DONOR FUNDING AND IMPLEMENTATION OF ROAD DEVELOPMENT PROJECTS

CASE STUDY OF DONOR FUNDED ROAD PROJECTS IN UGANDA AT UGANDA NATIONAL ROADS AUTHORITY

A Postgraduate dissertation

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DECLARATION

I hereby declare that to the best of my knowledge and belief, this research study is original and has never been published and / or submitted in part or as a whole for any other degree award to any other University before.

Sign……………………………………   **Date……………………………………**

Names: Naturinda Abbot

APPROVAL

This dissertation has been submitted with my approval as the supervisor.

Signature …………………………………………

Name: Ms *MUKOKOMA MAURICE MARY*

Date………………………………………….

DEDICATION

This research is dedicated to my wife Mrs Moreen Naturinda and my daughter Arianna Naturinda, who persevered my absence and late home coming so as to accomplish my Masters Degree Studies.

In God, We TRUST

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LIST OF ACRONYMS

UNRA   Uganda National Roads Authority

PPDA   Public Procurement and Disposal of Public Assets

MOFPED   Ministry of Finance Planning and Economic Development

NTPS   National Transport Policy and Strategy

MoW&T   Ministry of Works and Transport

DRC   Democratic Republic of Congo

RSDP   Road Sector Development Programme

WB   World Bank

AfDB   African Development Bank

CBA   Cost-Benefit Analysis

IRR   Internal Rate of Return

NPC   National Project Coordinator

IDPs   International Development Projects

VFM   Value For Money

GOU   Government of Uganda

URF   Uganda Road Fund

RAFU   Road Agency Formation Unit

UNDP   United Nations Development Programme

EU   European Union

MPs   Member of Parliament

IDA   International Development Association

PEAP   Poverty Eradication Action Programme

GDP   Gross Domestic Product

DAC   Development Assistance Committee

OECD   Organisation for Economic Co-operation and Development

CAS   Council of Academic Societies

CPS   Community Statistical Programme

FDI   Foreign Direct Investment

NHDP   National Highways Development Programme

NGO   Non Governmental Organisation

MOI   Ministry of Information

ANOVA   Analysis of Variance

SPSS   Statistical Package for Social Scientists

Vol.   Volume

No.   Number

UGX   Uganda Shilling

KM   Kilometer

€   Euro

$ Dollar

ABSTRACT

A lot has been written and said in praise for the increase in funding of the roads sector as an answer to the desired state of the roads in the country. The majority of developing countries heavily rely on donor funds for the improvement of the road infrastructure. However observations of the road development projects that are funded by the donors have a lot amiss. Therefore little is known about the effects of donor funding requirements on the implementation of road development projects.

This study examines the effect of donor funding requirements on the implementation of road development projects in Uganda National Roads Authority. A sample of 64 respondents comprising of Directors, Project Managers, Station Engineers and Project Engineers was chosen using purposive sampling. The objectives of the study were; (i) to examine the effects of donor procurement requirements on implementation of road development projects (ii) to examine the effect of donor legal requirements on the implementation of road development projects (iii) to examine the effect of donor financial performance requirements on the implementation of road development projects and (iv) to establish the relationship between donors funding requirements and implementation of road development projects in Uganda.

The research used cross sectional survey design methodology. The research largely applied a quantitative method for data collection, whereby structured questionnaires were designed and administered to the respondents. Documentary review was used to get qualitative data. Secondary data from various sources was also used.

The research findings revealed that donor funding requirements positively affect implementation of road development projects. The research findings indicated that; procurement, legal and financial requirements affected project implementation by 37.1%, 23.7% and 15.6% respectively of donor funded projects in UNRA. The research findings also indicated that donor funding requirements were followed in UNRA. However, the research findings indicated that road projects were not completed on time, road projects were not allocated all the required funds, there was low absorption of donor project funds, the cost of completed road projects were much higher than the initial contract price and donor requirements did not lead to the development of the local contractors.

The study recommends that UNRA should ensure that debt funded projects are implemented on schedule and according to work-programs to avoid payment of excess commitment fees on un-utilized funds. The Government should also budget adequate counterpart funding requirements for all loans procured and the evaluation of projects by the donors using internal rate of return (IRR) needs to be revised since the areas where some projects are located may not have major economic returns at the time of evaluation or in the near future to come.

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter is divided into nine sections namely; background to the study topic, background to the study area, problem statement, general objective of the study, specific objectives, research questions, hypothesis, scope of the study, justification, the significance of the study and the conceptual framework.

1.1 Background to the study

Road sector is an important sector in the economy of any nation due to its impact on the welfare of its citizens and the investment involved. This importance is propounded by the fact that the transportation sector has a major role to play in the socio-economic development of a country as it provides access to markets, production, jobs, health, education and other social services. The Government's 2002 National Transport Policy and Strategy (NTPS) hinges on the promotion of less costly, efficient and reliable transport services as the means of providing effective support to increased agricultural and industrial production, trade, tourism, social and administrative services. The NTPS places emphasis on the provision of a technically sound, economically justified and financially sustainable transport infrastructure through the active participation of the private sector.

The Ministry of Works and Transport (MoW&T) and Uganda National Roads Authority (UNRA) have a major influence on the road construction industry as sponsors, regulators and purchasers of road projects. These road projects are ranging in size from repair works to large

road projects. Road construction industry's turnover is mainly funded by the Government and donors. Construction and repair of roads has utilized a great part of government expenditure since the 2008/2009 budget. The estimates for roads construction amounted to almost UGX. 1.1trillion, representing 18% of the national budget. Uganda's transport infrastructure comprises road, rail, water and air transport. The road infrastructure, which provides for over 90 percent of passenger and freight traffic, comprises 10,800 kilometer (km) of national (trunk) roads, 27,500 km of district roads, 4,800 km of urban roads and approximately 35,000 km of community access roads. National roads, of which 3,000 km are paved, connect districts with one another and the country with its neighbors and are the responsibility of the central government and managed by the Uganda National Roads Authority (UNRA) (Daily Monitor, 2010). Urban roads are all those roads of different types (bitumen, gravel and earth surface) located within the boundaries of urban councils and that are under the responsibility of urban local governments. District roads provide access from rural areas to markets, health centers, educational institutions, administrative centers and other services and are the responsibility of the district governments.

Irrespective of the importance and expenditure recorded above, the road construction sector is evidenced from many studies to experience extended problems. These problems are mainly grouped into three types. One problem concerns time management, that is, road works are not completed within the agreed time and benefits of the works to the public are delayed. Another problem concerns cost overruns, i.e. additional but avoidable costs to the decided budgets for varying reasons. A third problem concerns the quality of the road works, that is, rates of deterioration are higher than anticipated which implies early repair and maintenance. Uganda's underdeveloped transportation network remains a key structural weakness. Nearly 80% of the population still lives in rural areas, engaged in agricultural activities. These rural areas are not

adequately served by the transportation system. Moreover, the country's transportation system also serves to handle transit traffic for Uganda's land-locked neighboring countries of Rwanda, Burundi, Southern Sudan and parts of Eastern Democratic Republic of Congo (DRC) to the Indian Ocean ports of Mombasa and Dar-es-Salaam. Given the importance of the road construction sector and the above mentioned problems a research was carried out on the donor funding and management of Road Works at UNRA.

Uganda National Roads Authority (UNRA) is one of the products of the Road Sector Reforms of 1980's. The road sector reforms championed by the Road Management & Financing, RMF/SSATP, towards the end of 1980's were intended to address weaknesses affecting the road sector as well as to enhance road management efficiency (Brushett, 2005). In 1996, the Government of Uganda prepared the 10-Year Road Sector Development Programme (RSDP) that was reviewed and updated in 2002 making it a 10 Year rolling Road Sector Development Programme Phase 2 (RSDP2). One of the objectives of the RSDP was to establish a robust administration for effective and efficient management of the National roads network. To achieve this objective, Government committed itself to reform National roads management through the establishment of an autonomous performance-based Road Authority to handle road administration and execution function and restructuring the Ministry of Works and Transport (MoWT) so that it focuses on policy, setting standards, regulation, monitoring and evaluation functions (10 year, RSDP2).

UNRA was created by an Act of Parliament in May 2006 and it has been in operation since July 2008 (UNRA Road Act, 2006). UNRA's Mandate is to develop and maintain the National roads network, managing ferries linking the National roads network and controlling axle overloading. UNRA currently operates in 22 Stations of Kampala, Jinja, Tororo, Mbale, Masaka,

Mbarara, Gulu, Lira, Fortportal, Kasese, Kabale, Arua, Soroti, Masindi, Hoima, Mubende, Kotido, Moyo, Kitgum, Mpigi, Moroto and Luweero that are used as a focal point to cover the entire country's National Roads network.

UNRA's Vision is "to operate a safe, efficient and well developed National roads network" and its Mission is "to develop and maintain a national roads network that is responsive to the economic development needs of Uganda, to the safety of all road users and to the environmental sustainability of the National roads corridors" (UNRA, Budget policy statement 2008/09). By June 2009, the National roads network was estimated to be 10,800km. In July 2009, the Central Government doubled the National roads network by taking over an additional 10,000km of the district roads. This increased the national roads network to about 20,800km.

The National roads currently make up about 25% of the road network but carry over 80% of the total road traffic. They also provide vital transport corridors to the land-locked countries of Rwanda and Burundi to parts of Eastern DRC and Southern Sudan to the sea. However, out of the 20,000km of the National roads, only 15% (2914km) is paved or tarmac.

In the FY 2008/09, the Road Sector was allocated additional resources in the budget. The National Roads were allocated UGX 948 billon up from UGX 511billion in the FY 2007/08. The biggest proportion of this budget (68%) was Government of Uganda (GOU) funding. For the first time in more than a decade, the Government budget allocation outstripped that of the Development Partners.

Speaking at the National Budget Strategy Meeting for the 2010/11 financial year on February 26, Minister of Finance Syda Bbumba conceded that Uganda's road infrastructure "is still rated as poor hence slowing down economic activities." The road network is dilapidated in most parts

of the country, making a number of places inaccessible. This therefore requires an additional effort to increase on routine maintenance and enhance road development projects," she said. It was therefore important to examine the factors that affect the performance of road projects. Despite the increase in the funding for the roads sector, the roads were still dilapidated.

1.2 Statement of the problem

The Government has made substantial investments in road transport. During the period 2008/09 and 2009/10, total expenditure on national road improvement and development amounted to Ugx 1.58trillion. Nevertheless, the road network remains inadequate, given that the growth of traffic exceeds the growth of roads and that insufficient maintenance is leading to deterioration of the state of existing roads. With respect to national roads, for example, 20 per cent are rated as "good", 62 per cent as "fair", and 18 percent as "poor/bad" (Parliament report, 2007/08).

During the National Budget meeting held on 26th Feb. 2010, the Minister of Finance mentioned that in some instances, road works especially development projects have not been able to be completed on time. This research therefore seeks to investigate how donor requirements affect project road project implementation.

1.3 General Objective

To examine how Donor Funding requirements affect the implementation of Road Development in Uganda.

1.4 Specific Objectives

I. To examine the effect of Donor procurement requirements on the implementation of road development projects in Uganda.

II. To examine the effect of Donor legal requirement on the implementation of road development projects in Uganda.

III. To examine the effect of donor financial performance requirements on the implementation of road development projects in Uganda.

IV. To establish the relationship between donors funding requirements and implementation of road development projects in Uganda.

1.5 Research Questions

I. How do Donor procurement requirements affect the implementation of road development projects in Uganda?

II. How do Donor legal requirements affect the implementation of road development projects in Uganda?

III. How do Donor performance requirements affect the implementation of road development projects in Uganda?

IV. Is there a relationship between donors funding requirements and implementation of road development projects in Uganda?

1.6 Research Hypotheses

I. The requirements for the Donor funding lead to better implementation of road development projects in Uganda.

II.   There is a relationship between donor funding requirements and implementation of road development projects in Uganda.

1.7 Scope of the Study

The study was conducted in Kampala district which habours the headquarters of UNRA. It is in this area that most management decisions are made and all information gathered on monitoring of performance. Data needed to accomplish the study was obtained from UNRA Office Headquarters and upcountry Stations. Indeed, all the documents and the survey population targeted to elicit the required data were accessed from UNRA Headquarters and stations.

The content scope of the study was confined to examining the relationship between the donor funding requirements and how they affect the implementation/management of road development projects in terms of completion time and cost overruns in UNRA. The donors' requirements on the performance include the financial and physical progress of the road development project but this research only focused on the financial performance requirement, procurement and legal requirements.

