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**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE**

**Factors Influencing Effectiveness of Monitoring and
Evaluation System: The Case of Commercial Bank of Ethiopia
Information Technology Projects**

**A Research Project Submitted to Addis Ababa University,
School of Commerce in Partial Fulfillment of the Award of
Master's Degree in Project Management**

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**JUNE 2019
ADDIS ABABA, ETHIOPIA**

**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
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of Commercial Bank of Ethiopia Information Technology Projects**

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DECLARATION

I, the undersigned, declare that the study entitled “**Factors Influencing Effectiveness of Monitoring and Evaluation System: the Case of Commercial Bank of Ethiopia Information Technology Projects**” is the result of my own effort and study that all sources of materials used for the study have been acknowledged. I have conducted the study independently with the guidance and comments of the research advisor. This study has not been submitted for any degree in any university. It is conducted for the partial fulfillment of the Master of Arts Degree in Project Management.

Kassahun Abera

Date

LETTER OF CERTIFICATION

This is to certify that Kassahun Abera has conducted this project work entitled “**Factors Influencing Effectiveness of Monitoring and Evaluation System: the Case of Commercial Bank of Ethiopia Information Technology Projects**” is under my supervision. This project work is original and suitable for the submission in partial fulfillment of the requirement for the award of Master of Arts Degree in Project Management.

Adane Atara (PhD) _____

Date and Signature

LIST OF ABBREVIATIONS AND ACRONYMS

ATM-Automated Teller Machine

CBE - Commercial Bank of Ethiopia

NBE - National Bank of Ethiopia

M&E- Monitoring and Evaluation

PMI -Project Management Institute

PMBOK- Project Management Body of Knowledge

SPSS- Statistical Package for Social Science

USAID- United States Agency for International Development

UNDP United Nations Development Program Development

WB -World Bank

ABSTRACT

This study sought to analyze the factors influencing effectiveness of a monitoring and evaluation system for Commercial Bank of Ethiopia IT projects. The study adopted a descriptive research design in solving the research problem. The study targeted 62 employees of Commercial Bank of Ethiopia project office. Due to their small number, a census was conducted. The response rate was 90%. The study utilized a questionnaire in collecting primary data. Collected data was edited, sorted, cleaned and coded for data analysis using SPSS statistical package version 20. The findings were analyzed using means, standard deviation, percentages and frequencies then presented using tables. Competence of staff handling monitoring and evaluation, Budget allocation to monitoring and evaluation, stakeholders participation and organization leadership were found to have a positive correlation with effectiveness of M&E system with correlation coefficients of 0.842, 0.836, 0.858 and 0.802 respectively. The study suggest this study may be replicated into other banks to enable generalization to be made with regard to factors influencing effectiveness of monitoring and evaluation of information technology projects by commercial banks in Ethiopia.

KEY WORDS: *monitoring and evaluation, effectiveness, IT projects*

ACKNOWLEDGMENTS

First and foremost I would like to give my thanks for the almighty **GOD** and **St. VERGIN MARRY** for all things that have been done for me and for being guardians though good and rough times of my life.

Next my gratitude goes to my advisor **Dr. Adane Atara (PhD)** for his assistance and support in the preparation of this study.

It is my pleasure to give my appreciations for all commercial bank of Ethiopia project office staffs both managers and staff members who helped me without any hesitation while I was collecting data for the study.

Next, I am grateful for all my friends, classmates and work colleagues for their understanding and moral support that is what kept me moving forward.

Finally, my deepest gratitude goes to my beloved family, for their unlimited support and carrying both on my academic and personal life all the way until now specially my father and mother.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Monitoring and evaluation is an orderly process, which measures the development of ongoing tasks and identifies limitations for prompt remedial action (WHO, 2008). Mainly, the aim of M&E is to propose trustworthy choices grounded on data that can be collected to aid in decision making. It permits ongoing learning and feedback during all the stages of project development such as designing, planning and proper implementation. It also includes critically assessing the results achieved and relating them to the initial objectives set out for the project in question (Wagner et al., 2005).

Monitoring and Evaluation is becoming an area of growing importance for many organizations in banking sector. It allows those involved in banking activities to learn from experience, to achieve better results and to be more accountable. There is increased interest in M&E among the commercial banks due to a stronger focus on the results produced by interventions. M&E processes allow those involved to assess the impact of a particular activity, determine how it could be done better and show what action is being taken by different stakeholders. This should translate into a more effective and transparent way of working (World Bank, 2002). In the absence of effective monitoring and evaluation, it would be difficult to know whether the intended results are being achieved as planned, what corrective action may be needed to ensure delivery of the intended results, and whether initiatives are making positive contributions towards human development (World Bank, 2011).

Monitoring and evaluation systems is a set of components which are related to each other within a structure and serve a common purpose of tracking the implementation and results of a project (SAMDI, 2007). An M&E system is made up of four interlinked sections, which are: setting up of the M&E systems, implementation of the M&E systems, involvement of the project stakeholders, and communication of the M&E results (Guijt et al., 2002). Theoretically, „an ideal M&E system should be independent enough to be externally credible and socially legitimate, but not so independent to lose its relevance“ (Briceno, 2010). It should therefore be able to influence policy making from recommendations of lessons learned as well as be sustainable overtime for it to be responsive to the needs of the stakeholders.

Globally, Monitoring and evaluation systems have been in existence since the ancient times (Kusek and Rist, 2004), however today, the requirements for M&E systems as a management tool to show performance has grown with demand by stakeholders for accountability and transparency through the application of the monitoring and evaluation by the NGOs and other institutions including the government. Development banks and bilateral aid agencies also regularly apply M&E to measure development effectiveness as well as demonstrate transparency (Briceno, 2010).

The rapid growth of ICT has made some bank related tasks more cost effective and generally efficient, investments in technology are using up a big portion of bank's resources. Currently, other than employee costs, technology is typically one of the main items in banks budgets, and also the fastest rising one (Aduda and Kingoo, 2012). Application of e-banking necessitates investment in information technology by service providers taking the internet banking route. For such investment to do well, customers need to appreciate its worth, or show their reluctance to utilize it well (Speece, 2004).

The fact that by using better technology and systems, banks can garner more customers, retain existing ones and channel more of the customers' business to its counters has forced business development departments to now look at IT as an effective marketing tool. On the operational side, the power of IT in reducing transaction costs, providing better customer service and offering an over-all customer convenience has basically made this a win-win situation for both banks as well as its clients. These have become the main drivers for getting IT the importance it has got in banks in recent times.

1.2. Back ground of the company

The commercial Bank of Ethiopia which is striving to embark into a world class bank is rendering state of the art and reliable services to its millions of customers both locally and abroad. The business strategies of the bank focus on the stakeholder it serves. The state owned commercial bank of Ethiopia, still dominates the market in terms of assets, deposits, and capital and customer base and branch network, despite the growing completion from private banks over the last 20 years. This makes it one of the most reliable and strong commercial bank, both in the country and region. Its strong capital base, above 75 years of rich experience in the market and having more than 1300 branch networks throughout the

country enabled the bank to accommodate large demands for banking services, both from private and public companies, and to increase its overall revenue on a sustainable basis.

The bank engages in different projects to meet its vision (to be a world class commercial bank by 2025). Projects on software and buildings are among the projects undertaken under the owner of commercial bank of Ethiopia. These projects to be effective should be monitored and evaluated. Among those projects, enterprise resource planning project, customer relationship management system, call center project, agent banking project learning management system project, risk management project and upgrade data center project are among the various IT projects in CBE.

As it is mentioned by Ermias H. in 2007, Monitoring is management's continuous examination of progress achieved during the implementation of an undertaking to track compliance with the plan and to take necessary decisions to improve performance and Evaluation is a systematic and impartial assessment of a project, program, strategy, policy, institutional performance, etc. it focuses on expected and achieved accomplishments, examining the results chain and processes, in order to understand achievements and the lack thereof.

Commercial bank of Ethiopia as the largest commercial bank in Ethiopia, have many projects related to information technology. Furthermore, the bank is working to be world class commercial bank by the year 2025. Having this vision the bank is applying many projects on technologies and construction buildings. Since the deadline for its vision is approaching projects should be on budget and schedule. Effective monitoring and evaluation is one of the important tools to maintain the project on track.

1.3.Statement of the Problem

As the banking industry expands, the competition among various banks become intensive; as a result, the implementation of innovative banking services and the adoption of technological systems is mandatory for their sustainability. Despite the growth of technological adoption worldwide, Ethiopian banks were to conduct most of their banking transactions using traditional methods. However, the financial services industry has recently been opened to historic transformation that can be called e-development or e-banking services such as SWIFT system, Internet banking, mobile banking, phone banking,

ATM, and others which facilitate customers demand, liberalization and consolidation of financial markets.

Monitoring and evaluation, although very essential in improving performance, is also very complex, multidisciplinary and skill intensive processes (Engela and Ajam, 2010). Building a resulted based M&E system is a requirement to improving performance to check impact and benefits brought by the projects. Hence there is a need for establishment of rules for constructing minimum parameters for monitoring and evaluation for projects that can be used to track progress and effectiveness (Jha et al., 2010).

