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Samuel Tilahun

*Article*

# **Challenges of donor fund allocation and utilization: The case of United Nations Children's Fund (UNICEF) Ethiopia**

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**Donor funding has irreplaceable role in alleviating multilayered problems of developing countries, especially sub-Sahara Africa. Meanwhile, it is so paradoxical to see researches remarking “after half a century of channeling resources to the Third World, little development has taken place”. It is not as such difficult to note, in almost all of sub-Saharan Africa, there is a high degree of indebtedness, high unemployment, absolute poverty and poor economic performance. The average per capita income in the region has fallen since 1970 despite the high aid flows. The researcher attempted to indicate possible challenges for the occurrence of such a paradox by taking United Nations Children's Fund (UNICEF) Ethiopia as a case for the research. The study tried to look at factors affecting donor fund allocation and utilization at UNICEF. Meanwhile, the finding might be a great input to many such organizations as there is highly similar trend and phenomena in other donor based NGOs.**

**Key words:** UNICEF, NGO, donor fund allocation and utilization, Samuel Tilahun, Ethiopia.

## **INTRODUCTION**

In Ethiopia during the three five year plan period (1957-1973), 25% of the required total investment was covered by external public capital. Similarly, during the post revolution period, 37% of the total annual campaign of 1979 to 1983 was financed by foreign aid (Tolessa, 2001). Besides, foreign aid covered 23.2% of total revenue in 2010/2011 fiscal year (National Bank of Ethiopia Annual Report, 2010/2011). From the proposed budget bill for Ethiopian Fiscal Year 2010 EC (2017/2018), out of the total 320.8 billion, 45 billion or 15% of budget is planned to be covered either by foreign assistance or loan and credit. This shows that foreign aid

has been playing a great role in Ethiopia's economy since 1950s, meanwhile, as Fowler (1995) said there is need for institutions that are responsible for the management of these funds to come up with the right framework and procedures in order to ensure that funds given are utilized as expected and that the funds serve the purpose.

Ethiopia has certainly been the center of focus for many donor funded projects, including that of United Nations Children's Fund (UNICEF). UNICEF Ethiopia alone conducts around a 2.5 billion birr funding in mainly six programs (education, nutrition, health, child

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protection, WASH and cash assistance) all over the nine regional states in the country. This is a significant amount even comparing it to the overall government annual budget allocation.

Overall, there is no doubt that UNICEF has played remarkable job all over the globe. Meanwhile, like any organization, there should always be room for improvement. The researcher's intention is to indicate some gaps so that it can reach more and more destitute and needy children and mothers.

### **Some indicators for the existence of challenges**

There have been several projects funded by donors such as UNICEF to help in bringing overall development in Ethiopia. Most of these projects have been designed to address various issues and benefits to those in need. However, allocation and utilization of donor funds had been a challenge to both the donor community as well as the agencies that are responsible for the utilization of these funds.

For instance, when funds are distributed in different federal regional states, the criteria for allocation seem unclear on the report. It is neither population ratio nor other special need factors. Besides, for whatever reason donor fund is not being utilized on time; in one regional state, there is a trend of shifting it to another region that has already taken its share. This may be a clinic or/and a school transferred to another region. For such bureaucratic incompetency (or what so ever the reason and excuse is), thousands if not millions of children and mothers are the unseen victims. What is worse is that, the evaluation system is incognizant about the situation. What it measures is simply the outcome. It is simply doing the financial check and balance. It does not have the right tools to assess whether or not projects are being accomplished at the right place for the pre-allocated project. When such a shift/transfer is done, for the region getting extra fund is a great opportunity, for the organization it is better than nothing ultimatum, for the donor it might not matter, but for the millions and millions of children and mothers, who are losing an opportunity for some kind of sustenance or wellbeing support, it might be a matter of life and death.

With the aforementioned situations in mind the researcher tried to explore and provide information about decisive factors affecting the challenges of fund allocation and utilization in the country, the case of UNICEF.

### **Objectives**

The study will attempt to achieve the following specific objectives:

(1) To explore underlying factors that affect allocation of UNICEF-funded projects [The problem could come from

multifaceted external (social economical political technological legal or/and environmental.... factors) or/and internal (managerial technical ....problems) which again could either be deliberate (such as luck of willingness, bias,...) or non-deliberate (luck of awareness, capacity,...)].

(2) To identify managerial factors that affect utilization of UNICEF-funded projects.