1.8 Justification of the Study

The support by both the World Bank (WB) and African Development Bank (AfDB) and other donors has helped to rehabilitate and build the road infrastructure as well as establish the relevant institutional and regulatory framework as defined in the 2001 Council of Academic Societies (CAS) and the 2002 Community Statistical Programme (CSP). Despite these improvements, Ugandan entrepreneurs rank transportation, as the greatest impediment to doing business and there is very limited scientific research that has been done to examine the

underlying factors affecting the performance of the road sector in Uganda despite the increase in government budget allocation and donor support to the road sector.

1.9 Significance of the Study

The findings reflect how donor funding requirements affect the implementation of road development projects in UNRA. They are expected to also help the Government of Uganda in general and the line ministries to evaluate the impact of donor funding on the performance indicators of other government bodies/Authorities. This in turn will help the decision makers take appropriate decisions.

The research generated information on the effects of conditions of donor funding on the implementation of road projects and the results if used will help top management in strategic decision making and in return improve service delivery to the community.

The findings will assist policy makers, managers, budget officers, accountants, stakeholders and other staff of UNRA to appreciate the effects of modes of financing on performance of their functions or projects, and may help them to adjust and improve where necessary and consequently improve services to customers. The study is expected to also help academicians and researchers interested in studies related to donor funding and implementation of road development projects in that it will act as a basis for further research on donor funding.

The results if put into use will be of help to the donor community since they will reflect how modes of financing affect the implementation of road projects. This may act as a basis for taking appropriate action and recommendations in future. The study substantiated existing knowledge on donor funding of road projects.

1.10 Conceptual Framework

Figure 1: *Conceptual framework on Donor funding and implementation of road development projects*

Independent Variable   **Dependent Variable**
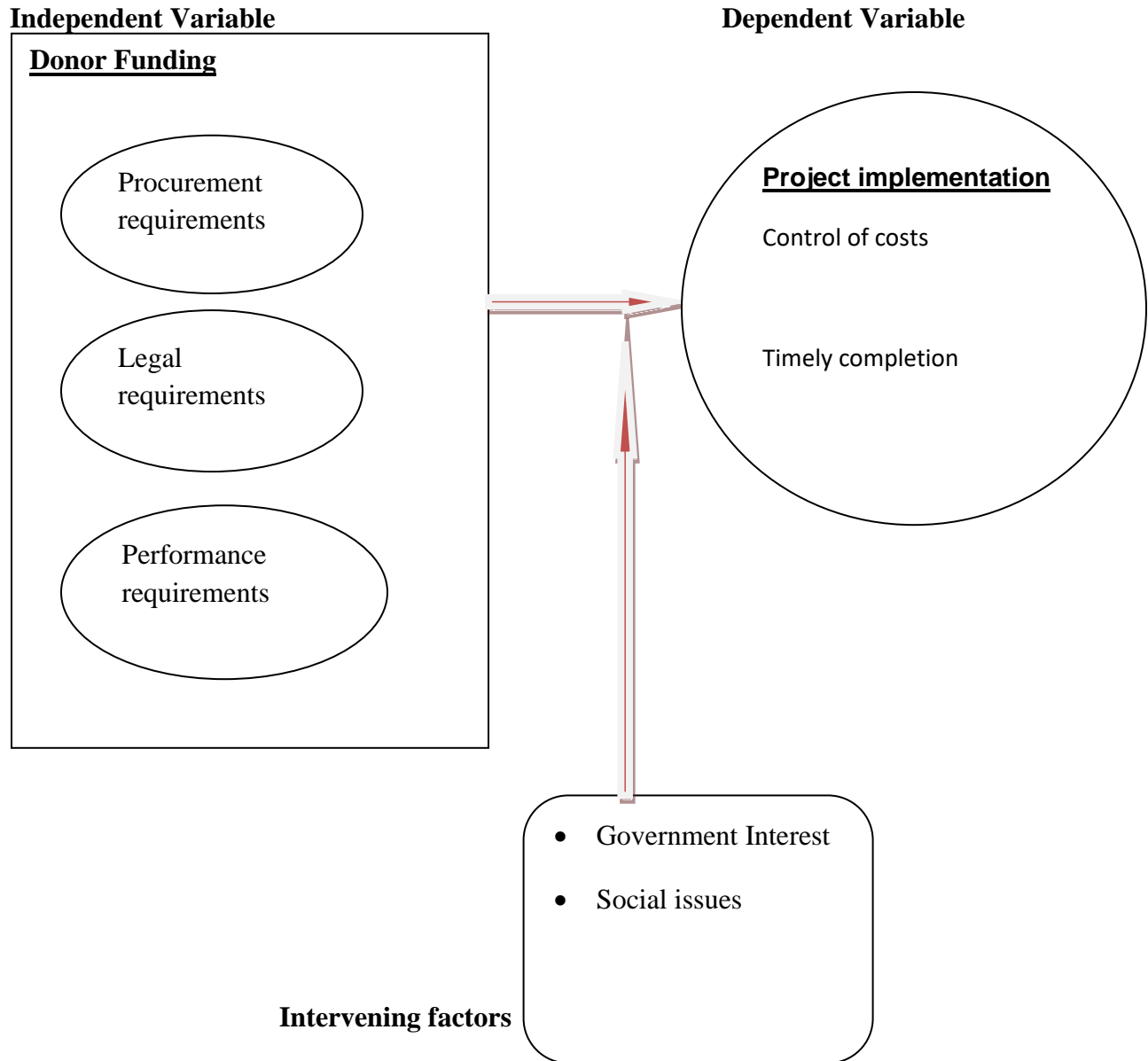
Source; Takim and Akintoye, 2002, "A conceptual model for successful construction project performance" and modified by the researcher

The study is conceptualized as summarized in figure 1.1 above. In the conceptual framework, Donor funding is the independent variable. It was measured by the number of conditions attached to the funds within the period of study.

A number of intermediate factors that have an effect on the overall implementation of road projects come in as a result of donor funding. In the model, these have been identified as intervening variables which include; Government interest and Social issues.

The case in point here is the manner in which donor funding requirements impacts on the implementation of road projects. Therefore, implementation of road projects is the dependent variable. This variable was measured by a number of sub variables such as control of cost overruns and completion of projects within the contractual time.

A construction project is commonly acknowledged as successful when it is completed on time, within budget, and in accordance with specifications and to stakeholders' satisfaction. Functionality, profitability to contractors, absence of claims and court proceedings and "fitness for purpose" for occupiers have also been used as measures of project success (Takim and Akintoye, 2002). Chua *et al* (1999) proposed a hierarchical model for construction project success. The objectives of budget, schedule, and quality are key measures that contribute to the goal of construction project success. Similarly, the four main project aspects, namely project characteristics, contractual arrangements, project participants and interactive process, measure the success of each of the three distinct objectives. With the preparation of formal design and planning documents (be it at the initiation or the planning level), the project manager can solidify the project in the minds of its stakeholders and provide them with the opportunity for adjustment before any work is done and throughout project implementation (Mingus,2002,p.31).

Analysis, design reviews, reports, communication, quality, time and cost schedules are, therefore, essential (Thomsett, 2002,pp. 175, 189, 211).

During the project identification, the preparation, the appraisal, the approval and the evaluation phases of the project cycle have evolved: economic cost-benefit analysis (CBA) (Gittinger, 1984; Hubbard, 2000). The Donors normally require projects to be evaluated to meet the required internal rate of return (IRR) or a positive net present value before a no-objection for the funding of the project is given. In most cases, the costs relating to the projects are minimized in order to achieve the required IRR which eventually increases the costs at the implementation stage. In fact, projects are subject to (formal or informal, desirable or undesirable, and avoidable or unavoidable) plan, scope, or goal-changes and to delays and cost overruns during implementation; and it is up to the national (field) project coordinator (NPC) to manage the "mini-project cycle" of implementation for time and cost (Gittinger, 1984, pp. 17-20; Youker 1989). Project management, implementation approach, and last but not least compliance with guidance, rules, and procedures, especially in procurement of goods and services have been shown to be critical success factors for international development projects (IDPs) at the implementation phase (Gittinger, 1984, p. 16; Khan et al 2000; Khang and Moe, 2008). In fact, IDPs are subject to stringent project monitoring and reporting requirements as well as bureaucratic procedures from agencies for the funding of the IDPs.

Too often though, aid agencies put emphasis hitherto on performance evaluation only to find that failure of their strategy is due to a lack of recognition of a key factor, such as cultural change issues, within the strategy implementation phase (Fitz-Gerald and Neal, 2002).

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this Chapter, an attempt was made to review literature on donor funding and the implementation of road development projects in Government agencies. Literature was cited contextually in line with the objectives of the study. The themes reflected in each objective form parts of this chapter. That is, donor funding, management of the funds (absorption capacity) and road project implementation in general and of Government agencies in particular.

2.2 Procurement requirement

Public procurement is broadly defined as the purchasing, hiring or obtaining by any other contractual means of goods, construction works and services by the public sector.

Public procurement is alternatively defined as the purchase of commodities and contracting of construction works and services if such acquisition is effected with resources from state budgets, local authority budgets, state foundation funds, domestic loans or foreign loans guaranteed by the state, foreign aid as well as revenue received from the economic activity of state. Public procurement thus means procurement by a procuring entity using public funds (Walter and Paul, 2003; World Bank, 1995*a*). The items involved in public procurement range from simple goods or services such as clips or cleaning services to large commercial projects, such as the development of infrastructure, including road, power stations and airports.

2.2.1 Public Procurement and Disposal of Assets (PPDA)

Value for money is the core principle governing public procurement, and is supported by the underpinning principles of efficiency and effectiveness, competition, accountability and transparency, ethics and industry development (Jeanette, 2008; Commonwealth Procurement Guidelines, 2005). Value for money (VFM) is the most important principle of procurement. VFM in the public sector entails consideration of the contribution to be made to advancing government policies and priorities while achieving the best return and performance for the money being spent (Jeanette, 2008; Bauld and McGuinness, 2006).

2.2.2 Donor procurement requirements

It is recognized that the practice of tied aid – where procurement of goods and services is restricted to companies from donor countries – has played a part in restricting other suppliers from participating in procurement opportunities, stunting the development of their supply potential and limiting the effectiveness of international aid measures. There are still barriers contributing to the reduced competitiveness of vendors from developing countries in the international markets and preventing the use of country systems. Arrowsmith and Davies (1998) demonstrate that inefficient or injudicious expenditure results in immediate hardship to the beneficiary and envisaged projects may not be accomplished on time, which may also put in jeopardy the future readiness of international lending institutions to continue to offer preferential loans and grants. Efficient procurement, therefore, is a necessity and is encouraged and promoted by the International lending agencies such as the World Bank and the AfDB. (Jeanette, 2008; Arrowsmith and Davies, 1998).

2.2.3   The relationship between Donor procurement requirements and PPDA

The United Nation's largest donors – who are also member states – are in favour of adhering to the highest standards in procurement. This is both in order to maintain high standards and in some cases to promote their own suppliers. The European Union and the United States, among other key donors, have track records of insisting on their own contractors implementing their bilateral aid programmes. In a situation where there is a conflict between the PPDA regulations and Donor procurement guidelines, the donor guidelines are considered.

2.3 The legal requirements

There is a growing "contract culture" where a focus on the fulfillment of contracted inputs and outputs, rather than on IDPs outcomes, allow the aid industry to demonstrate contractual success even with spectacular project failures (Fitz-Gerald and Neal, 2002 for the specific case of the humanitarian aid sector). Instead of incentives to managing for results, this acts as a disincentive and there do not appear to be a strong results culture in donors and aid agencies (UNDP, 2007, pp.6 and 88).

Instead of a strong results orientation, the aid industry sector exhibits a strong procedures or guidelines orientation epitomized by the bureaucratic and stringent reporting requirements that NPCs are subject to (Mahalingam *et al*, 2005). The procedural aspects of project implementation may typically cover *inter alia* the format and timing of disbursement and of project funds reports, compliance with donor financial reports on how the money has been spent and how to apply for replenishment of project bank accounts, and other statutory requirements such as compliance with procurement guidelines. Even in the case of local

management where building project management capability in developing countries is important and where responsibility for project implementation falls in the hands of recipient countries, statutory requirements, processes and procedures, at least from UNDP, for example, are still imposed on the national implementing institutions (Maddock, 1992).

