

INFLUENCE OF FUNDS DISBURSEMENT ON ABSORPTION OF DEVELOPMENT FUNDS BY COUNTY GOVERNMENT OF LAIKIPIA, KENYA

¹Nderui Purity Mumbi, ²Kibati Patrick

^{1,2}School of Business, Jomo Kenyatta University of Agriculture and Technology

mumbipuri@gmail.com

Abstract: Absorption of development funds allocated to the County Governments in Kenya has raised concerns in the recent past due to associated poor performance. The objective of the study was to examine the influence of funds disbursement on the absorption of development funds by the County Government of Laikipia. The study adopted an explanatory survey research design and was grounded on the agency and resource-based theories. The target population was 51 officers working in the relevant committees and offices in Laikipia County and since the population is low, the study used census. The main research instrument was structured questionnaire that was collected both quantitative and qualitative data while the main data analysis approaches was both descriptive and inferential. This was done supported by computer software, the statistical package for social sciences (SPSS). Data was presented in tabular form. The results of the study revealed that the funds disbursement were very critical with regard to utilization of development funds by the County Government of Laikipia. A substantive proportion of variance in utilization of development funds could be explained by funds disbursement. The null hypothesis was effectively rejected. The study concluded that funds disbursement were crucial in the utilization of the said funds for development purposes. It has been recommended that funds disbursement should be pegged on the accountable utilization of the previously disbursed funds.

Keywords: County Government of Laikipia, development funds, funds absorption, funds disbursement.

1. INTRODUCTION

Background of the Study

Countries have for long reported various policy and operational barriers that impede their ability to fully absorb disbursed funds. According to the Global Fund, this absorptive capacity is the percentage of actual expenditure compared to the total grant budget. Potentially, higher relative aid flows in a country with low absorptive capacity have the potential to increase cost of service delivery, affect quality of service delivery, or both. Some of the hindrances to funded projects include among others, government red tapes and bureaucratic procurement procedures. Though not directly linked, these aspects are likely to inhibit absorption of funds allocated and disbursed for development particularly by the devolved governments in Kenya [1].

Laikipia County, one of the 47 counties of Kenya, is a cosmopolitan county located on the Equator in the former Rift Valley Province. The county has three major urban centers: Nanyuki, Nyahururu and Rumuruti. The county is further sub-divided into 15 divisions, 51 locations and 96 sub locations, The Laikipia East Sub County lies to the east, Laikipia North to the North, Laikipia Central to the south east, Nyahururu to the south west and Laikipia West to the west of the county [2].

The key activities and/or projects which are highlighted in the second Laikipia County Integrated Development Plan for 2018-2022 include food security, health, security, tourism, infrastructural development, and value addition in agriculture

among others [3]. Only few of the aforementioned fall under the purview of development projects. This implies that much of the funds disbursed to the County Government of Laikipia, essentially, should be allocated to these activities and projects. However, the CIDP has not clearly outlined the various development projects and how the allocated funds are absorbed by the said projects.

Statement of the Problem

County governments are allocated billions of Kenya shillings every financial year by the Exchequer to run their operations and also for development projects within their respective jurisdictions. Statistics indicate that the funds allocated and disbursed to development vote heads is far much lower compared to the monies directed to cater for recurrent expenditures by the county governments. To aggravate the situation further, the amount set aside for development projects by county governments is sometimes not fully utilized. A case in point is a total of Ksh 35.9 billion which failed to be utilized by county governments in Kenya in the 2017/2018 financial year. Over the same period, Laikipia County Enterprise Development Fund recorded approximately 80% absorption rate [3]. This is against the ideals of devolution whereby significant amounts of funds should not only be allocated and disbursed to development projects, but should be fully absorbed in those projects. Stagnating development characterized by stalling of key projects and time overruns with regard to development project completion are some of the critical consequences of limited absorption of development funds by county governments. Eventually, the development of the counties is compromised and the citizens are denied their right to access public services adequately and reliably due to the absence of sufficient and ready supporting infrastructure. The studies that have been conducted hitherto have not shed enough light with regard to what determines or influences absorption of development funds. A study by Keng'ara, for instance, focused on effect of disbursement of funds on project implementation [4]. Yet, absorption of development funds was not examined particularly in the context of County governments. Granted the importance of the availability and uptake of funds by development projects at the grassroots, and the limited empirical evidence on the same, it was imperative to investigate the influence of funds disbursement absorption of the aforesaid funds by devolved governments in Kenya.

