

**FINANCING DONOR PROJECTS: TRENDS, CHALLENGES AND  
OPPORTUNITIES**

**BY**

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## DECLARATION

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma at Kwame Nkrumah University of Science and Technology, Kumasi or any other educational institution, except where due acknowledgement is made in the thesis.

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## **ABSTRACT**

Many developing countries have had to rely on donor support to facilitate development in their countries. In recent times Ghana has moved to a middle-income status, suggesting improvements in living conditions. This change in status may have implications on size of funding and the nature of donor support to the country. Available literature on development projects supported by donors have not always been successful. However, fewer studies have been conducted in the Ghanaian context, especially in the area of socio-economic sectors. This study examined the trends of financing by donors (precisely, Department for International Development (DFID)) and investigated challenges associated with donor funded projects in Ghana. In addition, the study uncovered other opportunities for funding development projects in Ghana. Using thematic analysis, six key challenges (themes) emerged, namely: inadequate time to implement and yield benefits of project, issues of finance, variance in realities of implementation and proposed plan, aligning donor priorities with government/NGO priorities, lack of commitment and limited capacity. Inter-donor/beneficiary coordination and sustainability planning emerged as the main themes as a strategy to improve donor funded project. The study recommended that to sustain the gains of projects it is important for donors to coordinate among themselves and embed sustainability in the design of programmes. The theoretical and practical implications of these findings have been discussed.

**Keywords:** Financing Donor Projects, Trends, Strategies, Challenges, Social Sectors, Economic Sectors, Developing Countries

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**MAY JEHOVAH RICHLY REWARD YOU**

## **DEDICATION**

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## **LIST OF ABBREVIATIONS**

ADB – Africa Development Bank

CBO –Community Based Organisation

CEC –Commission of the European Communities

CGAP – Community Group to Assist the Poorest

DANIDA–Danish International Development Agency

DFID – Department for International Development

DFP – Donor Funded Project

EADB– East African Development Bank

FAO – Food and Agriculture Organization

FBO –Faith Based Organisation

GDP – Gross Domestic Product

GOG – Government of Ghana

IBRD–International Bank for Reconstruction and Development

ICT – Information and Communication Technologies

IDA–International Development Association

IFC –International Finance Corporation

IFI – International Financing Institutions

IMF-International Monetary Fund

LDC – Least Developed Countries

MDBS –Multi Donor Budget Support

MDG–Millennium Development Goal

MIGA- Multilateral Investment Guarantee Agencies

NGO – Non-governmental Organization

ODA – Official Development Assistance

OECD – Organization for Economic Corporation and Development

SDG – Sustainable Development Goals

UN – United Nations

UNDP– United Nation Development Programme

UNECA- Economic Commission for Africa

UNFPA–United Nation Population Fund

UNHCR–United Nation High Commission for Refugees

UNICEF –United Nation Children Fund

UNS-United Nations Agencies

USAID– United States Agency for International Development

WFP – World Food Program

WHO – World Health Organization

# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.0 Introduction**

This chapter presents the general overview of the thesis in relation to the background of the study. Chapter one emphasized on the problem statement, the aim and the objectives, research scope and significance of the research. Finally, the structure of the thesis is outlined.

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

Most developing countries have difficulty providing the basic needs of their citizenry. As a result of this, most governments in developing nations are finding methods to obtain extra funds, and one of these ways is donor assistance in the form of loans and grants to support their budget (Kharas, 2007; Lelegwe & Okech, 2016; Younas, 2008). The presence of these donors in the economy over the years has served the country well in most areas (Kotey, 2014). World-wide, donor funded projects continue to complement the government's role in the provision of societal developmental needs such as access to social economic services such as education, health, water, agriculture, environmental among others (Adhiambo, 2012; Jhuthi, 2015)

Donor Funded Projects (DFPs) are conceived as developmental projects meant to complement government developmental initiatives to its populace. The projects may be funded by a small budget and sometimes set up in a much-disorganized structure especially in emergency cases and relief needs (Coppola, 2011). These projects reach the communities through various means which include International Financial Institutions (IFIs), United Nations (UN) Agencies that provides grants through government, UN institutions, Non-governmental organizations (NGOs), Community Based Organizations (CBOs) to initiate programs in the society. Others are initiated through Consultative Groups to Assist the Poorest (CGAP) where funds flow from

global headquarters to individual grassroots institutions as grants and finally public philanthropic foundations (Delmon, 2011).

Ghana is no exception and presently receives assistance from the international community based on the government's goal of poverty reduction and sound financial leadership programs aimed at developing and enhancing people's lives through the development of a public initiative (Andreski, 2008; Badu et al., 2011; Mettle-Nunoo & Hildtch, 2000).

Ghana recently gained a middle-income status with the prospect of building strong economic and infrastructural base. Such success has attracted donor assistance and acceptance. The relative stability in Ghana since independence in 1957 has been a benchmark for many African Countries. (Killick, 2010). The steady increase in revenue generation enabled the country to embark on major infrastructural development projects. However, the success of post-colonial Ghana was short-lived simply because the substantial increase in government expenditure to improve the nation from an agricultural base into an industrial center in Africa led the country into depleting its excess reserves. By 1961, Ghana started experiencing a decrease in its growth economically financial and advancement since the national output per income diminished from \$ 300 to \$282.72.

The fortunes of Ghana's economy began to dwindle and as a result, donors begun to provide aid to fill in the gaps in terms of development of the economy and to rescue the economy from total collapse. Support to Ghana from donor agencies commenced in the early half of the 1960s when the government was allowed £47 million by the US government, £17 million by the World Bank, and the £5 million by the UK government in help of the development of the Akosombo Hydroelectric Dam (Anin,2003)

In a study of road funds in Ghana, Malawi and Tanzania it was reported that, the overall Government of Ghana (GOG) road sector funding from 1996 to 2001 was US\$ 1,121.00 million. Donor funding represents about 44%, which is 496.00 million (Andreski, 2008). Donor

funds have lent support to several countries; evidence suggests that between 40-50 percent of Ghana's budget is dependent on donor funding and in recent times, the country could not secure the needed support due to the economic challenges faced by these partners (World Bank, 2005).

The introduction of donors in the development of most countries has help significantly (e.g. roads constructions, building of schools, improving standard of living, among others), some countries are tumbling deeper and deeper into donor dependency and this dependency has been very difficult to split (Badu *et al.*, 2011; Kotey, 2014; World Bank, 2005). Recent cross-country evidence has shown that foreign aid has a strong, positive effect on a country's economic performance if the country has undertaken certain policy and structural reforms. So therefore, the recipient countries should give proper importance not only to their policies but also how aid resources will be prioritised, channelled and processed.

## **1.2 Problem Statement**

Funding from donors has done a lot in the past years to help the countries in their developing stage to progress economically and technically. Ghana has become a benefactor attracting a lot of resource from donors since 1960 which came in various forms including financial, material and technological knowhow from the more advanced countries so that the financial development and growth can be reinforced within the nation. Although reliance on aid from donors to Ghana's development constituted 0.002% of the country's GDP when it began in 1960, the stream of assistance into the economy of Ghana peaked at US\$ 1306.93 million in 2008 making Ghana one of the biggest beneficiaries of aid universally (OECD/DAC, 2008) That notwithstanding, significant portion of the numbers has gone into debt forgiveness (Lelegwe & Okech, 2016; Kharas, 2007).



The most pressing challenge of development, the effort to raise incomes of the poorest countries in developing countries, has hardly seen any funding increase at all. In terms of donor GDP or per capita support for recipient countries, the amounts now going for long term development in Sub-Sahara Africa have declined steadily for a generation (Lelegwe & Okech, 2016). Research shows the growing reluctance of rich countries to funnel their assistance in the form of program or project to support developing countries (Anderson & McFarlane, 2010; Kharas, 2007). It shows that although the number of multilateral agencies has grown dramatically over time, the share of aid passing through these channels has shrunk. It shows the growth in the number of specialised agencies, each focusing on narrow developmental issues at the expense of broader, more comprehensive strategies. Studies point out to recent low donor funding in Sub-Saharan countries of which Ghana is no exception due to the absence of adequate supervision on the donor funds and the use of aid to finance political agenda. (Alesina & Weder, 2002). Studies on financing donor projects with associated discrepancies remain scanty, hence, this study seeks to explore the trends, challenges and opportunities of financing donor projects in Ghana.

### **1.3 Aim/Objectives of the Study**

#### **1.3.1 Aim of the Study**

The primary aim of the study was to explore the trends, challenges and opportunities associated with financing donor projects.

#### **1.3.2 Specific Objectives of the Study**

In order to achieve the above stated aim, the following specific objectives was set:

1. To identify trends in funding donor projects
2. To find out the challenges encountered by donors in funding projects.

3. To determine strategies to improve donor projects.

#### **1.4 Research Questions**

1. What are the trends in financing donor projects?
2. What are the challenges associated with donor projects?
3. What are the available strategies to improve donor projects?

#### **1.5 Scope of Study**

The geographical coverage for the study was restricted to project funded by DFID, USAID and DANIDA in the social and economic sectors. Donors provides funds to the government, Multilaterals and NGO's. Most of these projects (i.e health, education, jobs or reforms) are funded through the central governments where funds are disbursed to the respective ministry for projects to be implemented. Contextually, this study focused on the trends, challenges and strategies in financing the donor projects. Purposive and Convenience sampling techniques were employed for the study. The study adopted the mixed research design, hence both quantitative and qualitative approaches to data collection and analysis were used.

#### **1.6 Significance of Study**

Scholars have argued that projects undertaken by donor agencies are very significant hence cannot be ignored. Over the years, third world countries have registered a significant increase in donor agencies activities, some of the agencies include; Non-Governmental Organizations (NGOs), Community-Based Organizations (CBO), and Faith-Based Organizations (FBO). Foreign aid fund number of projects especially in Sub-Sahara African countries due to governments' failure to deliver services to its people. However, not all development projects undertaken by these donor agencies, are making progress as some have been noted to perform dismally while others become non-operational on termination of donor support (Adera, 2012).

Delving deeper into the financing logic of donors is crucial for understanding how donor funded projects in the country affect economic growth, thus giving empirical guide for policy formulation. It will also shed light on the determinants of economic growth and provide invaluable feedback for the design and implementation of robust policies. Lastly, researching into the situation can help pave way for further research in related areas of study, and the findings will be of academic relevance in an effort to broaden the scope and frontiers of human learning on donor financing.

### **1.7 Limitations**

This research work was undertaken with some inevitable limitations in its conduct as well as scope. For instance, one key limitation that was anticipated to be encountered while undertaking this research work was low response rate and delay in response. Due to the busy schedule of participants to respond to calendar appointment for interviews and questionnaires affected the distribution and retrieval of the questionnaires. This affected generalizability. Also, the researcher again anticipated that the stipulated time under which the thesis was to be completed would pose restriction to in-depth information. Despite these challenges, effort was made to collect the relevant information for the study which prevented the nullification of the survey findings.

### **1.8 Organization of Study**

This study was structured into five (5) separate chapters. The first chapter is the introductory chapter. It discusses the background to the study, problem statement, research aim, and objectives, research questions, scope of study, significance, and organization of the report. Chapter two comprises of relevant literature based on critical review and evaluation of the empirical and theoretical propositions and generalization of the study. The third chapter focused on an in-depth explanation of the methodology that was used to carry out the study.

This section looked at the research philosophy, strategy, approach, design, the population, sampling technique, and sample size, as well as the data type, data collection instruments, and data analysis technique adopted. Chapter four covers the results in the form of data analysis, findings and discussions. The analysis was done to reflect the research objectives. The study concluded with chapter five, which summarises the whole work and made conclusions based on the findings retrieved from participants. In addition, the study provided critical recommendations for academia and industry as well as indicators for future research directions.

