

**CAPACITY BUILDING AND PERFORMANCE OF DONOR FUNDED
PROJECTS IN NAIROBI CITY COUNTY KENYA**

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DECLARATION

I declare that the project is my original work and has not been submitted for the award of a degree in any other university. Hence no part of the section should be published without the consent of the University or the author.

Signature..... Date.....

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The work in this research project has been carried out by the candidate under my supervision.

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DEDICATION

I dedicate the project to my wife Sophia, and my late father Solomon for the support and encouragement they always provided. God bless you all.

ACKNOWLEDGEMENT

First, I take the opportunity to thank my Almighty God for the strength He has granted me. Second, gratitude to my family members and lastly to my supportive supervisor, Dr. Rosemary James, she has always given towards the accomplishment of the project.

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AKF	Aga Khan Foundation
ANOVA	Analysis of Variance
BMGF	Bill and Melinda Gates Foundation
CBOs	Community Based Organizations
CIFA	Central Institute of Freshwater Aquaculture
CRWRC	Christian Relief World Resource Committee
DOI	Diffusion of Innovation Theory
EU	European Union
FHI	Food for the Hungry International
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology
KISIP	Kenya Informal Settlements Improvement Project
KMP	Kenya Municipal Program
M&E	Monitoring and Evaluation
NACOSTI	National Commission for Science Technology and Innovation
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PhD	Doctor of Philosophy
PMI	The Project Management Institute
SDGs	Sustainable Development Goals
SPSS	Statistical Product and Service Solutions

UN	United Nations
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Children's Emergency Fund
US	United States
USAID	United States Agency for International Development
WFP	World Food Programme

OPERATIONAL DEFINITION OF TERMS

Capacity building	The process of improving the ability, skills and efficiency of the project employees in technical, management and governance competencies.
Donor funded projects	Programs and initiatives being which are undertaken with technical and financial support from external sources, well-wishers, individuals, private firms and charity organizations
Governance competence	The ability to oversight overall project activities, employee and management in line with the set strategic direction
Management competence	The ability of project management staff to run, control, coordinate and direct the operations of the projects
Technical Competence	The skills, knowledge base and experience by the employees undertaking day to day donor funded projects' activities
Project performance	How well a project meets desired goals and delivers results in consideration of budget, time and available resources

ABSTRACT

Given the vast amounts of resources expended to donor funded projects and the challenges they are designed to address; it is imperative that they deliver their desired goals. However, this has not been the case as the challenges remain pervasive. This is attributed to a myriad of issues key among them lack of capacity among the project staff. This study therefore sought to assess how capacity building in three competence areas which were deemed to be among the weak links to performance of projects funded by donors in Nairobi County. The study evaluated how technical competence, managerial competence, and governance competence influenced the performance of donor-funded projects in Nairobi. The research was based on four theories: diffusion of innovation, transformational learning, resource dependency, and knowledge-based theories. Mixed methods design using a descriptive survey was adopted to meet the objectives of the study. The target population was 311 employees in 55 donor-funded projects which had been running for five years from 2014 - 2018. The research employed multi stage sampling where a proportionate stratified sample size helped identify 30% of the target population which was 94 employees who were then randomly selected. This study's primary data included both quantitative and qualitative information collected using a questionnaire which had closed and open ended questions. Statistical Product and Service Solutions version 23 software was utilized for analysis of the data gathered from the study. Descriptive statistics including frequencies, percentages, mean scores and standard deviation were employed in data analysis. Further, inferential statistics through multiple regression was used to determine the association between the dependent variables and independent variable. The study found that technical competence, management competence and governance competence had a significant influence on project performance. The study concludes that the existing capacity building initiatives are effective and thus their notable influence on performance of projects. The study recommends continued adoption of technology and democratic management style as well as putting in place strong governance structures.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The goal of projects that are funded by donors is to promote development through strengthening community-based organizations. Despite the increased investments, there is a strong realization that the project implementation team, government, stakeholders, and communities' capacity to assimilate the assets and support nearby interests in both social and financial frameworks is restricted because of an absence of data and ability to oversee speculations, just as their failure to request responsibility in a straightforward way (PMI, 2015).

The World Bank (2015) report indicated that most of the donor funded projects in the world did not meet the donors' expectations and that of development partners due to limited capacity. The projects have been associated with unprecedented delays, cost overruns, irregular scope changes and beneficiary dissatisfaction. Project performance has retarded mainly due to weak institutional, human resource and management capacity (Bohn, 2016).

Aid is the supply of immediate or aberrant financing for items or administrations at a lower cost than would be paid in the ordinary "open market," and it is conveyed by an outsider (World Bank 2017). The adequacy of benefactor help keeps on being an essential objective for the worldwide advancement local area. Whether addressing the global Sustainable Development Goals (SDGs) or collaborating on poverty reduction initiatives at the local level, donor agencies must increase their performance, according to

Acharya et al. (2017), to eliminate poverty and attain real development outcomes. Looking at the history of improvements in capacities, Easterly (2013) recommended that one can question if Official Development Assistance (ODA) is really expected to encourage financial development and wipe out neediness.

As per Mosley and Marion (2010), issues of financial management and insufficient utilization of donor funds, ranging between poor and no consultation between the implementers of the project and the target beneficiaries, lack of synchronization between the relevant authority agencies, an inability to fit arrangements, techniques, and projects, helpless venture plan, and helpless observing of unfamiliar financed projects, bringing about obligation and destitution. Mosley and Marion further noted that specialized and administrative capacity of the executing officers determines the degree to which contributor subsidized drives succeed.

In addition, enough support infrastructures is required. Officers in the donor funding projects chain, according to Arndt (2010), may lack professional training in foreign aid administration, accounting and budgeting. These deficiencies may result in a lack of awareness of the donor's expenditure guidelines, leading in ineligible expenditures and the donor's denial of additional funds. Accountability, according to O'Connell and Soludo (2011), is a critical pillar of efficacy. Accountability is described as the development agency's mission, content, responsibilities, and performance being completely transparent. According to Martens et al. (2011), a broken natural feedback loop in foreign aid necessitates the inclusion of an explicit assessment function in foreign aid programs to address performance issues. In every endeavor, human capital is extremely important.

In this case the human capital are the people involved in a project and various studies have demonstrated that when people come together collectively to achieve a certain goal, they form a powerful force, and the goals are mostly achieved.

Foresti (2017) argued that it is not about mere training that is involved, the training process should always be based on resource allocation and dedication of time. Capacity development is generally acknowledged, both formally and informally, as including a variety of dimensions ranging from human knowledge and skill to organizational competence and complementing structures and norms that regulate their operations (Hulme, 2014). Also, according to Rogers (2018), capacity development requires making focused and strategic change choices that will lead to the attainment of a set of predetermined outcomes; this is a crucial aspect in organizational development, which focuses on effective organizational change and performance. People that consciously choose to conduct their tasks differently and with higher expertise will produce the desired outcomes (Chrisoplos, Christie, Bergman &Hauer, 2013).

Though donor-funded programs have kept on assuming a fundamental part in emerging countries, especially in Sub-Saharan Africa, it is captivating to see that little improvement has happened after 50 years of pouring cash to the Third World. Nearly, the entire Sub-Saharan Africa is living with huge debts, has significant unemployment, is impoverished, and has a dismal economic performance. In spite of enormous help streams, the locale's normal per capita pay has dropped starting around 1970. Because of this situation, help offices and specialists are returning to earlier discussions about the convenience of unfamiliar guide (Lancaster, 2017). Apart from making a strong argument for more

foreign assistance, studies on the amount and effects of donor financing on savings and growth in developing nations highlight concerns about how these monies are used on their targeted objectives (White, 2012). Previously, the discussion over aid savings centered on Chenery and Strout's (2016) two-gap model, which positioned foreign aid as a growth driver. Foreign aid, according to critics, replaces domestic resources by reducing savings, reducing government tax collection, and increasing government expenditure.

Kenya has been a recipient of significant amounts of foreign aid, particularly from bilateral and multilateral donors, to support various development projects and initiatives in areas such as education, health, agriculture, and infrastructure (Miriti & Karithi, 2020). Donors have been increasing to improve development agenda of the developing country by targeting to improve the livelihood of its citizens (Gaturu & Muturi, 2014). The transport sector has benefit from tremendous support in rehabilitation and reconstruction some of key roads that link vital areas in Kenya's growing economy. Example of this intervention is Thika superhighway construction which is jointly funded by the African Development Bank (AfDB) and the Exim Bank of China (K' Akumu & Gateri, 2022).

Apart from government implemented projects, others are implemented through partnerships with non-governmental organizations (NGOs), both local and international, as well as community-based organizations (CBOs). These NGOs play an important role in facilitating the delivery of aid and development programs to the communities that need them most. NGOs and CBOs often have a better understanding of local needs and cultural sensitivities, and can work more closely with communities to ensure that aid and

development programs are tailored to their specific needs. In addition, they can help to build local capacity and empower communities to take charge of their own development (Ndungu & Karugu, 2019).

Despite the significant contribution of NGOs and CBOs to development efforts in Kenya, there have been concerns about accountability, transparency, and sustainability of some of these projects. There have also been questions about the long-term impact of donor-funded projects and the need for more sustainable development strategies that empower local communities and build their resilience to future challenges (Kuria & Wanyoike, 2016). To operate in this uncertain terrain, the NGOs have been forced to adopt various organization capacity development strategies.

The notion of organizational capacity development has exploded in popularity during the last decade. The ideas are the result of a series of change management tactics and lessons learned through time. The notion, including its definition, application, new assumptions, and repercussions, is continually evolving. Capacity building tactics have been frequently adopted in donor development programs, according to Rugumamu (2011). For example, ICT innovation is one of the areas of capacity development that may help a project perform better.

1.1.1 Project Performance

According to PMI (2018) project performance entails conducting a project to meet stakeholder expectations, within the set time, budget, quality and scope. Reasonably accomplishing different, frequently contending, goals under changing circumstances is what's truly going on with ideal execution. By all accounts, project execution is easy to

survey; just track time, cost, scope, and you're done. Any complicated process requires more than one person, and project performance is no exception.

Performance refers to behaviors that may be scaled, assessed, and compared to the predetermined outcomes (Vater, 2016). Under most circumstance the expected outcomes are related empirically, however they may not completely overlap (Bonham, 2018). The performance result usually tends to rely on factors not only based on a person's behavior. In reference it tends to be hard explaining any given performance without the presence of any reference to the expected outcome.

A project's performance is of concern for both public and private stakeholders. Thomas (2012) provides that performance measurement involves the process of controlling and monitoring the progress of a project. Korunas (2013) states that project performance is based on effective management of project cost, quality and construction. Long and Fellow scholars (2014) provide that project performance measurement is associated to multiple indicators like the project's time, quality, specifications and stakeholders' fulfillment.

Cheung and Fellow scholars (2014) recognized project performance indicators like costs, quality and time and safety and health and communication. They indicated that for a project to perform well, it must be implemented as planned within the prisms of budget, scope and time. The ultimate achievement of a project is quality implementation. Navon (2015), states that a control program is a crucial factor in identifying factors that affects a project's efforts. Pheng and Chuan (2016) on the other hand would obtain those various human factors had played a key role in determining the project's performance. Ling et al

(2017) obtained that one of the key practices associated to scope management is controlling the quality of the contract document and the degree to changes to the contract.

Project performance is still one of the major issues that determine a project's delivery globally. This is based on the fact that projects involve defined goals, that must be attained and multiple resources that require to be effectively utilized. Various authors also established multiple indicators for evaluating project's performance (Ling and Chan 2012, Thomas et al, 2012 and Josephson & Lindstorm, 2017). The current study measured project progress of donor funded projects in Nairobi County on time, quality, budget and scope.

1.1.2 Capacity Building

Capacity building refers to the process of developing or enhancing the skills, knowledge, resources, and abilities of individuals, organizations, and communities to achieve their goals and objectives more effectively and sustainably (Harley et al, 2017; Hanson & Sigman, 2016). Capacity building can take many forms, including training, mentoring, coaching, technical assistance, institutional strengthening, and resource mobilization.

According to Paul and James (2018), capacity building includes analyzing training needs, involving the majority stakeholders in capacity development, evaluating capacity needs and assets, designing a reliable development response, executing that response, and evaluating capacity development. Thus, three key competence areas which are inked to performance of developmental projects are identified as technical, management and governance competences (Lei & Skitmore, 2014).