It is common practice for local Palestinian authorities which deal with different donor funds to implement the donors' regulations. In some cases, these regulations are difficult for contractors to implement due to their incompatibility with local construction standards. Even where the local construction industry has experienced major changes in its methods and procedures, the industry continues to be characterized by increasing number and cost of disputes between contractors and project owners. These disputes/claims have many causes, including the varied interpretation of the contract specifications, unpredictable and uncontrollable delays, and non-performance by various firms involved in the overall construction process. That is to say, disputes over costs and claims jeopardize a contractor's profitability and the financial return for the owner (Alkalil and Alghafly, 1999; Al Mouman,2000).

A claim may be defined as the seeking of consideration, or change by one of the parties involved in the construction process (Arditi and Patel, 1989). Claims can also be described, in general terms, as the assertion of the right to money, property or remedy (Powell-Smith and Stephenson, 2000). Avoiding litigation and arbitration in claim settlement is a good practice that the parties involved must keep in mind because sizeable claims harm both the owner and contractor. An owner may suffer loss of income, problems with funding or delayed occupancy; a contractor may face financial instability due to the loss of payments.

Since it is far less costly to prevent claims than to litigate them, it is wise for anyone involved in the industry to become familiar with the claims management process (Bramble, 1990).

2.4 The performance of projects

During the project implementation it is a donor requirement that progress reports are submitted to the Development Partners showing the physical and financial progress of the project. The reports are used as a basis for the disbursements of the required funds for the project from the donor agencies.

2.4.1   The financial performance

Money and other resources in terms of adequate funding until project completion and availability of resources are obvious imperatives to carry out projects. Availability of funds/resources has also been ranked highest in the success of project implementation in recent researches (Belassi and Tukel, 1996; White and Fortune, 2002). However, where such funding and other resources have been considered the absorption of funds remains wanting, an example is where Ugx. 4.5 trillion was the approved development and recurrent budget for 2009/10, a half-year release of Ugx. 2.13 trillion was made. However, only 73% of this amount was not spent due to the low absorption capacity by Ministries, departments and agencies, (MOFPED, 2010). The report attributed the lag particularly to the performance of the development budget. By the end of December 2009, 68% of the approved Ugx 577.8billion of the development budget was released, however, only 37% of the funds were spent. In line with Government effort to improve infrastructure, UNRA got an allocation of Ugx. 190.8billion, however, a balance of Ugx

170billion was not spent by the end of December 2009, reflecting an absorption rate of 11%.

The Uganda Road Fund (URF) was established by the Uganda Road Fund Act in August 2008 with the objective of financing routine and periodic maintenance of public roads in the country.

The Executive Director Uganda Road Fund in the UNRA annual review workshop for 2009/10 said that URF's its main revenue is not the consolidated fund, like other agencies, but Road User Charges that are closely related to road usage. The charges that include fuel levy, weight distance charges, tolls, license fees are financing other agencies of Government such as UNRA. There is slow response on the part of the road agencies to submit work-plans and other accountability reports to trigger new releases. The accountability culture at the local government level is still poor and agencies have low absorption capacity. There is a huge road maintenance backlog that requires substantial funds to bring the network to maintainable status yet the current URF funding cannot adequately address the problem, (URF Evaluation report 2009/10).

Thomas J. Richardson, IMF's senior resident representative to Uganda told The East African, in June 2010 that the International Monetary Fund has asked Kampala to exercise fiscal discipline in managing its 2010/2011 budget. This, the IMF says will minimise the country's exposure to the growing debt crisis in the European Union, Uganda's key development partner.

The EU accounts for about 32 per cent of Uganda's export earnings, particularly horticultural products, while African countries consume €15 billion ($18 billion) in EU development aid annually. In the meantime, EU countries have mobilized about €750 million ($924.5 million) that will be used to rescue member states faced with fiscal distress.

In the financial year 2009/10, Uganda's Finance Minister, Syda Bbumba unveiled a budget that reflected significant aid cuts with donor support projected at only 25 per cent of total expenditure. Total allocations to the roads sector were also slashed from Ugx1.1 trillion ($479 million) in 2009/10 financial year to an estimated Ush0.9 trillion ($392 million) in the 2010/11 financial year on the back of insufficient utilisation.

Dr Richardson however, said the government needed to absorb funds in infrastructure projects in order to boost economic growth. More focus is needed in the establishment of a co-ordinated road network that comes with more efficiency for users, Careful project appraisal would help to boost absorption capacity in the infrastructure sector and stimulate aggregate demand.

But in spite of the government's willingness to support infrastructural development, improve the road network and boost electricity generation, limited absorption capacity in project implementing agencies has left much of the budgeted funds unspent.

For example, the Uganda National Roads Authority has for years been accused of underfunding proposed projects, resulting in inadequate structures, according to World Bank experts.

Roads across the country are falling apart while billions of shillings meant to pay for their repair lie unused in government coffers, Member of Parliamentarians (MPs) heard on July 26 2010 during the budget approval presentation.

Despite the saga, the government announced on July 26, 2010 that it will borrow a further Ugx 620 billion for the roads sector. MPs heard that the Uganda National Roads Authority has failed to spend close to Shs170 billion given to it to build and repair roads.

"It's unfortunate that the money for roads is not being used at the time when various roads across the country are impassable," There is no need for us to continue sending money to UNRA when they cannot use it. Money is just redundant on their account yet we have a few months to the end of the Financial Year."(Tororo MP Geoffrey Ekanya said on July 26, 2010)

Transport infrastructure is a key government priority and Ugx1.1 trillion in the budget of 2009/10 was allocated to the roads sector. However, the latest exposure raises questions about the "absorption capacity" of the Works and Transport ministry – or its ability to draw up work plans, contract firms and supervise projects on time.

It also shows how much work UNRA has to do, having been set up in 2008 as a "government-owned organisation built on business principles to ensure value for money (economy, efficiency and effectiveness) in the delivery of its mandate" which is to manage and maintain the national roads network. Asked by MPs in parliament to explain why UNRA had been allocated more money than it could spend, Minister of Finance for General Duties Fred Omach "For us as government, we played our part. We gave them the money and it's in the budget

Parliament   approved."

Patrick Ochailap, the Director of Budget at the Ministry of Finance, said: "We carried out a mid-term review of the budget performance and found out that UNRA has not yet utilised this money yet it was released to them." Dan Alinange, UNRA's spokesperson, said; "Absorption is low but this money is committed. The challenge is that some road projects are behind schedule because some contractors are slow and this has a bearing on the absorption capacity. We cannot divert money to other projects yet it's committed."

Despite the failure to spend money already allocated, Parliament approved two separate loans to the Works ministry. A Ugx 240billion loan from the African Development Bank to upgrade the 143km Nyakahita-Ibanda-Kamwenge road and another Shs380 billion was borrowed from the International Development Association (IDA) to, among others, fight traffic congestion in the capital. Some of the money was to build offices for UNRA – and set up a Road Safety authority. The President, who was giving a keynote speech at the fifth World Urban Forum in the South American city of Rio de Janeiro, said government was determined to improve the economic infrastructure, particularly the roads, in order to reduce the cost of doing business. "Good infrastructure reduces the cost of doing business in the city and, therefore, attracts more business,"

Given that the IFF would ensure that disbursements reflect donors' preferred delivery channels-and project support is the preferred channel for several donors, a large increase in aid could herald a proliferation of costly, misaligned projects. In Uganda, donor projects frequently comprise low priority expenditures that are not explicit objectives of the Poverty Eradication Action Plan (PEAP) and have much higher unit

costs than general government budget expenditure, including budget support. The counterpart funding and recurrent cost implications of such projects have to be met through the government budget and often crowd out essential spending in priority areas. A prime example is the roads sector where an imbalance between capital projects and operational expenditures has led to severe under funding of essential road maintenance.

In August 2004, the African Union estimated that Africa loses an estimated $148 billion annually to corrupt practices which represents 25 percent of continent's GDP (Ayittey, 2005, p. 325). Corruption raises transaction costs, increases insecurity and uncertainty, and undermines government actions. The costs manifest in other ways too which have greater impact on infrastructure delivery: it increases the price tag of development programmes, it undermines revenue collection and contributes to macroeconomic imbalance, it leads to a diversion of resources from their intended purposes and distorts public policy, it encourages public officials to spawn projects of little economic merit, and subverts essential public regulatory frameworks (African Development Bank, 2001, p. 125). The result is that corruption has undermined development in Africa and has made Africans cynical about politics and public policy.

The Development Assistance Committee (DAC) has five criteria for measuring project success: relevance, efficiency, effectiveness, impact, and sustainability (OECD, 2002). Relevance refers to the extent to which the project is suited to priorities of the target group, recipient, and donor. Impact refers to the positive and negative changes produced by the project, directly or indirectly, be they intended or unintended. Sustainability is concerned with whether the benefits of the project are likely to continue after donor funding has been withdrawn.

2.5 Government and Social interest

Land acquisition involves valuation and paying compensation which takes at least 6 months to get sizable section that can be handed over to the contractor. However, this process never ends because some landlords refuse the compensation and impose court injunctions while other landlords cannot be traced

2.6 Implementation of road development project

For the success implementation of the project, the implementing egency has to ensure that projects are implemented within the time as planned and at the agreed costs or contract price.

2.6.1 Completion within the contractual time

Sanvido et al. (1992) remarked that success on a project means that certain expectations for a given participant are met, whether owner, planner, engineer, contractor, or operator. The following are some other definitions of "project success" in general and in construction:

Ashley et al. (1987 cited in Sanvido et al., 1992) referred to project success as having results much better than expected or normally observed in terms of cost, schedule, quality, safety, and participant satisfaction. de Wit (1988) remarked that a project is considered an overall success if it meets the technical performance specification and/or mission to be performed, and if there is a high level of satisfaction concerning the project's outcome among key people in the parent organization, key people in the project team and key users or clients of the project effort. Regarding construction projects,

Sanvido et al. (1992) defined success for a given project participant as the degree to which project goals and expectations are met. They added that these goals and expectations may include technical, financial, educational, social, and professional aspects. Chua et al. (1999) proposed a hierarchical model for construction project success.

The objectives of budget, schedule, and quality are key measures that contribute to the goal of "construction project success" – the top of the hierarchy. Similarly, the four main project aspects, namely project characteristics, contractual arrangements, project participants, and interactive process, measure the success of each of the three distinct objectives. Obviously, determining whether a project is a success or failure is intricate and ambiguous. There are three main reasons among which Belassi and Tukel (1996) pointed out the first two. First, as mentioned by de Wit (1988), Pinto and Slevin (1989), it is still not clear how to measure project success since project stakeholders perceive project success or failure differently. Second, lists of success or failure factors vary in numerous previous studies. The third reason, as also remarked by de Wit (1988), is that for each project stakeholder, the objectives and their priorities are set differently throughout the project life cycle and at different levels in the management hierarchy.

The construction industry is considered to be one of the most important industries in the economy. It interacts with nearly all fields of human endeavors. Unfortunately, the intrinsic complexity, uncertainty and dynamics of most construction projects create difficulties for even the best project managers. Decision milestones are used to anticipate outcomes, risk management is done to prevent disasters and sequential iteration is employed to ensure that the desired facilities are available, yet projects still end up with

schedule delays, budget overruns and compromised specifications (Meyer et al., 2002). Therefore, the challenge of how to handle a construction project successfully has attracted substantial research attention in the past couple of decades. Vietnam had a dynamic economy along with other Southeast Asian countries in the last few years. The economic outlook for Vietnam generally continues to improve (World Bank, 2002). The industrial and construction sectors are the main contributors to growth, with industry and construction accounting for 39 percent of the economy in 2002 (Bloomberg News, 2003).

However, the management of construction projects has faced many difficulties. Consequently, the effectiveness of many projects has not been "visible". The capital loss ratio in basic construction accounts for 30 percent of the total construction capital due to poor management (Uyen, 2003). It is therefore imperative that project management should be improved in any construction industry that includes our country Uganda.

2.6.2 Control of cost overruns

Procedure for claiming for additional time and costs

The contract documents spell out rights and responsibilities of various parties involved in the contracts. Responsibilities for additional costs in these projects can be summarized as follows:

Roles and responsibilities

The client, MoWT/UNRA, is generally responsible for additional costs of executing the works in a project whenever the reasons for additional costs are beyond the control of the contractor and the supervisor.

The contractor has the responsibility of delivering the works timely and in accordance with specifications. If the works do not meet set standards and specifications, they are

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supposed to be rejected until adequate remedies have been carried out at the expense of the contractor.

The consultant is only liable to pay compensation to the client arising out of or in connection with the agreement if it is established against him that he did not exercise reasonable due care and diligence in performing his obligations.

The consultant's liability can be insured upon request by the client and the cost of such insurance is at the expense of the client.