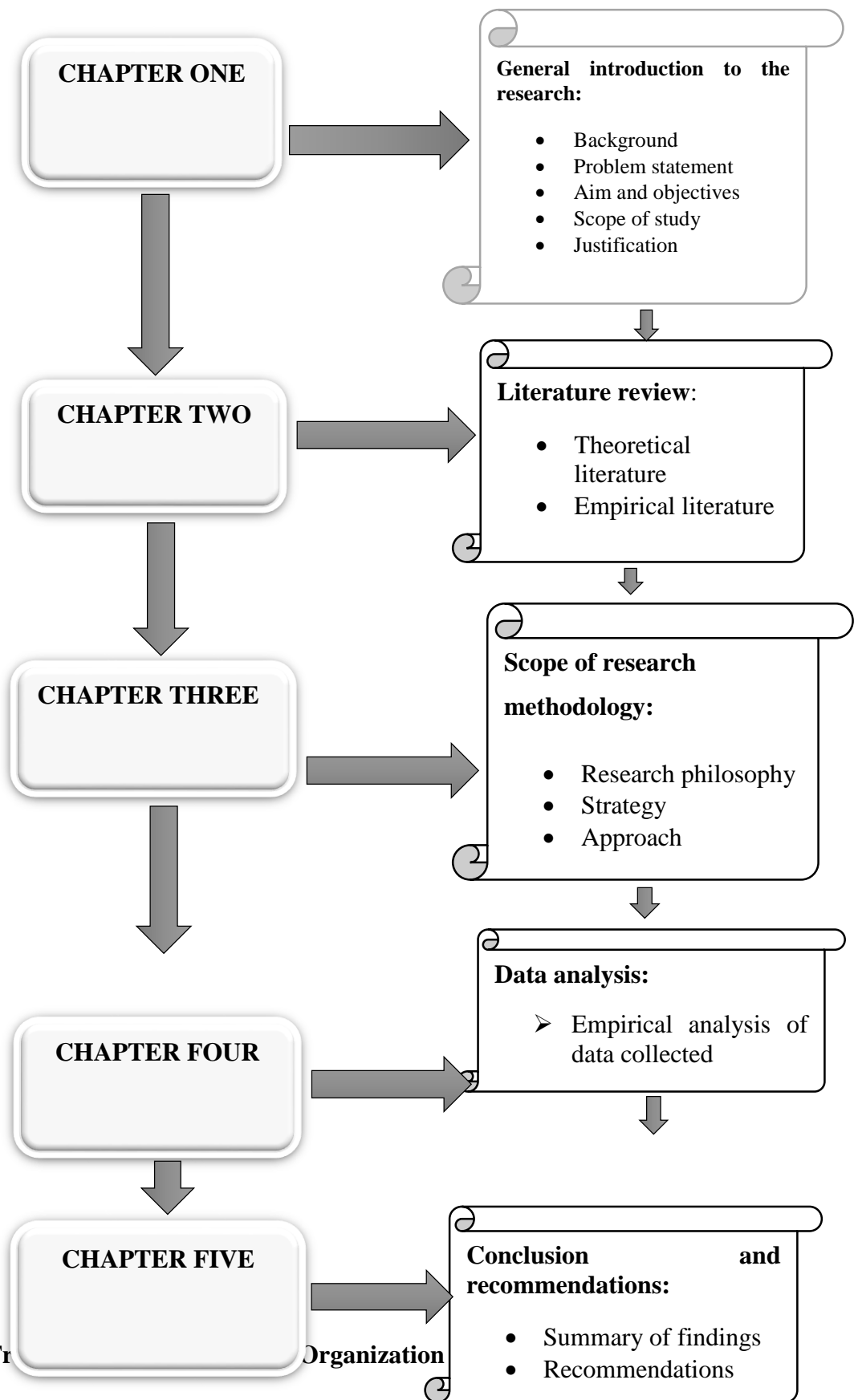


Figure 1.1: Fr Organization

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

According to Saunders *et al.* (2000), a good literature review must consider works carried out by experts in the chosen area; both those who do not support and support ideas of the author and must make sound judgements on the value of the work of others while distinguishing between facts and opinions. It must also be backed by valid evidence. This chapter therefore reviews literature on the trends, challenges and opportunities in financing donor projects. It establishes the conceptual, empirical, and theoretical framework of the study.

#### **2.1 Conceptual Review**

##### **2.1.1 Concept of Donor Funding**

Donor financing/ foreign aid is referred to as both grants and concessional advances that have at least a 25% of the component being grants. According to the World Bank (1998), aid from the developed countries are associated with assistance for development which are given officially and targeting the countries seen as poor. Ekiring (2000), explained foreign aid as universal transfer of capital, products, or administrations for the benefits of other nations. This help comes in various ways as stated below: (1) capital transfers, in cash or kind, either as gifts or advances; (2) technical help and training, mostly as gifts within the form of human assets and specialized equipment's; and (3) military help within the shape of either equipment or special advisors for training.

The aid from foreigners comes in three different forms: the first is the compassionate or aid in times of emergency, aid that comes in the form of charity and aid that comes systematically. Aid for compassion or humanitarian purposes is the kind of help which is mobilized and disseminated in times of trouble, for e.g. the aid dispensed to the 2012 victims of tremor in

Japan; whereas the kind of aid given as charity is mobilized and disseminated by charities to communities, individuals and others that need them especially institutions; for illustration, the exercises of the South African based charity organization, Gift of the Givers. Some donor communities make straightforward payments to governments of beneficiary countries either as bilateral aid (government-to-government) or multilaterally, which involves the transfer of aid through various institution such as the International Monetary Fund (IMF) or through the World Bank (Moyo, 2009).

### **2.1.2 Sources of Foreign Donor Aid**

Aid from foreign donors comes from different sources. They can however be distinguished as either “Private” or “Official” according to Greenery (2011). The NGOs, Faith - based organisations and other people who form societies tend to provide the private aid whereas aid that is given by government that utilizes money from the taxpayer is termed as the “official aid”. The official aid can further be divided as aid received bilaterally and multilaterally. Below is an expatiated definition of the two sub-division.

### **2.1.3 Bilateral Aid**

Individual governments provide aid as foreign donors and that is what is received as bilateral aid. These individual governments include the US, UK or Australia. Those major bilateral donor nations that provide major aid to Africa are members of the Organization for Economic Corporation and Development (OECD). Some of these members include; US, UK, Australia, Belgium, Canada, Denmark, France, Finland, Greece, Japan, Austria and Italy. There are assigned offices in these countries that provide aid to help oversee the transfers that are made to developing countries. Using the US as an example, it employs the USAID to oversee its Official Development Assistance (ODA).

The department for international development (DFID) is the agency that is in charge of aid transferred from the British to less developed countries. According to Moss (2011), in addition to managing and coordinating aid DFID also set strategies for non-aid policies that might influence development (Moss, 2011). China, although new in the aid industry, has become a leading donor in Africa. For example, between 2002 and 2005, China contributed to alleviating Africa out of poverty by donating more than \$1.8 billion to their economic development. A package worth \$13 billion was announced by the government of China to be given to Ghana for infrastructural development and that of DR Congo was an amount of \$9 billion. According to Edinger (2008), over 300 projects in Africa are financed by the EXIM Bank of China. This bank has the mandate to provide concessional loans to the developing countries. The support or aid from China is huge. The estimated amount is about \$ 2 billion a year, according to the World Bank.

#### **2.1.4 Aid through Multilaterals**

Multilateral aid is the foreign assistance received from institutions owned by many governments, such as the World Bank, International Monetary Fund (IMF), the International Development Association (IDA), International Finance Corporation (IFC), the African Development Bank (ADB), the Commission of the European Communities (CEC) and United Nations Agencies (UNA). According to Moss (2011), Aid from the Multilateral is like the Bilateral because they also provide loans and grants to Least Developed Countries (LDCs) to develop their economy.

#### **2.1.5 The World Bank**

The International Bank for Reconstruction and Development (IBRD), now known as the World Bank, was set up to rebuild the nations of Western Europe that were devastated by the Second World War. After the war, the World Bank Group (IBRD) and its affiliate such as the



International Development Association (IDA), [International Finance Corporation (IFC), Multilateral Investment Guarantee Agencies (MIGA) and the International Development Association (IDA) were created.

The World Bank's operations in the 1960s were focused on the big infrastructure projects under guardianship overseen by the beneficiary governments. An instance of this project was the World Bank's 1960s building of the Akosombo Dam in Ghana.

### **2.1.6 United Nations (UN) Agencies**

The UN have several agencies that they operate in, prominent among them includes the United Nations Development Program (UNDP), United Nations Population Fund (UNFPA), the UN Economic Commission for Africa (UNECA), the United Nations High Commission for refugees (UNHCR), the World Food Program (WFP), the United Nations Children's Fund (UNICEF), the Food and Agriculture Organization (FAO), and the World Health Organization (WHO).

These agencies play a critical role in ensuring that they enhance economic development and security of the developing countries particularly Africa. For example, the UNECA is responsible for the analytical and advocacy work on the continent of Africa's behalf. Whereas the UNHCR takes care of refugees and expedites the return of these refugees to their original home. The delivering of emergency food aid to developing countries who are faced with food shortages is assigned to WFP. In providing support to developing countries they ensure that they pay attention to issues that relate to children. Therefore, they have assigned UNICEF to play the role of raising awareness of issues affecting children like education, childhood diseases and child immunization program. WHO is also keen with their involvement to help countries ameliorate their policies concerning health, for example, it has played a key role in developing policies on Malaria, HIV/Aids, Tuberculosis (United Nations, 2010).

## **2.2 Theoretical Review**

### **2.2.1 Theoretical Underpinnings**

To understand social phenomenon, one needs to be guided by theories. In line with this study theories are the master piece for discovering classified abstract of the study and the relationships among the concept classified. Theories makes it easy to better appreciate research data, therefore this study will rely on the philosophies from the modernization theory and big push theory due to their direct bearing on donor benevolence.

#### **2.2.2 Modernization Theory**

According to the Modernist, in order to come up to speed with the West industrialization is the way to go. This requires a drastic shift from rural agricultural economy to an industrialized high productive economy. In addition, there is the need to transform the infrastructure of the country and this includes roads, railways, dams and electricity supply. To achieve this implies that more investment must be made into this sector. However, these states who have become independent states do not have the required capital that they can invest into infrastructure that would boost the modernization agenda in these countries. Hence the aid from donors became the source of capital that these economies relied on in funding growth and development. This kind gesture has persisted since time immemorial and Ghana, particularly Greater Accra region was found to be a beneficiary.

It is imperative to note that although aid was an important component in promoting the economic growth in developing countries, there are other factors that could hinder the growth in these countries. This is what Tejvan (2011), referred to as the endogenous and exogenous factors and these includes bureaucracies of government, human capital, technological levels, interest rate and international trade.

Moyo (2009) reechoed the importance of considering the above-mentioned factors. According to Moyo, to think that by duplicating the Marshall style of aid and having a blanket view that same approach would apply in each economy is simplistic. This is because there are vital parts of development that must be taken into account of the recipient country- and that is the endogenous factors. The Marshall Plan worked for the European countries because their economy had the fundamental endogenous facilities such as developed transport facilities, qualified labor force, good governance, and well-integrated markets to turn the aid received into the much-anticipated output-development. These foreign aids to large extent are transforming the lives of many Ghanaians both in the rural and urban centers.

### **2.2.3 Big Push Theory**

This model is a concept in welfare economies that stress that a firm's choice to either industrialize or not is dependent on the firms will. It adopts the structure of economies of scale and oligopolistic market and highlight when industrialization would occur (Rosenstein-Rodan,1943). The theory further highlighted that for underdeveloped countries to develop large amount of investment would be needed. Injecting small investment into the economy will not achieved the growth that is required for the such countries instead these injections will lead to wastages (Abuzeid,2009). However when aid is provided on a large scale to the social and productive sectors, the economy will be in the better position to attain a lasting growth (Abuzeid,2009).