Technical competence is the set of skills required for successful performance of tasks, job category and position. This also includes the knowledge needed to perform a job. Improvement of technical competence is mainly done through developing a competence framework. For most donor project this includes ability to apply emerging technological innovations (Ghattas et al., 2022). Technical competence is important not only for the successful implementation of donor-funded projects, but also for the sustainability of the projects beyond the lifespan of the funding. Technical competence can be built through a variety of methods, including training, mentorship, and collaboration with technical experts in the thematic area where the project is being implemented (Popkova & Zmiyak, 2019).

Management competencies relate to attributes required to enable effective handling of managerial roles. The development includes improving communication, strategic action, teamwork and global awareness (Muhammad and Mustafa, 2019). Effective management is crucial for desired projects performance. Management competence for project managers involve training in areas such as appropriate leadership style, strategic planning, financial management, human resource management and project management (Podgórska & Pichlak, 2019).

Good governance practices are essential for the success of donor-funded projects and for ensuring that development outcomes are achieved in a sustainable manner. Governance competence refers to skills necessary to undertake oversight roles in implementing organization and projects. Governance competence development enables accountability, transparency and stakeholder engagements in projects (Lappi, & Aaltonen, 2017).

1.1.3 Donor Funded Projects in Nairobi City County

According to statistics by the Non-Governmental Organizations Coordination Board of Kenya (2017) report on the operations of NGOs in Kenya, it was indicated that 45% of the donor funded projects ranging from water and sanitation, education, and health to Public-Private partnerships are located in Nairobi County given its dense population and high rural urban migration. The town also happens to be the capital city of Kenya and most of the donor agencies have their head offices located in the County. This formed the background for the focus of the study on Nairobi County.

The World Bank reports that in Nairobi alone, a lot of funds have been invested on transport sector. Other donors like USAID, UN, BMGF (Bill and Melinda Gates Foundation) among others have invested in education, health and agriculture. For instance, in health sector is Kenyatta University Referral Hospital construction received funding from China Exim bank while in the education sector, the ICT integration in classes through construction of computer labs, connecting the classes to electricity grid and high-speed internet was funded by the European Union (EU). Donors have put money towards development initiatives all around the world, as well as nationally, regionally, and locally. However, the majority of the initiatives have failed to meet their aims and objectives. Most funders have traditionally provided funds in advance but are gradually transitioning to outcome or milestone-based funding in an effort to speed up project completion. This is due to the failure of donor-funded programs to deliver. However, the performance of projects funded by donors has not been satisfactory (K' Akumu & Gateri, 2022).

The projects which have benefitted from donor funding in Nairobi include the Majivoice which saw implementation of modern customer feedback system for the water sector that allows utility customers to submit feedback through cell phones. The Kenya Informal Settlements Improvement Project (KISIP) has also been implemented in Nairobi's informal settlements in a bid to enhance the dignity of the beneficiaries. The Kenya Municipal Program (KMP) aimed at improving solid waste management has also been implemented in Nairobi County (World Bank, 2014).

1.2 Statement of the Problem

Kenya highly depends on donor funding or foreign aid to catalyze development and respond to various country challenges. Quite often, this funding is coupled with funding freeze episodes while there is still overemphasis on robust processes and rules inside assistance organizations, which contributes to a culture of accountability for outcomes and quite often, a lack of focus on managing for results. Most African initiatives are thought to fail for a variety of reasons, including a lack of outcomes accountability, project management capability, monitoring and evaluation challenges, and cultural issues. The number of initiatives funded by donations continues to fall short of expectations. Majority of the projects thus continues to register poor completion rates and do not achieve intended results (K' Akumu & Gateri, 2022). Lavagnon (2016) believes that low levels of impact demonstrated by donor funded projects can be largely attributed to lack of capacity building. It is not known if capacity building is the real cause of project nonperformance but many projects being undertaken in Kenya have been increasingly adopting capacity building programs with an attempt to increase performance and be successful.

According to Mosley and Marion (2014), inadequate or no consultation with the intended beneficiaries, inefficiency in harmonizing principles, bad project design, and poverty are all issues of economic governance and efficiency in the use of development aid. The extent to which projects funded by donors succeed is largely determined by the human resource capabilities of the executing agency, both managerial and technical.

Officers inside donor-funded projects, according to Arndt (2014), are ineffective in project management because they lack the skills needed to support the project's important choices. This is courtesy of the poor recruitment and selection criteria employed. A lot of initiatives in Kenya have so far proven to be non-performing in terms of their aims. According to Mathew (2011), about 30% of donor funded projects in Kenya have experienced failure when implementing such projects. Stewart (2003) stated that only 25% of donor funded projects succeed. Several studies have been done to look at the success of donor funded projects and generated different findings. Kuria and Wanyoike (2016) opined the absence of active stakeholder involvement in planning, monitoring and evaluation of donor funded projects contributed to poor execution of such projects. Gachohu et al (2018) conducted a study of 15 projects at Kenyatta National Hospital that were donor funded to determine the success of those projects and concluded that scope and resource management affected projects performance. In this study, it was also found out that these projects were still not completed on time and financial accountability in reporting was still not done. While these studies provide useful findings in donor funded projects, there was scarce information on how capacity building relates to donor funded projects in Kenya, and in particular in Nairobi County, through technical competence, governance competence, and management competence.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The primary objective of this study was to determine how capacity building affected the performance of projects that are donor-funded in Nairobi County, Kenya.

1.3.2 Specific Objectives of the Study

- i. To determine the effect of technological competence on progress of donor funded projects in Nairobi County, Kenya.
- ii. To determine the influence of management competence on completion of donor funded projects in Nairobi County, Kenya.
- iii. To determine the effect of governance competence on progress of donor funded projects in Nairobi County, Kenya.

1.4 Research Questions of the Study

- i. What is the ramification of technological competence on the performance of funded projects in Nairobi County, Kenya?
- ii. How does management competence affect performance of donor funded projects in Nairobi County, Kenya?
- iii. How does governance competence affect completion of donor funded projects in Nairobi County, Kenya?

1.5 Significance of the Study

There are growing demands of sustainable projects whose impact will transform the society, strategies that are efficient and the generated technology that will remain in the community far after the project is completed. This demand can only be met when projects achieve their intended objectives and when all the project stakeholders are capacity built on key aspects that will affect that performance. The finding from the study will be of benefit to the community to which the project is being implemented in knowing the effort made of capacity building to the project progress outcomes. The findings will also enable Nairobi County project management teams in organizations to know how to accelerate project outcome performance using capacity building strategies as a catalyst to accelerate project performance and obtain better results.

This study will contribute to how project managers apply capacity building plans in project management for better project performance through generalized evidence of how the examined competences affect project performance. This research will also provide additional empirical evidence of the connection between capacity building and project performance to the research body of knowledge. Furthermore, the study will contribute theoretically to handling of projects at and help project management practitioners identify competency potential pitfalls as they plan for success in fulfillment of donor funded projects. At the societal level the study could assist institutions and donor agencies in development of training contents and contribute to ideas on certification requirements for those aspiring to manage donor funded projects to improve donor project performance.

1.6 Scope of the Study

The study looked at the effect of capacity building on donor-funded project. The research focused on technological competence, management competence, and governance competence and how this impact the execution of donor-funded projects. The projects funded by donors implemented in the County of Nairobi area in the span of last 5 years served as the unit of study (2014 - 2018) analysis. These projects cur across several sectors such as Health, Education, and Agriculture. Donor agencies included in the study were UNEP project, UNICEF project, WFP project, Food for the Hungry International (FHI) project, Farm Africa funded project, Red Cross International project, Central Institute of Freshwater Aquaculture (CIFA) project and UNESCO project.

1.7 Limitations of the Study

The study approach encountered a challenge in the responses to the questionnaire. Some of the respondents to the study did not respond. However, their effect was not significant because of the measures that the researcher had put in place to ensure a high response rate such as observing confidentiality and anonymity while conducting the study. Another constraint was determining the respondent's truthfulness and honesty in answering the questions. To counteract this, the investigator informed the respondents of their confidentiality and secrecy, as well as the assurance that their responses to the questionnaires would be exclusively used for research purposes.

1.8 Organization of the Study

This project report is structured into five chapters. The first chapter examines the introduction, which includes the history, the research issue statement, the research objectives, and the questions. The relevance of the study, breadth, and limitations are also examined. The second chapter research covers theories and previous empirical investigations in chapter two, with a characterization of the variable and a description of the literature gaps. The third chapter research methodology chapter includes the population, design, data collecting, and analysis, as well as ethical problems. Chapter four presents the findings, while the summary of the research verdicts, conclusions, and suggestions based on the study discoveries and objectives are discussed in chapter five.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Reviews of other related scholars work are presented in this section together with theories that helps to define the study variables. This is done through critically discussing how capacity building affects the progress of donor funded projects. The theoretical framework that helps to explain theories that support the study are presented in this section.

2.2 Theoretical Review

Under this section the relevant theories that were used to explain the link between study variables are discussed and linked to the study variables. The theories that were looked at in this section were diffusion of innovation theory, transformative learning theory, resource dependency and knowledge-based theory.

2.2.1 Diffusion of Innovation Theory

It was developed by E.M. Rogers in the early year of 1962. This theory forms the basis of social science theory. Its main origin was communication that was used to explain how the ideas and information diffuse through a given population in a social system setup. This concept end product is that people are part of the social system. The adoption of this theory will be that the people have to do things differently than they always does. The main key used in adoption is approved that an individual must perceive the idea or perceive product as new because it is via this that the diffusion is probable. These new ideas cannot occur at the same time in social system. According to Scott & McGuire

(2017), this theory of diffusion means procedures undertaken in how innovation is conveyed over a given time frame with social system. There are four main elements that the theory uses to draw its ideas. This concept includes social system, innovation, time and communication.

According to this theory innovation must be adopted to in order to self-sustain the projects. The rate at which an idea is adopted must reach critical mass. These theories have some limitation which include the theory does not account for an individual's resources or does not support social adoption of new innovations, the theory failed to highlight approaches to be used in its adoption, this theory also works better with prevention of behaviors than adoption. The theory has been applied in many fields, which include project performance, social work, marketing, communication and public health. This idea is related to technological competence because it underlines the importance of incorporating technologies and innovations by staff into project execution and thus ties to project performance.

2.2.2 Transformative Learning Theory

The history show that this theory was first established by Jack Mezirow in 1978. The idea has evolved into a more thorough account of how learners perceive, validate, and reformulate meaningful experience since its inception. For any organization to change their attitude and emotional reaction, the organization must reflect critically on their learning experiences which in turn leads to perspective transformation. According to Mezirow, less transformative result leads to disorienting dilemma which may trigger life crisis through accumulation of transformations schemes over a period of time. This

theory has three dimensions which is psychological, convictional and behavioral. Physiological deals with how to understand self, convictional deals with revision of belief system and finally behavioral deals with lifetime experience.

Mezirow believe that this is a theory of adult learning which utilizes disorienting dilemmas to challenge peoples' thinking. The content of this theory can be used in learning the environment in which the project is working. It gives possibilities for critical thinking, for connecting with people who are going through the same transformational process, and for acting on fresh insights that are used to ensure that a given task runs well. This theory is applicable because it shows the need of capacity building as a means of increasing managerial and technological skills and knowledge among project staff in order to achieve targeted project performance.

2.2.3 The Resource Dependence Theory

This theory was developed in 1978 by Jeffrey Pfeffer and Gerald Salancik. It is based on the idea that the environment is a source of scarce resources, and that the projects are reliant on these scarce resources to function. Uncertainty is created when there is lack of control of these resources by the s operating in that environment. This situation is deemed as undesirable and leads to instability (Wang, Chen, Fang &Tian, 2018). Couplet and McWilliams, (2017) argue that organizations must look for sustainable methods to exploit these resources which are scarce and are being pursued by other corporations in order to ensure their existence. They argue that the survival of any organization is based on its ability to acquire and maintain resources.

Ma, Wang and Li (2019) argue that the directors of the board are important players who play the role of understanding and help mitigating the critical element of uncertainty in the environment. Transaction costs are reduced by environmental linkages which are associated with environmental interdependency. Scholars argue that this theory posits that corporate boards should reflect the environment (Bendickson, Gur& Taylor 2018). Scholars argue that under this theory corporate directors will be people who help maximize provision of important resources. Directors will bring different resources and linkages to the board. The make-up of the board will reflect matching of the dependencies an organization requires and the acquisition of resources by members of its board (Brown & Pappous, 2018). The theory's tenets advocate for project management and governance capacity development, since this has an impact on project performance.

