



Republic of Kenya



**THE CONSTITUENCY DEVELOPMENT FUND:  
AN EXAMINATION OF LEGAL, STRUCTURAL,  
MANAGEMENT AND CORRUPTION ISSUES IN KENYA**

**REPORT BY**

**NATIONAL ANTI-CORRUPTION CAMPAIGN STEERING  
COMMITTEE**

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ENHANCING INTEGRITY IN KENYA



## **NATIONAL ANTI-CORRUPTION CAMPAIGN STEERING COMMITTEE**

Established vide Gazette Notice no. 4124 of 28<sup>th</sup> May, 2004 to carry out nationwide public education and awareness creation campaign against corruption

### **Vision**

A Corruption - Free Kenya

### **Mission**

To Create Public Awareness on all aspects of corruption so as to effect fundamental changes in the attitudes of Kenyans towards corruption by devising and implementing a comprehensive multi-sectoral campaign

### **Core Values**

The National Anti-Corruption Campaign Steering Committee is guided by the following Core values:

- Accountability •
- Commitment •
  - Equity •
  - Integrity •
  - Justice •
- Participation •
- Transparency

## **Foreword**

Kenyans, for a long time, were used to mobilizing local resources through the "Harambee" Spirit to fund development projects. Over time, however, harambee was abused and became an avenue for corruption, particularly among public officials/offices. This also created inequalities as well as inequitable development. The creation by the Government of the Constituency Development Fund (CDF) in 2003 through an act of Parliament was meant to address these challenges at the grassroots level through the provision of funds for the implementation of community based projects that would otherwise have been funded through Harambees.

The initiative has succeeded in devolving resources targeting development projects at the constituency level particularly those aimed at alleviating poverty as well as addressing imbalances in regional development. The fund comprises an annual budgetary allocation equivalent to 2.5% of the Government's ordinary revenue.

In 2006 and 2007, the National Anti-Corruption Campaign Steering Committee (NACCSC), a body created to undertake nationwide public education and awareness creation campaign against corruption, undertook District Field Fact Finding Visits and Public Dialogue Encounters with Public Servants and Local Leaders in all the 72 Districts as they were then demarcated. During the visits, a lot of concerns were raised, chief among them the manner in which CDF was being administered, the composition and the role of the CDF Committees, citizens' involvement and participation and; projects identification and location.

It is on the basis of the foregoing that NACCSC conceptualized and commissioned the Study on CDF to generate empirical data to inform the formulation of homegrown solutions geared towards eradicating corruption in CDF.

NACCSC hopes that the findings of the study will be instrumental in streamlining the CDF and other Government supported projects. The report also suggests areas that need both policy and legal interventions in order to make the management of CDF well grounded in law. NACCSC is confident that implementation of the recommendations of the study will enhance transparency and accountability necessary in the achievement of the objectives set out at the creation of the fund.

David G. Gathii  
**AG. DIRECTOR**

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## **Preface**

The report is divided into four main sections. **Section 1** contains the Executive Summary. **Section 2** provides a background on CDF constitution and management, project funding eligibility and some of the salient problems of CDF allocation and management. **Section 3** describes the methodology that was employed in data collection and analysis from eighty (80) constituencies. **Section 4** presents the study findings using descriptive statistics and frequency distributions of the key variables. It also discusses the findings in line with the terms of reference such as structural weaknesses of the CDF as presently constituted; levels of knowledge of the various communities in Kenya on the CDF; how, why and where various forms of corrupt practices exist in CDF; linkages between corruption and poor management of CDF; and legal, structural, management and implementation limitations of the CDF as presently instituted. Finally, **Section 5** concludes with recommendations or suggestions on ways through which the identified weaknesses and limitations could be solved in order to improve CDF management and achieve its objectives and goals. The section also provides suggestions on legal amendments to the CDF Act (2003) and further amendments to the CDF Amendment Act (2007).

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- Last but not least, our gratitude goes to the people of Kenya who spared their time to provide us with the information that is presented in this report.



## **Acronyms**

CBF	Constituency Bursary Fund
CDF	Constituency Development Fund
CDC	Constituency Development Committee
CDTF	Community Development Trust Fund
CFC	Constituencies Fund Committee
DDP	District Development Plan
DPC	District Projects Committee
IEA	Institute of Economic Affairs
FPE	Free Primary Education
LATF	Local Authorities Transfer Fund
M&E	Monitoring and Evaluation
NACCSC	National Anti-Corruption Campaign Steering Committee
NMC	National Management Committee
NMB	National Management Board
REF	Rural Electrification Fund
RMFLF	Road Maintenance Fuel Levy Fund

## TERMS OF REFERENCE

One of the greatest problems facing many countries today is corruption. Developed and developing countries experience this vice in varying degrees and although the indices of corruption differ from one country to another, its effects are felt in social, economic and political spheres. Kenya is no exception. Corruption is blamed for bad governance (e.g. dictatorship, abuse of the rule of law), high levels of poverty, high infant mortalities, poor infrastructure, poor service delivery, human rights violations, poor agricultural production, and lack of transparency and accountability, among other ills. The NARC government, upon assumption of office in 2003, embarked on an anti-corruption agenda. Some of the bold steps it took in this direction included the enactment of the Anti-Corruption and Economic Crimes Act (2003) and the establishment of the Kenya Anti-Corruption Commission (KACC). In particular, the government established the National Anti-Corruption Campaign Steering Committee (NACCSC) through Gazette Notice No. 4124 of 28<sup>th</sup> May 2004. The core mandate of NACCSC is to fundamentally change the people's attitudes towards corruption through public education and awareness campaigns. According to the said Gazette Notice, other functions of the Committee were/are nine fold as follows:

- (a) Establish a framework for a nationwide campaign against corruption;
- (b) Effect fundamental changes in the attitudes of Kenyans towards corruption;
- (c) Identify strategic stakeholders and develop a mechanism for their effective co-operation and involvement in effecting changes in popular perceptions about corruption;
- (d) Mobilize stakeholders across all sectors and the general public to evolve a strong anti-corruption culture and to participate in the fight against corruption;
- (e) Provide a framework for raising public awareness and advocacy by key stakeholders in public and private institutions and the society in general;
- (f) Develop and conduct programmes creating a strong anti-corruption culture and strengthening the fight against corruption;
- (g) Develop indices for regular monitoring and evaluation of the anti-corruption campaign and publicly report on the progress made in the fight against corruption, attitude change and in building a mature anti-corruption culture;
- (h) Identify and facilitate mobilization of resources to achieve the goals and objectives of the campaign; and
- (i) Carry out such other functions as may be necessary or incidental to the success of the campaign.

NACCSC, under sub-section (f) of the Kenya Gazette Notice No.4124 of 28<sup>th</sup> May 2008, p.1263, may *“carry out or cause to be carried out such studies or research as may inform the Committee on its mandate”*. It was under this statute that NACCSC contracted the Institute for Development Studies (IDS) of the University of Nairobi through competitive bidding to undertake research on the Constituencies Development Fund (CDF). The CDF is widely viewed as a significant step aimed at devolving development resources, and also as a way of

enhancing people's greater participation in national development. However, the CDF, as presently constituted, is vulnerable to various forms of corruption. These emanate from inherent weaknesses in the CDF Act itself, implementation procedures, constitution of CDF Committees and many other weaknesses that open up avenues for corruption. The study aimed at bringing out some of the most common corrupt practices and tendencies in the allocation and implementation of CDF.

The findings generated by this national study on CDF would be used by the Committee (NACCSC) for appropriate proactive sensitization, advocacy and campaign against the identified corrupt tendencies. In essence, the findings would inform and/or guide the Committee in designing appropriate interventions to help install an anti-corruption mentality and improve transparency and accountability in the allocation and management of CDF in the future. The overall aim is to ensure that CDF (and by extension, other devolved funds) are used to attack poverty and foster rapid socio-economic development in all parts of the country. This is the context in which this national study was conceived with eight Terms of Reference (ToR). These were to:

- Develop a statistically significant methodology to facilitate the undertaking of a national study of the 210 constituencies in Kenya.
- Identify structural weaknesses of the CDF as presently constituted.
- Suggest ways through which such weaknesses may be solved.
- Determine the levels of knowledge of the various communities in Kenya on the CDF.
- Examine how, why and where various forms of corrupt practices are in CDF.
- Determine the linkages between corruption and poor management of CDF.
- Identify and examine legal, management and implementation limitations of the CDF as presently instituted.
- Suggest direction for addressing weaknesses and the legal limitations.

## **1.0 EXECUTIVE SUMMARY**

### ***Introduction***

The Constituency Development Fund (CDF) as established by the CDF Act (2003) is one of the devolved funds meant to achieve rapid socio-economic development at constituency level through financing of locally prioritized projects and enhanced community participation. The study found out that since its inception in 2003, CDF has facilitated the implementation of a number of local level development projects. However, various forms of corruption were found to be reducing its efficiency and effectiveness. These forms or avenues of corruption include manipulation of the process by the MP (e.g. in CDF committee selection and exclusion of majority); gender bias; tribalism and nepotism in the award of tenders; lack of transparency in allocation and use of disbursed funds; funding of non-priority projects; lack of serious monitoring and evaluation, bribery to secure contracts, location of CDF office at the MP's home or rented from MP's premises at exorbitant and unrealistic monthly rates, etc.

### ***1.1 Methodology***

The study combined 6 data collection methods i.e. constituency household survey, literature review, key informant interviews, focus group discussions, unstructured interviews and observation. For the random sample survey, 30% of the country's 210 constituencies were selected using the multi-stage area sampling technique. This translated to a representative sample of 71 out of the country's 210 constituencies. In each of the sampled constituencies, 30 respondents were selected on the basis of stratified proportionate random sampling. This gave a total of 2,130 respondents who were selected and interviewed using a structured questionnaire (see Appendix I). The study thus gathered both quantitative and qualitative data. In sampling theory, a sample size of 30% (and above) of any population is conventionally a representative sample that enables generalization to the larger population. In addition, random sampling allows the researcher to generalize findings to the larger population as it conforms to the scientific method.

The data was analyzed using the Statistical Package for Social Scientists (SPSS version 12.0) software. The quantitative data are hereby presented in form of frequency distributions or descriptive and inferential statistics, cross-tabulations, and socio-economic variables (age, gender, education). Content analysis helped to establish recurring patterns, trends and relationships from the qualitative data. Content analysis entails examining qualitative and/or multiple responses from individuals or groups to establish cross-cutting themes and attributes that may not depend on absolute numbers or definite proportions of the sample.

## **1.2 KEY STUDY FINDINGS**

### **1.2.1 Basic Respondent Characteristics**

Out of the 2,130 respondents interviewed countrywide, 61% were men while 39% were women. Age distribution showed that 33% of the respondents was in the 18-29 year age bracket; 51% was aged between 30 and 49 years; and 15% was aged 50 years and above. 1% of the respondents did not disclose their ages. 90% of the respondents had some level of formal education i.e. 29% with primary, 46% secondary, 13% college, and 4% university. 9% did not respond.

### **1.2.2 Flaws in the CDF Act 2003 and Amendment Act (2007)**

The CDF Act (2003) gives MPs excessive leeway in the management of the fund. Besides giving the MP excessive powers as automatic chair and patron of the fund, the Act also allows for lone-ranger approaches in accessing common public utilities. It also allocates some money for emergencies without specifying what constitutes an emergency. By also setting aside money as CDF office running costs, it not only allows for taking away needed development funds for higher priority projects but also makes the CDF office be treated as a development project in itself. The Act does not provide for any enforcement mechanisms especially for observation of government tendering and procurement laws and regulations. It also fails to spell out mechanisms for transition or replacement of CDF committees after change of guard so as not to interfere with project continuity and institutional memory. Neither does it (CDF Act) suggest where the CDF office should be located when a new MP takes over. It does not also say which bank should hold CDF accounts.

The CDF Amendment Act (2007) is vague on three main fronts. First, while it replaces the NMC with NMB, it does not repeal the CDF Act (2003). Thus, most of the latter is still intact. Second, it does not specify the real powers and role of the MP and grassroots committees in the management of CDF. Thirdly, it does not appear to clearly spell out the role and powers of the newly constituted NMB.

### **1.2.3 Structural Weaknesses and Unclear Role of NMB**

The study found out that CDF has major structural weaknesses that may compromise its efficiency and impact in future. Most of the structural weaknesses emanate from flaws in the two CDF Acts mentioned above. Secondly, while some sectors such as education (schools), health and infrastructure receive the lion's share of the fund, other equally (if not more) critical sectors with high distributive efficiency and job creation potential such as agriculture, social services and rural industrialization receive much less. Funding of non-priority projects coupled with weak grassroots redistributive mechanisms are unlikely to ensure equity in access by all sections of the local citizenry to the fund. Indeed, poor management was found to be one of the biggest challenges in the implementation of CDF. The uneven project distribution was attributed to the sitting MPs' overwhelming influence in project selection and nomination of CDF committee members.

#### **1.2.4 Small Size of CDF**

The current allocation of CDF is 2.5% of national budget. It was the feeling among many respondents that this was rather small and may need to be increased in future to at least 5%.

#### **1.2.5 Low Community Awareness and Participation**

The level of community awareness of CDF and other devolved funds was found to be rather low such that 20-30% of the respondents knew of the existence of CDF, CBF and FPE. In addition, only 30% were aware of CDF regulations. Community involvement in project identification, management and monitoring averaged 20-30%. However, the level of community satisfaction with the fund was found to be roughly 50% on average. Among the key areas or issues causing dissatisfaction were: excessive powers of the MP; rather low levels of transparency and accountability; low level of community participation in identification, management and monitoring of CDF projects; generally inflated project costs; lack of conflict resolution or mitigation mechanisms in place; composition of CDF committees; failure to address the needs of the most needy groups and remote areas; and accountability of office bearers to the respective communities. Other areas of contention included manner of project identification and prioritization; types of projects being implemented; location of projects; information sharing; relevance of some projects to people's needs; high number of projects running concurrently; beneficiary targeting (needs of special groups largely unmet); project reach (spreading of benefits hampered by political considerations) and how to build capacity for more people to benefit.

#### **1.2.6 Tribalism, Clanism, Nepotism and Equity**

Tribalism, clanism and nepotism were found to be rampant mainly in the selection of CDF committees and award of tenders. Though difficult to quantify, tribalism was evident in several multi-ethnic constituencies and most of CDF benefits tend to accrue to cliques of the dominant ethnic groups. For instance, in CDF allocation at location and sub-location levels, more projects located in areas of the dominant ethnic group or clan get funded while few or none for the less dominant groups are funded. For this reason, equity suffers at grassroots level. This is exacerbated by lack of equity-enforcement mechanisms. In addition, funding of non-priority projects and those with little catchments was noted in a few constituencies. This, coupled with lack of pro-poor targeting leads to low project reach and impact due to low spread of project benefits.

#### **1.2.7 Low Community Participation in CDF Management**

The study found out that less than 40% of the population may be involved in project implementation, management and monitoring and evaluation at any time. The majority (60%) are not. The rather low public involvement or community participation in project identification and prioritization may be responsible for the low project ownership that characterizes many CDF projects in some constituencies. Lack of proper communication or information flow may be partly responsible for the rather low awareness levels regarding existence of CDF and other devolved funds. In addition, deliberate exclusion of some constituents due to political reasons may also be partly responsible for the rather low level of

community participation. Mechanisms and structures for conflict resolution regarding CDF are virtually non-existent in most of the sampled constituencies.

### ***1.2.8 Lack of Environmental Impact Assessment (EIA)***

Many projects with implications on environmental quality were found to have been implemented in many constituencies. However, rarely did the researchers come across projects with strong waste/sewage disposal or environmental management components. Failure to undertake feasibility studies and/or environmental impact assessments, coupled with weak project implementation guidelines, is likely to have negative implications for project sustainability.

### ***1.2.9 Low Project Prioritization, Reach and Impact***

In many cases, new, almost similar projects are implemented without successful completion of existing ones. This multiplicity of projects running concurrently often results in duplication and waste of resources. It also suggests that there could be little or no monitoring of on-going projects. This in turn creates room for exaggeration of project costs by some unscrupulous contractors some of who are paid entirely upfront and/or before their projects are certified to be satisfactory. This is one form of corruption through which quality and standards may be conveniently sacrificed.

### ***1.2.10 Lack of Professionalism and Gender Bias***

Lack of professionals in several CDF committees was evident in many constituencies across the country. In one constituency for instance, the chairman of the CDF committee was an illiterate octogenarian who was an uncle to the sitting MP. Failure to involve professionals such as engineers, architects, quantity surveyors or public health experts may have led to the shoddy work witnessed in many CDF projects across the country. These contribute to low internalization or ownership of CDF projects and their benefits by the community. In some areas, some of the respondents argued that CDF activities were seen as the preserve of just a few individuals who were close to or related to the MP. Women appeared to be underrepresented in most of the CDF committees. Gender bias was also evident in staff recruitment for CDF offices as more men than women appear to have been employed.

### ***1.2.11 Lack of Clear Tendering and Procurement Procedures***

There are no clear tendering and procurement guidelines and/or procedures and tenders are not usually advertised. This invites corruption through irregular award of tenders and nepotism. The lowest bidder is not always awarded a contract and some contractors were said to be bribing key CDF committee members to “win” tenders. Failure to advertise tenders has often led to single sourcing which is by definition illegal since it contravenes government tendering and procurement regulations. In such underhand deals, some committee members collude to “win” tenders then sub-contract to their kin and kith. Usually, tender winners have the blessings of the sitting MP or are given to his/her close relatives, friends or associates.

### **1.2.12 Lack of Transparency and Accountability**

The general lack of transparency in CDF matters is well manifested in lack of open discussion on allocation and use of the fund. Many CDF project implementers were reported to be unwilling to discuss pertinent issues freely with the target beneficiaries. The mystery surrounding CDF in many parts of the country leads to suspicion of underhand activities and deals by grassroots communities. This is compounded by lack of audit arrangements for CDF expenditures. This in turn abets misuse of the fund and funding of non-priority projects that do not benefit the poor. The pace of project Implementation was found to be generally low and delays were reported in disbursement of funds.

### **1.3 CONCLUSION**

The CDF is certainly a noble innovation in resource allocation with positive implications for rural development. However, its allocation and use are dogged by the spirit of corruption that needs to be urgently addressed. For this reason, this study recommends the following in order to improve CDF management.

### **1.4 RECOMMENDATIONS**

#### **1.4.1 Further Amend CDF Act (2007) to Clarify Role and Powers of NMB**

It is not clear whether the CDF Amendment Act (2007) repealed the CDF Act (2003), although it created a national CDF Management Board (NMB) to replace the National Management Committee (NMC). The new Act does not expressly spell out the role of the MP in CDF management and project prioritization. It does also not seem to be clear on the role(s) of the pre-existing grassroots committees. For these reasons, the role, powers and independence of the newly constituted National CDF Management Board (NMB) (in place of the NMC) needs to be clarified so as to enforce compliance and lay down procedures and regulations. Partnerships between the NMB and the target beneficiaries need to be forged so as to improve and institutionalize monitoring and evaluation of CDF activities. It should also be clarified whether the NMB will be in charge of monitoring and evaluation of CDF projects.

#### **1.4.2 Further Amendments to CDF Amendment Act (2007)**

- Any further amendments should be effected with a view to reducing the power and influence of MPs in the management of CDF especially nomination of CDF committees.
- The MP should not be legally empowered to nominate more than one quarter of the CDF committee.
- In particular, measures for inclusion and/or participation of more constituents in CDF affairs need to be instituted.
- The MP should not be automatic patron and chair of the CDF committee.



- The CDF Act needs further amendment to specify where and/or which bank CDF accounts should be held instead of “any commercial bank” as currently stated.

#### ***1.4.3 Set up Mechanisms for Transition of CDF Committees***

The Act should be amended to specify mechanisms for smooth transition of CDF committees especially after an incumbent MP’s term ends by losing the seat to a new MP or through death. This should be done in a transparent manner to safeguard institutional memory as well as sustainability of on-going projects.

#### ***1.4.4 Increase National Allocation of CDF***

The current CDF kitty, which is only 2.5% of national budget, needs to be doubled to 5%. It was the feeling of many respondents that since some constituencies had bigger development needs than others and that since CDF allocation was equal for all constituencies; more funds were required to go into the CDF kitty. This would not only avail more resources for local level development but also increase equity and/or inclusivity.

#### ***1.4.5 Carry out Civic Education and Increase Public Vigilance and Scrutiny***

Civic education needs to be mounted nationwide to sensitize the public, especially women and the youth on development activities and the role they are supposed to play in their respective localities. This will help check corruption by increasing public vigilance and scrutiny through improved access to CDF records and information. It might also help enhance equitable distribution of CDF especially at location and sub-location levels. This is also likely to increase community involvement and participation in CDF activities. This activity rests squarely with NACCSC.

#### ***1.4.6 Undertake and Institutionalize Audit of CDF Monies***

It should be made mandatory that all CDF expenditures be audited by independent and competent parties and the audited accounts made available for public scrutiny. This is likely to increase accountability. All CDF committees should ensure that all CDF monies expended in projects are audited by accredited firms. Such auditing should be regularized and institutionalized and any further disbursements should be made conditional upon submission of satisfactory audit records which should be availed to the public for scrutiny.

#### ***1.4.7 Increase Community Participation***

Alternative avenues of securing inclusiveness in CDF committees need to be explored. This will not only improve public participation in CDF management but also curb the excessive sway MPs enjoy in nominating their cronies in the current set up. Two avenues may be recommended. First, membership in CDF committees should be made rotational such that a new committee is installed every two years. Second, civic education on CDF needs to be mounted countrywide to sensitize as many Kenyans as possible on the operations, role and benefits of CDF and its management committees.

#### **1.4.8 Improve on Project Prioritization, Reach and Impact**

There is need to improve funding on the basis of priority as dictated by community needs and as identified by the respective communities. In addition and as mentioned above, a strong M&E component needs to be inbuilt in all projects in order to enforce adherence to quality and standards and avoid duplication. An M&E team that excludes the MP should be established in every constituency.