E-banking has distinctive characteristics that may escalate organization's total risk portfolio and the levels of risk typical with traditional banks, predominantly operational, reputation, legal, and strategic risks (Nicoleta, 2009). Various factors including customer service, demographic considerations and competitive costs encourage banks to appraise their existing technology and evaluate their e-banking and e-commerce methods. The main undertaking for banks is to maximize the benefits of e-banking technology and ensure that they are higher than the risks and cost associated with carrying out business on the internet (Internet Banking Comptroller's Handbook, 1999). Thus, in absence of proper monitoring and evaluation of these projects it is challenging to pinpoint if indeed the envisioned outcomes are being achieved as per plan, the level of remedial action needed to guarantee completion, and determine if the outcomes are creating a positive influence (UNDP, 2009).

On the other hand, monitoring and evaluation assists organizations in extracting pertinent data from the historical and current undertakings such that they may be useful as the foundation for programmatic future planning, reorientation and adjustment (UNDP 2009). Recently, growth in the study of monitoring and evaluation has been rapid, moving away from conventional methods to result-based methods. However, monitor and evaluation programs have developed into a large business in the development industry, however, are less established in the profit-making sector like banks.

Worldwide projects have experienced numerous barriers in their implementation. As a solution, project monitoring and evaluation are key elements in improving project performance. These barriers are primarily influenced by the kinds of measures being used and the minimum amount of attention given to the practice. The effectiveness and success of every monitoring plan depend largely on the capacity of the institution or individual

mandated to undertake the activity. Implementation of project monitoring and evaluation is therefore challenged with weak institutional capacity.

Commercial banks of Ethiopia play an important role in the country's economic growth, as it continuously channel funds from depositors to investors and therefore for a sustainable intermediation function banks need to be profitable. It is therefore important that banks effective implementation and progress in improving its profitability be properly monitored and supervised. In most cases, the element of effectiveness of M&E systems is not evidently emphasized. There has been growing pressure to improving projects performance and show results in many organizations. M&E is leaning towards results hence emergence of results based M&E.

However, several reviews and studies carried out indicate that serious gaps exist in the M&E systems. These are; (1) Too much emphasis by commercial banks on financial reporting; (2) Identified risk factors which are inadequately monitored; (3) Monitoring and evaluation not done on a timely manner; (4) Performance indicators not used in M&E reports; (5) Capacity limitation in terms of skills and number of M&E professionals; (4) M&E reports not disseminated on time; (5) Inadequate incentive mechanism system for monitoring and evaluating activities (ADB, 2016).

Therefore, the M&E system in the bank need of attention and improvement, hence the background against which the study was carried out, that is, to examine the factors influencing of M&E systems in commercial bank of Ethiopia. Many studies have been undertaken on M&E frameworks, but most of these focus on the content of the M&E systems such as the M&E plan (framework) and individual tools, rather than on the whole M&E system.

The four independent variables that were discussed in this study, namely; budgetary allocation for M&E, stakeholders' participation in M&E, technical expertise of the staffs in M&E and organization's leadership had a high propensity of influencing effectiveness of monitoring and evaluation. The study aimed at determining the extent to which these factors influence the effectiveness of M&E of IT projects among commercial banks in Ethiopia.

1.4 Research questions

- I. What is the relationship between competences of staff handling M&E and effectiveness of M&E of IT projects by commercial bank Ethiopia?
- II. What is relationship between budgetary allocation influence effective M&E of IT projects by commercial bank Ethiopia?
- III. What is the relationship between stakeholder participation influence effective M&E of IT projects by commercial bank Ethiopia?
- IV. What is the relationship between Organizational Leadership influence effective Monitoring and Evaluation of IT projects by commercial bank Ethiopia?

1.5 General objective of the study

The general objective of this study was to investigate factor influence effectiveness monitoring and evaluation of IT projects among commercial banks in Ethiopia.

1.5.1 Specific objectives of the study

- I. To assess the influence of competence of staff handling M&E on effective M&E of IT projects by commercial bank of Ethiopia.
- II. To identify the influence of budgetary allocation on effective M&E of IT projects by commercial bank of Ethiopia.
- III. To assess the influence of stakeholder participation on effective M&E IT projects by commercial bank of Ethiopia.
- IV. To identify the influence of Organizational Leadership on effective M&E IT projects by commercial bank of Ethiopia.

1.6 Scope of the Study

The study was focus only on commercial bank of Ethiopia information technology projects. The study was target 62 personnel who are working in commercial bank of Ethiopia project office and directly or indirectly involved in the implementation of such projects. The study was also limit itself to the factors influencing effective monitoring and evaluation of commercial bank of Ethiopia IT projects such as automated teller machine, electronic cash transfer, mobile banking and internet banking projects. The variables under study were include; competence of staff handling monitoring and evaluation, stakeholder participation and budgetary allocation and organizational leadership.

1.7 Significance of the Study

This study might particularly help banks and project managers in better understanding of the M&E systems and how to improve them to be able to better monitor and evaluate and also meet the expectations of the stakeholders, as well as provide valuable information for future interventions. It may inform policies towards setting up of monitoring and evaluation systems, and show how M&E can be used as a powerful management tool to improve the way organizations and stakeholders can achieve greater accountability and transparency.

Findings may be used for organizational learning and improve projects planning, implementation, and management. It might enable the project managers and other staff to understand and appreciate the ever-changing environment. The result of this study may be adopted by any bank realistically to plan and formulate its projects policies that are geared to improving the overall performance. It may further give a deeper insight to those who are charged with M & E to effectively implement the required processes.

The academicians, policy planners, and researchers might also benefit by getting new areas of study and improvements. Overall, the study recommendations might improve effectiveness of monitoring and evaluation in projects and provide comprehensive guidance on how to set up and implement a monitoring and evaluation system by avoiding the pitfalls that may lead to its failure. The study also identified areas related to M&E field that might require more research, hence a basis for further research.

1.8 Limitations of the study

The credibility of the findings depends on the accuracy of the answers from the respondents. Therefore, there might be a limitation on the accuracy of the questionnaires responses and other query information. At the same time, since the survey instrument quantitatively measures their search perceptions regarding project factors related to effectiveness of monitoring and evaluation; degree of subjectivity was inherent to the data collected. Because of this, systematic variance in the survey population due to either known or unknown influences could cause bias.

1.9 Definition of significant terms

Effectiveness - The measure of the degree to which the formally stated project objectives have been or can be achieved.

Effectiveness of Monitoring and Evaluation System: The measure or the ability of M&E system to meet its intended or set objectives. It is the ability of the system to produce expected and relevant findings or results.

Monitoring: High-quality monitoring of information encourages timely decision-making, ensures project accountability, and provides a robust foundation for evaluation and learning. It is through the continuous monitoring of project performance that you have an opportunity to learn about what is working well and what challenges are arising. Job descriptions of staff involved in managing and implementing projects should include assigned M&E responsibilities.

Evaluation: Depending on its specific purpose, a high-quality evaluation provides information that enables you to improve an ongoing project, judge the overall merits of a project, or generate knowledge about what works and what doesn't to influence an organization's strategy and policy.

Monitoring –refers to the day-to –day systematic collection and occasional analysis of data during the course of project implementation.

Evaluation – is the analysis of the effectiveness and direction of project activity/output or outcome; it involves making a judgment and comparison between the project initial plan /objective and the actual work done.

Budgetary allocation: The process where organizations project the level of expenditure it might incur and set aside funds to ensure that the expenditures are meet when due.

Stakeholders' participation: The process where organizations involve people who may be affected by decisions it makes or can influence the implementation of its projects.

Technical skill: Knowledge and proficiency in certain specialized field needed to accomplish specific task

Organization leadership: These are individuals tasked with making key decisions and policies in an organization. These include directors, senior managers, departmental managers, line managers etc.

Information technology Systems: of hardware and/or software that capture, process, exchange, store, and/or present information, using electrical, magnetic, and/or electromagnetic energy

M&E System Well-organized, interdependent activities or components and clear procedures that contribute to a well-defined purpose of M&E within a project. An M&E system integrates more formal, data-oriented tasks (for example, collecting information on logical planning framework indicators) with informal monitoring and communication. It ensures that people responsible for M&E can do their jobs.

Stakeholders Individuals, groups, and institutions important to, or who have influence over, the success of the project.

Theory of Change An articulation of how a proposed project strategy will lead to the achievement of the project's Strategic Objectives.

1.10 Organization of the Study

Chapter one outlines the background of the study and the statement of the problem. The chapter further outlines the objectives and research questions that guided the study then significance of the study. Lastly, the chapter states the limitations, delimitations and assumptions of the study.

Chapter two of the study was to examine into details the existing body of knowledge to create logical association between the identified variables and establish the probable gaps in knowledge. The chapter as well presented the theoretical background of the study. Lastly, a conceptual framework was illustrated diagrammatically to show the relationship between the independent variable and the dependent variables.

Chapter three demonstrated the research design, the method of data analysis that was adopted to analyze and interpret information collected from respondents. The validity and reliability of the research instruments was discussed as well.

Chapter four was on the analysis of the data collected from the field. The analyzed data was presented in tables that show the varying trends of responses. Further the chapter had interpretation of the findings in write up to explain the tables.

Chapter five being the final chapter for the study, it described the summaries of findings and again in tabular form with regard to the objectives of the study. Main findings were discussed at length with linkages to existing knowledge. The chapter ended with a conclusion of the study and suggested possible recommendation of the study problem.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review discusses previous studies relevant to the researcher's topic of study. The study within this review of literature focuses on objectives set out in chapter one. By exploring these areas of literature, a significant contribution is made to this research.

