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MONITORING AND EVALUATION ON THE IMPLEMENTATION OF JOINT VENTURE CONSTRUCTION PROJECTS

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Abstract: **The purpose of this study was to determine the influence of monitoring and evaluation of project implementation. The study has applied mixed research design more specifically, sequential explanatory design, that has assisted the researcher unveil the correlation between the independent and dependent variables quantitatively while at the same time, obtained supporting narrative through the qualitative data. The population of the study was the registered real estate developers with the Kenya Property Developers Association in Nairobi City County that engage in joint venture construction projects and has fourteen elements. Census sampling technique has been used to research on all the elements in the population. Primary data was collected through a structured questionnaire. Both qualitative and quantitative data collected was analyzed using descriptive and inferential statistics. From the research findings, it was established that monitoring and evaluation had a positive and significant influence on the implementation of the joint venture construction projects. Lack of proper monitoring and evaluating prjects was seen to cause a setback in the successful implementation of the joint venture construction project.**

Keywords: **Project Implementation, Monitoring and Evaluation.**

1. INTRODUCTION

Real estate development is one of the assets for economic sustainability for businesses, individuals and governments. Accordingly, Mouzughi, Bryde, and Al-Shae (2014) describe the reliance on real estate developments as cutting across firms, governments, non-profit organizations, workplaces, and households for residential purposes, among others that go a long way to enhancing national's financial sustainability, wealth and economic development in general. Real estate development is noted to involve a large capital outlay and technical expertise as compared to other investments (Hwang & Lim, 2013), which limits the entry point of many investors.

Despite the pros and cons, real estate business has been growing steadily. In a report by the Price Water Coopers – PwC (2014) revealed that leading countries such as Canada had the highest development projects for office space (58%), industrial developments (48%) and real estate development (35%) by the end of 2014. Moreover, the report revealed that Australia had the highest retail development project (70%) compared to Germany (53%) and Canada (17%) while Japan (100%), Malaysia (97%) and Canada (87%) recorded the highest developments in hotels projects in the same year.

In Africa, commercial real estate developments are booming. According to Geoffrey (2011), the African continent is experiencing rapid urbanisation, fast growing middle class and a wealthier population, business relocation and foreign travels for businesses and tourism that are driving the demand for new and modern real estate developments such as offices, hotels and retail malls. Reports show that Ghana, Mozambique, Rwanda, Zambia, Nigeria and Kenya are the most active jurisdictions when it comes to construction projects with demands being fuelled by high demands for housing units, industrial developments, and infrastructure (Knight Frank, 2015).

In Kenya, real estate development is envisioned to 200,000 housing units every year (The Vision 2030 report, 2012); however, only 150,000 units were completed by the end of 2013. Despite the increase in real estate development finance by commercial banks and the rise of joint venture construction projects, a report by the Kenya Property Developers

Association and Hass Consult (2014) warned against shortages in urban middle class housing and failed development goals. In their report, they predicted housing shortages in Nairobi as acute and deteriorating. This is contrary to the promises that come with joint venture interventions to construction solutions.

Papke-Shields et al (2010) noted that the probability of achieving project success seemed to be enhanced by the project structure which consists of the financial arrangements, the legal documents, the value of consultants, technical expertise, and most importantly, by constantly monitoring the progress of the project. Kwok et al. (2000) described five aspects that hinder joint venture construction projects from successfully attaining its targets that is; cost of financing; construction risks; financial risks; commercial aspects; and finally country's legal and tax systems.

In the Americas and Asia, many joint venture construction projects are guided by the legal joint venture agreement that is drawn without much emphasis on the other aspects of the project structure. A joint venture agreement therefore sums collaborative activities that bring together two or more entities to devote their resources in pursuant of a common goal (American Bar Association, 2006). The agreements are said to exist for the purpose of formalizing and legally binding business agreements as a cushion to the expected outcomes among the parties involved.

In Africa, the parties have been noted to concentrate more on the financial aspects of the joint venture while disregarding the other aspects of the project structure (Otiso, 2003).

