



# Harmonization of Decentralized Development In Kenya:

Towards Alignment, Citizen Engagement and Enhanced Accountability

**A JOINT COLLABORATIVE RESEARCH REPORT**



By  
Kenya Human Rights Commission (KHRC)  
and  
Social And Public Accountability Network (SPAN)

**December 2010 Version**





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# List of Acronyms/Abbreviations

AAIK	ActionAid International Kenya
AIE	Authority to Incur Expenditure
AinA	Appropriation in Aid
CBO	Community Based Organization
CDC	Community Development Committee
CDF	Constituency Development Fund
CEDGG	Centre for Enhancing Democracy and Good Governance
CEPAD	Centre for Peace and Democracy
CPP	Core Poverty Programme
CSO	Civil Society Organization
DA	District Assembly
DACF	District Assemblies Common Fund
DC	District Commissioner
DDC	District Development Committee
DDO	District Development Officer
DFRDS	District Focus for Rural Development Strategy
DPU	District Planning Unit
FGD	Focus Group Discussion
FPE	Free Primary Education
HAC	Harmonization, Alignment and Coordination
ICARRD	International Conference on Agrarian Reforms and Rural Development
KERP	Kenya External Resources Policy
KHRC	Kenya Human Rights Commission
KIPPRRA	Kenya Institute of Public Policy Research and Analysis
KJAS	Kenya Joint Assistance Strategy
KRB	Kenya Roads Board
Ksh	Kenya Shillings
LA	Local Authority
LASDAP	Local Authority Service Delivery Action Plans
LATF	Local Authority Transfer Fund
M&E	Monitoring and Evaluation
MED	Monitoring and Evaluation Directorate
MS Kenya	Danish Association for International Co-operation
NCST	National Council for Science and Technology
NEP	New Economic Policy
NESC	National Economic and Social Council
NGO	Non Governmental Organization
NIMES	National Integrated Monitoring and Evaluation System
NRDC	National Rural Development Committee
PA	Provincial Administration
PC	Provincial Commissioner
PPOA	Public Procurement and Oversight Authority
PSSP	Public Sector Stakeholders Partnership
RDA	Regional Development Authority
RDF	Rural Development Fund
RMLF	Roads Maintenance Levy Fund
SSEBF	SDC – Sector Development Committee Secondary Schools Education Bursary Fund
SPAN	Social and Public Accountability Network
SPSS	Statistical Package for Social Scientists
SRDP	Special Rural Development Programme
TISA	The Institute for Social Accountability
UNDP	United Nations Development Programme
WSTF	Water Services Trust Fund
WVK	World Vision , Kenya



# Foreword

The Study, *‘Harmonization of Decentralized Development in Kenya: Towards alignment, citizen engagement and accountability’* results from partnership between Kenya Human Rights Commission (KHRC) and Social and Public Accountability Network (SPAN) to work together to strengthen the decentralization paradigm in Kenya. The collaboration pools partner knowledge and resources to jointly contribute towards better use of public resources available to KHRC and the eight partner organizations of SPAN around the subject of decentralized development – a topic of interest, importance and relevance to the missions of all the partners. The objective is to inform reforms in decentralized development in Kenya.

The research intent was to check on the efficacy of the current situation in Kenya where public funds are transferred from the capital to the outlying districts, constituencies and local authorities through different legislations and administrative policy programs. Seven decentralized funds were targeted viz the Constituency Development Fund (CDF), Local Authority Transfer Fund (LATF), Free Primary Education Fund (FPE), Secondary Schools Education Bursary Fund (SSEBF), Water and Sanitation Trust Fund (WSTF), Constituency AIDS Fund and the Roads Maintenance Levy Fund (RMLF).

The Research used both quantitative and qualitative data collection methods to get information from a sample of eight constituencies spread across the country. Findings support the need for a harmonized decentralized development model and recommend a two-tier structure at national and sub-national (county) levels. The on-going constitutional based reform and the national economic policy blue print, Vision 2030, attest to the need of revamping into a clear thought out decentralization model.

The study report is organized in chapters. After the executive summary, Chapter one highlights the background of the study, research problem, objectives, justification and the expected output. Chapter two details the study process and methodology. Chapter three is a review of the concepts, highlights Kenya’s experiences with decentralization and also draws lessons and experiences from other countries. Chapter four looks at the macroeconomic set up of Kenya highlighting various economic blueprints and further provides details of the key findings. Chapter five looks at the opportunities for harmonization of decentralised development and the challenges likely to be faced. Chapter six presents a proposed harmonization framework. Key findings, conclusions and recommendations are summarised in chapter seven.

**Kenya Human Rights Commission**

**Social and Public Accountability Network**

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We are also grateful to the research team of Mbutu Mwaura, Benson Maina, the data analyst Mark Mwiti, supervisors and mobilisers in the eight provinces, and the research assistants who collected data from constituency-based key informants, focus group discussions (FGDs) and individual respondents from the eight sampled constituencies. Their output formed the bulk of the primary data on which this report is based.

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To all community based Human Rights Networks (HURINETs) and the staff in the Regional Offices of our partner organizations who assisted with logistical support; this would not have been possible without you.

While many people and institutions contributed to this work any errors and omissions remain the responsibility of the national-level research team.

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# Executive Summary

This report is an output of joint research carried out by Kenya Human Rights Commission (KHRC) and the eight partners' organizations that comprise the Social and Public Accountability Network (SPAN). The research was carried out in the last quarter of 2009. The primary focus of the research was to assess the extent of citizen participation in the management of decentralized funds in Kenya including monitoring and evaluation. The study also aimed at assessing the extent of duplication among the funds and get suggestions on how the management of the funds can be improved, and particularly establish opportunities for harmonization, at the very least or at best consolidation. The Study looked at seven funds (CDF, LATF, RMLF, FPE, SSEBF/Bursary Fund, WSTF and HIV/AIDS) and the education, health, water and sanitation and roads sectors, which address social and economic rights and have great impact not only on individual citizens' day to day lives but also on country-level economic growth and poverty reduction strategies.

The research output was informed by literature review of decentralization practices in several countries and related studies of the subject matter. Both secondary and primary quantitative and qualitative data from various sources were utilized. Face-to-face interviews were held with various respondents including key informants at both national level and in the sampled constituencies<sup>1</sup> (8); 58 focus group discussions (FGDs) with a total of 476 participants (303 males and 173 females) and 528 individual respondents (62% (326) being males and 38% (202) being females. Key informants mainly consisted of government officials at national and district levels and various funds' agencies' officials, also at national and lower levels of administration.

The Study establishes that decentralized funds form significant portion of the Government of Kenya's (GoK) development budget allocation. It is estimated that the total amount disbursed to each constituency from all the devolved funds is at least Ksh 80 million per year (KNBS, 2007). This translates to an average of 16.8 Billions, which is about 8% of the annual national income tax revenue. CDF alone has disbursed a total of Ksh 53 billion in the last seven years. LATF on average accounts for about 35 per cent of Local Authorities' (LAs') revenue nationally. As such, these funds must be managed optimally for better results.

Other key findings of the research include:

- i. The then Constitution of Kenya, failed to envision the model of development that the State was to adopt. Consequently, Government policy since independence has been ambivalent on this, variously employing neo-liberal economic and protectionist policies. There is therefore an urgent need for clear devolution law, policy and model.
- ii. Though respondents generally perceive that at the local levels, majority of the decentralized funds have responded to the development needs of communities, at the macro level, Kenya's three independence objectives of 'fighting poverty, ignorance and disease' have remained elusive, despite huge amounts of funds decentralized in the past four decades. Indeed, high poverty and inequality levels still persist and appear to be increasing.
- iii. Many countries that are relatively more advanced and successful in the decentralization process than Kenya, for instance Britain and China, have succeeded in reducing regional inequalities through better coordination, popular public participation and accountable and responsive governance.

<sup>1</sup> The Constituencies That Were Sampled On Pre-Determined Objective Criteria Included Makadara (Nairobi), Nyeri Town (Central), Mwatate (Coast), Baringo Central (Rift Valley), Mandera West (North Eastern), Isiolo North (Eastern), Mumias (Western) And Kisumu East Town (Nyanza)

- iv. Education and health are among the sectors that the Kenya Government has identified as Core Poverty Programmes (CPPs), whose development expenditure is to be increased by 15% annually. Yet, these have yielded mixed results with a progressive relative increase in public expenditure in some sectors like health and a decrease in others such as education.
  - v. Ranked on the basis of quality of higher education and training, Kenya performs better compared to a majority of her African peers but poorly compared to the Asian tigers that the country seeks to emulate their development model(s).
  - vi. Decentralization policies of successive governments in Kenya indicate inadequate continuity. For example, some decentralized funds are created by Acts of Parliament and therefore have legal backing while others are created through government policy pronouncements and have no guarantee of continuity. It is also difficult to hold anyone accountable for misuse of such funds that lack any legal backing and continuity.
  - vii. Whereas national economic blueprints should be implemented via various national and district development plans, the study found that vertical and horizontal linkages are weak.
  - viii. Decentralized development in Kenya can be improved by strengthening the current functioning of the District Development Committee (DDC) and through clear separation of functions between the different actors of government at the local level. It is expected that under the new constitutional dispensation, the DDC model, which has great potential will be replicated and improved on within the Devolved Government.
  - ix. The role of District Development Officers (DDOs) in harmonization of the various development efforts is weak.
  - x. There is duplication of efforts among decentralized funds and the findings of the study support harmonization of decentralized development.
  - xi. The different development funds appear to be in ‘unhealthy competition’ with each other with regards to preferred devolved development harmonization framework.
  - xii. Whereas the Kenyan national budget-making process provides for a participatory process through sector hearings, centralization of the process in Nairobi limits citizens’ participation.
  - xiii. While citizens’ awareness of decentralized funds is generally high (with CDF leading at 96%), the levels of citizens involvement is generally low (again CDF has the highest (39%) in projects identification.
  - xiv. Interpersonal communication is the most reliable way of getting information about most decentralized funds. This signifies the importance of ‘social capital’ and the need for citizens’ empowerment for better management of decentralized development.
  - xv. There are weak linkages between decentralized funds and the National Integrated Monitoring and Evaluation System (NIMES).
  - xvi. Constituencies are embracing strategic planning as a modern development approach that matches resources with felt needs. Indeed, out of the eight constituencies sampled for this study, only Isiolo North did not have a ready Strategic Plan by the time field data were being collected. However, the CDF manager indicated that the constituency was in the process of developing one.
  - xvii. Discussions with a key informant in the Ministry of Local Government indicated that about one-third of the existing 175 Local Authorities may not be viable and the Government is desirous of reducing them.
  - xviii. On average only about 15% of funds disbursed to Local Authorities is spent on capital ex-
-



penditure, while 85% pays for re-current expenditure (salaries (39%), Operations and Maintenance (22%), Debts resolution (19%)). This means that infrastructure development that these funds are intended to accomplish is not being met.

- xix. The importance of decentralized development is amplified in the Government of Kenya's economic stimulus package and the 2009/10 Budget Speech where government states that Ksh 22 billion to 'jump-start' the economy will be channeled through the CDF model.

There are opportunities as well as challenges for harmonization of decentralized development. Key among the opportunities is the provision for a decentralization policy in the current Kenyan economic blueprint, the Vision 2030 and the new constitution. The main challenges include limited resources at the local levels, low quality citizen involvement, conflicting roles between the executive arm of government and the legislature where the latter is drawn into implementation, notably under the CDF and unhealthy competition among the funds. Other challenges include duplication of development efforts and political interference, weak linkages between decentralized funds and the National Integrated Monitoring and Evaluation System (NIMES).

Due to duplication, all respondents agreed on the need for consolidation. They also provided a checklist of characteristics describing their preferred framework. According to respondents, the decentralization development framework should:

- Establish basket-funding from where decentralized development can be managed under one umbrella or ministry;
- Reduce political interference;
- Utilize local technical capacity;
- Reduce bureaucracy;
- Increase citizens engagement at all levels; and
- Be devolved to the local levels.
- Based on the above gaps on human rights and social democracy theories; recommend "RBA" in development management/ administration

And also ensure the linkages between decentralized funds and the National Integrated Monitoring and Evaluation System (NIMES)-the challenge captured above.

Based on the above, this study proposes a decentralized development framework based on two administrative levels; national and sub-national (read county) levels. The decentralization framework proposed is an improvement of the current District Development model that will reduce duplication and wastage.

Note: My feeling is that this being a report by among others a human rights organization or a report exposing violations on the right, we need to propose the adoption and application of RBA in development programming and administration. Nduta, you are a guru in this discourse.

Other key recommendations made by the study include: -

- i. Fiscal decentralization should be linked with broad national plans and goals to avoid wastage and misallocation of resources at the devolved unit level;
- ii. Harmonization of decentralized development will, as a matter of urgency, require harmonization of both institutional and legal/regulatory frameworks. This can be done by fast-tracking the establishment of a comprehensive decentralization policy. In order to narrow the planning-implementation gap, various development units need to be encouraged to embrace

modern development approaches like development of strategic plans; Link this with Article 6(3) 6 in the new constitution of Kenya on the relationship between the national and county governments the management of public affairs

- iii. Structured citizens' engagement and information sharing should be set up through locational monthly meetings, quarterly constituency meetings and bi-annual sub-national and national meetings;
- iv. To enhance the effectiveness of decentralized development initiatives, there is need to reduce political influence in their management and enhance citizens participation, for example, through direct election of mayors and chairpersons of Local Authorities and other sub-national level representatives; Link it with the new constitutional provisions
- i. The quality of leadership can also be enhanced by requiring minimum educational qualifications or experience in the management of public affairs before one qualifies for election or nomination to serve a public office;

Apart from the academic and experiential qualification, ethical and integrity considerations are critical in line with the chapters on leadership and integrity, public services (Constitution of Kenya 2010) and the Public Officers Ethics Act. Please refer to the right articles for this will help to build a good case for implementation.

- ii. There is need to thematically consolidate the various funds relating to one development agenda e.g. all education funds should be consolidated and managed together in one fund for enhanced efficiency; -please link this with the 15% proposed under the new constitution
- iii. Decentralized funding allocation criteria should have a proper mix of determining factors that include population, sector weights, poverty levels, geographical spread and regional cost differentials among others; Link it with the relevant sections of the devolution chapter.
- iv. Government functions dealing with budgeting and planning for resources must be closely coordinated. Based on this, it would be prudent to merge the ministries responsible for matters of finance and planning in to one ministry. Relate this with the proposed commission
- v. To enhance public participation in the national budget making process, there is need to urgently decentralize sector hearings, to sub-national and constituency levels. Link it with the budgetary and resource management processes in the new constitution
- vi. Monitoring and evaluation of the consolidated framework should be done under the National Information Monitoring and Evaluation System (NIMES). This is after a capacity intervention to enable the current NIMESs' structures reach local levels
- vii. A database of decentralized funds for each region should be established and special attention paid M&E.
- viii. To enhance quality participation, more civic education is needed. This should also be coupled with well-structured bi-directional mechanisms of engagement.
- ix. There is need to embrace structured citizen engagement and information sharing via locational monthly meetings, quarterly constituency meetings and bi-annual national meetings. Please link this discourse with our public accountability and engagement through the peoples manifesto and score card initiative under civic action – Describe the PM&SCI model briefly
- x. The management of decentralized development must be embedded in the performance enhancement contracting of all actors involved. Future civic education in Kenya must focus citizens' attention on leaders and /or aspirants performance in management of public funds to deliver tangible development. Relate this to the same and also the recall clause under the new constitution

# 1. Introduction

## 1.1 Study Background

Kenya is transitioning; undergoing various reforms following the post 2007 election violence, the most significant being constitutional reform. There is consensus in the various reports released following the 2007 violence that the underlying cause of violence in Kenya is largely inequality in the allocation of benefits from the available national resources, compounded by corruption and impunity, which have aggravated inequality & imbalances. All the nine partner organizations involved in this study subscribe to the Human Rights Based Approach to development programming and planning (HRBAP, commonly referred to as RBA), which recognises poverty as an injustice and includes discrimination and exploitation as central causes of poverty.<sup>2</sup>

The amount of funds decentralized to local authorities, districts and constituencies has in the past two decades significantly increased. The Kenya National Bureau of Statistics (2007), estimates that a total of Kshs 16.8 billions is decentralized annually. For example, from July 2008 to June 2009, over Ksh 9 billion was allocated to the 210 constituencies under the Constituency Development Fund (CDF); Ksh 10 billion under the Local Authority Transfer Fund has been allocated to Local Authorities that are found within the same 210 constituencies and Ksh 17 million for each constituency under the Constituency Roads Fund. In the June 2009 budget, the annual CDF was increased to over Ksh 100 million to each constituency and boosted through various sectoral interventions. These amounts of funds are substantial; enough to make a visible difference in access to social and economic rights such health care, education, infrastructure at community level, but also enough to be a source of conflict if perceived not to be utilized for the equitable benefit of all in the area covered.

If Kenya's ongoing reforms are to result in real transformation, then, a complete paradigm shift must be seen and felt to have occurred in the way decentralized funds are managed. This study acknowledges that previous research has been done on decentralization with the key findings being a list of what is wrong with the way these funds are managed:- absence of citizen participation, lack of responsiveness and social accountability of duty bearers, duplication among funds, poor legal framework, inadequate capacity within management committees and political interference as the reasons for failure of decentralization funds to deliver the expected benefits of poverty reduction through increased access to human rights and development. However, this study has provided an alternative decentralization model that if properly implemented can address these perennially identified challenges.

The Political Pillar<sup>3</sup> of the current Kenyan economic blueprint, Vision 2030, has decentralization as one of its nine guiding principles, but acknowledges that the present form of decentralization has numerous shortcomings that must be addressed. There is further a recognition of the need for a decentralization policy; development of a strategic framework on decentralization; local authority reform; capacity building in local authorities; and development and implementation of an Information, Education and Communication (IEC) strategy.

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<sup>2</sup> Kirkemann Boesen, Jakob and Martin, Tomas (2007) *Applying a Rights Based Approach: An Inspirational Guide to Civil Society*, Copenhagen: the Danish Institute for Human Rights.

<sup>3</sup> The Other Two Pillars Of Kenyan Vision 2030 Are Economic And Social Pillars.

This study investigates one approach that has so far not been tested: **the viability of consolidating all the decentralized funds into one decentralization policy, strategy and framework under devolution.** Its purpose is to contribute to this existing body of knowledge through identifying best practices and proposing ways through which the challenges facing effective decentralization in Kenya can be addressed. It aims at laying a solid knowledge-based foundation for a paradigm shift from lamentations over the multiple funds to harmonization and consolidation of systems to a clear decentralization policy and legal framework. The study proposes a harmonized decentralization framework with operational guidelines.

Although there are many decentralized funds in Kenya, this study concentrated on seven<sup>4</sup> which play considerable pull factor i.e. roads, water and sanitation, education and health. These sectors have significant development impacts at both national and local levels. Indeed, education and health are among the sectors that the Kenya Government has identified as Core Poverty Programmes (CPPs), whose development expenditures are to be increased by 15% annually. The implementation of CPPs was geared towards alleviation of poverty. The selection of CPPs is consistent with the agenda of achieving the MDGs. There has been an increase in the total amount of resources allocated to the CPPs in both the recurrent and development votes. These programmes are given priority by the government and are ring-fenced from in-year expenditure cuts. They further receive full disbursement of the budgeted amounts in a timely manner.

The table below gives Kenya's Central Government sectoral public expenditure by recurrent and development expenditure axis for six Financial Years (2002/3 to 2007/8). The current government national policies are geared to progressively shift resources towards capital expenditure. The government also aims at giving priority to CPPs primarily the social sectors (Education and Health) and Economic Sectors (Agriculture, Physical Infrastructure, Tourism, Manufacturing, Trade etc.). This is to be achieved, for instance, by increasing allocations to CPPs by a minimum of 15% every financial year (Public Expenditure Review, 2006). However, as the table shows, while public expenditure on health increased from 7.5% in 2002/03 to 9% in 2007/08 that of education decreased from an average of 31.3% to 27.6%.

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4 These are CDF, LAF, HIV/AIDS/, FPE, Secondary Bursary, RMLF And WSTF

**Table 1: Kenya's Central Government Sectoral Public Expenditure Trends, Ksh Mn., 2002/03 - 2006/07**

Fiscal Year	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
<i>Vision 2030's Sectoral Share</i>						
<b>1. Agriculture and Rural Development</b> (including water & sanitation)	<b>12,957 (6.4%)</b>	<b>14,609 (6.2%)</b>	<b>14,863 (5.8%)</b>	<b>20,013 (5.9%)</b>	<b>24,288 (6.2%)</b>	<b>29,588 (6.8%)</b>
<b>2. Public Safety Law and Order</b>	<b>30,748 (15.1%)</b>	<b>36,851 (15.7%)</b>	<b>40,722 (15.9%)</b>	<b>60,075 (17.7%)</b>	<b>53,968 (13.8%)</b>	<b>57,094 (13.2%)</b>
<b>3. Health</b>	<b>15,351 (7.5%)</b>	<b>16,436 (7%)</b>	<b>19,157 (7.5%)</b>	<b>30,479 (9%)</b>	<b>35,047 (9%)</b>	<b>38,929 (9%)</b>
<b>4. Education</b>	<b>63,708 (31.3%)</b>	<b>74,062 (31.6%)</b>	<b>81,073 (31.7%)</b>	<b>96,809 (28.5%)</b>	<b>107,829 (27.5%)</b>	<b>119,259 (27.6%)</b>
<b>5. Physical Infrastructure</b>	<b>24,004 (11.8%)</b>	<b>34,912 (14.9%)</b>	<b>34,869 (13.6%)</b>	<b>58,225 (17.1%)</b>	<b>81,155 (20.7)</b>	<b>88,096 (20.4%)</b>
<b>6. General Economic Services</b>	<b>6,051 (3%)</b>	<b>6,086 (2.6%)</b>	<b>7,094 (2.8%)</b>	<b>8,816 (2.6%)</b>	<b>11,090 (2.8%)</b>	<b>11,645 (2.7%)</b>
<b>7. Public Administration</b>	<b>29,647 (14.6%)</b>	<b>28,275 (12.1%)</b>	<b>33,145 (12.9%)</b>	<b>33,310 (9.8%)</b>	<b>45,331 (11.6%)</b>	<b>49,600 (11.5%)</b>
<b>8. National Security</b>	<b>21,079 (10.4%)</b>	<b>23,399 (10%)</b>	<b>25,166 (9.8%)</b>	<b>32,141 (9.5%)</b>	<b>32,877 (8.4%)</b>	<b>38,046 (8.8%)</b>
<b>Total</b>	<b>203,545 (100%)</b>	<b>234,630 (100%)</b>	<b>256,089 (100%)</b>	<b>339,868 (100%)</b>	<b>391,585 (100%)</b>	<b>432,257 (100%)</b>
<i>National Level</i>						
Recurrent/Total (%)	<b>85.8</b>	<b>86.0</b>	<b>84.9</b>	<b>78.3</b>	<b>69.3</b>	<b>68.68</b>
Development/Total (%)	<b>14.2</b>	<b>14.0</b>	<b>15.1</b>	<b>21.6</b>	<b>30.7</b>	<b>31.32</b>
Recurrent/GDP (%)	<b>20.4</b>	<b>20.2</b>	<b>19.0</b>	<b>20.0</b>	<b>15.33</b>	<b>15.03</b>
Development/GDP (%)	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>5.5</b>	<b>6.8</b>	<b>6.9</b>

Source: Public Expenditure Review (2006) and Budget Outlook Paper (January 2007)

## 1.2 Research Problem

Over the years, there has been an enormous amount of fund transfers as well as attempts in decentralizing service delivery in Kenya. This followed an illusion that piecemeal fiscal decentralization would be an answer to the resistant poverty situation and would enhance community ownership and participation.

There are over ten distinct decentralized public funds<sup>5</sup> available at ward, constituency and district levels. This in itself is the very first challenge posed by decentralization of services; the duplication of implementation jurisdictions and multiple funds to address the same needs in one area. Citizens seeking to access services and community based civil society groups interested in monitoring the same are easily deterred by the confusion created by overlaps between administrative and electoral boundaries. There are also overlaps in management of the different funds that fall in the two jurisdictions, creating a labyrinth of management patterns and authorities, which have proved difficult to understand, recall and monitor.

## 1.3 Research Objectives

The overall objective of this study is to establish how the multiple funds decentralized to local authority, district or constituency level are jointly or separately managed to delivery on citizens service delivery needs. Ultimately, the study findings inform policy, institutional and legal reforms for a more effective decentralization development approach. Specifically, the study aims to:-

<sup>5</sup> For Instance, *The Guide To Community Participation* By Kituo Cha Sheria Identifies 13 Decentralized Funds:-Local Authority Transfer Fund (LATF), Constituency Development Fund (CDF), Constituency Bursary Fund, Constituency Roads Fund, Constituency HIV/AIDS Fund, Rural Electrification Fund, Free Primary Education, Youth Enterprise Development Fund, Women Enterprise Fund, Free Secondary Education Fund, Water Services Trust Fund, National Fund For Persons With Disability And Poverty Eradication. See also the Constituency Trust Funds managed by Trust

1. Establish the relationship between the level of citizen awareness/participation in decentralized funds and performance/impact of these funds. This includes establishment of opportunities for community participation at all levels of decentralized funds' projects for equitable and sustainable development;
2. Evaluate the efficacy of existing operational practices in promoting social accountability;
3. Identify best practices that have delivered positive outcomes and impact in decentralization and use these to propose operational practices and procedures that safeguard social accountability of decentralized funds
4. Legal and policy change - recommend key components of a decentralization policy and framework

## 1.4 Justification for the Study

Analysis of previous research has identified an ever-present array of systemic constraints impeding the entrenchment of accountability through, increased citizen participation. The origins of these constraints can be traced to, inadequacies in (i) governance leadership (policies, guidelines, legal framework, transparency, coordination and linkages to communities); (ii) financial systems (existence of parallel or inadequate systems at national, intermediate and grassroots levels); inadequate financial management and information system to promote accountability; (iii) inadequate communication strategy, plans and information systems (Parallel information systems, monitoring, evaluation and feedback not built into strategic information as evidence for subsequent planning; (iv) human resource (Low capacity, skill, staffing mix in most regions); (v) weak and uncoordinated service delivery infrastructure; (vi) procurement and supply management (for example, poor knowledge or adherence to national guidelines, such as the Public Procurement and Disposal Act, 2005 ); and (vii) unstructured community systems that cannot self-finance and are not ready to absorb vast levels of financing, are not well linked to government structures and have low capacity in certain areas such as financial oversight, monitoring and evaluation.

There is need to ascertain the extent to which each of these system constraints contribute to the performance, programmatic and financial gaps and address them in a way that delivers visible development impact that responds to community needs and commensurate to the amount of funds disbursed.

It should further be noted that the process of decentralization is an integral factor in the attainment of sustainable human development goals. The achievement of development targets hinges largely on a society's quality of governance<sup>6</sup>. Fundamental principles of good governance include respect for human rights, political openness, participation, tolerance, administrative and bureaucratic capacity and efficiency<sup>7</sup>.

***... without proper management structures, a policy/regulatory framework and participation, more negative impacts are associated with decentralized funds than positive ones.***

<sup>6</sup> Governance is broadly defined as 'the system of values, policies and institutions by which a society organizes collective decision-making and action related to economic and socio-cultural and environmental affairs through the interaction of the state, civil society and the private sector.' (KIPPRA, 2006). Will share the Definition by UNDP. It is wider and more rights based and participatory. Refer also to article 10

<sup>7</sup> The United Nations Development Programme's (UNDP) (?), Institutional Development Group of the Bureau For Development Policy

Many developing countries have adopted decentralization strategies for effective service delivery to varying degrees. Decentralized funds can have far-reaching consequences on the economy and livelihoods of the people at the grassroots level. However, without proper management structures, a policy/regulatory framework and participation, more negative impacts are associated with decentralized funds than positive ones. As the practice of decentralized development funding gains momentum, many stakeholders have become involved in developing strategies for the management of these funds. This study was commissioned to contribute to improved management of decentralized funds in Kenya.

While there have been piece-meal decentralization efforts in Kenya since independence, central planning has been the dominant practice; economic development was formulated, financed and implemented through central planning and was characterized by bureaucratic management of public resources. Under this dispensation, the Kenya government has made significant developments in fiscal decentralization, with a number of initiatives making provision for the lower levels of resource reallocation including Constituency Development Fund (CDF), Local Authority Transfer Fund (LATF), Roads Maintenance Levy Fund, Water Services Trust Fund, Free Primary Education, Bursary Funds, HIV/AIDS fund among others. These decentralized funds are administered at the local authority, district, constituency and other lower levels, and were established in the belief that local level governance has a better understanding and is more accountable to local demands and aspirations.



## 2. Research Methodology

### 2.1 An Overview

This Chapter presents the process, approach and methodology that were used to undertake this research. It also details the social-economic-political profiles of the samples constituencies/districts.

### 2.2 Participatory Approach

Subscribing to the belief that self-sufficient institutions and programs which are designed to address the felt needs of their target clients are the foundation of sustainable development, this research adopted a participatory approach in which various stakeholders, including participating partners were given an opportunity to express their feelings, views, ideas and opinions. The planning and execution of the research was jointly undertaken by consultants and other key stakeholders including partners.

### 2.3 Sampling of Constituencies

Decentralization development funding now reaches all parts of the country at the lowest levels of representation and administration. However, for the purposes of this study, eight constituencies (one in each province) were sampled. The choice of the sampled constituencies was purposive and was based on the following criteria:

- i. At least one constituency per province,
- ii. Constituencies that are in districts that have existed for long to ensure availability of data and key government informants
- iii. Constituencies where more than one participating partner works to enhance field logistics
- iv. Mix of rich and poor, sparsely populated and dense, rural and urban, different livelihoods – sedentary crop agriculture, livestock (pastoralist) farming and fishing etc.

Based on justification 2.3(ii) above, it is important to indicate the districts before the provinces;

On the basis of the above criteria, the following constituencies were sampled:

1. Mwatate (Coast);
  2. Isiolo North (Eastern);
  3. Mandera West (North Eastern);
  4. Baringo Central (Rift Valley);
  5. Mumias (Western);
  6. Kisumu Town East (Nyanza);
  7. Nyeri Town (Central); and
  8. Makadara (while pre- testing was done in Starehe)- Nairobi.
-



This sample is assumed to be representative of the various broad regions and social-cultural-economic characteristics that make up the face of Kenya.

### 2.3.1 Districts Social-Economic and Political Profiles

The table below shows literacy levels for the regions sampled with the lowest being Mandera (18.5%) and the highest being Nairobi (95%) among the sampled districts. The national average of people who can 'read and write' stands at 79%. In addition, percentage of communities who travel five or more kilometers to access a health facility averages 48% nationally and a high of 80% in Isiolo which is the highest in the sample compared with Nyeri (10%) which is the lowest. Further, 4.4% of households nationally take more than two hours (both to and from) to access drinking water while 18% of the communities feel unsafe security-wise.

**Table 2: Selected Districts/Constituencies Social-Economic Profiles**

Region	% of population who can read and write	% of communities who travel five or more KMs to access Health Facility	% of H/holds who take two or more hours to fetch Drinking Water	% of communities who feel unsafe security-wise
Nairobi	95.3	20.2	0.2	25.5
Nyeri	91.3	10	1.7	2.8
Taita Taveta	79.1	36.1	1.9	10
Isiolo	52.7	79.6	12.7	7.2
Mandera	18.5	70.4	28.1	12.1
Kisumu	91.1	51.6	1.7	47.5
Baringo	72.5	65.5	28.2	9.2
Butere / Mumias	80.2	49.2	1	4.8
<b>Kenya</b>	<b>79</b>	<b>47.7</b>	<b>4.4</b>	<b>17.6</b>

Source: KNBS, KIHBS (2005/06), Basic Report 2007

Further, the table below summarizes the social-economic profiles of the districts under which the sampled constituencies fall. Nairobi is not included as it does not have a district development plan from where the majority of the information was obtained. Among the sampled districts, Nyeri and Butere Mumias are endowed with good agricultural land as their proportions of arable land are over 50%.