## **2.3 Empirical Review**

### **2.3.1 Evolution of Donor Funding Modalities in Africa**

According to Adedeji (2001), in the 1960s, most Western countries launched assistance programs in Africa following independence from former colonial nations. During this era, donors encouraged African governments to plan for the development of their nations and urged measures to promote industrial growth. In the 1970s, focus of aid progressively moved to poverty alleviation, with importance being given to rural development initiatives. In the 1980s, with Africa's economic crisis and related debt defaults, donors were compelled to reconsider the efficacy of the modality of project assistance. In the 1990s, donor organizations turned to look for other causes of lagging development due to the restriction on the scope of reforms and the continuation of low development rates in most of Africa. Poverty alleviation and improvements in socio-economic welfare of vulnerable households have been highlighted as the overarching development goal.

Projects financed by donors (DFPs) are defined by a brief life span that usually ranges from one to five years and an ad hoc nature of operational set-up (particularly when responding to emergencies such as disasters and relief). DFPs are defined by restricted budgets, cash flow uncertainty arising from uneven flow of funds and donor pledges not fulfilled. DFPs operate very often in distant places, resulting in the failure of the projects to attract and maintain skilled and experienced IT and other skilled employees. The problem is then compounded when projects have to employ staff with limited IT capabilities in locations with limited or non-existent IT support services. It is also common in multi-DFPs for a donor to sponsor the use of a specific software application resulting in different information sources to deliver reports tailored to the needs of different donors. However, the most limiting factor for managers in DFPs to implement projects is the prescriptive nature of how proceeds from the specific loans, credits or grants must be spent in order to warrant a continued flow of funds from the donors.

These DFPs ' restricted timeframe for execution forces executives to devote more time and money on key project operations in a bid to optimize outputs that will yield a tangible return on their efforts. The combined impact of the above problems impedes the capacity of management to achieve strategic organizational goals and sound policies for information management. The nature of operational set-up, the uncertainty in funds flow, the remote locations and all the limitations thereof, combine to affect management's vision and ability to plan for the overall operation of a project.

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

In this section, 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 African Development Bank - ADB, etc.) and international institutions such as the World Bank. The World Bank group for example lends funds through two arms; the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA). IDA provides interest free loans and grants to Least Developed Countries (LDCs) - whose per capita income is less than \$1,000. IBRD provides loans to countries with a per capita income of more than \$1,000 and some LDCs which are considered 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. These contracts thus incorporate expenditure ceilings to avoid misuse, align the effect and results of these initiatives with the growth direction of the nations as well as the MDGs. Unfortunately, the establishment of a smooth execution of a sound

reporting method is hindered by these very safeguards. Whether the projects are implemented by governments, local non-governmental organizations (NGOs) or the donor's own local leadership teams, these rigid spending limits within which implementers have to function to ensure a continuous flow of donor funds leave little room for sound and efficient reporting to be established. The three examples below demonstrate the level of constraint the management of DFPs have got to contend with in this respect.

### **2.3.3 Funded Projects and Performance**

Donors are sometimes known as advancing their own interest when setting conditions for the beneficiaries. During contract signing beneficiaries of aid are pushed to follow certain conditions but at the end of the day both parties know that these are only paper requirements, the outcome is determined by the fact that both need to maintain a normal relationship and flow of aid. According to Bulir and Lane (2002), funds that are allocated for projects in the LDC are 7 times volatile than domestic revenue because these countries depend largely on aid, this has negative consequences on the economy. There are instances where only 70% of funds allocated to projects are used (ADB, 2009).

Bulir and Lane (2002) noted that donors are not philanthropic because the decision they make are based on their national and international interest at the detriment of the recipient of aid. Disbursement of funds must follow the requirements of the donor before it is released. Also, the recipient needs to account for the funds received before the next tranche is released. The process is rigid and laborious, all regulation must be abided by the recipient, as failure to do so will lead to suspension of the aid. A study by Chenery and Carter (1973) using data from 50 countries over the period 1960- 1970 and following the two-gap model of Chenery and Strout (1966), showed that the effects of official development assistance (ODA) on the development performance of countries observed were different among certain groups of countries. Per the

study foreign assistance promoted economic growth in the following countries: Kenya, Korea, Iran, Taiwan and Thailand and retarded growth in six countries, namely Colombia, Ceylon, Chile, India, Ghana and Tunisia. Analysis of a no-aid pattern of growth, post aid growth rates could rise or fall depending on the following factors: (i) Initial poverty of a country (ii) additional rise of government consumption as percentage of aid received; (iii) the span of aid. All things being equal a given amount of aid tended to increase post-aid growth if domestic savings ratio was higher, will imply that the government consumption was lower, therefore the span of aid will be longer. The underlying assumption of the study was that government substitute part of its saving with aid and then allocate the freed money to implement programmes which could not be reversed once started.

In a cross-country analysis conducted by Knack (2000), showed that the more a country receives aid, the quality of governance indexes reduces; such as rule of law, corruption and bureaucracy. According to the study, quality of institutions could possibly weaken due to aid dependence. Aid dependence could lead to corruption, conflict over how funds received will be used therefore inflow of aid does not automatically result in welfare.

#### **2.3.4 The Influence of Ideas and Values on Donor Funding**

The most elaborate rationale for the link between national and foreign donor funding issues is provided by Lumsdaine (1993). He claims that: (i) donor financing is mainly a result of humanitarian thoughts and values; and (ii) these ideas and values have been supported by Western religious and moral traditions in national political arrangements. For humanitarian and egalitarian purposes, these concepts and values emphasized global collaboration and a dedication to remedy poverty. In the theoretical context of Lumsdaine (1993), a country's level of donor funding is a function of the country's point of concern for poverty. Lumsdaine (1993) claims that the concern to alleviate and reduce poverty, coupled with the social and political

dynamics of society, contributes to social spending at the national level. The concern for poverty coupled with the dynamics of international power and organization, contributes to donor funding at global level. Lumsdaine (1993) states that global policy reflects not only root desires on the part of donor-country policy elites, much less mass opinion or feeling. He notes, however, that organizational choices and activities that had little to do with those thoughts were also based on those concepts and values. This remark links programs for alleviating national and international poverty. Lumsdaine (1993) offers proof that states with social-democratic traditions and strong support for domestic government support to poor people are more willing to provide foreign aid. The data analysis of Lumsdaine (1993) demonstrates that national social spending, strength of social democratic parties, government support and personal voluntary contributions to global financial aid all correlate with greater rates of donor funding. He also links the rise of the welfare state and its roots of national assistance (humanitarian, labor and social democratic) with the increase of donor funding. Noel and Therien (2002) examine this impact of the welfare state on foreign aid in more detail.

### **2.3.5 Trend of Donor Funds to Ghana**

In the interest of the growth and Poverty Reduction strategy GPRS II the economic approach sought to coordinate universal understandings which were important to the poverty reduction targets of which Ghana is signatory. The GPRS I and II became the premise for the Multi-Donor Budget support (MDBS) in Ghana (AFRODAD, 2005). The MDBS sought to harmonize and coordinate the strategies of the donor in an effort to reduce the cost of transaction for the beneficiary nation through agreeing on a common framework and triggers against which performance is measured to move forward discussion between government and development partner and conditioning funding commitments and payment on the accomplishment of the agreed targets.

Donor Aid to Ghana had come to a phenomenal level since the start of the new millennium. The flow of aid reached US\$598.17 million and further rose to US\$ 1306.93 million in 2008,



and this made Ghana one of the major beneficiaries of assistance within the world (OECD/DAC, 2013).

Table 2.1 gives a good picture of the trend of aid to Ghana.

**Table 2.1: Donor Aid to Ghana (US \$ Millions)**

<b>Year</b>	<b>ODA</b>	<b>Multilateral aid</b>	<b>Grants</b>
1960	2.94	0.41	3.04
1961	2.97	0.36	3.37
1962	5.61	0.06	4.16
1963	18.01	0.83	5.13
1964	20.22	1.11	7.9
1972	58.56	8.54	22.67
1973	40.99	4.54	23.07
1974	36.32	10.67	31.52
1975	124.21	19.74	32.15
1976	61.54	27.39	44.84
1977	90.17	38.1	53.71
1978	112.18	36.57	66.13
1979	168.22	188.63	66.44
1980	190.81	58.45	64.03
1981	144.12	42.84	75.29
1988	575.59	326.84	229.27
1989	715.53	361.79	266.15
2006	1243.24	646.62	5489.55
2007	1165.11	453.08	845.81
2008	1306.93	575.43	877.2

Source: OECD (2012).

The Multi -Donor support (MDBS) became the most imperative way the donor support at the start of the thousand years to improve aid coordination and ensure aid efficacy (AFRODAD, 2005). The method has contributed to more certainty of resources inflow for the budget execution, better coordination, effective handling of poverty and improved development prospects. The MDBS has moreover decreased the proliferation of donor conditionality, the unpredictability of donor funding and the irregularity between donor and government budget cycles (CEPA, 2005). By 2008, the International Development Association (IDA) through the MDBS, had contributed around US\$1.1 billion to the Ghanaian

economy in sector such as the energy, governance, policy reforms private sector development and public financial administration(World Bank, n.d)

### **2.3.6 Challenges Facing Donor Funded Projects**

#### **2.3.6.1 Managerial Factors**

The extent of success of donor funded projects is determined by managerial capacity of the human resources of the implementing agencies. Arndt (2000) argued that the officers in the donor funds projects chain may lack the formal training in foreign aid management, budgeting and accounting. These weak skills may lead to poor understanding of the donor expenditure protocols resulting in ineligible expenditures, which lead to rejection for further funding by the donor. This may be affected by the quality and timeliness of the liquidation documents complicate the donor fund release, with obvious implications on levels of donor aid effectiveness.

In the Human Development Index (HDI) analysis, especially in Africa, Ngwenyama et al. (2006) reported on a supplementary connection between education and ICT, concluding that ICT and education have a beneficial effect on development. The continuous low ranking of African countries was one worrying trend to note (Ngwenyama et al., 2006). The 2003 HDI Report advised that Africa could face "an acute growth crisis" in particular, with many African nations experiencing severe socio-economic reversals. Therefore, HEI in Africa cannot afford to take a "business as usual" strategy. Hawkins (2002) argues that Africa requires employees who can learn how to learn and gain fresh ICT abilities rapidly.

Ochilo (1999) reports on poverty and low rates of ICT capital investment by government and private industries in East Africa and the lack of fully qualified local ICT people explain the financial disparities between East African nations and South Africa. Appropriate use of ICT provides "a chance for civil society to formulate fresh types of activism and democracy

involvement" Fleming (2002). Detailed surveys by Ochilo (1999) indicate insufficient ICT training abilities in Eastern Africa and show that a total of 57.8% of practitioners from greater learning institutions classified their organizations as "less professionally capable of completely addressing ICT training requirements" with only "28.1% of experts classifying organizations as capable." The content and curriculum of these organizations is of interest here, which has been mentioned as insufficient in terms of solid training programs including data processing, system management and sophisticated computer training for the emerging ICT African professionals. The situation is exacerbated by the absence of "efficient dissemination of data" and an "excessive dose of theoretical lessons that are not fully mixed with practical lessons that do not cover global modern ICT problems" (Ochilo, 1999). Contrasting the above-mentioned African phenomena with Wessels ' (2005) account of developed countries demonstrates the extent to which qualified experts in other areas of the globe place seriousness on the ICT competency. Hostrom and Hunton (1998) support this perspective, arguing that skilled teachers and their students must either develop high level of IT skills or risk becoming functionally outdated. From this argument, it can be inferred that proxy HEIs can become functionally outdated.