Implementation of a road construction project is guided by the programme of work which is prepared by the contractor and approved by the supervisor (consultant). Depending on the circumstances that arise during the implementation of the project, the programme of work may be revised from time to time with or without affecting the agreed completion date and the project budget (i.e. by extending the project duration).

When it comes to responsibility there are mainly four categories of extension of time and cost overrun:

a). One category is when there is an extension of time due to the default by the contractor while the original agreement between the client and the contractor is still valid. This extension is a responsibility of the contractor, who has signed the agreement in the contract – to pay the liquidated damage.

b). Another category is when extension occurs within the original formal contract conditions though the contractor, for good reasons, can claim that the real conditions have been changed in a way that was not predictable. If the contractor for good reasons can prove that the changed conditions are caused by the client, the client will be responsible to pay for the extension.

c). A third category is when there is an extension caused by a changed procurement and contract. This is also caused by the client who will be responsible to pay for the extension.

d). A fourth category is caused by conditions that no one can be blamed for. This is force majeure.

Contractually, alterations might also be compared to the original programmes or the revised and approved program. Deviations from the revised programmes without approval of time extension are contractually not acceptable. Non-completion of the works within the agreed time frame thus formally is assumed to result into sanctions being imposed to the contractors and are required to pay the client (MoWT/UNRA) for every additional day beyond the agreed completion date.

The procedure for approving additional cost is described in the following steps:

1. Contractor raises claim to consultant.

2. Consultant evaluates the claim and makes recommendation to the client (normally MoWT/UNRA) to justify the validity of the claim.

3. Employer after reviewing and assessing the validity of the reviewed claim by the consultant. After satisfying themselves the approved claim is forwarded to the financier (If it is donor funded project to seek for approval) but if it is financed by GoU then, the claims will be forwarded to UNRA and PPDA for approval.

4. After approval, either from the PPDA or Donor, MoWT/ UNRA will prepare Addendum for variation. The addendum should be signed by the client, the contractor and the representative of the Donor if it is donor funded project.

5. Lastly, after signing the addendum, the document is normally returned to the financier to be used as a basis for payment of additional costs.

2.7 Economical benefit of road development project

Harchaoui and Faouzi (2003) studied the productivity impacts of infrastructure across various sectors of the economy and found that impacts are not uniform across the business sector. A study (Kumar, 2001) concluded that infrastructure availability does contribute to the relative attractiveness of a country towards Foreign Direct Investment (FDI). A study on analysing the impact of certain determinants of FDI inflows to Brazil, suggested that investments made on building international class infrastructure serve as major catalyst towards attracting higher inward FDI (Mollick et al., 2006). Mattoon (2004) studied the impact of existing state of infrastructure on productivity of a region and argued that poor quality infrastructure drives firms away from a location more often than good infrastructure will attract them. Investment in building rural infrastructure results in raising the income and consumption level of the rural population (Songco, 2002).

Importance of road network and its impact on economic development is a considered subject matter of road economics. The GDP share of transport sector in India was estimated to be 5.5 per cent in the year 2006, where road transport contributed 3.69 percent. The road sector handles 65 per cent of the overall freight and about 87 per cent of the passenger traffic. A recent study highlighted that the share of road sector in total freight movement in India has been increasing over the past three decades which is estimated to have increased from 34.5 percent in 1970-1971 to around 63 percent in 2001-2002 (Deloitte Consulting, 2003). This conveys that financial economy from this sector is on a rapid rise and the sector contains a lot of potential to be the most preferred mode of transportation for both freight and passenger movement, over the present

cheapest mode of transportation; railways. The road sector has great employment potential too, especially in rural areas and can act as a poverty reduction measure. Rural road construction is a labour intensive industry and provides immediate relief to the rural poor. For instance the National Highways Development Programme (NHDP) alone is expected to provide employment opportunities to around 2,50,000 construction workers in India (CMIE, 2007). A study conducted over the period 1970-1993 concluded that investment in rural roads in India contributed effectively towards productivity growth as an additional $2.3 billion invested in roads increased productivity by more than 3 percent (Fan et al., 1999). At present India spends around $3.7 billion annually on road development programmes (Investment Commission, India) which is far higher than what Uganda spends on roads annually ($550million).

2.8 Conclusion

Therefore a construction project is commonly acknowledged as successful when it is completed on time, within budget, and in accordance with specifications and to stakeholders' satisfaction. Functionality, profitability to contractors, absence of claims and court proceedings and "fitness for purpose" for occupiers have also been used as measures of project success (Takim and Akintoye, 2002). Sanvido et al. (1992) remarked that success on a project means that certain expectations for a given participant are met, whether owner, planner, engineer, contractor, or operator.

CHAPTER 3

METHODOLOGY

3.0   Introduction

This chapter focuses on the description of the methods that were used in the study. It specifies the research design, target population in which the study was conducted, sample size determination and selection strategies, data collection methods and instruments, procedure reliability and validity of instruments, data collection procedures, quality control and data processing and analysis. This chapter also discusses the reasons for the use of the research methods employed how they were used and challenges faced. According to Anon (2009), research methodology is a logic or a series of steps followed to connect the study's objectives, questions and conclusions thereof.

3.1   Research design

This research used a cross sectional survey design. Kothari (1990) states that diagnostic research studies determine the frequency with which something occurs or its association with something else.

In this particular study, the relationship between donor funding and project implementation was examined to find out whether there is any association/correlation between the variables.

The cross sectional survey design involves obtaining data from a sample once (Mbaaga 1990) and including in the sample different categories of subjects who represent the target group

in the population. A survey research design allows collection of both quantitative and qualitative data at the same time, (Borg et al., 1996)

Quantitative data allows the researcher to meaningfully describe the distribution of the variables using standard procedures such as frequencies, percentages, means and measures of variability. Qualitative data provides detailed information about the phenomenon being studied and therefore, enables the researcher to establish patterns, trends and relationships among the identified variables.

In this study, questionnaires were designed and administered to the respondents based on the sample size which was drawn scientifically. Secondary data from various sources was also used that included text books, journals, annual or monthly project reports from UNRA, Donor agencies, MoWT and MoFPED.

3.2 Population of the Study

As used in survey research, population refers to the entire set of individuals, events or objects having a common observable characteristic about which generalization of research findings was made, (Mugenda & Mugenda 1999; Sapsford 1999). The absolute population is therefore referred to as the target population. For the purpose of this research, the target population consisted of 66 potential respondents as seen in table 1. This comprised, the Directors, Project Managers, Project Engineers, Station Engineers and others (project Accountant, Monitoring and Evaluation Officer and Maintenance Engineer). As already mentioned in Chapter 1, these are the people involved in decision making as far as project implementation is concerned.

3.3   Sample size and selection strategies

A sample is a subset of the target population. It is carefully selected so as to be representative of the whole population with the relevant characteristics. Each member of the sample is referred to as a subject or respondent, (Mugenda & Mugenda, 1999; Sapsford, 1999). As Mugenda & Mugenda (1999), observed, collecting the data from the entire accessible population is not possible because of the cost and time involved in data collection and analysis. This calls for sampling the accessible population. Sapsford (1999) argued that sampling allows more time to a few cases but the information obtained is more detailed. Sampling is the process of selecting a number of individuals for a study in such a way that individuals selected represent the larger group from which they were drawn. The selected group forms the sample and enables the researcher to gain information about the population. In this case the sample size was determined using the generalised scientific guideline for sample size determination developed by Krejcie and Morgan (1970) and as such, the optimal sample size for the target population 64 as seen in table 3.1. The sample was selected using stratified random sampling technique. Each respondent category was treated as a stratum, and purposive sampling was used to select the number of respondents from each stratum to come up with one sample.

This sampling technique was used because the study was intended to give each of these respondents an equal chance of being selected in order to obtain the required data. Indeed, each of these respondents had something to tell either by experience or as an implementer of the donor projects being undertaken.

Table 3.1: *Target Population corresponding and optimal sample size based on Krejecie and Morgan sample size determination model 1970*

#	Category of Respondents	Target population	Optimal Sample size
1	Directors	5	5
2	Station Engineers	25	24
3	Project Managers	11	11
4	Project Engineers	25	24
	Total	**66**	**64**

3.4 Data collection methods and instruments

Information was gathered through the use of both primary and secondary sources.

3.4.1 Primary Sources

The quantitative measure was administered by a structured questionnaire. The structured questionnaire was adopted because it elicits specific responses that are easy to analyze. It is also economical in terms of time, as it is easy to fill in, and takes little of the respondents' time and that of the researcher in administering and analyzing. (Amin, 2005). The use of questionnaires also allows the respondents time to reflect on answers to avoid hasty responses. (Kinoti 1998; Mugenda & Mugenda, 1999).

Different tools, that is, questionnaire and document review guide (Appendices I, II) were developed. They addressed issues of magnitude of donor funding requirements, management of donor funding, achievement of donor funding objectives and implementation of road development projects in UNRA.

The questionnaire was reviewed by the research supervisor. The questionnaire was then pre-tested to ensure that it measured what was intended to be measured and that it was a reliable measure of the variables in question. After pre-testing, the results were discussed with colleagues and the necessary adjustments made before printing and distributing the final copies.

3.4.2   Secondary sources

Secondary data is the data that has been collected for a different purpose (Malhotra, 1993; Anon, 2009) and helps the researcher in examining available information thus enhancing the research problem. Secondary data was obtained from various documents. The documents included; annual reports, donor-reports, relevant financial statements, budgets, project evaluation reports, project contract document, donor loan agreements and management reports.   The documents used were within UNRA, Ministry of Works and Transport, Uganda Road Fund, Parliament of Uganda, the MOFPED, MOI, World Bank, and from contractors contracted by UNRA. A document review was critically carried out to ensure that all relevant data was obtained on the themes of the study.

3.5   Reliability and Validity

For quality control, a pre-test of the research instrument to test its validity and reliability was done.   In pre-testing, the designed instruments were tried out on selected individuals under situations similar to those of the actual sample that was used in the final study. The cases used in pre-testing were not used in the final study. Pre-testing the instruments helped to identify deficiencies in the instruments.   For example vague questions that could be interpreted differently by respondents or those that could bias them. These were rephrased or dropped before the instrument was used on a large group of respondents.

Pre-testing enhances the reliability and validity of the instrument. When an instrument is reliable, it yields consistent responses because it is interpreted well. If the desired variable is not measured reliably, the information obtained will not be correct and therefore, will not be valid. Mugenda *et al* (1999) pointed out that valid data depends on the status of its evidence and whether it can carry the weight of conclusions drawn based upon it. Flaws in measurement, sampling and comparison lead to doubtful conclusions. They further advised that the number of cases in the pre-test should not be very large. Normally the pre-test is between 1% and 10% of the sample depending on the sample size. The bigger the sample size, the smaller the percentage selected for pre-testing. For this study, six (6) staff were used for pre-testing the questionnaire. The questionnaire was also checked for accuracy and completeness basing on an alpha cronbach test of more than 0.72. This coefficient tests whether all questions testing perceptions about a particular variable hang together as a set. In other words, it tests for internal consistency that is; whether the questions tease out all the institutional weaknesses in a specific variable. If the reliability is below 0.72 then we look out for questions that are ambiguous or where non-response is high and improve on or drop them. The responses from the pretest were coded, analysed and reliability tests run. The instrument was then improved before carrying out a fully blown data collection.

Content Validity

This refers to the degree to which a measure covers the range of meanings included within the concept (Rubin & Babbie, 1993). To establish content validity, the academic supervisor's comments were taken into account and were captured in the data instrument. Three senior colleagues at UNRA with wide experience in Road development activities in road sector

were also asked to comment on the clarity, wording, ease of use and appropriateness of the instrument.

Face Validity

To establish face validity, the instrument was shared with colleagues at work who have participated in different research exercises during their masters or PHD programmes.

They provided comments on the clarity and appropriateness of the instrument, focusing on the grammar, readability, layout and formatting.

3.6   Data collection Procedures

An introductory letter was obtained from the Dean Faculty of Business Administration and Management of Uganda Martyrs University. The letter was used to introduce the researcher to the respondents.   Appointments were made with the Heads of Departments before the questionnaires were delivered to them.   The questionnaires were self administered so that respondents could seek clarity on unclear issues. Self-administration of the questionnaires also enables the researcher to control time of completing the data collection.