#### **1.4.9 Streamline Tendering and Procurement**

Tendering and procurement for CDF projects need to be streamlined. One way of achieving this is by making the CDF more responsive to or compliant with government procurement and disposal regulations. This could be achieved more easily if the current control of the kitty by the MP is minimized.

#### **1.4.10 Improve on Transparency and Accountability**

There is need to improve on transparency, accountability, efficiency and impact of CDF projects. To achieve this, the powers of the NMB need to be spelt out in the new Act to make it a regulatory agency with powers to continuously monitor allocation and use of the fund.

#### **1.4.11 Sensitization and Advocacy by NACCSC**

The Committee (NACCSC) on their part will need to do the following:

- Carry out advocacy work by sensitizing members of the 10<sup>th</sup> Parliament.
- Carry out civic education to sensitize the general public, government officials, professionals, civil society, and primary, secondary school, college and University students.
- Carry out research on corruption regarding other devolved funds
- Develop campaign materials (posters, brochures, flyers, pamphlets, etc); and
- Train grassroots organizations in project and funds management for the achievement of local level development.

## **2.0 Introduction**

The Constituency Development Fund, popularly known as CDF, is one of several devolved funds in Kenya today. It was established under the CDF Act 2003 and was aimed at giving at least 2.5% of government revenue to grassroots development. While 75% of CDF is meant to be shared out equally among all the 210 constituencies, the remaining 25% is allocated on the basis of poverty incidence whose indices are provided by the ministry of Planning and National Development (MPND). Other than allocation to outright development projects, 3% of the CDF is allocated to CDF office running; 5% to emergency reserve; and 10% to school bursaries. However, should the allocated quotas not be exhausted or utilized by the end of the financial year, they may be used on other prioritized projects.

The devolved nature of the fund is meant to allow for public involvement or participation in identifying or selecting projects of priority to them in an effort aimed at poverty reduction and/or wealth creation. Since the 2003/04 fiscal year up to the current 2007/08 financial year, each constituency has on average been allocated Ksh.150 million from CDF. Sectoral allocations indicate that the education sector received the lion's share of 40%; followed by water (14%); health (9%); bursary (9%); and roads and bridges (8%). This information is summarized in Table 1 below.

*Table 1: Government Allocation of CDF (2003/04-2007/08)*

<b>Financial Year</b>	<b>Amount (Ksh. Billion)</b>
2003/2004	1.26
2004/2005	5.24
2005/2006	7.446
2006/2007	10.038
2007/2008	10.1
<b>TOTAL</b>	<b>34.084</b>

*Source: CDF National Management Committee Secretariat Website.*

The CDF is one of the ingenious innovations of the National Rainbow Coalition (NARC) Government of Kenya. Unlike other development funds that filter from the central government through larger and more layers of administrative organs and bureaucracies, funds under this program go directly to local levels and thus provide people at the grassroots the opportunity to make expenditure decisions that maximize their welfare consistent with the theoretical predictions of decentralization (*Kaimenyi, 2005*).

### **2.1 CDF Constitution and Management**

Having been established under the Constituencies Development Fund Act 2003, the primary goal of the fund was/is to take development projects to the citizens at grassroots level within the shortest time possible. The Act compels the Minister for Finance to allocate not less than 2.5 percent of all collected government ordinary revenue every financial year for development programmes in the constituencies. The Act also establishes the National Constituencies Development Fund Management Committee (NCDFMC) and the Constituency Development Committees (CDCs) to manage the fund. The objective was to have people drive their own development agenda and as such make the process at the grassroots participatory and faster. A summary of CDF project cycle is provided below. It involves 9 steps that begin with community needs assessment and ends with monitoring and evaluation of the project(s) by a committee formed jointly by the constituency development committee and national management committee. These steps are as follows:

1. Locational meetings to identify community needs and projects to address them
2. CDC meets to prioritize projects
3. DPC harmonizes projects to prevent duplication before forwarding to clerk to National Assembly

4. Clerk to National Assembly tables project proposals to CFC
5. CFC scrutinizes and forwards project proposals to the minister for finance
6. Minister for finance includes the project proposals in printed estimates
7. NMC releases funds
8. Projects Committee implements project(s)
9. CDC/NMC-designated committee conducts Monitoring and Evaluation (M&E)

The practice of devolved funds in Kenya is not new. Some of the earmarked decentralized grants include the 1993 Road Maintenance Fuel Levy Fund (RMLF), 1993/4 bursary fund, 1998/99 Local Authority Transfer Fund (LATF), and the 1999 constituency HIV fund. Others include the 2003 Free Primary Education (FPE), 1993 rural electrification levy fund, and the new Youth Enterprise Fund proposed during the 2006/07 budget. Each fund has its own objectives, structures and spending units. All the funds are grants or transfers from central government to local authorities or schools, with exception of the CDF and the Constituency Aids Control Committees (CACC). The two funds are earmarked for the constituency and not a school or a local authority.

In a sense, economic policy formulation, financing and implementation in Kenya have been problematic, mostly suffering from poor management at the implementation level since independence. During independence period, development delivery was characterized by centralized managerial authority, bureaucracy, command and control. This system did not work well and resulted in serious development inequalities. The earliest strategies to address these problems date back to 1963 when *Majimboism* was introduced. Thereafter, Sessional Paper No.10 of 1965 on *African Socialism and its application to Planning in Kenya* stipulated that planning was to be extended to the provinces, districts and municipalities so as to ensure that there was progress in each administrative unit.

In the 1966-70 *National Development Plan*, it was recommended that various committees be established to ensure coordination and people's participation in development. The *Ndegwa Report* (Kenya, 1971), recommended that for the government to realize its concerns of accelerating development in rural areas, the process of both plan making and implementation had to be extended to the district level and even into divisions, where government comes into contact with local realities. Further, the report of the Working Party on Government Expenditures (Kenya, 1982) recommended that the district should be the focal point for the management and implementation of rural development by the central government. Authority to Incur Expenditure (AIE) previously held by provincial heads of departments was directed to district treasuries. It was from these strategies that the government issued a policy document, the *District Focus for Rural Development (DFRD)*, which required District Development Committees (DDC) to be responsive to coordination of rural development. The Rural Development Fund, though not constituency-focused, was a key vehicle for enhancing these development efforts. The decentralization efforts were given further impetus through the *Economic Recovery Strategy for Wealth and Employment Creation*.

While MPs are not signatories to the CDF accounts, the CDF Act makes them automatic patrons of the respective committees unless they decide to opt out. This statutory weakness enables some MPs to double up as patrons and chairs to the 15-member committees they are empowered by law to appoint. The District Accountant is the custodian and signatory to the CDF cheque book. The District Development Officer (DDO) is the AIE holder and banks holding CDF accounts are under instruction not to allow over-the-counter withdrawals of amounts exceeding Ksh.1 million. To access CDF accounts and monies therefore, MPs will have to create cartels of loyalists from among members of the CDF committees which they have a free hand to appoint and/or nominate. Although the CDF is subject to the Public Procurement and Disposal Act, this legal loophole makes MPs accessible to CDF monies. This is notwithstanding the fact that the National Management Committee (NMC) working under the ministry of Planning and National Development is obliged by the CDF Act to table in parliament annual reports accounting for CDF expenditures. Subsequently, the audited books of accounts are supposed to be made available for public scrutiny (*Daily Nation, 28 November 2007:12*).

In addition, they (MPs) also sit on project committees that are charged with the responsibility of harmonizing cross-constituency projects. This exposes them to an ever vigilant public that may punish them by voting them out during general elections if they prove to be bad managers of CDF. During the recent party nominations in the run up to the December 27 general elections, many MPs were thrown out and it is likely that one of the greatest reasons for their exit at an early stage was bad management of CDF. This then holds true for the quotation from the Daily Nation indicated above on the positive correlation between bad CDF management and high turnover of MPs.

## **2.2 Project Funding Eligibility**

Statutorily, for projects to qualify for CDF funding, they must satisfy three main criteria. First, they must be development-oriented and not recurrent. For instance, while funds may be disbursed to build school classrooms and related facilities, they cannot be used to pay teachers, especially those hired by the Boards of Governors. Second, projects must be community-based so as to spread the benefits to as wide a cross-section of the area residents as possible. Third and finally, CDF monies can only be disbursed to a defined, auditable phase, unit or element of a given project. It should be noted that funds once allocated to a given project cannot be reallocated or diverted to another project during the same year. To date, more than Ksh.34 billion has been disbursed for development projects in all the 210 constituencies, with each constituency receiving on average Ksh.150 million (*CDF National Management Committee Secretariat Website and Standard Newspaper, 28 November 2007:30-31*).

## **2.3 Some Salient Weaknesses of CDF Allocation and Management**

Since inception, CDF investments have not always been implemented to ensure high quality services, equity in access or efficiency. Criticisms have been mounted over the way the Fund is managed and utilized. Numerous complaints have been made both in the media and public fora. Other accusations include the non-inclusiveness in management of the fund and funding of politically selected

projects. Persons wishing to contest parliamentary seats in the future have tirelessly traded accusations with sitting MPs about the manner in which the fund is being utilized and managed. Also, there has been concern that the allocation of funds was based on data on poverty levels that were not current and that some of the criteria used to assess needs were not well defined and accuracy could not be guaranteed. To a certain extent, some of the flaws in the management of CDF can be attributed to loopholes in the legal framework. In view of the foregoing therefore, this study was commissioned by the National Anti-Corruption Campaign Steering Committee to identify weaknesses and suggest future direction of the fund.

### 3.0 METHODOLOGY

#### 3.1 Research Design

The research design comprised 6 data collection methods. These were constituency household survey; document/literature review; key informant interviews (KIIs); focus group discussions (FGDs); unstructured interviews, and observation. The study collected and analyzed both primary and secondary quantitative and qualitative data.

#### 3.2 Sampling Procedure for Constituency Household Survey

A scientifically representative sample of 30% of Kenya's 210 constituencies was randomly selected for the constituency household survey. Sample selection was done using the multi-stage area sampling technique. This gave us a sample size of 71 constituencies (see Appendix I). In each of the 71 sampled constituencies, we then selected and interviewed 30 household heads, which yielded a total of 2,130 respondents nationally. Multi-stage area and stratified proportionate random sampling techniques were used to select the 30 households in each of the sampled constituencies. These techniques were employed to ensure inclusion into the sample of adequate geographical and demographic characteristics of the population. The random sample distribution per constituency was as indicated in the table below.

<b>Respondent Category</b>	<b>No. Randomly Selected</b>	<b>Total</b>
Opinion leaders	3	3
Organized women groups	3	3
Civil servants	3	3
Unemployed youth	3	3
Political activists	3	3
CBO representatives	3	3
Faith-based organizations	3	3
NGOs	3	3
Teachers	3	3
Ordinary <i>mwananchi</i>	3	3
<b>TOTAL</b>	<b>30</b>	<b>30</b>

Data collection was done through interviews carried out using a structured questionnaire.

### **3.3 Document/Literature Review**

Desk-top research was done to collect secondary data to validate and augment the sample survey and other data collected using other methods. Key among the published works were Constituency Development Act (GoK, 2003); and Constituency Development Fund Guidelines (GoK, 2005). Other key readings were IEA (2006); Mapesa and Kibua (2006); Kaimenyi (2005). Other documentary sources included minutes of CDF meetings, and correspondence related to disbursement procedures and amounts disbursed per study unit i.e. constituency.

### **3.4 Key Informant Interviews (KIIs)**

Key informants were individuals deemed to have been knowledgeable or holding substantial and/or substantive information regarding CDF. These were purposively sampled or selected in each of the sampled constituencies and interviewed on various matters pertaining to CDF. The respondents therefore included Members of Parliament (those who consented to the interviews); civic leaders; opinion leaders; local administrators; women group leaders and the politically active youth. Five key informants were identified and interviewed in each of the 71 sampled constituencies thus bringing the total number of key informants to 355. Through semi-structured interviews, we were able to gather qualitative primary data on forms and avenues of corruption regarding the CDF.

### **3.5 Focus Group Discussions (FGDs)**

Three focus groups were convened in each of the sampled 71 constituencies: one for men, one for women and one for the youth. FGDs focused on issues of CDF allocation and management and exposed various entry points for corruption and how such loopholes could be sealed in future. Each FGD comprised 10 members and took on average 2 hours. A total of 213 FGDs were conducted nationally involving 2,130 respondents.

### **3.6 Unstructured Interviews**

Many unplanned and impromptu discussions and/or interviews accompanied the other data collection methods outlined above. These went in juxtaposition with formal and informal consultations between the researchers and NACCSC officials, field respondents, other researchers on the subject, and social stakeholders such as the clergy, teachers, students, farmers, *jua kali* artisans, etc, on the topic of corruption within CDF allocation and management.

### **3.7 Observation**

Throughout the study period, the eye was an invaluable instrument for data collection. The fieldwork provided us with the opportunity to observe newly started, on-going, finished and unfinished CDF supported projects on the ground. We were also able to interview the people found on the site including some contractors who gave us valuable information.

### **3.8 Data Processing and Analysis**

Once the fieldwork was complete, the data was cleaned and systematized before entry. Data processing and analysis was then undertaken using the Statistical Package for Social Scientists (SPSS version 12.0) software. For the quantitative data obtained from primarily from the constituency household survey, the findings are hereby presented in the form of frequency distributions, cross-tabulations, socio economic variables (age, gender, education), and residence in terms of urban-rural. Responses have been correlated with household socio-economic characteristics. Descriptive and inferential statistics were computed to examine relationships among different variables. In particular, levels of public awareness of CDF and other devolved funds; levels of public participation or involvement in project identification and prioritization; management and monitoring and evaluation of CDF have been presented. For the qualitative data obtained from key informant interviews, focus group discussions and unstructured interviews, content analysis was used to establish recurring patterns, trends and relationships among the independent and dependent variables.

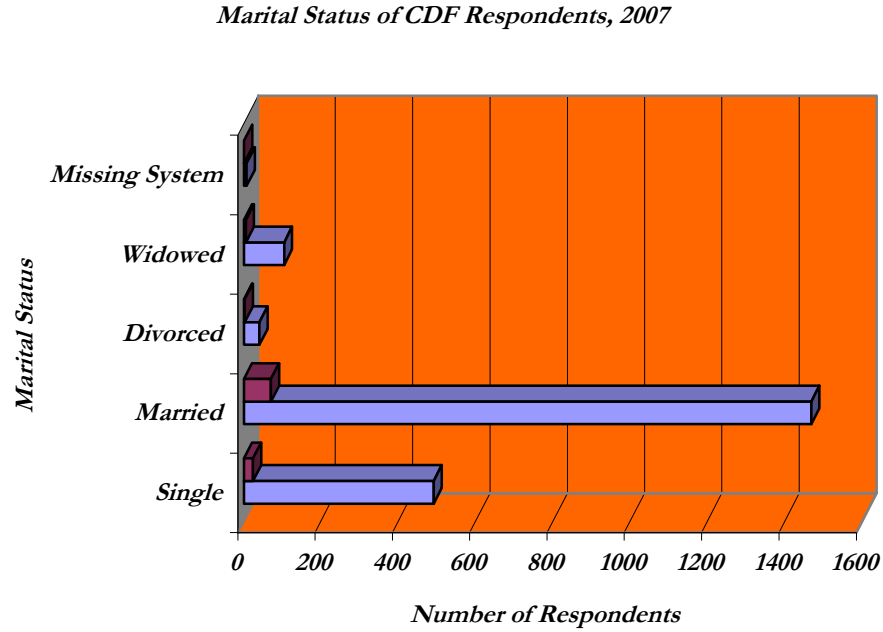
## **4.0 STUDY FINDINGS**

### **4.1 Basic Characteristics of Respondents**

Respondents interviewed were mainly married individuals (68%) followed by single persons (22%). A number of respondents were either widowed (5%) or divorced (3%) with a few of the respondents (2%) failing to disclose their marital status. The illustration of marital status is given in Figure 1 below.

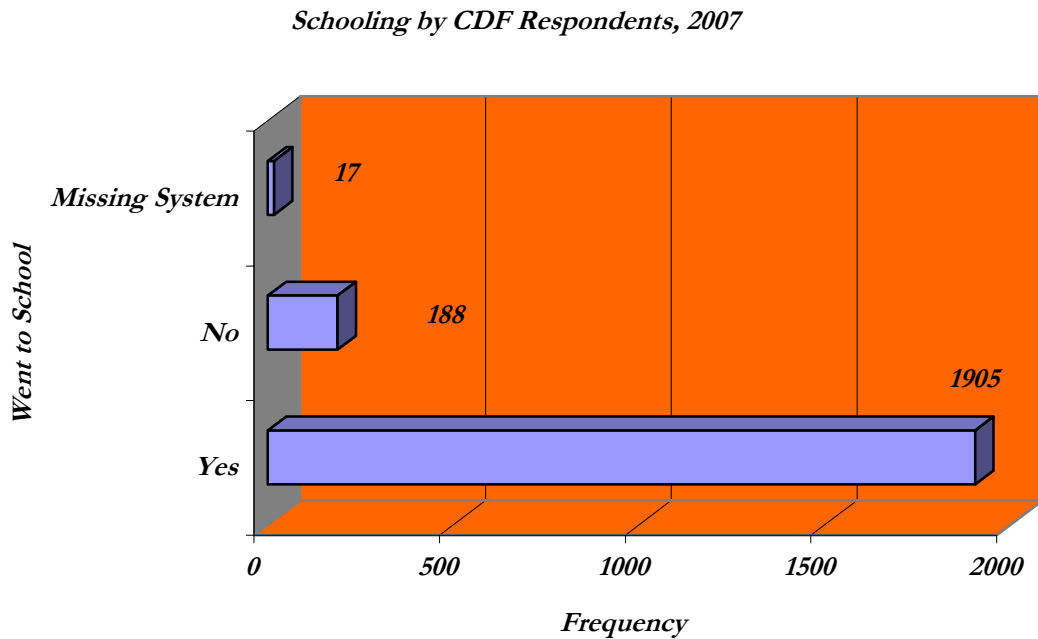


Figure 1: Distribution of Respondents by Marital Status



About 90% of the respondents indicated that they had gone to school. Another 9% indicated that they never went to school. Less than 1% of the respondents did not respond to this question. The illustration on schooling is given in Figure 2 below.

Figure 2: Schooling by CDF Respondents



In all the regions, even though attempts were made to create gender balance in selection of respondents, there were more male respondents compared to females. Male respondents ranged between 58% in Nyanza to 74% in Nairobi. Overall, 61% of the respondents were male while 39% were females. During the interviews, some women expressed the view that CDF was dominated by men and that they (women) felt marginalized. Table 2 and Figure 3 below, illustrate the distribution of respondents by gender across different provinces or regions.

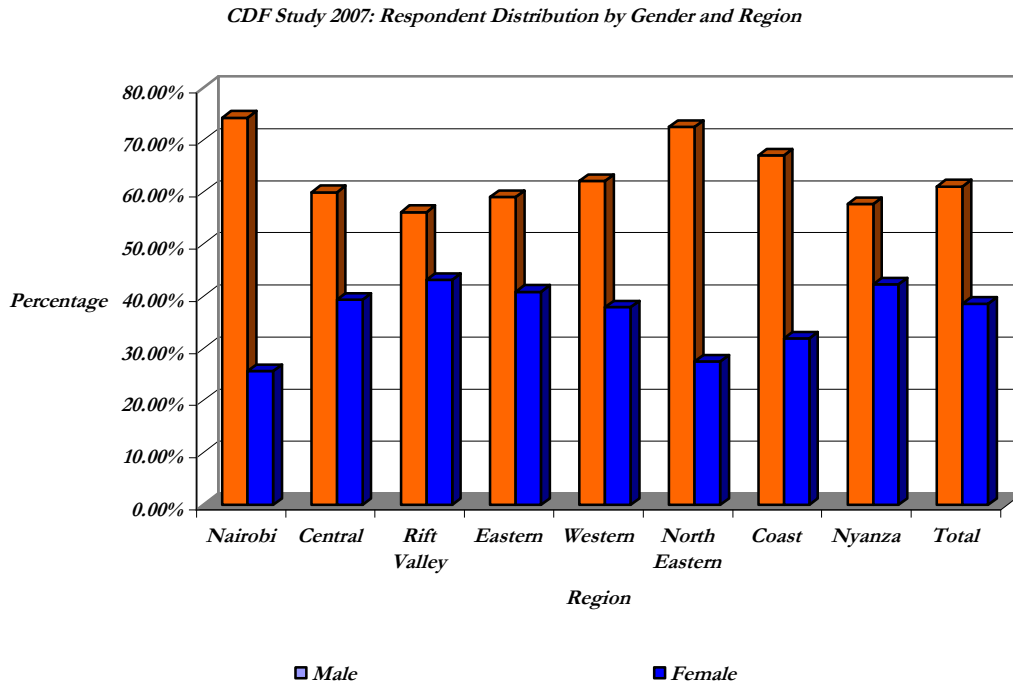
*Table 2: Distribution of Respondents by Gender and Region*

Province/Region	Count and Percent	Gender			Total
		Male	Female	Not specified	
Nairobi	Count	52	18	0	70
	% within Constituency	74.3%	25.7%	.0%	100.0%
	% of Total	2.5%	.9%	.0%	3.3%
Central	Count	216	142	2	360
	% within Constituency	60.0%	39.4%	.6%	100.0%
	% of Total	10.2%	6.7%	.1%	17.1%
Rift Valley	Count	276	212	3	491
	% within Constituency	56.2%	43.2%	.6%	100.0%
	% of Total	13.1%	10.0%	.1%	23.3%
Eastern	Count	146	101	0	247
	% within Constituency	59.1%	40.9%	.0%	100.0%
	% of Total	6.9%	4.8%	.0%	11.7%
Western	Count	169	103	0	272
	% within Constituency	62.1%	37.9%	.0%	100.0%
	% of Total	8.0%	4.9%	.0%	12.9%
North Eastern	Count	129	49	0	178
	% within Constituency	72.5%	27.5%	.0%	100.0%
	% of Total	6.1%	2.3%	.0%	8.4%
Coast	Count	122	58	2	182
	% within Constituency	67.0%	31.9%	1.1%	100.0%
	% of Total	5.8%	2.7%	.1%	8.6%
Nyanza	Count	179	131	0	310
	% within Constituency	57.7%	42.3%	.0%	100.0%
	% of Total	8.5%	6.2%	.0%	14.7%
Total	Count	1289	814	7	2110
	% within Constituency	61.1%	38.6%	.3%	100.0%
	% of Total	61.1%	38.6%	.3%	100.0%

Source: Field Data, 2007.