The table also reveals the contrast of allocating development resources based on population and physical areas. For instance, on the basis of population, Butere/Mumias has the least allocation of Ksh 64 million but has third highest allocation per square kilometer of Ksh. 34,868. There are no significant differences in terms of life expectancy but the dependency ratio is highest in Mandera and least in Nyeri. On the other hand, unemployment rate is lowest in Kisumu and highest in Taita Taveta. The gini coefficient which shows the degree of inequality is highest in Baringo and lowest in Mandera.

The above scenarios reveal divergent social economic conditions in different regions that need to be factored in while allocating resources to decentralized development.

Table 3: Profiles of the Districts/Constituencies Under Study

SN	District	No. of Constituencies	Population size(2002)	Population growth rate(%)	Total no. of households	Total area (Square Km)	Proportion of Arable Land	2004/05 Per Pop Devt Estimates	2004/5 Per area Devt Est	Average life expectancy (either sexes)	Dependency ratio (Given)	Unemployment Rate (Unemployed/Labour force)	Income Gini Co-efficient
1	Baringo	3	286,643	2.7	56,808	8,655	29%	342	11,342	59	1.075269	53%	0.583
2	Butere Mumias	5	512,686	2.4	107,563	939	71%	64	34,868	56.6	0.917431	61%	0.57
3	Isiolo	3	112,364	3.6	25,159	25,605	0.32%	1,735	7,613	57.6	1	9%	0.526
4	Kisumu	2	535,664	2.0	123,341	919	39%	183	106,650	49	0.961538	2%	0.525
5	Mandera	1	281,955	4.0	45,522	26,474	5%	339	3,615	55	1.234568	67%	0.302
6	Nyeri	3	677,216	0.8	168,786	3,266	72%	422	87,424	46	0.900901	13%	0.515
7	Taita- Taveta	2	259,889	1.7	37,635	17,128	12%	140	2,125	57.5	1.041667	93%	

Source: 2002-2008 District Development Plans, 2004/05 Development Estimates and 1999 Labour Force Survey

### 2.3.2 Constituency Poverty Profiles

Poverty profiles are critical inputs for key decisions such as resource allocation towards the CDF and other decentralised funds. In 2006, this was one of the reasons that led the government to publish *‘Geographical Dimensions of Well-Being in Kenya: Who and where are the poor? A Constituency-level profile. Vol. II’*. The resultant poverty estimates were based on existing surveys and census databases and aimed at establishing poverty and inequality at constituency levels. The table below shows overall constituency-level poverty incidences for the eight provinces and the eight constituencies sampled for this study. As has been reported in other poverty studies and Welfare Monitoring Surveys, Central Province (31%) ranked the least poor while Nyanza (65%) was ranked the most poor. In addition, five out of the eight provinces had poverty levels above the national average (53%). So is the case for five out of the eight constituencies sampled for this study.

Among the study constituencies, Mumias, ranking 150 nationally, is the most poor while Baringo Central (ranking 50 nationally) is the least poor. Out of the 210 Constituencies, the eight sampled for this study accounted for a total of 3.7% of the national poverty incidence.

This analysis shows that despite numerous efforts by the government in terms of pro-poor policies, poverty persists and more concerted efforts by all development stakeholders are needed to reverse this situation. Better management of decentralized development is a key ingredient towards this end.

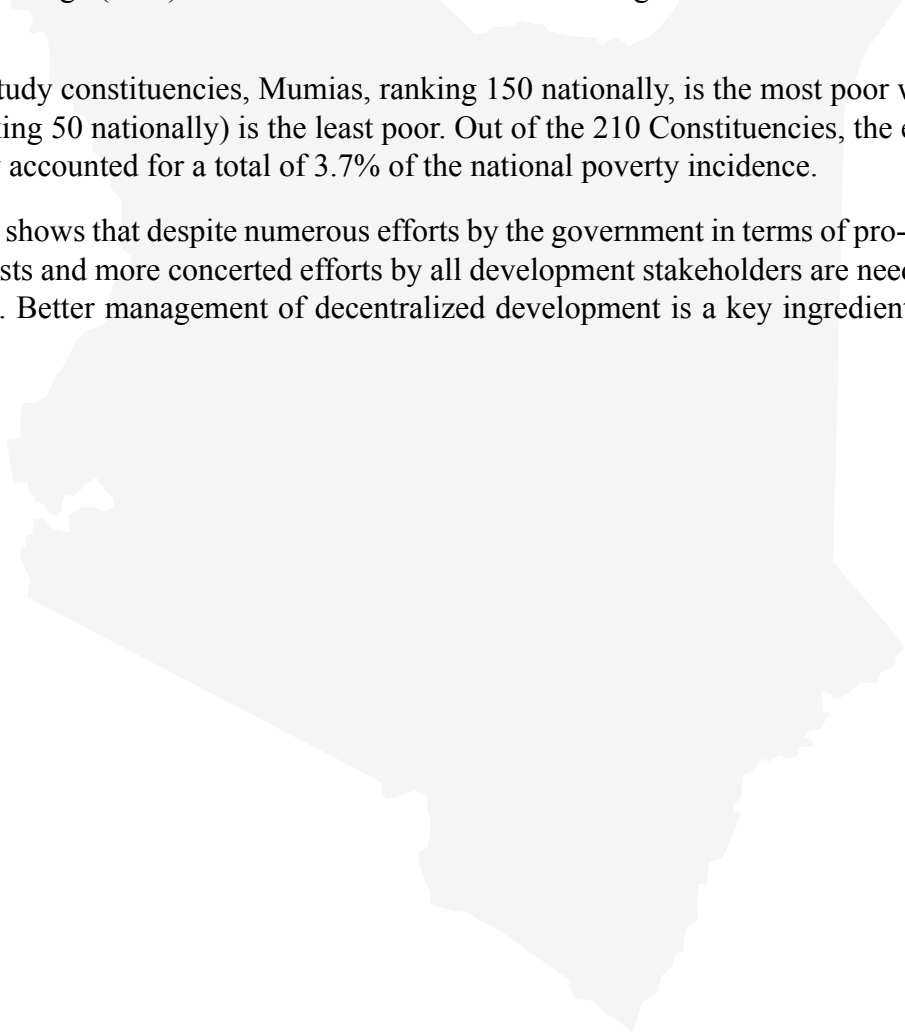


Table 4: Constituency Poverty Profiles

Province/ Constituency	Estimated 2006 Popu- lation (from 1999 Cen- sus)	Estimated No. of Poor Individuals	Poverty Incidence (% of individu- als below poverty line)	Constituency Na- tional Rank (1=least poor, 210=most poor)	Constituency Na- tional Poverty (1=least poor, 210=most poor)	Constituency Contribution to National Poverty (%)	Constituency Contribution to Provincial Poverty (%)
<b>Nairobi Province</b>	<b>1,991,724</b>	<b>874,058</b>	<b>44%</b>			<b>6.1%</b>	<b>100%</b>
Makadara Constituency	184,541	109,001	59%	128		0.8%	12.5%
<b>Coast Province</b>	<b>2,360,043</b>	<b>1,363,282</b>	<b>58%</b>			<b>9.5%</b>	<b>100%</b>
Mwatate Constituency	54,632	32,042	59%	123		0.2%	2.4%
<b>North Eastern Province</b>	<b>790,657</b>	<b>507,305</b>	<b>64%</b>			<b>3.5%</b>	<b>100%</b>
Mandera West Constituency	71,242	44,478	62%	149		0.3%	8.8%
<b>Eastern Province</b>	<b>4,494,566</b>	<b>2,619,671</b>	<b>58%</b>			<b>18.2%</b>	<b>100%</b>
Isiolo North Constituency	73,463	34,499	47%	74		0.2%	1.3%
<b>Central Province</b>	<b>3,556,047</b>	<b>1,106,730</b>	<b>31%</b>			<b>7.7%</b>	<b>100%</b>
Nyeri Town Constituency	91,813	39,702	43%	53		0.3%	3.6%
<b>Rift Valley Province</b>	<b>6,648,288</b>	<b>3,182,219</b>	<b>48%</b>			<b>22.1%</b>	<b>100%</b>
Baringo Central Constituency	114,606	49,121	43%	50		0.3%	1.5%
<b>Western Province</b>	<b>3,276,348</b>	<b>1,993,506</b>	<b>61%</b>			<b>13.9%</b>	<b>100%</b>
Mumias Constituency	164,783	102,882	62%	150		0.7%	5.2%
<b>Nyanza Province</b>	<b>4,246,969</b>	<b>2,738,898</b>	<b>65%</b>			<b>19%</b>	<b>100%</b>
Kisumu Town East Constituency	200,466	124,088	62%	145		0.9%	4.5%
<b>NATIONAL</b>	<b>27,364,642</b>	<b>14,385,670</b>	<b>53%</b>			<b>100%</b>	

Source: Central Bureau of Statistics, 2006 (Now, Kenya National Bureau of Statistics)

## 2.4 Methodology and Process

The research was executed through four broad steps; preparatory / pre-field activities, data collection /field work; data management and report compilation and presentation.

### 2.4.1 Pre-field Activities

Preparatory brainstorming meetings for conceptualization and defining the research problem and expected output were held between July and August 2009. A review of relevant documents and literature, designing and development of the research tools including the individual questionnaire, national and constituency level key informants and focus group discussions (FGDs) guidelines then followed. Thereafter, recruitment and training of supervisors and enumerators was undertaken. The training focused on briefing supervisors and enumerators on decentralized funds' practices in Kenya, research ethics, purpose of the study, content of the tools, and the approach to administering the tools. Annex five lists representatives of partner organizations involved in this study, while annex seven lists the entire research team.

### 2.4.2 Data Collection / Field Work:

#### *(a) Pre-testing*

For logistical convenience, the tools were pre-tested in Starehe Constituency, Nairobi, and refined based on the feedback.

#### *(b) Data Collection*

The study made use of both primary and secondary quantitative and qualitative data. Secondary data was collected through literature review from various sources. Content analysis from the internet was also used to obtain up to date literature related to this assignment especially on devolved funds.

Primary data was collected through face-to-face interviews with national and constituency levels key informants and through focus group discussions. Interviews were also held with randomly selected individuals from a stratified sample frame ensuring a mix in gender, age, occupations/professions and geographical spread in the sampled areas. The individual questionnaire adopted predetermined questions with a simple yes/no response and detailed questions to establish facts and gauge respondents' opinions and suggestions on the study issues. Interviews were conducted at both national and constituency levels.

## 2.5 Data Quality Control and Analysis

The field output was subjected to peer review and data cleaning for quality improvement by the clients and the national level researchers and field supervisors. The output of this was a more consistent data that was used for analysis. Most of the data analysis was done using Statistical Package for Social Scientists (SPSS).

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## 3. Conceptual Framework

Decentralized governance is increasingly favoured as the most suitable mode of governance through which poverty reduction interventions can be conceived, planned, implemented, monitored and evaluated (Kauzya, 2005). The assumption is that the process of decentralization facilitates greater participation of communities in project identification, planning and implementation, which in turn increases ownership and the likelihood of sustainability.

### 3.1 Decentralization Concepts

In governance and public administration, decentralization is commonly regarded as a process through which power, functions, responsibilities and resources are transferred from central to local governments and/or to other decentralized entities (Kauzya, 2005). It is a mechanism for bringing government closer to the governed and helps to improve public administration by empowering local authorities to be the planning and decision-making bodies and thereby enhancing the capacity of government to achieve local participation (Azeem Vitus *et al*, 2003). This official power transfer takes two main forms: administrative and political decentralization.

Administrative decentralization, also known as de-concentration, refers to a transfer to lower-level central government authorities, or to other local authorities who are upwardly accountable to the central government. In contrast, political or democratic decentralization refers to the transfer of authority to representative and downwardly accountable actors, such as elected local governments”

Decentralization can therefore be constructively thought of as the strengthening of local institutions to play a more representative, responsive and constructive role in the everyday lives of local populations and the countries in which they live. Such strengthening usually involves some transfer of resources and decision-making power from central government. By democratizing and transferring power, strong decentralizations threaten many actors.

For purposes of this study, decentralization refers to any act in which a central government formally transfers powers to actors and institutions at lower levels in a political-administrative and territorial hierarchy (Ribot, 2002).

#### 3.1.1 Types of Decentralization

Different types of decentralization have different characteristics, policy implications, and conditions for success and should therefore be distinguished. However, definitions of the different types of decentralization vary. Often the same terms are used differently in literature on the subject. Nevertheless, drawing distinctions between these various concepts is useful for highlighting the many dimensions to successful decentralization and the need for coordination among them. The paper by World Bank Decentralization Thematic Team adopts the following definitions:

- **Political decentralization** aims to give citizens or their elected representatives more power in public decision-making. It supports democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies. The concept implies that the selection of representatives from local electoral jurisdictions allows citizens to know better their political representatives and allows elected officials to know better the needs and desires of their constituents.

- **Administrative decentralization** seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of government. It is the transfer of responsibility for the planning, financing and management of certain public functions from the central government and its agencies to field units of government agencies

Each of the three forms of administrative decentralization; de-concentration, delegation, and devolution have different characteristics.

**De-concentration** is often considered to be the weakest form of decentralization. It is merely a shift of responsibilities from central government officials in the capital city to those working in regions, provinces or districts. This is expected to ensure the wishes and interests of the central government are not compromised (Opon, 2007).

**Delegation:** The central governments transfer defined responsibilities for decision-making and administration of public functions to regional or national, and usually semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it. Usually these organizations have a great deal of discretion in decision-making.

**Devolution:** A third type of administrative decentralization is devolution. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions.

**Fiscal Decentralization:** Financial responsibility is a core component of any form of decentralization. It involves the transfer of funds to local governments to deliver decentralized function; and revenue-generating power and authority to decide on expenditures. In this case, previously concentrated powers to tax and generate revenues are dispersed to other levels of government. According to Hossain<sup>8</sup>, there are five forms of fiscal decentralization:

- i. Self-financing or cost recovery through user charger;
- ii. Co financing or co production arrangements through which the users participate in providing services and infrastructure through monetary or labor contributions;
- iii. Expansion of local revenues through property or sales taxes or indirect charges;
- iv. Authorization of municipal borrowing and the mobilization of either national or local government resources through loan guarantees; and
- v. Inter governmental transfers that shift general revenues from taxes collected by the government to local governments for general or specific uses.

**Economic or Market Decentralization:** Economic or market decentralization is the passing over the private sector of the functions exclusively performed by government. This may appear in form of **privatization** and **deregulation**. They allow functions that had been primarily or exclusively the responsibility of government to be carried out by businesses, community groups, cooperatives, private voluntary associations, and other non-government organizations.

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<sup>8</sup> [Http://Unpan1.Un.Org/Intrdoc/Groups/Public/Documents/Unpan/Unpan019445.Pdf](http://Unpan1.Un.Org/Intrdoc/Groups/Public/Documents/Unpan/Unpan019445.Pdf) (Accessed On 13 January 2010)

## 3.2 Kenya's Decentralization/Devolution efforts

### 3.2.1 Reasons for Decentralization

The objectives of decentralization in Kenya have been shaped by both economic and political imperatives. At the economic level, decentralization entailed an effort to create institutional mechanisms for economic reform. At the political level, it was a response to new international pressures for more participatory development processes. Consequently, decentralization was intended to form the basis of a leaner central government, to strengthen the institutional capacities of local groups and civic organizations and to increase the responsibility of communities to finance services through local resources.

The decision to decentralize was a pragmatic response to shrinking central government budgets and poor targeting of programs that had left most of rural Kenya on the margins of development. At the same time, decentralization conformed to the emerging development principle of popular participation that was rekindled in the early 1980s, mainly at the behest of bilateral and multilateral donor agencies who were frustrated at the government's inadequate capacity to stem the tide of structural poverty that was becoming deeply entrenched in the rural areas.

Kenya's current economic blueprint, Vision 2030, proposes a democratic process aimed at decentralizing decision-making and distributing resources equitably. It contemplates a devolved system that conforms to national and local structures. It adopts the definition of devolution as "a shift in power, authority, resources, and responsibilities from the centre to other lower levels of government". Vision 2030 defines decentralization as "any change in the organization of government which involves the transfer of some powers from the national level to any sub-national levels, or from one sub-national level to another lower level".

### 3.2.2 Historical and Current Perspectives on Decentralization in Kenya

The history of decentralization in Kenya dates back to independence. At independence, the governance structure was federal locally known as *majimbo*. It granted significant recognition and responsibility to regions. The local authorities were part of the system and had the mandate, to collect taxes, maintenance of schools, health facilities and minor roads.

With the merger of the then opposition party (Kenya African Democratic Union – KADU), who were the proponents of *majimbo* in 1964 with Kenya African National Union (KANU) which was the ruling party, the centralized system of government was entrenched. Development committees were established at provincial and district levels to facilitate coordination of development activities and provide assistance in terms of decision making.<sup>9</sup>

The government through *Sessional Paper No. 10 of 1965 on African Socialism and its Application in Planning* established the principle of State directed development and decentralization of planning based on local inputs as a means of improving socio-economic well being of rural communities (Kenya, 1965). In 1971, Kenya initiated integrated decentralized planning under Special Rural Development Programme (SRDP) that was managed by the Ministry of Finance and coordinated by the National Rural Development Committee (NRDC). The programme was implemented in areas chosen to cover a cross section of the nation. SRDP was focused at the sub-district level (that

9 Kenya, Republic Of (1965) *Sessional Paper No. 10 Of 1965 On African Socialism And Its Application To Kenya*. Nairobi: Government Printers.



is, the division), covering six rural administrative divisions as an experiment on decentralization with the primary objective of increasing rural incomes, employment and welfare. Organizational and sectoral coordination were given attention in both planning and implementation. As with many pilot programmes, a major problem proved to be the conflict between the desire for establishing viable programmes, which could be replicated through the country, and the pressure to create individually successful programmes which were not transferable because of high costs (IDS, 1973).

The Government reiterated its commitment to rural development in *Sessional Paper No. 4 of 1975 on Economic Prospects and Policies* which stated that “*there would be more emphasis on rural development*”. Some of the initiatives started in the SRDP were amplified in this Sessional Paper. For instance, the Sessional Paper stated that in order to support the expanded agriculture programme, emphasis on road building would be shifted from expensive major roads to access and feeder roads in rural areas.

In addition, since the late 1970s and early 1980s, six Regional Development Authorities (RDA)<sup>10</sup> have been established with a common mandate to plan and coordinate the implementation of regional development activities, ensure mobilization of resources and promote regional socio-economic development through integrated planning and management. RDAs are meant to ensure equitable development based on natural resource endowment of each of the six regions. However, because of the integrated and multi-disciplinary nature of their activities, they are characterized by duplication of functions with other development players. Moreover, they often lack adequate funding and this affects their operations. In certain cases, some Authorities ENSDA and CDA, out of desperation have tended to use development funds for operation and maintenance e.g. (Kenya, 2005). For a long time, they operated without a concise National Regional Development Policy and framework for community participation in project identification, prioritization, implementation, monitoring and evaluation.

As an outgrowth of the SRDP experiment, the Government, in July 1983, attempted to extend decentralized development to all districts in Kenya through the adoption of a District Focus for Rural Development Strategy (DFRDS). Opon (2007) notes that DFRD had five broad objectives:

- Broaden the base of development by moving most decisions on planning and management of district specific projects close to the point of implementation;
- Encourage local participation so as to improve problem identification;
- Effectively mobilize and utilize resources;
- Remove delays in decision-making and speed up project implementation; and
- Increase coordination and sharing of development resources between various partners and enhance utilization of local resources.

The Strategy, which made districts the focus of development, involves a bottom-up approach to planning where the districts have autonomy in setting priorities. The DFRDS was designed to address the increased complexity of providing central coordination for a growing number of development programs and the need to fully mobilize resources at the local level, including people and their skills. With the adoption of the Strategy, responsibility for identifying, planning and implementing district projects shifted from the headquarters of ministries to the districts. The

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<sup>10</sup> These RDAs are: Tana and Athi River Development Authority (TARDA), Kerio Valley Development Authority (KVDA), Lake Basin Development Authority (LBDA), Ewaso Ng'iro North Development Authority (ENNDA), Ewaso Ng'iro South Development Authority (ENSDA) and Coast Development Authority (CDA).

post of District Development Officer (DDO) was created and District Planning Units (DPU) were established (Lele, 1975)<sup>11</sup>. District development was brought under the supervision of the District Development Committees (DDC) and subcommittees at divisional and locational level. However, the responsibility for general policy and planning of multidistrict and national programmes remained with ministries<sup>12</sup>.

By shifting planning and implementation responsibilities from ministry headquarters to the district level, the government was undertaking a fundamental process of reform that affected both governance and economic organization. But available evidence shows little has been achieved in the way of institutional development and participation of Kenyans in the planning process at district level (Opon, 2007). The major challenge has been political and bureaucratic control. In spite of lip service paid to District Focus, Kenya's administrative structure has remained very hierarchical, centralised and vertically fragmented.

Implementation of the District Focus Policy depends on the degree to which line ministries are prepared to devolve decision making to district level and below. The DC, assisted by the DDO, is nominally in charge of all administrative work in the District, but in practice field staff of line ministries continue to execute their work with little regard to the need for coordination of either day-to-day administration or long-term planning and budgeting (Adams<sup>13</sup>). Public servants are overrepresented on development committees at both the district and divisional level (Rono *et al*, 1990) and have found little difficulty in resisting local wishes if they were so disposed.

#### DFRDS

*The DC, assisted by the DDO, is nominally in charge of all administrative work in the District, but in practice field staff of line ministries continues to execute their work with little regard to the need for coordination of either day-to-day administration or long-term planning and budgeting (Adams<sup>1</sup>).*

The District Focus for Rural Development (DFRD) strategy has had continuous reviews (1984, 1987, 1995 and 2007) to address inherent management problems and take into account the changing circumstances and emerging policy initiatives. Efforts have been ongoing to legalise the DFRD strategy in order to harmonize district planning and monitoring activities of the devolved funds<sup>14</sup>. According ADF (2007), the harmonization of the devolved funds, through the DFRD, will be critical for poverty reduction and towards achievement of the MDGs. The Rural Planning Directorate in the Ministry of State for Planning, National Development and Vision 2030 is reviewing the DFRD strategy with the aim of harmonizing the various decentralized fund interventions at the local level to improve efficiency and reduce wastage.

One of the other actors in decentralized development is the Provincial Administration (PA). Although the constitution makes no mention of the role of the Provincial Administration, the system, from Provincial Commissioner (PC) to the village headman, is meant to support all sectors' of development by ensuring an enabling environment (Opon, 2007). Historically, the PA was seen

11 Lele, U. (1975) *The Design Of Rural Development; Lessons From Africa*, Johns Hopkins University Press, Baltimore And London. (Accessed 16<sup>th</sup> December 2009)

12 See Figure 10 : Current Service Delivery Framework at the local level in Kenya

13 [http://www.planotes.org/Documents/Plan\\_01109.Pdf](http://www.planotes.org/Documents/Plan_01109.Pdf) (Accessed 13th January 2010)

14 <http://www.afdb.org/Fileadmin/Uploads/Afdb/Documents/Project-And-Operations/Kc-2007-103-En-Adf-Bd-Wp-Kenya-Ar-Ceisp.Pdf> (Accessed 9th October 2010)

as a relic of the colonial administration used as a tool for spying and information gathering from the villages. Indeed, Chitere (2005) notes that ‘... *the PA had three major functions: control, coordination and mobilization of the public for development...*’ However, the PA has evolved as a system of de-concentration. The PA is more visible at the district level in supporting the District Development models.

Traditionally, the chiefs (an integral part of PA) have been seen as the true representatives of the people<sup>15</sup>. They are accessible, respected and legitimate. They play an important role in the lives of many Kenyans at the local level as mediators of violent conflict and disputes. The PA however has been faced with various challenges including inadequate capacity, poor horizontal coordination, donor interference, excessive control from the center and lack of community participation (Opon, 2007). The new Constitution at Article 17 of Schedule Six provides that: “Within five years after the effective date (August 27, 2010), the national government shall restructure the system of administration commonly known as the Provincial Administration to accord with and respect the system of devolved government established under this Constitution<sup>16</sup>”. They are therefore still essential to the new political dispensation. Recent experience has shown that successful decentralisation has to take existing traditional structures into account<sup>17</sup>. Against this backdrop, restructuring of the PA in the new constitutional order must take cognizance of the following tenets. Consider PA being: supportive to the functions of executive at the local level and avenue to bolster traditional community systems as a tool of development and protection of cultural diversity; working under the supervision of the county governments as subordinate entities

### 3.2.2.1 Fiscal Decentralization

The financing mechanism of decentralized development in Kenya has been evolving over the years. It dates back to independence when the form of devolution commonly known as *majimbo* was operative. Since independence in 1963, the Government of Kenya (GoK) formulated an array of decentralization programs. These included, District Development Grant Program (1966), the Rural Works Programmes Grants in 1974 to provide discretionary funds outside ministries’ budgets for small labour-intensive locally defined projects (Bagaka, 2008)<sup>18</sup>. These two financing mechanism were later combined to form the Rural Development Fund (RDF).

It is from the above background that in 2003 the Constituency Development Fund (CDF) was created. The CDF was established through an act of parliament with the aim of ironing out regional imbalances brought about by patronage politics. It provides funds to parliamentary jurisdictions (constituencies). However, there are other decentralized funds targeting to address regional disparities. These include: Local Authorities Transfer Fund (LATF) and Roads Maintenance Levy Fund (RMLF), among others. All these funds, started in the last decade, are based on different legal frameworks and managed by various government agencies. The table provides a broad overview of selected funds, when they were created and their regulatory framework.

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15 [Http://Allafrica.Com/Stories/201009200207.Html](http://Allafrica.Com/Stories/201009200207.Html) (Accessed 6th October 2010)

16 [Http://Allafrica.Com/Stories/201009200475.Html](http://Allafrica.Com/Stories/201009200475.Html) (Accessed 6th October 2010)

17 Lutz, G. And Linder, W., 2004, ‘Traditional Structures In Local Governance For Local Development’, University Of Berne, Switzerland [Http://Www1.Worldbank.Org/Sp/Ldconference/Materials/Parallel/Ps1/Ps1\\_S8\\_Bm1.Pdf](http://Www1.Worldbank.Org/Sp/Ldconference/Materials/Parallel/Ps1/Ps1_S8_Bm1.Pdf)

18 Bagaka, Obuya ( 2008.)

**Table 5: Evaluation of Regulatory Framework for Decentralized Funds in Kenya**

Fund	Evaluation Criteria			
	Year Created	Statutory Status	Source and Formula for Fund	Socio-economic and political objectives
<b>Secondary Education Fund</b>	Revitalized 1993/94	None. Provided for by the Ministry circulars	<input type="checkbox"/> Government revenues	Raise enrolment and completion rates
<b>Road Maintenance Fuel Levy</b>	1994	Roads Maintenance Levy Fund Act (1994); Kenya Roads Board Act (1994)	<input type="checkbox"/> 9/= per litre of fuel consumed	<input type="checkbox"/> Maintenance of the condition of roads <input type="checkbox"/> Availability of funds for roads sector
<b>Local Authority Transfer Fund</b>	1999	Local Authority Transfer Fund Act (1998)	<input type="checkbox"/> 5% of National income tax revenues <input type="checkbox"/> 60% towards Service Delivery <input type="checkbox"/> 40% Performance improvement.	<input type="checkbox"/> General development of Local authorities
<b>HIV/AIDS</b>	1999	Presidential order in Legal Notice No. 170	<input type="checkbox"/> Government revenues <input type="checkbox"/> Grants from donors	<input type="checkbox"/> Contain the HIV Pandemic
<b>Constituency Development Fund</b>	2003	Constituency Development Fund Act (2004)	<input type="checkbox"/> 2.5% of ordinary government revenue <input type="checkbox"/> 75% of the fund is allocated equally to all constituencies <input type="checkbox"/> 25% is allocated according to constituency poverty levels	<input type="checkbox"/> General grassroots development
<b>Free Primary Education</b>	2003	Based on NARC election manifesto, Kenya Education sector support program (2005-2010) and Sessional paper No 1 of 2005 on a policy framework for Education	<input type="checkbox"/> Ksh 1020 per enrolled student <input type="checkbox"/> Financed by government and donor resources	<input type="checkbox"/> Full enrolment and retention of primary school age cohort
<b>Water Trust Fund</b>	2002	Water Act 2002.	<input type="checkbox"/> Receives financial assistance from the government budgetary allocation, development partners, citizens, civil society organizations and the private sector	<input type="checkbox"/> Provide financial assistance towards capital investment costs of providing water and sanitation services

Source: Adopted from KIPPRA, 2006<sup>19</sup>

Finding concrete ways to make external assistance more effective is another key challenge to Governments, development partners and CSOs alike. The issues of ownership, alignment, harmonization, managing for results and mutual accountability are increasingly critical. There are a number of initiatives on-going in Kenya to address this in line with the principles of the Paris (2005) and

19 KIPPRA, 2006: Baseline Survey On Decentralized Funds In Kenya, KIPPRA, Nairobi Kenya

Rome (2003) Declarations on Aid Effectiveness. These include the: draft Kenya External Resources Policy (KERP), Kenya Joint Assistance Strategy (KJAS) and Harmonization, Alignment and Coordination (HAC) group<sup>20</sup>.

Through the KERP, the GOK intends to combine Overseas Development Assistance (ODA) with additional public and private domestic savings, foreign direct investment (FDI) and portfolio investment, to levels consistent with high rates of economic growth, necessary to make Kenya a middle-income, rapidly industrializing country as envisioned in the on-going 'Vision 2030' plan. The strategy involves raising efficiency in the use of resources. Moreover, the KJAS is a simplifying and harmonizing tool providing a draft core strategy for 16 development partners<sup>21</sup> that is complementary to KERP. The KJAS is centered on three principles:

- Supporting implementation of a country-owned and government-led strategy to improve social well-being and achieve the MDGs.
- Collaborating more effectively with development partners and the government.
- Focusing on results and outcomes (including managing resources, improving decision making for results and strengthening M&E systems).

Working under KJAS implies that the donor community will be following a common strategy on development assistance to Kenya. HAC group had agreed on KJAS principles, but the operationalisation proved to be a difficult task. Administrative procedures need to be put in place for joint work which according to the experiences of Ghana, these processes take time.

### 3.2.3 Other Countries' Experiences with Decentralization

In this section, the review of the other countries experiences on decentralization examines the design and implementation issues with a view to picking lessons for Kenya.

**Ghana** has a unique decentralized system of government (World Bank, 2003)<sup>22</sup> introduced in 1988, when the Government embarked on the implementation of a comprehensive policy to decentralize. The main features of Ghana's decentralization are enshrined in the 1992 Constitution, the Local Government Act of 1993, the Civil Service Law of 1993, the National Development Commission Act of 1994, the National Development Planning Systems Act of 1994 and the District Assemblies Common Fund Act of 1993. Specifically, the Constitution and legislation show that the decentralization program has been designed to:

- Devolve political and state power in order to promote participatory democracy through local level institutions;
- Devolve administration, development planning and implementation to the District Assemblies (local government units);
- Introduce an effective system of fiscal decentralization, which gives the District Assemblies (DAs) control over a substantial portion of their revenues;
- Establish a national development planning system to integrate and co-ordinate development planning at all levels and in all sectors;

20 Mid-Term Review of UNDP/ Country Programme Action Plan (CPAP) 2004-2008

21 Canada, Denmark, The European Commission (EC), Finland, France, Germany, Italy, Japan, The Netherlands, Norway, Spain, Sweden, The United Kingdom, The United States, The United Nations And The World Bank Group

22 World Bank 2003; Decentralization Policies And Practices, Case Study Of Ghana [Http://Info.Worldbank.Org/Etools/Docs/Library/205756/Sloga/Docs/Sloga/Moda-En-Casestudyghana.Pdf](http://Info.Worldbank.Org/Etools/Docs/Library/205756/Sloga/Docs/Sloga/Moda-En-Casestudyghana.Pdf)

- Incorporate economic, social, spatial and environmental issues into the development planning process on an integrated and comprehensive basis;
- Create access to the communal resources of the country for all communities and every individual; and
- Promote transparency and accountability.