3.7 Data Analysis
Quantitative data processing and Analysis techniques

A quantitative analysis was adopted for data analysis because the information that was collected contained quantitative data. In order to analyse data, and establish relation, there was need to find a common mode of measurement. The researcher used an ordinal scale of $1 - 5$ to attach weights to the answers provided to each of the questions in questionnaires. Strongly disagree was given a weight of 1, disagree a weight of 2, neutral a weight of 3, agree a weight of

4, and strongly agree a weight of 5. More details of this are included under appendix 1 – research questionnaire.

Data was analysed using the statistical package for social scientists (SPSS) computer program. The package enabled a number of variables to be analysed simultaneously. Information on the sample requirements was generated using frequencies. The relationship between the dependent and independent variables was tested using Pearson's correlation coefficient and Regression analysis. The findings were interpreted in chapter four while the recommendations and conclusions in chapter five and six respectively.

3.8 Quality Control

To reduce on the errors during data collection, the following measures were taken;

i).   Use of research assistants who are University graduates. These were able to quickly understand the importance of the research.

ii).   Training of research assistants in advance to ensure that they thoroughly understood how to administer the questionnaires.

iii). Pre-testing of questionnaires by carrying out a pilot study yielded a useful feedback that was used to enhance the reliability and validity of the instrument.

iv).   Keeping the questionnaire safe.

v).   Coding and reviewing of collected data at the end of each working day so as to ensure quality, accuracy, consistency and completeness.

vi)   Serialising the questionnaires which ensured that no questionnaire was repeated and non was omitted during data entry.

3.9 Measurement of variables

The variables that were measured and tested for correlation and dependency included magnitude of donor funding requirements that is procurement, legal and financial performance requirements and implementation of projects. To obtain quantifiable primary data from each of the respondents, the variables were taped on a five point Likert scale. At one extreme of the scale was strongly disagree represented by (1) and at the other extreme end strongly agree represented by (5). Between these extremes lied intermediate values of (2) for disagree, (3) neutral and (4) agree.

3.10 Ethical Considerations in Data Collection

This research dissertation is a further development of the research proposal that was submitted by the researcher to the University. In the proposal submitted, the researcher indicated that his proposal research would not violate any ethical requirements of the University, although it involved questionnaires that would be filled by individuals.

No financial inducements were offered to any respondents, deception or misrepresentation of aims of the research, and no psychological torture in whatever form to any respondents. This research and its related data collection tools were designed in such a way that no mention of participants' names was necessary in reporting. The issue of confidentiality was stressed by the researcher that all the raw data provided would remain confidential, and that only analysed data with generalized interpretations would be published in the report.

3.11 Challenges Faced in Data Collection

While the journey for data collection usually marks the tail end of an academic struggle and usually looked at as a success story, to the researcher, this was not an easy exercise. To ensure successful response from the different selected population, the researcher had to move to each and every respondent not only to explain to them the purpose of the research but also for public relations purposes. This called for more resources in terms of time. However, the research assistants became champions of the research as they ably explained the objectives of the research to other staff members.

The second challenge was on the fear by some respondents to disclose some of the vital required data. Much as there was no much threat to the respondents, some respondents, especially those directly incharge of overseeing the implementation of projects in UNRA did not want to remain objective while responding to statements in the questionnaire. They feared that their responses on assessing the Donor funded projects would be seen to be negative and hence used against them. It was however explained that this was an academic research that required objective responses in order to make a well informed and objective conclusion on the donor funding and that confidentiality was guaranteed.

The researcher also had a challenge of engaging the senior staff of UNRA. The senior staff required a brief explanation otherwise they would look at the questionnaire as rude and disrespectful to just send questionnaires to them for responses. These mostly included the Directors and Project Managers. This is a group of people that are continuously busy and accessing them must be on appointment. Several appointments had to be made before the questionnaire could be filled.

Lastly, there was time challenge. The researcher did not get leave during data collection period. This is because there were special reviews at UNRA that could not allow the researcher to take leave. This affected the researcher's ability to collect data quickly and also to ensure that analysis was undertaken within the planned time scope.

These challenges were however addressed through a multi tasking approach. The researcher had to hold discussions with staff during lunch breaks to explain the purpose of the research and the importance of providing objective assessments. For the senior staff, the researcher learnt that it was possible and easier to interact with them in the evenings, so they were met towards 4 pm when they are done with their busy schedules of the day. This allowed the researcher to attend to work business as usual, and then concentrate on the dissertation after working hours. The issue of limited time was addressed through working over the weekend on Saturdays and Sundays. This helped the researcher gain the lost time to complete the research within the planned research program/ schedule.

3.12 Conclusion

Under this chapter, the researcher has discussed the various sources of data, the methodology employed by the research, thus reflecting on the entire action plan of the study. Anon (2009) indicated that a research methodology is a logic or series of steps followed to connect the study's objectives, questions and conclusions thereof.

This chapter explained how secondary data was applied in helping the researcher scan the existing literature in the field of study. Annual reports, progress reports, contract documents and donor agencies reports were reviewed looking at various aspects of funding and implementation of road development projects in UNRA. The researcher ably explained under this chapter how

primary data was collected using a standardized data collection tool. Such data once collected, processed and analysed, the results of such study can be generalised according to Ahmad and Taylor (2009). The data collection tool contained standardized questions on the dependent and independent variables. Gay and Diehl (1992) suggested that a sample population should be a representative of the population it is selected. In this regard, a total of 64 respondents were purposively selected according to their placement. Due to the vigilance of the research, 54 (84.4%) responded to the questionnaire. The researcher faced several challenges ranging from additional resource requirements, time limitations, and fear to disclose sensitive information. Despite these challenges however, the researcher was able to sail through and developed a rich insight and skills in interpersonal relations.

Finally, the chapter concludes with ethical considerations in the data collection and use. Assurance was made to all the individual respondents regarding the confidentiality in terms of non disclosure, and usage of the data for academic purposes only. Chapter 4 presents the findings and analyses that create a linkage between the findings and the existing literature.

CHAPTER 4

DATA PRESENTATION, INTERPRETATION AND ANALYSIS

4.1 Overview

This chapter is divided into two sections that is descriptive statistical analysis and hypothesis testing. The chapter presents, interprets analyses and discusses data that was collected mainly using self administered questionnaires and documentary review. Since in the research design, a quantitative method was adopted, Pearson and Regression analysis was applied to establish the relationship between the variables in the conceptual model as demonstrated in chapter one. Regression analysis was specifically used to establish the effect of the independent variable on the dependent variable. The regression was also carried out to establish which of the variables has the highest influence on the dependent variable that is; implementation of the project. These statistical tests were guided by the research questions in **section 1.7.**

4.2 Sample Attributes

In order to establish the relationship between donor funding and implementation of road development projects in Uganda, it was deemed necessary to collect background information that gives proper attributes of the sample. This background information provided qualitative information to the researcher, which is vital in formulating conclusions. These attributes included Gender, experience in the roads sector and the position of the respondents in UNRA. The findings on the background information are presented below.

4.2.1 Gender Composition

Table 4.1: *Results of the statistical analysis for the gender of respondent*

	Description	Frequency	Percent	Valid Percent
Valid	Male	51	94.4	94.4
	Female	3	5.6	5.6
	Total	54	100.0	100.0

From Table 4.1 above, it is seen that 94.4% of the respondents were male and 5.6% female, the distribution is not surprising given that the road sector is prone to having few female engineers, for example out of the twenty four station engineers in UNRA there was only one female engineer at the time of the research.

4.2.2 Experience of respondents in the roads sector

The other background variable considered important to this research was the number of years the respondents have spent in the roads sector. This was important for this study as it would feed into the conclusion given the experience of the respondents. The results of the experience of respondents are shown in table 4.2 below.

Table 4.2: *Respondents' years of service in the road sector*

Years	Frequency	Percentage
< 1	0	0
1 - 3	2	3.7
4 - 6	15	27.8
7 - 9	23	42.6
Ten and above	14	25.9
Total	54	100.0

From table 4.2 above, it is seen that 31.5% have 1 – 6 years of service in the roads sector and 68.5% have been in the roads sector service for a range of 7 to over 10 years. This therefore implies that the majority of the respondents had gained a lot of experience in roads sector and were therefore in position to give fairly accurate and balanced data on the factors affecting donor financed project implementation in the study area. To cater for complacency of the experienced staff, those with little experience (1 – 3 years) were also included in the study to ensure varied views on the subject were obtained.

4.2.3 The position of the respondent in UNRA

The position of the respondents was considered important/relevant in this study to show the level of participation in decision making. Directors and Managers are usually involved in policy formulation while Engineers and others directly handle projects and gather information that informs policy. To ensure balanced and reliable information, the researcher ensured that all levels were represented there by closing information gaps in the different levels. The findings of this analysis are presented in figure 2 below.

Figure 2: *Pie chart showing distribution of respondents by position in UNRA*
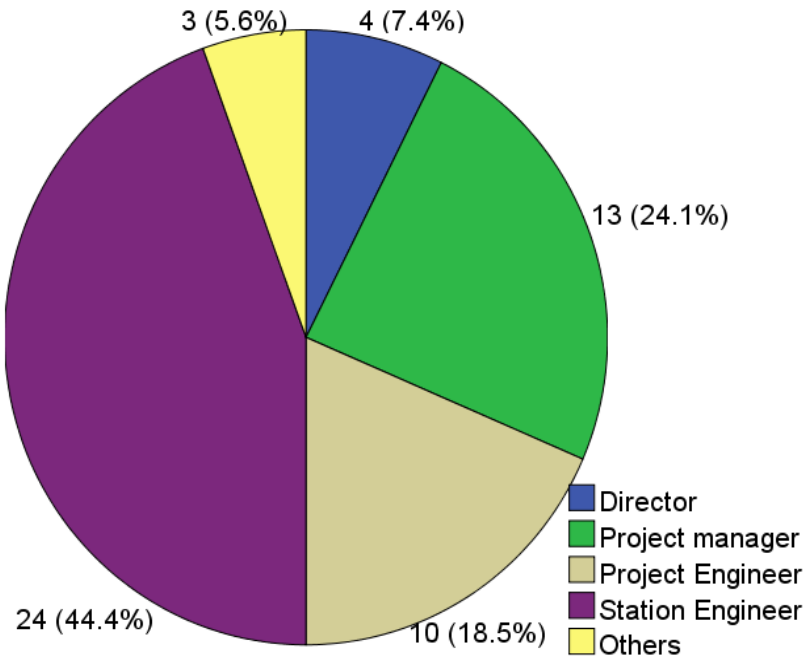
From Figure 2 above, it is seen that 44.4% of respondents were Station Engineers who are located in various parts of the country, 24.1% Project Managers who are the project owners, 18.5% Project Engineers, 7.4% Directors and members of Top Management in UNRA and 5.6% were others who included the project accountant, monitoring and evaluation officer and a maintenance engineer. This implies that all levels of staff that directly handle projects were involved in the research data collection and this guarantees balanced information.

4.3 Descriptive statistics on donor procurement requirements

One of the objectives of this study was to examine the effect of donor procurement requirements on project implementation in UNRA. To achieve this objective, a number of questions were posed to tap the respondents' perceptions and opinions regarding donor procurement requirements in UNRA with an aim of assessing its effect on project

implementation in UNRA. Table 4.3 shows the results (descriptive) of the respondents'
responses as regards donor procurement requirements.

Table 4.3: *Results of statistical analysis on the donor procurement requirements*

#	Questionnaire Item	SA		A		UN		D		SD		Mean	Standard Deviation
		F	%	F	%	F	%	F	%	F	%		
4	Donor procurement requirements are followed	7	13	22	40.7	7	13	16	29.6	2	3.7	2.7	1.143
5	Donor procurement requirements generate competition in tendering process	4	7.4	19	35.2	9	16.7	19	35.2	3	5.6	2.96	1.115
6	Donor procurement systems lead to fair evaluation	5	9.3	22	40.7	14	25.9	13	24.1	0	0	2.65	0.955
7	Donor procurement systems are transparent	2	3.7	28	51.9	11	20.4	10	18.5	3	5.6	2.7	1.002
8	Donor procurement systems lead to development Local Contractors	0	0	1	1.9	2	3.7	24	44.4	27	50	4.43	0.662
9	Donor procurement systems are efficient	0	0	20	37	7	13	25	46.3	2	3.7	3.17	0.986
10	Donor procurement systems call for sanctions for delayed projects	2	3.7	4	7.4	12	22.2	31	57.4	5	9.3	3.61	0.899
11	Donor procurement systems recognize performance	0	0	2	3.7	1	1.9	24	44.4	27	50	4.41	0.714
												3.32875	0.9345

Table 4.3 shows the frequency (F) and corresponding percentage (%) of the respondents
that strongly agreed (SA), agreed (A), were Neutral (UN), disagreed (D) or strongly disagreed
(SD) with the statements posed about donor procurement requirements. It also shows the mean
response and standard deviation between the responses. Note that the responses ranged from 1 to
5 with a lower response code (1) showing contribution of donor procurement requirements on
project implementation, the middle code (3) represents the neutral picture that is neither good nor
bad and the maximum code (5) represents the worst scenario as regards to the effect of donor
procurement requirements.

