Projects selection and management implications in Kenyan local authorities

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ABSTRACT

The study explored the problems associated with and attempted to identify good practice in public sector project selection procedures for developing countries with reference to the local authorities. A case study research design was adopted and the study location was in Kisumu County Council, Nyanza Province, Kenya. The population comprised of all the Local Authorities Transfer Fund (LATF) committee members and project beneficiaries within the various wards of the council. The following sampling methods were used to select various samples: disproportionate stratified sampling for the council wards; area sampling for the project beneficiaries and simple random sampling for the committee members. Primary data was collected through structured and unstructured questionnaires and analysed using descriptive statistics. No clear selection models were found to exist for prioritising projects to meet community’s needs and managers tasked with project selection possessed limited skills in project selection and implementation.

Keywords: Management; project; Kenya; local authorities

1.0 INTRODUCTION

It is generally recognized that an organization’s development is dependent on the effectiveness of management or those with whom the strategic responsibility and decision-making rests. Managers are expected to possess skills, knowledge and competence, which facilitate smooth and efficient operation. Also, they are required to manage people and tasks in order to ensure the success and survival of the organizations in the face of increasingly complex technological, socio-economic, cultural and economic environment (Boddy, 2002). Projects arise to meet human needs and if recognized, management then determines whether the need is worth fulfilling and if it is, a project is organized to satisfy the need. Thus, needs are the fundamental driving forces behind projects and if at the outset needs are not fully understood or the project mistakenly addresses the wrong need, then the selected project will not serve its intended purpose.
In some organizations, selection and management of projects often fail to support the strategy plan of the organization. Strategy plans are written by one group of managers, projects selected by another group, and implemented by another. These independent decisions by different groups of managers create a set of conditions leading to confusion, conflict and, frequently, unsatisfied customer. Under these conditions, resources are wasted in non-value adding projects (Morris, 2007). With growing global competition, the explosion of new knowledge, skills and tools in project management, increases recognition of project management as a profession for the future (Nguyen, 2007). It is pertinent that developing countries are involved in project management maturity processes.

Kisumu County Council is one of the oldest councils in Kenya. Its administration is concentrated in the rural parts of Kisumu District and has a population of 133,305. The council was established in the 18th century as a branch of the local government and it covers an area of about 650000 square kilometers. Most of the residents are peasant farmers; the area is underdeveloped with most residents still lacking adequate facilities such as health, education, electricity, and market structures (Republic of Kenya, 2001a).

The Central Government, through the Ministry of Local Government has entrusted the running of councils to local authorities. Therefore, the Local Authorities Transfer Fund (LATF) was established through an act of parliament in 1998 to provide resources and incentives to enable local authorities to supplement the financing of the services and facilities required under the Local Government Act (Republic of Kenya, 2005). The basic principles of management apply in any series of activities in an organization whether concerns are of private enterprise or public sector organizations. Managers must be professionals in whatever sectors they function or leave themselves vulnerable to the threats in the increasingly global competitive environment (Mullins, 2005). Therefore, every project should contribute value to the organization’s strategic plan, which is designed to meet the future needs of its beneficiaries. This can only be possible if the projects selected meet the needs of the target group.

The LATF Annual Report (Republic of Kenya, 2001b) proposes that the success of the LATF programme depends on the ability of the elected leaders and officers within the local authorities to effectively work with their communities to formulate implement and monitor the local budget revenues and expenditures. In the Local Government Act (Cap 265), the local authorities are given discretion to allocate the LATF funds and such flexibility may cause problems in selection and implementation leading to low benefits for the target beneficiaries. The study explores how Kisumu County Council managers select the LATF projects and whether the projects selected meets the needs of the stakeholders. In this context, the study examines the selection criteria employed by the council management.

2. CONCEPTUAL BACKGROUND

2.1 Role of Management in Project Selection

A project is a complex, non-routine, one-time effort limited by time, budget, resources, and performance specifications designed to meet clients’ needs. Like most organizational effort, the major goal of a project is to satisfy stakeholder needs (Clifford and Larson, 2003). According to Mwosa (1987), projects are the building blocks of development and successful projects are the means used to translate plans into reality. Management decides and implements the ways and means to effectively utilize human and non-human resources to reach predetermined objectives. In a sense project managers perform the same functions as other managers, they plan, schedule, motivate, and control.