According to Boateng *et al*, 2003, <sup>23</sup>, in 2002, Ghana set up a Presidential Oversight Committee on Decentralization to ensure that functions, powers, responsibilities and resources are at all times transferred from central government to local government units in a coordinated manner. Building on the success of the 110 District Assemblies (DAs) (fairly similar to Kenyan Counties), the logic of decentralization has now been extended to lower levels, with the creation of 1,800 urban/zonal/town councils and 16,000 unit committees. The District Assemblies have deliberative, legislative and executive functions.

Decentralized governments in Ghana are mainly financed through own revenues and central government transfers. The composition of sub-national government revenue in Ghana is as follows (in percentage of total revenue): own taxes (22%), user fees (9%) and central government transfers (69%). This shows a heavy dependence on the transfers from central government. District Assemblies collect their own revenues in the form of property taxes, user fees, licenses and permits. The proceeds may be used for capital or recurrent expenditure. According to the World Bank (2003)<sup>24</sup>, there is very limited share of revenue from user fees due to limited assignment of tasks with revenue generating potential to the districts.

However, in view of the problems most of the District Assemblies face in generating their own revenues to meet their financial commitments and to give effect to the Decentralization programme, a District Assemblies Common Fund (DACF) was set up. Article 252 of Ghana's 1992 Constitution provided for the setting up of a DACF, under which 5% of the national budget is allocated to Districts, mainly to undertake development projects and some specific programmes. In deciding the basis for the distribution of the DACF to the local authorities, Parliament identified four basic factors as criteria (Boateng *et al*, 2003). These are:

- **The Need Factor:** This is to address the imbalance in development and infrastructure among the districts. The level of need is determined from the GDP per capita.
- **The Equalizing Factor:** This factor is aimed at ensuring that districts have a minimum allocation from the Fund.
- **The Responsiveness Factor:** This is a rewarding factor for assemblies that have done well in revenue collection in terms of per capita revenue collected.
- **The Service Pressure Factor:** This factor serves to compensate for population pressure on facilities.

To respond to the Ghana Poverty Reduction Strategy, this current formula has been made more pro-poor with more attention being paid to health, education and water and sanitation (the need factor). Section 87 (1) of the DACF Act, 1993 state that, "(2) For the avoidance of doubt, all monies received by a District Assembly from the DACF shall be expended only on projects, which form part of the approved development plan for the District". Thus, the proceeds of the DACF

23 Boateng S. K., King R, Azeem V., Abbey C. And Mevuta D (2003)

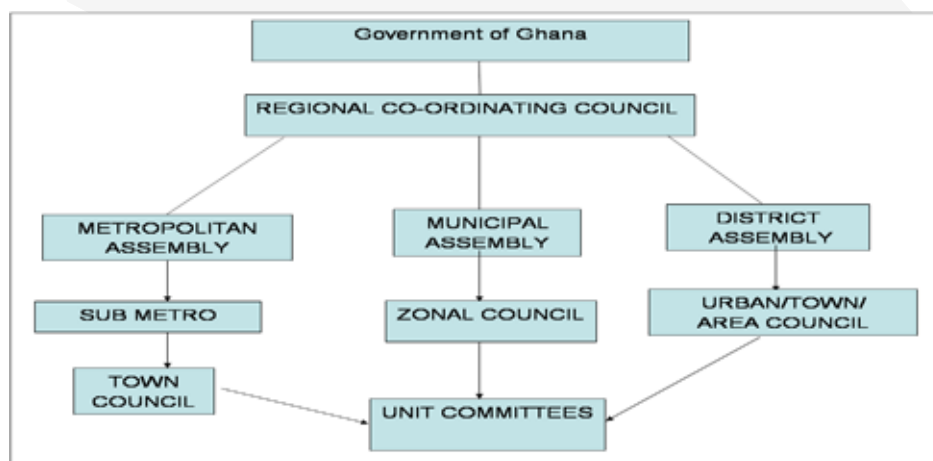
24 <http://Info.Worldbank.Org/Etools/Docs/Library/205756/Sloga/Docs/Sloga/Moda-En-Casestudyghana.Pdf> (Accessed 9<sup>th</sup> October 2010)

must be used not only according to the guidelines of the DACF but also according to the district's development plan which must have been prepared in line with central government policy.

Local governments or District Assemblies have been established as planning authorities by the local government Act of 1993 (Act 462 and National Development Planning (Systems) Act of 1994 (Act 480) with overall co-ordination placed at Regional Coordinating Council. The region represents the highest level of governance after the national level. Below the region is the District Assembly and below the district is the Area council (fig 3.2)<sup>25</sup>. District Planning and Coordination Units (DPCU) ensures the planning functions of the District Assemblies are undertaken. This follows the planning guidelines provided by National Development Planning Commission<sup>26</sup>. The process emphasizes a participatory demand-driven approach with forward and backward consultations during the various stages of synthesis and consolidation<sup>27</sup>.

The composition of DPCUs include: District coordinating Director, District Planning Officer, District Budget Officer, District Finance Officer, Directors of various sectors/departments including agencies responsible for crosscutting issues like Gender, HIV, Environment and Public Relations, Assembly member nominated by the District Assembly, representatives of the relevant umbrella networks of the Private Sector Institutions, representatives of relevant umbrella networks of Civil Society (NGOs, CBOs, Faith-based Organisations), research institutions, youth organizations, academia, representatives of traditional authorities and others relevant for the preparation of the MTDP.

**Figure 3.2: GHANA'S LOCAL GOVERNMENT STRUCTURE**



Source: GhanaDistricts.com<sup>28</sup>

25 [http://www.fidafrique.net/img/pdf/an9\\_norprep.pdf](http://www.fidafrique.net/img/pdf/an9_norprep.pdf) (Accessed 9th October 2010)

26 <http://www.ndpc.gov.gh/gprs/dist%20guide%202010-2013-17-11-09.pdf> (Accessed 9th October 2010)

27 [http://www.fidafrique.net/img/pdf/an9\\_norprep.pdf](http://www.fidafrique.net/img/pdf/an9_norprep.pdf) (Accessed 9th October 2010)

28 [http://www.ghanadistricts.com/home/?\\_id=13&Sa=3621&Ssa=128](http://www.ghanadistricts.com/home/?_id=13&Sa=3621&Ssa=128)

**Rwanda's** strategy for implementing decentralization is another good example. According to the strategy, "the overall mandate of the decentralization is to ensure political, economic, social, administrative and technical empowerment of local populations to fight poverty by participating in planning and management of their development process"<sup>29</sup>. This allows decentralization to directly lead to development. In addition, the Rwandese National Poverty Reduction Programme under the Ministry of Local Government and Social Affairs has adopted *ubudehe*<sup>30</sup> planning approach to fight poverty. The key strength and innovation of this approach is the direct link to planning and budgeting of formal government structures. It adopts bottom-up budgeting and planning systems that articulate communities' needs, building upon local structures of community development committees. This grass root /cellule level of planning is the direct basis for decentralized planning. The Cellules, as the lowest administrative unit of around one hundred households, are small enough to foster collective action and also linked directly into the formal system of government. The system aims at building community level trust and experience (Republic of Rwanda, 2002).

Decentralization in **Mali** is considered as one of the most advanced. Despite its difficult debt situation, Mali has had outstanding performance in economic reform, garnering praise from the International Monetary Fund as a model for other countries in the region. The Malian Government's reform strategy for liberalization accords priority to the private sector as the engine of economic development and to a radically decentralized administrative structure as the basis for strengthening democratic governance<sup>31</sup>. Since 1993, decentralization involves the creation of new sub-national entities (regions, districts, townships) freely governed by elected councils and the transfer of certain decision-making, implementation, control and financing powers to the regions, districts and townships level. The financing of the sub-national entities is made possible through sharing of tax revenue. It would seem however, that these resources are hardly sufficient for the operating budgets of these entities. Besides, the Ministry of Territorial Administration and Security has certain oversight powers over the three levels of government (regions, districts and townships) regarding the use of these resources.

In **Britain**<sup>32</sup>, nine Regional Development Agencies (RDAs) were established in the period 1998-2000, with the mission of 'transforming England's regions through sustainable economic development'. These RDAs co-ordinate regional economic development to enable the regions improve their relative competitiveness and reduce the imbalance that exists within and between regions. Two distinct features are evident with RDAs in Britain: co-operation and support of other government ministries and agencies, and accountability. On accountability, the RDAs are expected to report to ministers and Parliament but there are also arrangements to ensure that they are responsive to regional views and that they give an account of themselves to those with an interest in their work. The RDAs are credited for creating prosperity across England by bringing together views of the people who live and work in each region, and combining these with a unique set of business and economic insights.

29 Ministry Of Local Government And Social Affairs: "Strategy For Implementing Decentralization", Kigali, Rwanda.

30 *Ubudehe* is a Rwandese cultural practice which literally means 'Working together (especially digging fields before the rains come and the Planting season arrives)' to solve problems.

31 <http://www.Usaid.Gov/Pubs/Cp97/Countries/MI.Htm> ((Accessed 9<sup>th</sup> October 2010)

32 [www.Berr.Gov.Uk](http://www.Berr.Gov.Uk)



## 3.2.4 Lessons for Kenya

### 3.2.4.1 Overview

Many countries have succeeded in reducing regional inequalities through better coordination, popular public participation, accountable and responsive governance. As a result, there are many lessons Kenya can learn from those countries. In Britain for instance, the success of RDA is attributed to affirmative action including concerted efforts to monitor the success of implemented projects in addition to adequate funding. The Ghanaian decentralization model on the other hand presents a major lesson on the need for political commitment, anchoring decentralization in the constitution as well the need for identification of champion sectors to drive the decentralization process. Moreover, the Rwandese *ubudehe* system indicates the importance of better and direct linking and coordination of people-based culturally oriented systems with the formal government system for enhanced management of decentralized development.

### 3.2.4.2 Characteristics of a Successive Decentralization

Countries that have decentralized have done so in various ways and under different circumstances. Among the conditions that are conducive to successful and effective decentralization are:

- (i) a capable State that enjoys sufficient legitimacy and trust from the people
- (ii) political, bureaucratic and social will to plan and implement shared exercise of power,
- (iii) an empowered local people (civil society) that can receive and utilize the powers, functions, resources transferred to them, and
- (iv) a commitment from development partners and stakeholders to re-align their capacities and resources towards the implementation of substantive decentralization measures.

In the majority of cases, structures such as Local Councils, Executive Committees, Local Government, Civil Service and others, are established and controlled by the representatives of the people in the belief that such institutions are close to the people and suffice as instruments of participation. This is only partly true. Such structures represent what is known as vertical decentralization. They promote participation by representation but not through direct participation. They become structures of highly centralized local governments or “centralized decentralization”. Decentralization here is at the risk of “recentralization” at local level.

To avoid this danger, Kauzya, (2005)<sup>33</sup> argues vertical decentralization needs to be complimented by horizontal decentralization which is a process through which the local communities are empowered through community-based civil society organizations as well as structural arrangements that integrate community socio-economic actors into the analysis of local problems, decision preparation and making as well as implementation process of the local government structures. The example of the Community Development Committees in Rwanda is informative on this point:

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33 Kauzya, John-Mary (2005)

“In line with decentralization, Community Development Committees (CDCs) were set up to identify needs and priorities in their development plans and form the planning process at the local levels. To ensure the actual participation of the population in its development, the planning should be a participatory process, including all the different levels. The Community Development Committee established at each level from the lowest (cell) to the highest (district) is an important organ for participatory planning for poverty reduction. The plans that are made at the cell level go up through the sector level, the district level and up to the national level. It is important to note that the civil society groups, NGOs and the private sector are legally included in the Community Development Committees and the planning process”

### 3.2.4.3 Factors for democratic decentralization policies<sup>34</sup>

When designing democratic decentralization policies, Barnett *et al* (1997) identifies the following five key characteristics must be factored.

- i. Legal reforms to devolve power not only to local governments but also to local communities (giving decision making power and authority to them especially in matters of socio-politico-economic local concern);
- ii. Strengthened local government capacity (in terms of finance, personnel, organization structures, management systems, data and information, facilities, networks etc);
- iii. Local government accountability, transparency and responsiveness to citizens and central government;
- iv. Enhancing the role of civil society both at local level and national levels (practicing what we prefer to call horizontal decentralization); and
- v. Demonstrated intent and progress in improving the quality of life of local people; enhancing people’s access to public goods and services).

## 4. Key Issues On Selected Decentralized Funds

### 4.1 Macroeconomic Set-up

#### 4.1.1 Economic Blueprints, Development Plans and Budget Planning Cycle

Kenya's development has been guided by various economic blueprints spanning different periods. The most recent are the Poverty Reduction Strategy Paper (PRSP 1998-2003); the Economic Recovery for Wealth and Employment Creation (2003-2007); and Vision 2030, now in its first five-year (2008-2012) Medium Term Plan (MTP). Vision 2030 has decentralization as one of its nine guiding principles and makes provision for development of a decentralization policy. However, the Vision acknowledges that the present form of decentralization has numerous short comings that must be addressed.

These economic blueprints have been implemented via various national and district development plans. The table below outlines the various national development plans and their broad objectives stated in the form of a theme. It is important to note that the themes of these development plans have hinged on challenges such as poverty reduction, equity and rural development that have dogged the country since independence. The Development Plans have now been replaced by Vision 2030's Medium Term Plans. Indeed, fiscal decentralization should be effectively linked with the broad national plans and goals to avoid wastage and misallocation of resources at the devolved unit level.

**Table 6: Kenyan National Development Plans (1966 - 2008)**

SERIES	PERIOD	THEME
1st	1966-1970	Redistribution with Growth
2nd	1970-1974	Rural Development
3rd	1974-1978	Employment & Income Distribution
4th	1979-1983	Alleviation of Poverty
5th	1984-1988	Mobilization of Domestic Resources for Equitable Distribution
6th	1989- 1993	Participation for Progress
7th	1994- 1996	Resource Mobilization for Sustainable Development
8th	1997- 2001	Rapid Industrialization for Sustainable Development
9th	2002- 2008	Effective Management for Sustainable Economic Growth and Poverty Reduction

We note that Kenya's previous Constitution (1963 – 2010) failed to adequately capture the foundational principles of the State. It also did not envision the model of development the State will adopt. Government policy has consequently been ambivalent on this, variously employing neo-liberal economic and protectionist policy<sup>35</sup>. The absence of a preferred model of development has left successive developmental plans subject to the proclivities and expediencies of the time, variously donor conditionalities, global market trends, domestic crises, etc. It is only with the establishment of the National Economic and Social Council (NESC) that the State has sought to develop a long term strategy for the Country.

35 Span-Khrc Submission To Committee Of Experts, 2009.

A review of successive government decentralization policies indicates lack of continuity. Kibua (2005) attributes the lack of policy continuance to a lack of policy priority and focus due to the absence of a clear national focus around which Kenyans can rally<sup>36</sup>. Chitere and Ileri observe that successive development efforts are characterized by the absence of a critical review of past efforts and thus failed principles tend to be replicated<sup>37</sup>. This is evident from poor citizen participation, poor accountability, poor horizontal and vertical planning which continues to dog successive local development schemes year on end.

Whereas national economic blueprints should be implemented via various national and district development plans, our research demonstrates that vertical and horizontal linkages are weak, and local planning is precariously and unfortunately *ad hoc* in nature.

### *Participation in Budget Making (Monitoring) and Reading*

A budget is the income and expenditure planning tool, thus one of the most important governance tools of state. The effectiveness of decentralized spending is predicated on the extent to which local budgeting and planning processes are effective. The Kenyan national budget-making process as summarized in the table below provides for a participatory process through sector hearings. However, centralization of the process in Nairobi limits local participation.

**Table 7: Kenyan National Budget Making Cycle**

Deadline / By	National Budget Activities
September	Public Expenditure Review (PER) Work Program; Terms of Reference (ToRs) and Timetable for Ministerial Public Expenditure Review (MPERs)/PER
October-November	Develop Budget Outlook Paper (BOPA)
October-December	Undertake MPERs; Draft MPER Reports
December	Issue Revised Budget Estimates Circular (for the ongoing fiscal year)
	Submission of MPERs
	Review Sector Priorities
December-January	Finalization of PER and Sector Reports
January	Submission of Revised Estimates to Treasury (for the current fiscal year's budget)
January - February	Sector Hearings
February	Develop Budget Strategy Paper (BSP)
April	Develop Detailed ministerial Annual and Medium Term Estimates Consistent with BSP
Mid-June	Annual Budget Presentation to the Parliament

Today, it is a statutory requirement that all Local Authorities make their budgets through a participatory process and present them to the public, after the reading of national budget. Citizen participation dictates that people's socio-economic rights and social needs have to be considered and budgeted for.

36 As Quoted In Gikonyo - A Working Paper On Decentralised Funds In Kenya, Hanns Siedel Foundation, 2006.(P. 4)

37 Ibid (P. 4)

## 4.1.2 International Comparisons on Human Capital Development

Human capital development is crucial in the growth process of an economy as it inputs into the production process. It also enhances productivity and the ability to acquire appropriate technology. The key issues of concern are whether the economy is able to provide adequate skills for business development and if such skills match labour market requirements. Two components that influence the development of human capital are education and health.

### 4.1.2.1 Education

On the basis of overall human development index, Kenya (0.521) outperforms Tanzania (0.467) and Uganda (0.505) marginally. However, it compares unfavorably with other countries in the HDI sample. One factor that explains the low human development is the low enrollment rate. Indeed, Kenya's gross enrollment rate (GER) is among the poorest (60.6%) only better than Ghana (50.7%) and Tanzania (50.4%) among the sampled countries. Low GER (primary, secondary and tertiary) could mean that a decreasing proportion of those entering the labor market are well prepared with the required knowledge and skills for productivity. However, a closer look at the adult literacy rates, shows that Kenya, at 73.6%, compares fairly well with majority of her peers: Egypt (71.4%), Ghana (57.9%), Tanzania (69.4%) and Uganda (66.8%).

Quality of higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. As depicted in Table 9, Kenya ranks poorly at position 88 in the advanced human capital index, compared to the Asian Tigers (most below 30) but performs fairly well compared to its peers in Africa; Botswana (90), Uganda (115) and Tanzania (123).

Kenya can borrow a lot from Korea whose competitiveness draws much from education and training. Korea is first in the World in tertiary enrolment, fourth in internet access in schools and fifth in the extent of staff training by companies. Malaysia, with its ambitious Vision 2020 has also managed to grow very fast because of among other things having a well-educated labour force. Taiwan also draws its competitiveness strengths from education; it has one of the highest enrolments in the World and is ranked third with excellent standing for the quality of its education system.

### 4.1.2.2 Health

Another factor that explains the low level of human development in Kenya is the impact of HIV/AIDS on business operations. Among the sampled countries, Kenya is ranked 115, slightly better off than its neighbours Uganda (122) and Tanzania (125). It's also better than South Africa (129) and Botswana (126) but compared to the Asian tigers, majority of which rank below 70, it is badly off. HIV/AIDS adversely affects the average life span and labour efforts. As a result, productivity of labour is weakened through loss of person-hours and curtailed utilization of experience gained.

Another determinant of quality of human capital is the decency of the standards of living. The standard of living index of Kenya is (0.42), being marginally better than that of Tanzania (0.34) and below that of Uganda (0.45). The three East African countries have the poorest standard of living index and among the sampled countries with Kenya being the second worst. This is also an indication of low purchasing power and poor living conditions among the Kenyan population relative to the other countries. The low purchasing power implies low effective demand and constrained domestic market size which can deter expansion of investment.

Table 8: International Comparison on Human Capital Development

Year	HDI		Education Index		GER (pry, sec & tertiary)		Adult literacy		Life expectancy		Standard of living		Basic Human Capital		Advanced Human Capital		Impact of HIV/AIDS on business
	2005	2005	2005	2005	%	%	2005	2005	2005	2005	2005	2005	2007	2007	2007	2007	
<i>Measure</i>	<i>Index/10</i>	<i>Index/10</i>	<i>Index/10</i>	<i>Index/10</i>	<i>%</i>	<i>%</i>	<i>Index/10</i>	<i>Yrs</i>	<i>Index/10</i>	<i>Yrs</i>	<i>Index/10</i>	<i>PPP (US\$)</i>	<i>Index/7</i>	<i>Rank/131</i>	<i>Index/7</i>	<i>Rank/131</i>	<i>Rank/131</i>
Botswana	0.654	0.773	69.5	81.2	0.39	48.1	0.804	12,387	3.8	119	3.49	90	126				
China	0.777	0.837	69.1	90.9	0.79	72.5	0.703	6,757	5.49	61	3.77	78	56				
Egypt	0.708	0.732	76.9	71.4	0.76	70.7	0.629	4,377	5.23	83	3.68	80	41				
Ghana	0.553	0.555	50.7	57.9	0.57	59.1	0.536	2,480									
India	0.619	0.62	63.8	61	0.65	63.7	0.591	3,452	4.92	101	4.13	55	100				
Indonesia	0.728	0.83	68.2	90.4	0.75	69.7	0.609	3,843	5.31	78	4	65	28				
Kenya	0.521	0.693	60.6	73.6	0.45	52.1	0.42	1,240	4.26	110	3.56	88	115				
Korea	0.921	0.98	96		0.88	77.9	0.9	22,029	6.08	27	5.65	6	70				
Malaysia	0.811	0.839	74.3	88.7	0.81	73.7	0.783	10,882	6.08	26	4.86	27	60				
Mauritius	0.804	0.813	75.3	84.3	0.79	72.4	0.809	12,715	5.69	49	3.94	68	63				
Singapore	0.922	0.908	87.3	92.5	0.91	79.4	0.95	29,663	6.24	19	5.42	16	35				
South Africa	0.674	0.806	77	82.4	0.43	50.8	0.786	11,110	3.96	117	4.12	56	129				
Taiwan									6.43	6	5.73	4	55				
Tanzania	0.467	0.631	50.4	69.4	0.43	51	0.335	744	4.18	112	2.55	123	125				
Uganda	0.505	0.655	63	66.8	0.41	49.7	0.447	1,454	3.06	130	2.84	115	122				

The Human Development Index (HDI) is the normalized measure of life expectancy, literacy, education, standard of living, and GDP per capita. It is a standard means of measuring well-being, especially child welfare. It represents the average of the following three general indices: Life expectancy index, Education index (Gross enrolment and Adult literacy index) and GDP index. (Source-UNDP)

Basic Human Capital Index-It consists of investment in the provision of health services and the quantity and quality of basic education received by the population. Basic education increases the efficiency of each individual worker, making the economy more productive. (Source-world economic forum)

Advanced Human Capital Index-This measures secondary and tertiary enrolment rates as well as the quality of education as assessed by the business community. Vocational and continuous on-the-job training is also taken into consideration. (Source-world economic forum)

## 4.2 Field Response and Research Key findings

The table below summarizes respondents' response rates from the sampled constituencies while details of per sector/respondent categories are shown in annexes 4 a to c. Generally, the response rates averaged 89% (110%, 81% and 77% for the individual respondents, FGDs and key informants respectively).

Each sampled constituency was allocated three enumerators each of whom had a target of administering four structured questionnaires daily for five days. This translates to a target of 60 interviews per constituency or 480 for the eight sampled constituencies. The response rate averaged 110% with Mwatate having the highest (135%) and Makadara the least (95%).

The study also targeted 11 key informants at the constituency levels mainly consisting of government officials at the district level and various fund agency officials at the local level (Annex 4(b)). The average response rate was 77% with Baringo Central, Isiolo North and Nyeri Town achieving 100% target while Makadara (36%) and Mandera West (55%) had lowest response rates. While the low response rate in Nairobi was unexpected, that of Mandera West can be attributed to non-availability of respondents due logistical challenges, notably transport and the fact that the study was carried out at the onset of the El Nino rains in an area known for its vastness.

The Study envisaged holding nine focus group discussions in each of the sampled constituencies, thus a target of 72 FGDs. In total, fifty eight (58) focus group discussions were held involving 476 respondents drawn from different sectors. On average each FGD comprised of 8 male and 3 female participants. Thus the sample average realized a response rate of 81% with Mumias having the highest at 133% while Makadara had the lowest (11%).

The low response in Makadara can be explained by difficulties of bringing together people for a FGD in Nairobi compared to elsewhere. There is also the commercial element where most Nairobi residents demand compensation for time spent responding to research.

Table 9: Constituency Field Response Rates

SN.	Constituency	Individual Respondents			Constituency Key Informants			Focus Group Discussions		
		Target	Realized	Response Rate (%)	Target	Realized	Response Rate (%)	Target	Realized	Response Rate (%)
1	Baringo Central	60	70	117%	11	11	100%	9	9	100%
2	Isiolo North	60	69	115%	11	11	100%	9	8	89%
3	Kisumu East	60	61	102%	11	8	73%	9	9	100%
4	Makadara	60	57	95%	11	4	36%	9	1	11%
5	Mandera West	60	55	92%	11	6	55%	9	7	78%
6	Mumias	60	70	117%	11	9	82%	9	12	133%
7	Mwatate	60	81	135%	11	8	73%	9	5	56%
8	Nyeri Town	60	65	108%	11	11	100%	9	7	78%
Sample Total/Average		480	528	110%	88	68	77%	72	58	81%
Overall Sample Response Rate		89%								



## 4.2.1 Social Economic Characteristics of Individual Respondents

It is important to understand the social economic profiles of the individuals interviewed before doing the core analysis of the subject matter. These characteristics influence peoples' perceptions and views on different development issues. It is for this reason that this sub-section is devoted to analyzing the basic characteristics of individual respondents including their marital status, age, education levels and economic engagement.

### 4.2.1.1 Gender, Marital Status and Education levels of respondents

The tables below summarize gender, education levels and marital status of the respondents. These tables show that an overall majority (62%) of respondents were males. Indeed, in all the constituencies, male respondents comprised 50% or more. It is evident that of 526 interviewees who responded to this question, a majority (70%) are married while 23% are single. Overall, 71% of the entire sample had at most 'O' level of education with 1% having gone through adult literacy classes. Almost a quarter of the respondents (23%) had more than 'O' Level of education ('A' Level 13% and University 10%). This implies that a majority of respondents had the requisite knowledge capability to engage in matters of decentralized funds - the subject of this research.

**Table 10: Individual Respondents by Gender and Constituency**

Constituency	Gender of respondent				Total
	Female	%	Male	%	
Baringo central	24	34%	46	66%	70
Isiolo North	24	35%	45	65%	69
Kisumu Town East	26	43%	35	57%	61
Makadara	23	40%	34	60%	57
Mandera West	12	22%	43	78%	55
Mumias	35	50%	35	50%	70
Mwatate	27	33%	54	67%	81
Nyeri Town	31	48%	34	52%	65
<b>Total</b>	<b>202</b>	<b>38%</b>	<b>326</b>	<b>62%</b>	<b>528</b>

**Table 11: Highest Level of Education of Individual respondents by Marital Status**

Highest education attained/Marital Status	Single	Married	Divorced/ Separated	Widowed	Total	%
None	1	17	3	2	23	4%
Primary school	34	95	5	6	140	27%
O'Level	48	170	11	5	234	44%
A'level	20	48	3	0	71	13%
University	17	36	0	1	54	10%
Adult literacy classes	0	3	0	1	4	1%
<b>Total</b>	<b>120</b>	<b>369</b>	<b>22</b>	<b>15</b>	<b>526</b>	<b>100%</b>
<b>%</b>	<b>23%</b>	<b>70%</b>	<b>4%</b>	<b>3%</b>	<b>100%</b>	

### 4.2.1.2 Age and Economic Engagement of the Respondents

Results reveal that 99% of the 509 interviewees who responded to questions about their age are economically active and are aged between 16 and 65 years. This implies that the interviewees have a major stake in matters of decentralization/devolution as these are likely to have both direct and indirect impacts on economic livelihoods.

A majority (37%) of respondents run their own business while 35% are employees (24% are employed in the formal sector and 11% in the informal (*jua kali*) sectors. 13% are community leaders while 4% are students. These are summarized in the following table.

**Table 12: Age of Individual Respondents**

Years	Frequency	%	Cumulative Frequency (%)
16 - 17	5	1.1%	1.1%
18	6	1.2%	2.2%
19-20	13	2.7%	5%
21-25	71	14%	19%
26-30	97	19%	38%
31-35	79	16%	54%
36-40	72	14%	68%
41-45	66	13%	81%
46-50	43	8%	89%
51-55	22	4%	93%
56-60	18	4%	97%
61-65	11	2%	99%
65 and above	6	1%	100%
<b>Total</b>	<b>509</b>	<b>100%</b>	<b>100%</b>

**Table 13: Individual Respondents' Occupation**

Occupation	Frequency	Percent
Own Business	193	37%
In-formal Employees	58	11%
Formal Employees	127	24%
Religious Leaders	25	5%
Political Leaders	3	1%
Community Leaders	69	13%
students	21	4%
Others	27	5%
<b>Total</b>	<b>523</b>	<b>100%</b>

### 4.1.3 Institutional Basis for Decentralised Funds

The common principle behind the creation of different funds is that the regions have diverse preferences and needs that the centralized system with its uniform approach to development cannot meet. For instance, all district development plans follow similar themes across all regions without appreciating the unique regional issues and concerns. They can therefore end up not addressing the needs of the intended beneficiaries adequately.

Ideally, all public expenditures should be fundamentally governed by the Constitution of Kenya. The constitution provides that all revenues or other monies raised or received for the purposes of government of Kenya are paid into and form a Consolidated Fund from which no withdrawal can be made unless authorized by the Constitution or by an Act of Parliament (including an Appropriation Act) or by a vote on account passed by the National Assembly. Basically, there are two ways that the creation of devolved funds is anchored in the Constitution:

- An Act of Parliament to provide for establishment of a fund and
- Charge of withdrawals to the Consolidated Fund or established through government policies.

Decentralized funds established by Acts of Parliament include CDF, LATF, RMLF, and WSTF while HIV/AIDS fund and Free Primary Education was established via government policy. They are financed entirely by the treasury from the general revenue with the exception of the school bursary scheme and the HIV/AIDS fund, which receive additional financing from a number of donors (ADF, 2007). The Constituency Bursary Fund is funded through the annual budgetary allocation authorized by the National Assembly under Section 100 of the old Constitution through the Appropriation Act. Details of these are provided in subsequent subsections. Devolved funds have taken up a significant portion of development resources. Kenya National Bureau of Statistics estimates that each constituency receives an estimated total of at least Ksh 80 million (about US\$1 million) per year from all the devolved funds (KNBS, 2007). This translates to a total annual commitment from the treasury of 16.8 billion (about US\$210 million).

In addition, one of the objects of devolved government as contained in article 174 (h) of the of new Constitution (2010) is ‘facilitation of decentralization of state organs, their functions and services from the center’.

## 4.2 Local Authorities Transfer Fund (LATF)

### 4.2.1 Background

The Local Authorities Transfer Fund (LATF) came into effect in June 1999 under the Local Authorities Transfer Fund Act No. 8 of 1998. It established a Central Government to Local Authorities (LAs) budget transfer mechanism to assist LAs supplement financing of their services and facilities to improve service delivery, financial management and accountability. It also had a short term objective of eliminating all outstanding debts initially by the end of 2005, but later extended to June 2010, (LATF Annual Report, 2006-07).