2.2.4 The Knowledge Based Theory

A crucial role of any manager is to accumulate and safeguard important information and competence (Schlegelmilch et al, 2013 & Markides, 1998). The efficiency of the organization in converting its inputs into high-value and sustainable results is guided by the corresponding skill levels. Organizations spontaneously grow into learning organizations, according to Pedler, Burgogyne, and Boydell (1997). They are always learning and documenting their progress in order to alter themselves. As a result, the systems thinking, shared vision, personal mastery, mental models, and team learning all define such companies.

Personal mastery is defined by an individual's dedication to the learning process. A workforce of an organization that can learn more quickly give a company a competitive

edge (Eisenhardt & Martin, 2014). Organizations contain memory that maintain individual beliefs, conventions, values, and specific behaviors. The mental model of the company is made up of these elements. Staffs are driven to learn and match their own ambitions with the business goals as a result of building a common vision. A learning team is one whose members are always learning, and hence a learning company as a whole. In donor-funded programs, the accentuation on learning and improvement, just as sharing illustrations learned through proficient units, mentorship, and training, best backings this thought and is designated at ceaseless learning and upgraded administration conveyance across all degrees of work force. This theory was deemed important for the study as effective capacity building efforts have to be based on appropriate knowledge which fits the settings of donor funded projects in Kenya.

2.3 Empirical Review

2.3.1 Technical Competence and Project performance

Kitivi and No (2014) studied how performance is enhanced on eradicating poverty in projects funded by donors. This study was performed in Mwingi Sub County, Eastern Kenya. The main intention of the study was to see in what way performance is enhanced in the Sub County projects. This study was conducted to find the problems that were experienced on the project environment and targeted staffs working under 15 projects that are donor funded in Mwingi Sub County. The data was then recorded, and multiple regressions performed. The discoveries showed that staff competence was affected momentarily by the technology availability which intern performance of projects funded by donors. While these findings are useful, technology may not be the only factor that

affects technical competence and therefore there would be need to have a comprehensive investigation on technical competence.

Luo, Zheng, Fang and Yin, (2016) explored the connection between contract administration and execution of development projects. The primary goal of the review was to make judgments of the impact of agreement administration on execution of development projects. The review variable was legally binding administration and social administration. To adequately clarify legally binding administration, social administration and the connection between them, the review designated authorized assembling working in China. Information was gathered utilizing organized poll for both quantitative and subjective information. The information was then recorded, and different relapse performed. The discoveries showed that legally binding administration and social administration are significantly impacted by accessibility of innovation which thus influences the s' usefulness and consequently expanded execution of giver subsidized tasks. This review was not explicit on where it was directed.

Ghattas et al (2022) conducted research about how technical competence in human resource management affects project performance. This study involved management of contractors who were professionals working in Egypt of construction projects. In the research, ten domains within human resource management were considered such as the competence in defining job descriptions, on boarding staff and recruitment, training, communication, performance management among others. These competencies were assessed against how they influenced project performance on time and cost. This involved a population sample of 105 respondents who were drawn from construction

projects in Egypt. When the collected data was analyzed and correlation tests done, it was found out that eight of these human resource competencies out of the ten were significantly correlated with project performance. Although this had an impact and showed the correlation with project performance, it was not the only factor that would affect project performance.

A qualitative study was done by Nove de Julho University, São Paulo, Brazil in the year 2010 to determine how information technology competencies of an Information technology manager affected successful project performance. This study addressed a research question of the most relevant competences that an information technology manager required in order to achieve that success. The qualitative study used an explanatory approach that involved interviewing sixteen IT professionals in Brazil drawn from different business sectors. Upon the analysis of the data, it was found that the most relevant competencies were in management of project teams, knowledge in the business domain, communication, people management and project management competencies. This study provided some insights on how technical competence affects project performance and how organizations can better the material of their training plans on project management competence. This study confirmed the high failure occurrences in information technology projects and further encouraged project managers in information technology to broaden their knowhow and skills (Stevenson & Starkweather 2010). However, these conclusions may not be generalized to all projects but offer contributions to other studies on this topic.

2.3.2 Management Competence and Project Performance

Muhammad and Mustafa (2019) conducted research in Pakistan to test how project performance is affected by management competence in public sector mega projects within the engineering field. Projects. A quantitative research technique was applied for the study through a total of 100 questionnaires to respondents. 82 questionnaires were responsive and were further analyzed. The study results showed that management competence in projects had both positive and negative effects on project performance. Competences that had a strong impact included leadership and management skills, communication, technical competence, ethics and honesty. While these results indicate that indeed project performance is affected by management competence, these may not be generalized to all projects as this was conducted within one sector of engineering.

Hefley and Bottion (2021) conducted a study to determine if management competence of young graduates who worked in Brazilian organizations in the roles of project managers affected project performance. The study involved in-depth interviews with subsets of the young graduate managers and addressed precise skills in project management and competencies that are essential in realizing successful projects, and how these such are related to the performance of projects. The study found out the graduates were mostly not fully competent for project management roles did not have competences in how to prepare for projects, managing project risks and these created challenges in project performance. While these results pointed out on the lack of these competences, this was not the solitary reason for the failure of the project. These study results may also not be viewed differently because while the focus is on management competence and the effect on project performance, young and new graduates may not have enough experience at

work which is required as part of the soft skills management and better performance of projects.

Abdelmasseh *et al* (2022) conducted research to find out if there was a relationship between the project manager competence in who was involved in construction and the performance of such projects in Egypt. This research further singled out several management competences that were investigated. These were, human resource management competences, technical competence, conceptual, political and social competencies against project performance. Two dimensions of project performance were used, those were project time and cost. The research involved collection of data among 104 skillful engineers that were considered to have a contextual understanding in the construction sector and questionnaire survey method was used. When the collected data was finally analyzed, it was concluded that certain management competences such as budgeting, risk management, conceptualization had an effect on project performance. These conclusions may however not be generalized to other projects because only one sector considered in the study while projects cover a diverse sector other than construction.

2.3.3 Governance Competence and Project Performance

The PMI defines governance in projects as an oversight role that is associated with a governance model which encompasses the project lifespan and delivers a steady process of monitoring the project and confirming its satisfactory completion by outlining and keeping records and communicating consistent, repeatable project processes. Metri (2009) note that governance has become a hot topic in recent times because high profile

projects have collapsed, and stakeholders are increasingly demanding for better performance through better accountability and transparency. Further, Metri (2009) indicate that the increased rate of project failure is focused on governance competence, “successful projects don’t happen by themselves”.

According to Muhammad and Su (2022), governance competence in projects has been well recognized by researchers as a critical part of the equation and also by project management practitioners with regard to its effect on project performance in non-public sector projects. Through their study that focused on public sector projects, the governance competence was studied to find out how this affected project performance. The study examined this relationship through a quantitative deductive method. Data was gathered through a questionnaire that involved project managers, team members, and stakeholders who were 346 in number. The study outcome exhibited that there was a noteworthy correlation amid governance competence and performance of the project.

These findings were similar to other research findings from other scholars that suggested the importance of governance competence in public sector projects because they affect decision making, frameworks and processes for successful implementation and project performance. The discovery of this study also indicated that governance competence increases project and performance by minimizing project risks and improving transparency between project stakeholders. Even as this study contributes to the wealth of knowledge in governance competence towards project performance, the study was restricted to the public sector projects and therefore the conclusions may not be applied cross cuttingly to all projects.

Deep *et al* (2022) indicates that India has a history of incurring huge losses of public funds when implementing highway projects arising from costs overruns and delays in completing projects. A study was done to find out how project governance constrains influenced performance of these highway projects. The study adopted a quantitative method and applied a questionnaire as the tool to collect data from 435 respondents who were drawn from the highway projects and had a at least 1 year experience in project management. After the data analysis, it was found out that governance competence was one of the constraints to project performance. While this is an important finding, it was not the only constraint that affect project performance and other constraints such as stakeholder induced constraints were also contributors to project

2.4 Summary of Literature Review, Findings and Research Gaps

Table 2.1: Findings and Research Gaps

Author(s)	Focus of the Study/ Topic	Research Findings	Research gap	Focus of current study
Ghattas et al (2022)	The influence of human resources management on projects performance	Eight of these human resource competencies out of the ten were significantly correlated with project	There was conceptual and contextual gap as study focused on HR instead of competencies	Study focused on influence of competencies capacity building on project performance

		performance		
Kitivi and No (2014)	Enhancement of performance on eradicating poverty in projects funded by donors.	Availability of technology greatly influences staff competence in which intern performance of projects funded by donors.	The analysis took place in Kitui County and not in Nairobi County hence the findings may not be frictionless.	The study conducted in Nairobi using updated data on 2014-2018 projects.
Muhammad and Mustafa (2019)	How management complexities and competencies affect performance in engineering infrastructure projects of	The study results showed that management competence in projects had both positive and negative effect on project performance	These may not be generalized to all projects as this was conducted within one sector of engineering. The research work was done in Pakistan in	Current study was based in Nairobi Kenya.

	Pakistan		relation to Nairobi County and these may not be comparable.	
Hefley and Bottion (2021)	Skills of junior project management professionals and project success achieved by them	The study found out the graduates were mostly not fully competent for project management roles in projects design and, managing risks.	The study focused only on management competence and was based in Brazil.	This study focused on three competences and their influence on project performance in Nairobi Kenya.
Abdelmasseh <i>et al</i> (2022)	Project manager skills affecting construction projects in Egypt	Management competences such as budgeting, risk management, conceptualization had an effect on	The study focused only on management competence and was based in Egyptian construction	This study focused on three competences and their influence on performance of donor funded projects in

		project performance	industry.	Nairobi Kenya.
Deep <i>et al</i> (2022)	Evaluating the impact of constraints on project success	Governance competence was one of the constraints to project performance	The study focused only on governance competence and was based in Indian construction industry.	This study focused on three competences and their influence on performance of donor funded projects in Nairobi Kenya.

2.4 Conceptual Framework

According to Orodho, (2013), a conceptual framework is a diagrammatic articulation on how the autonomous and ward factors identify with execution. Figure 2.1 is the applied structure in the review. The review looks to investigate on capacity building pointers that influence execution of projects funded by donors. This study looked at three variables which are; technical competence, governance competence and management competence. The below explains the relationship between performance as dependent variable and capacity building practices as independent variable.

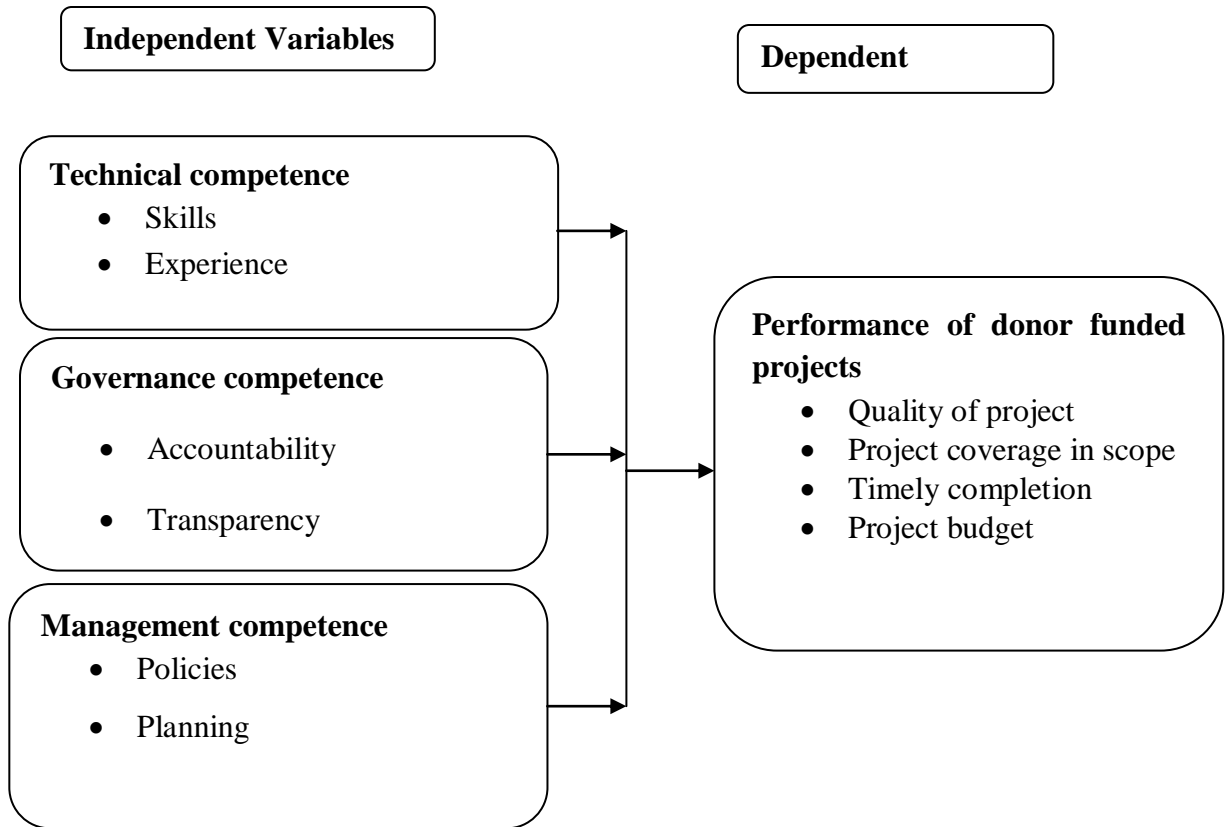


Figure 2.1 Conceptual Framework

Source: Author, 2019

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a summary of processes and strategies that were used in the course of research. The chapter outlines the processes followed in examining the problem, populace of the study investigation, measure and outline that are used in the test and techniques to gather viable information. This chapter also presents information, investigation and introduction and lastly moral issues.