#### **2.3.6.2 Factors Attributed to Donor Behavior**

1. **Accountability:** O'Connell and Soludo (2001) assert that accountability is a key pillar of effectiveness. Accountability refers to full transparency regarding the purpose, content, responsibility and performance of the development agency.
2. **Project evaluation complexities:** According to Martens (2002), because of the broken natural feedback loop in foreign aid, inserting an explicit evaluation function in foreign aid programmes is necessary to eliminate performance problems. If the evaluations are well done, to the extent there is no mechanism in place to act on these evaluations i.e. no mechanism to get the evaluation results out in the public, the aid agency's behavior

would likely not be affected. An independent foreign aid evaluation agency could be a way around these problems. In addition, even if donors adopt formal evaluation as a key component in aid programs, there would still be difficulties in exercising external influence without undermining local accountability relationships (World Bank, 2004).

3. **Fund Disbursement Bureaucracies:** In all governments, resources earmarked for particular use flow within legally defined institutional frameworks. Typically, funds pass through several layers of government bureaucracy down to service facilities, which are charged with the responsibility of spending the funds. However, in developing countries, information on actual public spending at the frontline level or by program is seldom available (Dehn *et al.*, 2003).
4. **Multiple objectives and tasks:** Most donors have multiple objectives. The Swedish foreign aid agency, Sida, for example lists six goals for Swedish development cooperation: (i) economic growth; (ii) economic and social equality; (iii) economic and political independence; (iv) democratic development; (v) environmental care; and (vi) gender equality. The problem with multiple objectives is that they typically imply trade-offs, especially in the short run. When faced with multiple tasks that compete for their time, donor aid agents will tend to focus on those that are more likely to satisfy their career concerns or require less effort. Since some tasks are more easily monitored by their supervisors (such as input activities like budget, procurement, hiring of consultants), these tasks will receive a disproportionate attention at the expense of less easily monitored tasks.

### 2.3.6.3 Technical Factors

With the advent of ICTs and e-government, it is feasible to enhance the efficiency and effectiveness of inner government administration and move government service from public headquarters to places nearer to people. Examples of such locations are cyber cafés, telecentres,

or home or office personal computers. While it is impossible to dispute the advantages of ICT in government, there are several issues about its achievement as well as the policies to be implemented in implementing schemes in different nations.

Informatics is a bridging discipline that is essentially interested in the implementation within organisations of data, information technology and information systems. Therefore, computer science is the study of information systems, information systems and information technology applied to different events (Beynon-Davies 2002). Tapscott (1995) claims in support of public informatics that ICT creates a paradigm shift, introducing "the age of network intelligence," reinventing companies, governments, and people. According to Kaul and Odera (1991), governments around the globe have been involved in the process of adopting a broad variety of (ICT) applications. Countries were categorized as sophisticated or less developed Mgaya (1999) by the United Nations according to their Computer Industry Development Potential (CIPD). For instance, advanced nations include the United States, Canada, Western European nations, and Japan; less developed countries include Argentina, Brazil, India, Mexico, Kenya, and Bulgaria, among others. With a number of high-profile projects initiated during the 1990s, the use of ICTs for public reinvention is growing not only in investment but also in terms of visibility. This reinvention took place, particularly in the developed nations, according to Heeks and Davies (2000). Western countries are confident that financial and social benefits will result from the data culture (Audenhove, 2000). The author citing Economic Cooperation and Development Organization states that information infrastructure is anticipated to boost economic growth, 'boost productivity, generate employment, and enhance quality of life. Heeks (2002) notes that between advanced and developing nations there is a large distinction between the application and use of ICT. Westrup (2002), however, observes similarities can be anticipated as well. These similarities include non-sufficient funds, bureaucracy, and user needs. The distinction is how issues in distinct nations are resolved. It can be asserted that

Western nations have an easier way to implement ICT initiatives than DCs with their appropriate funds and sophisticated technology. Most developing countries are defined by restricted public sector computer applications, insufficient infrastructure and qualified labor shortages (Odedra, 1993). Odedra (1993) states that "this scenario exists not only because of absence of economic resources, but mainly because of absence of cooperation at various levels to make efficient use of the technology." This uncoordinated effort can only lead in duplication if each department carries out its own ICT initiatives without due consideration of public compatibility.

Failure factors are those events that restrict adequate or smooth public execution of ICT initiatives. These can be, as explained, either obstacles or inhibitors (Gakunu 2004; Khaled 2003; Ndou 2004). Barriers can be regarded to hinder the application of ICT. Some of these failure variables are: infrastructure; finance; poor data systems and incompatibility; skilled staff; leadership styles, culture, and bureaucracy; and attitudes inhibitors do not necessarily deter projects on ICT from being implemented, but they stop progress and limit effective execution and sustainability. Some of these failure variables are: user needs; technology; coordination; ICT policy; ICT idolatry transfer; and donor push.

### **2.3.7 Strategies to Enhance Donor Funds**

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

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

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter describes the research methodology that was used in this study. It describes the study design and method, study population; sampling method, data collection tools and techniques, data analysis and presentation as well as the ethical consideration.

#### **3.1 Research Design**

Based on the aim of this research, mixed-method research design was employed. This design enables the use of both qualitative and quantitative research approaches to the study. The rationale for the adoption of the mixed research method are as follows; (1) Since both quantitative and qualitative researches have their strength and weaknesses, combining them will help offset their weaknesses to draw on the strength of both approaches, (2) Employing both approaches will help bring together a more comprehensive account of the area under study as compared to employing a single approach. This is to ensure a total completeness of the study and (3) Employing both approaches will enhance the utility of the study. That is, adopting a mixed research method will make the study more useful for practitioners, researchers and others (Creswell, Plano, Gutmann & Hanson, 2003)

Further a mixed research design is appropriate for this study because the researcher was interested in the funding patterns of donors between 2011 and 2018 as well as to explore in-depth into the challenges and opportunities of donor funded projects. The quantitative part helped address the trends analysis in donor-funded projects whereas the qualitative part helps to address the challenges and opportunities of donor funded projects in Ghana.



### **3.2 Research Method**

Two data sources, primary and secondary, were used for this study. In the primary data sourcing, one-on-one and web based electronic semi-structured questions was employed. The choice of this method is motivated by the fact that the researcher is interested in the experiences of the participants on the trends, challenges and opportunities of donor funded projects. Secondary data from the Department for International Development (DFID) on the funding provided to Ghana by the United Kingdom government between 2011/2012 and 2018/2019 financial years under consideration.

### **3.3 Population of Study**

The population for this research was donor communities. Three donor agencies namely DFID, USAID and DANIDA were selected for the study. DFID and USAID were selected because these agencies are the largest contributors of Aid to Ghana. In a survey conducted by FundsforNGO it ranked US and UK as the largest contributors for AID in the world. DANIDA was selected for the study because it is an agency that has shifted from providing Bilateral Aid to the country. To enable the researcher, investigate and understand the trend, challenges and strategies, the above donors were conveniently selected for the study. Also, a beneficiary of a donor fund-Technoserve Ghana who served as an implementing partner for DFID was engaged to corroborate gathered data. The focus of the study was on donor funding in the social (health and education) and economic (reforms/regulations, jobs) sectors in Ghana. Although three donor agencies were selected only DFID a dominant agency with various projects in Ghana availed itself for this study.

### **3.4 Sample Size**

The strength of qualitative study is the depth of data gathered and the skill of the interviewer (researcher) and not the number of the participants engaged (Osafo et al., 2013). Further

Sandelowski (1995), asserted that a minimum sample size of 10 could be appropriate for some qualitative studies. With this in view the study engaged 10 participants from both DFID (donor) and Technoserve (implementing partner) with donor funding experiences. However, the researcher exercised academic discretion on the number of participants for the study once saturation was reached (Reid et al., 2009).

### **3.5 Sampling Techniques**

Purposive and Convenience sampling techniques was employed for this study. Purposive sampling is a non-probability sampling used when the researcher decides on what needs to be known and set out to find people who can and are willing to provide the information by virtue of knowledge and experience (Etikan et al., 2009). Purposive sampling allows the researcher to home-in on participants who are most relevant for the study and serve as snap shot of the target population (Aron & Aron, 1999). This sampling technique was used because the nature of the study and the research items demand responses from development practitioners who are knowledge and the expertise in the phenomenon under study, this case projects and donor funding. The rational for the use of the convenience sampling procedure was to interview project officers and managers who are readily available and are willing to participate in the study.

### **3.6 Data Collection**

The researcher used primary data for this research. The method for collecting primary data was through the use of semi-Structured interview questions. Letters were written to interested organizations and individuals for the purpose of this study. Once it was approved, consent forms were signed and the right to stop participating in this study was highlighted. Using the semi-structured interview guide, views of participants were audio-recorded for the one-on-one interview. The researcher probed to clarify and unearth ideas that addresses the focus of the

study. Open ended semi- structured questions were sent by mail to those who were not available for the one -on-one session.

### **3.7 Interview Guide Design**

Semi-Structured questions was designed based on the literature and in tandem with the aim of the study. According to Abawi (2013) semi-structured interview guide helps to seek information from participants. The researcher sought some demographic information and characteristics from the participants. This includes identification of donor agency, gender, educational status and years of services of the participants. The next part was the semi-structured questions based on the present aims of the study.

### **3.8 Data Analysis**

Descriptive statistics (frequencies) were run on the secondary data to ascertain the trends of donor funded projects. Qualitative data gathered was transcribed, coded and analysed using thematic analysis technique. The researcher read through thoroughly and begun to fish out major themes from the scripts. For the purpose of the validity, third party's opinion on coding and analysis was sought.

### **3.9 Ethical Considerations**

The researcher was guided by higher ethical rules. Permission was sought from head of the agencies and obtain the consent of each participants prior to the data collection. Prior and during the data collection the researcher was introduce herself to the participants as well as the purpose of the research. Participants were assured of the confidentiality prior to the administration of their engagement.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.0 Introduction**

This chapter describes the research findings that was gathered during the data collection and discuss how the finding is in tandem with other works that have been carried out. It describes how DFID's programmes have shifted over the years, the challenges encountered by the donor as they implement projects, the opportunities that have emerged and strategies could be adopted to improve donor projects

#### **4.1 Response Rate**

The researcher interviewed 6 participants, while 4 participants provided written responses to questionnaires. A mixed approach was adopted to better appreciate what the trend has been from the donor's perspective. It is interesting to note that out of three development agencies (donors) that formed the scope of the research, all responses came from DFID. Several attempts were made by the researcher through emails and phone call to reach out to USAID and DANIDA but there were no responses from these institutions. Therefore, the analysis of the study is based on the findings from DFID (donor) and Technoserve (NGO- implementing partner to the donor). In addition, the objective of the study helped the researcher to focus on the right group who could make in-depth contribution to the study.

The interview reached a saturation point as the participants kept repeating the same points raised by others who have been interviewed.

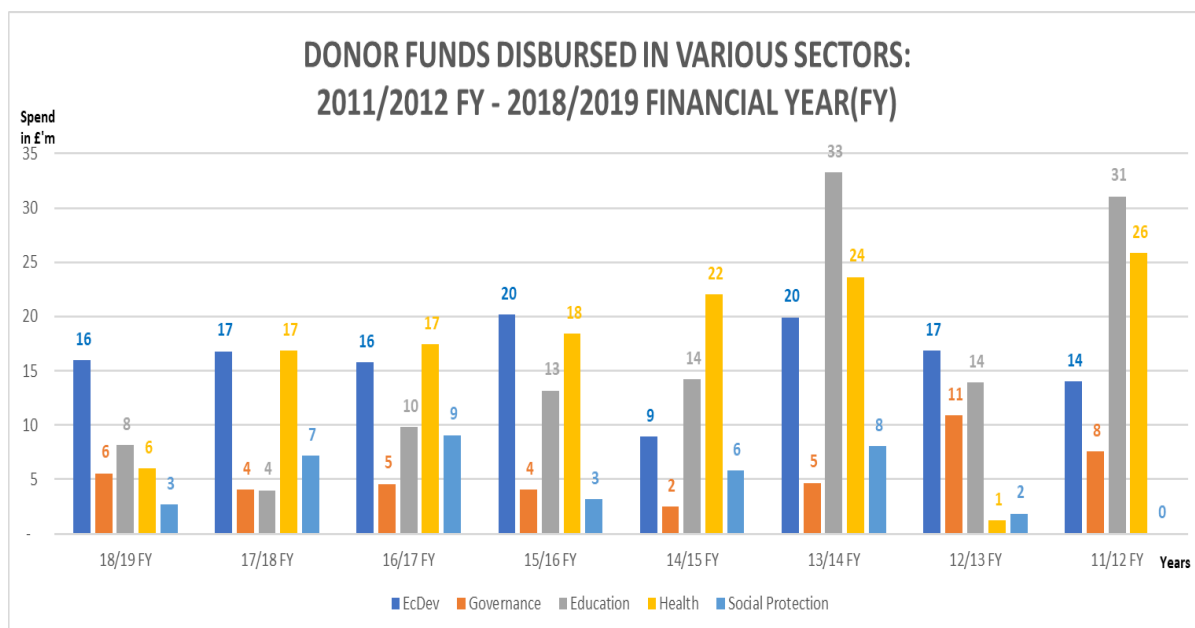
#### **4.2 Demographics of Participants**

Eight out of a population of ten had more than 6 years working experiences against two who have less than 5 years working experience. The educational level of the respondent ranges from

first degree to Doctorate (PHD). Male participants were more dominate (60%) than their females' participant (30%).