The Fund receives 5% of the national income tax revenue<sup>38</sup> that is allocated to all the 175 LAs based on transparent, equitable and objective formulae: at least 6.6% of the total fund is allocated equally among all the LAs, 60% is allocated according to the relative population size of the local

38 Income tax constitutes about 37% of the ordinary revenue. For instance in 2009/10, it was Ksh 209 billion and projected to increase to Ksh. 235 and 264 billions in the 2010/11 and 2011/12 financial years respectively (Budget Strategy Paper (BSP), 2009. Other components of ordinary revenue include Value Added Tax (VAT), Excise Duty, and Appropriation in Aid (A-in-A) import duty and others.

authorities while 33.4% is shared based on the relative urban population densities. A report prepared by Syagga and Associates (2007) on the impact of LATF for the Kenya Local Government Reform Programme (KLGRP) noted that though the Fund is presumed to provide supplementary funding to the LAs, it has become a significant source of funding<sup>39</sup> for the majority of LAs.

The Fund falls under the responsibility of the Minister for Finance and is administered by the Permanent Secretary, Ministry of Local Government, who makes an annual report to the Controller and Auditor General. Its operations and monitoring are guided by the LATF Advisory Committee, chaired by a representative of the private sector and draws membership from both the public and private sectors. In addition, the Advisory Committee advises the Minister for Finance on the criteria, rules and procedures for disbursement and funding needs of LAs. The Committee meets quarterly.

Before disbursement, LAs are required to submit the following information relating to the previous year:

- Statement of receipts, payments and balances;
- Statement of debtors and creditors with explanation on measures/plans for debt reduction;
- Abstracts of financial accounts to be submitted to Controller and Auditor General;
- Revenue enhancement plan; and
- LASDAP documenting that the LA conducted participatory planning and identified 3 years projects linked to budget.

LAs have the discretion to allocate LATF money, together with their locally raised resources, including RMLF, through the annual budgetary process as stipulated in the Local Government Act and related financial regulations. Amount allocated to each LA is divided into Service Delivery Component (60%) and Performance Component (40%). There are conditions attached to each of the two components. For instance, in 2006-07, the 60% Service Delivery Component required that:

- LA allocate at least 65% of LATF amount for capital expenditure;
- Not to allocate more than 55% of total budget on personnel expenditure; and
- LAs pay all statutory charges within the year in which they are due.

The 40% Performance Component is released once an LA meets the above five financial and LASDAP conditions.

Only 0.5% of the Fund is provided to cover administrative costs which include dissemination of relevant information and reporting and monitoring of compliance with fund disbursement conditions. In addition, the Government is keen to ensure that the broader LATF objectives of improved accountability and participation are realized (LATF Annual Report, 2006-07). There are tough penalties for non-compliance. For instance, where a LA is late in submitting returns for 1-30 days and 31-60 days a penalty of 15% and 40% of the disbursements due are charged. If the submission is late by over 60 days, no disbursement is made and the amount remains in the Fund to be re-distributed the following year.

In addition, the Local Government Act Cap. 265 provides the Minister with powers to take disciplinary action against non-compliance. For instance, a Council may be dissolved. However, to enhance compliance, the Ministry of Local Government conducts annual training for those LAs that have been penalized to understand causes of lateness/non-submission and build capacity.

<sup>39</sup> Action Aid Kenya (2006) Estimates That LATF Accounts For About 25% of total local revenue

### 4.2.2 LATF Allocations and Disbursements for Sampled Local Authorities

The table below shows three years of LATF allocations and disbursements (2005/6 to 2007/8) and two years of LATF allocations (2008/9 and 2009/10) for the 15 LAs sampled for this study and the overall national performance. Analysis of the data shows that all the 15 LAs were allocated as per the 60% and 40% provision for the Service Delivery and Performance Components criteria respectively. In addition, the compliance level is high. For instance, among the sampled LAs, in 2006/7 where both allocations and disbursements were available, it is only Nairobi City Council and Luanda Town Council were penalized and lost Ksh 33.2 and Ksh 1.02 million respectively. In 2007/8, Luanda and Taveta Town Councils were penalized at Ksh 216,028 and Ksh 201,306 respectively. The non-compliance of Luanda Town Council for two years may indicate a lack of capacity within small LAs.



**Table 14: Both Allocations and Disbursements (2005/6 - 2007/8) and Allocations for Selected Local Authorities (2008/9 - 2009/10)**

SNo.	Local Authority/FY	Study Constituency	2005/06	2006/07	2007/08	2008/09	2009/10
1	Nairobi City Council	Makadara	889,446,590	1,383,563,693	1,531,798,825	1,729,445,664	1,956,739,527
2	Baringo County Council	Baringo Central	28,623,471	42,335,644	46,449,296	51,934,164	58,241,763
3	Buete-Muinias County Council	Muinias	44,821,006	66,709,878	73,276,540	82,032,089	92,100,971
4	Isiolo County Council	Isiolo North	20,984,543	31,401,886	34,527,088	38,694,025	43,486,004
5	Kabarnet Municipal Council	Baringo Central	7,047,054	20,413,282	10,944,106	12,143,200	13,522,155
6	Kisumu County Council	Kisumu Town East	20,354,739	29,844,975	32,692,045	36,488,138	40,853,646
7	Kisumu Municipal Council	Kisumu Town East	96,429,002	148,441,472	164,045,214	184,850,202	208,775,938
8	Luanda Town Council	Kisumu Town East	11,339,969	16,464,833	18,002,292	20,052,238	22,409,675
9	Mandera County Council	Mandera West	30,502,305	45,529,988	50,038,292	56,049,365	62,962,098
10	Mandera Town Council	Mandera West	15,077,156	22,577,748	24,827,926	27,828,163	31,278,435
11	Muinias Municipal Council	Muinias	22,277,400	33,512,056	36,882,453	41,376,316	46,544,258
12	Nyeri County Council	Nyeri Town	60,453,390	90,165,145	99,078,673	110,963,374	124,630,782
13	Nyeri Municipal Council	Nyeri Town	26,390,878	39,935,208	43,998,508	49,416,240	55,646,632
14	Taita/Taveta County Council	Mwatate	20,933,453	30,838,097	33,809,490	37,771,347	42,327,483
15	Taita Town Council	Mwatate	10,545,996	15,337,932	16,775,513	18,692,288	20,896,578
	National Total (175 Local Authorities)	Eight sampled constituencies	5,000,000,000	7,500,000,000	8,250,000,000	9,250,000,000	10,400,000,000

Source: LATF Annual Reports, various years

Total LATF allocations for eight financial years for the seven of the districts sampled under this Study (except Nairobi) are shown in the table below. On the basis of LATF allocation per population for eight financial years (FYs). Kisumu District has the highest per capita allocation while Butere/Mumias District has the least.

**Table 15: LATF Total Allocations for Selected Districts**

	FYs	1999/2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	1999/2000 - 2005/6	2002/3	1999/2000 - 2005/6
SN	District	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	Per Capita LATF	Per Capita LATF	Per Capita LATF
1	Baringo	9.63	16.54	20.16	20.16	27.32	28.99	35.67	158.45	70.32	552.79
2	Butere Mumias	11.08	19.66	23.41	23.41	33.88	36.07	44.82	192.33	45.67	375.15
3	Isiolo	5.13	8.97	10.40	10.40	22.63	24.06	29.78	111.38	92.58	991.21
4	Kisumu	25.73	53.92	81.86	81.86	101.06	108.08	136.15	588.67	152.82	1,098.95
5	Mandera	6.82	17.59	23.82	23.82	34.32	36.57	45.58	188.51	84.49	668.60
6	Nyeri	27.30	52.26	81.04	81.04	72.85	77.52	96.20	488.20	119.66	720.89
7	Taita-Taveta	10.57	18.99	25.20	25.20	31.87	33.81	41.57	187.22	96.96	720.38
	<b>Source: LATF Reports, Various years</b>										

### 4. 2. 3. LATF in Local Authorities' Revenue Base and Expenditure Analysis

National level revenue and expenditure analysis for Local Authorities' in 2007/08 are shown in the figures below. The figures reveal that nationally, LATF accounted for 35% of LA revenues. This is in addition to the portion of the Roads Maintenance Levy Fund that LAs receive from the central government that nationally accounts for 6% of LAs' revenue. The national average of capital expenditure is 15% which constraints infrastructure development for better service delivery by LAs.

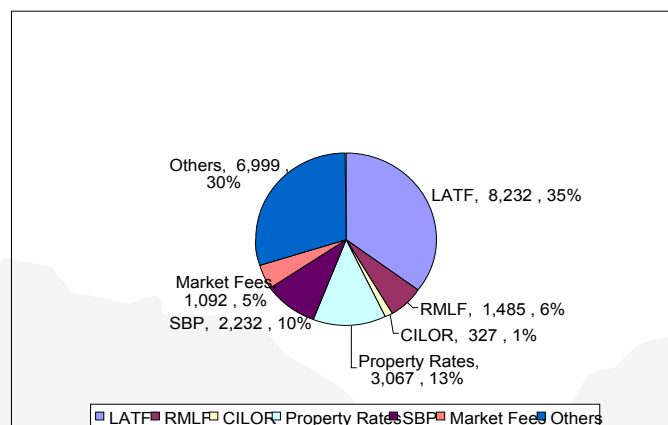
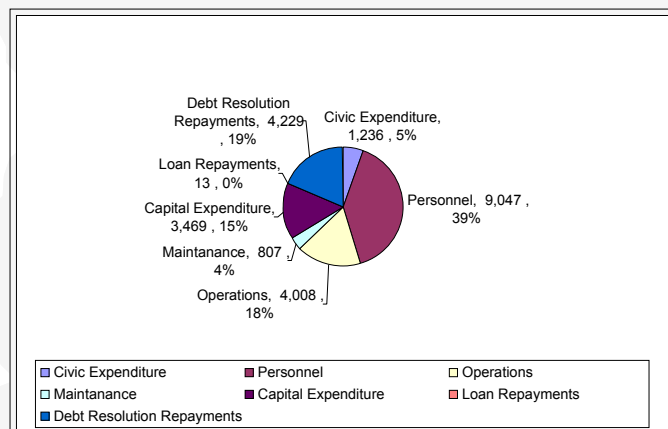
Annex one details the revenue and expenditures for the 15 LAs sampled in this study. The Annex shows there are huge differences on the LATF's dependency level with Nairobi City and Mandera County Councils having the least and highest LATF proportions of 19% and 75% respectively among the 15 sampled LAs. Generally, the small LAs exhibit more dependence than the big ones. This supports the Ministry of Local Government wish of reducing the number of LAs to only those that are economically viable. Interestingly, Mandera County Council is the one with the highest proportion (31%) of expenditure going to capital expenses. At 7%, Isiolo County Council has the least capital expenditure proportional to total expenditure. The Nyeri Municipal Council has a recurrent expenditure (civic expenditure, personnel costs, Operationa and Maintanance, loan repayment and debt resolution) of 82% of total expenditure.

It is also noted that the requirement under the LATF regulations for LAs to have eradicated their debts initially by 2005, and later by by 30th June 2010 for them to continue receiving LATF seems elusive especially for the 13 most indebted ones<sup>40</sup>, which account for 84% of LAs' total outstanding debt (LATF 2007-08 Annual Report). Among the sampled LAs, Nairobi City Council had the highest (26%) of debt resolution repayment as a proportion of total expenditure while Taita Taveta County Council had the least (5%). The national average stood at 19%.

A majority (an average of 21% among the sampled LAs) of capital projects have been undertaken in the roads sector. This has been followed by water (6%), health (4%) and education (3%) among the sectors targeted by this Study. However, the LATF 2007-08 Annual Report cautions that these data are not audited. Indeed, it was noted that a majority of the projects were lumped as 'others'.

40 In 2007/08, the City Council of Nairobi accounted for 53.4% of the total debt outstanding, an increase from the 48% reported in 2006/07 (Annual LATF Report, 2007/08). The other twelve LAs include Mombasa Municipal (15%), Kisumu Municipal (3%), Nakuru Municipal (2.3%), Kitale Municipal (1.8%), Kisumu County (1.8%), Nanyuki Municipal (1.7%), Kisii Municipal (1.1%), Nakuru County (1%), Nyando County (0.9%), Gusii County (0.8%), Vihiga Minicipal (0.7%), Eldoret Municipal (0.4%)



**Figure 4.1: National Local Authorities Revenue (Ksh Mn.) by Source (2007/8)****Figure 4.2: Nationwide Local Authorities Expenditure by Expenditure Items, (Ksh Mn.), 2007/08**

LATF, local revenue e.g. Contribution in Lieu of Rates (CILOR), Property rates, and other funds i.e loans, grants, recurrent expenditure and Local Authority Service Delivery Action Plans (LASDAP) donation (specific grant) amount to what is called a “resource envelope” of a LA. All LASDAP activities are financed by the resource envelop. It’s no doubt then that projects implemented under this arrangement are referred as LASDAP projects and not LATF projects. However, whereas LATF regulations require the development of LASDAP, there is no allocation of monies for capacity building of communities, committees involved in project identification and management at community level, which negatively impacts on the effective implementation of the Fund. Action Aid Kenya (2006) notes that there is no formal communication structure on LASDAP as information is passed on an *ad hoc* basis and recommends a uniform way of communicating with the public. The Study also recommends the need to sensitize the community to participate in the process as a way of checking excesses on the part of the councilors. In addition, Syagga and Associates (2007) recommends internal capacity building be undertaken within LAs to enable them properly embrace LASDAP processes in a comprehensive way that includes all stakeholders. This Study further recommends the need for the Ministry of Local Government to facilitate recruitments and ensure an enabling working environment for the retention of technical personnel within the LAs.

The table below summarizes citizens’ awareness and participation in different aspects of LATF management by gender and constituencies. Compared to CDF, the awareness is generally low and levels of participation are also very low. This can be explained by the fact that most aspects of the LATF funded projects are driven by the LAs.

**Table 16: Awareness and Citizen Participation in LATF Management (%)**

LATF Issue	Gender		Constituency									
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North		
Awareness (Yes)	54.0	57.4	61.7	64.9	58.6	41.4	81.8	72.3	79.7	70.6		
Citizens' involved in project identification (Yes)	21.3	19.7	13.6	22.8	41.4	7.1	56.4	20.0	23.2	26.7		
Citizens' involved in budgeting and planning (Yes)	9.9	9.8	7.4	10.5	30.0	1.4	32.7	6.2	4.3	13.8		
Citizens' involved in implementation (Yes)	10.4	13.1	9.9	10.5	28.6	1.4	29.1	7.7	7.2	14.7		
Citizens' involved in monitoring (Yes)	12.4	13.1	12.3	1.8	30.0	4.3	25.5	10.8	4.3	12.9		
Aware of ... management guidelines	26.2	31.1	25.9	19.3	34.3	20.0	61.8	27.8	37.7	35.0		
Citizens are involved in management of ... (Yes)	37.6	42.6	44.4	33.3	40.0	25.7	76.4	56.9	53.6	51.2		
Has been involved in its management (yes)	9.9	13.1	9.9	7.0	5.7	7.1	20.0	10.8	13.0	11.0		
Addresses priority needs of community? (Yes)	34.4	19.7	34.6	31.6	34.3	11.4	69.1	33.8	20.3	78.2		

A high number (36.3%) of respondents indicated that there was no tangible benefit from LATF. This can be explained by the relatively low involvement of the public in the management of the fund and possible confusion of LATF funded projects as having been funded from other sources. For those who indicated that there was tangible benefit, 16.7% mention building of schools while 15.2% mentioned roads repair and construction. Other responses with less than 10% each were educating needy students, construction of chiefs' camps, construction of health facilities, building of social halls, construction of toilets, support of community projects, water projects, street lighting, garbage collection, construction of cattle dips, and upgrading police stations.

#### 4.2.4 LATF in Local Authorities Institutional Capacity Set up

Although Local Authorities have community level structures and are fully devolved with final decisions being made at LA level, they are usually riddled with myriad problems, especially sustainability issues, making some LAs unviable. Discussions with key informants from the Ministry of Local Government, City Council of Nairobi and Kenya Local Government Reform Programme (KLGRP) yielded the following issues.

***Institutional Decentralization/Devolution Framework:*** The question or issue being considered here is whether or not LAs can offer any best practices on how to devolve as in theory they have an institutional framework with structures to the lowest level. A Ministry of Local Government assessment found that out of the current 175 LAs, only about 100 are economically viable. Even those that are viable require capacity development. There are situations where the public has written to the Ministry requesting LAs be abolished for non-delivery of services. Action Aid Kenya (2006) notes that local authorities are generally associated with inadequate service delivery, corruption and mismanagement, inefficiencies in project implementation, poor service delivery, lack of equity and political interference.

Any new institutional framework must also clearly demarcate the roles of the three arms of the Government - the executive, judiciary, and legislature. In some devolved funds e.g., the legislature is taking over the roles of the executive resulting in a system without checks and balances.

There have been several cases of duplication reported mainly from CDF, line ministry allocations and LATF leading to wastage. This takes place even under the supervision of the DDC which is mandated to coordinate district development. It is for this reason that the LASDAP guidelines discourage co-funding unless there are specific and clear funding proportions. There is need for scaling-up consultations *vis-à-vis* strengthening the available structures to undertake their roles.

**Monitoring** of projects is relatively weak. There is no proper integration with the National Integrated Monitoring and Evaluation System (NIMES) and the few instances where M&E has been carried out; there has been more emphasis on quantity output than on quality.

To enhance **effectiveness** of decentralized funds, there is need to reduce political influence in their management. There is also need to have a database of funds for each region and devote more resources for M&E activities<sup>41</sup>. There are currently efforts to establish a secretariat, under the Ministry of Local Government for managing LATF funds.

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41 Currently, under The LATF, M&E is funded from the 0.5% Administrative Cost Provisions

### 4.2.5 Key Suggestions to improve LATF Management

Among the key issues suggested for improving LATF management include sensitization of communities about the functions of the Fund (28.3%), community involvement (24.1%), entrenching transparency and accountability (11.2%) and changing the management structures (10.9%). Other suggestions included removing politicians from management (7.8%), having fair, equal distribution of the fund (5%) and an increase of funding (7%) among others as presented in the table below. These views indicate need for more reforms in LATF with a view to increasing citizens participation, improving accountability and transparency.

**Table 17: Key Suggestions to Improve LAFT Management**

	Frequency	Percentage of Cases
Sensitize on functions of the fund	101	28.3
People of integrity should be in committee	10	2.8
Funds to be released in time	2	.6
Remove politicians from management	28	7.8
Assessment and prioritization	9	2.5
Change of management structures	39	10.9
Transparency and accountability	40	11.2
Community should be involved	86	24.1
Guidelines should be followed	4	1.1
Well managed	4	1.1
Deal with tribalism	1	.3
Fair and equal distribution of fund	18	5.0
Form sub-committees	14	3.9
Increase the funding	25	7.0

Based on the above analyses, this study recommends that there is need to establish and maintain an appropriate balance between the amount of decentralized financial resources and the services devolved to local governments at different levels and match this with their technical capacity to effectively utilize the funds.

Further, allocation criteria exclude some major considerations such as poverty index, the spatial coverage of the local authority/area of jurisdiction as well as regional cost variations. As such, the Fund's allocation criteria should be revised to incorporate poverty levels in each local authority. Syagga and Associates (2007) also recommend that each Local Authority's percentage contribution to Gross Domestic Product (GDP) should be incorporated in the criteria.

In addition, this study recommends the need to sensitize the community to participate in the process as a way of checking excesses on the part of the councilors. In addition, Syagga and Associates (2007) recommends internal capacity building be undertaken within LAs to enable them properly embrace LASDAP processes in a comprehensive way that includes all stakeholders. This Study further recommends the need for the Ministry of Local Government to facilitate recruitments and ensure an enabling working environment for the retention of technical personnel within the LAs.

#### 4.2.6 City Council of Nairobi - a Case Study for the LATF

Discussions with Deputy Town Clerk Office, City Council of Nairobi yielded the following.

**Projects identification, prioritization:** Following the LASDAP process, meetings are held with citizen in every ward where three to four projects are identified. The identified projects are then taken to the consensus meeting where representatives from various wards meet to prioritize the projects according to the Council's needs and resources. After this, the prioritized projects are subjected to a technical committee for technical input and costing. At consensus level, the composition of participants brings together key stakeholders including government, councilors, women, youth etc. However, at this level the participants only undertake the prioritization of projects and do not make decisions about the specific projects that will be funded. The projects are then evaluated and rated according to the following criteria. Priority is given to projects that enhance: -

- Revenue collection;
- Service delivery; and

##### ***Achievement of the City Council's mandate***

**Monitoring** of LATF funded projects is mainly done via performance contracts. However, the communication systems employed in outreach to the public and citizens' participation in the project identification, and monitoring of LATF funded projects is wanting despite the existence of a LASDAP process. Mobilization is done through word of mouth or advertisement in the media. The message is passed through social workers, local churches, chiefs, councilors etc. It is important to note is that councilors participate on equal basis with other citizens. In addition, LASDAP guidelines, though well intentioned in their provisions to enhance public participation, do not have a proper institutional framework. For instance, there is lack of clear roles and responsibilities for the community in other levels of project implementation. In addition, it's not clear with whom the community representatives engage. For example, if they find fault with the way a project is run, to whom do they report? It is for these reasons that the LASDAP guidelines are being reviewed.

**Accountability.** Before any payment is made to contractors, it must be approved by a technical audit team who are different from the implementers. There are also *ad hoc* opportunities to request community feed back.

**Public participation** in budget-hearings: Currently the issue is not whether citizens participate but the nature and quality of their input during the process. The Council usually has a great turn out of people but end up getting very little from them due to limited capacity to engage with the issues. Professionals rarely participate. The process also lacks continuity. Every year, there are new people participating.

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There are many challenges encountered in the management of LATF both at the local and national levels including:

- Inadequate capacity in project planning and management; LATF depends on revenue collection and LAs are unable to predict apriori what revenue they expect to collect. There are also delays in disbursement of funds.
- Scramble for resources with each councilor wanting a project in their own ward. This results in fragmented and piecemeal projects. It's difficult to implement a large, high impact project;
- The Procurement and Disposal Act is also not community friendly as it doesn't allow community contracting, a situation that affects ownership of projects;
- Sources of revenue have diminished over the years more so in the recent past when the government embarked on harmonization of licenses;

### 4.3. Constituency Development Fund (CDF)

#### 4.3.1 Background

One of the key decentralized development resources is the Constituency Development Fund (CDF). It was established in 2003 under the CDF Act 2003, *Kenya Gazette Supplement No. 107 (Act No. 11)*. It is administered by the CDF Board- a parastatal under the Ministry of Planning, National Development and Vision 2030. The Fund was mooted by former OI Kalau Member of Parliament, Engineer Muriuki Karue out of observation that funds administered centrally, especially for infrastructure development, were inadequately reaching the local levels. The Fund comprises an annual budgetary allocation equivalent to a minimum of 2.5% of the government's ordinary revenue. However, the Fund is governed by a weak legal framework making it vulnerable to manipulation by the constituency committee under the influence of the sitting member of parliament. In June 2009, the Minister appointed a taskforce, chaired by Engineer Muriuki Karue, to review the law governing the Fund and other practices of the fund through consultation with all stakeholders. By the time this study was concluded, the taskforce was yet to release the report for public consumption.

The table below shows the CDF allocations and disbursement status for the eight constituencies sampled for this study and nationally. For the seven years the Fund has been in existence, over Ksh 53 billion has been allocated to CDF. It is important to note that during the first FY (2003/4) of CDF allocation, all the constituencies had equal allocation of Ksh. 6 million each but in subsequent years, allocation varied across constituencies. 75% of the Fund distributed equally among the 210 constituencies while the remaining 25% is allocated depending of poverty levels. 5% and 3% of the Fund are earmarked for emergency and administration costs respectively.

For the first six FYs (2003/04 to 2008/09), there has been 100% disbursement for the sampled eight constituencies and 99.9% nationally. For the last FY (2008/09), national disbursement stood at 50% mainly due to the fact that the monies are disbursed in quarterly trenches. This disbursement rate applies to the sampled constituencies except Nyeri Town which has a higher disbursement rate of 71%.

In the 2009/10 Budget Speech, the government proposed an economic stimulus package dubbed “Overcoming Today’s Challenges for a Better Kenya Tomorrow”. In this Framework, the government states that stimulus projects will be identified and managed through the Constituency Development Fund Committees (CDFC) while the funds are channeled via line ministries. This seems to be a shift from the traditional district focus for rural development to constituency focus. The channeling of increased resources (Ksh 22 billion) contained in the 2009/10 budget speech is an indicator of the recognition of CDF structures as an avenue of managing devolved funds. CDF management structures provide for active citizen participation in development which enhances ownership, democratization and sustainability. However, this participation is at the behest of the Member of Parliament (MP) since the Act does not provide for recourse to constituents should the MP fail to hold local consultation forums.

CDF has to an extent supplemented the government’s efforts to provide basic services such as education, health and water to the poor communities across the country. However, the framework does not provide for any integration with other development plans such as district development plan or LASDAP. The implementation of the fund is marked by uncoordinated and haphazard initiation of local projects without regard for constituency development projections. Indeed, very few constituencies have developed strategic plans.<sup>42</sup> However, from this study’s sample, only Isiolo North did not have a ready Strategic Plan and the CDF Manager there indicated that the constituency was in the process of developing one.

**Table 18: CDF Allocations and Disbursements nationally and in the Sampled Constituencies (Ksh), 2003/04 - 2008/09**

S/N	Sampled CONSTITUENCY CODE and Name	FY 2003/04 to 2007/08 Amount Allocated	FY 2003/04 to 2007/08 Amount Disbursed	% of Disbursement (2003/04 to 2007/08)	Funds Allocated 2008/2009	Funds Disbursed 2008/2009	% of Disbursement (2008/09)
1	001 MAKADARA	136,866,713	136,866,713	100.0%	40,069,212	20,034,606	50%
2	028 MWATATE	140,585,287	140,585,287	100.0%	41,379,525	20,689,763	50%
3	038 MANDERA WEST	147,728,528	147,728,528	100.0%	43,394,976	22,110,829	51%
4	045 ISIOLO NORTH	141,996,583	141,996,583	100.0%	41,639,920	20,819,960	50%
5	086 NYERI TOWN	127,529,694	127,529,694	100.0%	37,210,323	26,248,665	71%
6	130 BARINGO CENTRAL	150,395,341	150,395,341	100.0%	44,211,524	22,105,762	50%
7	157 MUMIAS	181,275,626	181,275,626	100.0%	53,666,715	26,833,358	50%
8	184 KISUMU TOWN EAST	136,947,114	136,947,114	100.0%	40,691,636	20,345,818	50%
	<b>TOTAL (210 Constituencies)</b>	<b>33,254,479,942</b>	<b>33,219,738,786</b>	<b>99.9%</b>	<b>9,797,000,005</b>	<b>4,905,077,825</b>	<b>50%</b>

*Source: CDF Website as at May 2009*

42 Majority (14 By Dec. 2009) Of The Constituencies That Have Developed Strategic Plans Have Been Supported By Institute For Economic Affairs

**Table 19: CDF Budget Allocations nationally and for the sampled constituencies (Ksh), 2003/04 - 2009/10**

CONSTITUENCY	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	TOTAL
MAKADARA	6,000,000	22,227,574	28,746,684	39,823,243	40,069,212	40,069,212	48,913,400	225,849,325
MWATATE	6,000,000	22,859,118	29,563,534	40,954,838	41,207,797	41,379,525	50,512,928	232,477,740
MANDERA WEST	6,000,000	24,072,288	31,132,673	43,128,591	43,394,976	43,394,976	52,973,235	244,096,739
ISIOLO NORTH	6,000,000	23,098,805	29,873,550	41,384,308	41,639,920	41,639,920	50,830,798	234,467,301
NYERI TOWN	6,000,000	20,641,824	26,695,644	36,981,903	37,210,323	37,210,323	45,423,489	210,163,506
BARINGO CENTRAL	6,000,000	24,525,206	31,718,485	43,940,126	44,211,524	44,211,524	53,970,014	248,576,879
MUMIAS	6,000,000	29,769,752	38,501,883	53,337,276	53,666,715	53,666,715	65,512,181	300,454,522
KISUMU TOWN EAST	6,000,000	20,620,405	29,193,227	40,441,846	40,691,636	40,691,636	49,673,207	227,311,957
TOTAL	1,260,000,000	5,431,999,997	7,028,619,994	9,736,860,002	9,797,000,000	-9,797,000,005	-	

*Source: CDF website*

The table below summarizes the public perception of CDF awareness by gender and the sampled constituencies. While awareness is generally high, citizens' involvement especially in projects implementation and monitoring is generally low except in Makadara. Indeed, it is noted that citizens' involvement in CDF is very low in Mwatate where awareness is also the lowest.

**Table 20: Awareness and Citizen Involvement in CDF Management (%)**

CDF Issue	Gender		Constituency							
	F e - male	Male	Kisumu T o w n East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	I s i o l o North
Awareness (Yes)	93.6	90.2	97.5	91.2	100	94.3	98.2	96.9	95.7	96.9
Citizens' involved in project identification (Yes)	38.6	45.9	28.4	24.6	82.9	31.4	65.5	26.2	82.6	39.6
Citizens' involved in budgeting and planning(Yes)	20.3	29.5	12.3	8.8	74.3	4.3	34.5	3.1	2.9	21.5
Citizens' involved in implementation(Yes)	26.7	36.1	19.8	15.8	74.3	14.3	30.9	7.7	14.5	26.7
Citizens' involved in monitoring (Yes)	24.8	31.1	19.8	15.8	71.4	14.3	32.7	9.2	7.2	25.5
Aware of ... management guidelines	48.0	52.5	57	48	56	74	60	73	41	51
Citizens are involved in management of ....(Yes)	64.9	71.5	75	75	68	80	67	85	72	72
Has been involved in its management (yes)	15.8	23.9	30	32	23	23	14	29	5	9
Addresses priority needs of community? (Yes)	76.7	67.2	75.3	78.9	87.1	74.3	85.3	70.8	46.4	70.6



Over 90% of respondents said there were tangible community benefits from CDF. The results indicate that tangible community CDF benefits included building of schools as reported by 57.7% of the respondents, education for the needy (4.8%), road repairs and construction (6.9%), repair and construction of health facilities (18.1%), implementation of water projects (10.9%), building social halls (5.5%), and building toilets (2.9%). Other benefits mentioned were construction of a chief's camp, creation of employment, support of community projects, attending seminars/workshops, street lighting, garbage collection, set up of cattle dips, police station upgrading, and CDF office and equipments. Only 9.5% indicated that there were no tangible benefits from CDF.

If projects funded by decentralized funds like CDF are to have greater impacts, the social audits through citizens' participation need to be improved.