3.2 Research Design

The research used a descriptive research design to focus on projects funded by donors. This strategy is critical in identifying the answers to the questions of who, what, where, and how (Mugenda & Mugenda 2013). This method is used to answer research questions or test hypotheses. This design, according to Cooper and Schindler (2013), is suited for usage in social event data that deals with the study's ultimate aims of finding answers to research questions or testing the study hypothesis. This was done to understand how capacity building affects the performance of projects funded by donors in Kenya and particularly Nairobi County.

3.3 Target Population of the Study

According to Nairobi County's Ministry of Education, Youth, Gender, Sports, Culture, and Social Service, 55 projects funded by donors in six areas have been running in the county for the past five years. The study's emphasis was on all 55 donor-funded projects

from the six sectors. The research concentrated on Nairobi County since it hosts 45 % of donor-funded projects and houses the majority of donor agencies' headquarters (NGO Coordination Board, 2017). This involved 311 project management professionals from 55 donor-funded projects between years (2014 - 2018). The research focused on the different types of financing projects and the initiatives that have been financed in each of them.

Table 3.1: Target Population

Projects funded by donors	Number of projects	Number of Respondents
Education Projects	8	36
Environment Protection and health Projects	6	42
Children Protection Projects	11	52
Road construction projects	18	76
Water and Sanitation projects	7	54
Agriculture support projects	5	51
Total	55	311

Source: Nairobi City County, 2018

3.4 Sample Size of the Study

The term sampling refers to the process of selecting representative members of a population to be included in research. The purpose of sampling is to cut down on the expenses of data collection. Sampling is crucial because it allows the researcher to manage the population more efficiently. A multistage sampling strategy was utilized in this investigation. In the first stage stratified proportional sampling was employed to identify 30% of the target population, which is statistically representative according to

Mugenda and Mugenda (2013). A sample size of 94 was thus arrived at which was proportionately distributed among the 55 projects. To be deemed a probability sample, In the next stage respondents were chosen randomly to meet probability sampling requirements (Sedgwick, 2015).

Table 3.2: Sample Size

Projects funded by donors	Number of Respondents	Rate	Sample Size
Education Projects	36	0.3	11
Environment Protection and health Projects	42	0.3	13
Children Protection Projects	52	0.3	16
Road construction projects	76	0.3	23
Water and Sanitation projects	54	0.3	16
Agriculture support projects	51	0.3	15
Total	311	0.30	94

Source: Researcher, 2019

3.5 Data Collection Instruments

The primary data for the study was gathered through a questionnaire which had closed and open ended questions. The closed questions gathered quantitative data while open ended questions collected qualitative data. The questionnaire was divided into five parts. Part A gathered background information on the respondents while Part B contained items on technical competence. Part C had questions related to management competence whereas Part D enquired on governance competence. Finally, Part E gathered information on performance of projects funded by donors. The questionnaire was given to the respondents who were at liberty to reply to the questions without any suggestions for

replies. Orodho (2013) state that questionnaires are utilized because they allow for data collection by the researcher in a quick turnaround time. These questionnaires were self-administered then discarded.

3.6 Data collection Procedure

The researcher requested permission from the university to gather data, which was then utilized to apply for a permit from National Commission for Science Technology and Innovation (NACOSTI). The project management team and Nairobi County were also consulted for permission. The questionnaires were delivered to the respondents' workplaces, and they had one week to complete them before the researcher retrieved the completed questionnaires. To offer respondents as much time as possible to complete the surveys, the researcher selected the 'drop and pick' technique.

3.7 Pilot Study

A pre-test of the questionnaire among five donor funded projects which were not part of the sample was undertaken to ensure that the questionnaires used in the study passed the reliability and validity tests. The projects where the piloting was conducted were those which had not been on existence for five years. Piloting of the questionnaire was conducted among 30 employees from the five donor funded projects.

3.7.1 Validity

The questionnaire's validity, according to Hair and Lukas (2014), represents the notch to which it accurately assesses what it purports to quantify. Questionnaires on pilot were subjected to expert opinion and the supervisor to vet out any ineffective question or phrases than correct to ensure the instrument's validity. Piloting of the questionnaire was

conducted among 30 employees from five donor funded projects which were not part of the sample. The research questionnaire was deemed adequate in collecting the study data as the piloting yielded most relevant data suitable in line with the researcher's objectives.

3.7.2 Reliability of Research Instruments

The questionnaires obtained from the pilot study were subjected to a reliability test. Cronbach's alpha (α) was used to evaluate the instrument's reliability for Parts B to Part E. The items reliability results posted Cronbach alpha (α) scores above 0.8 which was in line with assertions by Sperber (2014), that reliability results a coefficient greater than 0.7 are dependable.

3.8 Data Analysis and Presentation

Research data was evaluated using quantitative and qualitative methods, which allow for the collection of as much information as possible (Grbich, 2016). The study analyzed management-related attitudinal answers using SPSS version 21 since it is user-friendly and suited for this type of analysis. Descriptive statistics in form of percentages and mean scores were used. Further, a regression model as shown below was employed to analyze the connection in the independent and dependent variables:

$$Y = B_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Whereby:

Y = Performance of projects funded by donors

B_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ =Regression Coefficients

X_1 = Technical competence

X_2 = Governance competence

X_3 = Management competence

ε = Error term

Frequency distribution tables, figures, pie charts and mathematical bar diagrams were employed to display the results of the study analysis.

3.9 Ethical Consideration

The research relied on primary data gathered in the field. NACOSTI granted authorization to conduct the research after receiving an introduction by the university through a letter. This allowed the researcher to complete the study. The participants were assured that their information would be kept private and would only be used for academic reasons. They were also briefed about the data collection exercise and the need for accurate data when responding to the questions.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the study findings on the impact of capacity building on the performance of donor-funded projects. The chapter comprises of the response rate from the study, results from the reliability of the research instruments, Demographic Data of the Respondents which included Gender, Education level of the respondents, Period Worked in the Project, Position Held in the Organization, Long term Objectives for the project and stakeholders, approaches to attain extra Funding, Project promotion and marketing plan and Key sources of Project Income. The chapter also presented descriptive and inferential statistics which were arranged according to the study objectives.

4.1.1 Response Rate of the study

Eighty of the ninety-four people who took part in the study completed the questionnaires and sent them in for processing. This equates to an 85.11 % rate of response. This is on mark with Mugenda and Mugenda (2013), who opined to a response rate of 50% as being suitable for research and disclosing, 60 % rate being generally decent, and a rate of 70 % as excellent for the research target audience. Table 4.1 summarizes this information.

Table 4.1: Questionnaire Response Rate

Questionnaire Response rate	Frequency	Percentage
Filled and returned	80	85.11
Not returned	14	14.89
Total	94	100.00

Source: Research Data, 2019

4.1.2 Reliability of the Test Results

Reliability is the expanse to which results from a study can be in line. The study determined the consistency of data obtained through the study research technique using a reliability test. The Cronbach Alpha (α) was employed to assess the study questionnaires' reliability. The results for the Cronbach Alpha (α) of the study are displayed in Table 4.2.

Table 4.2: Reliability Test

Variable	Number of Coefficient	Cronbach Alpha
Technical Competence	5	0.812
Management Competence	5	0.855
Governance Competence	5	0.870

Source: Research Data, 2019

The Cronbach alpha values for the data collection devices were all more than 0.7, indicating that they were statistically trustworthy for collecting study data.

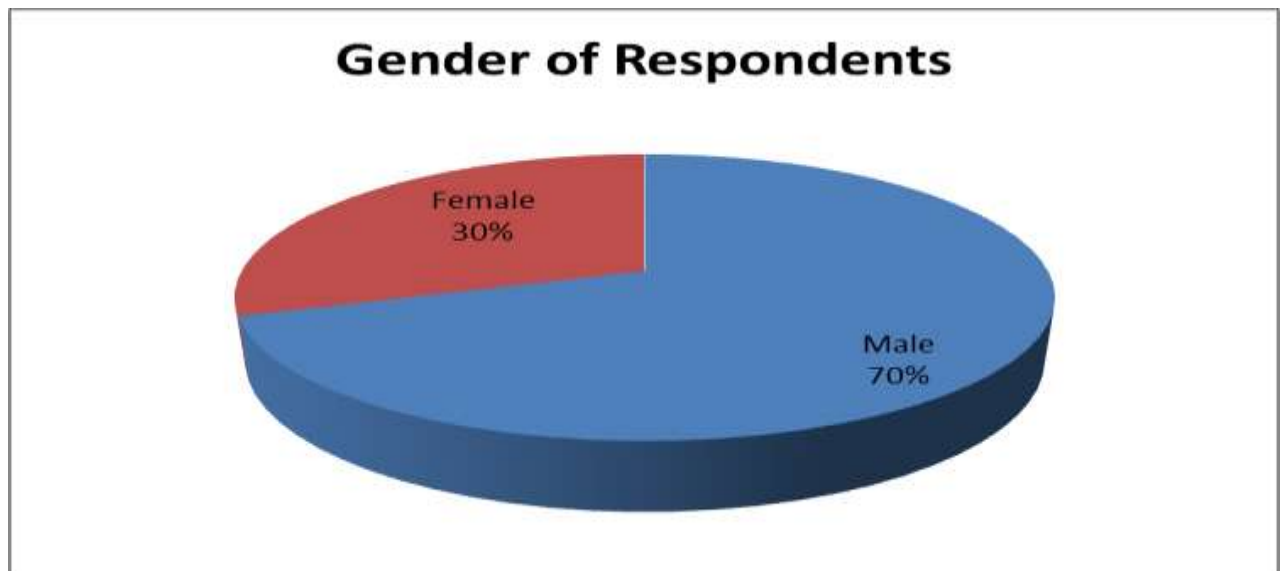
4.2 Demographic Data of the Respondents

The purpose of the study was to determine the gender of the respondents, their education level, their length of service, position they held, existence of long-term project objectives, approaches to obtaining additional funding, project promotion and marketing plan, and

sources of project income belonging to study respondents mid the selected donor-funded projects in Nairobi County. The research focused on 55 projects funded by donors. The selected respondents were drawn from all of the study's projects funded by donors.

4.2.1 Respondents' Gender

There were 56 (70%) male and 24 (30%) female among the 80 respondents who finished and returned the research questionnaires as shown in Figure 4.1. This infers that the projects' HR comprised of a larger number of male than female. Regardless of the way that either sexual orientation was addressed in the review, this proposes sex irregularity



among the drives.