2.2 Theoretical Review

Theoretical review is a collection of existing theories and models from literature which underpin conceptual framework and subsequently inform the problem statement (Mugenda & Mugenda, 2008). Theories are analytical tools for understanding, explaining, and making predictions about a given subject matter. A theory is a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena (Hawking, 2003).

Theories are important in predicting, explaining and mastering phenomenon (behaviour of systems, events, activities of employees and time). Theoretical frameworks are explanations about a phenomenon and according to Marriam (2001) theoretical framework provides the researcher the lens to view the world. A theory is an accepted fact that attempt to provide a plausible or rational explanation of cause- and-effect (causal) relationship among a group of observed phenomenon (Kothari, 2004). According to Evenett and Hoekman, (2008), theories can be classified according to their scope, function, structure and levels. The relationship depicted by these theories and models is therefore reflected in this section of the literature concerning factors influencing monitoring and evaluation of IT projects.

2.2.1 Rogers Innovation Diffusion Theory

(Rogers, 1983) considers the process of innovation diffusion as one which is dictated by uncertainty reduction behavior amongst potential adopters during the introduction of technological innovations. Despite innovations offering its adopters new ways of tackling day-to-day problems, the uncertainty as to whether the new ways will be superior to existing ones presents a considerable obstacle to the adoption process. (Niederman,

Brancheau and Wetherbe, 1990) assert that to counter this uncertainty, potential adopters are motivated to seek additional information, particularly from their workplace peers. According to Rogers (1983), suggests key characteristics of innovation that consistently influence the adoption of new technologies: complexity, which is the degree to which an innovation is perceived as being complicated to use; observability, which is the degree to which the results of an innovation are observable to others; demonstrability, which is tangibility of results of adopting an innovation relative advantage; compatibility, which is the extent to which an innovation is perceived to fit together with potential adopters' habits and practices; and trial ability, which is the degree to which innovation may be sufficiently tested prior to adoption.

Moreover, Moore & Benbasat, (1991) add image and visibility to key features of innovation that consistently influence the adoption of new technologies. Image refers to the self-perception that adopting an innovation could result in enhanced social status for individual amongst his/her peers. Visibility on the other hand, refers to the degree to which prospective users see an innovation as being visible in the adoption context.

Several reasons exist as to why organizations may choose to invest in monitoring and evaluation (M&E). These reasons include quicker response on current project, better financial control, better communications, and flexibility to satisfy beneficiaries, possibility of sharing common information, easier to use lots of data and possibility of telecommunicating (Olalusi & Jesuloluwa, 2013). Nonetheless, these benefits derived from M&E can be undermined by user reluctance to accept and use the new technologies at their disposal (Davis, 1989). However, M&E promises can only be realized if the intended users of technology utilize it in manner that will contribute both to the strategic and operational objectives of the organization. One recent finding, for example, is that the organizations with more slack resources and higher levels of managerial ownership innovate less when organization performance declines (Latham, Braun 2018). Another finding is that the network density of organization's partners strengthens the influence of technological diversity, which in turn increases the firm's innovation performance (Phelps 2015). The theory of innovation diffusion instigated the first research objective of the study that is to establish the effect of staff technical capacity on effectiveness of monitoring and evaluation of IT projects by commercial bank of Ethiopia.

2.2.2 Stakeholder Theory

A stakeholder is “any group or individual who can affect or is affected by the achievement of an organization’s objectives” (Freeman, 1984). It is well known that companies produce externalities that affect different stakeholders. These externalities often cause stakeholders to increase pressures on companies to reduce negative impacts and increase positive ones. The theory suggests that a firm should pursue strategies that consider the parties affected by decisions while trying to minimize damage or maximize benefits to the representative groups (Freeman 1984). This calls for governments to think beyond financial performance but have obligations towards society and its constituent groups, (Jones, 1980). In this interplay monitoring and evaluation go beyond the traditional fiduciary duties to shareholder and extend to the customers, employees, suppliers and neighboring communities (Jones, 1980). Clarkson (1995) perceived the firm as a system of stakeholders considered as a legal entity which operates for the benefit of the society. He held that the purpose of the firm was to create wealth or value to the equity holders and stakeholders.

The monitoring and evaluation in particular has to meet the different needs of stakeholders, particularly when development projects are introduced (de Brito et al., 2008). According to Boyne (2002), public projects are owned collectively by members of political communities and this comes with it the pressure to meet the interest of all stakeholders. Governments usually create environmental regulators as governmental agencies that have the authority to formulate project requirements and inspect the projects compliance to those requirements and those that fail to comply risk incurring non-compliance penalties (Henriques & Sadorsky, 1996) and having their operating permits recalled and the operations closed. In aggregate, the above views point to the fact that there is a positive relationship between stakeholder pressures and the effectiveness of monitoring and evaluation. The above theory relates to stakeholder involvement on monitoring and evaluation on performance of water projects.

2.2.3 Theory of constraints

According to Goldratt & Cox (1986) formulated this theory in production environment explaining that the throughput rate of a system is determined by bottleneck. This introduced theory of constraints as a means of managing a factory production process with an aim of maximizing throughput rate. Maximizing throughput rate would in turn maximize profit,

cash flow and return on investment. In the multi-project environment, theory of constraints is applied as critical chain methodology using the same principle of a capacity constrained resource. This critical chain methodology is used by large companies such as Hitachi (Umble Umble&Murakami, 2006), ABB, Boeing, Hewlett Packard and others (Stratton, 2011) for project management. Even a small company can implement the full Critical Chain as the software is available at USD250 (Stratton, 2011).

Monitoring and evaluation was shown to be an approach with significant differences to traditional critical path scheduling (Steyn, 2001) (Rand, 2000) (Lechler, Ronen &Stohr, 2005). In a large multi-project environment, like construction industry, (Jyh-Bin Yang, 2007) pointed out that a construction industry would benefit greatly from critical allocation of budget scheduling. The construction industry uses multiple costly resources in the context of multiple projects executed by a single company. He pointed out that there are definite benefits and did so from a theoretical basis. Case studies exist for large companies such as Impala Platinum (Philis&Gumede, 2011) and complex project such as refurbishment of C-5 aircraft (Best, 2006) but literature is sparse for urban development projects. The above theory relates to the budgetary allocation on monitoring and evaluation on performance water projects.

2.2.4 Financial Literacy Theory

Financial literacy theory argues that the behavior of people with a high level of financial literacy might depend on the prevalence of two thinking styles according to dual-process theories: intuition and cognition. Dual-process theories embrace the idea that decisions can be driven by both intuitive and cognitive process. Dual process theories have been applied to several fields, including reasoning and social cognition (Evans 2008). Financial literacy covers the combination of investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (Atkinson and Messy, 2005).

Financial literacy empowers investors by educating them to acquire relevant knowledge and skills in financial management on projects. Financial knowledge helps to overcome most difficulties in advanced projects. Financial literacy allows the investors to encounter difficult financial times, through strategies that mitigate risk such as accumulating savings,

diversifying assets, and purchasing insurance for the projects. More importantly, financial literacy enhances decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. Financial literacy leads to more effective use of financial products and services, greater control of one's financial future and reduced vulnerability to overzealous retailers.

Financially literate investors are able to create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Investors are able to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions (Miller et al 2009). Greenspan (2002) argues that financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions. Proper application of that knowledge helps investors to meet their financial obligations through wise planning, and resource allocation so as to derive maximum utility for the projects. The theory relates to budgetary allocation on monitoring and evaluation on performance of IT projects on this study.

2.2.5 Human Capital Theory

From an organizational perspective, the human capital theory hypothesizes that in a perfectly operating labor market, organizational productivity increases as individuals become more highly trained. The overall link between training and development to productivity at the workplace is based on a concept referred to as factor pricing, Maglen (2008). According to Livingstone (1999), human capital theorists insist on the importance of investment in education and imparting of the value of the worker. The theory assumes that organization specific training, such as in the events of changes, is likely to increase the organization long term productivity results on their training investment. The employees are more likely to have a better understanding of the structures resulting from the change and will use them appropriately to ensure productivity to the project Bosworth, Wilson & Assefa (1993). Hence, Maglen (2008) asserts that this leads to employees' satisfaction and will also influence the level of employee engagement thus project performance.

A proper investment in training and development by an organization on its employees increases their understanding of their duties, tasks and obligations. Training also creates a conducive environment for cooperation and collaboration within employees in performing their work. This based on the human capital theory, results in both individual and firm-wide productivity Juan (2010). The human capital theory proposes that sustainable competitive advantage is attained when an organization has a human resource pool that cannot be imitated or substituted by its competitors. According to Ngugi(2013), human capital theory emphasizes the value addition that people are assets and emphasizes investment in people generate worthwhile returns for competition key among them in performance, productivity, flexible and capacity to innovate. The above theory relates to competence of staff in handling M&E on effectiveness monitoring and evaluation of IT projects.

2.3 Empirical Review

This section reviews related literature as documented by other scholars. The review is done based on the study objectives.