From the table, the respondents reported high effect of donor procurement requirements on project implementation with a mean response of 3.33 (which is above 3) and a standard deviation of 0.935. The high standard deviation shows that the responses varied greatly between the respondents. It should however, be noted that the majority of respondents 53.7% generally agreed that donor procurement requirements are followed in UNRA, 33.3% believe that donor procurement requirements are not followed due to the fact that most procurements done had administrative reviews and 13% of the respondents did not show either sides. Interestingly 94.4% of the respondents believe that donor procurement requirements do not encourage or promote the local contractors and also that it does not recognise the performance of contractors.

4.4 Descriptive statistics on donor legal requirements

One of the other objectives of this study was to assess the effect of donor legal requirements on project implementation in UNRA. To achieve this objective, a number of questions were posed to tap the respondents' perceptions and opinions regarding donor legal requirements in UNRA with an aim of assessing its effect on project implementation in UNRA. Table 4.4 shows the results (descriptive) of the respondents' responses as regards donor legal requirements.

Table 4.4: *Results of statistical analysis on the donor legal requirements*

#	Questionnaire Item	SA		A		UN		D		SD		Mean	Standard Deviation
		F	%	F	%	F	%	F	%	F	%		
12	Donor legal regime enforce implementation	3	5.6	21	38.9	14	25.9	11	20.4	5	9.3	2.89	1.093
13	Donor legal regime cause competition	2	3.7	18	33.3	4	7.4	27	50	3	5.6	3.20	1.088
14	Donor legal regime leads to usage of funds on the Project	2	3.7	27	50	6	11.1	16	29.6	3	5.6	2.83	1.077
15	Donor legal regime guarantee funding to completion of project	2	3.7	3	5.6	1	1.9	22	40.7	26	48.1	4.24	1.008
16	Donor legal Provisions lead to cost overrun control	1	1.9	6	11.1	1	1.9	31	57.4	15	27.8	3.98	.961
17	Donor legal regime lead to timely completion of Projects	1	1.9	6	11.1	4	7.4	32	59.3	11	20.4	3.85	.940
												3.498	1.03

Table 4.4 shows the frequency (F) and corresponding percentage (%) of the respondents that strongly agreed (SA), agreed (A), were Neutral (UN), disagreed (D) or strongly disagreed (SD) with the statements posed about donor legal requirements. It also shows the mean response and standard deviation between the responses. Note that the responses ranged from 1 to 5 with a lower response code (1) showing contribution of donor legal requirements on project implementation, the middle code (3) represents the neutral picture that is neither good nor bad and the maximum code (5) represents the worst scenario as regards donor legal requirements.

From table 4.4 above, the respondents reported high effect of donor legal requirements on the implementation of projects with a mean response of 3.498 (which is above 3) and a standard deviation of 1.03. The high standard deviation shows that the responses varied greatly between the respondents. It is important to note that 88.8% of respondents (and mean of 4.24) showed that the legal requirements do not give a guarantee to the project owners that the donors will finance the project up to its completion. Depending on the prevailing circumstances and costs already incurred, the donor can pull-out at any stage of the project as it happened on Kabale-

Kisoro-Bunangana road where ADB threatened to pull out when the credit was exhausted and GOU had to look for the funds to complete the on-going works. Interesting information is that 85.2% of the respondents (and mean of 3.98) believe that the donor legal provisions embedded in contract documents do not control cost overruns on the projects.

4.5 Descriptive statistics on donor financial performance requirements

The third objective of this study was to assess the effect of donor financial requirements on project implementation in UNRA. To achieve this objective, a number of questions were posed to tap the respondents' perceptions and opinions regarding donor financial requirements in UNRA with an aim of assessing its effect on project implementation in UNRA. Table 4.5 shows the results (descriptive) of the respondents' responses as regards donor legal requirements.

Table 4.5: *Results of statistical analysis on the donor financial requirements*

#	Questionnaire Item	SA		A		UN		D		SD		Mean	Standard Deviation
		F	%	F	%	F	%	F	%	F	%		
18	Donor Financial Performance indicators are adhered to	5	9.3	30	55.6	8	14.8	10	18.5	1	1.9	2.48	0.966
19	Donor Financial Performance indicators lead to efficiency	3	5.6	15	27.8	11	20.4	22	40.7	3	5.6	3.13	1.065
20	Donor Financial Performance indicators lead to timely completion of projects	0	0	9	16.7	7	13	33	61.1	5	9.3	3.63	0.875
21	Donor Financial Performance indicators lead to full allocation of resources to the Project	1	1.9	18	33.3	11	20.4	20	37	4	7.4	3.15	1.035
22	Donor Financial Performance requirements lead to accountability of project funds	4	7.4	27	50	13	24.1	7	13	3	5.6	2.59	1
23	Projects are allocated funds required	0	0	3	5.6	2	3.7	33	61.1	16	29.6	4.15	0.737
24	Projects access funds quickly	0	0	3	5.6	8	14.8	33	61.1	10	18.5	3.93	0.749
												3.9246	0.8958

Table 4.5 shows the frequency (F) and corresponding percentage (%) of the respondents that strongly agreed (SA), agreed (A), were Neutral (UN), disagreed (D) or strongly disagreed (SD) with the statements posed about donor financial requirements. It also shows the mean response and standard deviation between the responses. Note that the responses ranged from 1 to 5 with a lower response code (1) showing contribution of donor financial requirements on project implementation, the middle code (3) represents the neutral picture that is neither good nor bad and the maximum code (5) represents the worst scenario as regards donor financial requirements.

From table 4.5 above, the respondents reported high effect of donor financial requirements on the implementation of projects with a mean response of 3.9246 (which is above 3) and a standard deviation of 0.8958. The high standard deviation shows that the responses varied greatly between the respondents. The statistics show that 90.7% of the respondents (and mean of 4.15) believe that projects are not allocated the required funds for effective implementation, 79.6% of the respondents believe that project funds are quickly accessed for the implementation of projects.

4.6 Descriptive statistics on project Implementation

The statements in these statistics were intended to identify whether projects implementation adhere to the set guidelines in the donor funding requirements which would facilitate in making conclusions of this study. To achieve this objective, a number of questions were posed to tap the respondents' perceptions and opinions regarding factors affecting project implementation in UNRA. Table 4.6 shows the results (descriptive) of the respondents' responses as regards to donor project implementation.

Table 4.6: *Results of statistical analysis on the project implementation*

#	Questionnaire Item	SA		A		UN		D		SD		Mean	Standard Deviation
		F	%	F	%	F	%	F	%	F	%		
25	Funding requirements are complied with	2	3.7	32	59.3	4	7.4	9	16.7	7	13	2.76	1.181
26	Project resources are absorbed as Planned	0	0	1	1.9	1	1.9	24	44.4	28	51.9	4.46	0.636
27	Projects are completed on schedule	0	0	0	0	0	0	39	72.2	15	27.8	4.28	0.452
28	Implementation bottlenecks are easily resolved	0	0	0	0	2	3.7	35	64.8	17	31.5	4.28	0.529
29	There are unrealistic time extensions	9	16.7	7	13	1	1.9	32	59.3	5	9.3	2.69	1.301
30	There are unrealistic claims by contractors	10	18.5	8	14.8	1	1.9	31	57.4	4	7.4	2.8	1.323
31	There is adequate supervision of projects	0	0	12	22.2	2	3.7	34	63	6	11.1	2.37	0.958
32	The projects are completed within the original contractual sum	0	0	0	0	0	0	25	46.3	29	53.7	4.54	0.503
33	Implementation schedule are adhered to	0	0	1	1.9	2	3.7	40	74.1	11	20.4	4.13	0.551
												3.7075	1.00375

Table 4.6 shows the frequency (F) and corresponding percentage (%) of the respondents that strongly agreed (SA), agreed (A), were Neutral (UN), disagreed (D) or strongly disagreed (SD) with the statements posed about factors affecting project implementation. It also shows the mean response and standard deviation between the responses. Note that the responses ranged from 1 to 5 with a lower response code (1) showing adherence to project implementation requirements, the middle code (3) represents the neutral picture that is neither good nor bad and the maximum code (5) represents the worst scenario as regards project implementation requirements.

From table 4.6 above, the respondents reported high non compliance to the project implementation requirements with a mean response of 3.7075 (which is above 3) and a standard deviation of 1.00375. The high standard deviation shows that the responses varied greatly

between the respondents. It is interesting to note that much as 90.7% of the respondents believe that the allocated for the projects are not enough, the statistics in the table 4.6 above show that almost all, 96.3% of respondents (and mean of 4.46) believe that the allocated funds are not fully utilized or absorbed as planned. All the respondents (100%) agreed both that projects were not completed on schedule and none of the projects was completed within the original contractual sum.

4.7 Correlations and hypothesis testing

Table 4.7: *Correlation results for donor procurement requirements and project implementation*

		Donor procurement requirements	Project Implementation
Donor procurement requirements	Pearson Correlation	1	.609**
	Sig. (2-tailed)		.000
	N	54	54
Project Implementation	Pearson Correlation	.609**	1
	Sig. (2-tailed)	.000	
	N	54	54

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient may range from -1 to 1, where -1 or 1 indicates a "perfect" relationship. The further the coefficient is from 0, regardless of whether it is positive or negative, the stronger the relationship between the two variables. Thus, a coefficient of .609 is exactly as strong as a coefficient of -.609. Positive coefficients tell us there is a direct relationship: when one variable increases, the other increases. Negative coefficients tell us that there is an inverse relationship: when one variable increases, the other one decreases. Notice that the Pearson coefficient for the relationship between adherence to donor procurement requirements and

successful project implementation is .609 and it is positive. This tells us that, just as we predicted that as the level of adherence to donor procurement requirements increases, project implementation is more successful. At .609, the coefficient is only above half as large as is possible. It should not surprise us, however, that the relationship is not "perfect" (a coefficient of 1). Donor procurement requirements appear to be an important predictor of successful project implementation, but no doubt there are other factors that affect project implementation. Given the variety of factors that may affect project implementation, a coefficient of .609 suggests that the relationship between donor procurement requirements and project implementation is actually quite strong.

Hypothesis testing for donor procurement requirements and project implementation

The null and alternate hypotheses are stated as follows;

$H1_O$: Donor procurement requirements do not significantly affect the implementation of road development projects in Uganda.

$H1_A$: Donor procurement requirements significantly affect the implementation of road development projects in Uganda.

To test the hypothesis that donor procurement requirements have a significant positive effect on project implementation, Pearson and regression techniques were used and the tables below show the results.

Tables 4.8: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609[a]	.371	.359	3.596

a. Predictors: (Constant), Donor procurement requirements

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	396.880	1	396.880	30.694	.000[a]
	Residual	672.379	52	12.930		
	Total	1069.259	53			

a. Predictors: (Constant), Donor procurement requirements

b. Dependent Variable: Project Implementation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.241	2.584		7.060	.000
	Donor procurement requirements	.528	.095	.609	5.540	.000

a. Dependent Variable: Project Implementation

From table 4.8 above, the R-squared value obtained was .371. This means that 37.1% of the variation in the dependent variable (project implementation) is explained by knowing the level of adherence to donor procurement requirements as perceived by the respondents. The other 62.9% variation in project implementation can be explained by other factors other than adherence to donor procurement requirements.

The correlation matrix also gives the probability of being wrong if we assume that the relationship we find in our sample accurately reflects the relationship between donor procurement requirements and project implementation that exists in the total population from which the sample was drawn (labeled as Sig. [2-tailed]). The probability value is .000(note that the value is rounded to 3 digits), which is well below the conventional threshold of $p \leq .05$. Thus, our hypothesis is supported. There is a strong relationship (the coefficient is not 0), it is in the predicted direction (positive), and we can generalize the results to the population ($p \leq .05$).

With regard to the hypothesis, it can be deduced that the null hypothesis which states that Donor procurement requirements do not significantly affect the implementation of road development projects in Uganda does not hold and hence is rejected while the alternate hypothesis that donor procurement requirements significantly affect the implementation of road development projects in Uganda is in line with empirical data.