Figure 4.1: Gender of Respondents

Source: Research Data, 2019

4.2.2 Respondents' Education

The goal of the study was to determine which donor-funded projects had the highest education level of project workers. The following are the results of the study:

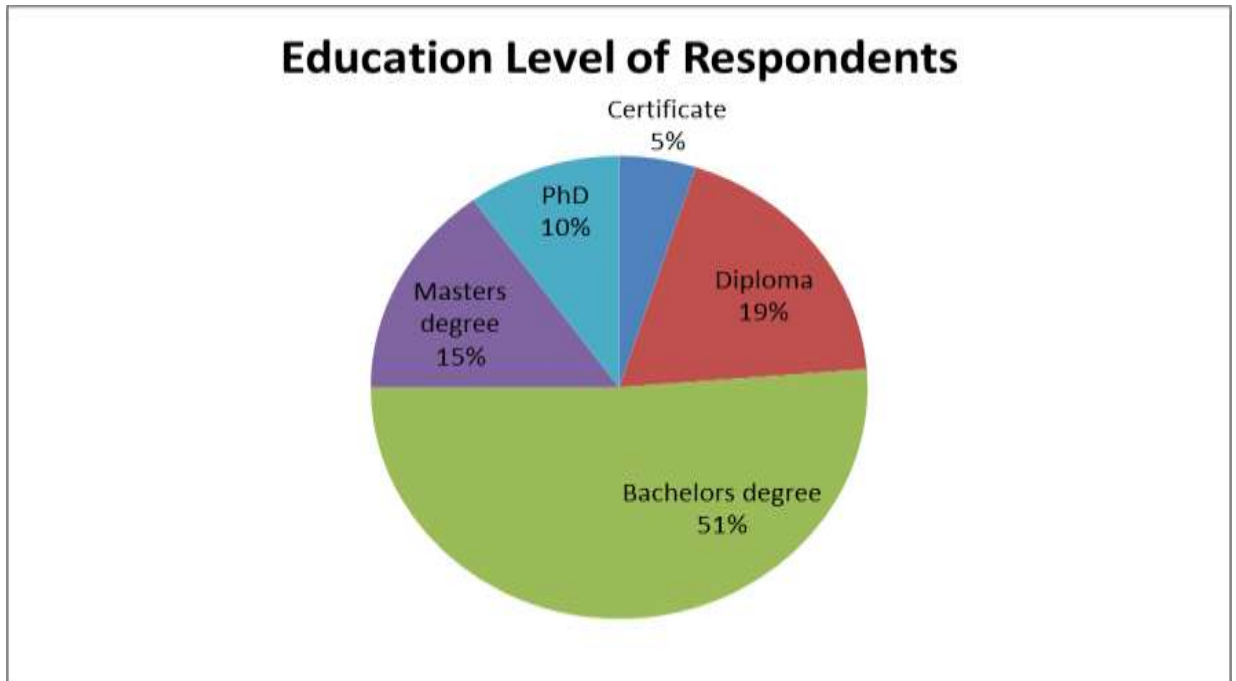


Figure 4.2: Highest educational level of Respondents

Source: Research Data, 2019

As indicated by the research findings in Figure 4.2, 51% of respondents had a university bachelor’s degree, 19% had a diploma, 5% had a certificate, 10% had a PhD, and 15% had a master’s degree, as found in the chart above. This suggests that most of workers in Nairobi County's donor-funded projects held a bachelor’s degree. This suggests that these respondents had proper education, capacities, and information to satisfy their positions in assorted situations inside the projects being scrutinized, just as the capacity to grasp and finish the review instruments.

4.2.3 Period Worked in the Project

The purpose of the study was to determine how long the respondents had worked for their various companies in terms of years. The results are summarized in Table 4.3.

Table 4.3: Years worked with the organizations

Years	Frequency	percentage
More than 1 year to 5 years	11	13.75
More than 5 years to 10 years	32	40.00
More than 10years to 15 years	23	28.75
More than 15 years to 20 years	9	11.25
Above 20 years	5	6.25
Total	80	100

Source: Research Data, 2019

As indicated by the results, 13.75 % of respondents worked for their individual organizations for 1 to 5 years, 40 % worked between 5 to 10 years, 28.75 % worked between 10 to 15 years, 11.25 % worked between 15 to 20 years, and 6.25 % worked for over 20 years' period. This suggests that by a wide margin the vast majority of respondents had worked for 5 to 10 years. It displayed that many of the respondents already worked for an adequate time span to give reliable information regarding donor-funded projects in Nairobi City County.

4.2.4 Position Held in the Organization

The study sought to confirm the position held by the respondents in their workplaces. The results are revealed in figure 4.3.

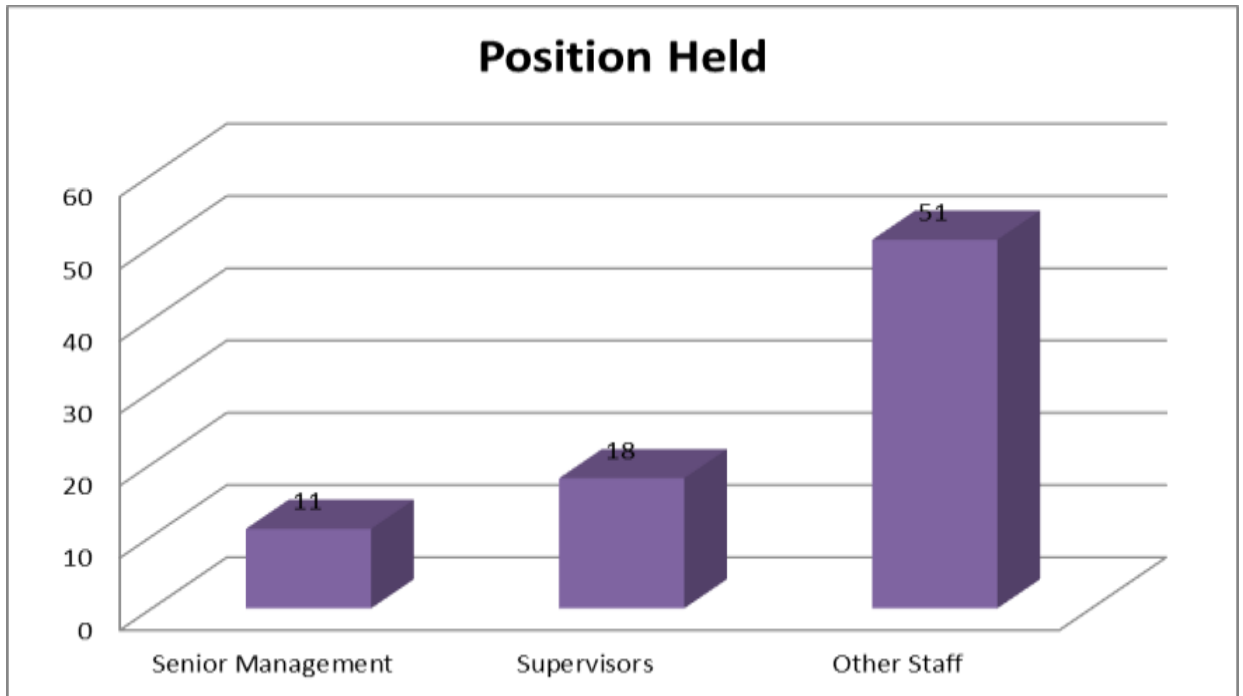


Figure 4.3: Position held by Respondents

Source: Research Data, 2019

The results show that 11 of the 80 respondents were senior management, 18 were supervisors, and 51 were other employees. This suggests that the bulk of the responses were other employees, with only a handful being top executives. This shows that the research entailed participation from all levels of the organization.

4.2.5 Long term Objectives for the project and stakeholders

The study enquired on long term objectives of the projects where 58% of the respondents agreed that the organizations have long term objectives for projects and stakeholders while 42% disagreed. This indicates that a significant number of donor-funded projects had set objectives and goals for the projects and stakeholders which guided the implementation of the projects as displayed in figure 4.4.

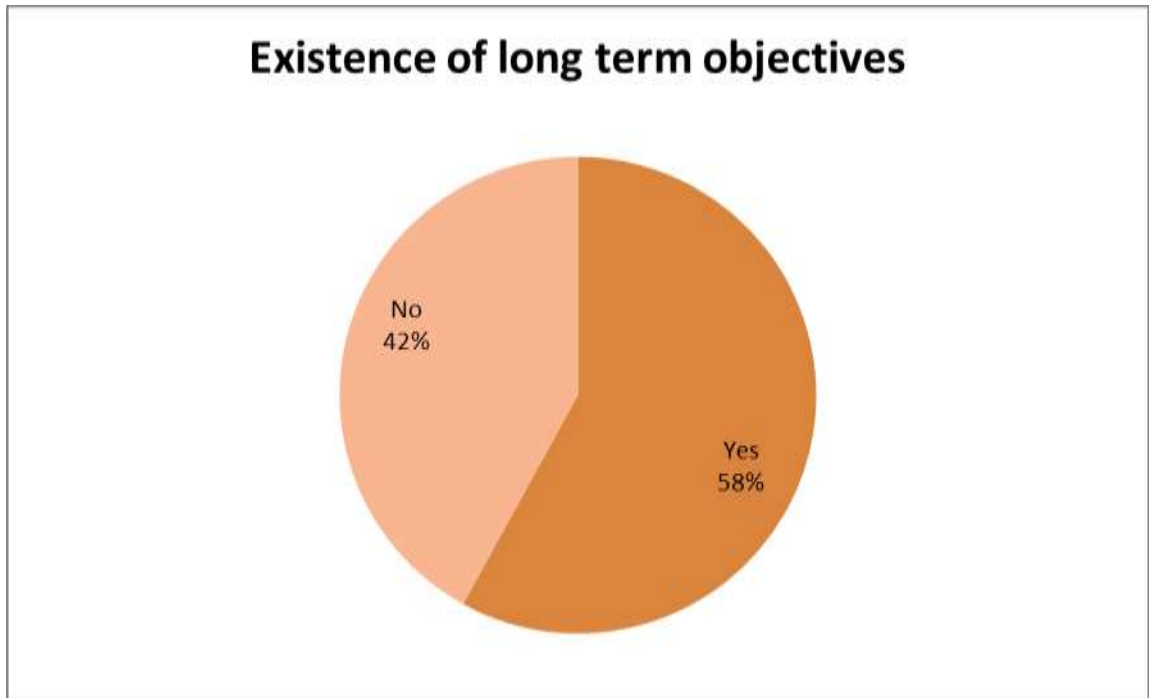


Figure 4.4: Existence of long-term objectives

Source: Research Data, 2019

4.2.6 Approaches to attain extra Funding

The study sought to establish whether the project management had come up with any approaches meant to attain extra funding and support for the project when in need. As shown in Figure 4.5, 61% of the respondents agreed that their organizations had such approaches while 39% said otherwise.

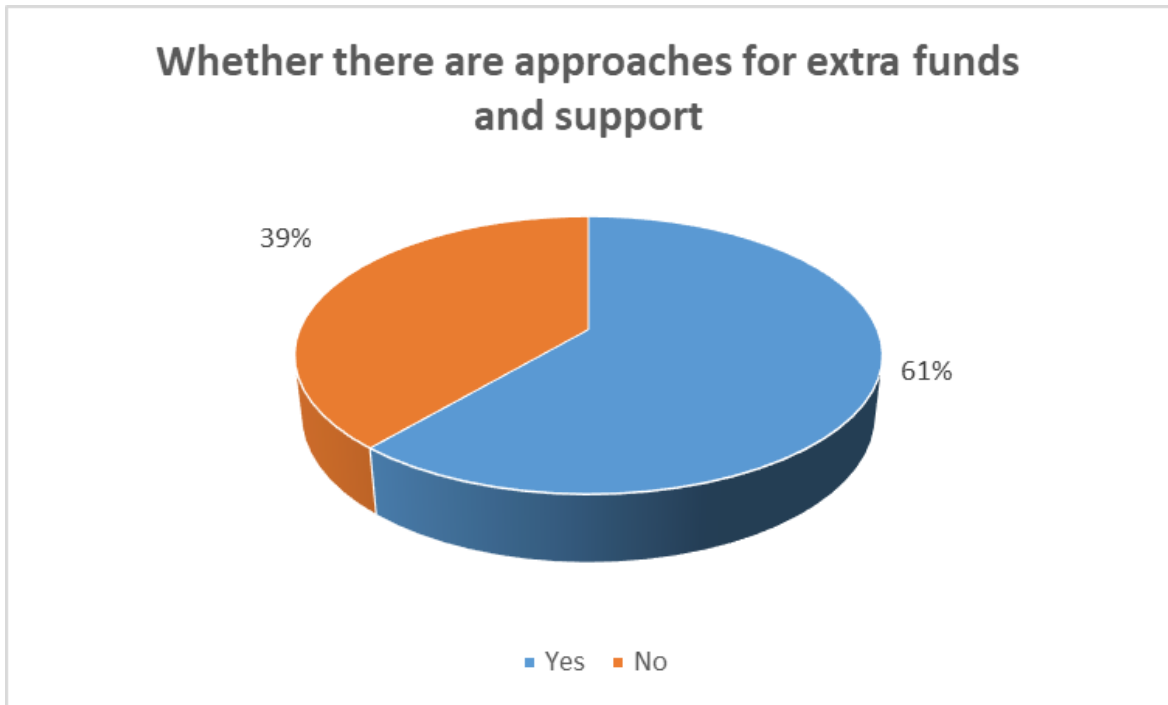


Figure 4.5: Approaches for extra funding and support

Source: Research Data, 2019

Some of the approaches they indicated were fund raising, stakeholder involvement, government integration, donor counter proposal submission and following of laid down procedure by the funding agency, regular updates to the donor, request for more funding from the donor and seeking for other interest donors in the field or project.

