change training will help improve the understanding and participation of the staff in the transformation process and improve the skills, abilities needed to adapt to new circumstances. Recognize recognition, enhanced responsibilities, additional fees and promotions, express the emotions of growth and success, enhance growth and development and improve the quality of staff and quality of staff. Dakane (2017) also argued and mentioned that to accomplish the proposed tasks according to the agreed schedules strategies are measures to enable and incentivize implementing partners to adopt more generic approaches and strengthen the links between different forms of assistance. This can include joint partnerships for human and development projects support the development of financial support applications and identify opportunities for postponement.

**Table 4.2.7: Descriptive Statistics for Procurement Procedures Factors**

<i>S.No</i>	<i>List of Variables</i>	<i>Strongly Disagree</i>	<i>Disagree</i>	<i>Neutral</i>	<i>Agree</i>	<i>Strongly Agree</i>
1	Does the Institutions prepare an annual procurement plan within Fiscal year that the procurement of items are going to be procured?	0 (0.0%)	0 (0.0%)	78 (67.8%)	37 (32.2%)	0 (0.0%)
2	Is the Procurement plan clearly show the methods to be used and budget for the procured items?	0 (0.0%)	0 (0.0%)	37 (32.2%)	78 (67.8%)	0 (0.0%)
3	Does the Institutions use standard procurement plan format to prepare the annual procurement plan or activities to be procured?	0 (0.0%)	0 (0.0%)	19 (16.5%)	96 (83.5%)	0 (0.0%)
4	Does the procurement plan approved by the Bank or an appropriate body before the starting of the procurement process?	0 (0.0%)	0 (0.0%)	0 (0.0%)	115 (100.0%)	0 (0.0%)
5	Are the procurement activities reviewed periodically by the concerned body and procured on time according to the agreed plan?	0 (0.0%)	0 (0.0%)	39 (33.9%)	76 (66.1%)	0 (0.0%)
6	Procurement procedures are clearly published in a widely circulated media for all competitive bidders and used standard bidding documents	0 (0.0%)	0 (0.0%)	36 (31.3%)	79 (68.7%)	0 (0.0%)
7	Are the evaluation of technical and financial proposal conducted according to the guidelines, methods, rules, regulation, set out criteria and specification in the bidding documents?	0 (0.0%)	0 (0.0%)	0 (0.0%)	115 (100.0%)	0 (0.0%)
8	Does the Bank provide No objection on time for bid evaluation report & also approved by the assigned officials in the Institutions?	0 (0.0%)	0 (0.0%)	39 (33.9%)	76 (66.1%)	0 (0.0%)
9	Are contract negotiation and signing of contract made on time after no objection by donors and approval of the evaluation report?	0 (0.0%)	0 (0.0%)	78 (67.8%)	37 (32.2%)	0 (0.0%)
10	Is contract management conducted according to the bidding and contract document stated terms and conditions accordingly?	0 (0.0%)	0 (0.0%)	19 (16.5%)	96 (83.5%)	0 (0.0%)
11	Does the Institutions procured items are delivered and tested/ inspected at the final place accordingly at the time of delivery?	0 (0.0%)	0 (0.0%)	19 (16.5%)	96 (83.5%)	0 (0.0%)
12	Are the Institutions have a clear bidder's	0 (0.0%)	0 (0.0%)	39	76	0 (0.0%)

	complaint handling procedure and provide immediate response without bureaucratic system?			(33.9%)	(66.1%)	
13	Does the Institutions have a procurement performance adequately monitor/evaluate as per the agreed contract and procedures?	0 (0.0%)	0 (0.0%)	78 (67.8%)	37 (32.2%)	0 (0.0%)
14	Does the project procurement staffs are qualified, experienced and get necessary procurement training such as training on goods, works and consulting services according to the donor procedures?	0 (0.0%)	0 (0.0%)	78 (67.8%)	37 (32.2%)	0 (0.0%)

Source: survey data (2025)

The descriptive results in Table 4.2.7 indicate a strong foundation in formal procurement compliance and process adherence, with significant consensus on several key procedural aspects. Agreement of 115 (100%) was reached on two critical variable, the procurement plan being approved by the Bank or an appropriate body before the process begins, and the evaluation of technical and financial proposals being conducted according to established guidelines and bidding documents. Furthermore, high levels of agreement 96 (83.5%) were reported for the use of a standard procurement plan format, proper contract management, and the delivery and inspection of procured items, demonstrating robust institutionalization of core procurement functions.