### 4.3.2 Key CDF Issues

Discussions with key informants in the CDF pointed out the following issues: -

- The District Development Officer (DDO) who is also the secretary to the District Development Committee is the AIE holder for the CDF. S/he is mandated to coordinate development in the district while ensuring there is no duplication. However, the DDO's involvement in the management of all devolved funds is wanting. The main weakness is that the district line ministry officials are not directly answerable to the CDF Board.
  - The synchronization of activities being undertaken by various funds is not done and hence the problem of duplication is pronounced.
  - Employment of fund managers enhances constituencies' compliance and reporting. However, although the fund managers are supposed to be politically independent, in some cases, interference from area MPs continues. The Board expects fund managers to maintain a good working relationship with the MP and in case of dispute it arbitrates and where things get out of hand, the fund managers are transferred.
  - Reporting of CDF is done through annual reports showing the allocations/disbursements, project status. Audits and accounts are available to the public via the board website. The reports are supposed to be published annually though sometimes there are delays.
  - The CDF Board uses its internal audit mechanism to carry out planned and special audits. The latter is conducted in case an interested party files a complaint to the Board. On receiving the complaint, the board weighs the magnitude of the complaint before sending its auditors. On the former, the board carries out approximately 30-50 planned constituency audits per year. This is because the board lacks enough capacity (audit section has about 10 staff) to undertake comprehensive audits in all constituencies. However, the state corporations act provides/ allows the use of private auditors and the board is considering it to solve the capacity problem. The Kenya National Audit Office (KNAO) conducts audits in randomly selected constituencies but the outreach is limited.
  - Among the challenges encountered in the management of CDF include:
    - Utilization of CDF projects- some projects are completed but are lying idle lacking proper utilization. This is mainly due to inadequate consultation between CDFC and respective line ministries
    - Quality projects – inadequate technical inputs and quality assurance from the staff or experts from the ministries have resulted to implementation of low quality projects
-

- Transition- there is usually a serious problem when there is change of office. The outgoing CDFC/ MP fails to properly hand over. As such, there should be legal provision that will compel mandatory handing over and ensure projects started during the previous term are completed or given preference before others are started. This can be enhanced by instituting and implementing constituencies' strategic plans.
- There is duplication mainly in LATF and CDF projects as well as the line ministry's projects

### 4.3.3 Key Suggestions to Improve CDF Management

A *Joint Civil Society Memorandum on CDF* presented to the CDF Review taskforce made several recommendations on improving CDF management. Among these included: -

- The need to link national and lower-level planning
- Need to pool all bursaries in to one constituency kitty
- Adoption of open information policy to enhance accountability. Indeed, the memorandum recommended a 'citizen-Board liaison; office to promote citizen engagement
- Public participatory nomination of members of CDFC from sub-location through location and then constituency level
- Structured citizen engagement and information sharing via locational monthly meetings, quarterly constituency meetings and bi-annual national meetings
- Yearly constituency harmonization workshop with other decentralized funds and development in general to come up with a joint constituency work-plan.

When asked about the key suggestions to improve CDF management, 21.4% of the individual respondents said the community should be involved while 20.8% said that politicians should be removed from the management. In addition 18.8% said there should be transparency and accountability while 14.7% said that sensitization should be done on the functions of the fund. Other suggestions included having people of integrity in the committee, changing management structure, having a fair and equal distribution of the fund among others as presented in the table below. These suggestions point at need for reforms especially on governance issues for better management of CDF.

**Table 21: Key Suggestions to improve CDF Management**

	Count	Percentage of Cases
Sensitize on functions of the fund	72	14.7
People of integrity should be in committee	34	6.9
Funds to be released in time	2	.4
Remove politicians from management	102	20.8
Assessment and prioritization	18	3.7
Change of management structures	29	5.9
Transparency and accountability	92	18.8
Community should be involved	105	21.4
Guidelines should be followed	5	1.0
Well managed	7	1.4
Deal with tribalism	10	2.0
Fair and equal distribution of fund	27	5.5
Form sub-committees	9	1.8
<b>Increase the funding</b>	19	3.9

## 4.4 Roads Maintenance Levy Fund

Whereas most road construction work is vested in the Ministry of Roads through different road authorities, a key resource that provides for maintenance of public roads, is the Roads Maintenance Levy Fund (RMLF). The fund was established under the RMLF Act (1993). It is managed by the Kenya Roads Board (KRB). The Fund is made up of fuel levy on petroleum products and transit toll collections. RMLF targets maintenance of roads under the control of Ministry of Roads, Kenya Wildlife Services and Local Authorities roads.

60% of the Fund goes to international and national trunk and primary roads; 24% to secondary roads; and 16% to the 210 constituencies, shared equally. The table below shows some of 2007/08 RMLF allocations that went to the sampled Local Authorities, Districts and Constituencies.

**Table 22: RMLF Allocation at various levels (Ksh for the year 2007/8)**

SN.	Study Sampled Area	Allocation Level	RMLF Allocation (Ksh )
	Nyeri	Nyeri Municipal Council	5,065,299
		Nyeri District	180,070,581
		Nyeri Town Constituency	11,700,030
		Total	196,835,910
	Mwatate	Taita Taveta District	20,567,676
		Mwatate Constituency	10,909,041
		Total	31,476,717
	Isiolo North Constituency	Isiolo County Council	2,717,220
		Isiolo District	15,899,627
		Isiolo North Constituency	11,148,300
		Total	29,765,147
	Nairobi Province	Nairobi City Council	474,000,000
		Nairobi Province	1,026,566,450
		Makadara Constituency	11,725,000
		Total	1,512,291,450
	Mandera	Mandera County Council	2,620,086
		Mandera District	15,208,215
		Mandera West	11,533,325
		Total	29,361,626
	Kisumu	Kisumu Municipal Council	35,078,645
		Kisumu District	72,082,800
		Kisumu Town East Constituency	11,356,192
		Total	118,517,637
	Mumias	Mumias Municipal Council	2,032,519
		Mumias District	16,586,095
		Mumias Constituency	11,449,980
		Total	30,068,594

Source: Kenya Roads Board Website

The table below shows public awareness and perceptions of citizens' involvement in RMLF management by gender and constituencies. Awareness is generally low but males (53%) are more aware of the Fund than females (45%) while Nyeri Town (67%) has the highest awareness level and Mumias (40%) the least.

**Table 23: Awareness and Citizens' Involvement in RMLF Management (%)**

RMLF Issues	Gender		Constituency							
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
Awareness (Yes)	44.6	52.5	46.9	50.9	48.6	50.0	40.0	64.6	66.7	57.7
Citizens' involved in project identification (Yes)	8.9	11.5	6.2	12.3	20.0	5.7	10.9	7.7	1.4	9.5
Citizens' involved in budgeting and planning (Yes)	3.0	4.9	2.5	5.3	14.3	0	10.9	0	1.4	5.8
Citizens' involved in implementation (Yes)	6.4	13.1	6.2	5.3	18.6	0	10.9	1.5	1.4	7.4
Citizens' involved in monitoring (Yes)	5.4	8.2	2.5	7.0	20.0	2.9	10.9	1.5	1.4	7.4
Aware of ... management guidelines	17.8	19.7	13.6	21.1	18.6	24.3	21.8	21.5	27.5	22.7
Citizens are involved in management of ... (Yes)	20.8	32.8	21.0	21.1	28.6	21.4	25.5	36.9	37.7	32.5
Has been involved in its management (yes)	5.0	4.9	4.9	3.5	1.4	2.9	12.7	6.2	2.9	4.6
Addresses priority needs of community? (Yes)	18.8	50.8	50.6	47.4	27.1	55.7	25.5	38.5	29.0	22.1

A high number of respondents (42.6%) felt that the Fund did not have any tangible benefit though 56.4% and 1.0% indicated that RMLF repaired/constructed roads and created jobs respectively. This may be explained by lack of distinction between roads funded by the Ministry and those under KRB.

### Key suggestions to improve RMLF management

Suggestions for improving the management of RMLF include sensitization of the public on the functions of the Fund (35.2%), community involvement (19.9%), transparency and accountability (16%), change of management structures (12.4%), appointing people of integrity to the committee (5.2%) among others as presented in the table below.

**Table 24: Key Suggestions to improve RMLF Management**

	Frequency	Percentage of Cases
<i>Sensitize on functions of the fund</i>	108	35.2
<i>People of integrity should be in committee</i>	16	5.2
<i>Funds to be released in time</i>	2	.7
<i>Remove politicians from management</i>	6	2.0
<i>Assessment and prioritization</i>	13	4.2

<i>Change of management structures</i>	38	12.4
<i>Transparency and accountability</i>	49	16.0
<i>Community should be involved</i>	61	19.9
<i>Guidelines should be followed</i>	2	.7
<i>Well managed</i>	4	1.3
<i>Deal with tribalism</i>	1	.3
<i>Fair and equal distribution of fund</i>	4	1.3
<i>Form sub-committees</i>	7	2.3
<i>Increase the funding</i>	11	3.6

#### 4.5 Free Primary Education (FPE) Fund

In 2003, Free Primary Education (FPE) was established as part of fulfilling National Rainbow Coalition (NARC) Government pledges. It is also a commitment by the government to realize Universal Primary Education by 2005 and Education for All by 2015 as one of the Millennium Development Goals (MDG). The Fund aims to increase accessibility, quality and affordability of basic education (mainly primary schooling) in Kenya. It targets pupils from formal public schools across the country.

FPE guidelines indicate that each pupil in a public primary school is supposed to get an annual allocation of Ksh 1,020, Ksh 650 being for the purchase of teaching materials and Ksh 370 being for general purpose such as operations and maintenance. Communities are expected to participate in the management and implementation of the Fund through school committees. The scheme deals directly with the school as opposed to going through the different levels of education administrators thus avoiding bureaucracy and potential obstacles. The table below shows FPE allocations for districts covered under this Study for four years. The analysis also shows the per capita FPE allocation on the basis of the number of children of primary school age and those enrolled.

**Table 25: FPE Allocations in selected Districts**

		2003	2004	2005	2006 (Up to Oct.)	2003 - 2006 (Up to Oct.)	2003 - Oct. 2006	2003	2003 - Oct. 2006
SN	District	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	Ksh Mn.	FPE per Pry Child (5-13 yrs)	FPE per Pry Child (Enrolled)	FPE per Pry Child (Enrolled)
1	Baringo	93.2	90.5	54.9	110.2	348.8	4,718.3	1,265.6	4,737.2
2	Butere Mumias	161.2	142.8	106.2	210.8	621.0	5,000.0	1,202.9	4,633.6
3	Isiolo	21.3	21.3	14.2	29.3	86.0	3,257.1	1,316.7	5,307.4
4	Kisumu	149.4	129.4	50.9	176.5	506.2	4,339.1	1,251.6	4,240.0
5	Mandera	31.7	28.0	19.9	43.1	122.6	1,649.3	1,279.4	4,949.3
6	Nyeri	207.7	154.5	101.6	191.1	654.9	4,694.7	1,421.3	4,481.6
7	Taita-Taveta	78.8	69.9	47.3	91.4	287.4	4,990.6	1,255.6	4,580.7

*Source: Ministry of Education*

Public awareness and perception of citizens' involvement in FPE management by gender and constituency is presented in the table below. Awareness of the Fund was found to be high although citizen participation is generally low and is usually left to school management committees.

**Table 26: Citizens Awareness and participation in FPE Management (%)**

FPE Issue	Gender		Constituency							
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
Awareness (Yes)	89.6	93.4	91.4	73.7	95.7	90.0	92.7	87.7	92.8	90.2
Citizens' involved in project identification (Yes)	33.2	32.8	49.4	8.8	75.7	18.6	49.1	27.7	13.0	36.2
Citizens' involved in budgeting and planning (Yes)	22.8	21.3	33.3	3.5	62.9	8.6	25.5	16.9	11.6	24.2
Citizens' involved in implementation (Yes)	26.7	41.0	38.3	7.0	65.7	10.0	27.3	15.4	15.9	29.1
Citizens' involved in monitoring (Yes)	24.3	26.2	30.9	3.5	67.1	8.6	23.6	16.9	10.1	23.9
Aware of ... management guidelines	53.0	60.7	59.3	28.1	71.4	57.1	65.5	36.5	42.0	53.1
Citizens are involved in management of ... (Yes)	54.0	75.4	66.7	28.1	67.1	45.7	76.4	56.9	62.3	63.8
Has been involved in its management (yes)	20.3	26.2	39.5	10.5	38.6	20.0	23.6	23.1	5.8	26.4
Addresses priority needs of community? (Yes)	78.2	80.3	88.9	64.9	64.3	77.1	89.1	73.8	66.7	78.5

A majority of respondents (77.3%) felt that educating needy students was a major tangible community benefit from the FPE Fund. Another 13.9% indicated that the Fund had built schools while fewer than 2% each indicated the Fund had provided food programs in schools, and also helped with building toilets, creating jobs, supporting community projects, initiating water projects in schools and increasing enrolment. Only 8.0% felt that there were no benefits from FPE.

### Key suggestions to improve FPE management

Suggestions offered to improve FPE include community involvement (19.6%), increase of funding (19.2%), transparency and accountability (13.3%), sensitization of the functions of the fund (12.6%), following guidelines (10.5%) and change of management structures (8%) among others as presented in the table below.

**Table 27: Key Suggestions to improve FPE management**

	Frequency	Percentage of Cases
<i>Sensitize on functions of the Fund</i>	60	12.6
<i>People of integrity should be in committee</i>	8	1.7
<i>Funds to be released in time</i>	19	4.0
<i>Remove politicians from management</i>	9	1.9
<i>Assessment and prioritization</i>	25	5.3
<i>Employ more teachers</i>	14	2.9
<i>Change of management structures</i>	38	8.0
<i>Transparency and accountability</i>	63	13.3
<i>Community should be involved</i>	93	19.6
<i>Guidelines should be followed</i>	6	1.3
<i>Well managed</i>	50	10.5
<i>Deal with tribalism</i>	1	.2
<i>Fair and equal distribution of fund</i>	15	3.2
<i>Form sub-committees</i>	4	.8
<b>Increase the funding</b>	91	19.2

## 4.6 Secondary Schools Education Bursary Fund

In the secondary sub-sector, the government introduced subsidized secondary education in 2003 with an aim of making it more accessible and affordable. There is also the Secondary Schools Education Bursary Fund (SSEBF) that was established in 1993/04 through a presidential pronouncement. It was further streamlined through Sessional Paper 1 of 2005.

SSEBF aims at increasing enrolment and completion of secondary school as well as cushioning poor and vulnerable groups against the high and increasing cost of secondary education, therefore eventually reducing inequalities. The Fund size is not based on a fixed share of the national budget but allocations depend on Ministry of education annual provisions. SSEBF size varies yearly depending on the Ministry of Education's Annual Provisions. However, affirmative action is taken to ensure that a minimum of Ksh 0.5 million is allocated to constituencies in ASAL areas. There are also guidelines to individual needy students' allocations where the minimum annual allocation for day schools, boarding schools and national schools are Ksh 5,000; 10,000 and 15,000 respectively. Allocations to constituencies depend on the number of students enrolled in each constituency and poverty indices. Constituencies' SSEBF allocation guidelines include the relative constituency enrolment and poverty indices.

The table below shows secondary schools bursary allocations for two financial years and their per capita secondary school going age in the districts covered by this study. On the basis of this, Taita Taveta had the highest per capita allocation while Mandera had the least despite the affirmative action for ASAL areas. This can be seen as ineffectiveness in application of such affirmative action and calls for further intervention to improve education affordability in such areas.

Needy students send their application to the Constituency Bursary Committees on recommendation from their respective school heads, local administrators and other community leaders like priests and pastors. Operational guidelines for these funds are summarized in annex three.

**Table 28: Secondary Bursary Allocations for Selected Districts**

		2003/04	2004/05	2003/04 - 2004/05	2003/4	2003/4 - 2004/5
SN	District	Ksh Mn.	Ksh Mn.	Ksh Mn.	Sec. Bursary Per Sec. Child (14-17 yrs)	Sec. Bursary Per Sec. Child (14-17 yrs)
1	Baringo	4.49	6.19	10.68	142.7718	339.76
2	Butere Mumias	8.75	11.95	20.70	167.5653	396.31
3	Isiolo	1.92	2.81	4.73	168.4017	414.05
4	Kisumu	6.37	8.65	15.01	113.0463	266.60
5	Mandera	3.07	4.53	7.60	103.9654	257.61
6	Nyeri	10.90	14.98	25.88	132.1293	313.72
7	Taita-Taveta	7.34	9.99	17.33	274.0374	646.69

Source: Ministry of Education

The table below presents public awareness and perception about secondary schools education bursary fund (SSEBF) management by gender and constituencies. While there is no significant difference between the genders, the awareness about SSEBF is highest in Makadara (97%) and lowest in Mwatate (74%). The differences can be explained by ease of public access to information either through official government channels or the media in the capital city Nairobi where the constituency is located. Citizens' participation in the other cycles of SSEBF management declined generally across the board.

**Table 29: Citizens' Awareness and Participation in Sec. Bursary Management (%)**

Secondary Bursary Issues	Gender		Constituency							
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
Awareness (Yes)	84.7	86.9	91.4	75.4	97.1	81.4	87.3	89.2	94.2	90.5
Citizens' involved in project identification (Yes)	29.2	34.4	29.6	8.8	74.3	14.3	41.8	21.5	23.2	32.5
Citizens' involved in budgeting and planning (Yes)	16.8	23.0	14.8	3.5	55.7	5.7	25.5	4.6	10.1	18.7
Citizens' involved in implementation (Yes)	20.3	36.1	18.5	5.3	62.9	8.6	27.3	4.6	11.6	23.0
Citizens' involved in monitoring (Yes)	21.3	29.5	18.5	5.3	68.6	7.1	25.5	7.7	8.7	21.8
Aware of ... management guidelines	44.6	50.8	49.4	21.1	70.0	44.3	50.9	35.4	44.9	47.5
Citizens are involved in management of ....(Yes)	50.5	67.2	61.7	26.3	70.0	37.1	61.8	56.9	56.5	58.0
Has been involved in its management (yes)	12.9	26.2	25.9	10.5	22.9	5.7	14.5	13.8	4.3	17.5
Addresses priority needs of community? (Yes)	69.3	29.5	21.0	26.3	25.7	24.3	48.5	15.4	10.1	73.0



Respondents indicated that the only tangible benefit from SSEBF was educating the needy students as indicated by 86.5%. The rest (13.5%) indicated that there was no tangible benefit from the Fund.

### Key suggestions to improve Bursary management

To improve the SSEBF management, 22.8% said that an assessment and prioritization was key while 15% said that the community should be involved. In addition, 14.3% said funding for SSEBF should be increased while 11.2% said transparency and accountability are paramount. Other suggestions included change of management structures (10.9%), sensitization about the functions of the Fund (10.5%) among others as presented in the table below.

**Table 30: Key Suggestions to improve bursary management**

	Frequency	Percentage of Cases
Sensitize on functions of the fund	47	10.5
People of integrity should be in committee	17	3.8
Funds to be released in time	11	2.5
Remove politicians from management	15	3.3
Assessment and prioritization	102	22.8
Change of management structures	49	10.9
Transparency and accountability	50	11.2
Community should be involved	67	15.0
Guidelines should be followed	4	.9
Well managed	25	5.6
Deal with tribalism	3	.7
Fair and equal distribution of fund	18	4.0
Form sub-committees	3	.7
Increase the funding	64	14.3

## 4.7 HIV/AIDS Fund

HIV/AIDS NACC Fund was established in 1999<sup>43</sup> through a presidential order contained in the *Kenya Gazette Legal Notice No. 170*. The main objective of the Fund is to mount successful multi-sectoral responses to the HIV/AIDS pandemic in accordance with the provisions and objectives of the *Sessional Paper No. 4 of 1997 on HIV/AIDS in Kenya* (Centre of Governance and Development, 2007).

The National AIDS Control Council (NACC) has developed a national HIV/AIDS Strategic Plan with five key priority areas:

- i. Prevention and Advocacy
- ii. Treatment, continuum of care and support
- iii. Mitigation of Social Economic impact
- iv. Monitoring, Evaluation and Research
- v. Management and Coordination

In addition, the Strategic Plan has three components. The first component is the AIDS Control Unit (ACU) that aims at mainstreaming HIV/AIDS interventions within core activities of public sector ministries and other government agencies. It aims at preventing HIV/AIDS among workplace

43 This was the same year that HIV/AIDS was declared a national disaster and the National Aids Control Council (NACC) Established

population. The second component is the Coordination and Management of HIV/AIDS through the following structures for coordination, management and mitigation of HIV/AIDS epidemic in the country:

- Management staff at the NACC national office to coordinate activities
- Provincial AIDS Control Committee (PACC)
- District AIDS Control Committee (DACC) which is a member of DDC for purposes of interfacing HIV/AIDS issues as per DFRD (Center for Governance and Development, 2007).
- Constituency AIDS Control Committee (CACC)
- Each of the levels (PACC, DACC and CACC) has 12 members as detailed in annex three (five from government, five from civil societies, faith organizations, CBOs/NGOs and two from the private sector.

The third component is the support implementation of community-based initiatives. Its objective is to involve civic society organization, private sector and research institutions in the response of HIV/AIDS. This component has the highest fund allocation.

The table below shows the amount of funds committed and disbursed by the National AIDS Control Council (NACC) from 2002 to 2005. It also shows the total number of HIV/AIDS infected persons and the HIV/AIDS prevalence rates in 2004 in the districts covered by this Study. Analysis shows that Isiolo District has the highest allocation per number of infected persons and a low prevalence rate of 4.1% as compared with Kisumu which has the least per capita allocation and the highest HIV/AIDS prevalence rate. This may point out to the ineffectiveness of NACC HIV/AIDS Fund in addressing this pandemic.

**Table 31: NACC's selected districts committed and disbursed Funds (2002 -2005), Ksh Millions.**

SN	District	2002- 2005 Committed	2002 - 2005 Disbursed	2004 2004 Total HIV/AIDS infected persons	2002 - 2005 NACC HIV/AIDS Disbursed per infected capita	2004 2004 HIV Preva- lence
1	Baringo	19.99	15.43	7194	2144.448	3.7
2	Butere Mumias	36.75	24.28	18149	1338.037	7.3
3	Isiolo	17.74	14.03	2305	6086.953	4.1
4	Kisumu	53.69	41.42	39548	1047.339	18.4
5	Mandera	62.42	56.91	3470	16401.6	2.3
6	Nyeri	77.43	56.91	16106	3533.545	4.5
7	Taita- Taveta	11.97	9.57	4171	2295.326	3.1

Source: NACC

Citizens' awareness and participation in different cycles of the management of the HIV/AIDS Fund by gender and constituencies are presented in the table below. Though awareness is generally high across constituencies, citizens' participation generally declines through the project cycle.

**Table 32: Citizens' Awareness and Participation in HIV/AIDS Fund Management (%)**

NACC Issue	Gender		Constituency							
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
Awareness (Yes)	71.3	72.1	72.8	71.9	60.0	75.7	63.6	73.8	81.2	71.8
Citizens' involved in project identification (Yes)	23.8	29.5	16.0	15.8	32.9	21.4	36.4	10.8	11.6	19.9
Citizens' involved in budgeting and planning (Yes)	11.4	18.0	12.3	3.5	21.4	5.7	14.5	6.2	10.1	11.7
Citizens' involved in implementation (Yes)	16.8	18.0	17.3	8.8	22.9	21.4	14.5	4.6	8.7	13.5
Citizens' involved in monitoring (Yes)	12.9	14.8	16.0	7.0	22.9	12.9	12.7	7.7	5.8	12.6
Aware of ... management guidelines	32.7	32.8	34.6	33.3	25.7	44.3	38.2	26.2	36.2	34.7
Citizens are involved in management of ... (Yes)	38.1	45.9	38.3	28.1	28.6	48.6	34.5	46.2	47.8	41.1
Has been involved in its management (yes)	9.9	9.8	14.8	14.0	5.7	14.3	16.4	3.1	4.3	10.4
Addresses priority needs of community? (Yes)	44.1	8.2	16.0	14.0	31.4	27.1	16.4	20.0	14.5	39.0

The NACC Fund was indicated to provide ARVs to AIDS patients by 44.8% of the respondents. Other benefits were supporting community projects (9.2%), educating the needy/orphans (1.6%), feeding and clothing needy people, home based care and attending seminars. But 36.9% did not see any tangible benefit from the Fund.

### Key Suggestions to Improve HIV/AIDS Fund Management

Suggestions offered to improve the management of the HIV/AIDS Fund include sensitization on the functions of the Fund (28.7%), community involvement (22.3%), transparency and accountability (9.9%), increase funding (8.7%), assessment and prioritization (6.8%) and removing politicians from the management (4.2%) among others as presented in the table below.

**Table 33: Key Suggestions to improve HIV/AIDS Fund Management**

	Count	Percentage of Cases
Sensitize on functions of the fund	102	28.7
People of integrity should be in committee	8	2.3
Funds to be released in time	4	1.1
Remove politicians from management	15	4.2
Assessment and prioritization	24	6.8
Change of management structures	31	8.7
Transparency and accountability	35	9.9
Community should be involved	79	22.3
Guidelines should be followed	5	1.4
Well managed	17	4.8
Deal with tribalism	2	.6
Fair and equal distribution of fund	13	3.7
Form sub-committees	6	1.7
<b>Increase the funding</b>	31	8.7

## 4.8 Water Services Trust Fund

Water Services Trust Fund (WSTF) was established as a corporate body under the Water Act 2002. WSTF is mandated under Section 83 of the Act to mobilize resources and provide financial assistance towards capital investment costs of providing water and sanitation services in areas of Kenya that lack adequate water services especially in areas with poor and disadvantaged people, thus contributing to poverty reduction. The Fund receives financial assistance from the government budgetary allocation, development partners, Kenyan citizens, civil society organizations and the private sector (Centre of Governance and Development, 2007). The development partners include SIDA, DANIDA, European Union, World Bank and UNICEF.

Discussions with the WSTF's Quality Assurance Manager revealed that the Fund concentrated on rural areas until the last quarter of 2009 when it started dealing with water companies in urban areas covered by the Lake Victoria North Water Service Board (LVNWSB). In rural areas, the Fund works in collaboration with Water Service Boards (WSBs), which are the water and sewerage facilities/assets holders and Water Resources Management Authority (WARMA<sup>44</sup>) that provide technical support like checking the quality of the proposals prepared by Community Based Organizations (CBOs). The maximum funding for a rural and urban-based project is Ksh 8 and 15 million respectively. For rural water and sanitation projects, communities provide 15% and 25% of the project costs respectively. Co-funding is allowed provided the components funded by WSTF are very specific. To enhance accountability, all projects funded by WSTF must be labeled to that effect. The table below shows funding given for the last four FYs. The funding has experienced growth in these years except in 2008/09 when it dropped by 23%. Of the sampled constituencies, WSTF has funded projects in Mumias to the tune of Ksh 27.7 million.

44 WARMA manages water resources e.g. catchment areas for sustainability purposes.

**Table 34: WSTF Funding, Nationally and for Mumias Constituency (Ksh Millions)**

FY	WSTF	% Growth	Mumias Constituency
2005/06	134.6	-	13.7
2006/07	265.3	97%	7
2007/07	575.6	117%	7
2008/09	445.9	-23%	
Source: WSTF			

The Fund carries out monitoring and evaluation (M&E) through consultancies on a sample of about 10% of the projects. The Funds' internal audit department also samples about 70 projects per year, which accounts for about 40-50% of the projects.

Among the challenges facing the Fund include low capacity among implementing CBOs. This is worsened by the fact that most collaborating institutions are relatively new. Due to these factors, the projects' absorption capacity is generally low. A key suggestion by the Fund's Quality Assurance Manager is to devolve the Funds operations to the level of Water Service Boards' (WSBs) so that the Boards can then deal directly with CBOs.

The table below shows public awareness and perception of citizens' involvement in different cycles of WSTF management by gender and constituency. As compared with other decentralized funds studied, WSTF awareness is generally low with only Mandera West having awareness level of more than 50%. It is also important to note that the perception that WSTF has addresses the priority needs of the community is highest in Mumias (30%) where WSTF has projects on the ground among the sampled constituencies. However, a higher percentage of females (32%) are aware of WSTF than males (26%), indicating the higher association of females with water. Citizens' participation in the other cycles of WSTF management is generally low across gender and constituencies.

**Table 35: Awareness and Citizens' Participation in WSTF Management (%)**

WSTF	Gender		Constituency							
	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
<i>Awareness (Yes)</i>	32.2	26.2	30.9	36.8	47.1	42.9	36.4	56.9	47.8	46.0
<i>Citizens' involved in project identification (Yes)</i>	6.9	3.3	4.9	7.0	30.0	10.0	23.6	10.8	8.7	15.3
<i>Citizens' involved in budgeting and planning (Yes)</i>	4.0	1.6	2.5	0	22.9	4.3	12.7	1.5	8.7	8.6
<i>Citizens' involved in implementation (Yes)</i>	4.5	3.3	2.5	0	20.0	7.1	10.9	1.5	7.2	8.0
Issues	Female	Male	Kisumu Town East	Mwatate	Makadara	Baringo Central	Mumias	Mandera West	Nyeri Town	Isiolo North
<i>Citizens' involved in monitoring (Yes)</i>	4.0	3.3	1.2	3.5	25.7	7.1	10.9	1.5	4.3	9.2
<i>Aware of ... management guidelines</i>	12.4	13.1	8.6	14.0	25.7	15.7	18.2	15.4	20.3	19.0
<i>Citizens are involved in management of ....(Yes)</i>	15.3	16.4	13.6	12.3	22.9	22.9	16.4	35.4	33.3	75.8
<i>Has been involved in its management (yes)</i>	5.9	4.9	3.7	1.8	5.7	5.7	12.7	3.1	7.4	5.2
<i>Addresses priority needs of community? (Yes)</i>	15.3	20.9	10	16	12	28	30	16	19	16

A majority of respondents (51.1%) did not see any tangible community benefit from WSTF. Again, like RMLF, information asymmetry may explain this result. Among those who indicated that there are tangible benefits, 46.1% indicated that the Fund had initiated water projects. Other benefits were building of toilets (0.7%) and support for community projects (2.1%).

### Key suggestions to improve WSTF management

Key suggestions made for the improvement of the WSTF include sensitization on the functions of the Fund (44%), community involvement (19%), change of management structures (9.5%), transparency and accountability (9.1%). Other suggestions include increase in funding (5.2%), having people of integrity in the committee (4.7%), and assessment and prioritization (2.6%) among others as presented in the table below.

**Table 36: Key Suggestions to improve WSTF Management**

	Frequency	Percentage of Cases
Sensitize on functions of the fund	102	44.0
People of integrity should be in committee	11	4.7
Funds to be released in time	4	1.7
Remove politicians from management	5	2.2
Assessment and prioritization	6	2.6
Change of management structures	21	9.5
Transparency and accountability	21	9.1
Community should be involved	44	19.0
Guidelines should be followed	2	.9
Well managed	1	.4
Deal with tribalism	1	.4
Fair and equal distribution of fund	4	1.7
Form sub-committees	4	1.7
Increase the funding	12	5.2

## 4.9 Cross-Cutting Findings about the selected funds

### 4.9.1 Key Findings from Constituency level Key Informants

In addition to discussions held with key informants at the national level and whose findings are discussed under sections describing specific decentralized funds' above, this Study sought views of district and/or constituency level key informants summarized in annex 4a. The main cross-cutting findings from these interviews are discussed below.

#### 4.9.1.1: Right to Access to Information on Public Funds / Freedom of Information (Fol)

While the data obtained from the field was scanty, the research team was able to gather a few perspectives on planning by Local Authorities and the various devolved funds.

#### 4.9.1.2 Planning

Of the eight sample constituencies, only Isiolo North does not have a strategic plan although the CDF manager indicated that they are in process of developing one. CDF managers indicated that their strategic plans are consistent with CDF objectives. In addition, four of the five Local Au-

thorities' clerks interviewed indicated that they have instituted strategic plans with one of their key objectives being fostering partnership with the private sector. This is an indicator that the LAs, as a development vehicle, have embraced the current development paradigm, the Public Sector Stakeholders Partnership (PSSP).

Four of the six District Development Officers (DDOs) interviewed noted that though their offices are the development coordination units that should ensure there are no duplication of development, there are weaknesses hinged on poor planning, leading to duplication. This view was corroborated by views of the five out of eight CDF managers interviewed who indicated that the CDF District Projects Committee (DPC) were not active.

#### 4.9.1.2 Level of Citizens Participation

Local Authorities indicated that there are clear provisions in the LASDAP and budget hearings for active citizens' participation in LA development programs including projects funded by LATF. However, the quality of participation is low and there is need for capacity building. The seven District Water Officers interviewed indicated that identification of water projects to be funded by the Water Services Trust Fund or from any other source is very participatory and emanates from the grassroots. Some indicated that water issues are common agenda in general development meetings conducted by local leaders.