Figure 3 below, captures this data set much more vividly.

Figure 3: Gender Distribution of CDF Respondents



The age distribution of the respondents is captured in Table 3 below. Most of the respondents (51%) were in the 30-49 years age group. About 33% percent were aged between 18-29 years while about 15% were aged 50 years and above. About 1% of the respondents did not indicate their ages.

**Table 3: Respondent Distribution by Age and Region**

Province	Count and Percent	Age Group					Total
		18-29 yrs	30-49 yrs	50-69 yrs	70 and over	Not stated	
Nairobi	Count	39	25	2	0	4	70
	% within Constituency	55.7%	35.7%	2.9%	.0%	5.7%	100.0%
	% of Total	1.8%	1.2%	.1%	.0%	.2%	3.3%
Central	Count	95	183	42	7	8	335
	% within Constituency	28.4%	54.6%	12.5%	1.9%	2.2%	100.0%
	% of Total	4.5%	8.7%	2.0%	.3%	.4%	15.9%
Rift Valley	Count	142	286	54	5	4	491
	% within Constituency	28.9%	58.2%	11.0%	1.0%	.8%	100.0%
	% of Total	6.7%	13.6%	2.6%	.2%	.2%	23.3%
Eastern	Count	88	122	29	7	1	247
	% within Constituency	35.6%	49.4%	11.7%	2.8%	.4%	100.0%
	% of Total	4.2%	5.8%	1.4%	.3%	.0%	11.7%
Western	Count	92	128	46	6	0	272
	% within Constituency	33.8%	47.1%	16.9%	2.2%	.0%	100.0%
	% of Total	4.4%	6.1%	2.2%	.3%	.0%	12.9%
North Eastern	Count	64	95	16	3	0	178
	% within Constituency	36.0%	53.4%	9.0%	1.7%	.0%	100.0%
	% of Total	3.0%	4.5%	.8%	.1%	.0%	8.4%
Coast	Count	60	113	31	1	2	207
	% within Constituency	30%	54.6%	15%	1.0%	1.0%	100.0%
	% of Total	2.8%	5.4%	1.5%	.0%	.1%	9.8%
Nyanza	Count	113	120	59	15	3	310
	% within Constituency	36.5%	38.7%	19.0%	4.8%	1.0%	100.0%
	% of Total	5.4%	5.7%	2.8%	.7%	.1%	14.7%
Total	Count	693	1072	279	44	22	2110
	% within Constituency	32.8%	50.8%	13.2%	2.1%	1.0%	100.0%
	% of Total	32.8%	50.8%	13.2%	2.1%	1.0%	100.0%

Socio-economic characteristics such as age, gender and level of education usually have a positive relationship with community participation in development projects. Basic literacy and especially high levels of education influence levels of community involvement in development and monitoring of the utilization of development funds. In addition, where elements of social capital are high in the community, there is likely to be higher levels of transparency and accountability in the use of public funds and by extension, lower levels of corruption. In areas where the average level of education is higher, CDF and other projects are more likely to be in line with community priorities.

The findings indicate that in terms of distribution of respondents by education level, most respondents (46%) were of secondary education. This was followed by primary (29%), and college (13%). About 4% had attained University education while less than 1% had informal education. About 9% did not respond to this question (see the illustration in Table 4 below). This perhaps explains why the level of community involvement in the allocation, use and management of CDF was found to be generally below 40% (see Figure 4).

*Table 4: Level of Education of Respondents by Region*

Region	Count and %	What is the highest class that you completed in school?						Total
		College	Informal	Non-response	Primary	Secondary	University	
Nairobi	Count	7	0	8	18	31	6	70
	% within Constituency	10.0%	.0%	11.4%	25.7%	44.3%	8.6%	100.0%
	% of Total	.3%	.0%	.4%	.9%	1.5%	.3%	3.3%
Central	Count	48	3	23	117	161	8	335
	% within Constituency	13.3%	.8%	6.4%	32.5%	44.7%	2.2%	100.0%
	% of Total	2.3%	.1%	1.1%	5.5%	7.6%	.4%	17.1%
Rift Valley	Count	74	0	54	121	214	28	491
	% within Constituency	15.1%	.0%	11.0%	24.6%	43.6%	5.7%	100.0%
	% of Total	3.5%	.0%	2.6%	5.7%	10.1%	1.3%	23.3%
Eastern	Count	58	0	14	32	129	14	247
	% within Constituency	23.5%	.0%	5.7%	13.0%	52.2%	5.7%	100.0%
	% of Total	2.7%	.0%	.7%	1.5%	6.1%	.7%	11.7%
Western	Count	18	0	11	87	145	11	272
	% within Constituency	6.6%	.0%	4.0%	32.0%	53.3%	4.0%	100.0%
	% of Total	.9%	.0%	.5%	4.1%	6.9%	.5%	12.9%
North Eastern	Count	18	0	52	41	62	5	178
	% within Constituency	10.1%	.0%	29.2%	23.0%	34.8%	2.8%	100.0%
	% of Total	.9%	.0%	2.5%	1.9%	2.9%	.2%	8.4%
Coast	Count	23	6	9	48	95	1	182
	% within Constituency	12.6%	3.3%	4.9%	26.4%	52.2%	.5%	100.0%
	% of Total	1.1%	.3%	.4%	2.3%	4.5%	.0%	8.6%
Nyanza	Count	23	0	18	138	123	8	310
	% within Constituency	7.4%	.0%	5.8%	44.5%	39.7%	2.6%	100.0%
	% of Total	1.1%	.0%	.9%	6.5%	5.8%	.4%	14.7%
<b>Total</b>	<b>Count</b>	<b>269</b>	<b>9</b>	<b>189</b>	<b>602</b>	<b>960</b>	<b>81</b>	<b>2110</b>
	<b>% within Constituency</b>	<b>12.7%</b>	<b>.4%</b>	<b>9.0%</b>	<b>28.5%</b>	<b>45.5%</b>	<b>3.8%</b>	<b>100.0%</b>
	<b>% of Total</b>	<b>12.7%</b>	<b>.4%</b>	<b>9.0%</b>	<b>28.5%</b>	<b>45.5%</b>	<b>3.8%</b>	<b>100.0%</b>

## 4.2 Structural Weaknesses of CDF as Presently Constituted

Structure has to do with foundation and manner of constitution. To understand structural weaknesses of CDF, a formal questionnaire may not fully capture the structure of CDF. We therefore relied on primary qualitative information from KIIs and FGDs. Structural issues may help explain the existence or otherwise of transparency in allocation and utilization of CDF as well as accountability of committee members. This study identified several structural weaknesses of the CDF as currently constituted. These are illustrated in Table 5 below. The weaknesses appear to revolve around issues of CDF allocation, project identification, distribution, management, community participation in project design, prioritization, and monitoring and evaluation.

The CDF Act (2003) that created CDF gives MPs excessive leeway in the management of the fund. Besides giving the MP excessive powers as automatic chair and patron of the fund, the Act also allows for lone-ranger approaches in accessing common public utilities. It also allocates some money for emergencies without specifying what constitutes an emergency. By also setting aside money as CDF office running costs, it not only allows for taking away needed development funds for higher priority projects but also makes the CDF office be treated as a development project in itself. The Act does not provide for any enforcement mechanisms especially for observation of government tendering and procurement laws and regulations. It also fails to spell out mechanisms for transition or replacement of CDF committees after change of guard so as not to interfere with project continuity and institutional memory. Neither does it (CDF Act) suggest where the CDF office should be located when a new MP takes over. It does not also say which bank should hold CDF accounts.

The CDF Amendment Act (2007) is vague on three main fronts. First, while it replaces the NMC with NMB, it does not repeal the CDF Act (2003). Thus, most of the latter is still intact. Second, it does not specify the real powers and role of the MP and grassroots committees in the management of CDF. Thirdly, it does not appear to clearly spell out the role and powers of the newly constituted NMB.

The study found out that CDF has major structural weaknesses that may compromise its efficiency and impact in future. Most of the structural weaknesses emanate from flaws in the two CDF Acts mentioned above. Secondly, while some sectors such as education (schools), health and infrastructure receive the lion's share of the fund, other equally (if not more) critical sectors with high distributive efficiency and job creation potential such as agriculture, social services and rural industrialization receive much less. Funding of non-priority projects coupled with weak grassroots redistributive mechanisms are unlikely to ensure equity in access by all sections of the local citizenry to the fund. Indeed, poor management was found to be one of the biggest challenges in the implementation of CDF. The uneven project distribution was attributed to the sitting MPs' overwhelming influence in project selection and nomination of CDF committee members.

The current allocation of CDF is 2.5% of national budget. It was the feeling among many respondents that this was rather small and may need to be increased in future to at least 5%.

Other structural weaknesses of CDF are manifested in low project prioritization, efficiency, reach and impact emanating from skewed politically motivated project distribution. CDF could also lead to negative outcomes such as increased patronage and dependency mentality. IEA (2006:18-36) found out that community satisfaction with CDF projects was generally low throughout the country. However, in many areas of the republic, CDF is used on projects that may be regarded as socially beneficial i.e. social infrastructure (schools, clinics, bridges, etc). The main sectors being funded are education, health, water and

building of infrastructures. Other equally (if not more important) sectors given less funding agriculture, security, social services and wildlife.

Currently, there appear to be weak mechanisms in place at the grassroots level to ensure equity in access to CDF Projects. Factors inhibiting greater participation in CDF matters include ignorance, apathy, political patronage, lack of transition plans for CDF committee members and lack of adequate knowledge of project planning among community and committee members (IEA, 2006). The beneficiaries generally accept that if well managed, CDF will definitely change the face of the country.

Through interviews conducted mainly with key informants and focus groups, the study established some of the major weaknesses of CDF allocation and management. Key among them were the following:

*1. Uneven Distribution of Projects:* Three of the most important parameters of project distribution scored lowly among the participants. These were:

(a) Targeting of beneficiaries i.e. meeting the needs of special groups (women, children, youth) (22.1%)

(b) CDF project reach (spreading benefits to all community members (23.0%)

(c) Equity-addressing needs of the neediest e.g. disabled, people living in remote areas (17.7%)

The statistics are clear that there is uneven distribution of CDF-supported projects countrywide. Many needy areas and populations are yet to benefit from CDF. Equitable sharing of CDF within the constituency remains a difficult exercise mainly due to the multiple needs at the local level and weak mechanisms for ensuring equity. For this reason, some locations felt short-changed in the process. In general, political interference and lack of mechanisms to enforce equity in the sharing of CDF or check gross imbalances in CDF allocation within constituencies are some of the major weaknesses of CDF allocation and management.

*2. Tribalism/Nepotism:* Although we lack clear statistics on the exact number of respondents who mentioned tribalism and nepotism as contributors to weaknesses in CDF management, these two were mentioned as key ideologies underlying selection of CDF committee members, award of tenders and the general functioning of the fund. There was a feeling in many constituencies that CDF committees did not involve the community in decision making e.g. selection of projects. The MPs also appeared to have done little to discourage nepotism and clanism. It was alleged that some MPs had recruited their spouses, close relatives, drivers, etc, into the CDF committees.

*3. Lack of Transparency:* 87.7% of the respondents thought that transparency in the management of CDF was either too little or lacking altogether. For instance, in a majority of the constituencies, there was no open discussion about the activities and usage of CDF money. In others, mystery surrounds the CDF and its

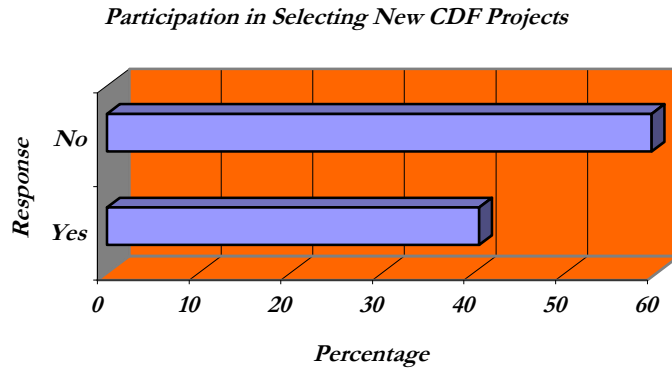
activities at the grassroots level. The implementers are rarely willing to discuss CDF activities freely with the beneficiaries. This has created a feeling that there are underhand activities. This level of confidentiality is not necessary as it creates suspicion and lack of confidence in the process.

*4. Misuse of Funds through Funding of Non-priority Projects:* With 77.9% of the respondents reporting the funding of non-priority projects, the CDF is prone to misuse. Some of the CDF-supported projects are “white elephants”, projects which do not benefit the poor or needy. When this happens, and it often does, urgent priority projects are sacrificed for those promising higher kick-backs for the grand coalition of MP, contractor and committee members related or close to the MP.

*5. Community Participation in Project Identification, Implementation and Management:* On average, about 60% of the Kenyan communities may be excluded from management or benefits accruing from CDF projects. In some constituencies however, the community exclusion level stands at 79%. This is despite the fact that CDF is a form of decentralized/devolved funding which should attract substantial community involvement and/or participation. Simply put , the beneficiaries consider the funds as “free” and thus are not motivated to monitor their utilization since they (beneficiaries) do not take into account the costs of the projects. It is therefore important to investigate in future the monitoring aspects associated with CDF and the degree to which constituency characteristics influence CDF allocation at local level. As Figure 4 below illustrates, the level of community participation was rather low (about 40%). The majority (about 60%) of the communities were found to be excluded from matters of CDF.

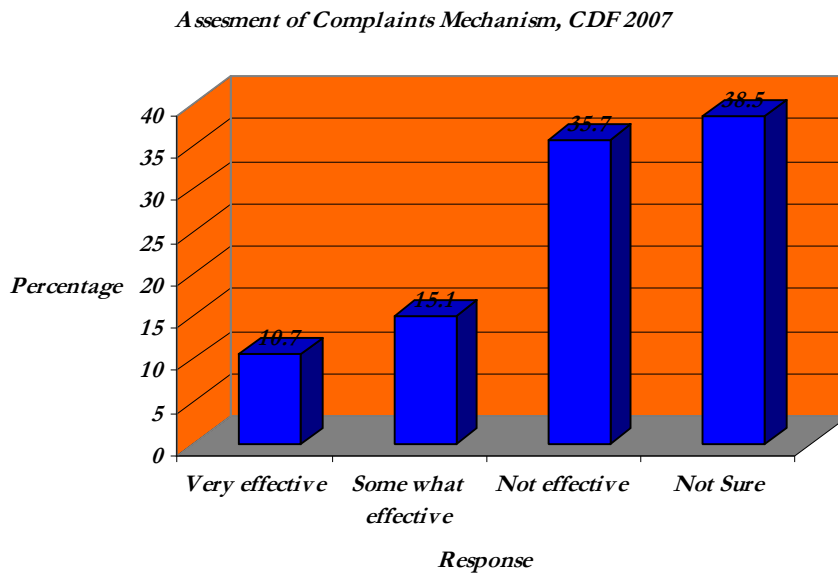


Figure 4: Level of Community Participation in CDF Project Identification



6. *Lack of Proper Communication/information Flow on CDF issues:* 76.7% of the respondents reported the existence of difficulties in information sharing on matters of CDF. For instance, there is generally lack of awareness of the funds disbursement and complaints downloading procedures. Consequently, a majority of the members of the public think that the complaints mechanisms are not effective (see Figure 5 below). About 39% of the respondents were not sure of the complaints mechanisms. Only 11% of the respondents thought that the process was very effective. It is therefore likely that those who thought that the mechanism was either “somewhat effective” (15%) or “not effective” (36%) did not have clear knowledge of the process.

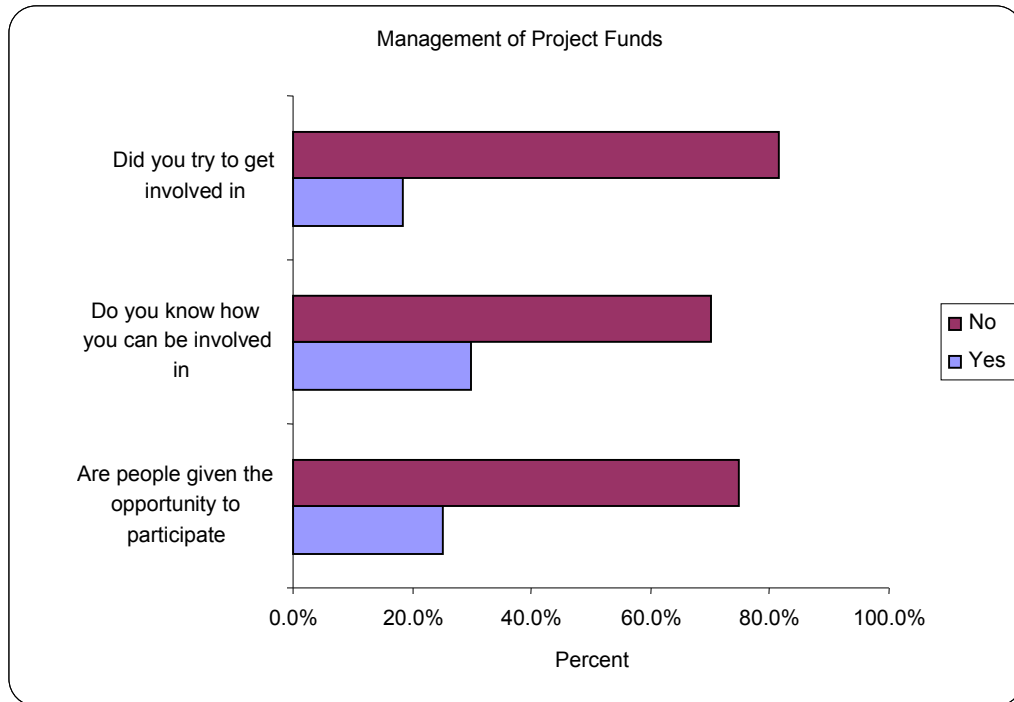
Figure 5: Awareness and Assessment of CDF Complaints Mechanisms



7. *Funding Procedures:* 84.8% of the respondents found the CDF disbursement procedure rather cumbersome, leading to unwarranted delays in project implementation. While there is slow implementation of projects, starting of new projects before completion of old ones has led to too many incomplete/ongoing projects. In some areas, the funds are spread too thin due to the multiplicity of small projects when there was/is need to initiate bigger projects.

As noted above, it is perturbing to note that a majority of the citizens were/are not involved in the management of CDF and its projects. Few people try to get involved or know how to get involved in CDF management. A majority is not given the opportunity to participate in CDF matters (see Figure 6, below).

Figure 6: Management of Project Funds



8. *Lack of Clarity on Tendering and Procurement:* Although we do not have statistics on this, undoubtedly there are no clear tendering and procurement procedures. Tenders were/are usually not advertised and this has led to irregular allocation of tenders.

9. *Misallocation of Resources due to Weak Guidelines:* 82.3% of the respondents reported misallocation of CDF. Misallocation was also reported in several focus group discussions. It mainly takes the form of supporting projects of little social value, meeting CDF office rent and/or administration, paying exaggerated project costs, etc. This may not be unexpected especially bearing in mind that in some constituencies, the CDF office is located within the MP’s homestead or is rented from the MP’s building. There was found to be lack of proper coordination and harmonization in planning, and misunderstanding of funding procedures. Project costs were/are often exaggerated. This may be due to poor monitoring and evaluation of on-going projects.

10. *Lack of Professionals and Professionalism:* While lack of professionals in the committees has created room for misinformation, the tenure of office of CDF committee members remains unclear to many beneficiaries. At the same time, apathy and ignorance among the community members was found to be largely

responsible for laxity among committee members and poor attendance of committee meetings.

11. *Interference by Provincial Administration in CDF Operations:* There were/are allegations of interference in CDF projects by the provincial administration, which had/has vested interests in project implementation. Such interference usually took/takes place in the form of extortion.

12. *Ignoring Regional Benefits/Economies:* Some MPs were reported to have been opposed to supporting projects with widespread spillover benefits to communities in other constituencies. While such projects may have been ranked high amongst the community priorities, they may not be implemented because of the spillover benefits may accrue to people outside the constituency or people within the constituency who live in an area which is the stronghold of the opponent of the sitting MP (e.g. a road or water project that has several downstream beneficiaries).

13. *Dampening of Local Resources and Development Initiatives:* There is a possibility that CDF could be suppressing local fiscal effort which has hitherto been through voluntary contributions for community development. Such displacement effect could be counter-productive and may actually weaken participation. Ideally, CDF should not discourage local mobilization of development resources but should instead be complementary. In evaluating the efficiency of CDF, it would be necessary to investigate the extent to which the funds are complementing or substituting local resource mobilization.