In conclusion therefore, we are 95% confident that donor procurement requirements significantly affect the implementation of road development projects in Uganda and the Pearson's correlation as seen in Table 4.7 simply reaffirms this conclusion.

Table 4.9: *Correlation results for donor legal requirements and project implementation*

Correlations

		Donor Legal requirements	Project Implementation
Donor Legal requirements	Pearson Correlation	1	.486**
	Sig. (2-tailed)		.000
	N	54	54
Project Implementation	Pearson Correlation	.486**	1
	Sig. (2-tailed)	.000	
	N	54	54

**. Correlation is significant at the 0.01 level (2-tailed).

Notice from the table above that the Pearson coefficient for the relationship between adherence to donor legal requirements and successful project implementation is .486 and it is positive. This tells us that, just as we predicted, as level of adherence to donor legal requirements increases, project implementation is more successful. At .486, the coefficient is about half as large as is possible. It should not surprise us, however, that the relationship is not "perfect" (a coefficient of 1). Donor legal requirements appear to be an important predictor of successful project implementation, but no doubt there are other factors that affect project implementation. Given the variety of factors that may affect project implementation, a coefficient of .486 suggests that the relationship between donor legal requirements and project implementation is actually quite strong.

Hypothesis testing for donor legal requirements and project implementation

The null and alternate hypotheses are stated as follows;

H1$_O$: Donor legal requirements do not significantly affect the implementation of road development projects in Uganda.

H1$_A$: Donor legal requirements significantly affect the implementation of road development projects in Uganda.

To obtain the effect of donor legal requirements on project implementation, regression was used and the tables below show the results.

Tables 4.10 *Model Summary on donor legal requirements*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.486[a]	.237	.222	3.962

a. Predictors: (Constant), Donor Legal requirements

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	253.003	1	253.003	16.118	.000[a]
	Residual	816.256	52	15.697		
	Total	1069.259	53			

a. Predictors: (Constant), Donor Legal requirements
b. Dependent Variable: Project Implementation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.919	2.885		7.252	.000
	Donor Legal requirements	.542	.135	.486	4.015	.000

a. Dependent Variable: Project Implementation

From table 4.10 above, the R-squared value obtained was .237. This means that 23.7% of the variation in the dependent variable (project implementation) is explained by knowing the level of adherence to donor legal requirements as perceived by the respondents. The other 76.3% variation in project implementation can be explained by other factors, other than adherence to donor legal requirements.

The correlation matrix also gives the probability of being wrong if we assume that the relationship we find in our sample accurately reflects the relationship between donor legal requirements and project implementation that exists in the total population from which the sample was drawn (labeled as Sig. [2-tailed]). The probability value is .000(note that the value is rounded to 3 digits), which is well below the conventional threshold of $p \leq .05$. Thus, our hypothesis is supported. There is a strong relationship (the coefficient is not 0 but 0.486), it is in the predicted direction (positive), and we can generalize the results to the population ($p \leq .05$).

With regard to the hypothesis, it can be deduced that the null hypothesis which states that Donor legal requirements do not significantly affect the implementation of road development projects in Uganda does not hold and hence is rejected while the alternate hypothesis i.e donor legal requirements significantly affect the implementation of road development projects in Uganda is in line with empirical data.

In conclusion therefore, we are 95% confident that donor legal requirements significantly affect the implementation of road development projects in Uganda and the Pearson's correlation as seen in Table 4.9 (first table) simply reaffirms this conclusion.

Table 4.11: *Correlation results for donor financial performance requirements and project implementation*

		Donor financial performance requirements	Project Implementation
Donor financial performance requirements	Pearson Correlation	1	.395**
	Sig. (2-tailed)		.003
	N	54	54
Project Implementation	Pearson Correlation	.395**	1
	Sig. (2-tailed)	.003	
	N	54	54

**. Correlation is significant at the 0.01 level (2-tailed).

Notice from the table above that the Pearson coefficient, r for the relationship between adherence to donor financial performance requirements and successful project implementation is .395 and it is positive. This tells us that, just as we predicted, as level of adherence to donor financial performance requirements increases, project implementation is more successful. At .395, the coefficient is only about a quarter as large as is possible. It should not surprise us, however, that the relationship is not "perfect" (a coefficient of 1). Donor financial performance requirements appear to be an important predictor of successful project implementation, but no doubt there are other factors that affect project implementation. Given the variety of factors that may affect project implementation, a coefficient of .395 suggests that the relationship between donor financial performance requirements and project implementation is actually quite strong.

Hypothesis testing for donor financial performance requirements and project implementation

The null and alternate hypotheses are stated as follows;

H1$_O$: Donor financial performance requirements do not significantly affect the implementation of road development projects in Uganda.

H1$_A$: Donor financial performance requirements significantly affect the implementation of road development projects in Uganda.

To obtain the effect of donor financial performance requirements on project implementation, regression was used and the tables below show the results.

Tables 4.12 *Model Summary on financial performance requirement*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395ᵃ	.156	.140	4.166

a. Predictors: (Constant), Donor financial performance requirements

ANOVAᵇ

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	166.882	1	166.882	9.617	.003ᵃ
	Residual	902.377	52	17.353		
	Total	1069.259	53			

a. Predictors: (Constant), Donor financial performance requirements

b. Dependent Variable: Project Implementation

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.901	3.400		6.442	.000
	Donor financial performance requirements	.451	.145	.395	3.101	.003

a. Dependent Variable: Project Implementation

From table 4.12 above, the R-squared value obtained was .156. This means that 15.6% of the variation in the dependent variable (project implementation) is explained by knowing the level of adherence to donor financial performance requirements as perceived by the respondents. The other 84.4% variation in project implementation can be explained by other factors other than adherence to donor financial performance requirements.

The correlation matrix also gives the probability of being wrong if we assume that the relationship we find in our sample accurately reflects the relationship between donor financial performance requirements and project implementation that exists in the total population from which the sample was drawn (labeled as Sig. [2-tailed]). The probability value is .003, which is well below the conventional threshold of $p \leq .05$. Thus, our hypothesis is supported. There is a strong relationship (the coefficient is not 0 but 0.395), it is in the predicted direction (positive), and we can generalize the results to the population ($p \leq .05$).

With regard to the hypothesis, it can be deduced that the null hypothesis which states that Donor financial performance requirements do not significantly affect the implementation of road development projects in Uganda does not hold and hence is rejected while the alternate hypothesis that donor financial performance requirements significantly affect the implementation of road development projects in Uganda is in line with empirical data.

In conclusion therefore, we are 95% confident that donor financial performance requirements significantly affect the implementation of road development projects in Uganda and the Pearson's correlation as seen in Table 4.11 simply reaffirms this conclusion.

4.8 Multiple Regression (Combining all the variables)

To get a compound effect on the dependent variable, a multiple regression was done and below are the results;

Table 4.13: *Model Summary on combined variables*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644[a]	.415	.380	3.537

a. Predictors: (Constant), Donor financial performance requirements, Donor procurement requirements, Donor Legal requirements

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	443.567	3	147.856	11.815	.000[a]
	Residual	625.692	50	12.514		
	Total	1069.259	53			

a. Predictors: (Constant), Donor financial performance requirements, Donor procurement requirements, Donor Legal requirements

b. Dependent Variable: Project Implementation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.018	3.353		4.181	.000
	Donor procurement requirements	.438	.126	.506	3.491	.001
	Donor Legal requirements	.061	.173	.055	.356	.724
	Donor financial performance requirements	.231	.140	.202	1.649	.105

a. Dependent Variable: Project Implementation

The results above show an unadjusted multiple R of .644, giving an upper limit to the combined predictive power of all the predictor variables. **R-Square (41.5%)** - This is the proportion of variance in the dependent variable (project implementation) which can be explained by the independent variables (donor procurement requirements, donor legal requirements and donor financial performance requirements). This is an overall measure of the strength of association and does not reflect the extent to which any particular independent variable is associated with the dependent variable. Therefore, all the variables combined explain 41.5% variability in the dependent variable (project implementation).

The middle table "ANOVA" shows that the full model is statistically significant (Sig.= .000), just like the independent variables were statistically significant (p<.05) individually.

Donor procurement requirements - The coefficient for donor procurement requirements is .438. So for every unit increase in adherence to donor procurement requirements, a 0.438 unit increase in level of success in project implementation is predicted, holding all other variables constant.

For every unit increase in adherence to donor legal requirements, we expect a 0.061 unit increase in the level of success in project implementation, holding all other variables constant.

The coefficient for donor financial performance requirements is .231. So for every unit increase in the level of adherence to donor financial performance requirements, we expect an approximately .231 point increase in the level of success in project implementation, holding all other variables constant.

As before, the "Sig." column in the third table "Coefficients^a" is a hypothesis test of the significance of that variable, given all the other variables at that stage have been entered into the model. **t** and Sig in the third table are the t-statistics and their associated 2-tailed p-values used in testing whether a given coefficient is significantly different from zero. Using an alpha of 0.05:

The coefficient for donor procurement requirements (0.438) is significantly different from zero (0) because its p-value is 0.001, which is smaller than 0.05.

The coefficient for donor legal requirements (0.061) is not significantly different from zero (0) because its p-value is 0.724, which is larger than 0.05.

The coefficient for donor financial performance requirements (0.231) is not statistically significantly different from zero (0) because its p-value (0.105) is definitely larger than 0.05.

The intercept is significantly different from 0 at the 0.05 alpha level.

Since the "Sig." column on the "Coefficients" table presents the statistical significance of that variable given all the other variables have been entered into the model, we note therefore that only one variable (donor procurement requirements) is statistically significant in this table.

Previously it was found that the correlation between donor procurement requirements, donor legal requirements and donor financial performance requirements and project implementation at UNRA was relative high and positive (0.528, 0.542 and 0.451 respectively), meaning that these three variables highly and positively affected project implementation of road projects in UNRA. The regression weight for these same variables in the full model for donor procurement requirements, donor legal requirements and donor financial performance

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requirements was positive (.438, 0.061 and 0.231 respectively) though low for latter two variables.

With regard to the hypothesis, it can be deduced that the alternate hypothesis which states that donor procurement requirements, donor legal requirements and donor financial requirements significantly affect the implementation of road development projects in Uganda is in line with empirical data and is therefore upheld.

4.9 Conclusion

Under this chapter, the researcher has presented, interprets and analyses data from a sample attributes of 94.4% male and 5.6% female due to the fact that the road sector is prone to having few female engineers. Most respondents that is 68.5% have been in the roads sector for a range of 7 to over 10 years at different positions directly under projects.

The analysed data and hypothesis testing showed that donor procurements requirements, donor legal requirements and donor financial requirements all have a significant positive effect on project implementation by 37.1%, 23.7% and 15.6% respectively.

A combined multiple regression of all variables indicated a 41.5% variability in the dependent variable (project implementation). The individual variable analysis found that the correlation between donor procurement requirements, donor legal requirements and donor financial performance requirements and project implementation at UNRA was relative high and positive (0.528, 0.542 and 0.451 respectively), meaning that the three variable highly and positively affected project implantation of road development projects in UNRA. The regression weight for these same variables in the full model for donor procurement requirements, donor legal requirements and donor financial performance requirements was positive (0.438, 0.061 and 0.231 respectively) though low for latter two variables.

Therefore, with regard to the hypothesis, it can be deduced that the alternate hypothesis which states that donor procurement requirements, donor legal requirements and donor financial performance requirements significantly affect the implementation of road development projects in Uganda is in line with empirical data and is therefore upheld with donor procurement requirements contributing the most effect to the project implementation.

CHAPTER 5

IMPLICATION AND SIGNIFICANCE OF THE STUDY

5.0 Overview

This chapter is divided into three sections namely implications from methodology and data availability, implication of findings for theory, policy and practice, and possible policy suggestions/recommendations. The study set out to find how donor funding requirements affect the implementation of road development projects in Uganda. The findings have shown that there is a positive correlation between donor funding requirements and project implementation in UNRA. The findings also indicate that the procurement, legal and financial requirements affect project implementation by 37.1%, 23.7% and 15.6% respectively.

5.1 Implications from methodology and data availability

Implications from methodology

The method of data collection focused more on primary data (use of questionnaires), and little on secondary data (already documented data kept on donor funding of projects in UNRA) for the analysis, because the secondary data was not readily available. This implies that the study focused more on the opinions of the respondents or/with little supporting historical data kept by the organisation on various donor funding agencies.

As already mentioned above, there is no central data base for donor funding project performance in UNRA. UNRA being a young organisation that was operationalised in 2008 had just taken over from the MoWT and Road Agency Formation Unit (RAFU) it is at the point of centralizing all its information on projects. This problem limited the methods that could be used for data collection in this research.