Objective of the Study

To establish the influence of funds disbursement on the absorption of development funds by the County Government of Laikipia.

Research Hypothesis

H₀: Funds disbursement does not have statistically significant influence on absorption of development funds by the County Government of Laikipia.

Theoretical Framework

The agency theory and resource-based theory have been reviewed and discussed in line with funds disbursement and absorption of development funds by County Governments.

Agency Theory

The agency theory was adopted by this study. The proponents of the theory were Jensen and Meckling [5]. The theory puts into perspective the interaction between two parties, that is, the principal and the agent. Due to pursuing of personal interests, the agents are at times in conflict with the principal. According to Walker 2013, the agency theory model is anchored on the fact that information asymmetries and pursuant of self-interests, principals lack basis to trust their appointed agents and will seek to mitigate these concerns by putting in place mechanisms to align the interests of agents with principals and to reduce the scope for information asymmetries and opportunistic tendencies [4].

The national government through the Exchequer can be referred to as the 'principal' whereas the County Government of Laikipia is the 'agent' [6]. The Exchequer determines the amount of funds to be disbursed and channeled to the devolved government. The latter is expected to act in line with the financial regulations thereby deciding on expenditure patterns which eventually lead to outcomes such as economic growth, infrastructure development, access to education and health care among others. The government reviews these outcomes based on a structured monitoring and evaluation system and chooses the funding level to influence the choice of action by implementing partners and hence outcomes.

The theory acknowledges that different parties involved in a given situation with the same given goal will have different motivations [7]. It is further asserted that stakeholders may have differing interests as opposed to a single agent [5]. The national government or the county government may be in possession of information which the government may not have

and may not readily or wholly supply the government with all critical information for decision making and therefore methods for aligning these must be crafted so that both parties are not disenfranchised. One method is use of development funds protocol document which among other things contains disbursement procedures that must be complied with, hence trust is created. However, these alignments sometimes tend to favor the government at the expense of the recipient county to an extent that funds disbursement becomes so erratic and unpredictable [4].

Resource-Based Theory

The proponent of the resource based theory (RBT) was Barney [8]. The theory is founded on the aspect of economic rent. In this case, it helps in making strategic decisions by organizations or institutions. The decisions are made on the premises of available resources [8]. The prominence of the theory is reflected not only on its dominance in literature, but more importantly due to its inclusion in major strategic texts. Thus it is applicable in this study.

The county government, just like other organizations, is composed of a unique set of factors known as resources and capabilities. Resources are the county government's accumulated assets that it can use to create, produce, and/or offer its products to a market. Resources are characterized by legal protection. Independence, and are able to mediate in conversion of other factors of production in an organization.

The resource based view theory is applicable to the current study as donor agencies aim at having the maximum possible impact on the societies in which they institute intervention programs. However, they can only do this in partnership with the county. The efficiency theory refers to the capacity of the implementing partner to produce desired results with a minimum expenditure of energy, time, money, personnel, materiel, etc. Funds received by the Laikipia County Government for the development programmes have to be efficiently utilized so as to achieve their stated objectives.

Empirical Review

Past studies with regard to funds disbursement and development funds have been reviewed. A study conducted by Bonsu [9] analyzed disbursement and management of public funds in Ghana. The purpose of the study was to examine the disbursement and management of public funds in Offinso North District Assembly. The study utilized explanatory research design. Primary data was collected using questionnaires Purposive sampling technique was used to select a study sample of 200 respondents. The results of the study revealed that there exists rules and regulations pertaining the disbursement of funds in Offinso North District Assembly. The study also concluded that there should be an improvement in funds disbursement and management in the Assembly.

The county government has been entrusted with many responsibilities including the allocation of funds to initiated projects, implementing these projects and managing them. It therefore is charged with responsibility to offer the facilitating plan and legit environment to control resources and purchase of goods, labor and services. Moreover they are also expected to demand for accountability by county governments if need be. Donors and the national government are the major sources of the funding in the county governments. If a County government doesn't meet the requirements and the demands of the donors fail to attract many donors hence cannot access any funds. These demands include comprehensive financial management systems, effective leadership with integrity, educated experienced staff and strategic policies of the county governments [10].