Some of the key management problems highlighted in each region are as follows:

### **Nairobi Province**

- Lack of proper communication/information
- Committees do not involve the community
- Lack of transparency/misuse of funds
- Projects inspired by key individuals
- Tribalism/Nepotism in selection of committee members

### **Central Province**

- Lack of enough funds to initiate bigger projects
- Poor management of funds/lack of accountability
- Lack of transparency/misuse of funds
- Lack of proper communication/information
- Committees do not involve the community in project activities
- Slow implementation of projects
- Uneven distribution of project within the constituency

## **Rift Valley Province**

- No Monitoring and evaluation of ongoing projects
- Lack of enough funds to initiate bigger projects
- Influence of MP in project Selection
- Lack of awareness of CDF
- MP controls the CDF committee
- Lack of transparency/misuse of funds
- Slow implementation of projects.
- Tribalism/nepotism in committee members
- Lack of education to the community
- Lack of proper communication/information
- Committees do not involve the community
- Poor management of funds/lack of accountability

## **Eastern Province**

- Corruption has infiltrated the process
- Projects inspired by key individuals
- Faulty selection procedure of community members
- Lack of enough funds to initiate bigger projects
- Lack of awareness on CDF/No community involvement
- Lack of transparency/misuse of funds
- Slow implementation of projects
- Committees do not involve the community

## **Western Province**

- Corruption has infiltrated the process
- Projects inspired by key individuals
- Lack of enough funds to initiate bigger projects
- MPs control the CDF committee
- Lack of transparency/misuse of funds
- Tribalism/nepotism in committee members
- Lack of proper communication/information
- Committees do not involve the community
- Poor management of funds/lack of accountability
- Uneven distribution of projects
- Funding projects which are non priority
- Lack of knowledge of CDF/ public ignorance

## **North Eastern Province**

- Lack of enough funds to initiate bigger projects
- Lack of transparency/misuse of funds
- Tribalism/nepotism in committee members
- Lack of education to the community

- Committees do not involve the community
- Poor management of funds/lack of accountability

### Coast Province

- No Monitoring and evaluation of ongoing projects
- Lack of enough funds to initiate bigger projects
- Influence of MP in project Selection
- Lack of awareness on CDF
- MP control the CDF committee
- Lack of transparency/misuse of funds
- Slow implementation of projects
- Tribalism/nepotism in committee members
- Lack of education to the community
- Lack of proper communication/information
- Committees do not involve the community
- Poor management of funds/lack of accountability

### Nyanza Province

- Lack of transparency/misuse of funds
- Committees do not involve the community in activities
- Projects inspired by key individuals
- Poor management of funds/lack of accountability
- Tribalism/nepotism in committee members
- No Monitoring and evaluation of ongoing projects
- Uneven distribution of projects
- Lack of proper communication/information
- Gender biases, favoritism and biases in recruiting staff
- MPs control the CDF committee
- Starting project before completing old

All the above problems seem to reflect structural problems in the design and execution of the CDF. Thus, efficient management of the CDF poses one of the biggest challenges facing its implementation. These and other aspects of CDF are illustrated in Table 5 below. These are aggregated from responses and are not presented in order of merit.

*Table 5: Major Structural and Other Weaknesses in CDF Allocation and Management*

<b>Weaknesses in CDF Allocation and Management</b>
1. Politically-motivated projects benefit few individuals; MPs nominate CDF committees and influence project selection; CDF is managed by politicians and not professionals; MPs use CDF for political gain/as a campaign tool; Some projects are aimed at uplifting living standards of the MPs' supporters
2. Tribalism/Nepotism in selection of committee members; Committees do not involve the community in decision-making e.g. selection of projects
3. Lack of transparency; misuse of funds; No open discussion about CDF usage
4. Lack of awareness of CDF/Lack of community education on CDF
5. Funding of non-priority projects; Some CDF funds are used to fund white elephant projects; Projects do

not benefit the poor; Urgent projects being sacrificed for easy and lucrative ones; Uneven distribution/many do not reach the neediest areas
6. Lack of proper communication/information flow on CDF issues
7. Lack of enough funds to initiate bigger projects
8. Poor management of funds/lack of accountability/No auditing
9. Slow implementation of projects; Starting new projects before completing old ones/too many incomplete/on-going projects
10. Selection procedure of community members is prone to manipulation, gender bias, favoritism
11. Corruption has infiltrated CDF due to lack of checks and balances; No clear tendering procedures/ Tenders are not advertised/Irregular allocation of tenders
12. Misallocation of resources due to weak guidelines; Lack of proper coordination; Lack of harmonization of planning; Misunderstanding of funding procedures
13. No Monitoring and evaluation of on-going projects/no follow-ups
14. Lack of knowledge of CDF/ignorance of the society
15. A few members involved in project identification/selection and prioritization
16. Apathy, ignorance and laxity among some committee members and poor attendance of committee meetings opens possibility of embezzlement and/or mismanagement
17. Delays in disbursement of funds
18. Youth needs are not taken into consideration
19. Exaggerating the costs of the projects
20. No professionals in the committees
21. Lack of clear communication channels and information flow/Room for misinformation
22. Exaggeration of project costs/Irregularities in payment of projects workers
23. Allocation of funds in phases sometimes causes delays
24. There is poor leadership
25. Tenure of CDF office-bearers and transition in case of change of leadership unclear
26. Population in some areas is too large making equal allocation unfair
27. Interference by Provincial Administration

Source: *Field Data, 2007.*

### 4.3 Level of Community Satisfaction with CDF Projects

Below are levels of satisfaction with selected aspects of CDF allocation and management. From the figures, it is clear that a greater majority of the respondents were dissatisfied with some of the key aspects of CDF management. However, it should be borne in mind that these aspects or issues are not mutually exclusive and therefore the totals do not add up to 100%.

- How projects are identified (40.0%)
- Transparency in management of CDF funds (64.4%)
- Community participation in decision making (50.7%)
- Cost of projects (59.8%)
- Dispute/conflict resolution mechanisms in place (63.7%)
- Composition of CDF committees (59.6%)
- Time taken to implement projects (52.9%)
- Equity (addressing the needs of the most needy e.g. remote areas, disabled etc) (51.5%)
- Accountability of CDF duty bearers to the community (62.3%)

The above statistics may be compared to those on responses of satisfaction levels concerning the same and other parameters of CDF allocation and management:

- How projects were/are identified (27.1%)

- Types of projects within the constituency (32.2%)
- Location of projects within the constituency (32.4%)
- Transparency in management of CDF funds (12.3%)
- Accountability of CDF duty bearers to the community (12.7%)
- Information sharing among the community members (23.2%)
- Relevance of projects to people's needs (29.2%)
- Quantity (number) of projects implemented (16.0%)
- Targeting of beneficiaries i.e. meeting the needs of special groups (women, children, youth, etc) (22.1%)
- CDF project reach (spreading benefits to all community members) (23.0%)
- Building capacity/creating opportunities for people to benefit more (21.9%)

Table 6 below summarizes levels of community satisfaction with some of the most crucial CDF management issues countrywide. Again it should be noted that these are not mutually exclusive and neither do they follow the order of merit.

*Table 6: Level of Satisfaction with CDF Projects at Constituency Level*

<b>Issue</b>	<b>Satisfied</b>	<b>Fairly Satisfied</b>	<b>Dissatisfied</b>
How projects are identified	27.1%	32.9%	40.0%
Types of projects within the constituency	32.2%	34.1%	33.7%
Location of projects within the constituency	32.4%	30.9%	36.7%
Transparency in management of CDF funds	12.3%	23.3%	64.4%
Community participation in decision making (Voice)	21.1%	28.3%	50.7%
Information sharing among the community members	23.2%	32.3%	44.4%
Cost of projects	12.4%	27.8%	59.8%
Dispute/conflict resolution mechanisms in place	10.8%	25.5%	63.7%
Composition of CDF committees	13.4%	26.9%	59.6%
Relevance of projects to people's needs	29.2%	34.9%	35.9%
Quantity (number) of projects implemented	16.0%	35.5%	48.5%
Time taken to implement projects	15.2%	31.9%	52.9%
Targeting of beneficiaries i.e. meeting the needs of special groups (women, children youths) etc	22.1%	34.0%	43.9%
CDF project reach (spreading benefits to all community members)	23.0%	31.1%	45.9%
Equity (addressing the needs of the most needy e.g. remote areas, disabled etc)	17.7%	30.8%	51.5%
Building capacity/creating opportunities for people to benefit more	21.9%	33.5%	44.6%
Accountability of CDF duty bearers to the community	12.7%	25.1%	62.3%
Overall impact of CDF projects on poverty i.e. improving livelihoods	22.8%	37.0%	40.3%

#### **4.4 Levels of Knowledge of Various Communities in Kenya of CDF**

As noted by the Institute of Economic Affairs (IEA) (2006) and Mapesa and Kibua (2006), the level of awareness or knowledge of CDF has an impact on participation by citizens and on the level of their involvement in public affairs. This is because awareness is likely to:

- a) Determine the level of access and how they benefit from the fund.
- b) Have an impact in holding the duty bearers accountable to the community.
- c) Affect the manner in which CDF projects are identified and prioritized.
- d) Enhance public participation in promoting public education on the CDF.
- e) Have an impact on public understanding of their social, economic and political rights and entitlements; hence broaden perception of their engagement.

Additionally, awareness will also promote CDF performance rating in relation to existing legal frameworks. It is against this background that the study sought to assess the public level of CDF awareness and knowledge.

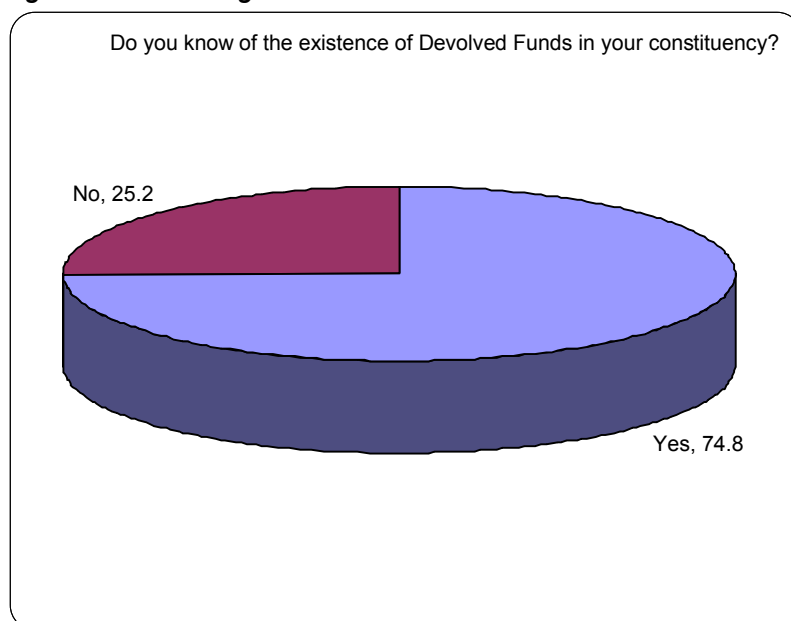
In previous studies, it was found that:

- Only 21% of the respondents were aware of the CDF regulations (IEA, 2006).
- Knowledge of CDF was generally higher amongst men than women.
- Knowledge of costs of projects and disbursed funds among project beneficiaries was generally low.
- Sometimes the MP dictates who should be awarded a contract.

In the current study, it was found out that less than 30% of the respondents knew of the existence of various devolved funds although some were aware that CDF is a kitty used for financing development projects. As indicated in Figure 7 and Table 7 below, public awareness of devolved funds was found to be rather low. A majority of Kenyans seem to be unaware of the existence of devolved development funds.



Figure 7: Knowledge of Devolved Funds



The scenario is similar if individual devolved funds are considered. The CDF is the most widely known devolved fund, followed by Constituency Bursary Fund, Free Primary Education and LATF. The Rural Electrification Fund, RMFLF and CDTF are the least known devolved development funds (see Table 7, below).

Table 7: Public Knowledge Levels of Devolved Funds

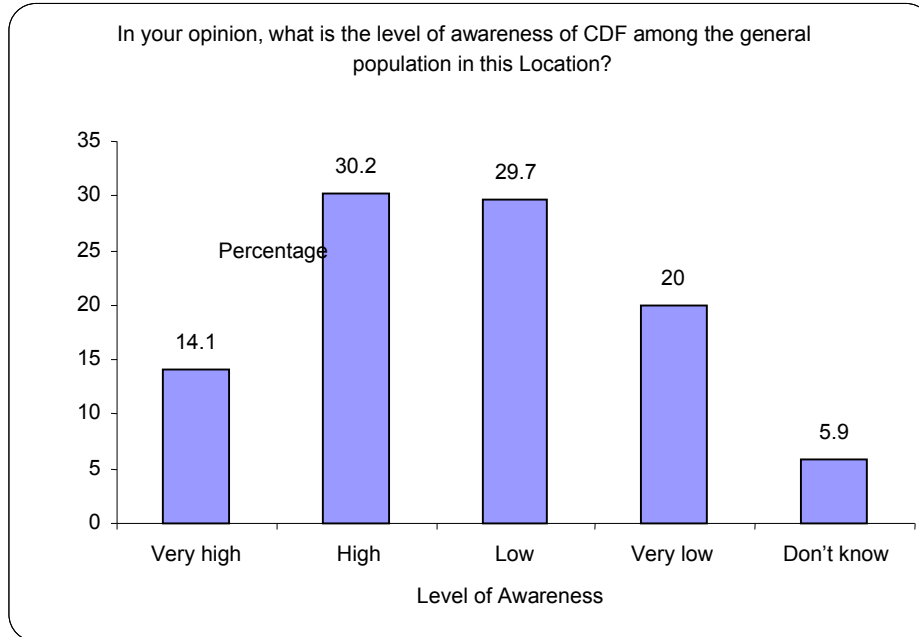
Devolved Fund	%
Constituency Bursary Fund (CBF)	24.1
Free Primary Education	23.0
Local Authorities Transfer Fund (LATF)	14.9
Community HIV/AIDS Fund	13.8
Rural Electrification Fund	9.0
Road Maintenance Fuel Levy Fund (RMFLF)	8.6
Community Development Trust Fund (CDTF)	5.2
Other	1.4
<b>TOTAL</b>	<b>100.0*</b>

*\*The Responses are not mutually exclusive such that the cumulative percent is not necessarily 100%. The above figures are therefore the result of careful desegregation to find out what proportion of Kenya citizens were/are aware of each devolved fund.*

However, there were mixed answers as to whom or what originated CDF projects. The majority (about 35%) associated CDF and its projects with the local MP while about 29% traced the origin of projects to the CDF committee; 3.7% thought it was the Locational Development Committee; and 1.8% associated development projects with the local District Officer; and over 20% did not know whether and how CDF monies were disbursed for various projects.

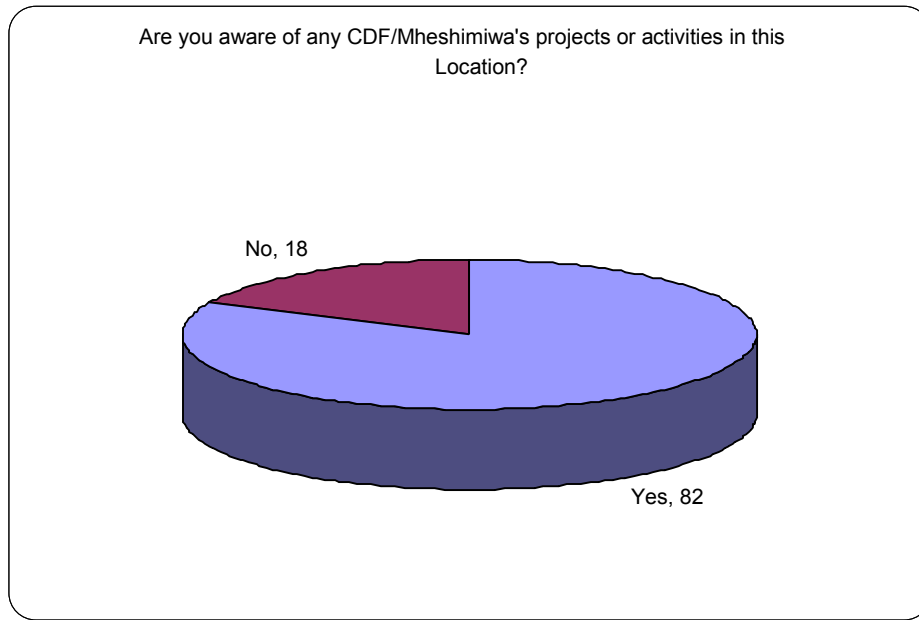
Correspondingly, 39.6% of the respondents knew of the existence and location of CDF projects while over 58% had no idea where CDF projects were located. This finding tends to corroborate the myth of that CDF is the MP's or "*Mheshimiwa's money*" which was found to be rife in all corners of the country. Similarly, CDF projects were widely believed to be "*Mheshimiwa's projects*" (see Figures 8 and 9 and Table 8 below, for a summary of these responses. It is however instructive that Kenyans generally think that few others know anything about CDF.

Figure 8: Public Perceptions on Individual Awareness Levels of CDF



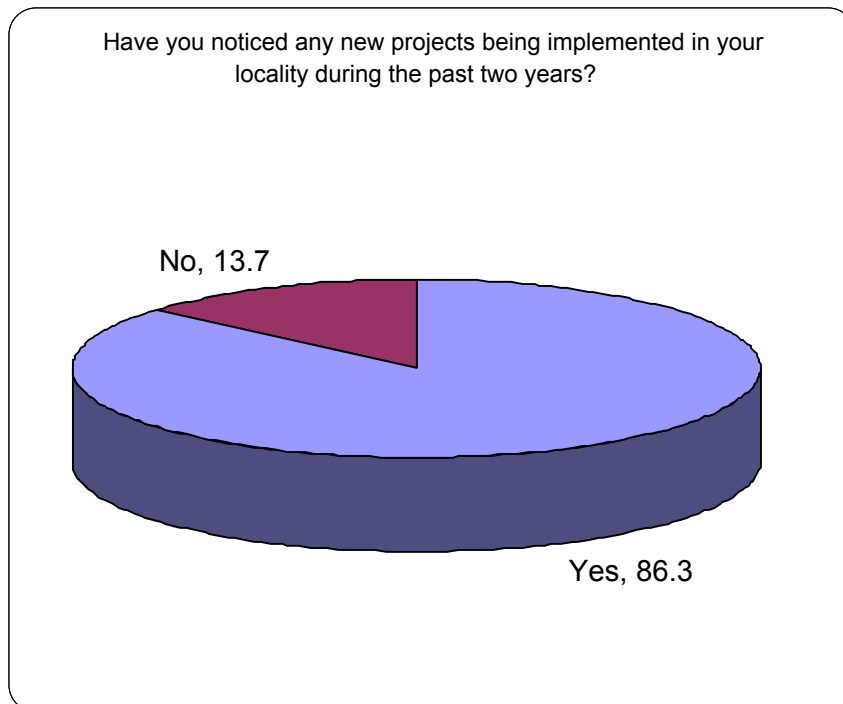
It was also interesting to find that though knowledge about CDF and other devolved funds was relatively low among the general public, the activities of the MP appear to be closely monitored by the constituents. Over 30% of the respondents tended to associate any development project in their constituency with the *Mheshimiwa* (MP). Few people appeared to distinguish between CDF and MP's projects or those sponsored by other agencies or organizations. The performance of CDF projects has therefore become a major basis upon which MPs' performance is measured (see Figure 9, below).

*Figure 9: General Awareness of CDF Projects/MP's Activities*



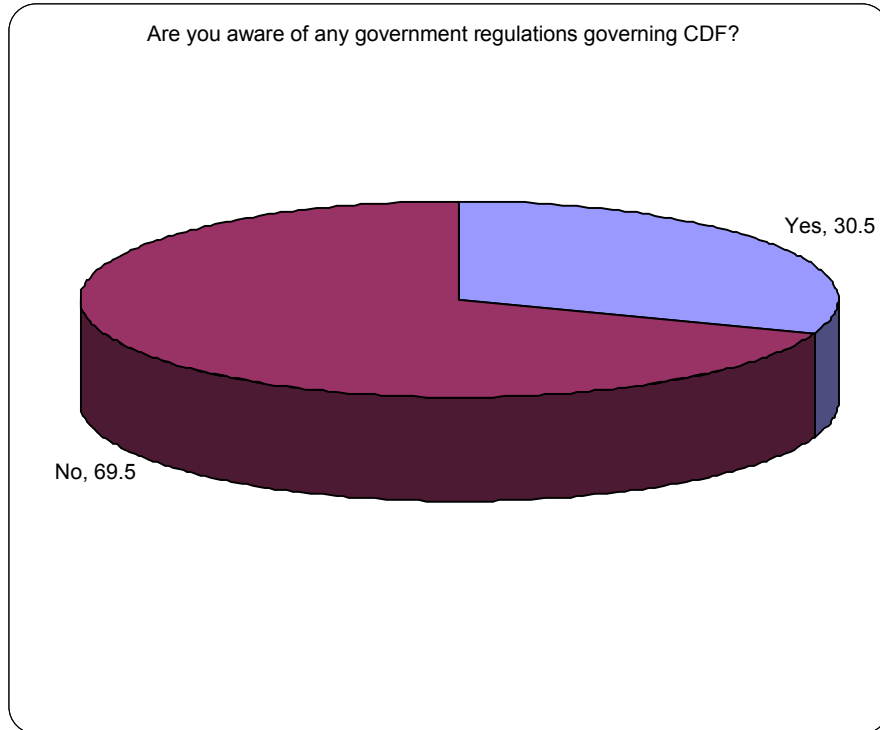
Interestingly, and as illustrated in Figure 10 below, either through lack of new projects or lack of community monitoring of projects, only a handful of the respondents reported noticing any new CDF projects in their localities. It is also possible that most projects take more than two years to complete.