2.3.1 Concept of Effectiveness of Monitoring and Evaluation System for Projects

Monitoring and evaluation are thinly distinct elements within the project management cycle but are highly dependent and mutually of significant importance to project sustainability (UNDP, 2017). Monitoring is the process through which the essential aspects of project implementation such as reporting, usage of funds, record keeping and review of the project outcomes are routinely tracked with an aim of ensuring the project is being implemented as per the plan (Mackay, (2007). Monitoring is undertaken on a continuous base to act as an internal driver of efficiency within the organization's project implementation processes and its main agenda is to develop a control mechanism for projects (Crawford and Bryce, 2013). Evaluation is a definite and systematic approach geared towards reviewing an ongoing project to ensure that it meets the goals or objectives that were fundamental to its undertaking (Uitto, 2014). Monitoring and evaluation should offer comprehensive and relevant data that will support decision making (Jody and Ray, 2004). Project evaluation serves various purposes; first, to inform decisions for project improvement by providing relevant information for decision making concerning setting

priorities, guiding resource allocation, facilitating modification and refinement of project structures and activities and signaling need for additional personnel (Mulwa, 2008). Secondly, evaluation provides a process of learning. By learning from the past, one is able to improve the future. Further, evaluation helps project managers to develop new skills, open up to the capacity of constructive self-criticism, to objectivity and to improve on future planning as a result.

Evaluation creates future benchmarks to guide evaluations of other projects. It also helps in creating a knowledge bank for management which is an ideal trend in contemporary world where organizations are leaning towards knowledge management in project management (Calder, 2013). Lastly through evaluations, project managers are able to access how projects fared in terms of meeting the budgetary limits as well as in terms of efficiency (Spaulding, 2014).

A monitoring and evaluation system is a component designed to screen, track and make comparison of the project outcomes against the stated or planned targets (SAMDI, 2017). It is comprehensive undertaking that offers guidance in the screening and tracking of an ongoing project, recording data and systematically evaluating the data for comparison purposes in line with the project's set goals and objectives (Kerzner, 2013). M&E system is an integral system of reflection and communication supporting project implementation that should be planned for and managed throughout a project's life (Nyonje, Kyalo and Mulwa, 2015).

Key aspects of monitoring and evaluation are the setting up of the system, implementing the system, involving all stakeholders and communicating the results of the monitoring and evaluation process. A monitoring and evaluation system should be as relevant as possible to the organization to ensure its reliability and independence (Gaarder&Briceño, 2010). An effective & E system should be able to offer conclusive information that can effectively be utilized towards better project success. Through the system, any stakeholder should be able to identify the potential benefits of the project, ways of enhancing screening and tracking of the project as well as offer an outline of the successes, challenges and opportunities for future projects undertakings (Briceno, 2010).

In order to foster the support of the employees, an effective monitoring and evaluation system should seek to enhance communication and interaction among the personnel which

will help to build up teamwork within the project. Similarly, the involvement of the project stakeholders should not be downplayed as these are the people who own and are directly affected by the project successes and impacts (Blackstock, Kelly, & Horsey, 2017).

Effectiveness of the M&E system focuses on expected and achieved accomplishments, processes, examining the results chain, contextual factors and causality, in order to understand achievements or the lack of achievement. Objectives of a development project should be consistent with the requirements of beneficiaries and organization's strategies, and also the extent to which they are responsive to the organization's corporate plan and human development priorities such as empowerment and gender equality. Development initiatives and their intended outputs and outcomes should also be consistent with national and local policies and priorities (Kusek and Rist, 2014). Monitoring and evaluation activities enable the stakeholders determine whether the body undertaking project implementation has adequate legal and technical mandate to implement projects on their behalf (Kimenyi, 2015). Post completion assessment is done to correlate between plans and real impact of the project. Evaluation looks at what the project managers planned, their accomplishments so far and how they achieved them. This can be done at the early stages of the project life or at the end of the implementation (Mulwa, 2017).

Resources allocated to projects should be used economically since they are limited. When running a project and are concerned about its reliability or about going to scale, then it is very important to get the efficiency element right. Use of monitoring and evaluation system is therefore a basis for evaluating the effectiveness of project delivery processes (Naoum, 1991 and Ling & Chan, 2012). They describe monitoring and evaluation system as the assessment of project success and use objective factors, including time, cost and quality objectives, and subjective factors, which are concerned with the assessment of stakeholders' satisfaction.

Successful project managers diligently and regularly review progress against the schedule, budget and quality elements of the project. Regular reviews allow problems to be identified early so that corrective action can be taken to keep the project on track. The reviews can provide clear and adequate provision for monitoring and evaluation events. A monitoring and evaluation budget should be delineated within the overall project costing to give the monitoring and evaluation function the due recognition it plays in project running (Mackay, 2017).

Efficiency of project planning improves overall monitoring and evaluation of projects, management and implementation with the sole aim of having an impact on the socio-political and economic status of the community. Project information should be obtained in an orderly and sequential manner as the project is on-going. Monitoring is done in accordance to the prior set targets and its activities are predetermined during the planning phase. These activities ensure that everything is on track and will enable the project team detect early enough when deviations occur. If monitoring is conducted as expected, it is a very important management tool that acts as a basis for project evaluation since through it, sufficiency and adequacy of available resources is determined. Basically, project monitoring involves a systematic and continuous assessment of how the project is being implemented against initially set plans, activities, and other deliverables (Mulwa,&Nguluu, 2013).

2.3.2 Stakeholder's participation and Effectiveness of a Monitoring and Evaluation

Stakeholder participation is described as a social process in which groups with shared needs living in a “certain geographical area” actively identify needs, make decisions, and set up mechanisms to achieve solutions/goals (Adesina, 2010). However, heterogeneous groups and individuals can become a stakeholder and collectively take action to attain shared and specific goals. To enhance stakeholder involvement in monitoring and evaluation can involve in tendering and supplies, several measures are put in place to facilitate smooth and transparent implementation of projects. These measures include: registration of contractors/suppliers and artisans, provision of information on tendering and supplies guidelines, and formation of a subcommittee for vetting and recommending suppliers (Achoka, 2013). This is also to ensure that the development project money remains to be utilized to the satisfaction of the stakeholders.

Stakeholders may be involved to use and coordinate their resources of personnel, time, money, goods, and services in a broad range of structures and strategies. Additionally, people- and community-based organizations often participate at different levels in implementation of urban development projects, thus can provide useful information for M&E of the project funds. They may have less access to resources than do government institutions and agencies and may view themselves as tokens that make the health-

promotion effort look more credible (Otieno, 2007). It is best to involve key stakeholders such as volunteers, community members, local authorities, partners and donors, as much as possible in the evaluation process since their participation helps to ensure different perspectives are considered so that the evaluation findings can be owned and act as a lesson [Gray & Larson, 2008].

Lack of stakeholders' participation project activities lead to unclear project activities. These projects often lack support from the key and primary stakeholders and beneficiaries. Stakeholder involvement makes everyone feel part and parcel of the project, they own the project and take all necessary steps to safeguard the required standards (Kanua, 2009).

2.3.3 Budgetary allocations to M&E and Effectiveness of a Monitoring and Evaluation

The project budget should provide a clear and adequate provision for monitoring and evaluation activities. The M&E budgetary allocation should clearly be delineated from the main project budget so that M&E unit is accorded some autonomy in utilization of its resources (Gyorkos, 2003). M&E budget should be about 5 to 10 percent of total projects' budget which will give the M&E unit adequate resources to ensure its effectiveness (Kelly and Magongo, 2004). However, according to Gitonga (2012), there is no specific percentage to be allocated for M&E but normally varies between 2.5% and 10% depending with the overall budget and the project. Gitonga further states that the more participatory M&E is, the higher its budget. Frankel and Gage (2007) concur with Gitonga by stating that there is no set formula for proportion of project's budget to be allocated to M&E. Most donors and organizations recommend between 3 to 10 percent of the project's budget. The general rule of thumb is that the M&E budget should not be too little as to affect the accuracy and credibility of results and neither should it consume much resource to the extent of interfering with other projects activities. M&E activities and their cost should be estimated and properly be planned for to ensure funds needed are. This should be done at the project design stage so that funds are allocated specifically to M&E and are available to implement M&E tasks (Chaplowe, 2008). Resources allocation should be undertaken within organizations towards their monitoring and evaluation system in controlled manner to ensure that this does not pose a challenge to the implementation of their strategy (Mugambi and Kanda, 2013). Lack of adequate resources is an impediment to the success of the system and process and organizations should ensure they have set aside sufficient funds to support monitoring and evaluation activities (Gwadoya, 2011). Oluoch (2012) also

observes that lack of sufficient funds hinders performance of the monitoring and evaluation systems.

In some organizations, there are no funds specifically allocated for M&E despite funds for the projects. This has led to poor performance of the M&E system leading to poor performance and failure of projects (Chaplowe, 2008). In a study by Mushori (2015) on determinants of effective M&E of county government projects, he noted that M&E is usually budgeted for but there is no specific allocation for its activities. Barasa (2014) in his study observed that inclusion of M&E budget in the strategic plan is crucial and some projects had stalled or performed poorly due to underfunding. He also notes that a budget should be all-inclusive taking into account all cost and expenses likely to be incurred.

Financial availability is key to implement and operate a strong and effective monitoring and evaluation system. IFAD (2002) observes that most developing countries are being faced with the challenge of implementing a sound monitoring and evaluation due to lack of control on their financial resources. Therefore, the donors need to put more emphasis on the establishment of sound monitoring and evaluation systems through factoring this in the funding (World Bank, 2002). This is the only way to ensure that projects achieve set goals and have lasting and sustainable impacts on the beneficiaries.