Studies have indeed elaborated why joint venture agreements are needed. To begin with, Isaac, O'Leary and Daley (2010) noted that parties enter into joint venture projects purposively, and not limited to; attracting funding, invite development expertise, tax advantages, and share debt and risks that in most cases are lacking for mega construction projects. Furthermore, a report by VR Business Sales (2016) described among other advantages of forming a joint venture to include; providing companies with capacity, expertise and creativity opportunities, gaining of new technological knowledge, obtaining more resources in terms of human and financial, risk sharing, and flexibility in terms of retention or selling of the project developments.

Globally, 75% of construction projects fail to be implemented due to diverse irregularities like poor estimation of project cost, time and skill requirements (Triantis 1999). While these challenges are on a general perspective, a few studies have been published on the impact of joint venture agreements on projects completion among real estate developers especially considering difficult decision making amongst partners. One of the key drivers of implementation of real estate development is the contracts established among different partners for development purposes. According to Kwicinski (2016), joint ventures are common in infrastructure projects, telecom development projects, energy related developments and real estate that comprise of office parks, hotels, entertainment complexes, among others. Whereas it is factual that developer sources for financing, either from private companies, foreign investors, or debt (Isaac, O'Leary and Daley 2010), the bottom line is that an agreement must be made between the developer and the financier, prior to commencement of any development project.

However, all these pros come with their own challenges. According to Triantis (1999), most joint venture construction projects in Africa have failed because of their high cost commitments, inadequacy of human capital and resources and increasing market opportunities that attracts investors. These not only incapacitate the projects implementation, but also lengthen the duration which translates to additional cost implication to the development.

2. STATEMENT OF THE PROBLEM

Real estate developments in Kenya have become lucrative as investors, both local and from international arenas are focusing on investing in the country (Noppel, 2013). The Government too has not been left behind; instead it has increased its policy measures in enhancing access to safe, hygienic and affordable housing units to members of the public through provision of low cost housing (Otiso, 2003). Moreover, government – private developers, as well as local/ international investors and private developer's partnerships continue to increase steadily across the country (GOK, 2007).

Accordingly, Noppel (2013) estimated the population growth of Nairobi County to increase at a rate of 4.2% yearly, translating to increasing demand for residential facilities. The report further revealed the comparison between the supply and demand for real estate development within the County of which, 120,000 new houses are desired yearly but only 35,000 are constructed; leaving a gap of 70.8% demand (Noppel, 2013). Contrary, private partnership has been associated as the solution for meeting such gaps in real estate development. According to Kwon, (2008), the private sector plays a big role in enhancing real estate development by providing necessary incentives; finances, techniques, human capital, among others.

In most cases, land owners lacks financial muscles required to maximize the potential of their properties; necessitating partnership agreements with investors whom they share specified returns for the project (Isaac, O'Leary and Daley, 2010). Decisions regarding how to share the proceeds and how to manage the project are therefore made prior to the start of the project based on assumptions on the time to be taken, cost and quality (VR Business Sales, 2016), thus formalizing the agreements.

As such, it therefore becomes inevitable that some of the factors would change and distort the agreed plan(s). While the real estate construction projects are driven by finances, human capital resource mobility, just to mention a few, the ever changing environmental dynamics may affect the implementation of the joint venture construction projects. Those projects may not be completed within the specified cost, time and quality. Triantis (1999) literate similar construct of joint venture agreements; the agreement in itself, future uncertainty in terms of cost sharing and finances, as contributory factors to joint venture failures.

Studies have illustrated the positive and negative impact of joint venture agreements for developers and investors (Ooi & Liow, 2004) and their competitiveness and performance (Kwicinski, 2016); however, a few have focused on the financial aspects of cost sharing, legal aspects of the agreements, consultant (third party) engagement and monitoring and evaluation benefits to a successful joint venture project. Ideally, a few empirical data on the challenges that come along with the financial, legal, consultancy and monitoring provisions of an agreement are lacking..

3. LITERATURE REVIEW

Phiri (2015) study focused on the influence of monitoring and evaluation on project performance: and established that monitoring and evaluation practiced by the management has greater influence on the performance of the projects. A study done by Barasa (2014) investigated the influence of monitoring and evaluation tools on project Completion in Kenya: specifically on constituency development fund projects in Kakamega County, Kenya and revealed that financial resources are adequately allocated on the implementation of construction projects. Ogolla (2016) study focused on how effective monitoring and evaluation determines the performance of government funded water projects in Kenya and found that baseline survey had a positive significant influence on the performance of the projects.