Ndewga (1987) concluded that the key factors determining the efficiency of an enterprise is not whether it is publicly or privately owned, but how it is managed. The public enterprise sector has been performing an important role in the developing countries by allocating the scarce
resources towards economic, social and cultural development. Consequently, the public sector is expected to function as a highly important instrument of development. However, public sector projects still lag behind in giving value to target beneficiaries.

2.2 Challenges of Public Sector Project Selection

Projects everywhere in the world are sure to fail if effective project management principles and methodologies are not provided for in their execution. Ample evidence of these failures exists throughout the world and is particularly severe in developing countries where necessary skills have not been successfully developed in its project management workforce (Nguyen, 2007). Other challenges to successful project selection and execution in developing countries include poor political and social systems, cultural blocks and lack of financial support. Besides risk and uncertainties that make project selection and management difficult, developing countries suffer from poor fiscal management. Stuckenbruck and Zomorrodian (1987) contend that project management principles are recommended only when certain technical and environmental conditions are met. Even then, it will only work when it is incorporated into an indigenous framework based on local values, beliefs, and behavioral patterns.

2.3 Models of Project Selection

In the project selection problem, the manager must select one or more projects from a menu of opportunities and normally the choice is limited by available resources. While operating within these constraints, the manager must select projects which seem likely to satisfy the organizational goals and frequently, there are multiple goals to be selected from (Render et al., 2006). Many organizations wrestle with resource allocation conflicts across multiple projects and find it increasingly difficult to assess which projects should be given priority. This can result in prioritization being based on intuitive judgment rather than organizational requirements. Souder (1973) suggests five important factors to consider when an organization chooses a project selection model. The model should reflect the reality of the manager's decision situation, be flexible, cost effective, convenient and easy to modify. There are two basic types of project selection models; numeric and non-numeric:

2.3.1 Non-Numeric Models

Lockyer and Gordon (2005) notes that non-numeric models are used particularly where projects do not involve huge amounts of investment resources. In developing countries, however; these models are used by government funded projects partly because these governments earn political support from citizens based on the number and size of projects they undertake. Basically, there are five non numeric models in use within developing countries: The Operating Necessity Model is used where projects are initiated because they are required to keep the system in operation. Usually, such a situation is life threatening such as floods, drought, and landslides. The Sacred Cow Model involves a situation where a project is identified and suggested by a senior and powerful individual in an organization. The Competitive Necessity Model projects are initiated and given a lot of support if they will help an organization to maintain a competitive edge over other organizations. The Product Line Extension Model is used where a project is intended to develop and distribute a new product or products. It is useful where the project is intended to fill a gap or to strengthen a weak link or to take the organization to a new direction. Lastly, the Comparative Benefit Model is used where a firm has several projects, which must be considered, and some ranking given. The projects are sorted into three qualitative categories – good, fair and poor.

2.3.2 Numeric Models

Numeric analysis is equally important in establishing project viability and project managers utilize different numeric models.
**Profitability Models:** There are two types of profitability models: Non Discounted Cash Flow and Discounted Cash Flow methods. The Payback method can be defined as the length of time that it takes for a project to recoup its initial cost out of the cash receipts that it generates. This period is sometimes referred to as the time that it takes an investment to pay itself. The basic premise of the payback method is that the more quickly the cost of an investment can be recovered, the more desirable the investment. (Garrison et al., 2011; Pandey, 2005; Lucy, 2003).

Accounting rate of return focuses on accounting net income and its approach is to estimate the revenues that will be generated by a proposed investment and then deduct from these revenues all of the projected operating expenses associated with the project. This net income figure is then related to the initial investment in the project.

The net present value and the internal rate of return are the most common discounted cash flow methods. The value of money depends on its availability. $1 available now being worth more than $1 available later, since the present money can earn some return.