#### 4.9.1.3 Reporting, Monitoring and Compliance with Policy and Operational Guidelines

District Development Officers (DDOs), as the secretaries to District Development Committees (DDCs) are expected to coordinate both horizontal and vertical reporting. Other sectors and line-ministries/decentralized funds report independently vertically. Most of the DDOs interviewed mentioned this as one of their responsibilities but were non-committal on its effectiveness.

Five of the six DDOs interviewed conceded that NIMES has not been fully cascaded to the grassroots due to capacity issues. They suggested that the Monitoring and Evaluation Directorate (MED) should build M&E capacities in line ministries and other government agencies. However, the strengths and weaknesses of M&E vary from one fund to the other. For instance, six of the seven district roads engineers interviewed indicated that their M&E system is 'very effective.' The frequency of reporting and M&E varies across funds as per the requirements, with some being monthly, quarterly and annually while others are on need basis.

While five DDOs interviewed indicated that compliance with policy and operational guidelines are assessed through monitoring and evaluation, one noted that 'there is no clear policy on the role of DDO and DDC in enforcing compliance.' Out of the six CDF managers who responded to this issue, two estimated that the CDF compliance level is between 10-20% while one rated it at between 20 and 40%. Three estimated CDF compliance level to be between 60-100%. However, others like the CACC Coordinators, Roads engineers and MOH indicated that the guidelines are fully followed while LAs' clerks pointed that they have both internal and external audit mechanisms to enhance compliance. Indeed, six CACC coordinators said that they make random physical checks on activities being undertaken by funded groups.

#### 4.9.1.4 Impact/Effectiveness of Decentralized Funds

Almost all constituency-level key informants pointed out that devolved funds have enhanced identification of priority projects and brought services closer to the people and have generally had positive impact especially on provision of infrastructural facilities. However, delayed disbursements of funds widen planning-implementation gaps. This also has implications on project costs due to inflation and calls for better planning to increase certainty regarding availability of funds in various project's cycles. Other challenges encountered in the management of various decentralized funds were cited by respondents as: -

- Inadequate funding
- Political interference
- Bureaucracy
- Inadequate capacity, especially personnel
- Inadequate Communication
- Projects taking too long to complete
- Inadequate citizen participation
- Inadequate accountability by officers
- Corruption, favoritism and nepotism
- Weak linkage between planning and implementation
- Delayed reporting

#### 4.9.1.5 Suggestions for Improvement of Decentralized Development

When asked what could be done to improve management of specific funds and decentralization development in general for enhanced effectiveness and impact, respondents had divergent views across funds and constituencies. Key among these are the need to sensitize citizens about the funds and encourage greater participation, avoid duplication, a reduction of political interference and review of the policy and regulatory and legal frameworks. Other suggestions aired included: -

- Revision of allocation criteria, to reduce perceptions of inequality
- Encouraging both the usual internal and external audits as well as social audits
- Punishment of corrupt officials
- Enhancing capacity at both national and other lower levels and more involvement of experts
- Projects piloting to be given prominence
- Enhance information disclosure on the performance of the funds

#### 4.9.1.6 The issue of Duplication and Views on Harmonization

All respondents agree that there is currently widespread duplication of efforts by the various development funds among themselves as well as under other development initiatives. This is more rampant in the generic funds that cut across all sectors such as CDF and LATE. Among the strate-

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gies that can minimize duplication is sharing of information and harmonization various decentralized funds. Information sharing not only among decentralized funds, but also with other development actors, will reduce duplication by NGOs and development partners. The strengthening and downward cascading of M&E and enhanced citizens' participation as oversight mechanism can also reduce duplication. Some respondents pointed out that harmonization and increased oversight would reduce corruption opportunities. Others argued that a rural development fund should be established to replace the existing funds. This would, of necessity, require review of policy, institutional and regulatory and legal frameworks.

However, just as at the national level where key respondents were quick to defend their institutional set up as better suited to house the harmonized decentralized framework, there seems to be 'unnecessary competition' even at the lower levels with some managers rooting for their decentralized funds framework. Indeed, some respondents pointed out that harmonization would be affected by challenges especially due to 'resistance to change' and 'vested interest.'

## 4.9.2 Key Findings from Focus Group Discussions (FGDs)

Views on decentralized development were sought from various constituency-level Focus Group Discussions as summarized in annex 4c. The key findings from these discussions are presented below.

### 4.9.2.1 Citizen Participation/Involvement and Effectiveness of the Funds

While some FGDs indicated that there is active community participation for example in LATF via the LASDAP process, others said they do not have adequate information on funds such as WSTF. Majorities were of the view that there is need for public sensitization on decentralized development and enhanced citizen involvement in all stages right from project identification to monitoring and evaluation. Out of the 11 FGDs that responded to the issue of effectiveness of LATF/LASDAP, three indicated that they are 'very effective', one said it is 'moderately effective', five said 'fairly effective' while 2 held that they are 'not effective.' Only one FGD responded to the effectiveness of CDF and rated its effectiveness as average. It was also reiterated that the key challenges facing the funds include inadequate funding, political interference, delayed disbursement, weak monitoring and evaluation, inadequate capacity, governance issues, inadequate information sharing.

### 4.9.2.2 Compliance with Policy and Operational Guidelines

Just like constituency-level key informants, there were divergent views on the extent to which the various players follow guidelines with some (FPE and NACC funds) indicating that they are fully followed, while others (CDF and HIV/AIDS beneficiary groups) conceded that the weak reporting and monitoring have to an extent compromised compliance. Indeed, one HIV/AIDS beneficiary group pointed out that 'there is nepotism and corruption in the management of these funds.' This portrays differences between fund managers and end-users. An impact study of decentralized funds is required to seek views from both the officers and end beneficiaries.

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### 4.9.2.3 Suggestions for Better Management of Decentralized Funds

Some unique suggestions by FGDs, include the idea of tightening the procurement framework to curb corrupt practices, legalization of CDF structures so that there will be continuity between successive parliamentary terms. Others suggested that decentralization resources should be treated as Appropriation –in –Aid, where resources, though emanating from government, are channeled outside the government system. It should be noted that even other non-government funding systems have their own unique weaknesses including those of accountability.

### 4.9.2.4 FGDs' Views on Duplication and Harmonization

Like other stakeholders, a majority of the participants in FGDs were unanimous that there is a problem of duplication among decentralized funds especially between CDF and LATF.

They noted that it usually results from uncoordinated and weak planning.

They thus recommended consolidation of the two (and other) funds into one to facilitate and joint planning to cut out duplication. It was noted that such consolidation can lead to better coordination of decentralized development.

However, duplication should not be confused with co-funding<sup>45</sup> which most of the guidelines allow provided there is clear demarcation on the project components a particular fund is taking care of. Some participants suggested establishment of community development committees, indicating need for harmonizing up to lower levels. They, however, appreciate the fact that harmonization would be a process since it would mean review of the different frameworks that currently govern different decentralized funds.

Unfortunately, all FGDs favour their current institutional structure as the better harmonization framework. This unhealthy 'competition' can be a major challenge for smooth harmonization.

## 4.9.3 Other Key Cross-Cutting Findings from Individual Respondents

### 4.5.1 Awareness of Decentralized Funds

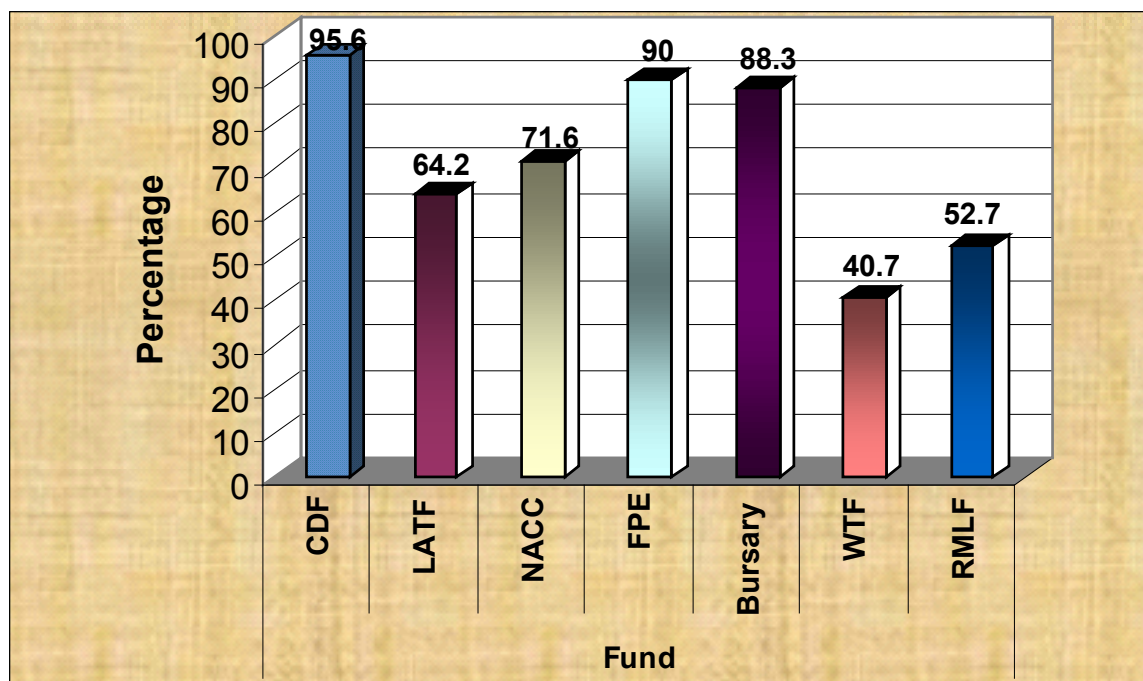
The data showed that most of the respondents were aware that there are multiple funds decentralized to Ward, Constituency or District level through different channels. CDF, FPE and Secondary Bursary are the most known funds as indicated by 95.6%, 90% and 88.3% of the respondents respectively. The high awareness on CDF can be explained by its nature of being projects-specific fund while FPE and Secondary Bursary Fund affect benefiting individuals directly and are highly associated with poverty reduction. It is noteworthy that despite these high levels of awareness on the existence of these funds, findings on the specific funds still indicate that awareness does not translate to participation or even to satisfaction with the level of performance.

Water Services Trust fund was the least known fund as only 40.7% of the respondents indicated that they were aware. Low awareness of WSTF and RMLF may be associated with low levels of public involvement.

<sup>45</sup> Duplication is where two or more funds claim funding of the elements of a project while co-funding is where each fund funds a particular element of a project that is not funded by any other fund.

The results on awareness of decentralized funds are summarized in the Figure below. The awareness is high on funds that have much publicity on the ground and those that directly touch on the livelihoods of the citizens (FPE and Secondary Bursary).

**Figure 3: Awareness of Decentralized Funds**



#### 4.5.2 Citizen Involvement in Projects Funded By Decentralized Funds

Opon (2007) notes, accountability can be enhanced by increasing community participation and transparency. Yet, citizens' involvement in various decentralized funds was found to be generally low (44%) as it was reported by 69.5% of the respondents. Only 7.2% reported that the level of citizen involvement was either very high or high as indicated in the figure below. This low involvement of the public implies that once leaders are elected into positions, they rarely consult the public despite the existing, although in most cases weak opportunities to involve the people and the changing dynamics of projects identification and implementation cycles. This reduces the level of accountability.

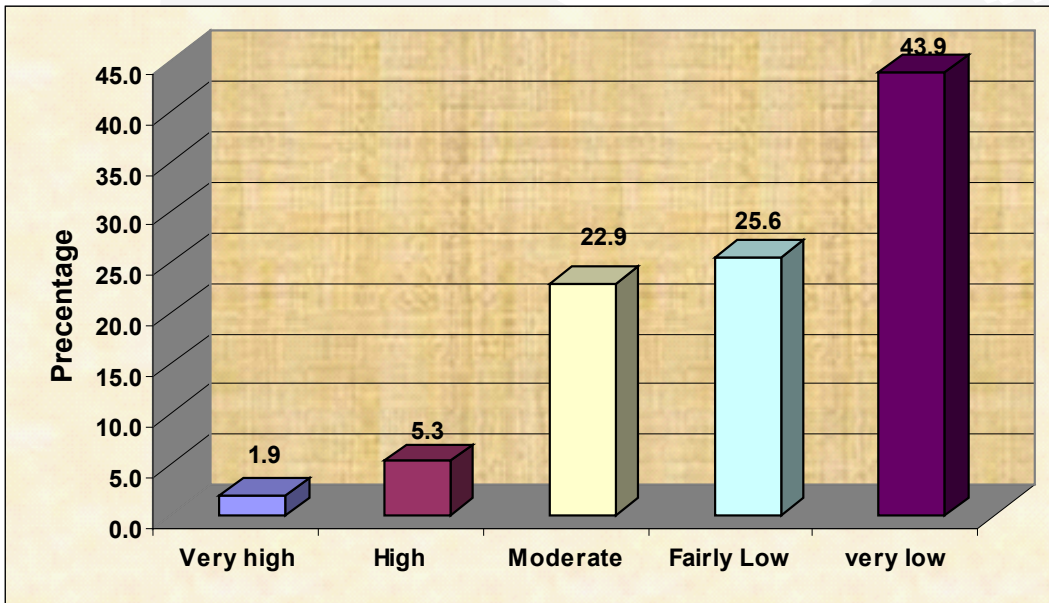
Similarly, when asked about awareness on the involvement of other members of public (other than the respondents) in the management of the funds, 68.9% of the respondents said they are aware of members of public being involved in CDF, while FPE accounted for 60%. Bursary fund recorded 55.1% while NACC recorded 40%. This is presented in the table below.

The primary concern in decentralized development has been the promotion, expansion and deepening of citizen engagement and participation in the processes of representative governance (Action Aid Kenya, 2006). However, on the ground, this has not translated into as much improvement in citizen participation as would be expected.

**Table 37: Awareness on involvement of members of the public in management of funds**

	CDF	LATF	FPE	BURSARY	RMLF	NACC	WFT
Yes	68.9	46.0	60.0	55.1	28.0	40.0	21.8
No	17.8	15.7	27.3	28.0	20.3	26.7	13.8
missing information	8.9	2.5	2.7	5.1	4.4	4.9	5.1
Not applicable	4.4	35.8	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**Figure 4: Ranking on the level of citizen involvement in decentralized funds**



In the rare circumstances when citizens are involved, they are more involved in project identification (on average 24%) than other phases. Thus, citizens’ engagement tends to be in the preliminary stages, either when they are electing leaders or identifying (not necessarily prioritizing) projects.

The data shows that citizen are more involved in project identification in CDF, FPE and Bursary funds as indicated by 39.2%, 35%, and 31.3% respectively. The involvement in project implementation recorded 28.2% for FPE, 26.7% in CDF and 22% in Bursary. The table below presents these key findings. It is worth noting that citizens are least involved in the planning and budgeting (14%) for projects where prioritization of resources is done.

**Table 38: Citizen Involvement in different project cycles (%)**

Fund	Identification	Budget/ planning	Implementation	Monitoring
CDF	39.2	21.0	26.7	25.2
LATF	24.6	12.3	13.1	12.7
NACC	21.4	11.6	14.8	12.7
FPE	35.0	23.7	28.2	24.1
Bursary	31.3	18.0	22.0	26.6
WSTF	12.1	6.8	6.6	7.2
RMLF	9.3	4.7	7.0	6.6
<b>Average</b>	<b>25</b>	<b>14</b>	<b>17</b>	<b>16</b>

When asked about their overall participation in all the funds, more respondents said they are not involved in the funds. Those who said they are not involved in the fund accounted for 66.1% for CDF, 68% for Bursary fund, 64% for FPE, 56.6% for NACC and 50.9% for LATF. The table below shows these data.

**Table 39: Individual Respondents' involvement in the management of funds**

	CDF	LATF	FPE	BURSARY	RMLF	NACC	WFT
Yes	20.8	10.6	24.1	15.7	4.7	10.2	5.5
No	66.1	50.9	64.0	68.0	43.9	56.6	31.1
missing information	8.7	2.7	1.9	4.5	4.0	4.7	4.2
Not applicable	4.4	35.8	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

In all the funds, a majority of the respondents said they rarely or never interacted with the officials of the funds. Those who said they are never involved with the officials are 34.3% for the CDF, 39.8% for the Bursary fund, 36.6% for NACC, 28.4% for LATF. The table below shows these findings.

**Table 40: Participation/interaction with officials of the funds**

	CDF	LATF	FPE	BURSARY	RMLF	NACC	WFT
Always	7.2	3.8	15.0	6.8	1.5	5.5	3.0
Sometimes	21.6	12.1	20.3	18.8	4.0	11.2	4.2
Rarely	23.5	16.5	16.9	18.0	11.0	13.1	6.6
Never	34.3	28.4	35.6	39.8	31.8	36.6	21.6
missing information	9.1	3.4	2.3	4.9	4.4	5.3	5.3
not applicable	4.4	35.8	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

#### 4. 5.3 Channels of Getting Information about Decentralized Funds

Interpersonal communication is the most reliable way of getting information from most of the decentralized funds. Results show that this is true of all the funds except FPE and bursary where majority gets information from reports from officials or local offices as indicated by 24.8% and 22.0% of respondents respectively. This signifies the importance of 'social capital' and hence the need for citizens' empowerment for better quality management of decentralized development.

Other reliable sources of getting information about decentralized funds include radio at 21% for CDF and 20.8% for FPE. The barazas also give information on CDF (15.7%), LATF (14.2%) and Bursary (14%). The results are presented in the table below.

**Table 41: Ways of getting information about decentralised funds**

	CDF	LATF	FPE	Bursary	RMLF	NACC	WSTF
Interpersonal	24.8	14.8	16.7	22.7	10.2	14.4	6.1
Radio	21.0	10.0	20.8	12.1	9.5	12.5	4.9
Television	4.4	1.9	5.5	3.8	3.2	4.9	2.5
Newspaper	6.8	7.2	6.6	5.5	5.7	10.2	3.8
Reports from officials/ local office	12.3	10.0	24.8	22.0	6.4	11.4	6.3
Barazas	15.7	14.2	10.8	14.0	7.6	7.8	7.6
Internet	.8	.8	.8	.8	1.5	.8	1.1
Missing information	9.8	5.3	4.0	7.4	8.5	9.7	8.5
Not applicable	4.4	35.8	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

#### 4.5.4: Frequency of getting information on decentralized fund

The frequency of getting information differs from one fund to the other. FPE recorded a higher percentage of citizens who received information followed by the bursary fund as reported by 37.3 % and 23.1% respectively. As noted above, these two funds the highest have direct social-economic impacts on people's livelihoods. For RMLF, 23.1% of the respondents indicated that they rarely received information. 38.1% of the respondents said that they sometimes receive information about the CDF while 29.7% said they sometimes receive information on the bursary fund. These results are well presented in the table below.

**Table 42: Frequency of Getting Information on Decentralised Funds**

	CDF	LATF	FPE	Bursary	RMLF	NACC	WSTF
Always	16.3	7.4	37.3	23.1	5.7	10.2	4.9
Sometimes	38.1	22.0	26.5	29.7	9.7	22.3	6.4
Rarely	29.9	27.3	21.0	26.9	23.1	25.9	16.1
Never	4.2	6.4	4.4	6.3	12.3	10.2	10.2
Missing information	7.2	1.1	.8	2.3	1.9	2.8	3.0
Not applicable	4.4	35.8	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

#### 4.5.5 Decentralised Funds' Projects Completion Rates and Levels of Duplication

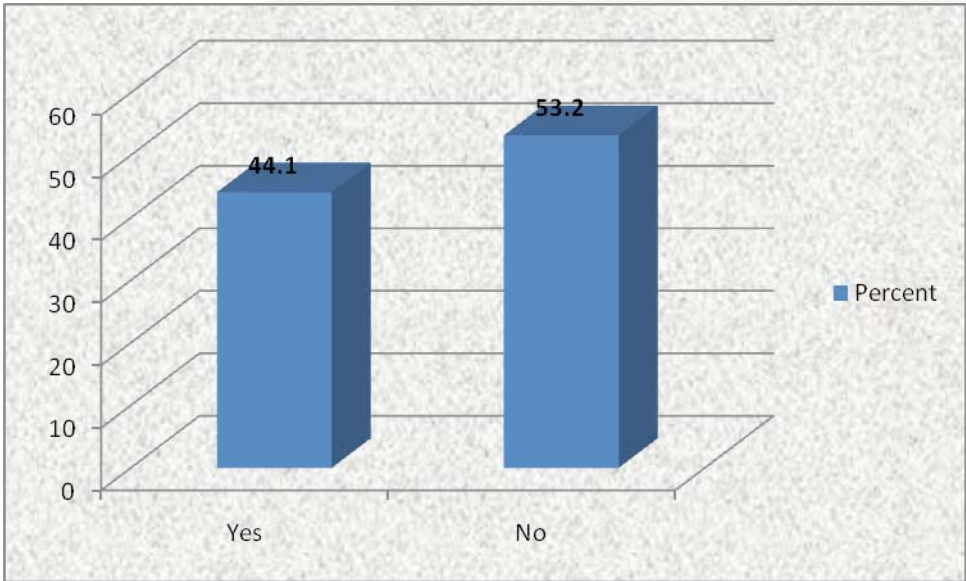
33.5% of the respondents said that the CDFs' project completion rate is moderate while almost the same was said for FPE (29.9%) and Bursary fund (29.2%). Those who reported the project completion rate was high accounted for 24.6% for FPE, 14% for CDF and 18.2% for Bursary fund. This information is presented in the table below.

**Table 43: Decentralized Funds’ Projects Completion Rates**

	CDF	LATF	FPE	BURSARY	RMLF	NACC	WFT
Very High	5.3	1.9	17.8	7.0	1.3	3.0	.9
High	14.0	5.5	24.6	18.2	2.3	9.3	3.8
Moderate	33.5	12.9	29.9	29.2	8.3	12.1	4.9
Fairly low	20.8	12.3	6.4	14.6	10.0	15.7	7.4
Very Low	13.4	18.9	6.4	8.3	15.3	16.3	10.6
missing information	8.5	12.5	4.7	11.0	15.3	15.2	13.1
Not applicable	4.4	36.0	10.0	11.7	47.3	28.4	59.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

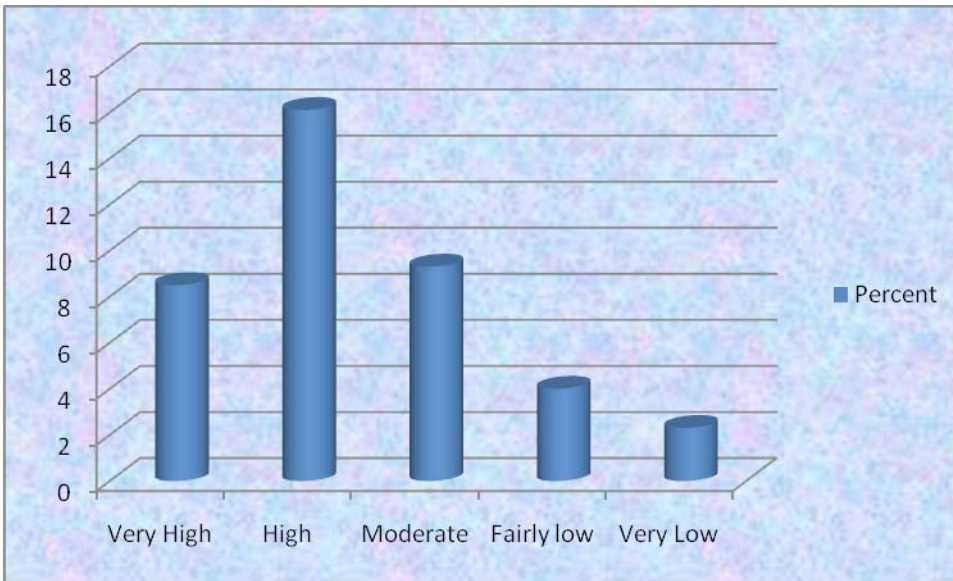
Slightly above half of all individual respondents said they are not concerned about duplication as shown in the figure below.

**Figure 5: Duplication Concerns**



However, for the 44% who held the view that there were duplication concerns, 16.1% said the extent of duplication is high, about 8% said it is very high while 9.3% said the extent is moderate as shown in Figure 6.

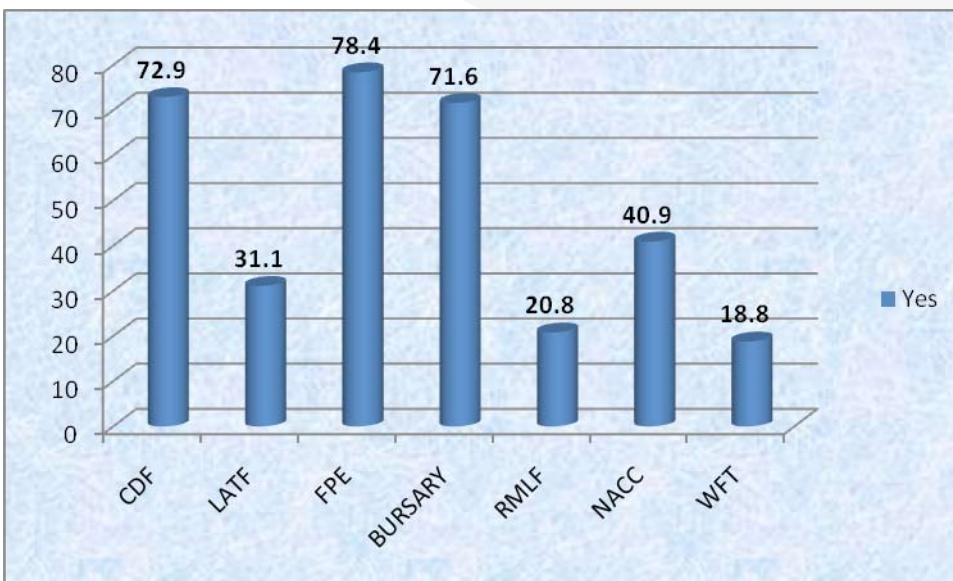
**Figure 6: Extent of Duplication**



### 4.5.6 Do Decentralised Funds Address Priority Needs of the Community?

When asked whether the funds address the priority development needs of the community, slightly less than half (47.8%) of the respondents answered to the affirmative for the seven funds studied. 78.4% of the respondents responded to the affirmative for FPE while 72.9% said so for the CDF. Others who responded to the affirmative were 71.6% for the bursary fund, 40.9% for NACC and 20.8% for RMLF. This is presented the figure above.

**Figure 7: Does the Fund address priority development needs of the Community ?**







## 5. Challenges and Opportunities for Decentralized Development in Kenya

The ongoing wave of reforms has brought changes in the way government functions. These changes present both significant challenges and opportunities for decentralized development.

### 5.1 Challenges

#### 5.1.1 Resources

Local authorities (LA) and de-concentrated district units face serious financial problems which further diminishes their capacity to deliver effective services. Local Authorities use licensing as a source of revenue as opposed to regulation<sup>46</sup>. According to University of Birmingham (2002)<sup>47</sup> LAs face financial problems due to a number of reasons:

- local own revenue sources are limited: Sources of revenue have diminished over the years, more so in the recent past when the government embarked business Licensing reforms that led to introduction of Single Business Permit. Although the Single Business Permit has increased local revenues, Local Authority Service Charge (LASC) has been abolished and the full potential of the property tax is not utilized.
- until the introduction of LATF, central government provided no grants - and it even fails to pay its obligations in the form of the Contribution in lieu of Rates (CILOR)
- LAs fail to collect the revenue due: in many cases less than half of the potential revenue is collected, and LATF may be having a negative effect on the incentive to collect
- taxpayers are often unwilling to pay because the LAs provide hardly any services
- enforcement action against tax defaulters is difficult and expensive
- meanwhile, LAs spend most of their money on personnel (partly due to over-staffing) and councilor allowances, with little left for operations, maintenance or capital investment
- extensive corruption drains available resources
- Many LAs (including some of the richest!) have huge debts.

#### 5.1.2 Information and Citizen Participation

In addition to local authorities and the central government, there are several other actors that provide services at the local level. Key among these are development partners, non-governmental organizations (NGOs), community based organizations (CBOs) and faith based organizations (FBOs). These provide a good platform for citizens' engagement with civil society and local authorities. However, the extent and quality of community engagement, especially in the management and monitoring most of the decentralized funds is limited.

46 GoK (2010), Promoting Regulatory Reform at Local Government Level in Kenya [http://www.ifc.org/ifcext/fias.nsf/Attachmentsbytitle/Conferencenetworkofreformerssession2ah/\\$File/Session2\\_Angelinehongo.Pdf](http://www.ifc.org/ifcext/fias.nsf/Attachmentsbytitle/Conferencenetworkofreformerssession2ah/$File/Session2_Angelinehongo.Pdf) (Accessed 10th October 2010)

47 University Of Birmingham (2002), Local Government Decision-Making: Citizen Participation And Local Accountability Examples Of Good (And Bad) Practice In Kenya; <http://www.internationalbudget.org/Resources/Howto/Kenya.Pdf> (Accessed 10th October 2010)

**Figure 8: Community Awareness on decentralized funds**

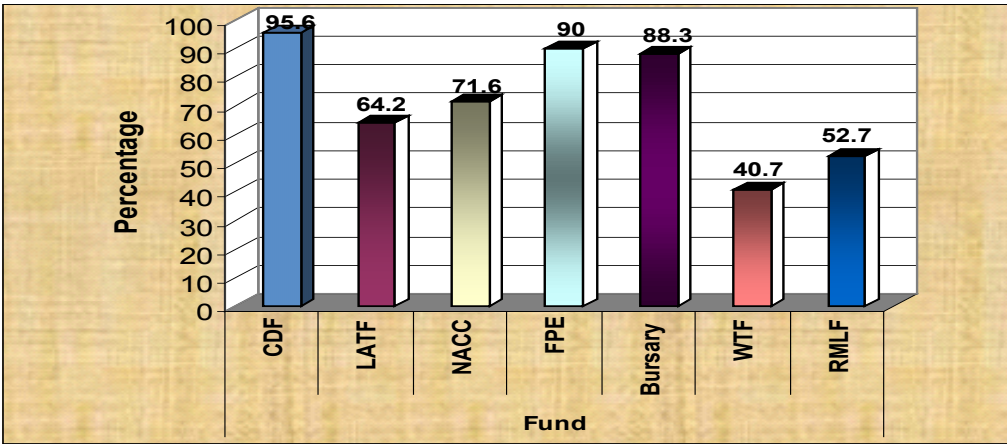


Figure 8 shows that a majority of people are aware of the different decentralized funds with CDF being the most popular while WTF is least known. This significantly affects their involvement; the Funds with high awareness level registered high involvement (See table below). However, while the level of involvement is very low (the highest being CDF with 39.2% in project identification), it diminishes even more in other levels of the project cycle. Most funds lack the will, know-how and institutional mechanism to encourage or up-scale citizen participation.

**Table 45: Citizens Awareness and involvement in Decentralized Funds**

Fund	Awareness	Citizen involvement in project			
		Identification	Budget/ planning	Implementation	Monitoring
CDF	95.6	39.2	21.0	26.7	25.2
LATF	64.2	24.6	12.3	13.1	12.7
NACC	71.6	21.4	11.6	14.8	12.7
FPE	90.0	35.0	23.7	28.2	24.1
Bursary	88.3	31.3	18.0	22.0	26.6
WSTF	40.7	12.1	6.8	6.6	7.2
RMLF	52.7	9.3	4.7	7.0	6.6

Despite the presence of the LASDAP process, which requires local authorities to hold consultative meetings with civil society organizations to agree on the broad allocation of the budget; the extent of citizen involvement is low. Often community mobilization is done through word of mouth including through local churches, chiefs’ barazas, or through advertisement in the media. These communication strategies seem to be inadequate. There is also no clear role and responsibility of the community in other levels of project cycle after project identification. As a result, the quality of citizen engagement is very poor.