A study on the factors influencing implementation of County funded development projects by county governments in Kenya, found that delivery of project activities in terms of time taken affected how disbursement of funds which affected the rate of implementation of the projects at hand to a great extent. The report intended to establish how allocation of funding influenced the rate of implementation of development projects. It also found that project staff relations, sponsor evaluation and estimation, policies and strategies and speed in deployment of project resources affect implementation to a great extent [11].

A study on the influence of devolved financial disbursement and use on poverty alleviation was conducted in Kenya [12]. The aim of the study was to analyze the effects of devolved financial disbursement and use on poverty alleviation in the County governments in the country. Quantitative descriptive research design was adopted for the study. The study utilized secondary data on devolved funds disbursed to county governments and the capital and recurrent expenditure. Multiple regression analysis was used in data analysis. The results of the study showed that disbursed funds had no relationship with poverty alleviation in the County governments.

Conceptual Framework

The conceptual framework in Figure 1 shows the independent variable and the dependent variable, and the presumed relationship existing between them. As shown, funds disbursement was the independent variable whereas absorption of development funds was the dependent variable. It was hypothesized that there existed a relationship between funds disbursement and development funds absorption.

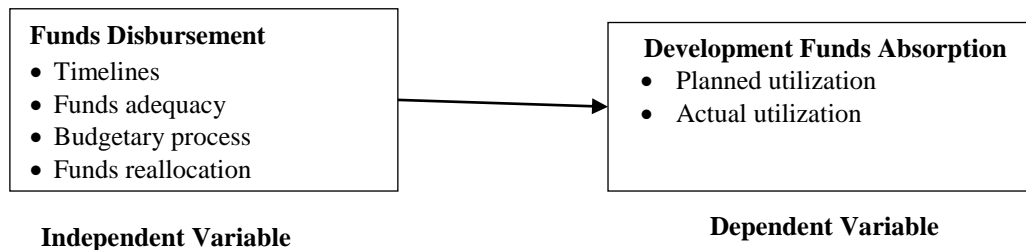


Figure 1: Conceptual Framework

2. RESEARCH METHODOLOGY

Under methodology, the following aspects have been addressed: Research design, target population, census design, research instrument, pilot testing, data collection procedure, methods of data analysis, and presentation of study findings.

Research Design

Research design is defined as strategy put in place to combine different components of a research with an aim of meeting the research objectives [13]. Research design is also defined as the blue print or guidelines that outline the procedures to be undertaken in data collection, analysis and reporting [14]. This study adopted explanatory research design. This is because the study encompassed cause and effect aspects. It sought to examine the influence (or effect) of various determinants on development funds absorption. Besides the explanatory research design, a quantitative research approach was adopted. This implies that the data that were sought to be collected were numerical in nature.

Target Population

Target population is described as an aggregate of individuals, entities, objects or subjects sharing similar or related characteristics. The target population for this study constituted members of County Budget and Appropriations Committee, Public Accounts and Investment Committee, Monitoring and Evaluation Committee, County Assembly Service Board, Finance and Planning Committee, and County Executive Committee – Finance in devolved governments in Kenya. Others include staff working with the County Governments' Department of Finance and Economic Planning, Internal Audit Unit, and Legal Unit. This is in addition to the Chairman Infrastructure Committee, and Director of Finance. The accessible population comprised of the aforementioned individuals working with the County Government of Laikipia. The distribution of the study population is illustrated in Table 1.

Table 1: Distribution of Study Population

Category	Respondent
County Budget and Appropriations committee members	5
Public Accounts and Investment Committee members	7
Department of Finance and Economic Planning (staffs)	10
Monitoring and Evaluation Committee	5
County Assembly Service Board	6
Finance and Planning Committee	5
Internal Audit Unit	7
Chairman Infrastructure Committee	1
Legal Unit	3
Director of Finance	1
County Executive Committee member-Finance	1
Total	51

Source: Laikipia County Government (2018)

Census Design

A census design or approach is adopted when the study population is relative small [14]. With regard to the present study, the accessible population (N = 51) is considerably small, therefore, a census design was adopted. Besides, the choice of this approach being necessitated by the significantly small population size, it enhanced the generalizability of the study findings to both the study and target populations. This was founded by the fact that census design eliminates the sampling error and sampling bias.

Research Instrument

A research instrument is a tool that facilitates collection of data. In the context of this study, a structured questionnaire was adopted. The choice of this tool was informed by the fact that in line with explanatory research design, data collection tools should be structured. Moreover, the study adopted quantitative approach which delimits the data collected to be numerical. The questionnaire, therefore, consisted close-ended questionnaires addressing the demographics or respondents, and more importantly, the study objectives. Data items with regard to the latter were on a 5-point Likert scale. The categorical nature of the items was in tandem with the intended quantitative data that were to be collected.