#### **4.3 Trends in Financing Projects by DFID (Donor)**

DFID is an international development agency of the UK government with the objective of reducing poverty, contribute to economic development and improve governance to support countries achieve the sustainable development goals (SDGs). This objective is in harmony with the reason provided by Lumsdaine (1993), that development organisation provides support to countries with the aim of alleviating them from poverty. As an organisation DFID worked in the following sectors Economic development (EcDev), Governance, Education, Health and Social protection with specific programmes and projects implemented by the organization. Figure 4.1 show the funds that have been spent in these sectors from 2011/2012 to 2018/2019 financial year.



**Figure 4.1: Sector spending from 2011/2012 to 2018/2019**

Source: Development Tracker and ARIES Report

As depicted in the figure above it is clear that the donor spent more funds in some sectors than others. Specifically, more emphasis was laid on the health and education in the 2011/2012 financial years whilst the economic development received least funds in that same financial year (2011/2012). The funding's was geared towards projects such as Complementary Basic Education, and Health Sector support Programme. However, from 2015 to 2018 there have been shift in the spending pattern. Spend on projects in economic sectors (.ie economic development) such as Market Development in the North, Business Enabling Environment Programme (BEEP) Ghana Revenue Reform Programme and Enhancing Growth in New Enterprises have increased. The sectors spend have not fall because more projects are implemented in these sectors.

Table 4.1 indicates the percentage of spend on each sector. The higher percentage spend on health and education from 2011 to 2016 financial year representing an average spend of 27% and 31% respectively support the point by Tejvan (2009) under the modernization theory. For a developing country to come up to speed with the Western world, there is the need to improve

the infrastructure of the country. Providing adequate infrastructure for the citizenry implies allocating more funds to these sectors.

**Table 4.1: Percentage of spend Across Various Sectors.**

<b>Particulars</b>	<b>18/19 FY</b>	<b>17/18 FY</b>	<b>16/17 FY</b>	<b>FY15/1 6</b>	<b>14/15 FY</b>	<b>13/14 FY</b>	<b>FY12/1 3</b>	<b>11/12 FY</b>
EcDev	43%	34%	28%	34%	17%	22%	38%	18%
Education	22%	8%	17%	22%	27%	37%	31%	40%
Governance	15%	8%	8%	7%	5%	5%	24%	10%
Health	16%	34%	31%	31%	41%	26%	3%	33%
Social Protection	4%	15%	16%	5%	11%	9%	4%	0%
<b>Totals</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source:DFID Development Tracker

Ghana did not have enough resources (funds) to support the services delivery, hence the donor funds was a source of capital that helped in improving the infrastructure of the country. This had a positive impact of the economy, in that with access to better educational system the citizens will acquire the requisite skills that will enable them to deliver good services to the nation. This narrative is in line with how DFID supported the Government, NGOs and other Multilaterals by contributing a total of £56.88 million to the health and educational sector out of total spend of £78.48 million in the 2011/2012 financial year as shown in table 4.2.

Abuzeid (2009), is of the view that for a developing country to transform and grow faster the approach should be injecting more money into the economy that will put the country on the right trajectory. This assumption is not supported by the findings of the research.

From table 4.2 below the total amount of funds that have been spent over 8 years by DFID is £468,026.016 this excludes other funds that have been spent from 2010 and beyond as well as other funds from other donors that are allocated to these sectors. The economy should have improved than what we see today.

**Table 4.2: Donor funds disbursed to various sectors**

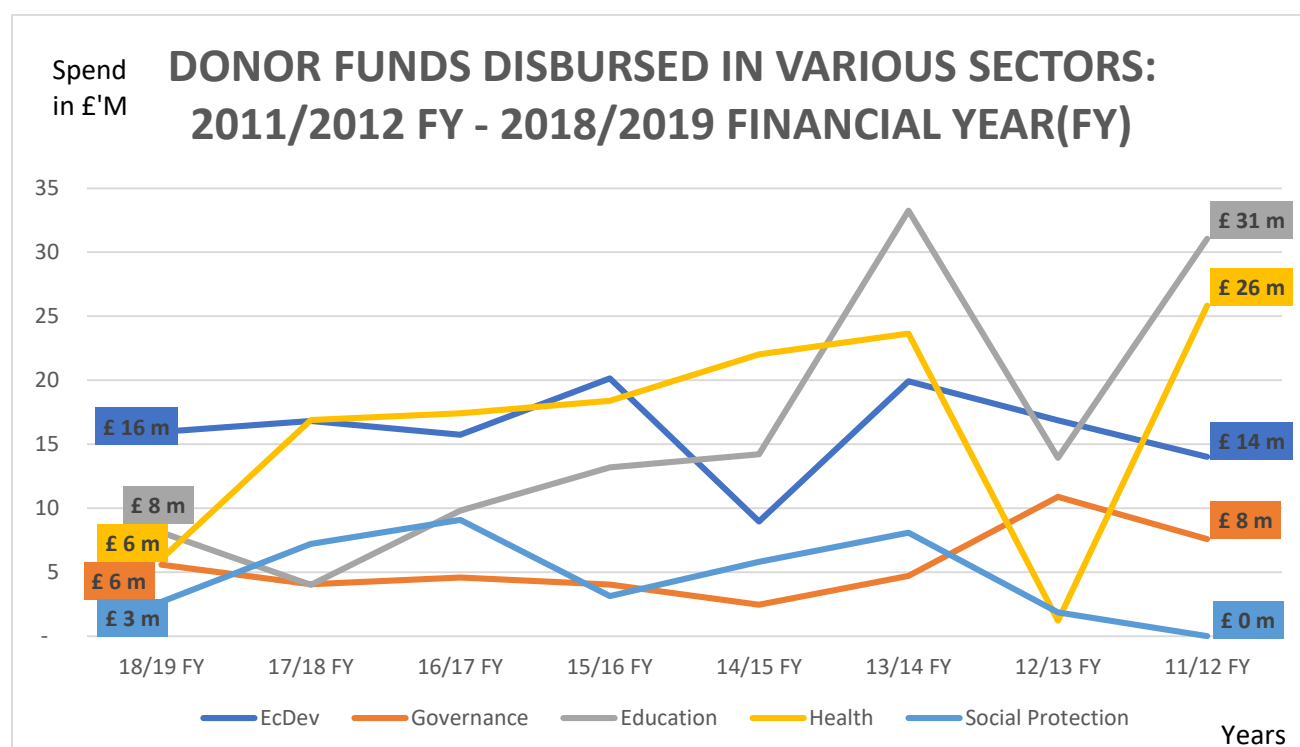
<b>Particulars</b>	<b>FY11/12</b>	<b>FY 12/13</b>	<b>FY13/14</b>	<b>FY14/15</b>	<b>FY15/16</b>	<b>FY16/17</b>	<b>FY17/18</b>	<b>FY18/19</b>
	<b>£'million</b>							
EcDev	14.01	16.86	19.92	8.95	20.14	15.75	16.81	15.97
Governance	7.58	10.89	4.70	2.46	4.05	4.59	4.06	5.58
Education	31.06	13.93	33.24	14.22	13.18	9.81	4.01	8.12
Health	25.82	1.22	23.63	22.01	18.39	17.41	16.88	6.03
Social Protection	0.01	1.85	8.09	5.82	3.15	9.09	7.21	2.69
<b>Totals</b>	<b>78.48</b>	<b>44.76</b>	<b>89.59</b>	<b>53.47</b>	<b>58.91</b>	<b>56.65</b>	<b>48.97</b>	<b>38.39</b>

Source: DFID Development Tracker

The researcher found out that the direction of the donor is changing in terms of how funds are allocated across board. As the years go by sectors that were spending more (Health and Education) are no longer doing so. There is a sharp decline in spend in the social sectors (service delivery).



The graph on figure 4.2 gives a pictorial view of the decline in spend in health, Educational sector



**Figure 4.2: Source: Development Tracker for DFID**

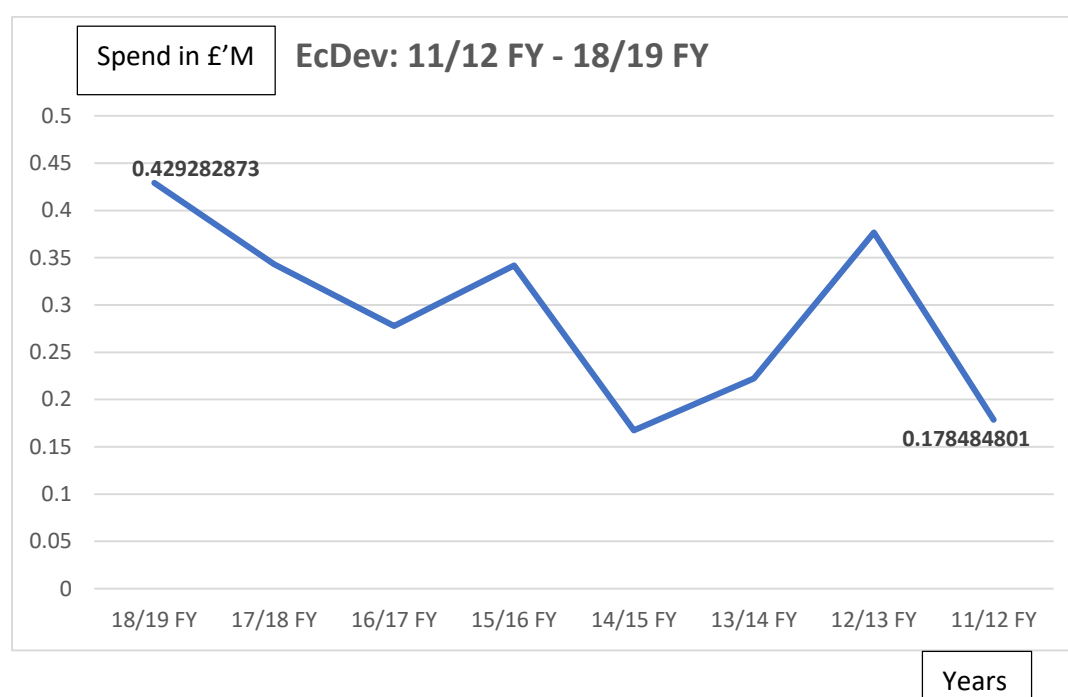
Majority of the participants attributed the decline to the fact that Ghana is a middle-income country looking to move Beyond Aid therefore, the donor is shifting attention from these sectors to the economic sectors. As a middle-income country, it presupposes that the country would be able to cater for its own expenses by providing the basic services to the citizens. For projects to achieve its goal then the gains made should be sustained. One way to ensure that is to allow the beneficiaries of the project to own the project. This is key because donor fund runs out when the projects comes to an end. One respondent alluded to the fact that the organisation is shifting from some sectors in order “to ensure sustainability, donor funding is less than 2% of Ghana’s revenue and decreasing, so making sure that government have the systems to spend their own resources well is the way to have a lasting development impact.” (Economic Advisor of a development partner -DFID)

Another contributing factor to the decline has to do with the weak public financial management systems leading to misuse or misallocation of funds. Also the Donor is accountable to its own citizens on how funds are utilised therefore if they realise that the funds will not achieve Value for money in terms of how they are been used then it will be in their interest to direct resource to sectors that in line with their strategic objectives which will ultimately result in the best value for money.