(3) To identify technical factors that affect utilization of UNICEF-funded projects [prior to the research, other researches as well as interviewed professionals, who are very much involved in the UNICEF Ethiopia donor fund programs emphasized managerial and technical challenges as ominous].

### **METHODOLOGY**

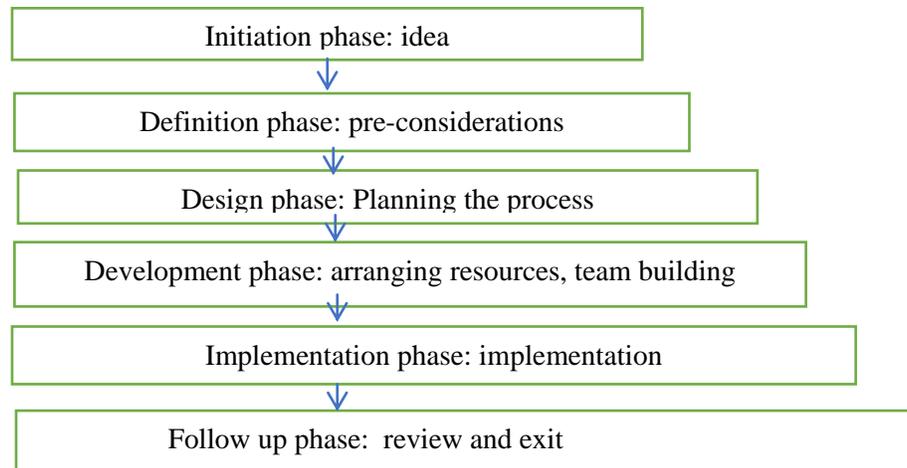
This research used both quantitative and qualitative (mixed) research approaches. The research is an exploratory design; which has two phases. In exploratory designs, the qualitative data are collected during the first phase of research and quantitative data are collected during the second phase of research. This design has been widely used by program evaluators to develop surveys for use in studies in which not enough is known at the start about a topic or program to create an accurate quantitative survey. Subsequently, five professionals were first interviewed and the qualitative data are analyzed to identify the major themes, questions, ideas, issues, or perspectives that should be included in the survey. The survey was then sent to a larger group and the results were summarized numerically.

### **Sampling technique**

The sampling technique used for this particular research is Judgment Sampling. This is a form of convenience sampling otherwise called as purposive sampling, because the sample elements are chosen which can serve the research purpose. The selection is not based on that they are representative, but rather because they can offer the contributions sought. The sample elements are chosen based on the researcher judgment that would be knowledgeable and directly involved on matters related to UNICEF-funded projects. The researcher examined the organogram of the organization and inspected the Job description of such individuals before making the judgment and selects those who are eligible to give response for the research inquiry. Hence, among the 440 staff at UNICEF Ethiopia, the researcher used his wisdom to analyze the organogram and purposefully selected 53 qualified professionals who are very much acquainted to donor fund related projects.

### **Tools and procedures of data collection**

Methods of data collection and analysis in social research depend very much on the nature of the research topic. Many scholars such as Neuman (2007) argued that any



**Figure 1.** Adopted phases from the models.

single method is bound to have only a limited relevance in meeting the overall objectives of the project and recommend that different tools should be used to collect data so as to develop a near accurate understanding of the topic of research. With this understanding, the main tool of data collection for this research were a questionnaire and a semi structured interview which has been used to collect data from individuals who have direct or indirect relation with UNICEF funded projects. A questionnaire, containing mostly close-ended questions and some open-ended questions, was distributed to 53 individuals. As stated previously, out of the 53 respondents, 33 are working in the country office; Addis Ababa and the rest 20 are working in the seven regional offices namely Bahirdar, Jijiga, Semera, Gambella, Oromiya, Awassa and Mekele. The respondents are purposefully selected based on their job specification and relevance to give proper information for the study. Meanwhile, 43 out of the 53 questionnaires distributed were collected. Drop and collect as well as email were used for this purpose.

Prior to the questionnaire, individual and semi structured in-depth interview was conducted for a total of 5 individuals; that is for two high ranking officers and specialists, three supporting staffs. The in-depth interview was designed to collect supplementary data on the key research themes and categories in the areas of leadership and management practice.

After long and hot debate, the researcher with the help of the five professionals was able to point out potential factors as challenges and segregated them in two groups as: (i) external factors and (ii) internal factors.