4.2.7 Project promotion and marketing plan

The study sought to find out whether there was any project promotion and marketing plan meant to create awareness of the project among the stakeholders and other concerned parties. Results in Figure 4.6 shows that 42% agreed that there was such a plan while 58% indicated that there wasn't such a plan in the project life cycle.

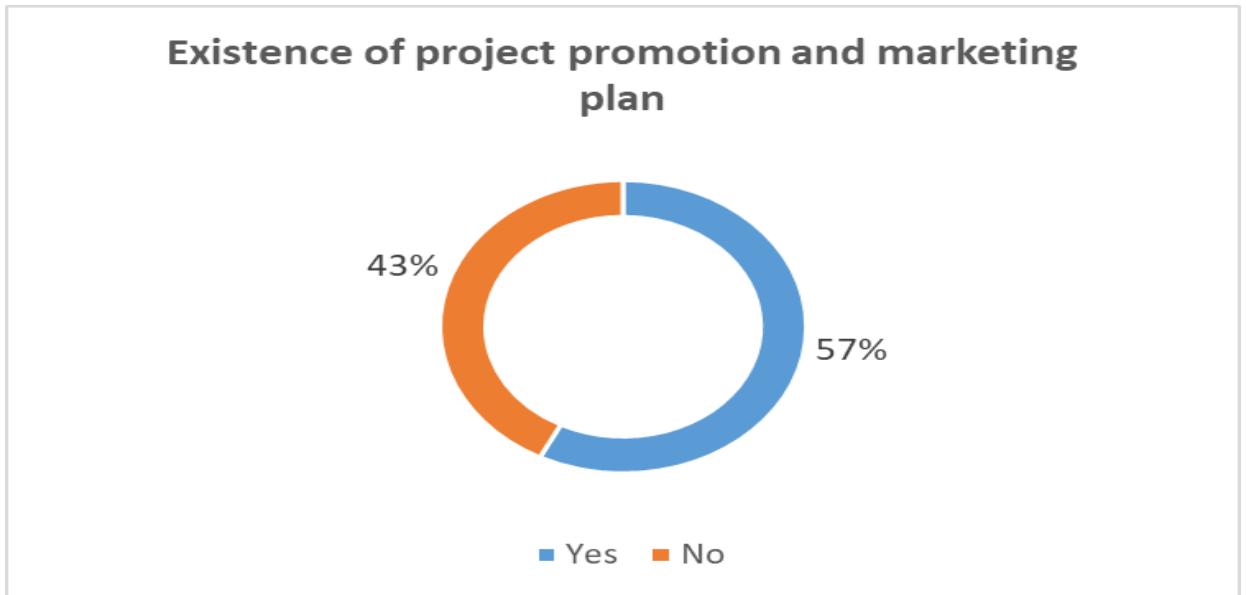


Figure 4.6: Promotion and marketing plan

Source: Research Data, 2019

For those who agreed, they indicated that the project had embraced stakeholder involvement and participation, advertisement of existence and benefits of the project in a given area and its donor and implementing agency, use of social media and other types of media to sensitize the public, publication of project updates, plans, progress and achievements and also involvement of government agencies.

4.2.8 Key sources of Project Income

The research looked to find out how the projects funded by donors raised their income.

The results were as follows.

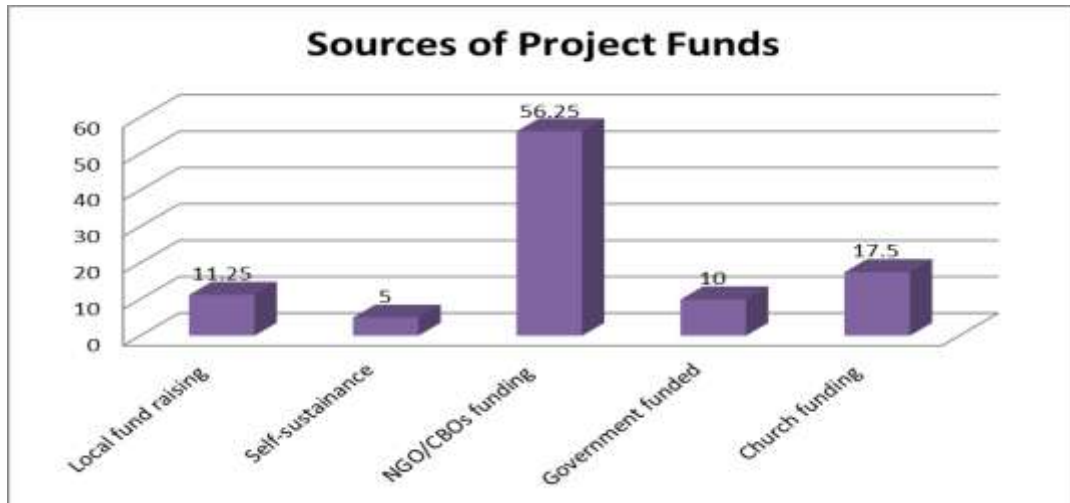


Figure 4.7: Sources of project income

Source: Research Data, 2019

As presented in figure 4.7, 11.25% of the projects funded by donors depend on local fund raising as their main source of funds, 5% rely on self-sustenance, 56.25% depend on NGO/CBOs funding, 10% are government funded while 17.5% depend on church funding. This indicates that most of the projects funded by donors are funded by NGOs and CBOs.

4.3 Descriptive Statistics

For each of the three independent variables in the study, quantitative and qualitative data were analyzed using descriptive statistics. The results are reported in the following parts.

4.3.1 Technological Competence

The study's first goal was to see how technological competency affected the success of donor-funded projects. Respondents were invited to assess project suitability on the basis of the information systems available. The results are shown in the diagram 4.8.

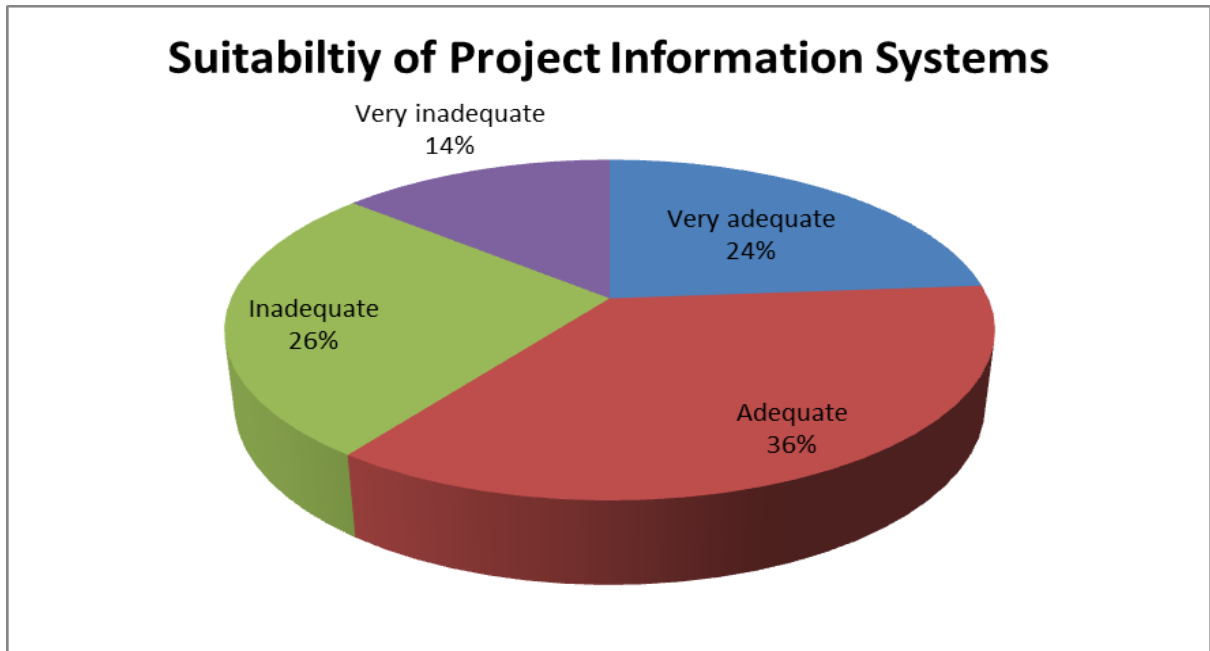


Figure 4.8: Suitability of project information systems

Source: Research Data, 2019

According to the findings, project information systems were adequate for 36 percent of the projects, very adequate for 24 percent, very inadequate for 14 percent, and inadequate for 26 percent of the donor-funded projects. This indicates that most of the projects' information systems were adequately suitable. This shows that the technological capacity of the projects was significantly adequate.

4.3.2 Computerization of Key Operations

To assess the projects' technical competency, respondents were asked to identify whether or not major project operations were computerized. The findings are summarized as follows in table 4.4:

Table 4.4: Computerization of Key Operations

Key Operations	computerized	Not computerized	Total
Accounting	36	44	80
Recording	51	29	80
Communication	45	35	80
Management	25	55	80
Technical operations	53	27	80

Source: Research Data, 2019

The results in Table 4.4 shows the majority of project implementing agencies' accounting (44%) and management (55%) operations were not significantly computerized. However, most of them had computerized recording (51%), communication (45%) and technical operations (53%) which entailed used of emails, computers, programs and machinery.

The survey also attempted to determine if respondents agreed or disagreed with impact of the rate of technology adoption on donor-funded projects' performance. The results are depicted in Table 4.5 and Figure 4.9.

Table 4.5: Technology Influence

Statement	Very Great extent	Great extent	Moderate extent	Little extent	No extent	N	Mean	S.D
Management competence influence on project performance	33	29	11	5	2	80	4.075	1.183

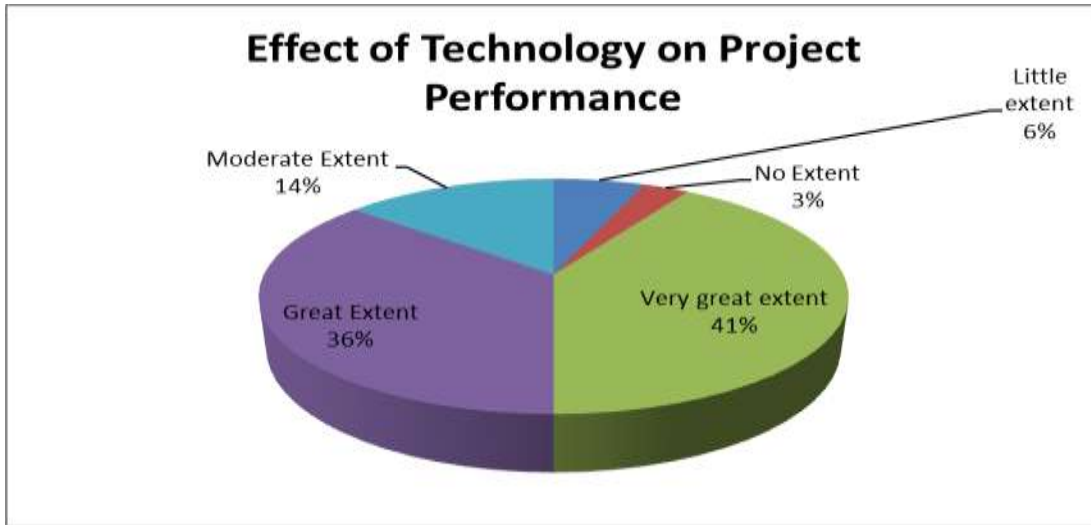


Figure 4.9: Effect of technology embracement on project performance

Source: Research Data, 2019

Table 4.5 and Figure 4.9 shows 41% of respondents held that technology adoption improved project performance to a massive extent, 36% said it had improved project performance to a great extent, 14% said it had improved project performance to a moderate extent, 6% said it had affected project sustainability to a small extent, and 3% said it had had no effect. This suggests that embracing technology shows notable effect on the performance of donor-funded projects. Miruri & Wanjohi (2017) found similar results in their study on the drivers of project performance, stating that the technology utilized has a substantial impact on project performance.