However, the findings reveal a notable divergence in confidence regarding the timeliness, staff competency, and strategic oversight of the procurement process. While respondents agree that basic procedures are followed, a large majority 78 (67.8%) expressed neutrality rather than agreement on several vital issues. These include the timely preparation of the annual procurement plan, the punctuality of contract negotiations after approvals, the adequate monitoring of procurement performance, and the qualifications and training of procurement staff. This widespread neutrality suggests significant uncertainty or a perceived gap between having established procedures and their effective, timely implementation by a skilled workforce, pointing to critical areas for capacity building and process efficiency improvements.

#### **4.4 General Discussion**

Based on the findings, the challenges in donor-funded project implementation resonate strongly with the scholarly references cited in the report. Bagoole (2011) and Ouma (2012) directly illuminate the core issues identified, linking weak monitoring and evaluation systems and inadequate human resource capacity directly to poor fund utilization and implementation delays. The significant neutrality and disagreement regarding the adequacy of M&E systems and staff competency found in the data validate their argument that these deficiencies lead to unprofessional conduct, misinformation, and ultimately, the suspension of funds a critical risk evident in the current project context. Furthermore, the procurement delays and low fund absorption rates align with the observations of Ndaruhutse & Brantley (2006), the ADB (2009), and Kagendo (2010), who attribute these problems to cumbersome, often contradictory procurement procedures and weak systemic capacity. The World Bank (2009) report's mention of an absorption rate below 10% and Barasa's (2014) emphasis on bureaucratic bottlenecks provide a clear framework for understanding the disbursement delays and procedural inefficiencies that plague the project's procurement and financial execution.

The analysis also underscores the pivotal role of human capital, as emphasized by Cole (2002) and Dakane (2017). The data showing uncertainty about staff qualifications and the need for timely contract negotiations support Cole's assertion that targeted training is not a peripheral activity but a core strategy for improving safety, skills, and adaptability during organizational change. The widespread neutrality concerning whether staff are qualified and capable underscores this urgent need. Similarly, the difficulties in coordinating activities and leveraging technology, which the data highlights, reflect Dakane's (2017) point that success requires strategies to incentivize partners and strengthen links between different forms of assistance. Therefore, the references collectively argue that the solution lies not only in fixing systems but also in empowering people. Investing in continuous, practical training and fostering partnerships, as they suggest, is essential to bridge the gap between formal procedural compliance and effective, timely implementation, thereby improving fund utilization and achieving project objectives.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the conclusion, recommendation and suggestions for further research. The studies investigate the determinants of donor fund utilization effectiveness in Africa CDC IPF project in Ethiopia in selected federal and regional program implementers. This study extracted data to find out how Financial Management factors, Managerial factors, Technical factors, Donor attributing behavior and Procurement procedures factors affect fund utilization effectiveness of Africa CDC Project.

#### 5.2 Conclusion

The primary purpose of this study is to analyze the Determinants of Donor Fund utilization effectiveness in Africa CDC IPF project in Ethiopia in the Selected Line Ministries, Implementing sectors & Regional Health program project fund implementers. Data are solicited for primary data via 5-point Likert scale questioner and secondary data also used for more interpretation and in support of the primary data. The extracted data are analyzed by descriptive and inferential statistics and analyzed by STATA software version 14.0.

This study has provided empirical justifications for a conceptual framework of the research are designed. The donor fund utilization is considered as the dependent variable and affected by financial management factors, managerial factors, technical (technological) factors, donor attributing behaviour and procurement procedures factors which are considered as an independent variable. The researcher employed cross-sectional type of research method. Based on this, all factors affecting donor fund utilization are analyzed in descriptive and inferential statistics.

Generally the major findings in each variable conclude as follow:

In the financial management factors majority of the respondents indicated one of the statements that all assets purchased by project fund are not recorded in a fixed asset register .

From the finding of managerial factors majority of the respondents indicated strongly disagree or disagree for the statement of

- Formal training has not provided in the areas of project fund utilization, foreign aid management, budgeting and accounting by donor funds for projects assigned officers and
- Implementing entities not managed completion of all projects and resources according to the planned activities or time schedule.