*Figure 10: General Community Awareness of New CDF Projects*



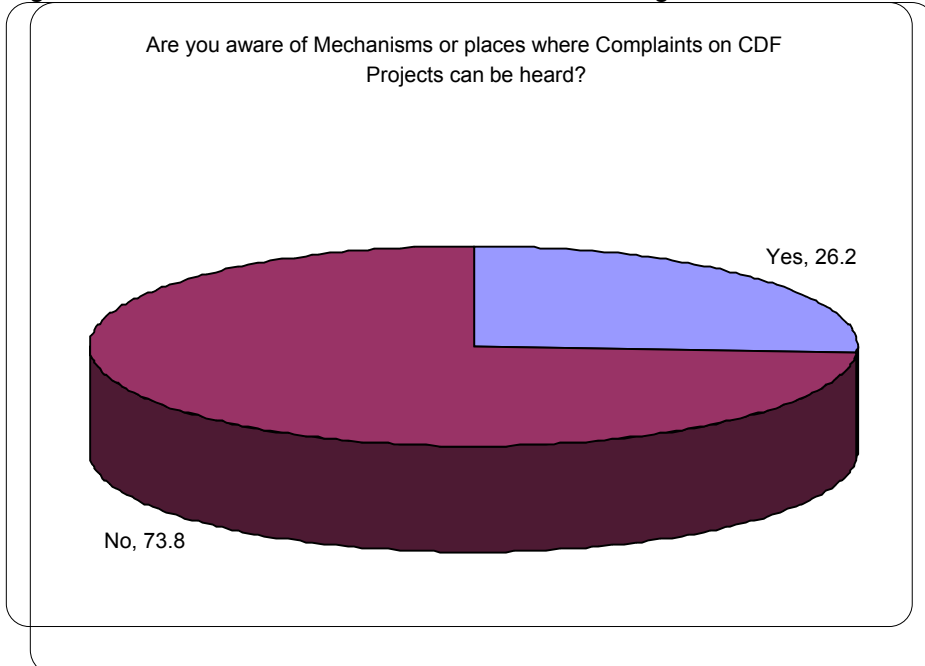
Only a third of Kenyans seem to be aware of CDF regulations as outlined in the statutes. This only reinforces the argument that Kenyans are not a reading public. The study found out that close to 70% of Kenyans were/are not aware of any government regulations governing CDF (see Figure 11).

*Figure 11: Awareness of Government Regulations Governing CDF*



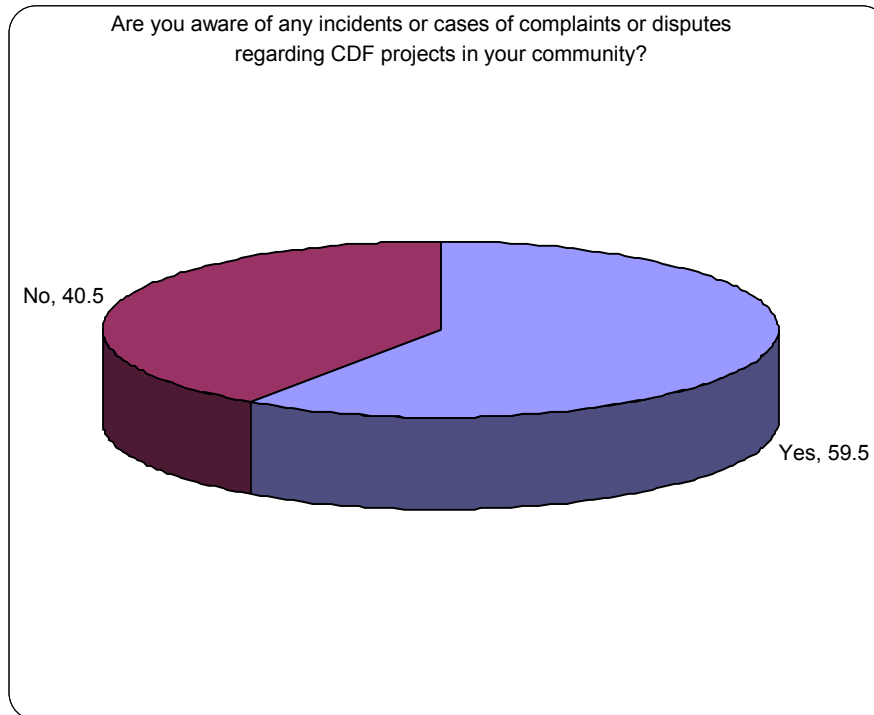
The pervasiveness of the MP was evident in the responses received with respect to the origins of development projects in the respective localities. Over one-third of Kenyans still think that the MP is the origin of all development projects. An almost similar proportion attribute development projects to the CDF committee (see Table 8, below).

*Figure 18: Public Awareness Levels of CDF Management Mechanisms*



CDF is not devoid of disputes. However, few seemed to be aware of where and how disputes arising out of CDF could be resolved. As indicated in Figure 19 below, close to 60% of the respondents (those aware of CDF) reported the existence of various forms of complaints or disputes regarding CDF.

*Figure 19: Awareness Levels of CDF Disputes*



Even where channels for handling CDF disputes do exist, these were/are largely not effective. This is yet another grey area in terms of management of CDF projects. It calls for urgent constitution of a mechanism, organ or structure for dispute resolution during project implementation. Such a mechanism could run in juxtaposition with project monitoring and evaluation processes.

*Table 8: Public Perceptions of Origin of Development Projects*

<b>Perceived Source of Projects</b>	<b>%</b>
Member of Parliament (MP)	35.1
CDF Committee	29.1
Don't know	20.1
Locational Development Committee	3.7
District Officer (DO)	1.8
Missing values	9.6
<b>TOTAL</b>	<b>100.0</b>

## 4.5 Levels of Community involvement in CDF Projects

It is curious that the level community involvement in CDF projects (identification, prioritization, monitoring and evaluation, etc) was found to be rather low. Slightly over 25% of the population was involved in CDF projects in one way or another. Again, slightly over 20% were involved in project identification and/or prioritization while a similar proportion (24.5%) was involved in actual project management; and 32.5% were involved in project monitoring. Various project identification and/or prioritization methods were reported. These ranged from community consensus to extraction from District Development Plans (DDPs). These methods are summarized in Figure 12 and Table 9, below. From Figure 12, it is evident that close to 60% of Kenyans are not given the opportunity to participate in project selection and/or prioritization

Figure 12: Levels of Community Inclusion in Project Identification and Prioritization

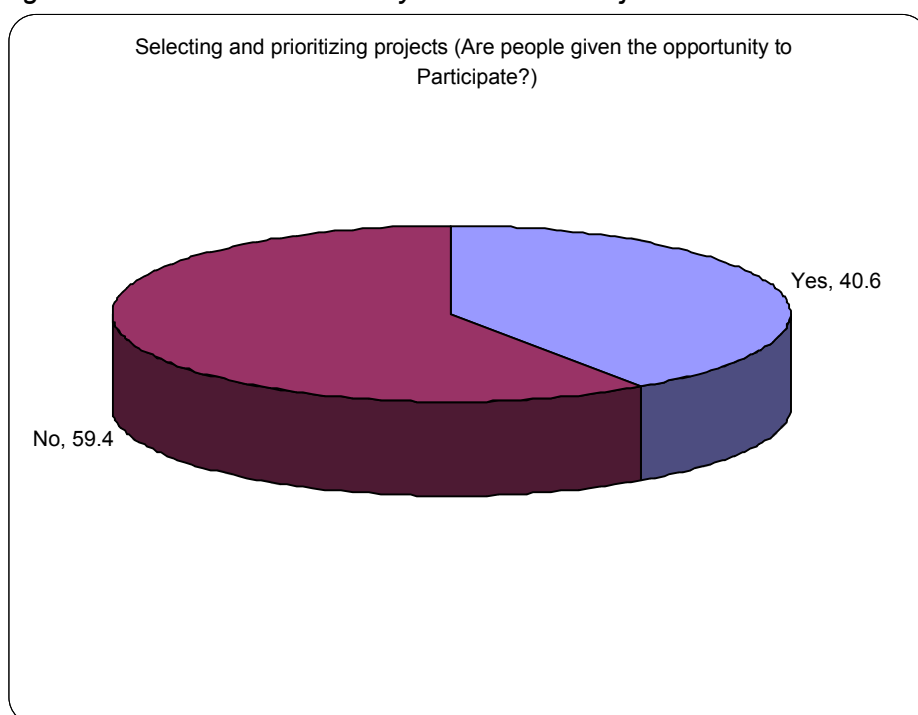
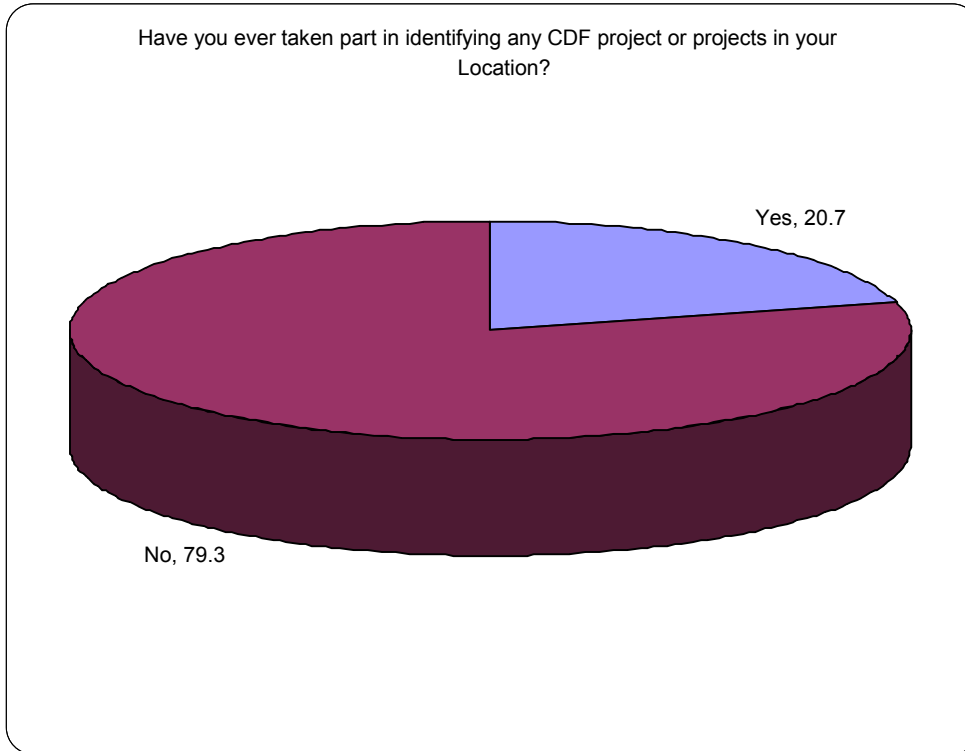


Table 9: Methods Used in Project Identification/Prioritization

Method of Project Identification/ Prioritization	%
Community consensus	25.1
CDF Committee	24.6
MP's suggestion	20.6
Don't know	13.1
Suggestion by MP's close associates	11.6
Extract from District Development Plan	5.1
<b>TOTAL</b>	<b>100.0</b>

From Table 9 above, community consensus, CDF committee and the MP (and close associates) appeared to be the key determinants of what projects are to be implemented in the constituency. It is clear from Figure 13 below, that public participation in CDF project identification is minimal as only 20.7% are involved.

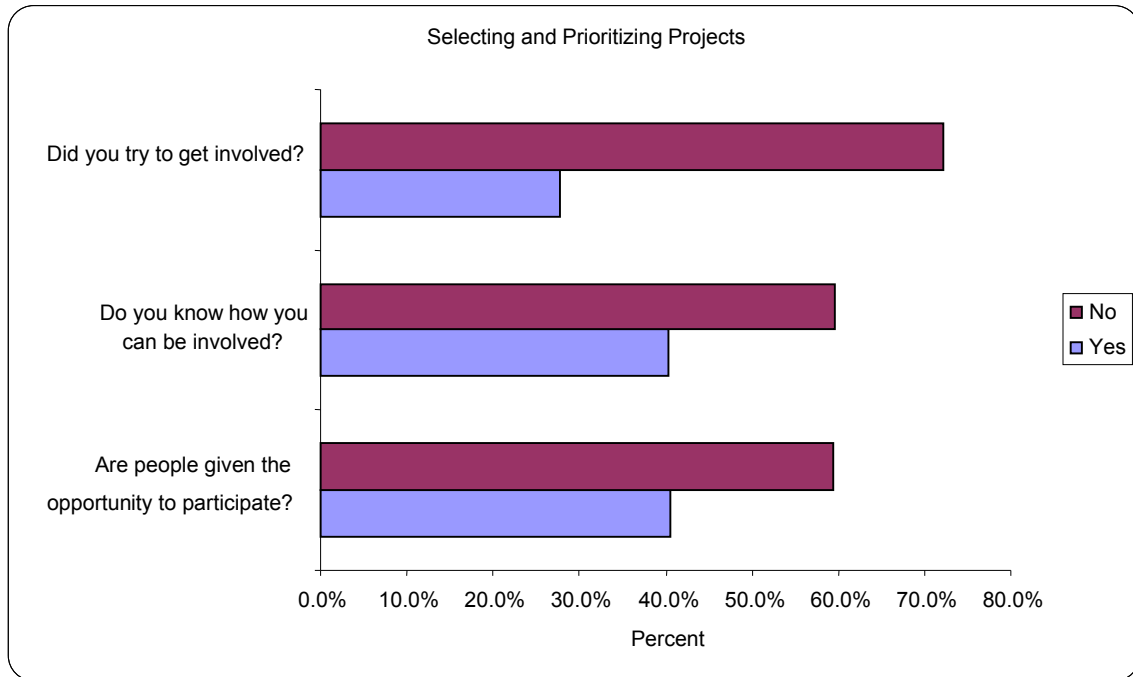
*Figure 13: Incidence of Public Participation in CDF Project Identification*



This seems to suggest that contrary to the expectation of massive community participation or involvement in CDF projects, only a few seem to be participating in CDF projects. The majority seem to have been locked out of this crucial aspect of community development. However, some respondents (29%) reported that if excluded, they would raise the matter with the CDF committee, provincial administration or civil society organizations. Table 10 below summarizes the key methods employed in CDF project monitoring.

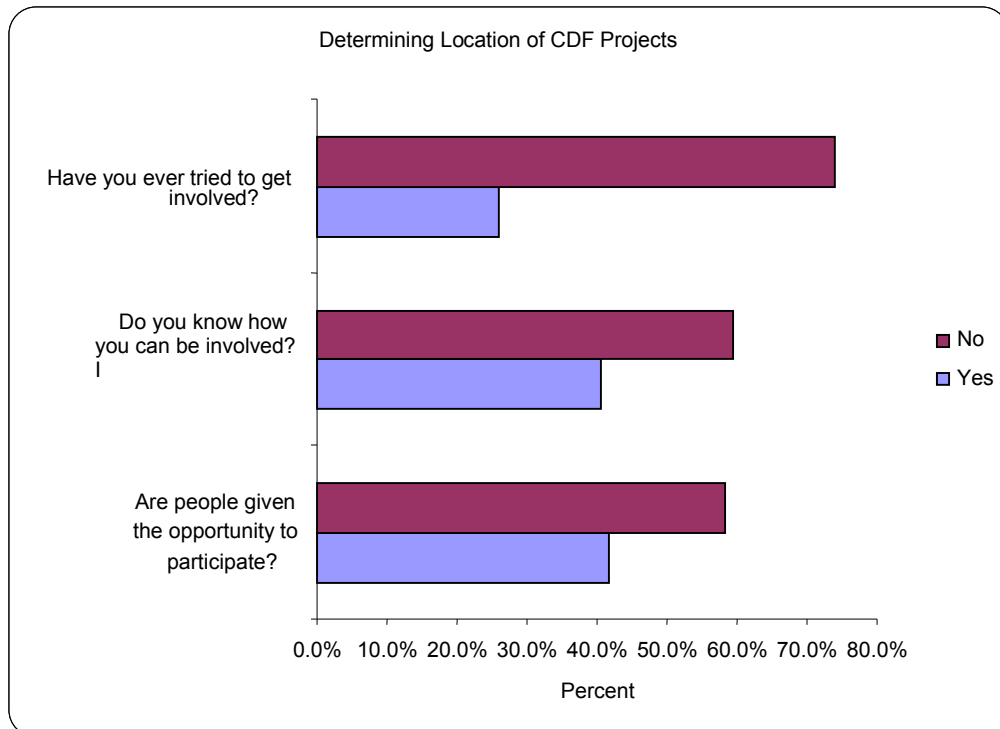
Public participation in CDF project identification is thus lower than expected or anticipated. However, while some of those interviewed may not have taken part in project identification and/or prioritization, they knew of others who had. In Figure 14 below, it is suggestive that few people have tried to get involved, know how to get involved or are given the opportunity to participate in CDF project selection and prioritization.

Figure 14: Levels of Community Involvement in Project Selection and Prioritization



A similar scenario emerges with respect to determination of the location of CDF projects. A minority, usually those close to or allied to the MP, determines the location of many CDF projects (see Figure 15). This may run counter to the spirit of community needs and priorities.

Figure 15: Community Involvement in Determining Location of CDF Projects

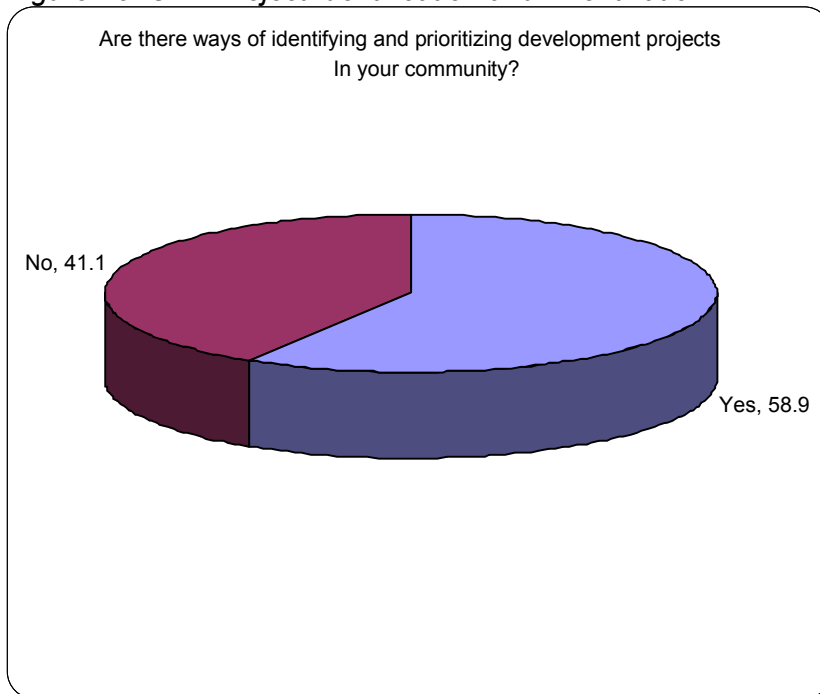


What appears in Figure 15 is that while there could be ways and methods of identifying and prioritizing projects, such may not necessarily include the imperative of community needs and priorities. However, as indicated in Figures

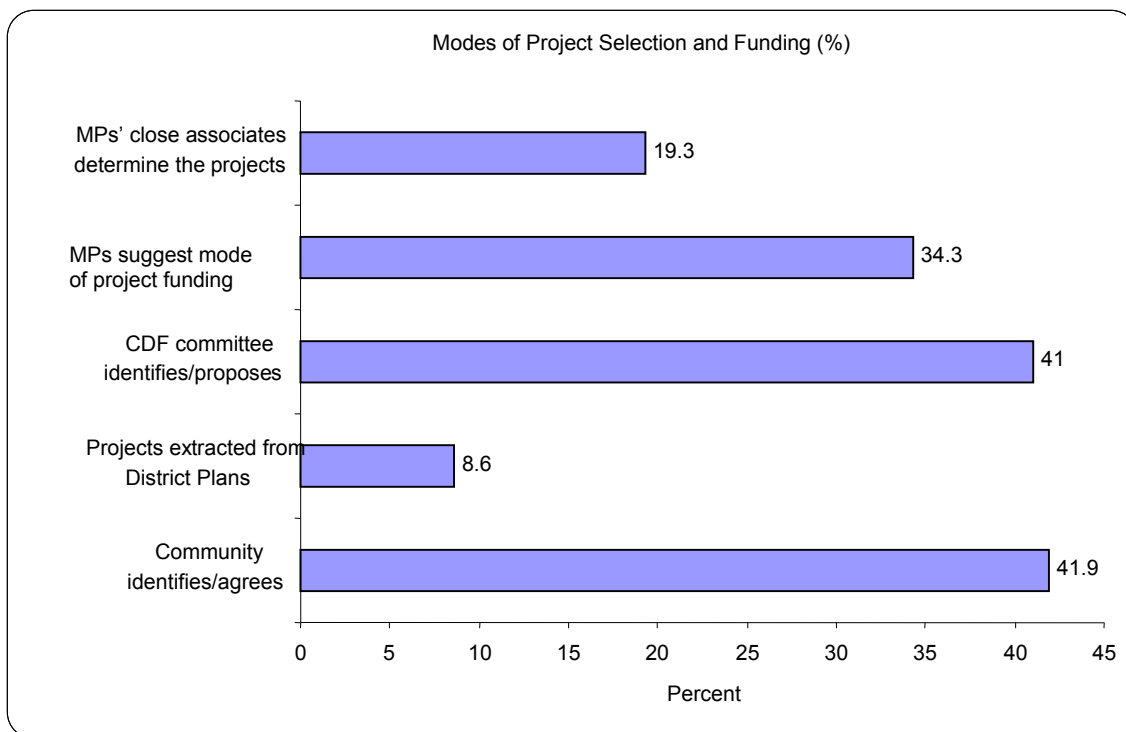


16 and 17 below, the CDF committees as well as the general public play a major part in CDF project identification and prioritization.

*Figure 16: CDF Project Identification and Prioritization*



*Figure 17: Modes of CDF Project Selection and Funding Prerequisites*



Project committees do most of project monitoring and give feedback to the public during meetings. In some constituencies, special monitoring committees have been established. Public scrutiny of project accounts is another form of project monitoring (see Table 10, below).