Technology enhanced project performance by improving knowledge management, data storage, promoted efficiency and effectiveness in project implementation and the entire lifecycle, improved project communication and stakeholder involvement and participation.

4.3.3 Management Competence

The second goal was to see how managerial competency affected performance of projects that are from donor funds. Further, the study tried to find out the management tactics used by the projects. Figure 4.10 shows the results on the item:

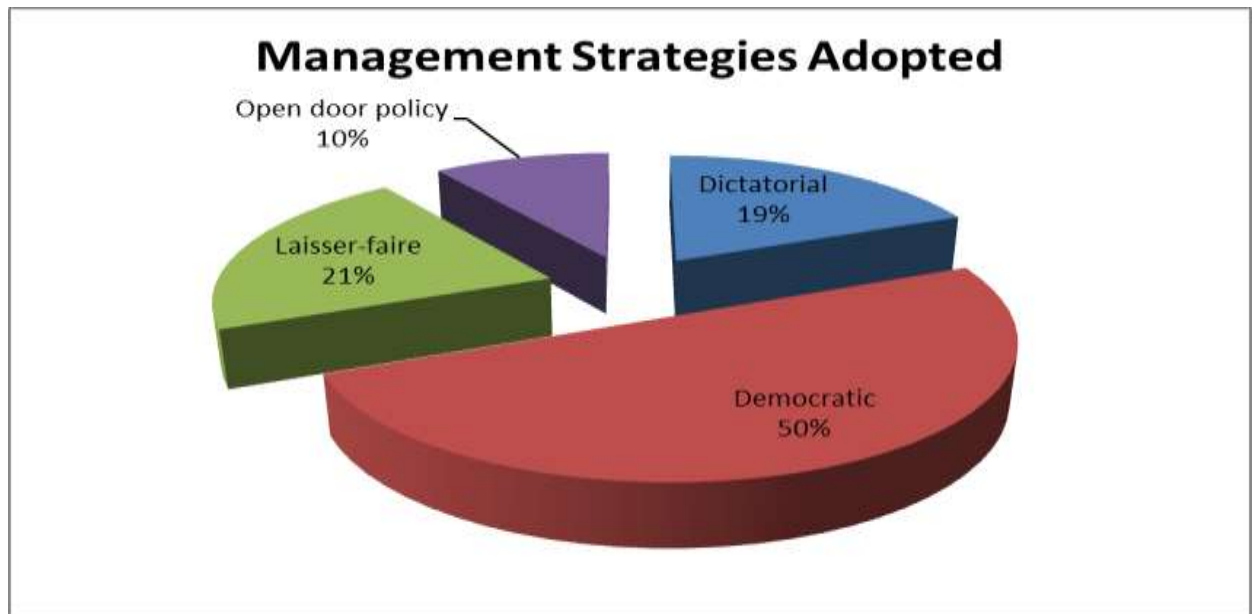


Figure 4. 10: Management strategies adopted by project management

Source: Research Data, 2019

As per Figure 4.10, 50% of the projects used a democratic management approach, 19 percent used a dictatorial management style, 10% used an open-door policy, and 21% used laissez-faire. This indicates that most of the projects funded by donors have embraced democratic management strategy which gives each of the members of staff to freely give his or her best in project delivery. Furthermore, 37% of respondents said the style had a very large impact on project performance, 41% said it had a large impact, 13% said it had a moderate impact, 7% said it had a little impact, and 2% said it had no impact.

Further, 40 percent of respondents said their firms' management systems were extremely effective, 31 percent said they were very effective, 18 percent said they were moderately effective, 9 percent said they were a little effective, and 2 percent said they were not effective at all. This suggests that the majority of the management methods utilized by Nairobi County's project implementing agencies were highly successful in improving project performance.

The respondents were asked further whether there has been training among the staff as an aspect of capacity building. The findings were as presented in Figure 4.11.

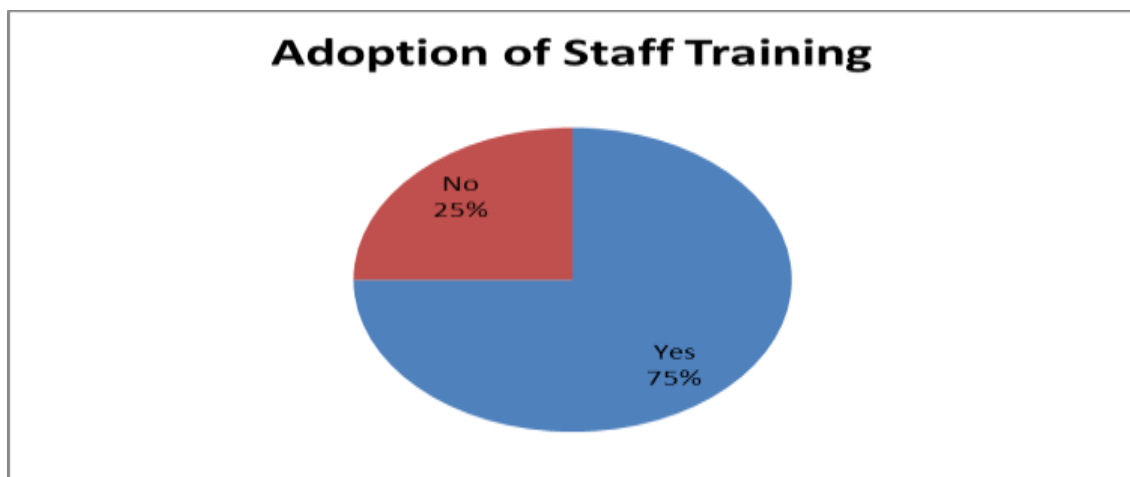


Figure 4. 11: Whether there has been any staff training

Source: Research Data, 2019

According to the survey, 75% of projects funded by donors provided staff training, while 25% did not. This shows that a significant number of organizations embraced staff training to introduce new working procedures, to improve and remind them on their service delivery approaches. However, 41% of them indicated that the trainings were regular to enhance the job performance while 59% indicated that they were not regular.

This shows that despite the projects having staff trainings, they were not as regular as they ought to be.

The informants were further asked to rate staff competence in their project where 48% answered that they were very competent, 31% indicated that they were competent, 12% were incompetent while 9% were not able to rate. This generally shows that the staffs among the projects funded by donors were competent and had the necessary knowledge, skills and experience. The respondents indicated that there exist depth charts listing persons that can replace for partnership changes at 71% while 29% indicated otherwise. This generally indicated that the projects had human resource back-ups to cushion the projects from limited capacity.

The respondents were also asked to comment on how the current staff training has influenced project performance. Table 4.6 shows the results.

Table 4.6: Management Influence

Statement	Very Great extent	Great extent	Moderate extent	Little extent	No extent	N	Mean	S.D
Management competence influence on project performance	45	29	5	0	1	80	4.463	0.697

Source: Research Data, 2019

The respondents indicated that to improve performance of the projects funded by donors, there is need to improved management styles, employee coordination, stakeholder management, human resource management and improved resource supply for capacity building and project monitoring and evaluation. Umugwaneza and Wareen (2016) made similar conclusions in their study on the role of management capacity on project performance in Rwanda.

4.3.4 Governance Competence

The third study goal was to perceive how governance competency affected the performance of donor-funded projects. On a scale of 1 to 5, respondents were asked to score the following statements on governance competence: strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5). Table 4.7 shows a summary of the findings:

Table 4.7: Governance Competence

STATEMENT	Mean	Std. Dev
Our project is managed by qualified technical staff	3.55	0.831
There is a structured procedure for appointing the management committee	3.69	0.901
The roles of the management committee members are clearly stated	3.01	0.771
All the management communication are done online	2.56	0.827
There are clear policies for employment	2.87	0.699
Our stakeholder's decisions are incorporated in the overall organization decision	2.76	0.881

Source: Research Data, 2019

As presented in Table 4.7 above, the respondents significantly accepted that their projects were managed by qualified technical staff and that there is a structured procedure for appointing the management committee as calculated through the mean of 3.55 and 3.69

apart. There was an indifference by the respondents on if the roles of the management committee members are clearly stated, if all the management communication are done online, if there are clear policies for employment and if the stakeholders' decision are incorporated in the overall organization decision from the means of 3.01, 2.56, 2.87 and 2.76 in that order. The respondents suggested that projects need to hire competent staff in a transparent and fair way to ensure they deliver on the mandate and also prioritize on experts and stakeholder incorporation. Mikanovic (2016), in their study made similar conclusions on the role of governance capacity on project performance in Serbia where they indicated that contractual governance and relational governance greatly influence project performance.

4.3.5 Performance of Projects funded by donors

The success of donor-funded projects in was the study's dependent variable. On a 5-point Likert scale, respondents were asked to score the following statements on performance: strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5). Table 4.8 shows the study respondents agreed that the projects funded by donors were within the set scope and met beneficiary expectations as indicated by a mean of 3.61 and 3.57. They were however indifferent on whether the projects were on schedule, within budget and met donor needs as shown by means of 3.11, 2.89 and 2.81 in that order.

Table 4.8: Performance of Projects funded by donors

STATEMENT	Mean	Std. Dev
Our project is on schedule	3.11	1.499
Our project is within the set scope	3.61	0.659
The project meets beneficiary expectations	3.57	0.766
The project is within budget	2.89	0.871
The project meets donor requirements	2.81	0.801

Source: Research Data, 2019

4.4 Inferential Statistics

The overall relationship between capacity building and performance of projects funded by donors was determined using regression analysis.

4.4.1 Diagnostic Tests

The study carried out diagnostic tests before conducting regression analysis to ensure that various assumptions of the regression model were adhered to. The study conducted normality and multicollinearity test for the study variables whose results are shown in Table 4.9 and 4.10.

Table 4.9: Multicollinearity Results

Return on Assets	VIF	1/VIF
Donor funded Project Performance	3.745	0.2670
Technical competence	4.112	0.2430
Management competence	2.816	0.3551
Governance competence	1.945	0.5141

The study used the Variance Inflation Factor (VIF) as an indicator of multicollinearity. The study used a rule of thumb of VIF value of 10 as the acceptable threshold as supported by Garson (2012). The findings indicated that VIF value of the independent variable were within the thresholds of 10. The demonstrated that there was no risk of Multicollinearity problem and therefore the study could adopt regression model. The Tolerance of less than 0.1 could have indicated that the variables exhibit multicollinearity and therefore the Tolerance values for the study variable confirms that there was no risk of multicollinearity.

The second diagnostic test was the test for normality whose results are shown in Table 4.10.

Table 4.10: Tests of Normality

	Kolmogorov-Smirnov(a)			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Donor funded project performance	.090	168	.177	.976	168	.141

Neither the Kolmogorov-Smirnov nor the Shapiro-Wilk tests were statistically significant, and the null hypothesis that the data are normally distributed was accepted, implying that the data was normally distributed. If the data was not normally distributed,

then the analysis would have adopted non-parametric tests. The data therefore met the conditions for regression analysis statistics to be performed without any bias.

The regression Coefficients, model summary results and ANOVA, and are shown in the following sections.

4.4.2 Model Summary

Table 4.11 summarizes the verdict of the coefficient of determination and the coefficient of corrected determination.

Table 4. 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875 ^a	.853	.853	1.413612

A coefficient of correlation R was determined to be 0.875, indicating a high positive connection between the variables. The corrected determination R² coefficient was 0.853, indicating that technological competence, managerial competence, and governance competence can explain 85.3% of changes in performance of donor funded projects in Nairobi County. This implies that additional aspects outside the scope of the study can explain the rest of 14.7 percent of performance of donor funded projects.

4.4.3 ANOVA

An ANOVA was used in the investigation, with a 95% level of significance. The Table 4.12 displays the outcomes of the F Calculated and F Critical tests.

Table 4.12: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	851.242	15	56.7495	11.4859	.000 ^b
Residual	321.153	65	4.9408		
Total	1172.395	80			

Source: Research Data, 2019

The ANOVA results posted F Critical of 5.6441 at a p worth as less than 0.05, indicating that the overall model is significant.

4.4.4 Coefficients of Regression

Regression analysis was used to determine the individual impact of factors on the success of donor-funded projects. Table 4.11 summarizes the findings.