Further another factor contributing to the decline in spend is change in DFID's priority. The donor, in carrying out projects also looks at how the projects fits into the UK's National interest. This finding concurs with the observation made by Bulir and Lane (2002). According to them in making decisions by the donor there are both national and international interest that must be satisfied. And in most cases the donor is geared toward its own interest which could be detrimental to the recipient of the fund.

Spending more in the economic sectors is in line with the priorities of the donor , because the focus is to look at how both countries could become trade partners for the mutual economic prosperity for both country .The organisation has up it game in these sectors by increasing its expenditure on projects such as transforming the economy through job creation, supporting the government to create the enabling environment that will make it attractive for investors to come as well as supporting the country to raise revenue domestically. This agenda is in the interest of both the donor and the recipient country -Ghana.

This is illustrated in the figure 4.3 below, since 2015 to 2018 a total of £68.67 have been spent on the economic sector in ensuring that the right policies, systems, reform, jobs are in place.



**Figure 4.3: Trajectory of the Economic Sector.**

The increase in spend cannot be attributed to the economic sector only but also the governance sector. The donor focuses on how they can support the governments and civil societies with projects that can help promote accountability. Example of such projects are strengthening Transparency Accountability and Responsiveness (STAR) and Strengthening Action against Corruption (STAAC). The direction of the donor confirmed the assertion made by O'Connell and Soludo (2001). According to them the key element is ensuring aid effectiveness is accountability. This element will ensure beneficiary use the funds for the intended purpose. This explains why on figure 4.4 there is an increase in spend in the governance sector in terms of the number of projects implemented.

#### **4.4 Challenges Associated with Donor-Funded Projects**

During the discussions, participants identified six challenges associated with donor-funded projects. The challenges included inadequate time to implement and yield benefits of project, issues of finance, variance in realities of implementation and proposed plan, aligning donor priorities with government/NGO priorities, lack of commitment and limited capacity. Most of these challenges were voiced by respondents from the NGOs.

##### **1. Inadequate time to implement and yield benefits of project**

This was the most common challenge agreed upon by both participants from NGOs and donor organization. This theme was categorized into bureaucracy in government agencies, frequent financial reporting and disputes on minor issues and behaviour change requires time.

###### **a. Bureaucracy in government agencies**

In many developing countries, government agencies and institutions are often fraught with inefficiencies in the delivery of services. For example, even though the officials from the Registrar General's Office reassure Ghanaians about the ease of registering their businesses, the process may be cumbersome, leading to the heavy presence of middlemen, otherwise known as "goro boys". Donor-funded projects that involve acquiring some services from government agencies may suffer delays in implementation and reaping the benefits of the project.

You see, that program...we were working with start-ups and giving ideas and registering a business in Ghana until recently, you have to go through a lot of things. Registering a product, it takes you about six months. You see, with FDA. So all these things and you want to see results within two years. It won't work. (Project Manager from an NGO)

Previous studies have also identified bureaucracy as a major cause of delay in the execution of projects. For example, Ahsan and Gunawam (2010) in their study examined the causes of project delay and cost overrun based on 100 projects funded by the Asian Development Bank. They found that bureaucracy within the government in Bangladesh, China, India and Thailand was the sixth ranked reason for project delay. In Ghana, bureaucracy is a huge problem when government is responsible for paying contractors. Frimpong, Oluwoye, and Crawford (2003) studied groundwater construction and their results revealed that payment difficulties from government was one of the main causes of delays. In another study on building construction projects, financial issues, including delays in payment of contractors by government was the most cited (Fugar & Agyakwah-Baah, 2010).

In some cases, the political climate and government policies impinge on mobilization of resources. For example, Batti (2014) notes that in some African countries (e.g. Ethiopia), the attitude of government towards NGOs has been negative with some considering NGOs as threats. Thus, the governments in these countries may deregister or restrict external donor funding to the NGOs. However, in this study respondents did not raise any of these concerns. This may be a reflection of the generally stable political climate in the country. Despite this, respondents revealed that the bureaucratic structures within government institutions impinge on timely execution of projects; it does not mean that the implementation may necessarily be different from what was planned at the design phase as evidenced in the quote below.

So in that context the bureaucracies will not lead them to doing something different. It will rather cause a delay in the program implementation. You see, we agreed we are doing this program in four years, in five years. That is the budget available but the first year a lot of bureaucracies. By the time you realize we don't do first year. So we've lost first year activities. (Finance Analyst from a country office development partner).

b. Frequent financial reporting and disputes on minor issues

As part of the contract for the execution of projects, development partners(donor) require that implementing partner (e.g. NGO) to provide periodic financial and narrative reports. The timeline for reporting maybe monthly, quarterly or half yearly. For the DFID it is mostly quarterly. This response affirms that accountability is an important element of the reporting requirement of donors (Lane,2002). Contrary to the reporting preference of the development partner, the implementing partners prefer to report less because takes time away from the implementation of actual project as evidenced in these quote: “so remember that donors may want you to report as often as possible. NGOs will want to report as few as possible because any time we spend reporting takes us from implementing the program” (Country Director from an NGO) and “We should minimize the frequency of reporting. It is too much. You spend too much time on paper work. Too much on paper work” (Project Manager from an NGO). This is compounded by disputes on minor issues which further impact on the implementation time for projects.

...quarterly narrative reports, quarterly financial reports. So they will vet every single transaction. And sometimes it could take you about two weeks to even conclude on that financial report. Those are some of the challenges that I will say we faced. Sometimes you look at certain things and materiality-wise, excuse my language, it doesn't make sense to waste time on those things but in terms of principles they will think we have to maybe examine...re-examine this again. (Project Manager from an NGO)

c. Behaviour change requires time

Projects on behavioural change may not realize immediately the objectives and outcomes as expected by the parties involved in the project. Progress of these programs may be slow and can potentially hamper the relationship between the implementing partner (government and NGOs) and developing partner (i.e. country office).

...you see when you are dealing with programs that have a lot to do with behavioural change, it takes a while and even SME development. You see, maturity of businesses takes a while. You invest in a company today, you don't expect to see massive progress in the next two years. Maybe you will take the whole year. (Project Manager of an NGO).

As asserted by Muriithi and Crawford (2003), the concepts and models of project management are not universally valid. These models are based on assumptions that may not be relevant in other cultures and hence may not yield expected results. Moreover, behaviour change is complex as evidenced in many areas including health promotion. For example, the WHO-endorsed knowledge-attitude-behaviour (KAB) postulates that more and better knowledge will inform attitudes which will in turn result in the desired behaviour change. The literature on health promotion shows that provision of health knowledge does not necessarily translate in attitudinal or behavioural change (de-Graft Aikins, Boynton, & Atanga, 2010). Rather, there may be other factors that influence perception of health and illness among individuals such as culture, economic and socio-political factors. The quote below described the complexity of behavioural change

They want to think scientifically. So it doesn't work that way. Social development is different from scientific process of thinking. For example, in social development, behaviour change is so complex. You just can't write it off but most scientist think that by giving loans and procedures human beings must follow but human beings are not robots. (Country Director for an NGO)

## **2 Issues of finance**

The cost incurred while implementing the project represents a challenge for the implementing partner. For example, pre-finance of project is a significant challenge for NGOs since they don't work for profits and may not have the financial capacity to finance some aspects of the project as evidenced in these quotes: "So if it is like that and you are a contractor without a strong financial backing, it means if they give you the contract you will struggle to implement it." (Project Manager for an NGO) and "For NGOs or civil societies organizations we work with, we agree that they don't have that financial capacity to finance some of the thing" (Finance Analyst for a development partner). As highlighted by Batti (2014), NGOs face a significant challenge in mobilizing resources for project. For instance, the author notes that the change in funding trend, specifically the shift to funding of NGOs to funding government institutions leaves the NGOs competing for same funds with government institutions that have greater resource-mobilization capacity. Even though the challenge of resource mobilization persists, contractors or implementing partners (e.g. NGOs) should be adaptive. In fact, as noted by one of the respondents, pre-financing is almost unavoidable and hence NGOs should work creatively to address it

In our organization... are finding creative ways for every cedi that I spend. I have to have a creative way of saving one pesewa. The one pesewa that I'm saving I have asset replacement plan which is invested in serious securities. And then I also have to have some buffering but mostly when we do the asset replacement plan that is what we use to do the pre-financing. (Private Managing Consultant)

Aside the cost of pre-financing, fulfilling accountability obligations comes with huge cost.

The truth is these are very costly and so you won't find it across all companies or all NGOs but the much larger NGOs have these systems in place.... So it [auditing] can



take a significant chunk of the project money. So if DFID or USAID or any other donor is putting one million dollars for a project, you can probably see about 100,000 dollars going in for just these audits. (Country Director of an NGO).

Moreover, the budget provided by the donor for executing project may be limited and hence compounding the financial issues of the development partners as evidenced in the quote: “Well, of course, the size of the grant. So you may have a donor who will tell you to do about 150 things with a budget of just very tiny.” (Country Director for an NGO). The literature on international development project identify cost overrun as a major problem, particularly in the area of construction (Fidan, Dikmen, Tanyer, & Birgonul, 2011; Flyvbjerg, Skamris, Holm, & Buhl, 2004; Shehu, Endut, Akintoye, & Holt, 2014). Longer implementation periods of projects have been identified as a cause for implementing partners exceeding the budgeted cost of projects (Flyvbjerg, Skamris, Holm, & Buhl, 2004).

### **3 Variance in realities of implementation and proposed plan**

Project planning is an essential ingredient to project success. However, as mentioned previously there are times that plans made during the design phase do not work well once the implementation of the project starts. These realities may result in the delays in implementing the program as scheduled. Additionally, it may result in further spending that is beyond the budget allocated for the project. Moreover, project planning does not necessarily confer project success even though it must be emphasized that lack of planning would probably lead to failure (Dvir & Lechler, 2004). The implementing team thus would have to work together to address the changing realities.

In the course of implementation, a lot of things can happen which may be foreseen or may not be foreseen...You may probably be overspending more than you budgeted. For example, you probably budgeted for ten million cedis or five million Ghana cedis

and you realize that the cost of living has gone up so much that now you can only implement with twelve million. You work it out with the donor or handle operations internally (Country Director for an NGO).

Sometimes during program implementation things come up which are totally different from what we initially set out to do and therefore it may be relevant for us to adapt to those request and DFID will call it adaptive programming. Sometimes...but remember as an IP, Implementing Partner, you don't end there. You don't tell me things have changed and take that decision and go ahead and do what you want. You need to communicate (Financial Analyst for country developing partner)

#### **4 Aligning donor priorities with government/NGO priorities**

The trends of funding by donors to developing countries have changed over time. As revealed earlier, Ghana has experienced significant declines in financial aid in the area of social development. The implication is that it limits the number of NGOs the donors can support, leading to scrambling among NGOs to obtain funds from donors (Cooley & Ron, 2002). NGOs have thus had to respond to these changes. For instance, AbouAssi (2012) found that Lebanese NGOs responded to changes in funding priorities of donors by voluntarily and deliberately adapting their own interest to fit the interest of donors. Beyond the financial issue, misalignment of the priorities of donors with relevant partners such as the government and NGOs are also an impediment to smooth running of projects. Government may be interested in financial aids whereas the donor may be interested in providing non-financial support to the host country. In some cases, donors may be focusing on issues that are not contextually-relevant to the host country and so projects may not yield the benefits the donor expect. Preoccupation with implementation towards predetermined goals as expressed in Management

by Objectives (MBO) model of project management sometimes leads to the neglect of the social relevance of these goals to the host countries (Picciotto, 2019).