*Table 10: Methods used in CDF Project Monitoring*

<b>Project Monitoring Method</b>	<b>%</b>
Project committee in place	37.3
Feedback during meetings	32.3
Special Monitoring committee	16.5
Public scrutiny of project accounts	11.9
Other	2.0
<b>Total</b>	<b>100.0</b>

Source: Survey Data, 2007.

Knowledge of government regulations governing CDF was also found to be on the lower end. About 30% of the respondents reported being aware of the relevant government legislation governing CDF especially the CDF Act (2003), CDF Amendment Act (2007) and the Exchequer and Audit Act. On the ground, it means that less than one-third of the Kenyan population is aware of the rules and regulations surrounding the constitution and use of CDF. With over two-thirds of the population ignorant of such legislation, it provides fertile ground for misuse and mismanagement of CDF monies by those in charge. Indeed, this is one avenue for corruption.

While in a majority of the sampled constituencies (close to 90%) there were disputes and complaints regarding allocation and use of CDF monies, few of the residents knew of where and how such disputes could be addressed. An assessment of CDF complaints systems revealed that these were not effective (see Table 11 below). As indicated in Figure 18 below, only 26.2% of the respondents knew of places or mechanisms through which complaints emanating from CDF money and its allocation, utilization and management could be addressed. In any case, there did not appear to be any tangible complaints system regarding CDF.

*Table 11: Effectiveness of CDF Complaints Systems*

<b>Effectiveness</b>	<b>% (n=2,130)</b>
Very effective	10.7
Somewhat effective	15.1
Not effective	35.7
Missing values	38.5
<b>TOTAL</b>	<b>100.0</b>

#### **4.6 How, Why and Where Various Forms of Corrupt Practices Exist in CDF**

Corruption regarding CDF exists in many forms, at different levels and involves various stakeholders. To begin with, one of the biggest culprits is the overwhelming influence of MPs in project selection and nomination of CDF committee members. The process is prone to manipulation, gender bias, favouritism and vengeance especially against people related or allied to political opponents. Research indicated that nomination of CDF committee members is replete with tribalism and nepotism to the extent that it largely marginalizes or excludes the larger public in project identification. Needless to say the MPs use

CDF to gain political mileage and also as a campaign tool. The selection of projects is often meant to benefit the MPs' supporters and cronies.

A second aspect, avenue or manifestation of corruption is lack of transparency in the allocation and use of CDF monies. There is rarely open discussion about CDF allocation which leads to misuse of funds. This is exacerbated by widespread public ignorance or lack of community education on CDF. Absence of auditing of CDF expenditures directly feeds into poor management of the funds. There is a clear lack of accountability.

Third, while one of the objectives of CDF is to reduce poverty and create wealth, it was found out that in many constituencies, there was funding of non-priority projects with little or no value adding to the lives of the poor. In some cases, urgent, high priority projects are sacrificed for easy and lucrative ones. This is coupled with uneven distribution of the projects that leaves out needy corners of the constituency. Essential projects in some areas were deliberately denied funding especially if opponents of the incumbent MP hail from there.

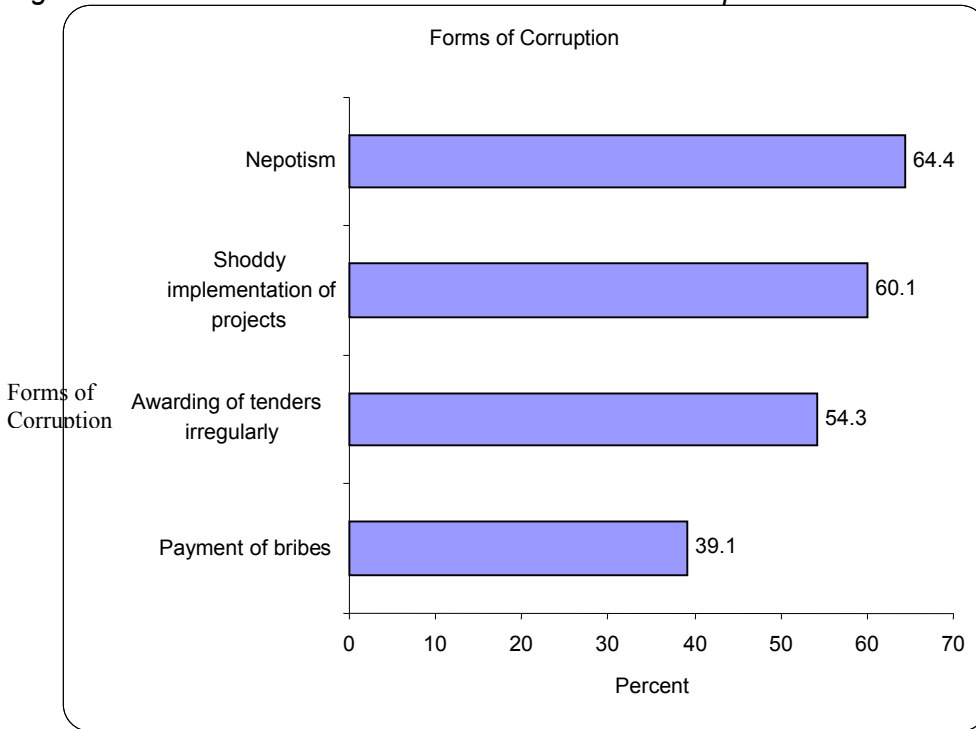
Fourth, it emerged that slow implementation of projects and starting of new ones before completion of the old or on-going ones was/is responsible for too many incomplete projects. However, the sitting MPs used these to "prove" that they were active and therefore re-electable.

Fifth, there appear to be no clear tendering and procurement procedures as tenders are not advertised. This invites the temptation of single sourcing or irregular awarding of tenders, usually to persons allied to the local MP. This, coupled with weak guidelines, opens the floodgates for misallocation of resources. In addition, lack of proper coordination, lack of harmonization of planning, creates misunderstanding which in turn leads to abuse of funding procedures. Often, there are delays in disbursement of the funds.

Sixth, there are no serious follow-ups or monitoring and evaluation of on-going projects. This creates room for exaggeration of project costs by some contractors. In other cases, payment of contractors is done before satisfactory completion of projects. For this reason, the research team witnessed shoddy and sub-standard work on many projects countrywide. Irregularities in payment of project workers especially local casuals were also reported in many constituencies.

Seven and lastly, bribery was found to be extensive especially in an attempt to secure contracts. Indeed, most of the shoddy and incomplete projects were found to be directly related to bribery-based contracts and/or those awarded on the basis of tribal or nepotistic considerations. Figure 20 below illustrates the extent of some common forms of corruption surrounding CDF.

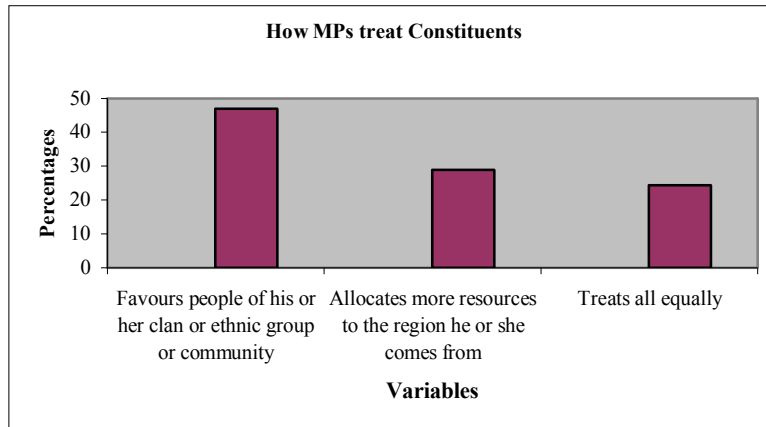
Figure 20: Incidence of Some Common Forms of Corruption in CDF



#### 4.7 Linkages between Corruption and Poor Management of CDF

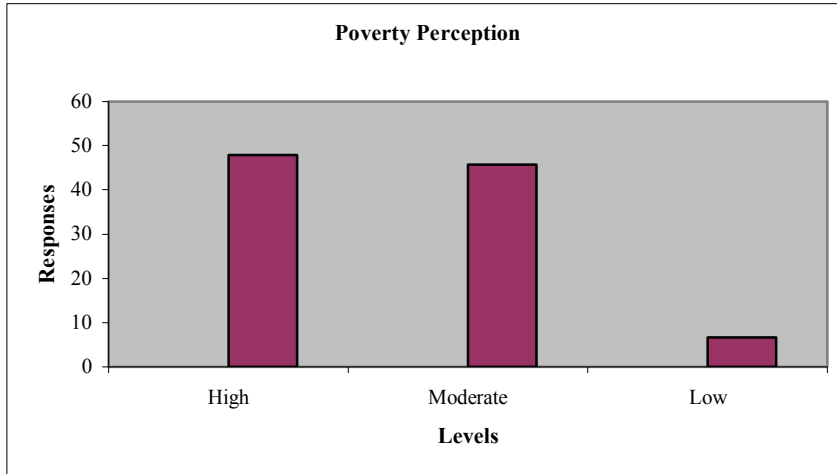
The widespread poor management of CDF does not exist in a vacuum. On several occasions, the researchers were dismayed to find that the CDF office was located in the MP's home or was rented from the MP's building. This tended to reinforce the belief that CDF was the MP's property. It also invited the perception by many respondents that the MP and his/her cronies benefited more in resource allocation relative to other constituents. It is no coincidence that majority of those interviewed thought that in distributing CDF money, the MP favours his/her clan or ethnic group or the region they hail from (see Figure 21 below).

Figure 21: Perceptions on Resource Allocation by MPs



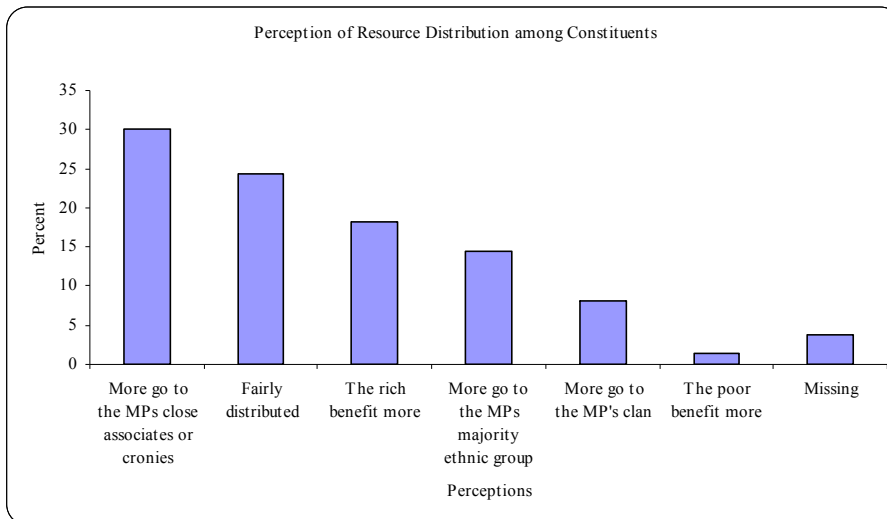
Perceptions of resource allocation and those of poverty are related. In rating poverty levels in their respective constituencies, 47.8% of the respondents felt that the poverty level was/is still high; 45.7% felt that the level of poverty was moderate, and only 6.6% of the respondents felt that the level of poverty was low (see Figure 22 below).

Figure 22: Perceptions of Poverty at Constituency Level



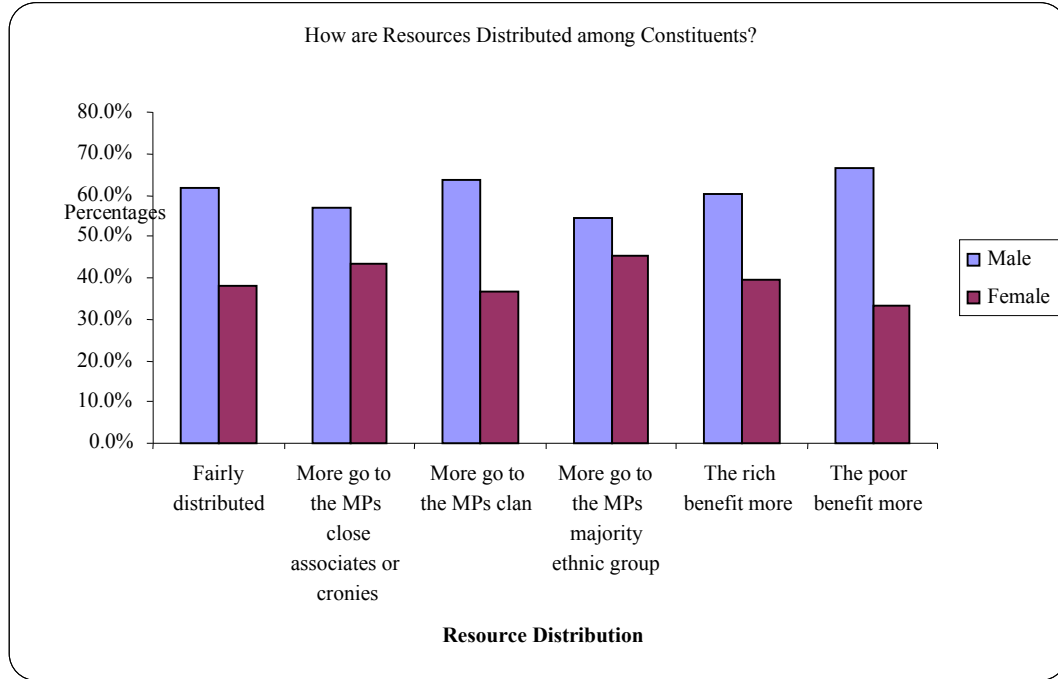
On resource distribution, 31.2% of the respondents reported that more resources went to the close associates and/or cronies of the MP while 25.3% said resources were fairly distributed. 18.8% felt that the rich benefited more from the distribution; 15.0% of them felt that more resources went to the MP's ethnic group. Some others (8.4%) felt that more resources went to the MP's clan and only 1.4% said that the poor benefited from the distribution of resources. This goes to reinforce social inequalities and exacerbate poverty (see Figure 23 below).

Figure 23: Perceptions of Resource Distribution by Constituents



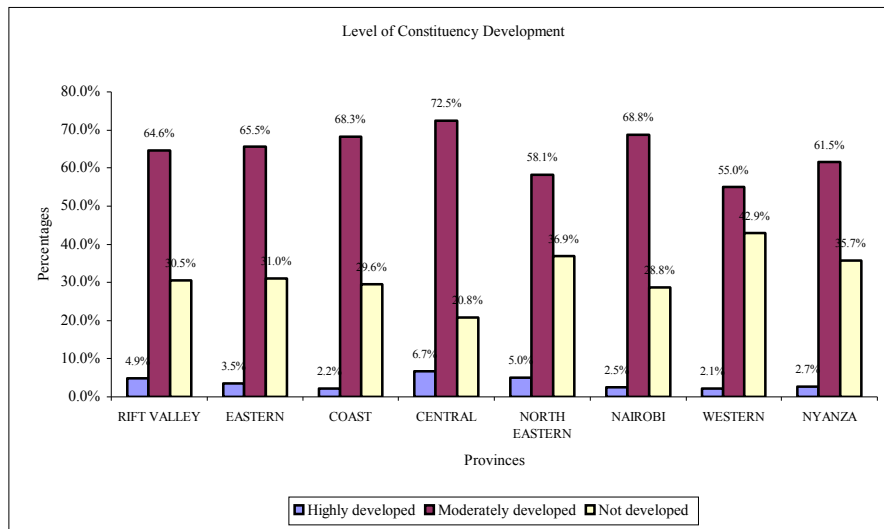
Disaggregated by gender, the pattern of resource distribution shows differences in perceptions between men and women (see Figure 24 below).

Figure 24: Perceptions of Resource Distribution among Constituents by Gender



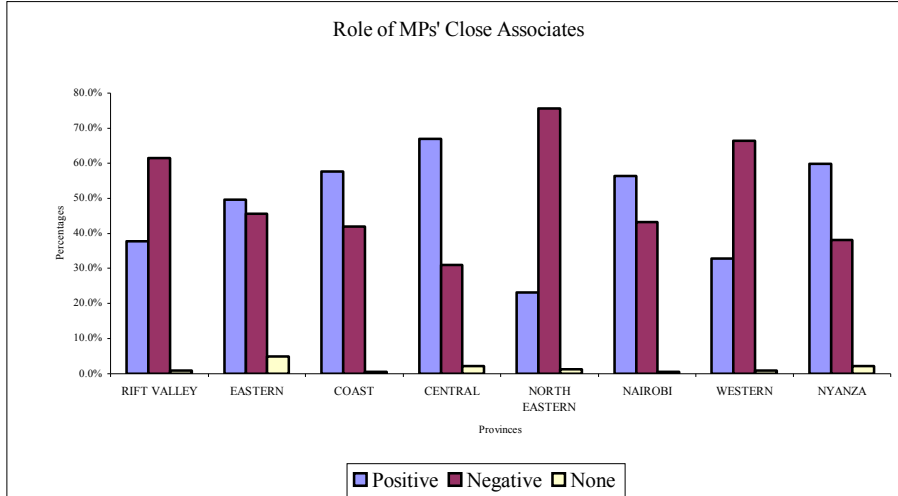
To probe deeper into the operations of political patronage, we asked the respondents to give us their own perceptions of levels of development of their respective constituencies. Except for Central province where more people thought that their constituencies were highly developed, the majority in the other provinces were convinced that their constituencies were only moderately developed. 20% and above in all the provinces reported that their constituencies were not developed (see Figure 25 below).

Figure 25: Regional Perceptions on Level of Constituency Development



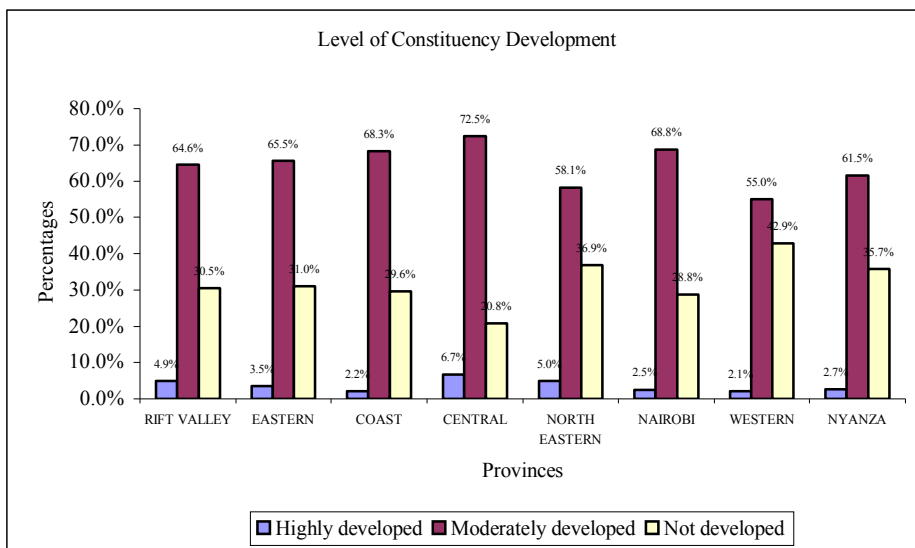
One facet of political patronage may be seen in the role of the MPs' close associates in influencing CDF allocation and management in the constituencies, and the perceptions of the citizens of this role. While some saw it as positive, others thought it was negative (see Figure 26, below).

*Figure 26: Perceptions of the Role of the MPs' Close Associates in CDF Allocation and Management*



To probe deeper into the operations of political patronage, we asked the respondents to give us their own perceptions of role of CDF in levels of development of their respective constituencies. Except for Central province where more people thought that their constituencies were highly developed, the majority in the other provinces were convinced that their constituencies were only moderately developed. 30% and above in all the provinces reported that their constituencies were not developed courtesy of CDF (see Figure 27 below).

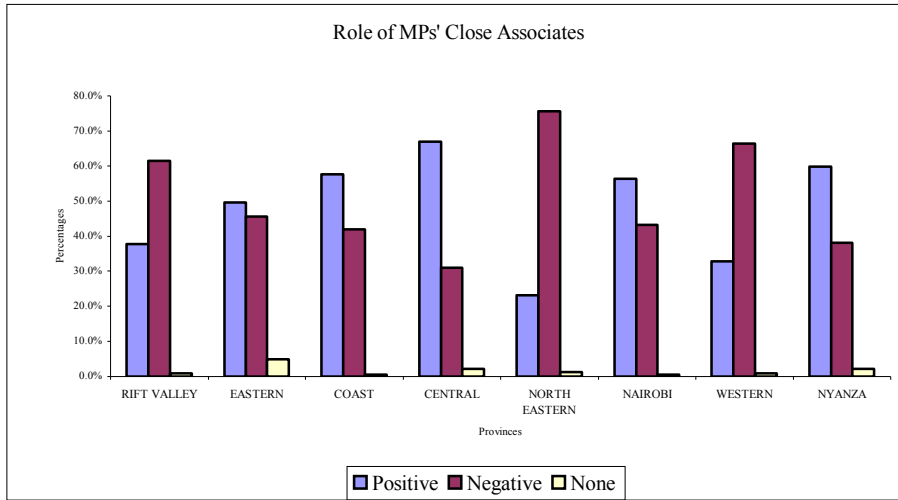
*Figure 27: Regional Perceptions of Constituency Development through CDF*



One facet of political patronage may be seen in the role of the MPs' close associates in influencing development in the constituencies, and the perceptions

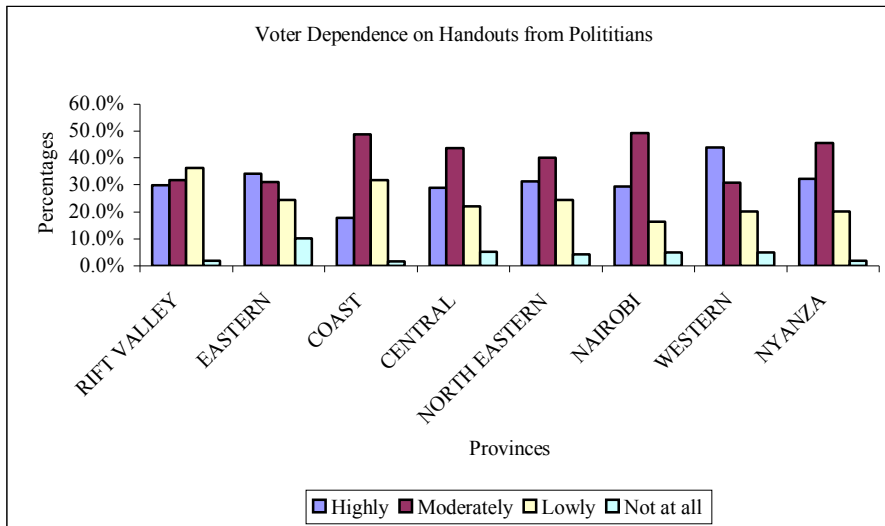
of the citizens of this role. While some saw it as positive, others thought it was negative (see Figure 28 below).