Under the net present value method, the present value of all cash inflows is compared to the present value of all cash outflows that are associated with an investment project. The difference between the present values of these cash flows, called the net present value, determines whether or not the project is an acceptable investment. The return on investment comes in a stream of earnings in the future. The discounting methods of investment appraisal take into account the size of the return over the life of the investment, but make adjustments for the timing. A greater weighting is given to the return in later years. The weighting can be calculated from a formula for compound interest: Project evaluators use present value tables to obtain the weighting, or discount factor (Jewell, 2000). When the present value is zero or greater, an investment is acceptable and when it is negative an investment is rejected (Garrison et al., 2011).

Internal rate of return can be defined as the interest yield promised by an investment project over its useful life. It is sometimes referred to as the yield on a project and is computed by finding the discount rate that equates the present value of a projects cash outflows with the inflows. In other words, the internal rate of return is the discount rate that will cause the net present value of a project to be equal to zero. However, because the above yardsticks of commercial profitability that guide the investment decisions of private investors may not be appropriate for public investment decisions, Social Cost Benefit Analysis might be more appropriate.

**Cost Benefit Analysis (CBA):** CBA is regarded as more useful in appraising public sector projects (Premius, 2008). Private investors are interested in profit maximization and therefore take into account only the variables that affect net profit and not social welfare. The basic idea of cost benefit analysis is to decide on the worth of a project involving public expenditure or, advantages (benefits) or disadvantages (costs) to society as a whole. The need for social cost-benefit analysis arises because the normal yardstick of commercial profitability that guides the investment decisions of private investors may not be an appropriate guide for public investment decisions. When social costs and benefits diverge from private costs and benefits, investment decisions based entirely on the criterion of commercial profitability may lead to the wrong decisions from social welfare, which should be the government’s primary concern. Social profit is the difference between social benefits and social costs where these are measured directly (the real costs of inputs and the real value of outputs) and indirectly e.g. employment effects, distributional effects (Todaro and Smith, 2004).

**Scoring Models:** Despite the benefits of CBA, studies advance that profitability models only focus on a single decision criterion and that CBA lends itself to manipulation as it is difficult to come up with a single criterion to measure costs of the benefits (Mansfield, 1983, Colin, 1985).
In order to overcome this, a number of selection models that use multiple criteria to evaluate a project have been developed (Martimo, 1995; Render et al., 2006; Ignizio, 1976; Charnes and Cooper, 1961).

**Goal Programming (GP):** The basis of GP is that in a typical decision making situation, the goals set by management can be achieved only at the expense of other goals. It is therefore necessary to establish a hierarchy of importance among these goals so that lower-priority goals are tackled only after higher priority goals are satisfied. Since it is not always possible to achieve every goal to the extent the decision maker desires, GP attempts to reach a satisfactory level of multiple objectives (Charnes and Cooper, 1961; Ignizio, 1976; Colin, 1985). GP attempts to minimize deviational variables, which are the only terms in the objective function (Render et al, 2006). However, because of its complexity, GP may prove too technical for decision makers not familiar with quantitative techniques.

**The Weighted Factor Scoring Model:** The weighting factors are used to define the level of importance of criteria. Generally, to construct a scoring model, all the factors considered important should be listed and a weight assigned indicating their relative importance in the judgment of the managers. Then each of the factors are to be provided with an agreed score.

One or more raters may be chosen by senior managers to score the project on each factor, depending on whether or not it qualifies for an individual criterion. The project with the highest score is selected for implementation (Curwin and Slater, 2008). Poor selectivity of a project could be the starting point of project failure (Goodman, 2001). Many government institutions have for a long time used the Darwinian rule of thumb approach to project selection partly because the governments have not subjected them to serious accountability checks (Lockyer and Gordon, 2005). However, with mounting pressure from the donor community, the citizens and goodwill of the governments, project prioritization criteria employed by public sector managers cannot be overlooked. There is a need for a simple model of project selection that may be easily understood and one such criterion is the Strategic Options Grid which was first used by the British Rail in the mid-1990s. Since its invention to help save the British Rail, the Strategic Options Grid has proved to be a most valuable tool for appraising options for strategic projects and has evolved in its effectiveness (Grundy and Brown, 2004). According to this model a number of project options can be evaluated using the following generic criterion:

**Table 1: Strategic Options Grid**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Option 3</th>
<th>Option 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Attractiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Attractiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Difficulty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty and risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acceptability to Stakeholders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Grundy and Brown (2004)
Each of these options is discussed by the projects selectors then evaluated either as attractive, fairly or very attractive. The attractiveness of the Strategic Options Grid lies in its simplicity making it useful for managers who are deficient in quantitative methods.

3. METHODOLOGY

The study adopted both a case study and descriptive research design to gain in-depth information on the project selection criteria engaged by Kisumu County Council. The study location was in the Kisumu County Council, Nyanza Province, Kenya and the study population comprised all the 18 LATF management committee members, and the projects beneficiaries in Maseno and Kombewa divisions. The study applied purposive sampling to arrive at Kisumu County Council since LATF management structure was homogeneous across the 174 councils (Republic of Kenya, 2002). The homogeneity was because the LATF act and regulations provided the operational framework of the LATF across the country. The sample for the study was drawn from both the management committee and the target beneficiaries. Disproportionate Stratified random sampling was used to select three out of eight wards in the two divisions. According to Gall et al. (1989), disproportionate stratified sampling is used where the proportion of each subgroup in the sample is different from that in the population representing that subgroup. The three divisions were selected regardless of the total number of projects in each division. One project was chosen using simple random sampling from the sample frame of projects implemented in each of the three divisions. Area sampling was then used to select twenty respondents in the vicinity of the chosen projects. Area sampling is conducted where sample items are clustered on a geographic area basis. The practical motivation underlying area sampling is that for many problems, there is no current and accurate list of the universe elements (Stasch et al., 1990) while in cluster sampling, the unit of sampling is a naturally occurring group of individuals (Gall et al., 1989). The target group was twenty household heads within 1sq mile of each project. The total number of respondents from the target beneficiaries was sixty. Eight of the LATF management committee members were included in the study. Primary data was collected using both structured and unstructured questionnaires. A project manager's questionnaire was designed and used as a tool for data collection. The target project beneficiaries were interviewed using formal interview schedules consisting of both closed and open-ended questions. Descriptive statistics was used to analyze the data and which were then presented in form of frequencies, percentages, tabulation and graphic illustration of the responses.

4. RESEARCH FINDINGS

The LATF is a creation of the Local Government which manages local authorities who are increasingly becoming an important institution for public service delivery since they are responsible for provision of goods and services critical to the citizens and the business sector. The council has eight elected councilors and three nominated councilors whom are members of the LATF committee. One public officer is appointed to represent the District Commissioner and in addition there are five other members including the Treasurer to the council, an officer from the Social Services, a Revenue officer, the Accountant and the Clerk to the council who heads both the Kisumu County Council and LATF committee.

Kisumu County Council has two divisions, namely Maseno Division and Kombewa Division. Maseno division has a population of 69,336 while Kombewa division has a population of 63,969 (Republic of Kenya, 2001). The Kisumu County Council runs LATF projects in all eight wards in the divisions and by 2006 the council had approved 42 projects distributed as follows:
Table 2: Kisumu County Council Wards

<table>
<thead>
<tr>
<th>WARDS</th>
<th>NO. OF PROJECTS</th>
<th>AMOUNT ALLOCATED (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Seme</td>
<td>6</td>
<td>1,200,000</td>
</tr>
<tr>
<td>East Seme</td>
<td>5</td>
<td>500,000</td>
</tr>
<tr>
<td>South West Seme</td>
<td>7</td>
<td>1,050,000</td>
</tr>
<tr>
<td>West Kisumu</td>
<td>6</td>
<td>1,350,000</td>
</tr>
<tr>
<td>Otwenya</td>
<td>3</td>
<td>450,000</td>
</tr>
<tr>
<td>South Central Seme</td>
<td>6</td>
<td>3,750,000</td>
</tr>
<tr>
<td>North Central Seme</td>
<td>5</td>
<td>750,000</td>
</tr>
<tr>
<td>North West Kisumu</td>
<td>4</td>
<td>600,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>42</strong></td>
<td><strong>9,650,000</strong></td>
</tr>
</tbody>
</table>