From the finding of Technical or Technological factors majority of the respondents indicated the strongly disagree or disagree for the statement of

- No appropriate coordination exist at different levels in making activities effective use of technology exist in the project

From the finding of factors attributing of donor behaviour the majority of the respondents stated strongly disagree or disagree that alignment of objectives and tasks are not clearly mentioned.

In addition from the finding of procurement procedures factors need special attention on the area of Procurement planning, bidding procedures, Contract Negotiation, administration, Implementation effected according to the agreed plan, procedures delivered as per the contract agreement and the procurement staffs have not qualified in the procurement process.

Generally, the above listed major findings in the financial management factors, Managerial factors, Technical factors, donor attributing behaviour and procurement procedures factors have mutual interdependence and integration among themselves. The weakness of one variable affects positively and significantly the other variable and have factors that affect the donor fund utilization of the project. However, some areas need attention for improvement like Procurement planning, bidding procedures, Contract Negotiation, administration, Implementation effected according to the agreed plan, procedures delivered as per the contract agreement and the procurement staffs must be qualified with relevant experience, fixed asset registration, formal training in the area of project fund utilization, foreign aid management, budgeting and accounting by donor funds for projects assigned officers, utilization of technologies in the project, accountability and transparency of the project, timely disbursement of fund and qualifications of the project staffs for effective implementation of the project according to the schedule because of procurement, lack of integration among sectors, lack of formal training, lack of commitments, lack of capacity issues at technical and managerial level to accomplish the assigned tasks. Therefore, the study reveals that all factors identified play a

key role in the donor fund utilization of the Africa CDC IPF Project for the success full implementation and achievement of program development objective

### **5.3 Recommendations**

Donor funded projects are those projects financed by external donations normally by multi – lateral or bilateral agencies and the sources of funds for projects undertaken to achieve intended purposes, mainly to transform the quality of the lives of people within developing countries. As evident in the findings, five factors are investigated by this study, including the Financial Management factor, Managerial factor, Technical factors, and donor attributing behavior and procurement procedural factors which are significant Factors for donor fund utilization. Based on finding of the study, conclusion drawn in line with the study objectives, the following points are suggested by the researcher in order to improve the program donor fund utilization and for effective project implementation.

#### **A) Financial Management Factors**

The financial management needs attention in collaboration with the implementing entities and development partners and donors for the effective implementation of the project.

- ✓ All the project assets purchased by project fund should be recorded in an asset register. As can be seen from the findings the mean is low, this shows that there is limited technological usage
- ✓ Make adequate supervision and follow up of every audit finding in collaboration with implementing institutions and development partner’s effect audit according to the agreed schedule and provide on time corrective remedial actions. The project managers or concerned officials should assign each activity for appropriate experts. The project staffs in turn should provide adequate response immediately for financial management irregularities and make corrective action accordingly.

Therefore, researcher recommends that the project implementing entities must implement in accordance to the Government Financial Management Guide line. All non-expendable equipment or fixed assets should also be recorded in separate fixed asset register with their location and custodianship to physically counted and reconciled accounting records in order to ensure the physical existences of the assets. In addition, continuous monitoring and evaluation is vital by donors and other concerned bodies to make appropriate adjustments and the

Financial Administration factor should be measured as a key factor for effective utilization of donor fund, Effective financial administration practices are essential in refining transparency, efficiency, accuracy and accountability resulting in the implementing organizations achieving their objectives according to the donor regulations. With increasing levels of donor interest and funding, the implementing organizations need to be more responsible and improve in their financial management practices so as to make them more flexible, financial regulatory practices such as budgeting and accurate reporting are essential in not only meeting the donor objectives and building their confidence.

The Africa CDC IPF fund management needs to be improved or modernized using the Integrated Financial Management Information System (IFMIS) from federal up to regions to maximize the fund utilization of the program by all implementing sectors. It is also recommended that need more efforts and emphasis should be employed to expedite the implementation of the program and thereby improve the budget utilization with due consideration of the budget gap. The Early finalization of budget ensures early implementation and better utilization of budget. Increased efforts should be made to finalize budgets early so that implementing entities can be notified of their approved budget on or before the beginning of each fiscal year and also create awareness for those implementing entities of the project and provide training to utilize on time.