4. RESEARCH METHODOLOGY

The study utilized descriptive survey research design. The total number of fourteen (14) was carried out which formed the sample size and the respondents were selected based on the project type. Questionnaires were used to collect data from the respondents and analysed using both descriptive statistics and regression analysis.

5. FINDINGS

The purpose of the study was to establish the relationship between monitoring and evaluation and project implementation. The findings are shown in Table 1.

Table 1: Monitoring and Evaluation on Project Implementation

	Mean	Standard deviation
Monitoring and evaluation helps you set the indicators of the progress of the project	4.219	0.418
M & E helps you predetermine the parties responsible for each milestone	4.036	0.494
Monitoring and evaluation helps set milestones and timelines	3.962	0.656
Monitoring and evaluation helps account for deviations	3.921	0.431
Overall	**4.0345**	**0.4997**

From the research findings, the respondents were in concurrence at an overall mean of 4.0345 on the statements posed. Analysis of the descriptive statistics, it was noted that majority of the respondents strongly agreed (M=4.22, S.D= 0.42) monitoring and evaluation helps you set the indicators of the progress of the project. It was also noted that respondents agreed (M=4.04, S.D=0.49) that M & E helps you predetermine the parties responsible for each milestone. Also noted was that most respondents agreed (M=3.96, S.D=0.66) that Monitoring and evaluation helps set milestones and timelines. This agrees with Ika et' al (2012) ranks M&E highly as one of the major project success factors and identifies three prerequisites of M & E as setting the indicators, having a monitoring and evaluation team and aligning the M & E activities to certain stages in the project implementation. Therefore, it was established that monitoring and evaluation was essential in the implementation of joint venture construction projects.

The study also sought to determine to which monitoring and evaluation was conducted under the joint venture agreements. The results from the analysis of findings are illustrated in Figure 1.

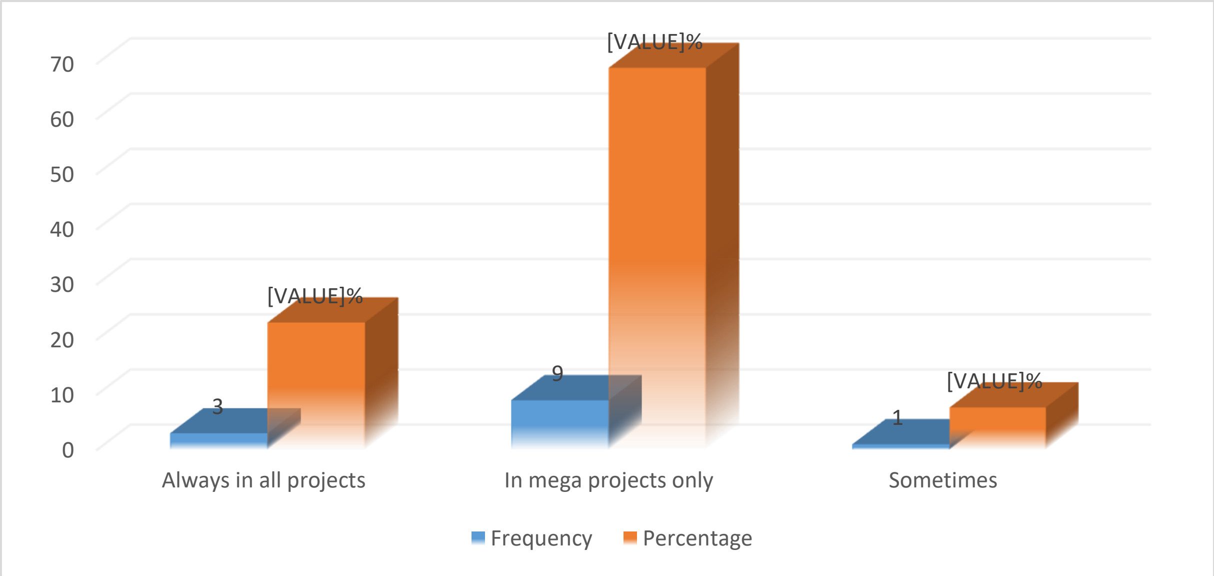

Figure 1: Monitoring and Evaluation on Project Implementation

From the findings, majority of the respondents (9, 69.2%) were noted to indicate that they did monitoring and evaluation only in major projects. Closely after were respondents (3, 23.1%) who indicated that they did monitoring and evaluation in all projects while a mere 7.7% of the respondents indicated that they did monitoring and evaluation sometimes.