The study found that 45% of the project target beneficiaries had Primary level of education, 27% Secondary, 20% college level, 3% University level while 5% had none. This means complex project selection methods would not readily be applicable in the three wards. Residents who had stayed in the area for below 5yrs were 17% of the total number of respondents, 8% had stayed between 6 and 10yrs while 75% had been staying in the area for over 10 years indicating that the majority of the respondents understood the needs of the community.

40% of the respondents confirmed that the projects were useful to them for example in South Central Seme and East Seme respondents found the Chief’s camps projects useful because they offered easy access to information from the central government. They felt that the Community problems and arbitration could easily be reported to the administration. In North West Kisumu the public toilet was found to be helpful because it offered services to everyone since private toilets were not accessible to the public. However they observed that the toilets were useful mainly on market days when the demand was high.

62% of the respondents believed that they would have not selected the projects which the LATF decision committee had implemented. This demonstrates lack of consultation in establishing the priorities of the community members. 85% of the respondents stated that they were not involved in the projects selection revealing that a majority of the community members did not have any idea about LATF projects and found difficulty differentiating between LATF and Constituency Development Fund (CDF) (a fund set up by the government for similar developments).

60% of the respondents suggested that the selection committee should be elected preferably through LATF community meetings, 35% thought that the selection committee should be selected in community meetings while 5% wanted the LATF decision committee to be trained to enable them handle all project selection while none wanted the situation to remain as it was.
Table 3: Respondents Selection Criteria for Projects

<table>
<thead>
<tr>
<th>Opinion on selection criteria</th>
<th>East Seme No.</th>
<th>East Seme %</th>
<th>South Seme No.</th>
<th>South Seme %</th>
<th>Central No.</th>
<th>Central %</th>
<th>N. West Kisumu No.</th>
<th>N. West Kisumu %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Train Council committee members</td>
<td>2</td>
<td>10%</td>
<td>2</td>
<td>10%</td>
<td>1</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elect community committee members</td>
<td>9</td>
<td>45%</td>
<td>12</td>
<td>60%</td>
<td>12</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Select through community meetings</td>
<td>9</td>
<td>45%</td>
<td>6</td>
<td>30%</td>
<td>7</td>
<td>35%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave the present situation as it is</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>None of the above</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20</strong></td>
<td><strong>100%</strong></td>
<td><strong>20</strong></td>
<td><strong>100%</strong></td>
<td><strong>20</strong></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research Data

Although the LATF was meant to supplement and support the financing of services and facilities of the local Authorities, respondents observed that the 5% allocation from the national income tax was not adequate (Odhiambo and Anyembe, 2006). Respondents indicated that the multiple role of LATF which was responsible for offering services such as education, health, and infrastructure among others and this made projects selection difficult with divergent views on the priority.

Table 4: Selection Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Options Yes</th>
<th>%</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competing projects</td>
<td>7</td>
<td>13%</td>
<td>1</td>
<td>77%</td>
</tr>
<tr>
<td>Availability of finances</td>
<td>8</td>
<td>100%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ease of implementation e.g. simplicity and ease of construction as opposed to competing projects</td>
<td>0</td>
<td>0%</td>
<td>8</td>
<td>100%</td>
</tr>
<tr>
<td>The project would earn the community value e.g. recognition, business opportunities</td>
<td>0</td>
<td>0%</td>
<td>8</td>
<td>100%</td>
</tr>
<tr>
<td>Community need i.e., it was proposed by community members as very important to them</td>
<td>8</td>
<td>100%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>None of the above method was used</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Research Data

The options grid revealed that only availability of finance and community needs were the main selection criteria utilized by the LATF decision committee. The justification of the selection methods was that the size and complexity of the projects was dictated by the amount of resources available for the projects.