## **B) Managerial Factors**

The managerial factor is the most mandatory for the success of the project and needs due attention for improvement.

Among the managerial factor some of the statements have mean score which is very low for the managerial capacity and lacks completion of project on a schedule. Therefore, the researcher recommended that the concerned parties in view of the fact that managerial factors is about acquiring Managerial knowledge and skill, that is about planning, organizing, leading, coordinating and controlling program or project activities to achieve the intended purpose, management have to provide formal training for Africa CDC IPF manager and staffs in the area of foreign aid management, budgeting and accounting and should be planned by the donor community and implementing organizations to have capable human resource in enhancing management of Africa CDC IPF program to serve the purpose

### **C) Technical (Technological) Factors**

The statement of technical (technological) factors such as appropriate coordination and use of technology exist in the project mean score is very low; therefore, the researcher recommends that concerned parties have to provide sufficient infrastructures such as servers, internet as internet has extremely reduced costs of operating on global scale, provide with skilled ICT staff to use existing technologies which help to deliver efficient service of the program and requires a lot of trainings to the staff of the program and make effective coordination and the top management typically leads to greater commitment to the organization's goals, strategies and managers were committed to performance. thus, encouraging staffs support and guidance through encouragement of tactical attributes, utilize ICT in the strategy implementation in human resources planning and enhancing overall organizations success and performance. Implementing sectors are expected to have high capacity of management with administrative knowledge and skills, skilled staff in Information technology and financial management to implement the program properly and to use the resource allocated efficiently, as having strong capacity of human, financial and technology leads an organization to perform its operation in a better way and utilize its project resources efficiently and effectively.

### **D) Donor attributing behaviour factors**

Based on this finding the researcher recommends that enhancing donors and partner countries respective accountability and transparency for the project execution procedures, policies, strategies and performance, avoiding duplication of efforts and justifying donor activities to make them as cost-effective as possible, reforming and simplifying donor policies and procedures to encourage collaborative behavior and progressive alignment with partner countries priorities systems and procedures and defining measures and standards of performance and accountability of partner country systems in public financial management, fiduciary safeguards and established good practices and their quick and widespread application and also suggested that emphasis should go to improving the implementation of planned activities and improve the budget utilization and thereby the disbursement and that project administration should work together to ensure that fund is reaching to better performing executing entities as needed as well as the government also get foreign currency.

## **E) Procurement Procedural Factors**

Procurement procedures is the most challenging factor for the donor fund utilization due to the following identified issues

- Lack of annual procurement planning for those procured goods and consultancy services on time
- Procure goods, works and consultancy services without standard bidding documents and missing of procurement procedures and misrepresentation of evaluation format
- Lack of qualified procurement professional to handle procurement, lack of capacity and high staff turnover and delay of procurement beyond the expected time and late delivery.

The implementing entities and concerned bodies should address all the above stated procurement major implementation challenges to improve donor fund utilization since more than 70 percent of the project budget is part the procurement of good, service and consultancy. according to the agreed plan and thereby improve expenditures and improve the implementation of the program without extension or refund to development partners and avoiding the missing of procurement procedures, so this procurement challenge needs high attention by implementing entities in collaboration with the development partner.

Therefore, the researcher recommend that all the implementing entities or sectors should be encouraged to ensure high standards of project implementation in order to achieve their strategic objectives, need to make concerted efforts and have adequate resources to be employed to ensure that the procurement practices has adopted by donor result in a positive contribution to the projects being implemented and Procured goods based on the annual procurement plan and timely completion of donor funded projects should be achieved by enhancing transparent procurement management process, employing monitoring and evaluation technique. Use of two procurement systems like adoption of World Bank procurement system alongside country procurement system should be avoided and one considered efficient system adopted by all procurement entities.

Additionally, measures should include hiring of trained procurement specialists and the continuous development of personnel involved in procurement operations. There is also a need to determine minimum procurement qualifications for any staff to be engaged in execution of procurement practices. Membership to procurement professional bodies should be mandatory to

ensure that procurement staff continues to gain development. The procurement practices should continually be reviewed and updated to reflect the changing dynamics of project implementation. Emphasis should also be placed in the standardization of procurement practices across various donors, this will ensure consistency in application of these practices, this will ensure that all implementing donor funded projects adhere to uniform procurement practices particularly those relating to the Procurement planning, supplier selection, contract performance monitoring and procurement negotiation as in the case with public bodies which adhere to the donor procedures and public procurement rules and regulations.