Data Collection Procedure

The researcher followed several steps in gathering data for the study. The researcher first sought a letter of introduction from the Jomo Kenyatta University of Agriculture and Technology in order to embark on data collection. The researcher then applied for a research permit and authorization letter from National Commission for Science, Technology and Innovation (NACOSTI). The consent of the senior administration of the County Government of Laikipia was sought prior to data collection. The questionnaires were administered on the respondents directly by the researcher. This was aimed at maximizing response rate given that the researcher explained the importance of the projected respondents taking part in the study.

Pilot Testing

Pilot testing of the research instrument is carried out through a pilot study. According to Jankowicz (2005), a pilot study is conducted prior to the main study in order to gauge that viability of the research study. In this study, a pilot study was carried out to ascertain the validity and reliability of the research questionnaire. It is recommended that the participants of the pilot study to be at least 10% of the unit of analysis of the main study [13]. In this study, 6 respondents (10% of the unit of analysis) took part in the pilot study. In order to exclude these participant from taking part in the main study, the pilot study was conducted in Samburu County which neighbors the Laikipia County.

Validity Testing

Validity refers to how well the research tool measures what it purports to measure (Ondiek, 2008). To ascertain the content validity of the research questionnaire, the assigned University supervisor was consulted. The supervisor's opinion was considered sufficient in determining the content validity of the questionnaire. This was in concurrent to Kimberlin and Winterstein's assertion that content validity cannot statistically be determined, rather expert opinion is sought [15].

Reliability Testing

Reliability refers to the consistency of the research instrument in reporting similar results each time it is employed to collect data from respondents within the same target [16]. The reliability was measured by use of Cronbach's alpha test of internal consistency. A Cronbach's alpha coefficient of 0.7 and above indicates that the data collection tool is reliable [13]. According to the results of reliability testing, all the study variables (financing regulations, administrative regulations, funds disbursement, financial reporting regulations, and development funds absorption) returned alpha coefficients greater than 0.7 as illustrated in Table 2.

Table 2: Results of Reliability Test

Variables	Test Items	α
Funds Disbursement	6	0.779
Development Funds Absorption	6	0.781

Data Processing and Analysis

Data collected using the questionnaires was checked for completeness. This data cleaning ensured that outliers were either eliminated or reduced by getting rid of non-responses. The Statistical Package for Social Sciences (SPSS) Version 24.0 software facilitated data analysis. The study used both descriptive statistics and inferential statistics in data analysis. Descriptive statistics encompassed measures of distributions (represented by frequencies and percentages), measures of central tendencies (represented by means), and measures of dispersion (represented by standard deviations). Inferential statistics adopted were in the form of Pearson's Product Moment Correlation Coefficient (PPMCC) and simple linear regression. The simple linear regression model adopted by the study is illustrated below.

$$Y = \beta_0 + \beta_1 X_1 + e$$

Where:

Y	=	Development Funds Absorption
X ₁	=	Funds Disbursement
β ₀	=	Constant
β ₁	=	Beta Coefficient
e	=	Margin of Error

3. RESULTS

Response Rate

The proportion of the number of questionnaire that are filled and returned against the total number of questionnaires issued describe the response rate. Table 3 shows the response rate in respect of this study.

Table 3: Response Rate

Projected Number of Students	Number of Questionnaires Returned	Response Rate (%)
51	38	75

The relatively high response rate (75%) shown in Table 3 was attributed to the fact that not only were the questionnaires self-administered but were also issued by the researcher in person, who explained to the respondents the rationale of taking part in the study. A response rate above 70% is considered to be very good [13]. The data collected from respondents were thus deemed to be sufficient for analysis.

Descriptive Results, Interpretation and Discussion

This section presents the results with regard to descriptive statistics for funds disbursement and absorption of development funds by the County Government of Laikipia. The results are accompanied by pertinent interpretations and discussions. The descriptive results are presented in form of measures of distribution (frequencies and percentages), measures of central tendencies (means), and measures of dispersion (standard deviations – Std. Dev) respectively.