*Figure 28: Perceptions of the Role of the MPs' Close Associates in Development*



High levels of voter dependence on monetary hand-outs from politicians were reported in all the 8 provinces, with Western and Nyanza leading. The increasing use of power and money during elections suggests that voting in Kenya may not be guided by competence of candidates now and in the near future. The findings in Figure 10 show that money changes hands highly, moderately and lowly. It is only in very few cases that money is either not used to influence voting or that recipients do not necessarily vote for the benefactor (see Figure 29 below).

*Figure 29: Voter Dependence on Hand-outs given by Politicians*

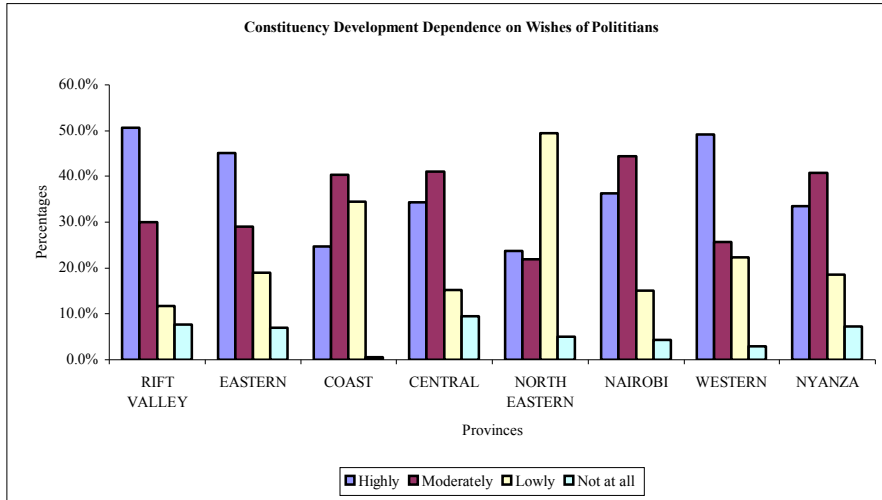


With such high levels of voter dependence on hand-outs from politicians, it is not coincidental that the development agenda in the constituencies is largely



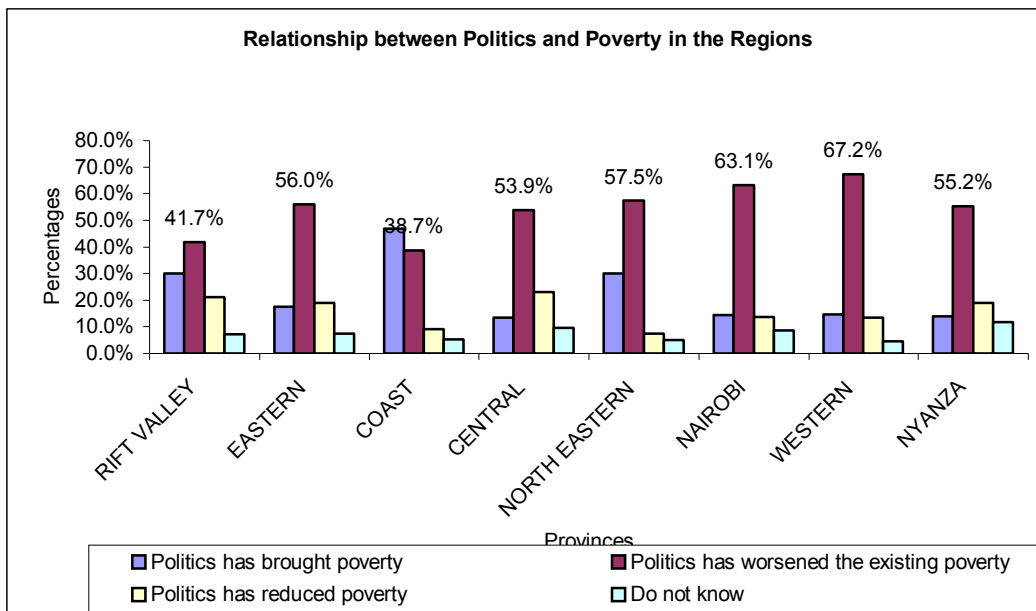
determined by the politicians (notably MPs) and their cronies. In several areas, it was reported that they determine the composition of the CDF committees and what projects will be funded by CDF money. Often, they exploit the legal loophole that empowers them to nominate members of the CDF committees by nominating their own kith and kin and loyal followers and campaigners (see Figure 30 below).

Figure 30: Relationship between Constituency Development and Politicians' Wishes



The tendency to associate politics with poverty was widespread in all the 8 provinces. Moreover, a substantial proportion of those interviewed thought that politics had actually worsened the existing poverty. Misallocation of CDF was severally to non-priority projects with little or no value to the poor, disabled, women and the youth was frequently cited as a major cause of poverty or worsening poverty in the regions (see Figure 31 below).

Figure 31: Relationship between Politics and Poverty in the Regions



## **4.8 LEGAL, MANAGEMENT AND IMPLEMENTATION LIMITATIONS OF CDF AS PRESENTLY INSTITUTED**

### **4.8.1 Legal Framework of CDF**

The CDF Acts (2003 and 2007) provide the necessary legal basis for participatory and representative operationalization of CDF. Although the spirit of the Act has been considered by the majority of the respondents to be good, it contains significant loopholes that facilitate the manipulation of the committees and the projects by either the committee's appointing authority (MP) or the committee itself. For example, the study found out that some MPs have been appointing their kin and friends to the committees while still adhering to the schedule set out in the Act of the institutions to be represented. This has complicated mechanisms of accountability in the management of the fund (Mapesa and Kibua, 2006). It is also a problem that is likely to persist so long as MPs hold exclusive sway over the fund.

### **4.8.2 Project Prioritization, Tendering and Procurement**

The Act provides for joint constituency projects, an initiative that is yet to be visible. Rather than team up and take advantage of economies of scale in implementing common societal utilities, most MPs appear to have decided to be lone rangers. Also, the Act makes mention of the monies that are to be kept aside for each constituency as an emergency although it does not specify what indices are to be treated as an emergency and who is to determine the emergency. The CDF Act makes provision for the formation and implementation of CDF regulations but without a concomitant provision for an enforcement mechanism. Save for making provision to the effect that tendering under the Act must comply with government procurement laws and regulations; no other enforcement mechanism is provided (Mapesa and Kibua, 2006).

The Act makes provision for a constituency office to be treated as a development project. In addition, it is allocated 3% of the total allocation as running costs. The priority to have a constituency office is questionable as it sacrifices monies that would be useful to other projects. There is also the question of location of the office and its linkage to the impact of possible change of office of the MP. Also subject to abuse is the constituency account. The Act does not specify where the bank account should be, but simply mentions that the constituency should have an account at any commercial bank. While this is in order, the account should have more than three signatories to guard against misuse.

### **4.8.3 Constituency Fund Committee (CFC)**

According to Mapesa and Kibua (2006), another issue is the continuity of various committees. The Act, while mentioning that at the advent of each new parliamentary term a new committee has to be established, does not make mention of the fate of incumbent committee members. The Act does not specify the arrangement for discontinuation or replacement of committee members. This has led to a high turnover and replacement of committee members who are fired at the whim of the area MP. This has adverse effects on the continuity and institutional memory of some committees and the progress of the projects. The

CDF committee could have rotating membership that serves either two years or one parliamentary term.

#### 4.8.4 CDF Project Identification and Monitoring

Section 23 (2, 3 and 4) of the CDF Act provides for how to identify projects. The Act requires that location meetings be held and the forum used to select projects to be submitted to the Constituency Development Committee (CDC) before onward transmission for funding. Section 50 states that CDF projects are complementary to other normal government or any other agency's development initiatives. Hence, the need to expand on the concept of harmonization of CDF projects with other development initiatives at the district level (IEA, 2006:3). This could be achieved either through vertical integration or horizontal complementarity to other existing government or NGO projects. This could be achieved through vertical integration to upgrade existing or oncoming projects or horizontal complementarity where projects address different but related aspects of the same target population e.g. water and health.

At the moment, about 40% of the community is involved in project monitoring (see Figures 32 and 33, below).

Figure 32: Levels of Community Involvement in CDF Project Monitoring

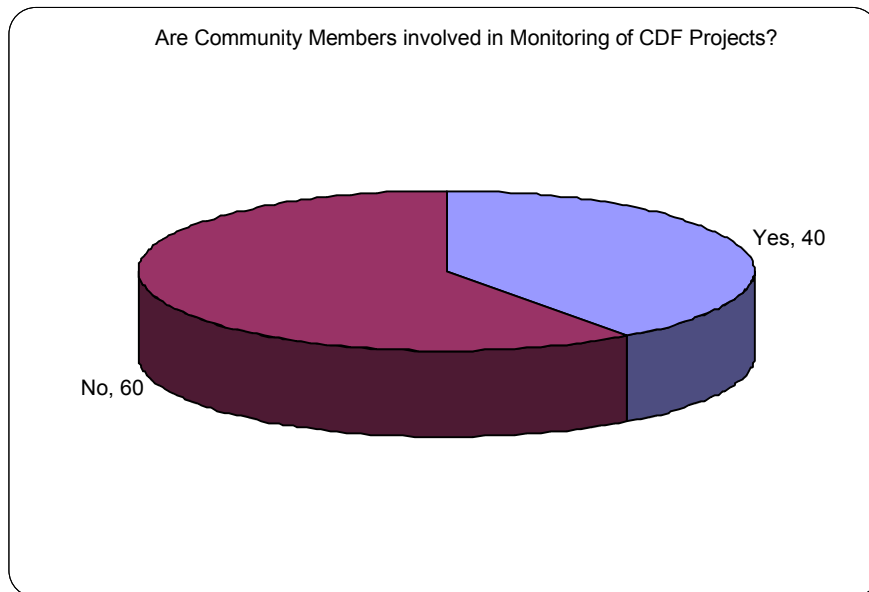
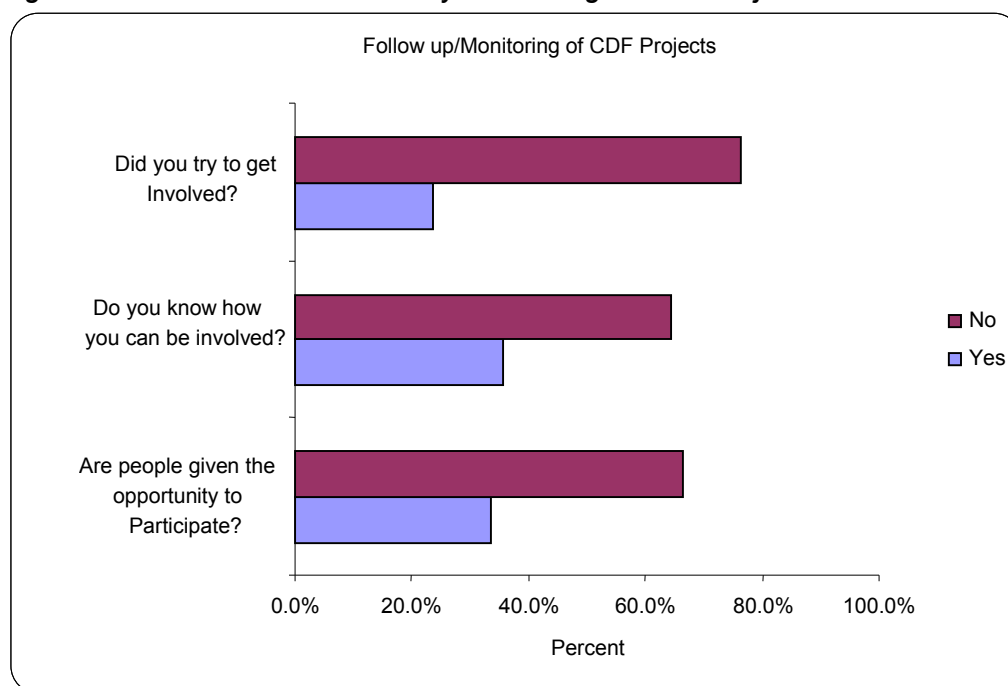


Figure 33: Incidence of Community Monitoring of CDF Projects



#### 4.8.5 Tendering and Procurement Procedures

The purpose of procurement procedures is to promote fairness and non-discrimination in the provision of services. Though the regulations are largely followed, they are in some cases violated deliberately to favour certain suppliers and/or contractors. While the regulations set out thresholds to be followed in the process of procuring services, local suppliers/contractors often lose out primarily because they are not registered according to the law. In such cases, contracts are awarded to Asians or people from outside the particular constituencies. This has elicited discontent from local suppliers who feel short-changed. Under normal circumstances, authorized committees who include the CDCs, DPCs and the project committees do the procurement in most cases but their MPs are still influential. Open tendering is the most preferred method of procuring services and all other methods are discouraged unless under special circumstances which the regulations also specify. Public works prices are in most cases higher and CDCs are using local suppliers who are cheaper, and money remains within the particular constituency. Additionally, accounting for CDF funds is currently difficult as there is no mechanism of tracking the amount released to the project committees by both District Accountants and DDOs. The funds are released on the basis of work plans and minuted resolutions after which they are expended on projects (IEA, 2006).

#### 4.8.6 CDF Act 2003 and CDF (Amendment) Act, 2007: Concord or Discord?

The CDF became operational after enactment by Parliament of the CDF Act (2003) (see Kenya Gazette Supplement No.107 (Acts No.11 of 2003); Kenya Gazette No. 27 with Legal Notice No.34 (Legislative Supplement No.17). One of the main highlights is the creation of the National Management Committee (NMC) with the following membership: 4 Permanent Secretaries (Finance,

Planning, Regional Development and Agriculture); Clerk to National Assembly; 8 persons appointed by Finance Minister in accordance with Subsection (3); 8 persons from organizations named in the First Schedule; and an Officer administering the fund as ex-officio member and Secretary to the Committee. The functions of the NMC were given as to:

- Ensure/approve fund allocation and disbursement to constituencies;
- Ensure prudent management of the fund;
- Receive and discuss annual reports and returns from constituencies;
- Ensure compilation of proper records and returns;
- Ensure timely submission to Parliament of returns and reports;
- Set out general conditions and requirements for funds release;
- Impose restrictions especially on constituencies which may have misused funds in the past;
- Ensure that unused funds were returned to the fund;
- Coordinate inter-constituency projects; and
- Perform such other necessary functions in consultation with the Minister of Finance.

The Act also established the Constituencies Development Committees (CDCs) with the MPs as Chairpersons and patrons (see Section 5); 2 Councilors; 1 District Officer; 2 persons representing religious organizations; 2 men representatives; 2 women representatives; 1 youth representative; and 1 person nominated from among active NGOs. The Act further stipulates the role of CDCs as deliberation on project proposals from locations and drawing up priority lists, and liaising with relevant government departments. It (Act) also allocates 10% of the fund to bursaries. Constituencies Fund Committees are established under Section 27(1) with 11 members in accordance with proportionate representation of parliamentary political parties and are mandated to consider project proposals from constituencies and oversee project implementation. Under Section 30(4), CDCs are empowered to undertake monitoring and evaluation. District Projects Committees (DPCs) were to coordinate project implementation and make impromptu visits to project sites. DPCs were also to ensure that there was no duplication especially of inter-constituency and inter-district projects. Under the CDF Act 2003 Section 40(6), all DPCs were to be dissolved upon election of a new Parliament.

The Constituencies Development Fund (Amendment) Act (2007), passed by the 9th Parliament established the National CDF Board that replaced the National Management Committee (NMC). The changes also meant that the Parliamentary Select Committee on CDF, also known as CFC relinquished most of its powers to the Board. The NMB has at least 4 civil servants while all the other members are appointees of the Minister for Planning and National Development. This is not an entirely positive move if past experience with civil servants and management of public funds is anything to go by. While the new law is meant to improve management of the fund, other bottlenecks could still emanate from Parliament. Worse still, although Subsection 5(1) (e) empowers the Board to receive and address complaints, there is no concrete or specific provision as to how the Board can take action against misdeeds and what action this should be.

On another level, even with the abolition of the NMC at the top, there are still at least four committees in the CDF hierarchy (locational committees, CDC, DPC, and CFC. This still portends to some measure of red tape. However, with the new arrangement, the Board assumes most of the responsibilities of CFC and all the responsibilities of the NMC which included overseeing the implementation of the Act, receive various reports generated under the Act, recommend confirmation of appointments, fundraising and other incidental acts. This broad mandate erroneously assumes that the Board will deal with agenda that is free of the influence of MPs who largely determine the activities of CDCs. It should be noted that MPs had patronized the projects and affected development priorities in a manner that may have long lasting impact that is difficult to erase quickly.

The statutory board will have 12 members whose names must be submitted to parliament and endorsed before they can start discharging their duties. These will be Permanent Secretary, Ministry of Planning or his/her representative; Clerk of National Assembly or his/her representative; the Attorney General or his/her representative; one representative each from the Kenya National Federation of Agricultural Producers; Institution of Engineers of Kenya; National Chamber of Commerce and Industry; Kenya Episcopal Conference; Kenya National Union of Teachers; National Council of Churches of Kenya; Supreme Council of Kenya Muslims; and the Institute of Certified Accountants of Kenya. In addition, professionals qualified in the areas of either finance, accounting, engineering, economics, community development or law will be appointed by the Minister for Planning and National Development to serve on the Board and to make up for any regional imbalances that may not have been achieved by representatives from the eight organizations listed above. The constitution of the Board also marks a shift in responsibility of administration of the Fund from the ministry of Finance to Planning. The Board will have the added mandate of receiving, scrutinizing and approving proposed constituency projects and also receiving and addressing complaints and disputes and taking appropriate action with a view to streamlining the management of CDF. Previously, proposed projects were first received by the Constituency Fund Committee on CDF, a Parliamentary select committee, before being forwarded to the National Management Committee.

It is probable that the new regulations may lead to a more open, participatory and accountable system that may improve service provision to the citizens. During the life of the ninth Parliament, about Ksh.33.254 billion was disbursed from the CDF kitty which is huge chunk of taxpayers money. With the new regulations, any uncompleted project from a previous financial year is allowed to remain on the project list and continue attracting funding in the subsequent year(s). However, the provision does not necessarily obligate a new MP to complete any unfinished project(s) left by a previous MP. All payments according to the new law must be preceded by a minuted resolution while the disbursement of funds to the constituency fund account will be at the beginning of the first quarter of each financial year with an initial amount of 25% of the annual allocation and thereafter the account is to be replenished in three equal installments at the start of the second, third and fourth quarters.

One of the greatest achievements of CDF has been the shifting of project formulation from line ministries to communities. This is supposed to have encouraged local participation, initiatives, ownership and accountability and give local communities an opportunity to exercise their democratic right to self governance. However, this study found community participation in CDF management to be rather low in many constituencies across the country, although a general improvement in social infrastructure (e.g. health facilities, roads, schools, etc) was evident. The new law is expected to reduce or curb altogether negative past experiences unearthed by the study such as payments done without proper authorization as per the CDF Act; unauthorized bank accounts opened with Treasury's knowledge; fraudulent payments; inadequate linkages with technical departments/ministries leading to non-operationalization of completed projects especially health facilities, etc. With the passing of the CDF (Amendment) Act 2007, and the institutionalization of the NMB framework, it is expected that the management and performance of the CDF will greatly improve.

On the whole, it appears that abolition of the NMC and its replacement with NMB may not end the problems that characterize the current operations of the CDF. Without effectively repealing the CDF Act (2003), outstanding issues are likely to still persist. These include actual the powers and responsibilities of the NMB; role of the MP; role and fate of grassroots CDF committees and who wields real power and authority in matters pertaining to CDF. The absence of such clarifications continues to cloud otherwise noble innovations and initiatives such as the amendments to the CDF Act (2003). It appears plausible therefore that further amendments may have to be undertaken to achieve more clarity.

## **5.0 CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Conclusions**

From the findings of this study, several conclusions may be drawn. CDF is a noble innovation in resource allocation with positive implications for rural development in all parts of the country if well executed. It is an avenue through which equity in resource distribution can be achieved with relative ease if only corruption is eliminated. Coupled with other devolved funds, the CDF is an ideal forum for community involvement and participation in local level development. However, the study found out that the fund is bedeviled with a number of problems especially corruption in most of the country's constituencies. Corruption exists in many forms and at different levels, as follows.

The Act bestows upon the sitting MP overwhelming power in influencing project selection and nomination of CDF committee members;

There is irregular award of tenders even to members of the CDF committees often through bribery and nepotism;

There is lack of transparency and accountability as most CDF committees are composed of kinspersons, friends and acquaintances of the sitting MPs;

In a number of constituencies, the CDF office is located in some MPs' homes or rented in premises owned by the sitting MP. In some cases, rent for such offices was found to have been exaggerated by as much as 1,000% (e.g. Ksh.20,000 instead of Ksh.2,000).