### **5.5 Recommendation for further Research**

The researcher suggests that further study should be conducted on other factors that affect the donor fund utilization such as factors include the following the impact of donor fund in Ethiopia, the challenge of Financial accountability and transparency, the importance and effectiveness of donor fund (aid) for developing country like Ethiopia and Procurement in detail in this program and other donor financed program, specifically for those programs with huge resources being allocated.

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# APPENDEIX I

## QUESTIONERE

MEKELE UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT ACCOUNTING & FINANCE

Dear Valuable Respondents,

The Purpose of this questionnaire is to collect first-hand information that will help in analysing Determinants of Donor Fund Utilization in Africa CDC IPF Project In Ethiopia. This study is undertaken as partial fulfilment of a requirement for the completion of the MSc Degree in Finance & Investment. Therefore, your participation in giving reliable information is important for the success of this study. So, I respectfully request your kind cooperation in answering (fill) the questions as clearly, honestly and accurately as much as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality.

I would like to express my great gratitude in advance for your willingness by sparing you're the most precious time to provide prompt responses in filling this academic use questionnaires.

Please don't write your name or any personal identifier on the questionnaire. For any clarification needed please contact by the following researcher address.

Fisseha Moges

Email [fissehaku@yahoo.com](mailto:fissehaku@yahoo.com)

Mobile+251- 0911544824

Thank you in advance, for your valuable time.

**General Instruction:** - please put (√) mark inside the box in front of each alternative to your response and explain in the space provided (if any)

### PART I: - General Profile of the Respondents

1. Gender  Male  Female

Age: 18-30  31-40  41-50  51-60  >60

2. What is your current position/title in your organization? -----

3. Educational Background/Level of Study

Certificate  Diploma  Bachelor's degree  Masters' degree  PhD

4. Years of work experience in this organization in any position

Less than 2 years'  3 - 5 years  6-10 years  More than 10 years

## Part II: -The Questionnaire items (questions)

Please indicate the extent to which you agree/disagree that each of the listed Financial Management factor, Managerial Factor, Technical Factor, factor of Donor Behavior attributes and Procurement Procedures factors that the Determinants of Donor Fund Utilization Effectiveness in Africa CDC IPF Project in Ethiopia in your organizations by ranking the factors on a five-point scale and putting a tick mark “√” where appropriate

1=Strongly disagree (SD); 2= Disagree (D); 3=Neutral (N); 4=Agree (A); 5= Strongly agree (SA)

S.n	SCALE	SD	D	N	A	SA
	STATEMENTS	1	2	3	4	5
	<b>Financial Management Factors</b>					
1	Financial transactions of the Africa CDC IPF program are properly documented and recorded.					
2	There is an adequate supervision and follow up of audit findings in Africa CDC IPF project management.					
3	Does an approval system exist for all transactions by the authorized staffs authorized in Africa CDC IPF Project fund utilization process?					
4	Does a chart of accounts used to categorize expenditures in implementing Institutions for the project fund?					
5	The Financial duties are splited between different members of the assigned staff on the project.					
6	Do donors and Government has a system of regular system of reviewing expenditures against budgets?					
7	Does the government and donors are aware that they are responsible for ensuring strong internal control systems?					
8	Any irregularities in financial management are promptly reported					
9	All assets purchased by project fund are recorded in a fixed asset register.					
10	Financial management system of donors is in compliance with the government financial management system.					
11	Do all implementing Institutions work as per the agreed Terms and Conditions?					