Funds Disbursement in Laikipia County Government

The objective of the study was to establish the influence of funds disbursement on the absorption of development funds by the Laikipia County Government. A five point Likert scale was used to rate responses of this variable and it ranged from; 1 = strongly disagree to 5 = strongly agree and was analysed on the basis of the mean score and standard deviation. The closer the mean score on each score was to 5, the more the agreement concerning the statement. These results are presented in Table 4.

According to the results, it is evident that the commitment fee charged on the undisbursed development funds amount in case of delays is at a reasonable rate (Mean = 3.81). However, the disbursements are usually done following scheduled tranches that are favorable to the county government (Mean = 2.68). Similarly the study found that, the rules and regulations for disbursement of funds are rigorous and time consuming leading to delays in project initiation (Mean = 2.71). The findings also indicate that the disbursement procedures are usually cumbersome and lead to delays in project implementation (Mean = 4.04). In addition, the participants also alluded that the central government usually requires accountability for the previous disbursement(s) before releasing the funds (Mean = 3.18). Other findings indicate that

sometimes the implementing agencies were compelled to reevaluate the risks but this did not necessarily involve going back to the field (Mean = 3.61). However, the findings also indicate that the time required for fulfilment of all the precedent development funds Regulations before disbursement of funds is usually enough (Mean = 3.61).

The findings indicating that funds disbursement was not strongly emphasized by the the central government. This was attributed to the fact that most of the development projects they funded were in partnership with the non-governmental organizations. The findings disagreed with previous studies which pointed out that it is imperative for donor agencies to mitigate the funding risks by developing a risk plan, executing and continually evaluate the plan's effectiveness in reducing risk.

Table 4: Funds Disbursement in Laikipia County Government

Statement	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Std. Dev
The commitment fee charged on the undisbursed development funds amount in case of delays is at a reasonable rate	7 (18)	19 (51)	10 (25)	2 (5)	0	3.81	0.51
Disbursements are usually done following scheduled tranches that are favorable to the county government	4 (11)	4 (11)	8 (20)	19 (51)	3 (7)	2.68	0.814
The rules and regulations for disbursement of funds are rigorous and time consuming leading to delays in project initiation	4 (11)	6 (15)	5 (14)	21 (54)	2 (6)	2.71	0.773
The disbursement procedures are usually cumbersome and lead to delays in project implementation	12 (31)	19 (49)	6 (17)	1 (1)	0	4.04	0.831
The central government usually requires accountability for the previous disbursement(s) before releasing the funds	5 (14)	14 (37)	5 (14)	9 (23)	5 (12)	3.18	0.748
The time required for fulfilment of all the precedent development funds Regulations before disbursement of funds is usually enough	7 (19)	17 (45)	8 (20)	4 (10)	2 (6)	3.61	0.712

Development Funds Absorption in Laikipia County Government

Finally, the study sought to determine the status of development funds absorption in the county government of Laikipia. This was the dependent variable and the status of this variable was described in terms of planned and actual finance utilization, planned and completed deliverables and scheduled implementation. The status of this variable was rated on a 5 point Likert scale ranging from; 1 = strongly agree to 5 = strongly disagree and was analysed on the basis of the mean score and standard deviation. These results are presented in Table 5.

Table 5: Development Funds Absorption in Laikipia County Government

Propositions	SA Freq (%)	A Freq (%)	N Freq (%)	D Freq (%)	SD Freq (%)	Mean	Std. Dev
Our organization experienced high budget variances in the last reporting period	3 (8)	4 (11)	6 (15)	14 (36)	11 (30)	2.3	0.902
Based on the last audit report, Laikipia County performed well	10 (26)	14 (38)	6 (16)	4 (11)	3 (9)	3.62	0.657
All of our planned projects are completed in good time	12 (31)	13 (35)	5 (14)	4 (11)	3 (9)	3.68	0.679
We are always working within the budget limits	8 (20)	18 (47)	6 (17)	3 (9)	3 (8)	3.65	0.799
We have acquired very minimal debts in the last 3 years	7 (18)	17 (44)	6 (17)	4 (11)	4 (10)	3.49	0.925
All funds are often allocated adequately as per the votes	7 (19)	17 (46)	5 (13)	5 (12)	4 (10)	3.52	0.784

The results in Table 5 indicate that the county government of Laikipia experienced high budget variances in the last reporting period (Mean = 2.3). According to the respondents, on the last audit report, Laikipia County performed well (Mean = 3.62). Most of their planned projects were completed in good time (Mean = 3.68). The findings also indicate that most of the implementing organizations were able to work within the budget limits (Mean = 3.65) as all we have acquired very minimal debts in the last 3 years (mean = 3.49). All funds are often allocated adequately as per the votes (Mean = 3.52). The aggregate scores (Mean = 3.44; SD = 0.821) suggest that there was a general agreement among the donor

project implementing agencies that they had been performing well within the limits prescribed by the donor agencies. This meant that in most cases the funds were well utilized owing to the regulations imposed by the donors.