The study sought to establish whether the company had suffered setbacks as a result of not applying monitoring and evaluation of the joint venture construction projects. The results from the analysis of findings are illustrated in Figure 2.

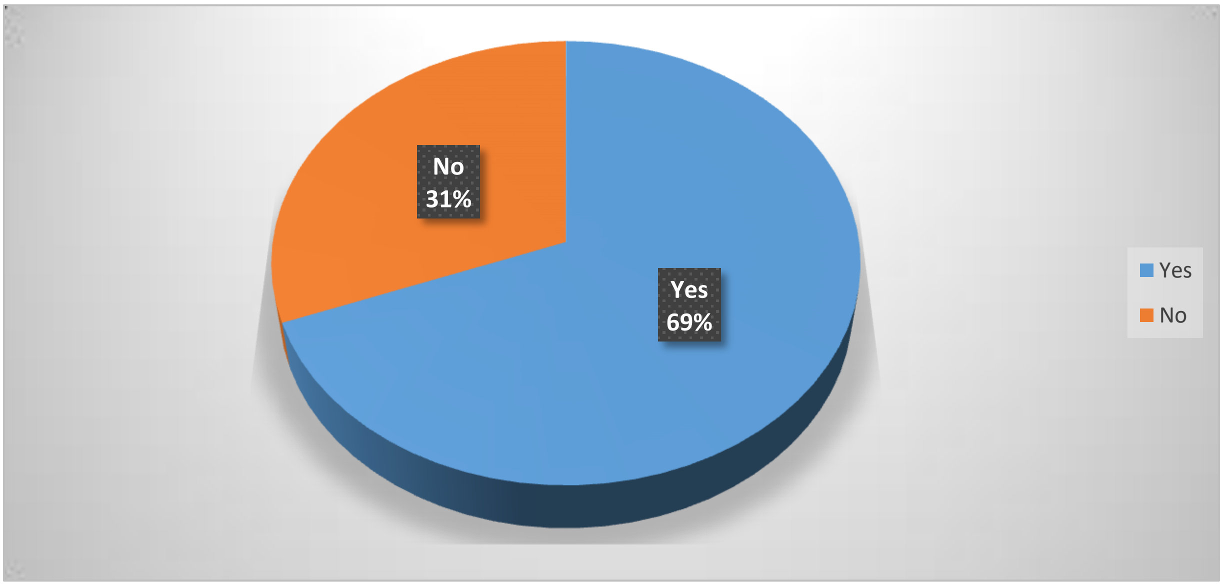

Figure 2: Monitoring and Evaluation on Project Implementation

From the analysis, majority of the respondents (69%) indicated they had experienced a setback as a result of not using monitoring and evaluation while 31% of the respondents indicated that they hadn't. Majority of the respondents indicated that the setback was resolved through meetings and arbitrations.

6. CONCLUSIONS AND RECOMMENDATIONS

The study concludes that projects are influenced by a multiplicity of factors which can be external or internal to the organization responsible for its management and execution. The study concluded that for effective implementation of Joint venture agreements, real estate developers should take into account the project's financial arrangement, the projects legal arrangement, the consultant engagement and monitoring and evaluation in the joint ventures.

The study recommends the government should not only encourage the local but also the international joint venture agreements to improve project financing for the local firms. That would also provide a wider range of sources of capital for small and medium enterprises engaging in construction projects and facing difficulties in acquiring loans from the banks for their projects. It would also reduce the high risk of local venture capital firms collapsing because the risk will be shared with the international investors. Entrepreneurs should also be encouraged to seek joint venture agreements for their businesses. This is because apart from the financial support the joint venture capital firms offer, they also give non-financial assistant such as management skills, consultant engagement, monitoring & evaluation and legal framework among others

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