2.3.4 Organizational Leadership and Effectiveness of a Monitoring and Evaluation

Organizational leadership is increasingly being regarded as a salient theme on the effectiveness of monitoring and evaluation. The organization's leaders should support and be involved in the M&E activities for the process to be effective and successful. Project managers should be involved directly but the organization senior management involvement should be indirect. In fact, they should carry out some monitoring activities as part of their overall work and from time to time monitor and evaluate their operations. Management involvement enhances the credibility of the M&E process and ensures increased acceptance of the findings (Khan, 2003).

The management plays a big role in allocation of resources, designing the system, communication of results and making key decisions which affect projects and monitoring and evaluation activities. Their commitment to the implementation of monitoring and evaluation system is paramount. It is through this that they will ensure that adequate funds

and other resources are allocated to M&E. If there is no goodwill and support from organization's management, then the M&E system will perform poorly leading to ineffectiveness (World Bank,2011).

The organization's leader's involvement in implementation and throughout the project or program cycle ensures ownership, learning and sustainability of results and creates effective communication, mobilization of resources to fill gaps. This also ensures use of and lessons learnt in future interventions and in decision making (Chaplowe, 2008). An effective M&E system should be able to provide information for short and long term decisions and planning (CARE 2012). Results from M&E should be used to improve the project strategy and operations. Project progress and problems must be shared with all relevant stakeholders to enable learn and find solutions together. In her study, Wanjiru (2013) observed that the role of leaders in M&E is very important in ensuring the process is effective and successful. The management should utilize information from M&E in decision making. They should act promptly to project demands and improvements. Reports to funding agencies need to balance the success and mistakes, and above all, be analytical and action-oriented.

2.3.5 Competences of Staff handling Monitoring and Evaluation

The technical capacity of the organization in conducting evaluations, the value and participation of its human resources in the policymaking process, and their motivation to impact decisions, can be huge determinants of how the evaluation's lessons are produced, communicated and perceived (Vanessa & Gala, 2011). Building an adequate supply of human resource capacity is critical for the sustainability of the M&E system and generally is an ongoing issue. It needs to be recognized that growing evaluators requires far more technically oriented M&E training and development than can usually be obtained with one or two workshops. Both formal training and on-the-job experience are important in developing evaluators. Two key competencies for evaluators are cognitive capacity and communication skills (Gladys, Katia, Lycia & Helena, 2010).

Program and senior managers are important audiences for less technical training on M&E. They need to have enough understanding to trust and use M&E information. This type of broad training/orientation is critically important in building a results culture within organizations. There are no quick fixes in building an M&E system investment in training

and systems development is long term. Various options for training and development opportunities include the public sector, the private sector, universities, professional associations, job assignment, and mentoring programs (Gladys, et. al, 2010).

In introducing an M&E system, champions and advocates are needed to sustain the commitment needed over the long term. Identifying good practices and benchmarking help avoid the fatigue that typically accompanies any change process, as enthusiasm starts to wane over time. Evaluation professionals possess the necessary skill set to play a key role in providing functional advice and guidance to departmental/agency managers about the design and development of appropriate results-based performance monitoring systems. While managers should be responsible for performance measurement and monitoring per se, a recognized role for evaluators should be to provide such assistance and oversight on results measurement and monitoring (Gladys et.al. 2010).

Mukhererjee (1993) says that meeting capacity needs will be ensured by acquiring the right people, by hiring already trained people, training your staff, hiring external consultants for focused inputs and also ensure the capacity of good quality through removing disincentives and introducing incentives for learning, keeping track of staff performance through regular evaluation, striving for continuity of staff and finding highly qualified person to coordinate. Human resources on the project should be given clear job allocation and designation befitting their expertise, if they are inadequate then training for the requisite skills should be arranged. For projects with staff that are sent out in the field to carry out project activities on their own there is need for constant and intensive on-site support to the outfield staff (Ramesh, 2012 as cited in Musomba et.al, 2013). One of the larger aspects of developing employee's skills and abilities is the actual organizational focus on the employee to become better, either as a person or as a contributor to the organization. The attention by the organization coupled with increased expectations following the opportunity can lead to a self-fulfilling prophecy of enhanced output by the employee (Robinson & Pearce, 2004)

2.4 Chapter Summary

As the literature indicated, there were many studies conducted by different researchers. The study assessed Monitoring and evaluation systems and performance of projects in different parts of the world. Related studies in others countries globally and have been

analyzed and reveal that there exists a knowledge gap in Monitoring and evaluation system's. In conclusion, from the literature review done and a review of empirical studies that have been done, it shows that a lot of effort has been put in place to have a result-based and effective M&E systems. The empirical studies are indicative that there is need for Monitoring and Evaluation as a management tool for decision making. However, little has been done on area of assessment of Monitoring and evaluation systems of IT projects in the developing countries. Management influence on M&E is minimal, personnel training on monitoring and evaluation and stakeholder's involvement on M&E systems has not fully taken course on projects.

CHAPTER THREE

RESEARCH DESIGN & METHODOLOGY

3.1 Introduction

This chapter presents the research methodology used in the study. It specifically address the following: research design, target population, sampling size and sampling procedure, data collection instruments, validity and reliability of research instruments, data collection procedure, data analysis techniques and ethical considerations.

3.2 Research Design

The study adopts a descriptive research design in an attempt to answer the research problem. A descriptive survey research design allows for an in-depth analysis and understanding of a particular phenomenon as it exists in the present condition (Cooper and Schindler, 2008). In descriptive survey research design, objectives are predetermined allowing data collection relevant and sufficient to the study problem (Kothari, 2004).

3.3 Research Approach

Quantitative data collection method was used. By using quantitative data collection procedures, descriptive research design allowed a researcher to gather exhaustive information in a way that reduces cost of the data collection. In this study, cross sectional research design employed to enable respondents describe the state of affair and factors that influence the effectiveness of M&E Systems.

3.4 Target population

The study sought respondents from the project office in the banks' head office which comprises of project team derived from the Human Resource, Information Technology, Customer service, Finance and Credit Departments. There are 62 clerical employees under project office. Since the population is small, a census study adopted to the entire population of all the personnel working under project office

3.5 Validity of Research Instruments

Validity indicates the degree to which an instrument measures what it is supposed to measure while reliability of an instrument is when it gives consistent results (Kothari, 2004). Internal

validity will achieve by ensuring that questionnaire items are answering the research questions. The answers in some questions were to verify or clarify earlier given answers. The questions will phrase logically and sequentially in simple language. Before actual data collection, piloting of the questionnaire was carried out. The questionnaire was sent out to 6 respondents working under project office. A Cronbach alpha test was conducted to measure the internal consistency and reliability of the data collection instruments.

3.6 Data Analysis

After data collection, the filled-in and returned questionnaires was edited for completeness, coded and entries made into Statistical Package for Social Sciences (SPSS version 20). Coding is technical process where raw data are transformed into easily tabulated form by way of assigning symbols. This helps in condensing the responses into few categories for the purposes of data analysis. The dataset was then subject to verification process to verify if the captured data correlated with the data-capture into SPSS.

Structured questionnaire was used to collect data. The Structured questionnaire guided on how to answer questions to avoid ambiguity and for easier data analysis. The likert scale was used to measure the strength of respondents' feelings or attitude towards statements that was formulated on the variables and their dimensions. The variables were measured using ordinal types of measurements on the scale of 1-5, represented by strongly disagree, disagree, not sure, agree and strongly agree.

The Karl Pearson's coefficient of correlation was used to determine the direction and strength of the relationship between the variables. The Pearson's correlation coefficient, r , measures the strength of a linear regression between two variable (Gupta, 2004). The correlation coefficient, r , can range from +1 to -1. A value of 0 indicates there is no association between the two variables.

A positive correlation is represented by a value greater than 0. That is, as the value of one variable increases the value of the other also increases (Cooper & Schindler, 2001). A value that is less than 0 indicates a relationship that is negative, that is, as the value of one variable increases the value of the other decrease (Cooper & Schindler, 2001).

3.6.1 Measurement of variables

The likert scale was used to measure the strength of respondents' feelings or attitude towards statements that were formulated on the variables and their dimensions. The variables were measured using nominal and ordinal types of measurements on the scale of 1-5, represented by strongly disagree, disagree, neutral (not sure), agree and strongly agree.

Data was present in the form of frequency distribution tables, graphs and pie charts that facilitated description and explanation of the study findings.

3.8 Ethical Consideration

The researcher recognizes that the issue under study is sensitive. Therefore, there was need to protect the identity of the respondents as much as possible. This means that the questionnaires did not require the respondent's names or details that may reveal their identity. The researcher also adhered to strict confidentiality of the information gathered and assured the respondents that the research will meant for academic purposes only.

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter presented data analysis and interpretation of the research findings in three sections. All three sections presented study responses on the assessment of Monitoring and evaluation of information technology projects by commercial bank of Ethiopia. First, the research response rate was computed and Presented, secondly the demographic information of the respondents, then finally the findings on four key objectives areas of the study were presented and interpreted using frequency tables, pie charts and bar graphs.

4.1 Response Rate

The study targeted 62 respondents drawn from Commercial bank of Ethiopia project management office. Those respondents are working in CBE IT project in activities directly related to M & E or indirectly participate in monitoring and evaluation of projects. 56 of them responded and returned their questionnaires contributing to 90% response rate. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 70% is good while a response rate of 90% and over is excellent; therefore, this response rate was adequate for analysis and reporting.