Shoddy and/or substandard work characterizes many CDF projects.

The two CDF Acts (2003 and 2007) give the MP excessive power and influence in the allocation and management of CDF and nomination of CDF committees;

In particular, the Act legally empowers the sitting MP to nominate more than one quarter of the CDF committee and is also be the automatic patron and chair of the CDF committee. This opens up possibilities of excluding some constituents from involvement in management of the fund and also in partaking of its benefits.

The amended Act does not specify mechanisms for the smooth transition of CDF committees especially after an incumbent MP's term ends by losing the seat to a new MP or through death. This may interfere with transparency, institutional memory and sustainability of on-going projects.

The CDF Act does not specify where and/or which bank CDF accounts should be held and instead says "any commercial bank". This leaves ample room for manipulation of the fund although it (Act) goes further to state that any over-the-counter withdrawal of funds exceeding Ksh.1 million should not be allowed.

The current size of the CDF kitty is small (2.5% of national budget). The small size may hamper efforts and intentions to step up local level development through spreading equity, targeting, and increased inclusivity.

Public ignorance on CDF was found to be widespread in Kenya. This is compounded by lack of public education on the existence and management of devolved funds especially CDF. Women and the youth are especially hard hit as few were found to be involved in CDF matters. They were found to be relatively ignorant on development activities and the roles they are supposed to play in their respective localities. This is a potential avenue for corruption as it reduces public vigilance and scrutiny through improved access to CDF records and information. It is also a hindrance to realizing equitable distribution of CDF especially at location and sub-location levels and also community involvement and participation in CDF activities.

The actual role and mandate of the newly constituted National Management Board (NMB) is not too clear in as far as its departure from the NMC is concerned. It is not clear from the 2007 Amendments to the CDF Act how the NMB will manage projects in 210 constituencies without grassroots support. This reduces its capacity to enforce compliance and lay down procedures and regulations. Partnerships between the NMB and the target beneficiaries are largely absent and this compromises the desire to improve and institutionalize monitoring and evaluation of CDF activities. A rigorous M&E framework is clearly lacking to ensure transparency and accountability in CDF transactions.



Since the first disbursement, CDF monies expended so far have not been subjected to serious auditing. Neither is there a clear and specific separation of powers and responsibilities in the various CDF institutions/structures.

Funding of non-priority projects was found to be rampant in many parts of the country. This has led to duplication, misallocation and loss of equity which the fund is intended to achieve. Priority as dictated by community needs or as identified by the respective communities was largely not the principal determinant of CDF allocation. Additionally, the absence of a strong M&E component in all projects reduces the obligation of adherence to quality and standards on the part of contractors and CDF committees.

Tendering and procurement for CDF projects are prone to abuse. Perhaps, this is because CDF arrangements are not compliant to the Public Procurement and Disposal Act. This loophole increases access by the MP to the kitty.

Transparency, accountability, efficiency and impact of CDF projects were found to be rather low. Many factors have contributed to this situation and some of these have been mentioned above. In particular, failure to adopt pro-poor targeting, lack of independence of the NMB in monitoring the allocation and use of the fund and lack of auditing by independent and competent parties and making the audited accounts available for public scrutiny may be singled out.

At location and sub-location levels, there is unequal allocation of CDF and other devolved funds. In addition, women and the youth are largely marginalized or excluded from membership of CDF committees. This has created high levels of resentment to CDF in several constituencies countrywide.

## **5.2 RECOMMENDATIONS**

Going by the findings and conclusions above, the study gives the following recommendations. In this section (5.2), we attempt to give general recommendations applicable to all stakeholders. In section 5.3 below we offer recommendations specific to the activities of NACCSC. Both sets of recommendations are geared towards improvement of CDF management in future. If implemented, these could greatly advance the war against corruption in as far as CDF is concerned.

### **5.2.1 Further Amendment of CDF Act Vis-à-vis 2007 Amendments**

There is urgent need to further amend the current CDF Act with a view to reducing the power and influence of MPs in the allocation and management of CDF as well as nomination of CDF committees. In particular, measures for inclusion and/or participation of more constituents in CDF affairs need to be instituted. The MP should not be legally empowered to nominate more than one quarter of the CDF committee. The MP should also not be automatic patron and chair of the CDF committee. The 2007 amendments do not appear adequately explicit on these issues.

### **5.2.2 Transition of CDF Committees**

Second, the Act should be amended to specify mechanisms for smooth transition of CDF committees especially after an incumbent MP's term ends by losing the seat to a new MP or through death. This should be done in a transparent manner to safeguard institutional memory as well as sustainability of on-going projects.

### **5.2.3 Need to Increase CDF Kitty**

Third, the current CDF kitty, which is only 2.5% of national budget, needs to be increased to at least 5%. This will avail more resources for local level development and with increased spread in equity and targeting, is likely to increase inclusivity.

### **5.2.4 Civic Education to Check Corruption**

Civic education needs to be mounted nationwide to sensitize the public, especially women and the youth on development activities and the role they are supposed to play in their respective localities. This will help check corruption by increasing public vigilance and scrutiny through improved access to CDF records and information. It might also help enhance equitable distribution of CDF especially at location and sub-location levels. This is also likely to increase community involvement and participation in CDF activities.

### **5.2.5 Power and Independence of National Management Board (NMB)**

The independence of the newly constituted National Management Board (NMB) needs to be upheld so as to enforce compliance and lay down procedures and regulations. Partnerships between the NMB and the target beneficiaries need to be forged so as to improve and institutionalize monitoring and evaluation of CDF activities. A rigorous M&E framework is clearly needed to further ensure transparency and accountability in CDF transactions.

### **5.2.6 Auditing of CDF Accounts**

An immediate audit of CDF monies expended so far needs to be carried out in all constituencies as a matter of urgency. There should also be a clear and specific separation of powers and responsibilities in the various CDF institutions/structures. It is therefore recommended that to streamline CDF allocation, disbursement and management of projects in future, the government and other stakeholders will have to take bold steps to curb corruption that currently engulfs CDF. The onus squarely falls on NACCSC.

### **5.2.7 Improving Community Inclusion and Involvement**

Alternative avenues of securing inclusiveness in CDF committees need to be explored. This will not only improve public participation in CDF management but also curb the excessive sway MPs enjoy in nominating their cronies in the current set up.

### **5.2.8 Improving Project Targeting and Reach**

There is need to improve project prioritization as dictated by community needs. This will greatly enhance responsiveness and pro-poor targeting.

### **5.2.9 Install Monitoring and Evaluation (M&E) of CDF Projects**

A strong M&E component needs to be inbuilt in all projects in order to enforce quality and standards and avoid duplication. A rigorous M&E team that excludes the MP should be established in every constituency to improve transparency and accountability in CDF transactions.

### **5.2.10 Streamline Tendering and Procurement**

Tendering and procurement for CDF projects need to be streamlined. One way of achieving this is by making the CDF more responsive to the Public Procurement and Disposal Act so as to minimize access by the MP to the kitty.

### **5.2.11 Improving Transparency, Accountability and Project Impact**

To further improve on transparency, accountability, efficiency and impact of CDF projects, the powers of the NMB need to be enhanced to continuously monitor allocation and use of the fund. It should be made mandatory that all CDF expenditures be audited by independent and competent parties and the audited accounts be made available for public scrutiny. This is likely to increase accountability. Lastly, the CDF Act needs further amendment to specify where and/or which bank CDF accounts should be held instead of any commercial bank as currently stated.

## **5.3 Implications of Study Findings for Activities of NACCSC**

The findings of this study have definite national implications as well as specifically for the activities of NACCSC. The following may therefore be viewed as recommendations for the Committee to implement so as to check corruption and improve management of CDF.

### **5.3.1 Sensitization of the 10<sup>th</sup> Parliament**

To start with, NACCSC will need to sensitize members of the 10<sup>th</sup> parliament on the various forms and avenues of corruption within CDF. In particular, focus should be on how corruption can be prevented. This could be done using the group method where MPs from different or similar regions are grouped together in training seminars and/or workshops. For this reason, NACCSC should immediately embark on nationwide seminars/workshops for this purpose. The Author(s) of this Report could be used as resource persons and/or facilitators.

### **5.3.2 Sensitization of Public and Government Officials on Corruption-free CDF**

Sensitization of members of the public, government officials, professionals and civil society on corruption-free implementation of local development projects that draw on devolved funds primarily CDF is also the onus of NACCSC. The latter should also embark on development and production of **Campaign Materials** such as **Posters, Pamphlets, Brochures and Flyers**. These should accompany verbal campaigns targeting the general public, government officials, primary school pupils and secondary school, college and University students and teachers/lecturers. The Committee should ensure national circulation and consumption of the campaign materials.

### **5.3.3 Research and Sensitization Campaigns on Use of Other Devolved Funds**

NACCSC should view the CDF study as a reference point. It should commission similar studies on corruption in other devolved funds. Sensitization campaigns will then need to be mounted for these other devolved funds (CBF, LATF, RMFLF, etc).

### **5.3.4 Lobby for Streamlining of 2007 Amendments to CDF Act**

NACCSC may also need to lobby for streamlining and harmonization of the 2007 Amendments to the CDF Act that created the CDF Board. In particular, the amendments should clearly spell out the role of the new Board, incumbent MP and grassroots committees in the improved management of CDF.

### **5.3.5 Lobby for Increase of CDF Kitty**

It should also lobby for increase of CDF from 2.5% to 5% of government revenue so as to increase coverage and equity.

### **5.3.6 Training of Grassroots CDF Management Committees**

It is also incumbent upon NACCSC to train grassroots committees on CDF management to improve targeting and efficiency.

### **5.3.7 Carrying Out Civic Education**

Lastly, NACCSC will need to carry out comprehensive civic education on all the devolved funds to step up public awareness and improve efficiency and effectiveness in project implementation as well as monitoring and evaluation.

## **5.4 Areas of Further Research**

In the near future, NACCSC and other stakeholders will need to conduct similar studies on all the devolved funds with a view to establishing the extent or potential for corruption and advise government on how to stem or forestall it. Studies on civic and political culture of Kenyan communities need to be carried out especially to ascertain the manner in which Kenyans view or react to corruption. A study focusing on the relationship between poverty and corruption should also be undertaken by NACCSC. The levels of efficiency and effectiveness of local level development implementation by government agencies should also form a main subject of research by NACCSC.

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## APPENDICES

### Appendix I: Sampled Districts and Constituencies

**Table 1: Sampled Constituencies**

Province	Constituency	District	Province	Constituency	District
Nairobi	Dagoretti, Kamukunji, Lang'ata, (3)	Nairobi	North Eastern	Mandera Central (1) Wajir East (1) Fafi (1)	Mandera Wajir Garissa
Nyanza	Ugenya (1) Migori (1) Kisumu Rural (1) Rarieda (1) Muhoroni (1) Kasipul Kabondo (1) Rangwe (1) Kuria (1) Nyaribari Chache (1) South Mugirango (1) Kitutu Masaba (1)	Siaya Migori Kisumu Bondo Nyando Rachuonyo Homa Bay Kuria Kisii Gucha Nyamira	Eastern	Laisamis, Saku (2) Isiolo South (1) Tigania West (1) South Imenti (1) Nithi (1) Runyenjes, (1) Gachoka (1) Mwingi North (1) Kitui Central (1) Machakos Town (1) Kibwezi (1)	Marsabit Isiolo Meru North Meru Central Meru South Embu Mbeere Mwingi Kitui Machakos Makueni
Coast	Lamu West (1) Garsen (1) Magarini (1) Kaloleni (1) Mvita (1) Voi (1) Kinango (1)	Lamu Tana River Malindi Kilifi Mombasa Taita Taveta Kwale	Central	Othaya (1) Gichugu (1) Kandara (1) Kiharu (1) Gatundu South, Juja (2) Kipipiri, Kinangop (2) Kabete, Kiambaa (2)	Nyeri Kirinyaga Maragwa Murang'a Thika Nyandarua Kiambu
Rift Valley	Belgut (1) Bomet (1) Sotik (1) Nakuru Town (1) Kilgoris (1) Narok North (1) Turkana South (1) Kacheliba (1) Cherangani (1) Eldoret North (1) Mosop (1) Marakwet East (1) Keiyo South (1) Baringo Central (1) Eldama Ravine (1) Laikipia West (1) Kajiado North (1)	Kericho Bomet Bureti Nakuru Trans Mara Narok Turkana West Pokot Trans Nzoia Uasin Gishu Nandi North Marakwet Keiyo Baringo Koibatek Laikipia Kajiado	Western	Lugari (1) Shinyalu (1) Butere (1) Vihiga (1) Kimilili (1) Amagoro (1) Mt. Elgon (1) Funyula (1)	Lugari Kakamega Butere- Mumias Vihiga Bungoma Teso Mt. Elgon Busia

**TOTAL NATIONAL STUDY CONSTITUENCIES = 71**

**TOTAL SAMPLE SIZE = 2,130 RESPONDENTS (@30 Respondents per Constituency)**

## APPENDIX II: CDF Study Questionnaire Developed by Institute for Development Studies (IDS)

### Part I: Identification Details

1. Questionnaire Number	
2. Province/Region	
3. Constituency	
4. District	
5. Location	
6. Sub-Location	
7. Name of Interviewer	
8. Date of Interview	
9. Time of Interview	
10. Name of Respondent	

#### Read to Respondent:

Hello, my name is \_\_\_\_\_ and I am research assistant with the Institute for Development Studies (IDS), University of Nairobi. The IDS is a research institute currently conducting a study on the Constituency Development Fund (CDF) throughout Kenya. You were randomly selected from among the people in your constituency. I would like to ask you a few questions. You do not have to answer any question you do not wish to answer. The questions should take about 45 minutes. After the questions you can ask whatever questions you may have. When complete, the results of this survey will be available at the Institute for Development Studies in Nairobi. Your name will be held in strict confidence, and will NOT appear on any documents or publications unless with your express permission.

Please answer the questions as honestly and openly as possible. There are no "right" or "wrong" answers.

### Part II: Demographic Details

11. Age \_\_\_\_\_ (years)

12. Gender:

[a] Male	
[b] Female	

13. Marital Status:

a) Single	
b) Married	
c) Divorced	
d) Widowed	

14. Number of children (still living with you): \_\_\_\_\_

11. Did you go to school?

[a] YES	
[b] NO	

15. If above is yes, what class did you complete? \_\_\_\_\_

12. What is your occupation?

a. No work	
b. Farmer	
c. Herder	
d. Seller	
e. NGO worker	
f. Other	

16. What is your spouse's occupation?

a. No work	
b. Farmer	
c. Herder	
d. Business	
e. NGO worker	
f. Other (specify)	

17. What are your primary sources of information about events in your constituency, other parts of Kenya, or the world? (Tick all that apply.)

a) Newspaper	
b) Radio	
c) Friends/relatives	
d) District Officer	
e) sub-Location Chief	
f) Councilor	
g) Location Chief	
h) Member of Parliament	
i) other _____	

**Part III: AWARENESS AND KNOWLEDGE OF CDF ('Mheshimiwa's (MP's) Money)**

18. Have you noticed any new projects being implemented in the community during the past two years?

[a] yes	
[b] no	



19. How are these projects financed?

1. CDF	
2. Church	
3. Harambee	
4. Other	
5. Don't know	

20. CHECK: If CDF is not mentioned, go to question 23

21. If CDF is ticked or mentioned, how did you learn about CDF? (Mark all those that apply)

1. Know of the existence of the CDF Act	
2. Member of location development committee CDF	
3. Through other community members	
4. Chief's <i>baraza</i> .	
5. Seen notices/posters/newspapers	
6. Community engagement, e.g. food for work.	
7. Member of project committee, e.g. school,	
8. Other (specify).....	

22. Are you aware of any CDF/Mheshimiwa's projects or activities in this location?

[a] YES	
[b] NO	

23. If YES, which ones?

1	
2	
3	

24. Do you know the cost of the above projects?

1	
2	
3	

25. Do you know how much has been disbursed?

1	
2	
3	

26. Do you know the status of the above projects?

1	
2	
3	

27. In your opinion, what is the level of awareness of CDF among the general population in this location?

1. Very high	
2. High	
3. Low	
4. Very low	
5. Don't know	

28. Do you feel that CDF projects are yours (community owned)?

[a] yes	
[b] no	

29. Opportunity/right to participate in CDF decision making: Please give details in the table below:

Participating in	(1) Are people given the opportunity or right to participate	(2) Do you know how you can be involved in	(3) Did you try to get involved in
a. Selecting and prioritizing projects	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
b. Determining the location of projects.	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
c. Follow up/monitoring of projects	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
d. Management of project funds	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

30. Are you aware of any government regulations governing CDF?

[a] yes	
[b] no	

**Part IV: CDF PROJECT IMPLEMENTATION**

31. Are there ways of identifying and prioritizing development projects in your community?

[a] yes	
[b] no	

32. How were the projects funded by CDF identified? (Mark all that apply)

- 1. Community identified/agreed
- 2. Extracted project from district plans
- CDF committee identified/proposed
- 3. MP suggested project
- 4. MPs close associates determined the project
- 5. Don't Know

33. Have you ever taken part in identifying any CDF project or projects in your location?

[a] yes	
[b] no	

34. If Yes, which one(s)?

1	
2	
3	

35. Do you know any one who has taken part in identifying at least one project for the CDF?

[a] yes	
[b] no	

36. Do you know how money meant for CDF project(s) implementation is provided to your community?

[a] yes	
[b] no	

37. How is CDF money provided to your community (please tick one)?

1. District Officer	
2. CDF committee	
3. MP	
4. Location Committee	
5. Don't know	

39. Are community members involved in monitoring CDF projects?

[a] yes	
[b] no	

40. If yes, how does the community monitor/keep track of CDF project implementation?

1. Project committee in place	
2. Project accounts kept	
3. Monitoring committee	
4. Feed-back during meetings	
5. Other means used (specify)	

41. Are you aware of any incidents or cases of complaints or disputes regarding CDF projects in your community?

[a] yes	
[b] no	

42. Are you aware of mechanisms or places where complaints on CDF projects can be heard?

[a] yes	
[b] no	

43. If YES, name them.

1	
2	
3	

44. What is your assessment of the complaints system?

1. Very effective	
2. Some what effective	
3. Not effective	

45. Are you aware of mechanisms or places where complaints on the CDF projects can be addressed?

[a] YES	
[b] NO	

46. If YES, name them.

1	
2	
3	

47. What is your assessment of mechanisms for addressing complaints regarding the use of CDF money?

1. Very effective	
2. Some what effective	
3. Not effective	

48. Do you know of the existence of Devolved Funds in your constituency?

1. YES	
2. NO	

49. What devolved Funds exist in the constituency (mark all that apply)

1. Local authority transfer fund (LATF)	
2. Roads Maintenance Levy Fund	
3. Community Dev. Trust Fund (CDTF)	
4. Constituency Bursary Fund	
5. Constituency AIDS control Fund	
6. Free Primary Education Fund	
7. Rural Electrification Fund	
8. Other (specify	

**Part V: FORMS OF CORRUPTION PRACTICED IN CDF**

50. Do you know of any cases of corruption in CDF projects?

1. YES	
2. NO	

51. If No, go to question no. 59.

52. If YES, what forms of corruption do you know of?

1. Payment of bribes	
2. Awarding of tenders irregularly	
3. Shoddy implementation of projects	
4. Nepotism	
5. Other (specify)	

53. If YES, why does corruption take place in the use of CDF money?

54. What do you see as the major weaknesses of CDF?

(a) -----

(b) -----

(c) -----

(d) -----

**Part VI: ASSESSMENT OF CDF PERFORMANCE**

55. What is your level of satisfaction with CDF projects in your community?

Level of satisfaction; 1. Satisfied 2. Fairly Satisfied 3. Dissatisfied.

	Indicators or Performance Criteria	Level of Satisfaction		
		1	2	3
1	How projects are identified	1	2	3
2	Types of projects within the constituency	1	2	3
3	Location of projects within the constituency	1	2	3
4	Transparency in management of CDF funds	1	2	3
5	Community participation in decision making (voice)	1	2	3
6	Information sharing among the community members	1	2	3
7	Cost of projects	1	2	3
8	Dispute/conflict resolution mechanisms in place	1	2	3
9	Composition of CDF committees	1	2	3
10	Relevance of projects to people's needs	1	2	3
11	Quantity (number) of projects implemented	1	2	3
12	Time taken to implement projects	1	2	3
13	Targeting of beneficiaries i.e. meeting the needs of special groups (women, children, youths)etc	1	2	3
14	CDF project reach (spreading benefits to all community members)	1	2	3
15	Equity (Addressing the needs of the most needy e.g. remote areas, disabled etc)	1	2	3
16	Building capacity/creating opportunities for people to benefit more.	1	2	3
17	Accountability of CDF duty bearers to the community	1	2	3
18	Overall impact of CDF projects on poverty i.e. improving livelihoods	1	2	3

56. Over the past year, how often, if ever, have you or anyone in your family gone without: [Read out options]

	Never	Just once or twice	Several times	Many times	Always	No Children / No Access	Don't Know
A. Enough food to eat?	0	1	2	3	4		9
B. Enough clean water for home use?	0	1	2	3	4		9
C. Medicines or medical treatment?	0	1	2	3	4		9
D. Enough fuel to cook your food?	0	1	2	3	4		9
E. A cash income	0	1	2	3	4		9
F. School expenses for your children (like fees, uniforms or books)?	0	1	2	3	4	7	9

57. Are you related to the local Member of Parliament (MP) in any way?

[a] yes	
[b] no	

58. If the above is YES, how?

	Relationship	
1	Friend	
2	Kinsperson	
3	Acquaintance	
4	Other (state)	

59. What are your suggestions on improving or streamlining allocation of CDF fund and management of CDF-funded projects?

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60. Do you have any final comments or suggestions concerning the subjects discussed in this questionnaire?

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