Government of Ghana may want money. Give us the money and let's use it for what we want to use it for. But DFID may think, or UK government may think money will not give us the results we would want. We would want to do technical assistance... when there is no congruence between the objectives...yes, it could be a challenge (Financial Analyst for a country office developing partner).

In most cases the donor's priority areas may not be the organizational priority areas. We [They] don't have a grasp of the context. So you take UKAID for example, probably they want to focus on auto-manufacturing of cars and others. Ghana? Really, you see? That's not an area that...the context [requires]. (Country Director for an NGO).

## **5 Lack of commitment**

A related issue to misalignment of donor priorities with host country's priorities is the lack of commitment. This problem is peculiar to the government, particularly when there is a change of government. Change of government may lead to abandonment of projects started between the donor and previous government. These quotes exemplify these concerns "For government partnerships, change in key government staff (either through change in government or internal) affects delivery as new relationships need to be formed to ensure proper oversight of projects." (Staff for country office development partner), "sometimes projects can get stalled in the middle too if there is a change of government partner for example, or an election" (Staff for country office development partner) and "You may have these challenges with government. Government because when there is a change in government. The old government...the new government thinks this is more a priority issue to the old government. It's no priority to us." (Financial analyst for country office development partner).

## **6 Limited capacity**

Another challenge that is prominent in the literature on project management is related to management and technical capacity. For example, in a study conducted by Frimpong, Oluwoye, and Crawford (2003) found that in the area of groundwater construction projects in Ghana, poor contract management was ranked first by owners (that is, government agency) and second by consultants, but ranked as low as sixth by contractors. The authors claimed sometimes contracts are awarded to lowest bidders who may have deficient technical and management skills. However, in this study these concerns were not expressed from respondents from either NGOs or country office. For NGOs, this maybe because they would only on fewer occasions go for a project they do not possess the capacity to perform. This is what the project manager for an NGO said about lack of capacity: “I will say no because before you put a team together you know your JD [job description]. You know exactly the scope of work that you are looking for people to execute.” For the country office, it can be attributed to the due diligence done before awarding contracts. However, resignation or change of team members may bring capacity issues as indicated by the financial analyst of a country office development partner: “In most cases, capacity will not necessarily be a problem or challenge. We may have capacity issues only when there is a change in the team.”

### **4.5 Strategies to Improve Donor-Funded Projects**

From the discussion with participants it was clear that to improve upon their projects two key element should be addressed. Firstly, donors should engage their stakeholders on how they can embed sustainability during the design stage of the project because the support will not be there for ever. This is evident in comment from this respondent: Projects are successful when the intended impact is reached and are sustainable. Sustainability should be part of the design of the programme from the onset and discussed and agreed with government how realistic it will be for it to be sustainable. (Senior Programme Manager of developing partner). **Another**

respondent also added: There are various strategies – e.g. building the capability of civil society and non-government actors can help ensure sustainability of reforms, phasing out donor support and transitioning to government.(Economic Advisor of a development partner)

The Second strategy is Donor Coordination.

The respondents pointed out that there should be coordination among the donors to prevent government from shopping among donor. This will help donors from reinventing the wheels and ensure that efforts are geared towards sectors that are lacking support. This finding supports the commitment made by multilateral and bilateral institutions during a meeting in Paris on 2<sup>nd</sup> March 2005 where they committed to: “Eliminating duplication of efforts and rationalizing donor activities to make them as cost-effective as possible”. If donors engage more and identify the synergies in their work, they would achieve better result and promote development in the country.

Ultimately, the respondents were in support of Ghana moving away from aid to self-reliance. They proffered one main alternative to donor support: *government’s domestic revenue*. Respondents believed the country had the potential to wean itself off aids and grants. For example, a respondent said, “There is a lot of money in this country” (Finance Analyst from a country office development partner). Other respondents said “...I think the time has come looking at the fact that we want to go beyond aid, so it is like the money must come from ourselves” (Program Manager from country office development partner). “Yes, with the new Ghana beyond aid agenda, government is looking to resource its own development as it moves away from aid towards self-reliance.” (Staff from country office development partner). Another called for pressure from citizens on the government “We should push the government to do it. We should push our state institutions to perform” (Program Manager from NGO). There were two sub-themes for government’s domestic revenue: curbing corruption, widening the tax net and other innovative ways of funding raising.

#### **4.5.1 Curbing Corruption**

In discussions about development in Africa, the issue has often been regarded as major barriers to development (Uneke, 2010). In this study, respondents acknowledged that despite the resources the country has, development has not been commensurate. A case in point is mining in Africa. Even though African countries have abundant mineral resources, this has not translated into better living conditions for citizens, especially in rural communities where mining activities are undertaken (Standing & Hilson, 2013). A respondent stated that “Due to corruption, we are unable to account for the money we use in here... It’s like we are fetching water and pouring it into a basket. It’s like we are fetching water and pouring it into a basket” (Finance Analyst from country office development partner). Respondents emphasized the importance of curbing corruption to national development and this is exemplified in the following quotes “...making sure that the government has incentives and enough scrutiny to spend it well on priorities to meet the SDGs” (Staff from country office development partner) and “I think if they close all those gaps [the country will develop]” (Finance Analyst from country office development partner). The above quotes concurs with Knack’s (2000) observation that when a country largely dependence on aid, it will encourage people to be corrupt.

#### **4.5.2 Widening the Tax Net**

It was mentioned that it was important for the government to widen the tax net since it was mostly centralized in the formal system even though most workers were in the informal sectors of the economy. Therefore, the government did not have enough revenue to expedite development in the country, as can be seen in this comment: “Government doesn’t have the money to do it; the money we raise almost 90% of it go to salaries, to pay salaries. So how much is left? People don’t want to pay tax, people are stealing government.” (Program Manager

from country office development partner). Hence, there was the need to improve revenue mobilization.

If we seal those holes, we can start looking at widening the tax net so that it will have a lot of people in there. And we don't have to go for loans and all those things. This country is too blessed to be looking for avenues for...no, no, no. (Finance Analyst from country office development partner)

#### **4.5.3 Other Innovative ways of fund raising**

Beyond widening the tax net, respondents also mentioned the benefits of nationwide and regional fund raising. One respondent indicated that it was possible to learn from the successes of other countries in fund raising. Reliance on the government to provide everything will only result in slow development as can be seen in this quote: "Then we think that government should do it, they will never do it. Look at the banks that are collapsing, we have more people to feed." (Program Manager from country office development partner). Hence, other ways of funding projects in the country should be encouraged. For example, one respondent said that "Philanthropists and other religious bodies could also fund projects." (Staff from country office development partner). Another respondent indicated that:

You can check, maybe we have how many people in Ghana now? Maybe we have 26 getting to 30 million right now. If every quarter somebody say I am giving 1 cedi, 1 cedi, I cedi to a particular foundation, you know that this foundation is a respected foundation, you trust the board people, they won't just spend our money; we put the money there, every quarter, every quarter, you just calculate for the one year and see how much money they will get. (Program Manager from country office development partner).

## 4.6 Opportunities

Participants talked about the benefits derived from the relationship with the donor countries for both the host country. Their responses are categorized into *trade relations* and *policy influence*.

### 4.6.1 Trade Relations

Respondent mentioned how beneficial trade relations are to the country and the donor country. One of the benefits of the trade relations is the exchange of goods and services. For example, a respondent stated that “They are able to export their things here and sell. We are able to export our things out there and sell. That is good. So, trade relationships influence.” (Financial Analyst from country office development partner). Additionally, the host country benefits from the expertise of donor countries even though this also comes with a cost. The quote below exemplifies the aforementioned point.

For example, the oil that we found...At that time we didn't have oil, we didn't know so we don't have the skill to drill. We will bring companies from UK and America to drill it for us and they will charge us, they will take some of the oil. They can say that, this expertise that we are given, we are not charging you money, but maybe half of this oil is for us. (Program Manager from country office development partner).

And as the nation develops the, it reduces the burden on the donor countries. For example, one of the respondents stated that improvement in the fortunes of developing countries may culminate in the curbing of immigration to developed countries.

If you don't help the people here, they will come there. When they come there, they will flood your country, your system will not be enough to contain them. That is why you know when the people are travelling on the Mediterranean Sea and the desert and



dying, they are so much concerned. (Program Manager from country office development partner).

#### **4.6.2 Policy influence**

Policy influence was another area mentioned has an opportunity enjoyed by both the donor and host country (Ghana). A respondent said this:

USAID, for instance, I don't know if that policy is still running. They had a project in agricultural sector policy trying to address those constraints and other things...UKAID for instance are working with the motive to look at the trade policies and other things. (Program Manager of NGO)

They have influence on our policies. I've told you...the program is an influence on our policy on our teaching training activity in here. So that policy on teacher training has changed now. (Finance Analyst of country office development partner).

The benefits of policy influence for the donor country may not be immediate and apparent. However, policy influence may sometimes confer benefits in the future for the donor country as indicated by the respondent in the quote below.

So assuming at the future date the UK needs say teachers and they will have to import teachers into the UK. Now if I import already-made, it is to my benefit than import raw materials and now come and process it to already-made. So if there is policy consistency...what is done here is done out there, then definitely once you come in I can use you without any training cost...incurring training cost. (Finance Analyst from country office development partner).

## **CHAPTER FIVE**

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

#### **5.0 Introduction**

This chapter of the research presents the summary of the findings, conclusion and recommendations. Here the researcher provides an overview of the findings in line with the objectives of the study. The summary covers the trends from a qualitative and quantitative approach, Challenges and strategies of donor projects.

#### **5.1 Sector Priority of Trends in Financing Donor Projects**

The analysis of the data for the quantitative component showed that over a period of 8 years there have been a shift in the sectors supported by DFID. The analysis pointed out that the donor is now spending more in the economic development sector and less in the social sectors. For example, DFID spent £31.06 on education and £25.82 on health for the 2011/2012 financial year, however spend dropped significantly in 2018 to £8.12 and £6.03 respectively.

The factors that accounted for these shifts were:

##### **1. Attainment of Lower Middle Income**

The current status of the country has resulted in a number of development partners reducing their footprint in Ghana and DFID is no exception which was confirmed by majority of the participants.

##### **2. Ghana Beyond Aid Agenda**

The vision of the governments to move beyond Aid, send the signal that the country is ready to self-finance its own projects hence the shift from the service delivery to economic sectors. The donor in an effort to support the government to achieve this goal is focusing more on projects that would help strengthened government systems, build the capacity of the public official, mobilisation revenue, increase transparency and hold public institutions accountable.

The weak financial system in the public sector is a contributing factor to the direction of the donor to strengthen the system of government.

### 3. Change of Donor Priority

The donor has strategic objectives that are aligned to the national interest of the country of the donor. As a result, in designing projects, conscious effort is made to align the goals of the projects to that of the organisation and commitment made to peculiar sectors.

## 5.2 Challenges in Financing Donor Projects

Based on the discussion and responses received, participants highlighted six challenges that are associated with donor projects. These included *inadequate time to implement and yield benefits of project, issues of finance, variance in realities of implementation and proposed plan, aligning donor priorities with government/NGO priorities, lack of commitment and limited capacity*.

It is interesting to note that out of the six challenges, both the donor and the implementing partner (NGO) stressed on inadequate time to implement and yield benefits as the major challenge. As both parties work within a specified start and end date, several factors hinder them from achieved the desired outcomes of the projects. These factors include the bureaucracy in government agencies, the rigid reporting systems of the donor and the behavioural change which requires time for the desired impact or effect to be achieved.

Table 5 give a snap shot of findings of the study on all three-objective based on the themes and sub themes.