**5.1.3 Implementation**

For a long time Kenya’s policy formulation was limited to government departments- lacking consistency between de-concentrated central government structures and LA structures. There is no clear allocation of functions and responsibilities between the central and sub-national government

units and mechanisms for sharing of resources between the centre and lower level governments based on the expenditure responsibilities. Central government has continuously weakened the LAs. Most functions of LAs have been taken away including: health, water and sanitation, roads and education.

The functional diversification of the legislature has promoted even more complexity in Kenya's decentralized development and accountability system. The CDF Act of 2003 established the CDF-constituency-level development overseen by the local Member of Parliament (MP). The rule of separation of powers, require that the executive, judiciary and legislature discretely undertake clearly specified functions without interfering with each other. For many respondent's, the legislature is taking over the role of the executive is leaving the system without checks and balances.

#### 5.1.4 Monitoring and Supervision of Resource Use

There are more than ten operational decentralized funds, which generally and specifically aim at reducing socio-economic disparities and improving service delivery to citizens. The multiplicity of funding channels for local service delivery and development has imposed high administration and transaction costs, and has led to lack of comprehensive and composite planning and organization of the development projects at the local level. It has also resulted in fragmentation of resources and duplication of projects thus undermining the service delivery and developmental objectives of the funding.

In addition to these local challenges, Kenya, to some extent, relies on development assistance initiated by different development partners, all having different policies and objectives, conditionalities, priorities and practices.

#### 5.1.5 Political Control

The impact of this challenge can be viewed in two folds. First, two of the main decentralized funds (CDF and LATF) are managed through politically driven independent structures. As a result, there is little or no consultation taking place between the funds. Further, it would appear that actors in both funds have been aware of the duplication and the need to scrap one of these funds, but for obvious reasons actors in each fund would prefer that the other is scrapped and funds channeled through them. This has manifested in the two funds being in competition with the other with actors in one making every effort to discredit the other. There is therefore very little or no partnership between the funds at community level, with the two being seen more as competitors rather than partners. It is thus not a surprise that many respondents reported cases of duplication between CDF and LATF projects, than between these two funds and any other decentralized fund.

Secondly, the District Commissioner (DC) who is also the chief executive officer of the district chairs the DDC. S/he is a presidential appointee and is often subject to political influence.

### 5.2 Opportunities

Vision 2030's Medium Term Plan (MTP), 2008-2012 indicates that the process of preparation of the policy for decentralization will proceed to be undertaken within the initial stage of implementing the Vision in the interest of enhancing growth and equity in the medium term perspective.

Past efforts, such as District Focus for Rural Development (DFRD) did not achieve much success especially due to a weak legal framework for implementation. This has been reinforced by the new Constitution (2010) which provides for devolution. While the Constitution now broadly provides clear roles and responsibilities for each level of government, there is still a great deal more to be done on the specifics of how devolution will work. This study has unearthed numerous best practices that can inform the specifics on how devolution should function.

Under Chapter 16 of the Constitution (2010) the new system of devolved government, have a much stronger role and autonomy; run by both elected representatives and technical staff. This is expected to enhance management and coordination of sub-national services alongside those provided by central government sector ministries and departments and hence to resolve the current system of parallel service delivery structures.



## 6. Proposed Harmonized Decentralization Development Framework

### 6.1 An Overview

The challenge with the Kenyan model of fiscal devolution is that it is not comprehensive, lacks unity of purpose, autonomy, and, is not sustainable. Fiscal devolution must be viewed as a comprehensive system rather than a piecemeal system. It must go hand in hand with political and administrative devolution. In addition, experience has clearly shown that effective decentralization requires complimentary adaptations in institutional arrangements for intergovernmental coordination, planning, budgeting, financial reporting and implementation (Opon, 2007).

Based on the findings of this study, and in particular the best practices found both from other countries' experiences and some practices among the current devolved funds in Kenya, and the pitfalls found that need to be avoided, this study would be incomplete without proposing a framework that combines an ideal mix of the best practices and avoids the short comings found.

The proposed framework seeks to establish effective and harmonious relations of coordination and cooperation between diverse funds. It borrows heavily from the best practices of decentralized development and the spirit of the ongoing reforms. Indeed, one of the principles adopted by the March 2006 International Conference on Agrarian Reform and Rural Development (ICARRD) held in Brazil and where Kenya participated was in favor of decentralization. The Conference advocated for adoption of policies and programmes for rural development that promote decentralization, through empowerment at local level, with a specific focus on the poor, in order to overcome social exclusion and inequalities and promote sustainable development, gender equality, and new economic and employment opportunities (Dudley Sears, 2006). The framework focuses on improving the way things are done by building on and scaling-up positive development initiatives and reducing the negatives, without contradicting the established laws and structures.

### 6.2 Suggestions for Harmonization of Decentralised Funds

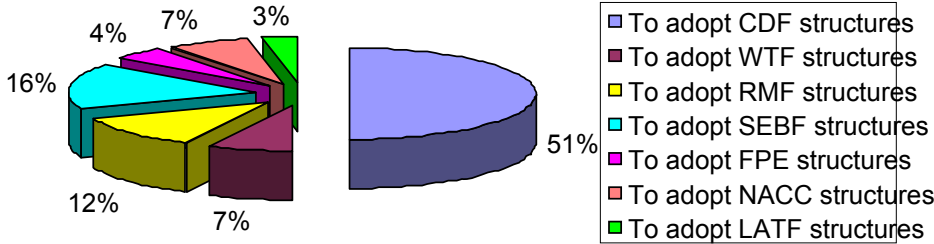
From the Study, all respondents agreed on the need for harmonization. When individual respondents were asked their views about how the decentralized funds could be harmonized, a majority of their responses were consistent with suggestions on how each of the individual funds could be managed. They also provided a checklist of characteristics describing their most preferred framework. Key among the harmonization suggestions summarized below include enhancement of transparency and accountability (22.1%), de-linking funds' management from politics (21.7%), and enhanced community involvement (21%). The table below shows a full list of community suggestions.

**Table 46: Individual Respondents’ suggestions for Harmonization**

	Frequency	Percentage of cases
Funds remain independent but formulate clear guidelines	37	7.0
Communities should be involved in the funds	110	21.0
Ministry of planning to take initiatives	25	4.8
Enhance Transparency and accountability	116	22.1
All Funds to be put in one kit	108	20.6
Equal sharing of the funds	10	1.9
Management from location	43	8.2
Make people aware	49	9.3
De-link management from politics	114	21.7
Fund community project	20	3.8
Increase funding	4	.8
Empowering of committee	44	8.4
Authority be established for management	16	3.0

Moreover, among those who expressed their opinion on their preferred operation of different funds, a majority support the operational model of the CDF (51%) as opposed to the others (See Figure 9 below). However, this could be an issue of higher awareness of the CDF than confidence in the model. It also calls for an analysis of the findings to establish what aspects of CDF respondents felt are working well and those the do not.

**Figure 9 : Preferred Operational Model**



Majority of the key informants tended to prefer the model of decentralization where they are currently primary stakeholders. This means that persons who hold positions or are stakeholders in LATF, proposed the retention of LATF with all other funds being scrapped to retain LATF as the only avenue of fiscal decentralization. The same applied to CDF, with CDF fund managers, Members of Parliaments, Project Management committee members proposing that all other funds be scrapped and all monies for decentralization channeled through CDF. This kind of ‘competition’ may not be healthy for development, and suggest more of a need for consolidation than for harmonization, as consolidation would mean having one structure, under which actors are compelled to

work together rather than in competition or against each other or in cahoots to defraud tax payers through duplicity.

An analysis of each of the suggestions given, when cross referenced with both the best practices cited in this study both local and international, academia's proposals on the characteristics of an ideal decentralization, the objectives of devolution in the Constitution (2010) and informed by the history of piecemeal decentralization that Kenya must desist from give an indication of what the proposed framework should contain:

### i. Political Interference / Separation of Powers:

From the finding on the number of respondents that want 'political interference' removed from all public funds, it is clear that the lack of separation of powers is not what respondents are proposing as a way forward. In fact, it is the opposite. Thus the ideal framework must clearly separate the executive from the legislature.

### ii. All funds in one kitty

It appears that part of the reason why CDF works is because:

- To a great extent it is clear that the main reason why CDF has had some success despite the lack of separation of powers is that Act / legal framework has clearly stipulated what percentage of the funds should go to what – administration (recurrent), emergency, capital (direct project financing).
- **Balance between Interests of Leader, Community & Professional staff (ideally National goals / plan):** MPs as the Key managers of CDF are able to employ staff, and determine which staff while at the same time the national board gives them little choice of the technical staff they work with in the choice of CDF managers. This way, there is a working balance between – **persons selected by the MP** (who represent his interests, manage his / her reputation and give feedback on what community wants), **professional staff** answerable to the national government (now probably to county government) and who ideally should be the ones tasked with ensuring compliance between national plans, international commitments e.g. to EFA, district plans and **the community** – although study shows they are only involved at identification, do not have enough information to monitor and there are really no proper M&E structures. There is also a reward system, where accounting for first batch of funds allows one to get the next quarter's funds. How do we get these best practices into the framework?
- Clear guidelines on what percentage of the fund can be spent on admin (rent, salaries, transport, etc)
- **Direct Project fund Under CDF not Budget support under LATF:** Clear guidelines that the fund is mainly for capital expenses, which in most cases translates into projects construction projects (toilets, bridges, classrooms, hospitals, gabions etc) or purchase of capital items (hospital equipment e.g. incubators, police cars, ambulances, school buses etc). This is clearly one area where CDF scores highly over LATF, which mostly pays salaries with its funds, has too many incompetent staff and who are not answerable to anyone at community level, but will get their salary through a national government directive whether they work or not. (Too much baby sitting of LATF staff by national government).
- **Constituency Strategic Plans (CSPs)** are now compulsory – However, the composition of those who must be consulted at the lowest unit of devolution is missing. This is



where the Nyumba Kumi, then Ward based funds committee members; from who CDFC members are chosen and finally County level funds committee members are chosen. – and quarterly public assemblies held similar to the Porto Allegre – Brazil idea can be proposed here.

- **Number and type of community representation in CDFC** is pre-determined by the law, which compels MPs to have government officials there and peoples representatives in the form of councilors, FBO leaders, women, youth etc – also a best practice to be carried forward, but with amendments - this time replace DCs, DOs (provincial administration) with professional / technical staff e.g. water engineers, electrical engineers, educationists, health workers / doctors etc and replicate the structure at constituency level to location level (Locations catered for in new constitution, but not within the same boundaries as before and without chiefs – Government interest to be represented by civil servant e.g. Development officers from ministry
- **Unit of Devolution:** – New constitution is clear that constituencies will be retained and will be smaller (210 -290), thus more representatives. It is also suggestive that there will still be locations, but not necessarily in the size we know them today.
- **Community Participation at Lowest level of Devolution** – further the study can proceed to show how this smallest unit will ensure citizen participation from the lowest unit of devolution upwards e.g. by having every 10 households electing say Nyumba Kumi representative, which are represented at Locational assembly and which eventually appoint reps to Constituency CDFC and to county assemblies. The water Services trust fund, where function also has noteworthy best practices on citizen participation, where citizens elect water committees at the lowest level. Although CDF too has PMC, they do not work as well as the water committees as the MP still to a large extent influences who sits on the committee and the driving force is more to give cronies opportunities to steal, than to give communities opportunities for self government. Further, CDF has attempted to have Locational development committees, which in theory are great, but the practice has been abused.
- **Poverty indices for equalization:** The idea that poverty indices influence CDF allocations is great – a best practice to be retained into the new consolidated fund basket but with amendments or improvements. In view of the 2007/8 post election violence, mainly caused by real or perceived inequalities, corruption (due to opportunities duplication of DF present) and the lack of livelihood options for youth, there is need to give serious consideration to a revision of these percentages. In the spirit of affirmative action, and the need for county governments to de-congest Nairobi and a few other cities plagued by rural urban migration study recommends a radical inversion of these percentages so that 50% of the fund is shared equally and the other 50% shared on the basis of poverty indices, where the poorest and least developed counties get the highest amounts of funds.
- **Fixed Performance term of five years under CDF:** – Both LATF and CDF have fixed performance terms. However, that of CDF is more relevant as a best practice because, i) the LA two - year term only applies for the mayor, ii) Mayors are elected from councilors who within the LA framework are highly emasculated first by the town clerks (no-political / profession wing, which is not so professional after all) and ii) by the provincial administration which Chief's act / Provincial administration “Even though not a recipient of any fiscal transfer is the umbrella under which Provincial Administration operates. The provincial administration is in record as another player in the past decentralization efforts. The new law gives five years within which it has to be restructured.” – For us this should

mean scrapped, in the interest of reducing the administrative budget of devolved governments. (Right now Kenya pays three structures of staff to do largely the same thing at local level – PA –with over 6,000 chiefs, and assistant chiefs, ; Over 3,000 councilors, who don't do much except draw a salary, lobby for allocation of funds to their ward, which often they collude with Town clerk to misappropriate and such decisions are often at the expense of the logic to fund a bigger project and MPs, and the 5% set aside for admin, as well as the funds spent by the national board for fund managers. DDOs represent the interest of national governments, but with the scrapping of Districts, they will of course be restructured into officers probably at constituency level and answerable both to count and national government.

As such, the 5year electoral term is the only real performance based term of office. The 2007 election results where over 65% of MPs were thrown out is indicative that if civic education was to focus citizens on issue based not ethnic or 'wave' based or money driven voting then, this can work to compel performance of elected officials. Further, new constitution has a recall clause and after 2012 Electoral commission will be able to control how much candidates can spend on an election, thus drastically reducing money driven / vote buying elections.

iii. Enhance transparency and accountability

### 6.3 The Proposed Decentralization Framework

Based on the above, the proposed framework supports decentralization of government involving three administrative levels – national, county, and constituencies. Although there will be locations within the constituencies, these will be for implementation purposes, serving mainly a citizen participation role in - project identification done by an assembly of *Nyumba Kumi* representatives in each location.

Further, study recommends that all the current decentralization funds are collapsed into one fund at constituency level (2.5% for CDF, 5% of income tax revenue for LATF spread over the 290 constituencies, NACC, WSTF, RMLF etc) but with clear separation of powers to avoid political interference by MP.

Further, in consistency with the new constitution, at least 15% of the national be assigned to county governments, which should also have some control on the above basket of DF.

#### **Economic stimulus money to be allocated by government to all constituencies to build:**

- Modern and high level hospital , equip and staff it and pay workers
  - Security – Function modern police & other security apparatus – NSIS, CID etc
  - Schools – in every location, and based on an expected high population in local level based as hopefully effect of devolution will be urban-rural migration
  - Constituency headquarters – officers where all officers whose role the chief was playing can be situated at constituency level – i.e. veterinary / livestock officers, registrar of persons, courts, police stations etc to completely eliminate the 'One-man show' role of the chief and literary bring government services closer to the people.
  - Electricity – to create employment
-

- Roads – some classes of roads should be responsibility of national government, rest of constituency and county

### 6.3.1 National Level

Most of the people interviewed felt that the existing funds are being managed from so many ministries. They thus suggested the need to bring them under one umbrella ministry. For example, the Ministry of Finance needs to be merged with the Ministry of Planning, National Development and Vision 2030. Under the Ministry, there should be established a semi autonomous Decentralization Oversight/ Coordinating Secretariat headed by a Director General and composed of the chief executive officers or directors of various funds, sectors (PS representatives), Rural Planning Directorate, NIMES and Budget Supplies Department among other key decentralization players.

### 6.3.2 Sub-National/County Level

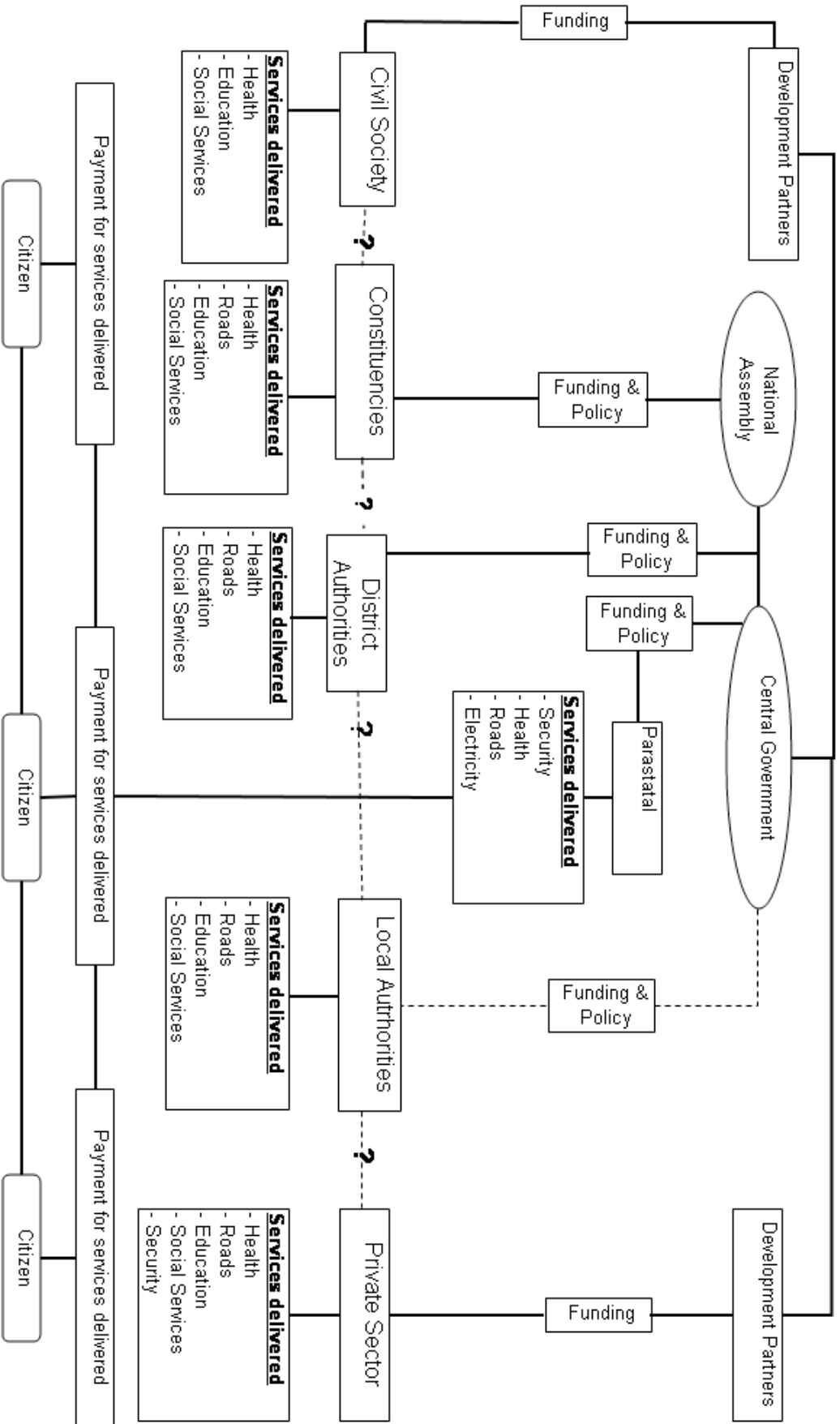
According to the revised District Focus for Rural Development Strategy, the Vision 2030 and first (2008 – 2012) Medium Term Development Plan of Kenya Vision 2030, the district is considered the center of development with autonomy in setting priorities/planning, mobilizing resources and implementing projects. Our review indicates that the DFRD strategy of development and its subsequent amendment was well thought out. It is supposed to be an avenue through which local development is coordinated and harmonized. It's composed of the District authorities, LA and representatives of line ministries at district level, CSOs, youth, women and people living with disability. This however, may need to be reviewed to align it with the provisions of the proposed Constitution.

The DDC is expected to play a key oversight and coordination role under the current system. All the actors at the local level are supposed to interact via the DDC through sharing of knowledge and resources. However, this normally doesn't happen as shown in the current service delivery framework (Figure 10).

The parallel nature of the administrative structures and limited horizontal interaction of the various funds in service delivery imposes very high transaction costs. The study identified a number of factors that affect the functioning of DDC. They include:

- **Powers:** Currently, the District Commissioner (DC) who is a civil servant chairs the DDC. The loyalty of this office is mostly to Nairobi (and the parent ministry headquarters) from where instructions are received. This opens up this office to political manipulation and greatly affects the level of citizen participation in demanding accountability.
- **Human resources:** Most personnel working in the district are hired and paid by the line ministries to whom they then pay allegiance. In case of shortage, it is the line ministries' duty to hire or undertake staff development. Many districts currently face shortages of competent staff and are awaiting posting of new staff from the line ministries - a condition greatly affecting the pace and quality of development in many districts.
- **Resource constraints:** Currently the DDC is kind of an amorphous organ without development money for the district from central government. Money disbursed by the central government is sent to the sector heads at the district level who are the AIE holders for constituencies and LAs via their line ministries. The DDC therefore has no direct say on the resources that come to the district; how they are spent and accounted for. This leaves it very weak in administering its role.

Figure 10: Current Service Delivery Framework at the Local Level in Kenya



Source: Adopted from KIPPPRA, 2006

The internal control systems of the district or county development (as contained in the new constitution) need to be strengthened to effectively undertake their mandate, enhance responsiveness to the changing needs of the people and emerging policy initiatives. To achieve this, they should be given more powers to mobilize resources and make decisions at the lower levels. The chief executive should be one who is elected by the people and accountable to them.

All resources from the central government should be pooled to a basket – the District/County Development Fund - administered and managed under the overall supervision of the County Executive Committee (CEC). The Fund can either be restricted, open or a matching grant. Restricted grants are those directed to specific expenses such as CDF, Road maintenance, FPE etc. Open grants constitute block amounts of money which CEC shall use to fund specific priority areas in the county contained in its strategic development plan and not covered by the restricted funds.

The County/District Development Fund will also be used to fund preparation of a strategic development plan developed in participation with the people of the region. The District Planning, Monitoring and Evaluation unit shall coordinate a participatory planning process upon which a five-year rolling strategic development plan shall be prepared. Currently, there are many initiatives at the local level either supporting the local authorities or dealing directly with communities that are financed by development partners or CSOs/NGOs. The Fund shall be mobilized from a proper mix of local revenue resources, intergovernmental fiscal transfers and development partners to allow a certain level of autonomy. Oversight of the implementation of the district strategic plan and Fund allocations shall be provided by the county assembly. This approach will lead to a more balanced allocation of funds and coordination of development programs.

### 6.3.3 Community Level

As Opon (2007) notes, the basic structures for planning should include grassroots institutions such as village development committees, area development committees supported by technical staff. However, this is more relevant at the level of implementation. He further argues that the implementation plan should state that the political guidance (not interference) in the decentralization process is to be provided by the cabinet. Financing of development at the local level shall be based on the proposals aligned under strategic sectoral strategies and functions and submitted through the DDO's office or sector heads. Secondly, the rules of finance following function shall apply. All projects shall be overseen by functional coordinating teams or Sector Development Committee (SDC) chaired by the district departmental head/representative. Other members of the SDC shall include community representatives and Fund representatives. In addition, there shall be Sub-Project Management Committees to oversee specific project implementation. This shall ensure there is harmony, cooperation and ownership among key stakeholders and thus control duplication. Such a structure will require a basic legal and policy framework to clearly stipulate the division of roles and responsibilities between the different funds.

## 6.4 Procurement

The general procurement procedure existing in the district as stipulated in the Public Procurement and Oversight Authority (PPOA) shall be employed with appropriate modification where necessary; particularly to make it transparent and participatory, community driven and development friendly. Procurement of items should be made at minimum cost paying particular attention to cost, quality and specification, timeliness of delivery and terms of payment.

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## 6.5 Projects' Implementation and Disbursement of Funds

Experience has shown that well-functioning sector working groups with government leadership are key to effective coordination, and overall management should be handled by the respective ministries (UNDP, 2007)<sup>48</sup>. Sector Development Committees (SDC) shall be constituted with government leadership through a participatory process bringing together community representatives, CSO representatives and sector technical staff at the local level, taking into consideration gender and geographical distribution. The SDC shall submit a harmonized list of project proposals annually to the District Development Officer (DDO) applying for funds prepared from the various proposals submitted by community as per the district's strategic plan and budget. The DDO will then take these projects to the County Executive Committee (CEC) for appraisal and approval based on predetermined objective criteria. Disbursements shall be made against procurement of goods/services after the review of relevant source documents. A database for planning and decision making for local revenue mobilization, economic and investment information shall also be set up to enhance transparency and accountability.

Signatories to all accounts at national level will be the Principal Secretary, in the relevant ministry of finance and planning, the decentralized funds' Director General and Controller of budgets. At the district level, the signatories will be:

- The District Finance Officer (DFO) as the first line signatories; and
- The DC/County governor and the DDO to countersign and validate cheques.

In addition, this study further proposes several measures.

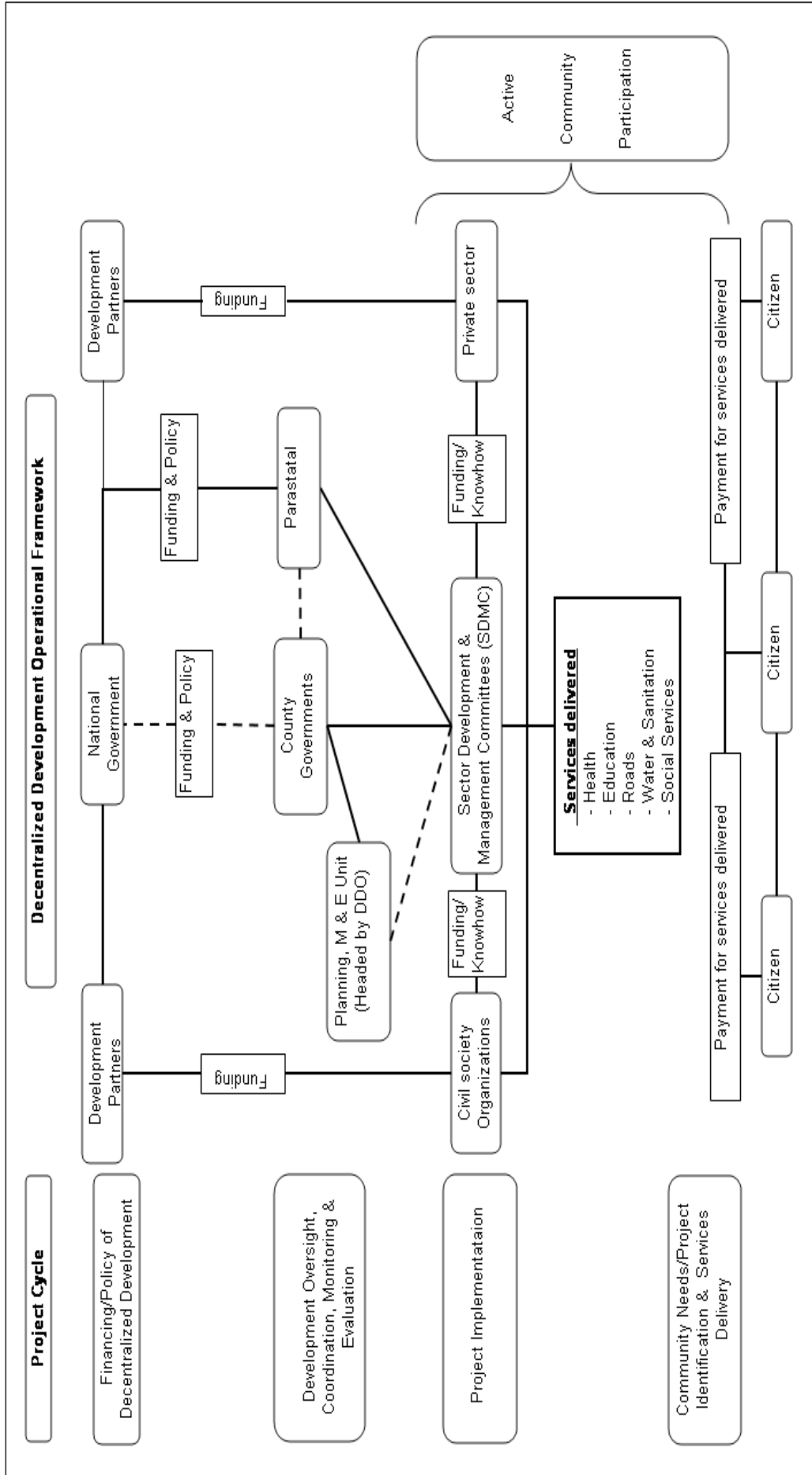
- An implementation framework similar to the approach adopted in economic stimulus programs, where development is implemented through a sector-wide approach.
- A rights-based approach should be employed to ensure cross-cutting issues such as gender, environmental conservation, HIV/AIDS prevention and governance are entrenched in selected sectoral strategies.
- An arrangement in which there are strong vertical and horizontal relationships between the central government, local government authorities and sector ministries. Development partners can then channel funds through the basket fund.

Based on the above, a new Service delivery framework of decentralized development is hereby proposed as presented in Figures 11 below. This is an improved version of the current service delivery framework. It assumes the challenges of inequality, ineffective service delivery and governance in Kenya can be solved by empowering and decentralizing development to the local level.

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<sup>48</sup> UNDP Report, 2007: Strengthening National Capacity For Managing Aid- Aid For Development Effectiveness Workshop For Southern And Eastern Africa- Nairobi, 5-7 November 2007

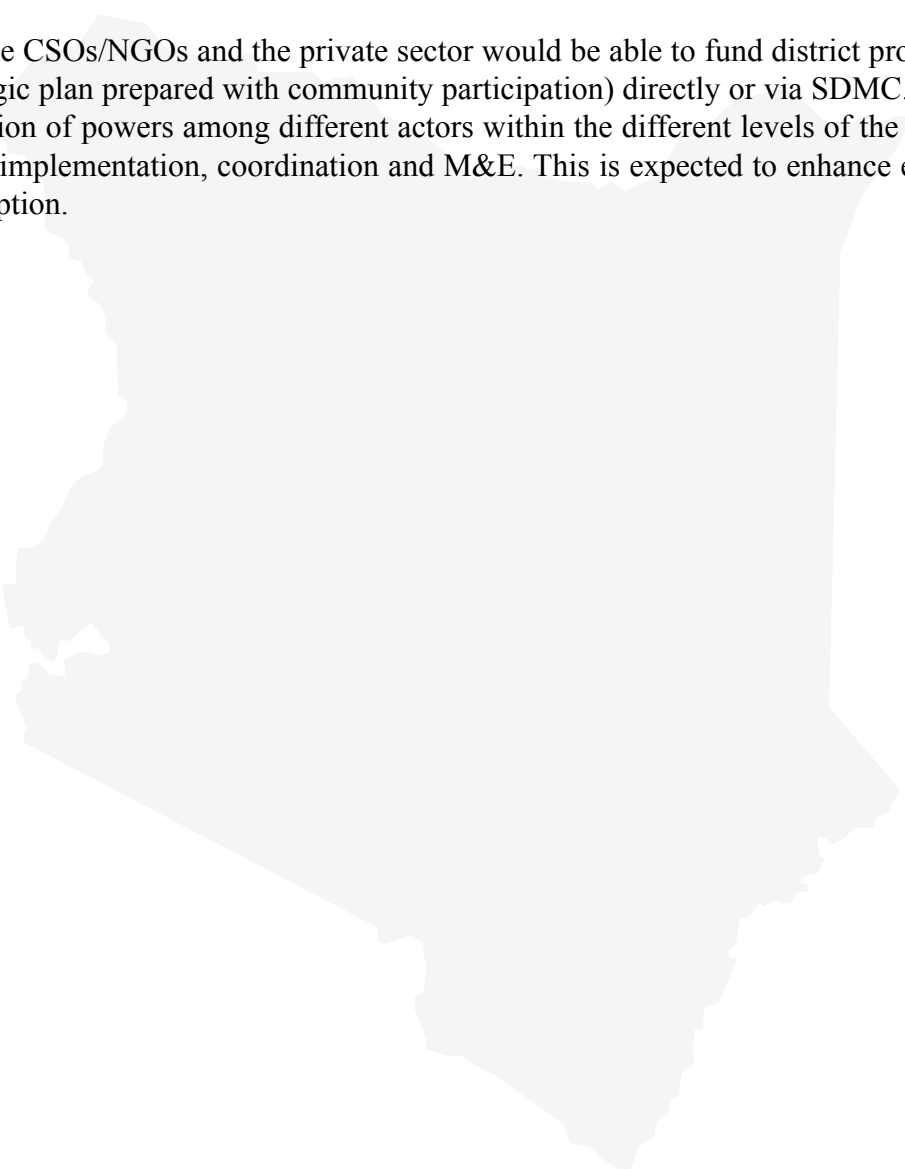
Figure 11: Proposed Service Delivery Framework in Kenya



Source: Authors' Proposal

Under the above framework, all funding and policy direction from central government are done through the County governments. To effectively manage and track implementation of the programmes/projects at the local authority and constituency levels, Sector Development Project Management Committees (SDMC) devoid of political influence should be established. The office of DDO will also be empowered to coordinate development. In addition, the district monitoring and evaluation committee will be strengthened and integrated within the NIMES framework; while the chair of CEC will be an elected member of the community.