Table 4.1 Response Rate

Questionnaires Administered	Questionnaires filled & returned	Percentage
62	56	90%

Source: Survey Data, 2019

4.2 Effectiveness of M&E

The respondents were required to rate the effectiveness of their M&E. Based on the findings, 41.1% of the respondents indicated that the M&E was effective; 37.5% indicated it was very effective; 5.4% indicated that the system was ineffective and 3.6% indicated that it was very ineffective. 12.5% of the respondents indicated that they did not know whether the M&E system was effective or not.

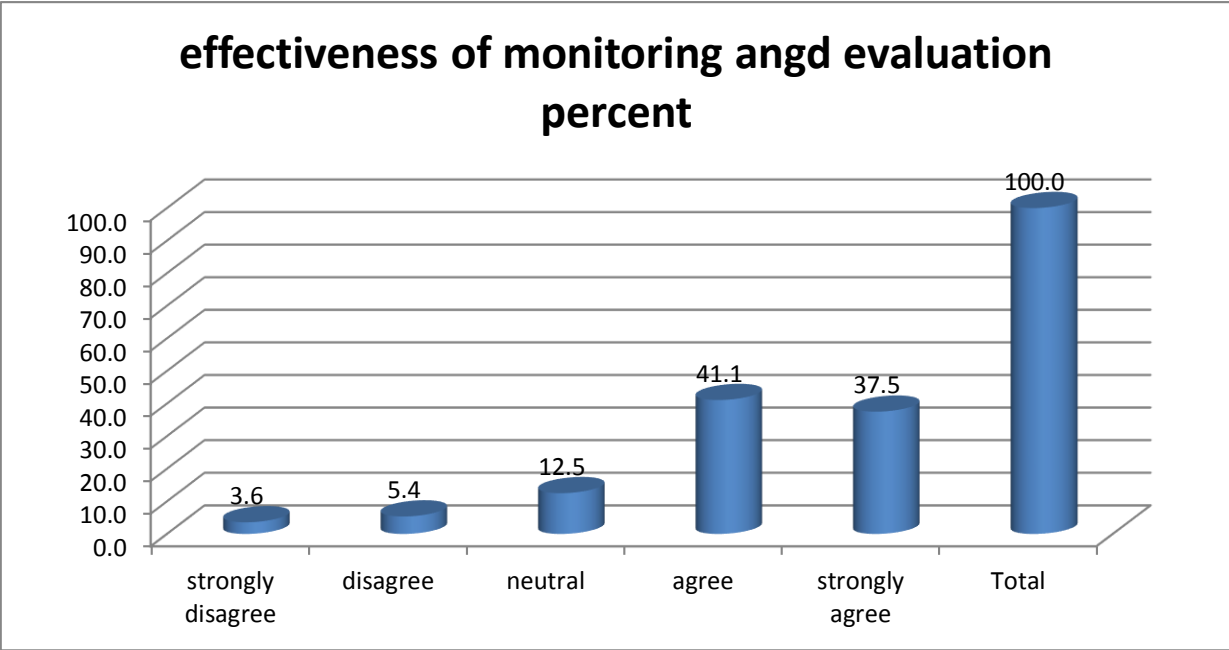


Figure 4.2: Effectiveness of M&E Source: Survey Data, 2019

The respondents were also requested to indicate the extent to which they agree or disagree with the following selected attributes concerning effectiveness of M&E System.

Table 4.3 Effectiveness of M&E

Descriptive Statistics

	N	Mean	Std. Deviation
Results and findings from M&E are relevant and useful	56	4.29	.594
The M&E activities are carried out within schedule	56	4.18	.716
The cost of M&E activities is always within the budget	56	4.02	.798
The M&E objectives are largely achieved	56	3.89	.779
Valid N (listwise)	56		

Source: Survey Data, 2019

The findings in the table 4.3 indicate that majority of the respondents agreed that results from M& E are relevant and useful, the M & E activities are carried out within schedule cost of M & E is always within the budget and that M&E resources are economically utilized with mean scores of 4.29, 4.18 and 4.02 respectively. Some respondents were not sure whether M & E objectives are largely achieved with a mean score of 3.89.

4.3 Competence of Staff handling the M&E

The respondents were requested to indicate the extent to which the competence staff handling M&E determines the effectiveness of monitoring and evaluation system for projects.

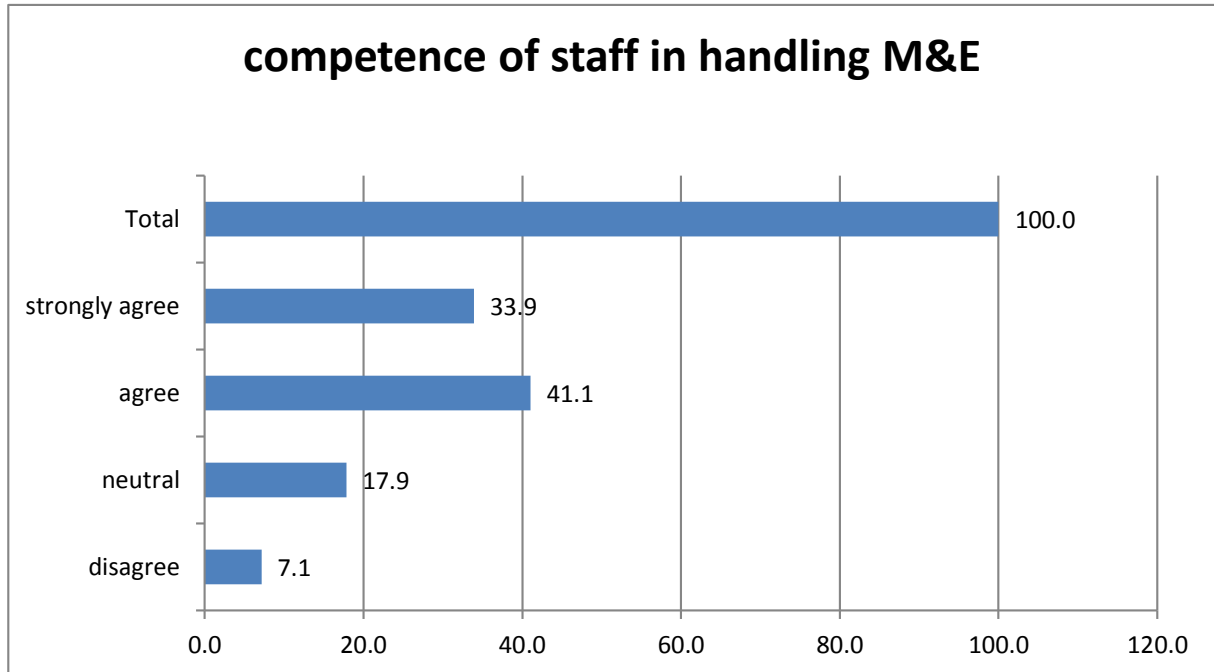


Figure 4.3: Competence of Staff handling the M&E Source: Survey Data, 2019

From the findings, a high percentage of the respondents, 41.1% (23) agreed that the competency of staff handling monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects while 33.9% (18) of the respondents strongly agree that competency of staff handling M&E monitoring and evaluation determine the effectiveness of monitoring and evaluation commercial bank of Ethiopia IT projects. 10 respondents (17.9 %) were neutral that competence staff handling monitoring and evaluation determine the effectiveness of monitoring and evaluation system for projects. A relatively small number of the respondents, 7.1% (4) indicated that they disagree 5.4 % that the competence staff handling monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects. The results therefore indicated that most respondents were in agreement that the bank needs competence staff who can handle M&E in efficient way thus leading effectiveness of M & E system towards achieving expected results.

The study sought to determine the extent to which respondents agree or disagree with the following statements concerning M&E in relation to the IT projects done the bank.

Table 4.4 Competency of Staff handling the M&E

Descriptive Statistics

	N	Mean	Std. Deviation
Staff has a Technical skills needed to conduct M&E	56	4.25	.667
Staff has got appropriate and timely training needed to conduct M&E	56	4.14	.796
Valid N (listwise)	56		

Source: Survey Data, 2019

From the finding the respondent agreed with the statement Staff has a Technical skills needed to conduct M&E and Staff has got appropriate and timely training needed to conduct M&E with mean value of 4.25 and 4.14 respectively. This implies that many of the respondents had Knowledge on M&E.

4.4 Organizational leadership

The respondents were requested to indicate the extent to which the level of commitment of top leadership determines the effectiveness of monitoring and evaluation system for projects.



Figure 4.4: organizational leadership towards effectiveness of the M&E

Source: Survey Data, 2019

From the findings, a high percentage of the respondents, 50% (29) agreed that the commitment of top leadership determine the effectiveness of monitoring and evaluation system for projects while 32.1% (18) of the respondents strongly agree that the commitment of top leadership determine the effectiveness of monitoring and evaluation system for projects. 6 respondents (10.7%) neutral to that commitment of top leadership determine the effectiveness of monitoring and evaluation system for projects. These findings suggested that most staff working for commercial bank of Ethiopia project office agree that commitment of top leadership determine the effectiveness of a monitoring and evaluation system for IT projects in that top leadership makes key and crucial decisions that affect projects M&E greatly.