**Table 5.1: Summary of Qualitative Findings**

	Theme	Sub-theme
<b>1. Challenges associated with donor funded projects</b>	1. Inadequate time to implement and yield benefits of project	<ul style="list-style-type: none"> <li>• Bureaucracy in government agencies</li> <li>• Behavior change requires time</li> <li>• Frequent financial reporting</li> </ul>
	2. Issues of finance	<ul style="list-style-type: none"> <li>• Pre-financing project activities</li> <li>• Small budget</li> <li>• Costly audits</li> </ul>
	3. Variance in realities of implementation and proposed plan	
	4. Aligning donor priorities with government/NGO priorities	
	5. Lack of commitment	Political will to continue project
	6. Limited capacity	Changes in implementing team impacts capacity
<b>2. Improving Strategies</b>	1. Inter-donor/Beneficiary Coordination 2. Sustainability Planning	Effective stakeholder engagement
<b>3. Alternative resources for funding development projects</b>	3. Government's domestic revenue mobilization	<ul style="list-style-type: none"> <li>• Curbing corruption</li> <li>• Widening the tax net</li> <li>• Other innovative ways of fund raising</li> </ul>
<b>4. Opportunities in the relationship with donors</b>	• Trade relation	
	• Policy influence	

Source: Author's construct

Table 5.1 depicts superordinate themes and sub-themes from qualitative data. The first part addresses both donor-based and beneficiary-based challenges. The next part addresses strategies to improve donor-beneficiary relationships.

### 5.3 Limitations of the Study

For the purpose of interpretation and application of the study, the limitation below should guide the interpretation and use of findings from this study. First, the study was conducted on a development agency where some personnel were interviewed together data for the research.

Although the scope of the study included DANIDA and USAID, several attempts made by the researcher prove futile. Therefore, in interpretation and application, caution should be exercised to generalise the findings across different development agencies.

Also, the study focused on bilateral spend- that is funding from the country office (DFID Ghana) to the Ghanaian economy. Due to time constraint the researcher did not focus on funding coming to Ghana from projects that are centrally managed at the headquarter in United Kingdom. Projects that are centrally managed may show certain trends, have peculiar challenges and hence will require different strategies to improve such projects

These limitations notwithstanding, the study provides insight into the sector trends and its related root causes, the challenges faced by the donor and the implementing partner and ultimately the strategies that would improve donor projects as the country move beyond Aid.

#### **5.4 General Conclusion**

The study explored financing donor projects of the department for international development (DFID) and as part of the objective the researcher sought to identify sector priority of trends in funding donor projects, find out the challenges encountered by donors in funding projects and determine strategies to improve donor projects. Data gathered was through quantitative and qualitative- mixed method approach. A structured interview guide was used to draw responses from participants and quantitative data was also gathered from a secondary data. An in-depth analysis of the sectors the organization was carried out on the various sectors.

The research showed that the donor is shifting from the social sectors to the economic sectors, the primary reasons included the middle-income status of the country, the vision of the government to move beyond Aid and change in donor priority. Challenges that beset the donor

included bureaucracy in government agencies, financial reporting system, lack of commitment and aligning the priority of the donor to the government or NGO.

The practical implication of the findings has been discussed and the limitation that would help future researchers on how they interpret the findings as well as the recommendations for future research.

## **5.5 Recommendations for Future Research**

Based on the limitation discussed above the research makes the following recommendations for future research:

Future studies should consider engaging other donors like USAID, DANIDA and other development partners to examine their trends, challenges and opportunities in supporting Ghana. The study showed that the agenda or vision of the government, the donors priority have some implications of how development partners tailor their support. Interaction with other donors will provide a holistic understanding and enhance decision making at the higherlevel.

Future studies should also consider research into centrally managed programmes by DFID to better appreciate what their sectors priorities are. Investigating their effectiveness and efficiency as well as the challenges they face as they manage the projects from the centre will provide deeper insight into the trends, challenges and strategies that could be adopted to adequately improve upon the support from the development arm of the British Government.

Future studies should investigate into the practicality of the country moving beyond Aid. Assessing the avenues, the country could mobilise resources from and examine the readiness of the country to be self- reliant.

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## APPENDICES

### INTERVIEW GUIDE

#### Background Information

*“Financing donor projects: trends, challenges and opportunities”*

*This research is to solicit for relevant empirical data for the completion of an academic exercise on the subject “financing donor projects: trends, challenges and opportunities” towards the attainment of Masters’ Degree in Project Management in KNUST. Your cooperation is very much anticipated since data collected will be treated with complete confidentiality*

#### Section 1: Identification

Name of donor agency.....

#### Section 2: Background Data: Please tick the appropriate box

1. Your gender? Male ☐ Female ☐
2. What is your highest level of education?  
O’ Level/A’ level/SHS ☐ HND/Equivalent ☐ 1<sup>st</sup> Degree ☐ 2<sup>nd</sup> Degree ☐ PHD ☐  
If other, please specify .....
3. What is your position in this agency? .....
4. How long have you been working with this donor agency in financing projects in Accra metropolis?  

☐

☐

☐

Less than 1 year

1 -5 years

6 – 10 years

11 – 15 years

☐

More than 16 years

☐

### Interview Questions (Agency)

1. Please, can you briefly tell me about your organization/agency?

Prompt: (1) When the agency started operating in Ghana

2. I would like us to talk about development assistance provided by donors

Probe: *What are the objectives of your organization?*

*How much has your agency provided to the government of Ghana in terms of assistance since you started your operations in the country?*

*How many years have your organization provided support to Government, NGOs and other multilaterals agencies?*

3. Can you talk about how your support to development project has evolved?

Probe: *Through what instrument does your organization provide development assistance?*

*What kind of financial aid is provided (e.g. budget support)? Which sectors of the Ghanaian economy do you support re social (education and health) and economic? Are there any reasons for the focus on the selected sectors?*

*How much support has been given these sectors? Have there been a reduction in the amount allocated to support projects in your sector? What has informed the trend?*

4. Please walk me through the process of getting a project funded (by DFID, DANIDA, or USAID)? (Relate this question to the appropriate organization)

*Probe: What are your organizations requirements providing in granting/financing projects?*

*What are the conditions for financing projects for NGOs, multilaterals bilateral?*

*Have there been changes/shift in the modalities of financing projects to government, NGOs and other multilaterals you would like to talk about?*

*What caused the shift in the modalities?*

Checklist: (1) Change in Government priorities

☐

(2) Change in donor priorities

☐

Any other reasons .....

*What are some of the challenges you encounter with regards to partners compliance to your requirements/standards?*

5. Can you please share with me your general experience in providing support to execute development programmes

*Probe: What is required (by the donor and other relevant bodies) once the project starts?*

*Can you please tell me about how projects are monitored or evaluated?*

*How do you ensure accountability?*

*How are the funds disbursed?*

*What are the reporting structures and procedures?*

*(Also probe issues regarding technical and managerial capacity)*

6. What factors determine the success of a donor-funded project in Ghana? How do you ensure that sustainability is embedded in the design of your projects?

7. Are there any other challenges apart from compliance to your standards/requirement?

Checklist: (i) Lack of capacity

☐

(ii) Bureaucracy in some agencies

☐

(iii) Short implementation period

☐

(iv) Misappropriation of funds

☐

(v) Low/less commitment to the project

☐

(vi) Aligning development agencies priorities to government priorities

☐

8. Strategically, what would be your recommendation with regards to how development institutions could enhance support to their programme?

(1) Do you think there can be an improvement on the AID delivered in the country?

(2) What strategies can be put in place to help manage and improve donor projects?

(3) Do you think there are alternative resources in Ghana that can replace project financed by donor? If yes, please mention the alternative resources.

9. What are some of the opportunities that Ghana and your country has benefited as a result of the partnership /relationship you have had in supporting project programmes?

10. Are there some other issues you think were not covered that you want to talk about? If there are, please talk about them.

***“Financing donor projects: trends, challenges and opportunities”***

*This research is to solicit for relevant empirical data for the completion of an academic exercise on the subject “financing donor projects: trends, challenges and opportunities” towards the attainment of Masters’ Degree in Project Management in KNUST. Your*



*cooperation is very much anticipated since data collected will be treated with complete confidentiality*

### Section 1: Identification

Name of organization: .....

### Section 2: Background Data: Please tick the appropriate box

5. Your gender? Male ☐ Female ☐
6. What is your highest level of education?
- O' Level/A' level/SHS ☐ HND/Equivalent ☐ 1<sup>st</sup> Degree ☐
- 2<sup>nd</sup> Degree ☐
- If other, please specify .....
7. What is your position in the organization? .....
8. How long have you worked in the organization?
- Less than 1 year ☐ 1 – 5 years ☐ 6 – 10 years ☐ 11 – 15 years ☐
- More than 16 years ☐

### Interview Questions (NGOs)

1. Please, can you briefly tell me about your organization?
2. I would like us to talk about donor-funded projects. Before we begin, can you please tell me a little about the donor(s) (e.g. UKAID, DANIDA, or USAID) that have funded your project(s) and other projects funded by the donor?

Probe: *What are their objectives?*

*Through what instrument does your organisation receive funding from donors?/What sectors/areas do the donor funds go to (e.g. social or economic?); Are there reasons for this?*

3. Please walk me through the process of getting a project funded (by UKAID, DANIDA, or USAID).

*Probe: What are the conditions/requirements for receiving donor support? OR What are*

*some of the expectations of the donor(s) that need to be met?*

*What are some of the challenges involved with regards to complying with such requirements and the entire process of getting project funds approved by donors?*

4. Can you please share with me your experience of undertaking a donor-funded project?

*Probe: What is required (by the donor and other relevant bodies) once the project starts?*

*Can you please tell me about how projects are monitored or evaluated?*

*How do you ensure accountability?*

*How are the funds disbursed? (Has there been a reduction in the amount allocated to support projects in your sector? What has informed the trend?)*

*What are the reporting structures and procedures?*

*(Also probe issues regarding technical and managerial capacity)*

5. What factors determine the success of a donor-funded project in Ghana? How sustainable are donor projects? How do you include sustainability in programme design?
6. Are there some challenges involved in a donor-funded project you would like to talk about? If yes, what are they?

- Checklist: (i) Lack of capacity ☐
- (ii) Bureaucracy in some agencies ☐
- (iii) Short implementation period ☐
- (iv) Misappropriation of funds ☐
- (v) Low/less commitment to the project ☐
- (vi) Aligning development agencies priorities to government priorities ☐

**(From the above list please rank the challenges in order of priority- (from the most challenges faced to the least challenges faced)**

7. What strategies do you recommend improving donor-funded projects in Ghana?

Note: In terms of delivery

Probe: *Alternative resources for projects?*

8. What are some opportunities/benefits from the NGO-donor relationship?

Prompt: On both sides

Probe: *How can both sides create more opportunities/make use of the opportunities?*

9. Are there some other issues you think were not covered that you want to talk about? If there are, please talk about them.

## BUDGET

Category	Amount (GH¢)	Justification
Transportation	200	This amount covered the cost of transporting the researcher to the participants within the Accra metropolis.
Communication	150	This covered the cost of calling research assistant, participants and others who will be relevant to the research.
Printing and stationery	150	Cost incurred for printing the questionnaire, interview guide, and pens.
Miscellaneous	200	This will cover any unforeseen expenses that may arise in the course of the research
<b>Total</b>	<b>700</b>	

## Work plan

<b>Timeline</b>	<b>Activity</b>
22 July – 26 July, 2019	Writing chapter one
1 – 20 <sup>th</sup> August, 2019	Writing chapters two and three
21 -23 <sup>rd</sup> August, 2019	Conducting interviews
24 – 29 <sup>th</sup> August, 2019	Transcription of data
30 – 4 <sup>th</sup> September, 2019	Conducting Analysis and writing chapter 4
5 – 11 <sup>th</sup> September, 2019	Editing and finalizing thesis
16 <sup>th</sup> September, 2019	Submission of thesis