5.0 CONCLUSIONS

The study established that 23% of the project target beneficiary's had attained college level education which meant that complex project selection methods would not be applicable in the community. However, although the educational background of the LATF management committee was adequate none had any skills in project management procedures. This implied that for participatory project selection to succeed, simpler methods of project selection needed
to be applied. Nguyen (2007) observes that while there are many other factors that contribute to the poor performance of project managers in developing countries, the most significant problem is lack of effective, modern project management training for project managers responsible for selecting and managing projects.

The study indicated that majority of the projects implemented so far were useful to the communities. When the members of the community take part in prioritization and implementation of projects, they develop a sense of ownership of projects and might be willing to sacrifice their time and resources for the success of the projects. Short and Kopp (2005) notes that greater effort should be made to explain the planning methods to the target beneficiaries since secrecy about selection models and planning objectives can make people suspicious of the planning outcomes. Planning must be open, communicative, participatory and democratic, but it is often an instrument to dominate and control. Therefore, planning must be about rationality not about power (Premius et al., 2008).

Most of the respondents were not aware of the existence of a fund called LATF and did not have time for community meetings yet they were the real target group. The greater the information made publicly available and the more certain its source, the greater the chances for a transparent and truly accountable government. The community’s interest in the development agenda can only be captured by creation of awareness and participation in decision-making. According to Flyvbjerg et al (2003), governments and parliaments base their decisions on (deliberately fabricated) incorrect information. There are too many projects with far lower returns than predicted and nowhere near enough economic benefits. They suggest that the central challenge when defining decision making processes for government projects is to create incentives that deliver more reliable information particularly in the early stages and recommend that this can be achieved through workshops, community hearings, and second opinions. Anderson (1996) illustrates that analysts tend to criticize the motivations of individual community members or the negotiation process between different interests, as being deficient rather than examining the basic organization and structures that support the project selection process. However, the participation of disadvantaged community members is fundamentally different from that of privileged community members with more resources. Financial and social support mechanisms are necessary adjuncts to community participation by disadvantaged persons. (Boyce, 2002). Administrative resources available to the decision committees must be sufficient to facilitate community participation.

Given the perceived failure of many African states to institutionalize democratic politics and contribute to economic development, there is need for alternative approaches to governance and social development that give a broader set of stakeholders a heightened role, notably the civil society (Chabal and Daloz, 1998). LATF committee meeting venues depended on the councilors’ discretion and being politicians, selected projects were geared towards satisfying their political agenda. Colin (1985) states that the mix of projects selected should typically ensure maximum contribution to the general development objectives of achieving sustainable economic growth, income and wealth distribution, increased self reliance, and foreign exchange generation. However, political goals often results in a bias in favor of those projects which rally political support. Often, funding projects of important political issues take precedence over funding of projects targeting the traditionally disadvantaged groups (Boyce, 2002). Ayee (2005) proposes that the corruption problem reflects the more general, and now legendary, climate of unethical leadership and bad governance found throughout most of the Africa continent. Corruption has been identified as root cause of the failure of public management which also include closed, non-transparent, decision-making systems and misallocation of resources not consistent with development.

The study revealed that no particular selection model was being undertaken by decision committees in charge of project selection. The justification of the selection methods was that the size and complexity of the projects were dictated by the amount of resources available for
the projects. Anagnoson (1982) reported that few federal agencies in the U.S.A. use cost benefit analysis to determine which projects to fund for a series of reasons such as ambiguous goals, data deficiencies and measurement problems. The use of informal systems of assessing project quality was observed such as the point systems, review boards or even intuitive assessments methods to introduce administrative concerns, the objective of administrators, and politics into the project selection process. According to Flyvbjerg et al. (2003), planners may be busy, not with getting forecasts right and following the Code of Ethics, but with getting projects funded and built. They observe that accurate forecasts are often not an effective means for achieving this objective and may even be counterproductive, whereas biased forecasts may be effective in competing for funds thus securing the go-ahead for construction. The argument is that apart from planning methods, projects should be selected so as to meet the interests of the public.

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