Furthermore, the study asked the respondents to indicate the extent to which they agree or disagree with the following selected attributes concerning organization leadership. The findings are illustrated in Table 4.5.

Table 4.5: Organizational leadership

Descriptive Statistics

	N	Mean	Std. Deviation
The organization uses M&E findings in decision making	56	4.25	.611
Leaders always and clearly communicate M&E results	56	3.80	.749
Management ensures sufficient resources are allocated to M&E	56	4.23	.632
Valid N (listwise)	56		

Source: Survey Data, 2019

From the findings, majority of the respondents agreed with the statements that Management ensures sufficient resources are allocated to M&E; the organization uses M&E findings in decision making with mean scores of 4.23, 4.25 and 4.14 respectively. The staff of commercial bank of Ethiopia project offices were also agrees Leaders always and clearly communicate M&E results with mean score of 3.8. The results therefore indicate that Most of the staff felt that the organization’s leadership has great and crucial role to play in ensuring that the M&E system operates maximally and that the process is smooth.

4.5 Stakeholder Participation

The study sought to determine the influence of the influence of stakeholders’ participation on the effectiveness of Monitoring and Evaluation as such respondents were asked to indicate the extent of their agreement the following propositions

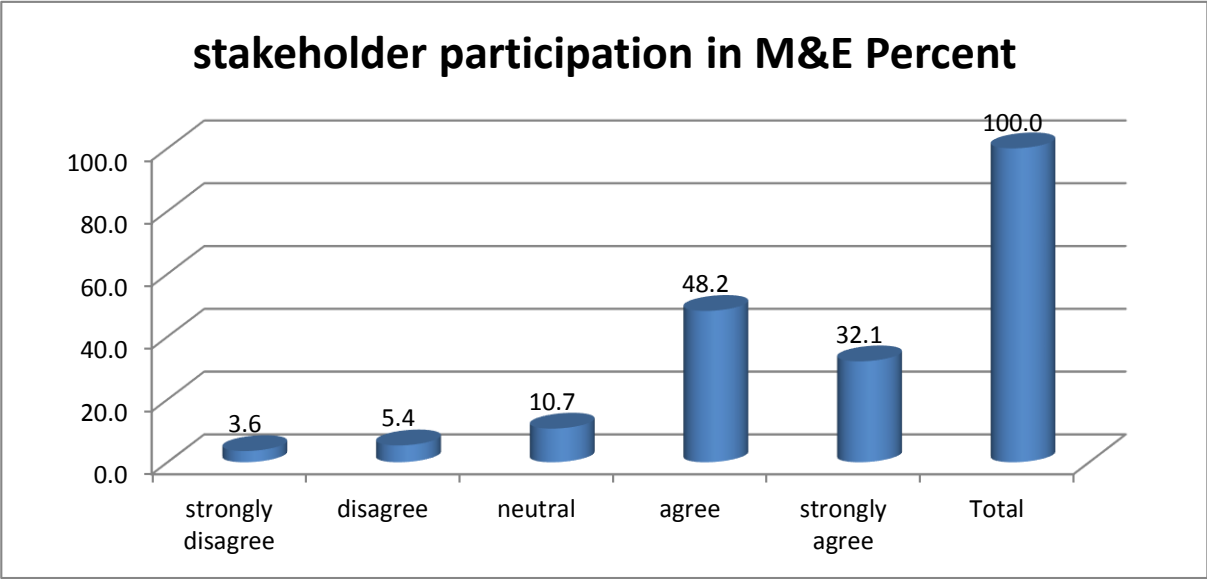


Figure 4.5: stakeholders’ participation towards effectiveness of the M&E

From the findings, a high percentage of the respondents, 48.2% (27) agreed that the stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects while 32.1% (18) of the respondents strongly agree that stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation commercial bank of Ethiopia IT projects. 6 respondents (10.7 %) were neutral that stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation system for projects. A relatively small number of the respondents, 10% (6) indicated that they disagree 5.4 % and strongly disagree 3.6% that the stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects. The results therefore indicated that most respondents were in agreement that the organization involves the stakeholders in M & E thus leading to high level of participation and this influences to a large extent the effectiveness of M & E system towards achieving expected results.

The study requested the respondents to indicate the extent to which they agree or disagree with the level stakeholders participate in the following aspects of M&E process. The mean and standard deviations were bred from SPSS and are indicated in Table 4.6.

Table 4.6. stakeholders’ participation

Descriptive Statistics

	N	Mean	Std. Deviation
Stakeholders are adequately involved in designing and planning of M&E activities	56	4.18	.741
Stakeholders are involved in M&E decision making process	56	3.68	.876
Stakeholders are involved in M&E data collection process	56	4.16	.757
the bank involves stakeholders in identification of indicators	56	3.61	.846
Valid N (listwise)	56		

Source: Survey Data, 2019

From the findings, majority of the respondents agreed with the statements that Stakeholders are adequately involved in designing and planning of M&E activities and stakeholders are involved in M & E data collection process with a mean score of 4.18 and 4.16 respectively. Majority also agreed that Stakeholders are involved in M&E decision making process; Stakeholders are involved in M&E data collection process with a mean score of 3.68 and 3.61 respectively.

4.6 Budget Allocation for M&E

The study sought to determine the extent to which respondents agree or disagree with the following statements concerning M&E in relation to the organization's projects. Table 4.7 shows the mean and standard deviations.

Table 4.7 Budget Allocation for M&E

Descriptive Statistics

	N	Mean	Std. Deviation
The bank provides sufficient funds for monitoring and evaluation activities	56	4.34	.668
There is a separate budget allocation for M&E	56	4.18	.765
The bank ensures there is timely provision of funds allocated are used for M&E activities only	56	4.16	.781
Valid N (listwise)	56		

From the findings, majority of the respondents agreed with the statement that there is a separate budget allocation for M&E system with a mean score of 4.18. The respondent also asked whether the bank provides sufficient funds for monitoring and evaluation activities, the bank ensures there is timely provision of funds allocated are used for M&E activities only most of the respondent agreed with the statement with mean 4.34 and mean 4.16. This show that there is higher understanding about the value of monitoring and evaluation of IT projects by commercial bank. Sufficient funding is very crucial for the effective and M & E process to take place.

4.7 Correlation Analysis

Table 4.8 Correlation Analysis

		Correlations				
		budget allocation to monitoring and evaluation	organizational leadership	stakeholder participation in M&E	Staff capacity in handling M&E	effective monitoring and evaluation
budget allocation to monitoring and evaluation	Pearson Correlation Sig. (2-tailed) N	1 56				
organizational leadership	Pearson Correlation Sig. (2-tailed) N	.758** .000 56	1 56			
stakeholder participation in M&E	Pearson Correlation Sig. (2-tailed) N	.757** .000 56	.732** .000 56	1 56		
Staff capacity in handling M&E	Pearson Correlation Sig. (2-tailed) N	.754** .000 56	.689** .000 56	.771** .000 56	1 56	
effective monitoring and evaluation	Pearson Correlation Sig. (2-tailed) N	.836** .000 56	.802** .000 56	.858** .000 56	.842** .000 56	1 56

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

The findings show a strong positive correlation between organizational leadership and effectiveness of M & E system with a correlation coefficient of 0.802. This implies that if organizations use effective leadership, the level of effectiveness of M & E systems projects will increase. The findings also show a positive correlation between budgetary allocation to monitoring and evaluation and effectiveness of M & E with a correlation of 0.836. This implies that if funds are readily and adequately available, the process of monitoring and evaluation projects will increase thus contributing to increase in effectiveness of these projects.

The study shows a strong positive correlation between stakeholders' participation and effectiveness of M & E system with correlation of 0.858. This implies that better enforcement of stakeholders' participation within commercial bank of Ethiopia can significantly improve the effectiveness of M & E. There is also strong positive correlation between Staff capacity in handling M&E and effectiveness of M & E (.842) which implies that if staff trained on monitoring and evaluating they contribute to the effectiveness of M&E.

4.8 Summary of findings

This section presents summary of findings of the study in chapter four according to the objectives: in reference to introductory information or the demographic characteristics of the respondents the study sought to establish the respondents' gender, age, level of education, and duration of service. The findings that there were more men in commercial bank of Ethiopia project office. From the findings, majority of the respondents, 41% (23), indicated that they were of age bracket 31-40 years. The respondent's academic qualification is between BA/BSc degree and MA/MSc degree. 34% of the respondents have MA/MSc degree and 66% of the respondents have BA/BSc degree.

In reference to objective one which sought to establish the influence of the competency of staff handling monitoring and evaluation on effectiveness of M&E of information technology projects by commercial bank of Ethiopia the findings revealed that a high percentage of the respondents, 41.1% (23) agreed that the competency of staff handling monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects while 33.9% (18) of the respondents strongly agree that competency of staff handling M&E monitoring and evaluation determine the effectiveness of monitoring and evaluation commercial bank of Ethiopia IT projects.

Based on objective two which sought to identify the influence of budgetary allocation on effective M&E of commercial bank of Ethiopia IT projects majority of the respondents agreed with the statement that there is a separate budget allocation for M&E system with a mean score of 4.18. The respondent also asked whether the bank provides sufficient funds for monitoring and evaluation activities, the bank ensures there is timely provision of funds allocated are used

for M&E activities only most of the respondent agreed with the statement with mean 4.34 and mean 4.16.