From the external factors, (1) donor priorities, (2) earmarked funding, (3) government red tape, (4) natural and manmade occurrences, (5) supportiveness of rules and regulations, and 6) established network with the government, are identified as potential factors/challenges

that affect allocation and utilization of UNICEF funded projects.

The internal factors are broadly classified as managerial and technical factors. The managerial factors are levelled into six phases by the researcher. These were generated/adopted from (1) the six phases of project management, as mentioned by Wijnen et al., (2004) and Kor et al., (2002) which is tending to serve the information communication technology project management; and (2) on the other hand there is another six-phase classic project management model of Elbeik and Thomas (1998) which starts without initiation phase and which considers implementation as part of the control stage. Taking the interview outcome and UNICEF's practical practices, the researcher attempted to syndicate both models and come up with other hybrid model. Figure 1 shows the adopted phases from these two models.

Moreover, the researcher designed a total of 24 indicators for each of the six phases stated under the newly developed model. Then 24 questions are generated again to be included in a questionnaire. These 24 questions included in the questionnaire were: 5 questions to assess 'initiation phase' challenges; 4 questions to assess 'definition phase' challenges; 2 questions to assess 'design phase' challenges; 4 questions to assess 'development phase' challenges; 2 questions to assess 'implementation phase' challenges; and 7 questions to assess 'follow-up phase' challenges.

Furthermore, the interview was used to surface self-evaluation against a series of open-ended semi-structured questions and content mining probes for the questionnaire. As Neuman (2007) says on in depth interviewing, questions will be developed to gain insight on participants' experiences, opinions, beliefs, perceptions, feelings, and knowledge to address the research objectives. The in depth interview would enable the researchers make comparisons between the different

intakes gathered from the questionnaire and reach a better understanding to address the research objectives.

The researcher had a list of questions or fairly specific topics to be covered, often referred to as an interview guide, but the interviewees had a great deal of leeway in how to reply. Questions may not follow on exactly in the way outlined on the schedule. Questions that are not included in the guide were asked as they pick up on things said by interviewees. But, by and large, all of the questions were asked and a similar wording was used from interviewee to interviewee.

Beside this, the researcher also used document analysis, templates and observation schedules to further triangulate the data collected through the earlier qualitative and quantitative tools.

### Data processing and analysis

The gathered data from the questionnaire and individual in-depth interview was scrutinized, verified, edited and arranged in an orderly manner. To check how closely related a set of technical and managerial items (selected by the researcher) are as a group, Cronbach's alpha was used to measure internal consistency. Cronbach's alpha is considered to be a measure of scale reliability. The alpha coefficient for the 37 items is found to be 0.938, suggesting that the items have relatively high internal consistency (Note that a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations). Moreover, the quantitative data is verified in such a way that the completed interview schedule coding, master sheet and code book was used; whereas in terms of the qualitative data thematic analysis and/or content analysis is applied using SPSS. So the overall analysis is then made based on identifying similarities and differences within common themes of the research topic. The qualitative and quantitative data were triangulated whenever it is necessary and relevant.

### FINDINGS AND DISCUSSION

The very aim of the researcher is instead of simply and vaguely stating, there are technical and managerial problems; it was tended to specifically point out which particular technical and managerial factors are hindering the donor fund allocation and utilization. With that UNICEF, the government and other similar NGOs can target fully work on the identified problematic factors to mitigate donor fund allocation and utilization challenges?

According to the study, out of the 24 indicators, nine potential managerial challenges were identified: (1) project initiation by properly prearranging its possible and potential partners, (2) pre- consideration of design limitations, (3) the process of selecting potential suppliers or subcontractors, (4) the willingness and readiness of

leaders to flex with situations and entertain different and new methods, (5) quality of the project reports, (6) the process of familiarization, (7) actions taken to maintain the result, (8) instructions and trainings given for users, and (9) celebrating results.

Also, under the technical factors, five possible challenges when the utilizing UNICEF fund are identified: (1) effectiveness of departmentalization, (2) effectiveness of hierarchical control, (3) the flexibility of administrative system, (4) the internal network organization, and (5) dynamic approach to dynamic encounters. The following can be taken as major findings of the research:

(1) External factors such as earmarked funding and effect of natural and manmade occurrences have some effect on donor fund allocation in the UNICEF programs. Whereas considering manmade occurrences, it has also been noted that due to what is being propagated by the government and other third parties about the continuous "two-digit economic development, self-sufficiency in food and the country's declaration to be a middle income country soon" has led donors such as JICA to decline from supporting emergency and relief programs or to diverting to development programs.