5.2 Implications of findings for theory, policy and practice

Implications of findings for theory

The theory that a construction project is commonly acknowledged as successful when it is completed on time, within budget as purported by some academicians like Takim and Akintoye (2002) and the tight conditions donors put in place such as; project management, implementation approach, compliance with guidance, rules, and procedures, especially in the procurement of goods and services that have been shown to be critical success factors for International Development Projects (IDPs) at the implementation phase (Gittinger, 1984, Khan et al, 2000; Khang and Moe, 2008) is not backed up by empirical evidence. This study found out that despite the strict donor requirements and adherence and the close supervision in the process of contracting that is; from strategy planning and analysis, contracting and relationship development to implementation and monitoring, one cannot directly link donor funding requirements results to the way the process is managed. Therefore, there would be need for further research to find out the actual factors that affect the achievement of donor funding objectives in Uganda or organizations in particular.

<u>Implications for practice</u>

In practice, the findings revealed that although UNRA complies with the donor funding requirements, this has a very low impact on the success implementation of the road projects. The results also showed that although most respondents agreed to a certain extent that donor procurement, legal and financial requirements affect project implementations, they believe to a big extent that there are other factors within UNRA that affect the successful implementation of the projects and these included among others; the failure to absorb or utilize the planned and allocated funds on the project, failure to closely supervise projects so that the work schedule is adhered to.

<u>Implications for policy</u>

The implications for policy are directed towards UNRA management and government at large. As seen from the findings, UNRA would rather increase the number of staff to do close supervision of the projects so that the intended objectives of having projects completed on time and at a reasonable cost are realized. UNRA also needs to engage the donor community on the impediments of the donor requirements on the effective implementation of the projects especially on the use of local contractors on the entire donor funded projects so that the local construction capacity is enhanced.

Government policy makers should take note of the fact that the long and bureaucratic procurement processes such as those stipulated in the PPDA Act and donor procurement guidelines are not necessarily worthwhile unless this can be translated into direct benefits in terms of achievement of desired objectives.

5.3 Possible Policy/other suggestions/recommendations

As the organisation struggles for better infrastructure in the country, donor funding is still very crucial for the big projects in the road sector and donor funding might be the way to go. Since the study found that there is a positive relationship between donor funding requirements and project implementation in UNRA, management may have to look at other factors that affect project implementation within the country or UNRA itself than putting the inefficiencies on the donor funding requirements.

However, there is need to have information related to donor funding requirements for all the donors and the respective performance and challenges of the implementation of the projects properly generated and stored for future references.

Management should also consider strategies that aim at improving the quick implementation of projects and minimize on the extra costs claimed by contractors and classification of contractors so that projects are completed on time and the local contractors are also promoted to take on future road development projects at a much lower cost.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONDS

6.0 Overview

The chapter presents the conclusions and recommendations of the study based on the findings and implications. The areas of further research within the study topic have also been suggested.

6.1 Conclusions

The research findings of this study are consistent with the existing literature of earlier studies in this area. The study indicates that donor funding requirements positively affect implementation of road development project in Uganda. A further examination of the findings shows that among the donor funding requirements of procurement, legal and financial; procurement affects project implementation by 37.1%, this is in line with existing literature on project implementation.

Another conclusion from the research is that there is a low absorption of external debt/loan by beneficiary projects. This may be the reason why the GOU paid large sum of Uganda shillings six (6) billion as commitment fees on loans amounts not drawn by beneficiary projects as shown in Appendix III. In addition, there is underfunding of development projects as 90.7% of the respondents agreed that projects are not allocated the required funds, the conclusion is also supported by the government's failure to release all the budgeted counterpart funding for various development projects as shown in Appendix IV.

The research findings also concluded that there is no road development project that is completed on time as specified in the initial contract. The delays to complete projects impact on the credit, civil works components of the projects and the intended objectives and are costly in terms of time lost and financial resources.

6.2 Recommendations

Government should budget for adequate counterpart funding requirements for all loans procured and MoWT in consultation with MOFPED should give priority to debt funded projects by providing them with their budgets in full to ensure full funding of the project.

MOFPED should carry out a diagnostic study in consultation with the implementing agency UNRA and the development partners to identify the causes and difficulties in fulfilling the loans conditions and thereafter undertake measures to address the issues arising.

UNRA should make sure that Debt funded projects are implemented on schedule and according to work plans to avoid payments of excess commitment fees/penalties. It should also be made a requirement that any Accounting Officers and Project managers who fail to absorb loans as agreed should be reprimanded for inefficiency and negligence.

The donor community should compel GOU to provide the budgeted counterpart funds on time and be controlled by the donor project account so that commencement time of the project is not delayed due to lack of funds to kick start the activities on the project.

More so, management should put more emphasis on linking donor funding requirements with the process of achieving projects objectives, for example in the evaluation of the projects to be financed by the donors it does not make an economic sense to give internal rate of return

when it is clear that Uganda is a developing country and there are no major economic returns in areas where road development projects are made. This practice may compromise the borrowing party to under estimate costs so that the intended project looks more viable and secure the little funds available from the donors but at project implementation stage, quantities and scope of work change which negatively affects the progress of projects in terms of time and costs.

6.3 Suggestion for further research

The study concluded that donor; procurement, legal and financial requirements affect project implementation by only 41.5%. There is therefore need to carry out further research on the other factors (Government interest, social issues, environmental issues, land compensation issues, quality) which contribute to the success of the project and to know to which extent they do so.

The study also concluded that the combined variables explain 41.5% variability in the dependent variable (project implementation) implying that 58.5% is explained by other factors that need to be researched on.

There is also need to carry out similar studies in other organizations (government ministries, Non Governmental Organizations (NGO's) and other countries) since this research was limited to a government body/Institution and Uganda only.

Another area of research would be on the factors that affect the successful implementation of projects in Uganda.

There is also need for more research to make a comparison between donor and GOU funded projects, and an evaluation of their performance.

In conclusion, it would be important for the World Bank and other donor communities to know that so many strict donor requirements actually protect their funds from being abused, however the funds remain idle on the accounts and commitment fees/penalties are paid at the expense of the tax payer. This means that the donor community should look at other ways through which they can monitor the funds or closely supervise the projects so that allocated money is spent rather than paying high penalties for low absorption.

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RESEARCH QUESTIONNAIRE
UGANDA MARTYRS UNIVERSITY NKOZI

DONOR FUNDING AND IMPLIMENTATION OF ROAD PROJECTS

Dear Respondent,

Thank you for taking time off to participate in this study. I am Abbot Naturinda conducting a research as one of the requirements for the award of a Masters degree in Business Administration from Uganda Martyrs University, Nkozi.

You have been selected to participate in the study of how the Donor Funding has influenced Project implementation of Road Development Projects in Uganda. It is estimated that a maximum of 15 minutes will be required to complete this questionnaire. The information provided under this study will be handled with the confidentiality it deserves and is strictly for academic purposes only.

I once again thank you for taking time off your busy schedule to complete this Questionnaire, a contribution to the academic excellence.

For any clarification, please do not hesitate to contact me on Tel. Nos. 0772-646263/0312-233129.

I will be very grateful if I receive your response within one week's time latest.

Abbot Naturinda

RESEARCHER

Guidelines:

    a) Tick where Appropriate

    b) Provide more details where needed.

    c) Information provided will be treated as confidential and only used for academic purposes.

    d) Kindly complete all the questions.

SECTION 1: BACKGROUND INFORMATION:

1. Gender: Male   ☐   Female   ☐

2. Period of service spent in the roads sector

     < 1   ☐   1 – 3   ☐   4 – 6   ☐   7 – 9   ☐   ≥10   ☐

3. What position are you in UNRA

     ☐   Director

     ☐   Project Manager

     ☐   Project Engineer

     ☐   Station Engineer

     ☐   Others (Please specify)

SECTION 2: DONOR PROCUREMENT REQUIREMENTS

- The Statements below will describe some specific procurement requirements about your **Donor Road Development Projects**

- Using the scale below, please tick the number that corresponds with how true each statement is for your **Donor Funded Projects**

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
i	Donor procurement requirements are followed					
Ii	Donor procurement requirements generate competition in tendering process					
iii	Donor procurement systems lead to fair evaluation					
iv	Donor procurement systems are transparent					
v	Donor procurement systems lead to development of Local Contractors					
vi	Donor procurement systems are efficient					
vii	Donor procurement systems call for sanctions for delayed projects					
viii	Donor procurement systems recognize past performance of contractors before the award					

SECTION 3: DONOR LEGAL REQUIREMENTS

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
i	Donor legal regime enforce implementation					
ii	Donor legal regime cause competition					
iii	Donor legal regime calls leads to usage of funds on the Project					
iv	Donor legal regime guarantee funding to completion of project					
v	Donor legal Provisions lead to cost overrun control					
vi	Donor legal regime lead to timely completion of Projects					

SECTION 4: DONOR FINANCIAL PERFORMANCE REQUIREMENTS

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
i	Donor Financial Performance indicators are adhered to					
ii	Donor Financial Performance indicators lead to efficiency					
iii	Donor Financial Performance indicators lead to timely completion of projects					
iv	Donor Financial Performance indicators lead to full allocation of resources to the Project					
v	Donor Financial Performance requirements lead to accountability of project funds					
vi	Projects are allocated funds required					
vii	Projects access funds quickly					

SECTION 5: PROJECT IMPLEMENTATION

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
i	Funding requirements are complied with					
ii	Project resources are absorbed as Planned					
iii	Projects are completed on schedule					
iv	Implementation bottlenecks are easily resolved					
v	There are unrealistic time extensions					
vi	There are unrealistic claims by contractors					
vii	There is adequate supervision of projects					
viii	The projects are completed within the contractual sum					
ix	Implementation schedule are adhered to					

Thank you for your Cooperation

APPENDIX II: DOCUMENTATION REVIEW

	Document Name	Objective	Remarks
1	Project monthly and final completion reports	To establish the time taken to complete the project as compared to initial contract time	Noted that the majority of projects were not completed within the time except for Soroti-Dokolo-Lira
2	Interim payment certificates	To establish the increases in costs of the projects	Noted that variation of prices (VOPs), increase in quantities and scope and accrued interest due to delayed payments were the major extra costs incurred
3	External Auditors and Internal Auditors reports on funded projects	Establish the objective opinion on the performance of donor funded projects	Queries on increase in VOPs, environmental neglect, poor supervision and lack of proper accountability and low absorption were noted
4	World Bank and ADB mission reports	Establish the key areas of their concern on project implementation	Emphasis on the adherence to environmental concerns and use of project funds on the project itself, compare the physical progress with the financial progress

Source: Literature review by the researcher in UNRA documents

APPENDIX III: DELAYS AND EXCESS COMMITMENT FEES

S/No	Project	Extended Period (Years)	Un-disbursed amounts (US $and SDR)	Extra Commitment Fees (US $)
1	Second Economic Financial Management Project	3	SDR 410,421	220,438.18
2	North Uganda Social Action Fund Project	11/2	1,208,562	55,204.48
3	Small Towns Water Supply and Sanitation Development	6 months	1,805,254	12,281.63
4	Fisheries Development Project	2	11,867,655	49,428.64
5	Vegetable Oil Development Project	5	6,492,841	-
6	North West Small Holders Agricultural Project	3	2,064,854	158,153.15
7	Road Development Programme Phase 1	11/2	6,075,725	89,312.70
8	Road Sector Institional Support Technical Assistance Project (RSSTP)	3	4,411,240	534.98
	Total			**585,358.76**

Source: Ministry Of Finance Planning Economic Development 2004/2005 – 2007/20

APPENDIX IV: APPROVED ESTIMATES AND ACTUAL RELEASES

S/N	Project Name	Approved estimates Ugx	Actual G.O.U releases Ugx	Under funding Ugx	%ge of releases
1	Fisheries Development Project	8,419,560,000	417,153,842	(8,002,406,158)	5%
2	North West Small Holders Agricultural Project	5,517,542,000	1,762,171,024	(3,755,370,976)	32%
3	Vegetable Oil Development Project	5,983,426,000	3,895,222,555	(2,088,203,445)	65%
4	Road Sector Support Project (1)	14,767,091,000	4,834,065,000	(9,933,026,000)	32.7%
5	Road Development Program phase 1	22,837,598,000	1,856,809,000	(20,980,789,000)	8.1%
	Total	**57,525,217,000**	**12,765,421,421**	**44,759,795,579**	**22.2%**

Source: Financial Statements/Progress Reports in MOFPED