<b>Managerial Factor</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Do implementing Agencies face lack of managerial capacity on human resources to carry out the activities on the project?					
2	All assigned project staffs have adequate technical, managerial knowledge and skills are capable to accomplish the assigned tasks.					
3	Formal training has been provided in the areas of project fund utilization, foreign aid management, budgeting and accounting by donor funds for projects assigned officers.					
4	Have Implementing entities managed completion of all projects and resources according to the planned activities/time schedule?					
5	For the purpose of transparency, the funds utilization status report reflects the true status of the implementation process.					
6	The government and donors have developed detailed implementation plan, budget, setting out in an appropriate timeframe for the effective implementation.					
7	Are the projects managed by a qualified and experienced project manager with appropriate leadership style, culture and experience?					
<b>Technical Factor</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Are appropriate technologies used for the accomplishment of project activities?					
2	Project financial management system is supported by modern Technology or computerized.					
3	Can the system produce the necessary project financial reports?					
4	Does coordination at different levels make effective use of the integrated technology available?					
5	Do projects face poor data system and lack of compatibility to carry out the activities?					
6	Does appropriate coordination exist at different levels in making activities effective use of technology in the project?					
7	All staff have quality and timeliness of the fund management affect fund disbursement					
<b>Factors Attributed to Donor Behaviour</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Does Lack of accountability and transparency regarding the purpose,					

	content, responsibility and performance of the developing agency affect the projects?					
2	The alignment of objectives and tasks are clearly stated?					
3	Adequate project monitoring and evaluation systems established.					
4	Are reliable and timely disbursements of donor funds release on time or according to schedule?					
<b>Procurement procedures and related factors</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Does the Institutions prepare an annual procurement plan within Fiscal year that the procurement of items are going to be procured?					
2	Is the Procurement plan clearly shows the methods to be used and budget for the procured items?					
3	Does the Institutions use standard procurement plan format to prepare the annual procurement plan or activities to be procured?					
4	Does the procurement plan approved by the Bank or an appropriate body before the starting of the procurement process?					
5	Are the procurement activities reviewed periodically by the concerned body and procured on time according to the agreed plan?					
6	Procurement procedures are clearly published in a widely circulated media for all competitive bidders and used standard bidding documents.					
7	Are the evaluation of technical and financial proposal conducted according to the guidelines, methods, rules, regulation, set out criteria and specification in the bidding documents?					
8	Does the Bank provide No objection on time for bid evaluation report & also approved by the assigned officials in the Institutions?					
9	Are contract negotiation and signing of contract made on time after no objection by donors and approval of the evaluation report?					
10	Is contract management is conducted according to the bidding and contract document stated terms and conditions accordingly?					
11	Does the Institutions procured items are delivered and tested/ inspected at the final place accordingly at the time of delivery?					
12	Are the Institutions have a clear bidder's complaint handling					

	procedure and provide immediate response without bureaucratic system?					
13	Does the Institutions have a procurement performance is adequately monitor/evaluate as per the agreed contract and procedures?					
14	Does the project procurement staffs are qualified, experienced and get necessary procurement training such as training on goods, works and consulting services according to the donor procedures?					
<b>Donor Fund Utilization</b>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Are the donor allocated funds utilized effectively and well-coordinated financial management systems by organization according to the intended purpose as the agreed financial agreement and detailed cost breakdown?					
2	Formal training has been provided in the areas of project fund utilization, foreign aid management, budgeting and accounting for projects assigned officers.					
3	Are appropriate ICT facilities and infrastructure fulfilled for all project staffs to undertake the assigned tasks?					
4	Are monitoring and evaluation carried out according to the schedule by donors?					
5	Are Procurement planning, bidding procedures, Contract Negotiation, administration, Implementation effected according to the agreed plan, procedures and delivered as per the contract agreement and the procurement staffs are qualified with relevant experience?					

**APPENDIX: ACDC IPF FUND UTILIZATION**  
**ETHIOPIAN PUBLIC HEALTH INSTITUTE**  
**AFRICA CENTER DISEASE CONTROL IPF**

<b>ACDC IPF Project</b>				
<b>Expenditure Summary Birr</b>				
<b>Year</b>	<b>Allocated Budget</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>% OF UTILIZATION</b>
<b>2013</b>	57,770,214.86	15,095,533.56	42,674,681.30	26%
<b>2014</b>	475,812,130.39	101,619,730.28	374,192,400.10	21%
<b>2015</b>	374,192,400.11	201,768,223.57	172,424,176.50	54%
<b>2016</b>	172,424,176.54	169,389,523.02	3,034,653.52	98%
<b>2017</b>	528,772,006.88	331,872,469.34	196,899,537.50	63%
<b>Total</b>	<b>1,608,970,928.78</b>	<b>819,745,479.8</b>	<b>789,225,449.01</b>	<b>51%</b>