Table 4. 13: Coefficients of Regression

Model	Unstandardized		Standardize		T	Sig.
	Coefficients		d			
	B	Error	Beta	Std.		
(Constant)	6.987	0.685			5.641	.000
Technical Competence	0.897	.113	.022		9.532	.000
Management Competence	0.864	.133	.034		8.351	.000
Governance Competence	0.879	.141	.035		7.436	.000

The subsequent equation was therefore,

$$Y = 6.987 + 0.897X_1 + 0.864X_2 + 0.879X_3$$

Where: Y= (Equals) Performance of Projects funded by donors in Nairobi County, Kenya

X_1 = Technical competence

X_2 = Management competence

X_3 = Governance competence

The results show that technical competence has a significant influence on performance of donor funded project ($\beta_1=0.897$; p value<0.05). This implies that an increase in technical competence leads to an increase in the performance of donor funded projects. The study is in agreement with Kitivi and No (2011) who ascertained a link between staff's technical competencies with the performance of donor projects implementation in Mwingi. The results are also in agreement with Ghattas *et al.*, (2022) observations that human resources competencies were among several factor which influence project performance. This finding validates the diffusion of innovation theory proposition that adoption of technologies enhances technical competence which in turn influences performance as observed by Scott and McGuire (2017).

Management competence also had a significant influence on the dependent variable ($\beta_2=0.864$; p value<0.05). This shows that an increase in an increase in management competence would lead to an improvement in performance of projects. The results concur with several authors (including Muhammad & Mustafa, 2019; Hefley & Botton, 2021) who found that managerial competencies contributed to better performance among

projects. This finding also validates the resource dependence theory which call for management capacity development for better project performance.

Governance competence also had a significant prediction power of the dependent variable ($\beta_3=0.879$; p value <0.05). This shows that an increase in governance competence would lead to an improvement in performance by a margin of 0.879. As noted by Metri (2019), governance has continuously emerged as a key concern in projects implementation. Muhammad and Su (2022) have also emphasized the importance of governance competence in the same lines. This finding also validates the resource dependence theory which call for governance capacity development for enhanced project performance.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The goal of the study was to assess how capacity building influence the performance of projects that are donor-funded in Nairobi County in Kenya. This chapter summarizes the results that were given and discussed in chapter four, as well as the compilations and suggestions on the basis of the final findings and interpretations.

5.2 Summary of the Study

The study's purpose was to assess how projects funded by donors performed after receiving capacity training. The study's objectives were to evaluate how project performance was influenced by technical, management, and governance competences. In this study, a descriptive research design was used. The target demographic was the 55 donor-funded projects in the county. The responses came from the project management team. Semi-structured questionnaires with a drop-and-pick style were used to collect primary data.

5.2.1 Influence of Technical Competence on Performance of Projects funded by donors

The analysis found that technical competence had a positive significant influence on donor-funded projects. The applicability of project information systems was determined to be sufficient in the research. This suggests that the majority of the projects' information systems were competent.

Most of the project implementing agencies had not significantly computerized accounting and management operations. However, most of them had computerized recording, communication and technical operations which entailed use of emails, computers, programs and machinery.

Respondents said that embracing technology has improved project performance to a large extent. This suggests that embracing technology has a large and favorable impact on the success of projects funded by donors in Nairobi County. Technology enhanced project performance by improving knowledge management, data storage, promoted efficiency and effectiveness in project implementation and the entire lifecycle, improved project communication and stakeholder involvement and participation.

5.2.2 Influence of Management Competence on Performance of donor funded Projects

Management competence also had a significant influence on the performance of donor financed projects in Nairobi County. The majority of the donor funded programs, according to the report, provided staff training. This shows that a significant number of organizations embraced staff training to introduce new working procedures, to improve and remind them on their service delivery approaches. However, the trainings were not regular. This shows that despite the projects having staff trainings, they were not as regular as they ought to be.

Staff working on donor-funded projects in Nairobi County were found to be competent and had the relevant knowledge, abilities, and experience, according to the survey. Employee training had a considerable and positive impact on the project's success, according to the findings. This shows that employee training significantly affected the

performance of the organizations through enhanced skill, knowledge and experience base of the staff to implement the projects, improved customer care and public relations and above all improved stakeholder engagement. The respondents indicated that to improve performance of the projects funded by donors, there is need to improved management styles, employee coordination, stakeholder management, human resource management and improved resource supply for capacity building and project monitoring and evaluation.

5.2.3 Influence of Governance Competence on Performance of donor funded Projects

Governance competence also had a significant influence on the performance of donor financed projects in Nairobi County. The respondents significantly agreed that their projects were managed by qualified technical staff and that there is a structured procedure for appointing the management committee. The respondents were indifferent on whether the roles of the management committee members are clearly stated, all the management communication are done online, there are clear policies for employment and that the stakeholders' decision incorporated in the overall organization decision

5.3 Conclusion

The study concludes that despite computerization being not wholly embraced it has a strong impact on technical competence in projects funded by donors. There were also notable staff trainings among the donor funded projects which improved the technical competence. This was evidenced by the significant positive influence that technical competence had on performance of donor funded projects.

With regard to management competence, it is also clear that the donor funded projects are run and coordinated by competent managers thus the significant positive influence on performance. The democratic management style which was adopted by majority of the donor funded projects is thus deemed to be an effective management strategy.

On the third objective the study concludes that capacity building for governance competence has a substantial influence on project performance. The governance competence is necessary to have qualified individuals who can run proper oversight structures which are necessary for desired performance of donor funded projects.

5.4 Recommendations

The study recommends for the need for competence needs assessments to guide the capacity building initiatives among donor funded projects. The study found out that there was high positive connection between capacity building and performance of donor funded projects. Organizations can only determine gaps in capacity building by conducting needs assessment before and efforts are directed to building competences.

There is also need for adoption and integration of technological innovations into operations by the donor projects which are lagging behind. The study found out that technology improved project performance to a great extent by enhancing knowledge management, storage of data, communication and overall efficiency and effectiveness.

The study also recommends that there is need for adoption of democratic management style by donor funded projects due to its effectiveness. The study found out that majority

of donor funded projects adopted this style that gave the staff some motivation in putting their best effort in project delivery.

There is also need to adopt clear governance structures which can help attract qualified individuals to perform oversight roles in the donor funded projects.

According to the report, project implementing agencies should design welcoming and relevant training programs that may help new, existing, and stakeholder personnel increase their ability.

The study also suggest that the NGO Coordination Board needs to undertake a policy review to ensure there are guidelines on capacity building initiatives by the donor funded projects to ensure they deliver on their intended goals for the betterment of the citizens.

5.5 Suggestions for Further Studies

A comparable study should be carried out in other counties to see if the effect of capacity building and project performance varies or converges. Technical, management, and governance competence were the measures of capacity building that explained 85.3 percent of the funded projects in the County. Other factors outside the scope of the current study can thus account for 14.7 percent, which future researchers should investigate. As a result, more research into the impact of additional capacity-building indicators on public-sector project success is needed.

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APPENDICES

Appendix I: Letter of Introduction

This questionnaire form is run for data gathering for the purpose of academic only and all answers from you will be considered private.

To whom it may concern as the respondent,

I am Kenyatta University student undertaking research on **Capacity Building and accomplishment funded by donors in Nairobi City County Kenya**

Kindly assist in populating information, in this questionnaire through marking by a tick symbol [√] according to the answer that describes your thoughts of each statement.

Thank you for your assistance.

Very respectfully,

Appendix II: Questionnaire

Please, put a mark symbol [√] on the answer that you feel is in line with your understanding for each of the statement on: **Capacity Building and performance of scheme funded by donors in Nairobi City County Kenya**

PART A: BACKGROUND INFORMATION

1. Gender?

Male [] Female []

2. Educational Level?

Certificate [] Diploma []

Bachelor's Degree [] Masters []

PhD []

3. Working experience in the organization?

1-5 years [] 5-10 years []

10-15 years [] 15–20 years

20 years and above []

4. Please state your position.

Senior Management []

Supervisors []

Other staff []

5. Do there exists long term objectives for the projects and stakeholders)

Yes []

No []

6. Are there any approaches meant to attain extra funding and support for the project when in need?

Yes []

No []

If yes what are the strategies?

.....
.....
.....

Is there any project promotion and marketing plan meant to create awareness of the project

1. Yes []

2. No []

If yes what are the plans?

.....

.....

.....

Key sources of the project are Income?

- a. Local fund raising []
- b. Self-sustenance []
- c. NGO/CBOs funding []
- d. Government funded []
- e. Church funding []
- f. Others

(Specify).....

PART B: Technical Competence

1. To what extent can you rate the project's suitability of information systems?

a.

Very adequate	Adequate	Inadequate	Very inadequate

2. What key operations of the project are computerized?

	computerized	Not computerized
Accounting		
Recording		
communication		
Management		
Technical operations		
others		

3. To what degree to you agree and dispute the rate of embracement affect performance of this project?

Appreciably	High extent	Average extent	Below Average extent,	Zero extent

(b) Comment on your answer

.....

.....

.....

PART C: Management Competence

1. What management strategies has the project adopted?

Dictatorial	Democratic	Laisser-faire	Open door policy	Other(s) specify

2. To what level does the project's adopted style affect its performance

Very great extent	Great extent	Moderate extent	little extent,	No extent

3. How effective is the form on the use of its management systems?

Very great extent	Great extent	Moderate extent	little extent,	No extent

4. So far as there have been any training among the staffs?

1. Yes []

2. No []

5. Does regular training enhance the job performance?

1. Yes []

2. No []

6. The rating of staff' competence?

Very competent	Competent	Incompetent	Not able to rate

7. Does there exist any depth charts listing persons that can replace for partnership changes?

1. Yes []

2. No []

8. Express the extent to which the present employee training affects the project's performance?

Very high extent	Above average extent	Average extent	Below average extent,	Zero extent

Comment on your answer above.

.....

.....

How can projects that get funding from donors increase their performance in Nairobi County, Kenya?

.....

.....

.....

.....

PART D: Governance Competence

1 Tick one option for each statement, in the ranking of 1-5, that best describes governance structures in your project

STATEMENT	1	2	3	4	5
Our project is managed by qualified technical staff					
There is a structured procedure for appointing the management committee					
The roles of the management committee members are clearly stated					
All the management communication are done online					

There are clear policies for employment					
Our stakeholder's decision is incorporated in the overall organization decision					

2 In your own opinion, what needs to be done in order to maintain good governance for effective performance?

.....

.....

.....

PART E: Performance of Projects funded by donors

3 Tick one option for each statement, in the ranking of 1-5, that best describes performance of your project

STATEMENT	1	2	3	4	5
Our project is on schedule					
Our project is within the set scope					
The project meets beneficiary expectations					
The project is within budget					
The project meets donor requirements					

Appendix III: NACOSTI Authorization Letter



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349,3310571,2219420
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No: **NACOSTI/P/19/69040/29968**

Date: **29th May, 2019**

John Kiragu Kanyi
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Capacity building and performance of donor funded projects in Nairobi City County Kenya*" I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **27th May, 2020.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

Appendix IV: University Research Proposal Approval Letter



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 18th April, 2019

TO: John Kiragu Kanyi
C/o Management Science Dept.

REF: D53/OL/CTY/24570/2014

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 18th April, 2019 approved your Research Project Proposal for the M.B.A Degree Entitled, "Capacity Building and Performance of Donor Funded Projects in Nairobi City County, Kenya".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.


ELIZABETH ISABOKE
FOR DEAN, GRADUATE SCHOOL

c.c. Chairman, Management Science Department.

Supervisors:

1. Dr. Rosemary James
C/o Department of Management Science
Kenyatta University

HS/nn

Appendix V: University Research Authorization



KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/ OI/CTY/24570/2014

DATE: 18th April, 2019

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30629-00100
NAIROBI

Dear Sir/Madam,

**RE: RESEARCH AUTHORIZATION FOR JOHN KIRAGU KANYI – REG. NO. D53/
OI/CTY/24570/2014**

I write to introduce Mr. John Kiragu Kanyi who is a Postgraduate Student of this University. He is registered for M.B.A degree programme in the **Department of Management Science**.

Mr. Kanyi intends to conduct research for a M.B.A Project Proposal entitled, "Capacity Building and Performance of Donor Funded Projects in Nairobi City County, Kenya".

Any assistance given will be highly appreciated.

Yours faithfully,


PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL

DK/m