Regarding objective three which sought to identify the influence of stakeholder participation in monitoring and evaluation on effectiveness of M&E of commercial bank of Ethiopia IT projects a high percentage of the respondents, 48.2% (27) agreed that the stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation of IT projects while 32.1% (18) of the respondents strongly agree that stakeholder participation in monitoring and evaluation determine the effectiveness of monitoring and evaluation commercial bank of Ethiopia IT projects.

The study found that the level of commitment of top leadership in the organization determines to a great extent the effectiveness of monitoring and evaluation system for projects. A high percentage of the respondents, 50% (29) agreed to a very great extent while 32.1% 1(8) of the respondents agreed to a great extent. Only 4 respondents (7.2%) disagreed that the level of commitment of top leadership determines the effectiveness of monitoring and evaluation system for projects. The findings showed a strong positive correlation between organizational leadership and effectiveness of M & E system with a correlation coefficient of 0.802. The study also found that leaders do clearly communicate M & E results, ensure sufficient resources are allocated to M & E. The organization's leadership is critical to achieving effectiveness of M&E due to the crucial role they play in an organization.

4.9 Discussion of the Findings

The study was concerned with the variables influencing effective M&E of commercial bank of Ethiopia IT projects namely competence of staff, budgetary allocation, stakeholders 'participation and organizational leadership. Data was collected and analyzed in a manner that captured the variables in varying degree of outcomes. The following paragraph will present the relationship of these findings with the underlying literature reviewed in chapter two of this study.

The study recognized competence of staff as a factor influence effective M&E of commercial bank of Ethiopia IT projects. UNAIDS (2008) notes that, not only is it necessary to have dedicated and adequate numbers of M&E staff, it is essential for this staff to have the right skills for the work while Nabris (2000), avers that monitoring and evaluation carried out by

untrained and inexperienced people is bound to be time consuming, costly and the results generated could be impractical and irrelevant.

The current practice was in agreement the view by Mukhererjee (2013) who states that to meet capacity needs there should be hiring of right people who are already trained, training your staff, hiring external consultants for focused inputs and also ensure the capacity of good quality through removing disincentives and introducing incentives for learning, keeping track of staff performance through regular evaluation, striving for continuity of staff and finding highly qualified person to coordinate.

The study found a positive relationship between the budgetary allocation and effectiveness of M& E. It found that adequate funds results to better actions during monitoring and evaluation of projects thus resulting to better M & E. This was in agreement with James (2011) on programme evaluation standards that evaluation planning budget could certainly be more carefully estimated and actual expenditure on the evaluation more carefully monitored. The findings showed that M&E has separate budgetary allocation in agreement with Chaplowe (2018) and the funds were sufficient to carry out planned activities. The amount allocated was between 5-10% of the projects budget and the funds were used specifically for M&E activities as Kelly and Magongo (2014) recommends.

The study also found a positive relationship between the stakeholders' participation and effectiveness of M & E. It was found out that increased stakeholders' participation results to an increase in effectiveness of M & E. This concurs with Patton (2018) who states that stakeholders' involvement is paramount for M&E system to be effective. It was found out that CBE project office adequately involve stakeholders in activities like data collection, designing and planning of M&E, identification of indicators, and decision making which are very crucial. Partnering closely with key stakeholders throughout the entire M&E process promotes shared knowledge creation and learning, helps in transfer of skills, development of capacity and enhances ownership of results (UNDP, 2012).

The study also found a positive relationship between organization's leadership and effectiveness of M & E. It found that an improvement in organizational leadership lead to effective M& E system. This concurs with World Bank (2011) which states that organizational leadership is a fundamental factor in the production of M&E results. M&E being a new

professional field, organizational leadership is paramount in building an effective M&E human resource capacity both in quality and quantity (World Bank, 2011).

The findings also indicated that leaders in the bank always and clearly communicate M & E results. Majority of the respondents also indicated that the management is keen to ensure that sufficient resources are allocated to M & E. World Bank (2011) notes that an organization's management commitment to the implementation of a monitoring and evaluation system is paramount. They ensure that adequate funds and other resources are set aside for M&E. If there is no goodwill and support from organization's management, then the M&E system will poorly be designed and operated leading to its ineffectiveness and inaccurate findings.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to investigate determinants of effective of monitoring and evaluation of information technology projects by commercial bank of Ethiopia. The results of the study were presented in the previous chapter. In this chapter, summary of the main findings, discussion, conclusion and recommendations will be made.

5.2 Conclusion of the study

The following conclusion can be made from the study:

The study sought to establish the influence of competence of staff handling M&E on effective M&E of commercial bank of Ethiopia IT projects. The findings of this study confirm competence of staff handling M&E influence the effectiveness of Monitoring and evaluation.

Regarding the second objective which endeavored to determine the influence of budgetary allocation on effectiveness of M & E system, the study concluded that there is a positive relationship between the budgetary allocation to M&E and effectiveness of M & E. The organization provides a separate budgetary allocation to M&E activities and the funds are sufficient (between 5%-10% of project budget).

The study also wanted to determine the influence of stakeholder participation on effective M&E of commercial bank of Ethiopia IT projects. Overall finding reveal that stakeholders participation has significant influence on the effectiveness of M&E.

Finally, the study found out that the level of commitment of top leadership and management in the organization determines to a great extent the effectiveness of monitoring and evaluation system for projects. The study revealed that leaders always and clearly communicate M & E results and also take active part in designing the M & E.

Majority of the respondents also agreed that management ensures sufficient resources are allocated to M & E. This is in agreement with World Bank (2011) which states that the role played by the organization leadership dictates the effectiveness of the M&E.

5.3 Recommendations

The following are recommendations based on the findings of the study:

1. There is need for training of the staff to equip them with the oversight skills and to be to understand and trust the M&E process. This would ensure that the M&E process is guided by relevant skills and technical know-how thus becoming highly effective.
2. There should be proper budgeting practices that recognize the need for sufficient financial resource for monitoring and evaluation. The proportion budgeted for should be realistic and based on actual real expenditures. The leaders should continue to demand clear budget allocation to M&E and follow up on the precise break down of the budget during the M&E process.
3. The stakeholders need to be sensitized on the need to participate in M&E process. Appropriate strategies to involve stakeholders should be introduced to ensure that a bigger proportion of the stakeholders are involved. The stakeholders should be given information relating to the project to create interest in it.
4. Organization leaders should take active part in designing M & E system and offer timely support and guidance to projects' staff and ensure M&E activities are well executed and results and findings communicated and used in decision making and planning.

5.4 Suggestions for further research

The empirical study has indicated a number of relevant issues that the research project did not investigate, but which might be important for further research. Further research should be done on other factors influencing effectiveness of M&E system for projects other than competence of staff, budgetary allocation, stakeholders' participation and organizational leadership.

Further this study may be replicated into other banks to enable generalization to be made with regard to factors influencing effectiveness monitoring and evaluation of information technology projects by commercial bank of Ethiopia.

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Questionnaire
Addis Ababa University
School of commerce
Department of project management

Dear Respected Participants,

I am a post-graduate student of Addis Ababa University, School of commerce, in the field of Project Management. As a graduating student, I am conducting research under the topic ‘Factors influencing effectiveness of monitoring and evaluation: the case of commercial bank of Ethiopia information technology projects’. This questionnaire aims at establishing; assessment effectiveness of monitoring and evaluation of IT projects at commercial bank of Ethiopia The questionnaire is designed to collect data that will help achieve the objectives of this study. I am kindly requesting you to participate in this study by responding to all the questions as candidly and precisely as possible. Your honesty and co-operation in responding to the questions will highly be appreciated. All information provided will be treated with utmost confidentiality and will be used purely for academic purposes.

Best Regards,

Put ✓ in the box

5 – Strongly agree 4 – Agree 3 - Neutral 2 - Disagree 1 – Strongly disagree

Part. A: Factors affecting Effectiveness of Monitoring and Evaluation of IT Projects.	1	2	3	4	5
I. Budget allocation					
1. The bank provides sufficient funds for monitoring and evaluation activities (about 5%-10% of projects budget)					
2, There is a separate budget allocation for M&E					
3, The bank ensures there is timely provision of funds allocated are used for M&E activities only					
II. Stakeholder Participation					
1, Stakeholders are adequately involved in designing and planning of M&E activities					
2, Stakeholders are involved in M&E decision making process					
3, Stakeholders are involved in M&E data collection process					
4, the bank involves stakeholders in identification of indicators					
5.Overall Stakeholder Participation in M&E influence the effectiveness of M&E of IT projects					

III. Organization's Leadership						
1. The organization uses M&E findings in decision making						
2. Leaders always and clearly communicate M&E results						
3. Management ensures sufficient resources are allocated to M&E						
Overall commitment of organization leadership/management influences the effectiveness of monitoring and evaluation system for projects?						
IV. Competence of staff handling M&E						
1. Staff has a Technical skills needed to conduct M&E						
2. Staff has got appropriate and timely training needed to conduct M&E						
3. Overall Competence of staff handling M&E influence effectiveness of monitoring and evaluation of IT projects						
V. Effectiveness of M&E System						
1. Results and findings from M&E are relevant and useful						
2. The M&E activities are carried out within schedule						
3. The cost of M&E activities is always within the budget						
4. The M&E objectives are largely achieved						
5. Overall monitoring and evaluation of banks IT project is effective						