Correlation Analysis

The study examined the relationship between funds disbursement and development funds absorption using PPMCC. The results of the correlation analysis are presented in Tables 6

Table 6: Correlation between Funds Disbursement and Development Funds Absorption

Funds Disbursement	Development Funds Absorption	
	Pearson Correlation	.960**
Sig. (2-tailed)	.000	
N	38	

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

The relationship between funds disbursement and development funds absorption as shown in Table 6 was found to be positive, strong and statistically significant ($r = 0.960$; $p < 0.05$). Therefore, as more funds were disbursed, the greater the likelihood that their absorption in development projects was to be increased. In other words, in order to increase the rate of utilization of funds for development projects it was imperative for more funds to be disbursed to devolved governments including the County Government of Laikipia.

Regression Analysis

Univariate regression analysis was used to determine the extent to which the funds disbursement explained and influenced absorption of development funds by the County Government of Laikipia. The pertinent results are illustrated in Tables 7, 8 and 9 respectively.

Table 7: Regression Weights for Overall Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.960 ^a	.922	.920	.33240

a. Predictors: (Constant), Funds Disbursement

The results of coefficient of determination ($R^2 = 0.920$) indicated that 92.0% of variance in absorption of development funds by the County Government of Laikipia could be explained by funds disbursement. Only a small proportion (8.0%) could have been attributed to other factors besides the aspect that the present study centred on.

Table 8: Results of Significance Test

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	46.862	1	46.862	424.139	.000 ^a
Residual	3.978	36	.110		
Total	50.839	37			

a. Predictors: (Constant), Funds Disbursement

b. Dependent Variable: Development Funds Absorption

The results of F-statistics ($F_{(1,36)} = 424.139$; $p < 0.05$) shown in Table 8 indicated that the adopted univariate regression model illustrated below was significant. Interpretatively, the adopted regression model fitted the data from the unit of analysis used. Therefore, the model was suitable for analyzing the influence of funds disbursement on development funds absorption by the County Government of Laikipia.

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

Where:

Y = Development Funds Absorption

X₁ = Funds Disbursement

β_0	=	Constant
$\beta_1 - \beta_4$	=	Beta Coefficients
ϵ	=	Margin of Error

The above-stated regression model was interpreted using the results shown in Table 9 below.

Table 9: Results of Overall Model

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-.490	.196		-2.501	.017
Funds Disbursement	1.163	.056	.960	20.595	.000

a. Dependent Variable: Development Funds Absorption

The results shown in Table 9 illustrate the beta (regression) coefficients and results of the t-statistics. The former results are generally employed to indicate the extent to which funds disbursement influence development funds absorption. The results of t-statistics were used to test the null hypothesis. Using the beta results shown in Table 9, the regression model was substituted as follows.

$$Y = \beta_0 + \beta_1 X_1 + \epsilon$$

$$Y = -0.490 + 1.163X_1$$

The results implied that a single unit change in absorption of development funds by the County Government of Laikipia was subject to 1.163 unit change in funds disbursement while other factors were held constant ($\beta_0 = -0.490$). The results underscored the critical role played by funds disbursement in utilization of funds allocated to development projects such as the infrastructure in Laikipia County.

Testing Null Hypothesis

The results of t-statistics shown in Table 9 were used to test the null hypothesis (H_0 : Funds disbursement does not have statistically significant influence on absorption of development funds by the County Government of Laikipia). The results indicated that there was statistically significant influence of funds disbursement on absorption of development funds by the County Government of Laikipia ($t = 20.595$; $p < 0.05$). As such, the null hypothesis was rejected and the alternative hypothesis (H_A : Funds disbursement have statistically significant influence on absorption of development funds by the County Government of Laikipia) taken to be true.