(2) Donor contributions to UNICEF have become too earmarked with varying levels of detail and to specific uses and beneficiaries. This eliminates the flexibility needed to make alternative use of the resources in order to address priorities established at country office level for the achievement of the United Nations development agenda as well as that of the Millennium Development Goals. Since, earmarked contributions are typically subject to criteria that are determined prior, it reduces UNICEF's ability to reallocate the resources to evolving priorities.

(3) Projects are initiated with clear objectives answering its cause, identifying expected outcomes and determining project boundaries. In addition, preconditions are well considered prior to implementation. The researcher believes that the presence of a well-educated and well-experienced staff could have contributed a lot towards this end. However, it was found out that there are limitations regarding selection of partners as well as clearly sketching procedures and components. It was also noted that there is limited coordination and networking with external partners.

(4) There seems to be a planning issue. Planning and clearly sketching the procedures and components, seems to be neither good nor bad. The same can be said when we come to how well the project supervisors get use of the plane.

(5) The way resources, budget, time, etc., are arranged pre-organized and appropriate actions such as trainings are conducted to add value to the working relationship, preparation of track and capture detail of events pre-hand to the implementation process are viewed as neither good nor bad among respondents.

(6) There seem to be an issue of following up and following through once projects are designed. The respondents partly attributes this to giving less emphasis to developing a realistic project schedule and lack of project implementation following the schedule.

(7) During actual project implementation, there seem to be lack of flexibility considering various dynamics that might have developed gradually. Key project managers are less flexible to make adaptations to project activities and be willing to entertain different and new methods. However, this could be partly due to the highly earmarked nature of funds received from donors, putting the organization or those making decisions at odds.

(8) The quality of reports coming from the project/field sites is not of good quality. This could be attributed to lack of familiarizing those at the field level and giving them a comprehensive picture of the project. The other reason could be the little emphasis given to organizational learning and training programs. If donors do not get a quality report, they may not be able to have full picture of project achievements and this could affect future collaborations.

(9) The coordinated network building, external collaboration and customer service are found to quit badly. It is indicated that there is limited coordination and networking with external partners.

(10) The culture of celebrating results (reward and acknowledgment ceremonies, announcing to the mass media, advertisements) seems also to be slightly bad

(11) As technical factors departmentalization, hierarchical control, flexibility of administrative system, the internal networking, and dynamic approaches to dynamic encounters might have a gap.

## Conclusion

There is a need for more flexible funding mechanisms as these will enhance a more robust response to both emergency and development operations by prioritizing on outcomes over inputs or processes. Hence, funds could be spent as dictated by evolving circumstances rather than agreements fixed at the outset of an agreement. Consistent with this, Jose Antonio Ocampo, under Secretary general for economic and social affair, noted that in order to member states achieve the millennium development goals (MGDs), one of the three essential ingredients he maintained is strong un-earmarked or "core funding" (United Nations, 2005).

UNICEF should establish a mechanism for the collection and analysis of information for coordinating, planning and monitoring activities with implementing partners. Partners, potential suppliers or subcontractors should be selected based on thorough review of previous track records.

Project managers need to be flexible enough to anticipate potential change of plans and find a way to

incorporate them into the actual implementation. Doing so and informing the donor right away could win the organization the donor's favor and could result in a smooth project completion.

There is a need to provide capacity building opportunities to staff so that they can gain the necessary knowledge and skills to fully contribute skillfully and consistently throughout the project management period and properly utilizing funds as planned/intended.

Looking at the positive side, rather than returning the money back to the donor, it is better to be utilized by another region. Whereas the reality on the other side which is the shifted fund is going to affect thousands if not millions of children and mothers in the original reason for some external reason that they are not in control with. On this regard, this should not be encouraged and should not be considered as an alternative. UNICEF can play a leading role to alter hindering factors in and out its system.

There is a need to have a proper plan, a better communication and coordination among different partners, a regular follow up and follow through, an emphasis on completion of tasks on time and with quality. Besides, everyone should be held accountable for his/her task and when they are not performing up to the standard there should be a way to make them accountable. This is especially important for high-level government officials, as one simple negligence or mistake could cost the whole region/country too much.

## CONFLICT OF INTERESTS

The author has not declared any conflict of interests.

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