4. DISCUSSION

The objective of the study was to establish the influence of funds disbursement on the absorption of development funds by the Laikipia County Government. In respect to this objective the findings of the study indicated that the commitment fee charged on the undisbursed development funds amount in case of delays is at a reasonable rate. It further showed that, the disbursements are usually done following scheduled tranches that are favorable to the county government. Similarly the study found that, the rules and regulations for disbursement of funds are rigorous and time consuming leading to delays in project initiation. The study further found that the disbursement procedures are usually cumbersome and lead to delays in project implementation. In addition, the participants also alluded that the central government usually requires accountability for the previous disbursement(s) before releasing the funds. Besides, the respondents admitted that sometimes the implementing agencies were compelled to reevaluate the risks but this did not necessarily involve going back to the field. Moreover, the study revealed that the time required for fulfilment of the entire precedent development funds Regulations before disbursement of funds is usually enough.

5. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concluded that the commitment fee charged on the undisbursed development funds amount in case of delays is at a reasonable rate. The study further showed that, the disbursements are usually done following scheduled tranches that

are favorable to the county government. Similarly the study concludes that, the rules and regulations for disbursement of funds are rigorous and time consuming leading to delays in project initiation. It is evident from the research that the disbursement procedures are usually cumbersome and lead to delays in project implementation. In addition, the participants also alluded that the central government usually requires accountability for the previous disbursement(s) before releasing the funds. Besides, the respondents admitted that sometimes the implementing agencies were compelled to reevaluate the risks but this did not necessarily involve going back to the field. Moreover, the study revealed that the time required for fulfilment of the entire precedent development funds regulations before disbursement of funds is usually enough.

Recommendations

It has been recommended that the disbursement of funds to County Governments by the National Treasury should be pegged on the rate at which they utilize the development funds at their disposal. More disbursement should be on funds for development projects as opposed to recurrent expenditure. Before the release of funds, the study recommends that the utilization of the previous funds disbursed should be accounted for in totality.

REFERENCES

- [1]. Ouma, C. (2012). Factors affecting the effective implementation of Donor funded projects in Kenya: a case of World Bank Funded projects in Kenya. *MBA Project*.
- [2]. County Government of Laikipia, (2013). *County Integrated Development Plan*. Nanyuki: County Government of Laikipia.
- [3]. County Government of Laikipia, (2018). *Second County Integrated Development Plan*. Nanyuki: County Government of Laikipia.
- [4]. Keng'ara, R. (2014). Effect of funds disbursement procedures on implementation of donor projects in Homabay County, Kenya. *Universal Journal of Accounting and Finance*, 2(1), 9-23.
- [5]. Jensen, M. & Meckling, W. (1976) Theory of the firm: Managerial Behaviour, Agency Costs and Ownership Structure; *Journal of Financial Economics*
- [6]. Odedukun, M. (2003). Analysis of deviations and delays in aid disbursements: *Journal on*
- [7]. Nikkinen, J. & Sahlström, P., (2004). Scheduled domestic and U.S. macroeconomic news and stock valuation in Europe, *Journal of Multinational Financial Management* 14, 201–215
- [8]. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- [9]. Bonsu, E. M. (2015). *Disbursement and Management of Public Funds In Offinso North District Assembly*. Unpublished MBA Thesis, Kwame Nkrumah University of Science and Technology, Accra.
- [10]. Ali, I.A. (2012). *Factors Influencing Sustainable Funding of Non-Governmental Organizations in Kenya: A Case Study of Sister's Maternity Home (Simaho) in Garissa*, University of Nairobi.
- [11]. Sikudi, L.A. (2017). *Factors Influencing Implementation of County Funded Development Projects by County Governments in Kenya: A Case of Kilifi County Government*. Unpublished Master of Arts in Project Planning and Management research project, University of Nairobi, Nairobi.
- [12]. Andhoga, W. O., Mavole, J., & Mose, G. N. (2017). Influence of Devolved Financial Disbursement and Use on Poverty Alleviation In The Kenyan County Governments. *Scholars Journal of Arts, Humanities and Social Sciences*, 5(11), 1671-1680.
- [13]. Mugenda, O. & Mugenda, A. (2003) *Research Methods, Quantitative & Qualitative Approaches*, Nairobi ACTS
- [14]. Kothari, C. (2004). *Research Methodology, Methods and Techniques* (2nd ed). New Delhi: New Age International Ltd.
- [15]. Kimberlin, C.L., & Winterstein, A.G. (2008). *Research fundamentals*. Am J Health-Syst Pharm, 65.
- [16]. Orodho J.A. (2005) *Elements of Education and Social Science Research Methods*, Kanezja Publishers