Moreover, the CSOs/NGOs and the private sector would be able to fund district programs (based on the strategic plan prepared with community participation) directly or via SDMC. There is also clear separation of powers among different actors within the different levels of the project cycle; i.e. funding, implementation, coordination and M&E. This is expected to enhance efficiency and reduce corruption.





## 7. Summary of Main Findings, Conclusions and Recommendations

This Research concerned itself with the management of decentralized funds in Kenya. The Study particularly sought out views on citizens' engagement in all project cycles, monitoring and evaluation, suggestions on how the funds' management can be improved and assessment of the extent of duplication of the various decentralized funds specifically and development interventions generally. Public perceptions and institutional structures for the harmonization of decentralized funds were of particular interest. Based on the review of other countries' experiences and analysis of responses from key informants at both national and constituency (eight sampled) levels, as well as from individual respondents, this Chapter summarizes the main findings, key conclusions and recommendations of the Study. Limitations of the study and areas for further research are also highlighted.

### 7.1 Summary of Main Findings

#### Lessons from other countries

- i. Most countries are relatively more advanced and successful in the decentralization process than Kenya. Many have succeeded in reducing regional inequalities through better coordination, popular public participation and accountable and responsive governance.
- ii. The experience of these countries reveals that the following conditions are conducive to successful and effective decentralization (i) a capable State that enjoys sufficient legitimacy and trust from the people (ii) political and social will to plan and implement shared exercise of power, (iii) empowered local people (civil society) that can receive and utilize the powers, functions, resources transferred to them, and (iv) a commitment from development partners and stakeholders to re-align capacities and resources towards the implementation of substantive decentralization measures.

#### Legal, Policy and Macroeconomics Scene

- iii. The three independence objectives of 'fighting poverty, ignorance and diseases' have remained elusive as high poverty and inequality have persisted.
  - iv. In the year 2000, in an effort to achieve MDGs, the Kenya government, 'ring-fenced' some sectors under the Core Poverty Programmes (CPPs) and adopted a policy of increasing allocations to CPPs by a minimum of 15% every financial year. These have yielded mixed results with progressive relative increase in public expenditure in some sectors like health and a decrease in others, for example, education.
  - v. Whereas national economic blueprints should be implemented via various national and district development plans, our research demonstrates that vertical and horizontal linkages are weak.
  - vi. Whereas the national budget-making process of Kenya provides for a participatory process through sector hearings, centralization of the process in Nairobi limits citizens' participation.
-

## Decentralized Funds

- vii. It is estimated that each constituency receives an average of Ksh 80 million per year in the form of decentralized funds.
- viii. Successive governments' decentralization policies and legislations indicate inadequacy of continuity. Some funds are created by acts of parliament and therefore have legal backing while others are created by policy pronouncements or administratively. The latter generally have no guarantees for continuity.
- ix. The importance of decentralized development is amplified in the Kenyan Government economic stimulus package and the 2009/10 budget speech where the Government stated that Ksh 22 billion is to be channeled through the CDF model to 'jump-start' the economy.
- x. The role of District Development Officers (DDOs) in harmonization of the various development efforts, especially decentralized funds, is weak. This is perhaps due to the current institutional set up, where, for instance, the DDOs are not directly answerable to the higher vertical fund levels yet in many instances, they (DDOs) hold the Authority to Incur Expenditure (AIE).
- xi. The problem of decentralized development in Kenya can be solved by strengthening the functioning of the DDC and a clear separation of functions between the different actors of government at local level.
- xii. Monitoring and evaluation (M&E) of the use of decentralized funds is weak. For instance, the internal capacity for M&E of the CDF Secretariat is inadequate (about 10 staff in the unit). In LATF, 0.5% of the fund is for administration which also caters for M&E activities. There are weak linkages between decentralized funds and the National Integrated Monitoring and Evaluation System (NIMES).
- xiii. Constituencies are embracing modern development approaches that match resources with felt needs. For instance, of the sampled constituencies, only Isiolo North did not have a strategic plan and the CDF manager indicated that they are in the process of developing one.
- xiv. About one-third of the current 175 local authorities currently in operation may not be viable and the Ministry of Local Government is desirous of reducing them. There are also situations where the public has written to the Ministry requesting some LAs be abolished due to non-delivery of services.
- xv. The June 2010 deadline provided in the LATF regulations for LAs to have cleared their outstanding debts seems elusive as they are still incurring huge debt resolution repayments as a proportion of their total expenditure.
- xvi. Compliance with LATF regulatory requirements has generally been high due to the monetary penalties meted.
- xvii. Nationally, LATF constitutes 35% of LAs' revenue while the capital expenditure among the LAs has averaged 15% nationally and this can impede infrastructure development.
- xviii. Any new institutional framework must also clearly demarcate the roles of the three arms of the Government - the executive, judiciary, and legislature. In some devolved funds, the legislature is taking over the roles of the executive resulting in a system without checks and balances.

## Respondents' Views and Opinions

- xix. Many Kenyans support decentralized development acknowledging that a majority of decentralized funds respond to the development needs of communities.
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- xx. However, respondents said there is duplication of efforts among decentralized funds. This takes place even with such institutions as the DDC which are mandated to coordinate district development. They therefore support harmonization of decentralized development.
- xxi. While citizens' awareness of the existence of decentralized funds is generally high (with CDF leading at 96%), the levels of citizens involvement is generally low (again CDF has the highest (39%) in projects identification).
- xxii. Interpersonal communication is the most popular way of communicating about decentralized funds. This signifies the importance of 'social capital' and the need for citizens' empowerment for better quality management of decentralized development.
- xxiii. The various development Funds seem to be in 'unhealthy competition' with regards to preferred devolved development harmonization framework.

## 7.2 Key Conclusions

- i. Decentralized development is gaining prominence the world over, especially among developing and least developed countries.
- ii. Decentralization in Kenya plays a vital development role and can be enhanced by improving transparency and accountability, increasing public involvement, improving coordination, monitoring and evaluation and reducing political interference among others reforms.
- iii. The national economic forecast -the Vision 2030, as well as the legal reform processes present greater opportunities in harmonization of decentralized development in Kenya.
- iv. Challenges are expected in the process of harmonization of decentralized development. Key among these include resources constraints, limited public involvement, weak monitoring and evaluation and bad politics
- v. A harmonized structure should have two institutional tiers - national level and district/county levels.
- vi. The proposed harmonized framework is an enhancement of the current district development model.
- vii. Challenges of decentralized development in Kenya can be solved by strengthening the functioning of the DDC in three areas - semi autonomous powers, human resources and fiscal autonomy. There should also be clear separation of functions between the different actors of government at the local level.

## 7.3 Key Recommendations

- i. Fiscal decentralization should be effectively linked with broad national plans and goals to avoid wastage and misallocation of resources at the devolved units.
  - ii. Harmonization of decentralized development must, as a matter of urgency, require harmonization of both institutional and legal/regulatory frameworks. This can be done by fast tracking the establishment of a comprehensive decentralization policy based on the five
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key characteristics of effective democratic decentralization policies as identified by Barnett *et al* (1997). (See Chapter 3, Section 3.2.4). There can be several options for **harmonization**. For instance, all funds should be administered from one financial basket. Disbursement can be done functionally through sectoral coordination agencies. Alternatively, all decentralized funds can be managed under one armpit with grassroots presence, corporate identity, political and sub-governmental status, which is the model that this study recommends.

- iii. In order to narrow the planning-implementation gap, the various development units need to be encouraged to embrace modern development approaches like development of strategic plans.
  - iv. Structured citizen engagement and information sharing should be institutionalized through locational monthly meetings, quarterly constituency meetings and bi-annual national meetings.
  - v. There is need to reduce political interference (but encourage guidance) in the management of decentralized development and enhance citizens' participation, such as through direct election of mayors and chairpersons of Local Authorities and the chief executive of the districts/counties.
  - vi. There is need to consolidate the various education bursary funds for enhanced efficiency.
  - vii. Decentralized funding allocation should be based on criteria such as population, sector weights, poverty levels, geographical spread and regional cost differentials among others.
  - viii. Government functions dealing with budgeting and planning for resources need to be better coordinated. It would be prudent to merge the ministries responsible for matters of finance and planning.
  - ix. To enhance public participation in the national budget making process, sector hearings should be decentralized at least to district level.
  - x. The quality of leadership can be enhanced by requiring minimum academic qualifications or experience in the management of public affairs before one is elected or nominated to certain public offices.
  - xi. Monitoring and evaluation of the harmonized framework should be brought under the National Information Monitoring and Evaluation System (NIMES). Capacity intervention will be required to enable NIMES' structures reach local levels.
  - xii. There is also need for a database of funds for each region and for more resources devoted to M&E activities.
  - xiii. Civic education can enhance quality participation in LASDAP. The management of decentralized development ought to be embedded in performance enhancement contracting. The study recommends that there is need to establish and maintain an appropriate balance between the amount of decentralized financial resources and the services devolved to local governments at different levels and match this with their technical capacity to effectively utilize the funds.
  - xiv. Allocation criteria exclude some major considerations such as poverty index, the spatial coverage of the local authority/area of jurisdiction as well as regional cost variations. As such, the Fund's allocation criteria should be revised to incorporate poverty levels in each local authority. Syagga and Associates (2007) also recommend that each Local Authority's percentage contribution to Gross Domestic Product (GDP) should be incorporated in the
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criteria.

- xv. The Study also recommends the need to sensitize the community to participate in the process as a way of checking excesses on the part of the councilors. In addition, Syagga and Associates (2007) recommends internal capacity building be undertaken within LAs to enable them properly embrace LASDAP processes in a comprehensive way that includes all stakeholders. This Study further recommends the need for the Ministry of Local Government to facilitate recruitments and ensure an enabling working environment for the retention of technical personnel within the LAs.
- xvi. To address the above challenges, reforms are needed to ensure that LAs remain a driving force in service delivery in Kenya. Reforms must as a minimum include: -
  - Capacity building and improved terms of service for LA staff. This could be done with establishment of Local Government Service Commission;
  - Building capacity of councilors. Such measures as defining the minimum level of education, induction and civic education to cultivate attitude change among councilors; and
  - The Mayor to be elected by the people.

## 7.4 Limitations of the Study and Areas of Further Research

This Study acknowledges that many studies have been done on decentralized development in Kenya. Although a geographical representation of the sample was factored in, the eight sampled constituencies may not reflect the full social-economic diversity of the Country. The need for a comprehensive study was hampered by time and other resource constraints. Despite frantic follow ups, responses from key informants, especially those at the national level, were generally poor. In addition, information received from the constituency-level key informants were scanty. There were also challenges experienced during the data collection in the field: there were insecurity experiences in Isiolo North and transport challenges in the vast Mandera West due to on-set of the short rains.

Further, most of the responses from the sampled general public were perceptions-based. Hence, a detailed study is needed to objectively establish the impact on quality of life and criteria for funding allocations of the various decentralized funds among other areas of study.

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# ANNEXES

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*Annex 1: 2007/08 Revenues and Expenditures (KshMn.) for Selected Local Authorities*

LAs/ Revenues/ Expenditures	National	Nairobi CC	Baringo CC	Butere Mumias CC	Isiolo CC	Karbanet MC	Kisumu CC	Kisumu MC	Luanda TC	Mandera CC	Mandera TC	Mumias MC	Nyeri CC	Nyeri MC	Taita Taveta CC	Taveta TC
LATF	8,232	1,532	46	73	35	11	33	164	18	50	25	37	99	44	34	17
RMLF	1,485	741	3	3	3	3	-	85	1	-	3	1	-	8	-	1.0
<b>Total Central Government Transfers</b>	<b>9,716</b>	<b>2,272</b>	<b>50</b>	<b>76</b>	<b>37</b>	<b>14</b>	<b>33</b>	<b>249</b>	<b>19</b>	<b>50</b>	<b>27</b>	<b>38</b>	<b>99</b>	<b>52</b>	<b>34</b>	<b>18</b>
CILOR	327	150	0.5	-	-	-	0.5	21	-	-	-	0	2	4	-	2
Property Rates	3,067	1,719	-	2	0.02	1.04	0.4	40	-	-	-	4	0	15	2	0.97
Single Business Permit	2,232	772	3	6	1.44	3	1.8	43	2	1	2	5	24	25	6	3
Market Fees	1,092	325	0.91	7	0.92	2	1.9	22	6	5	5	5	6	6	2	3
Others	6,999	2,800	12	14	142	6	11	110	10	11	10	22	28	74	16	28
<b>Total Local Revenues</b>	<b>13,716</b>	<b>5,765</b>	<b>16</b>	<b>29</b>	<b>144</b>	<b>12</b>	<b>16</b>	<b>237</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>35</b>	<b>60</b>	<b>123</b>	<b>25</b>	<b>37</b>
<b>Total Revenue</b>	<b>23,432</b>	<b>8,038</b>	<b>66</b>	<b>105</b>	<b>182</b>	<b>26</b>	<b>48</b>	<b>486</b>	<b>36</b>	<b>67</b>	<b>45</b>	<b>73</b>	<b>159</b>	<b>175</b>	<b>59</b>	<b>54</b>
<b>% of LATF/ Total Revenue</b>	<b>35%</b>	<b>19%</b>	<b>70%</b>	<b>70%</b>	<b>19%</b>	<b>42%</b>	<b>67%</b>	<b>34%</b>	<b>49%</b>	<b>75%</b>	<b>55%</b>	<b>50%</b>	<b>62%</b>	<b>25%</b>	<b>57%</b>	<b>31%</b>
Civic Expenditure	1,236	72	13	11	17	3	4	16	3	18	3	4	24	10	6	3
LA Personnel	9,047	3,703	23	40	40	11	13	183	12	9	13	34	36	90	22	14
LA Operations	4,008	990	6	12	56	5	5	59	9	10	6	10	35	40	11	17
LA Maintenance	807	13	1.3	11	18	2	2	15	1	2	2	2	3	5	4	0.98
<b>Total Recurrent Expenditure</b>	<b>15,098</b>	<b>4,777</b>	<b>43</b>	<b>73</b>	<b>130</b>	<b>20</b>	<b>24</b>	<b>273</b>	<b>25</b>	<b>38</b>	<b>24</b>	<b>49</b>	<b>99</b>	<b>146</b>	<b>44</b>	<b>35</b>
<b>Recurrent Surplus/Deficits</b>	<b>8,334</b>	<b>3,261</b>	<b>23</b>	<b>32</b>	<b>52</b>	<b>6</b>	<b>24</b>	<b>213</b>	<b>11</b>	<b>29</b>	<b>22</b>	<b>24</b>	<b>60</b>	<b>29</b>	<b>16</b>	<b>19</b>



LAs/ Revenues/ Expenditures	Nairobi CC	Baringo CC	Butere Mumias CC	Isiolo CC	Karbanet MC	Kisumu CC	Kisumu MC	Luanda TC	Mandera CC	Mandera TC	Mumias MC	Nyeri CC	Nyeri MC	Taita Taveta CC	Taveta TC
Health			1.3		0.97				1		0.46	4.9			
%Health/ Total	0%	0%	6%	0%	30%	0%	0%	0%	6%	0%	5%	13%	0%	0%	0%
Energy/Elec- tricity/Power	67														
Other Projects (Value in Ksh)	791	12,403	17	8	2	3.81	35.6	2	21	3	9	20	1.89	10	3.5
<b>Total</b>	<b>1,172</b>	<b>14</b>	<b>22</b>	<b>13</b>	<b>3</b>	<b>6</b>	<b>51</b>	<b>4</b>	<b>22</b>	<b>9</b>	<b>9</b>	<b>37</b>	<b>16</b>	<b>11</b>	<b>6.0</b>
Other Projects (No)	194	58	37	13	9	9	49	6	42	9	66	30	9	3	3

Source: Primary data obtained from LATF Annual Report, 2007/08

**Annex 2: Status of CDF Funded projects from 2003/04 to 2007/08**

SNO.	Constituency		No. of Projects	Projects Completion Rate (%)	Amount Spent (Ksh)	Sector Funding (%)
1	Nyeri Town	Sector				
		Education	48	52%	42,886,279	36%
		Health	12	17%	12,276,413	10%
		Water	7	71%	1,507,851	1%
		Roads			16,594,000	14%
		Security	13	44%	6,177,362	5%
		Adm.			9,563,823	8%
		Others	41	54%	28,955,633	25%
		<b>Total</b>	<b>121</b>	<b>48%</b>	<b>117,961,361</b>	<b>100%</b>
2	Mumias	Education	90	16%	106,831,006	65%
		Health	18	17%	15,227,283	9%
		Water	70	86%	8,210,000	5%
		Roads	8	38%	11,440,000	7%
		Admn.			4,838,514	3%
		Others	48	67%	17,550,220	11%
		<b>Total</b>	<b>235</b>	<b>48%</b>	<b>164,097,023</b>	<b>100%</b>
3	Kisumu Town East	Education	187	32%	46,138,117	60%
		Health	14	7%	10,065,933	13%
		Water	5	40%	2,866,442	4%
		Roads	14	0%	7,046,638	9%
		Others	24	79%	11,354,298	15%
		<b>Total</b>	<b>244</b>	<b>34%</b>	<b>77,471,428</b>	<b>100%</b>
4	Isiolo North	Education			40,926,395	30%
		Health			8,711,662	6%
		Water			3,701,100	3%
		Roads			43,554,355	32%
		Admn.			3,183,571	2%
		Others			34,732,895	26%
		<b>Total</b>	<b>95</b>	<b>89%</b>	<b>134,809,978</b>	<b>100%</b>
5	Baringo Central	Education			60,895,000	49%
		Health			17,820,000	14%
		Water			33,535,503	27%
		Roads			8,480,000	7%

		Others			4,713,806	4%
		<b>Total</b>	<b>232</b>	<b>28%</b>	<b>125,444,309</b>	<b>100%</b>
<i>Total for the five Constituencies whose disbursements were available</i>						
		<i>Education</i>			<i>297,676,797</i>	<i>49%</i>
		<i>Health</i>			<i>64,101,291</i>	<i>11%</i>
		<i>Water</i>			<i>49,820,896</i>	<i>8%</i>
		<i>Roads</i>			<i>83,884,993</i>	<i>14%</i>
		<i>Admn.</i>			<i>17,585,908</i>	<i>3%</i>
		<i>Others</i>			<i>97,306,853</i>	<i>16%</i>
		<b>Total</b>			<b>610,376,737</b>	<b>100%</b>
6	Mandera West	Education	59	76%		
		Health	3	100%		
		Water	38	50%		
		Roads	3	33%		
		Others	12	66%		
		<b>Total</b>	<b>115</b>	<b>66%</b>	<b>118,437,040</b>	
7	Mwatate	Education	33	79%		
		Health	10	100%		
		Water	12	66%		
		Roads	2	0%		
		Admn.				
		Others	16	25%		
		<b>Total</b>	<b>73</b>	<b>54%</b>	<b>101,145,770</b>	
8	Makadara	Education	23	87%		
		Health	6	66%		
		Water	2	0%		
		Roads	4	50%		
		<b>Total</b>	<b>62</b>	<b>73%</b>	<b>129,283,773</b>	

*Source: CDF Website*

### *Annex 3: Selected Key Operational Guidelines for the seven funds covered under the study*

#### **I Constituency Development Fund (CDF)**

##### **Districts' Projects Committee is made of:**

- All elected and nominated MPs within the District
- Mayors and Chairpersons of Local Authorities (*City, Municipalities, Town Councils and Urban Councils*) within the District
- District Commissioner (DC)
- District Development Officer (DDO), who is the **secretary** to the Committee
- Chairpersons of Constituency Development Committees within the district
- District Accountant

##### **Notes**

- Under the invitation of the committee, district **departmental heads** under whose docket the various dockets fall may attend as **ex-official members**
- MPs are supposed to table list of their projects for the committee to scrutinize and ensure that **duplication does not** occur
- Quorum is **half** of membership
- Committee must **meet at least every three months**
- Committee stand **dissolved upon election of new parliament and new District Projects and CDF committees must be constituted within 30 days of new parliament inauguration**

**Constituency Development Fund (CDF) Committee is mandated with institutional roles of management, operations and monitoring of projects implementation.**

##### **Its membership of 15 is made up of**

- i. The area Member of parliament (MP)
- ii. Two Councilors from the Constituency
- iii. One District Officer from the Constituency
- iv. Two representatives of religious organizations from the Constituency
- v. Two men representatives from the Constituency
- vi. Two women representatives from the Constituency
- vii. One Youth Representative from the Constituency
- viii. One NGO representative from the Constituency
- ix. Three other members appointed at the discretion of the area MP

**NB/ Members serve for two years but are eligible for re-appointment for another term of two years**

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## Operational Guidelines

- i. **Locational meetings must be held to identify projects.**
- ii. In one financial year, a **minimum of 5 projects and a maximum of 20.**
- iii. **No single project should take more than 50%** of constituency allocation, excluding re-current expenditure.
- iv. Projects undertaken should be **community based.**
- v. Co-funding allowed as long as components to be funded by CDF are clearly defined.
- vi. There is a **5% emergency reserve** unallocated to cater for possible emergencies.
- vii. **Project proposals must be submitted by February** to ensure inclusion in the following FY's budget.
- viii. Once funds are approved for particular projects, they can not be re-allocated. If a project is cancelled or discontinued, its funds must be returned to the Board and will be credited in the Constituency Account.
- ix. Projects monitoring should largely be by citizens.

## Financial Operations

- i. Disbursements made quarterly through Constituency Bank Account.
- ii. All payments must be made by cheques unless otherwise permitted subject to government regulations.
- iii. Accounts and records of amounts received and amount spent submitted to the national CDF Board **within 30 days after close of every financial Year.** No further disbursements can be made without submission of this information.
- iv. Internal audits done by the Board and external audit by office of Controller and Auditor General.
- v. Projects' records must be kept by DDOs and submitted to the Board within **60 days after close of every financial year.**

## II Bursary Funds

### CDF Secondary Schools' Bursaries

#### Objectives

- Increase access to sec. schools
- Ensure retention of students in sec. schools
- Promote transition and completion rates
- Reduce disparities and inequalities in the provision of secondary school education

#### Constituency Bursary Committee (Max. of 16 members, a third of whom must be women)

- i. Area Member of Parliament (MP), who is the patron
  - ii. The Area Education Officer (AEO), who is the secretary
-

- iii. Three representatives of religious organizations
- iv. Two chairpersons of Parents-Teachers Associations (PTAs) of two sec. schools
- v. One chairperson of Board of Governors
- vi. Two Councilors
- vii. One District Officer
- viii. One representative of an education based NGO/CBO
- ix. One representative of Kenya National Union of Teachers (KNUT)
- x. Three co-opted members to include two head teachers, one of whom must be from a girls sec. school

#### Notes:

- The Constituency Bursary Committees were started in **Sept. 2003** replacing Provincial and District Education structures
- Initial meeting to constitute the committee and elect chairperson and treasurer is presided over by District Education Officer (DEO). For Nairobi, the provincial Director of Education appoints the committee secretary from his/her office
- The Committee decides on cut-off (thresholds) for awarding bursaries based on available amount and the number of applicants
- But allocation thresholds are
  - For day schools – Ksh 5,000
  - Boarding Sec. School – Ksh 10,000
  - National Schools – Ksh 15,000
- The Committee posts cheques directly to respective sec. schools
- Committee is allowed to use **only Ksh 25,000 in each tranche as administrative expenses excluding sitting allowances**
- The Committee is required to submit **report to PS, Ministry of Education within two months of receiving funds**
- Also the committee is required to **keep proper records** to ease monitoring and audits
- Committee serves for a period of three years, renewable once
- Meeting **quorum is a third** of membership
- Signatories to the Constituency **Bursary account** are the **executive officials**
- In constituencies where there are **other education/trust funds**, the signatories in those funds can NOT be signatories to the government one
- Committee can only be disbursed by Ministry of Education, on recommendation of the District Education Board (DEB)

#### Target Beneficiaries

- Orphans
  - Children from poor households (especially those with no income)
  - Children from ASAL areas and urban slums
-

- The Girl Child
- Children in difficult circumstances (Those with special needs and girls rescued from difficult circumstances)

### Constituency CDF Sec. Bursary Allocations

Based on constituency enrolment and poverty levels. However, there is an **affirmative** action to ensure that **ASAL constituencies are not allocated less than Ksh 500,000 in any disbursement.**

## III Free Primary Education (FPE)

### Allocations

Annually, there is a provision of **Ksh 1,020 for every pupil** (Ksh 650 and 370 for SIMBA and GPA) and the money is sent to public primary schools **two separate bank accounts**: Schools' Instructional Materials Bank Account (SIMBA) and General Purpose Account (GPA)

### Committees Required

**Schools Instructional Materials Selection Committee (SIMSC)** to oversee management and procurement of text books accounts and related needs. It is composed of 15 members:

- i. Head teacher, who is the chairperson
- ii. Two Deputy head-teachers, one of whom is the secretary
- iii. A Senior teachers
- iv. 8 teacher(s) each representing a class
- v. Two parents representatives of either gender
- vi. Chairperson of School Management Committee (SMC)
- vii. A teacher for special needs education (where applicable)

### General Guidelines for selecting Instructional Materials (IM)

- i. SIMSC must be set and members listed in minute book.
- ii. Subject teacher(s) to be involved.
- iii. SIMSC reviews the latest edition of approved texts by the ministry.
- iv. SIMSC to seek advice from local Teacher Advisory Centers (TAC).
- v. **At least three quotations** must be sought.
- vi. SIMSC makes decision of who to supply bearing in mind reliability, cost effectiveness, transportation etc. The supplier should have trade license, bank account, permanent premises, at least 3 years of experience.
- vii. Head Teacher, Chairperson of SMC and at least one parents' representative must witness delivery of instructional materials.
- viii. Upon delivery the school undertakes to pay via crossed cheque drawn on the school's SIMBA Account. Records of items purchased must be maintained.

## Monitoring

At national level by National Monitoring Teams which sample districts. **Key monitoring responsibility** lies with Provincial and Districts' Monitoring teams. The **Provincial Monitoring Committee** made up of: -

- i. Deputy Provincial Director of Education, who is the chairperson
- ii. An other Officer from PDE's office, who is the Secretary
- iii. Provincial Inspector of Schools
- iv. Auditor
- v. Provincial Education Board Representative

The **District Monitoring Committee** made up of: -

- i. Deputy District Education Officer, who is the chairperson
- ii. An other Officer from DEO's office, who is the Secretary
- iii. District Inspector of Schools
- iv. Auditor
- v. District Education Board Representative

## IV Local Authorities Transfer Fund (LATEF)

- Started in 1999 with main objective of **supplementing** Local Authorities financing of services and debt resolution. The Fund is under the responsibility of the Minister for finance, but administered by the Permanent Secretary, Ministry of Local Government
- There is an Administration Officer who supervises management of the Fund, maintains books of accounts and other records and **reports to the Controller General annually**
- There is a **National Advisory Committee** constituted by the Minister for Finance. The Committee advises government on rules, criteria and procedures for the management of the Fund. Membership includes;-
  - i. Chairperson
  - ii. PS, Ministry of Local Government
  - iii. Chief Economist, Ministry of Local Government
  - iv. Director, Local Government inspectorate
  - v. Director, Urban Development Department
  - vi. Director, Fiscal and Monetary Affairs, Ministry of Finance
  - vii. Director, Budget Supplies, Ministry of Finance
  - viii. Accountant General
  - ix. Association of Kenya Insurers – I member

- x. Chair, Institute of Certified Public Accountants of Kenya (ICPAK)
- xi. Institute of Chartered Public Accountants of Kenya – 1 member
- xii. Executive Secretary, Association of Local Governments of Kenya (ALGAK)
- xiii. Federation of Kenya Employers (FKE)

The Committee **meets quarterly and produces an annual report.**

- i. **There are also LATF Technical Secretariat Members** who include Kenya Local Government Reform Programme (KLGRP) Coordinator
- ii. KLGRP Social Planner
- iii. KLGRP Senior Inspector
- iv. KLGRP Auditor
- v. Principal Economist, Ministry of Finance

LAs allocate LATF and their own resources in a budgetary process

#### **Allocations**

- 6.6% of the fund is allocated equally among all the 175 LAs
- 60% allocated on the basis of overall population in a LA
- 33.4% allocated on the basis of urban population in a LA

60% of the funds are allocated on basis of overall and urban population. The other 40% is released when a local authority submits the following relating to the previous year

- i. Statement of receipts, payments and balances
- ii. Statement of Debtors and Creditors with explanation on measures/plans for debt reduction
- iii. Abstracts of financial accounts to be submitted to Controller and Auditor General
- iv. Revenue enhancement plan
- v. **LASDAP** documenting that the LA conducted **participatory planning** and identified **3 years projects linked to budget.**

#### **Penalties for late submissions**

- 15% for 1-30 days
- 40% for 31-60 days
- **More than 60 days, no disbursement**, and the amount remains in the fund to be re-distributed the following year.

**NB/** The ministry of local government conducts **annual training** for those LAs that have been penalized to understand causes of lateness/non-submission and build capacity for future compliance.

## **V HIV/AIDS Fund**

The **HIV/AIDS Fund** falls under the **National AIDS Control Council (NACC)** in the **Office of the President**.

The Fund has three major components:

- i. The AIDS control unit in government ministries and agencies
- ii. Coordination and management of HIV Programmes and its structures – PACC, DACC, CACC
- iii. Support implementation of community based initiatives

### **Request for disbursement requirements:**

- Workplan for activities in NACC format
- Project Budget Summary

### **Key Priority Areas**

- i. Prevention and advocacy
- ii. Treatment continuum of care and support
- iii. Mitigation of Social-Economic impact

### **Composition of Committees at various levels (PACC, DACC, CACC)**

- i. 5 Representatives of civil society
- ii. 5 representatives of key government departments
- iii. 2 Private sector representatives.

## **VI Roads Maintenance Levy Fund (RMLF)**

Established in 1993 and **managed by Kenya Roads Board (KRB)** that was created by an Act of Parliament in 1999. Primarily for maintenance and rehabilitation of roads.

KRB is composed of

- i. Chairperson appointed by the president
  - ii. Executive Director, who is the CEO
  - iii. PSs in roads, finance, local government, regional cooperation and transport
  - iv. Institute of Engineers of Kenya
  - v. Automobile Association of Kenya
  - vi. National Chambers of Commerce and Industry
  - vii. Institute of Surveyors of Kenya
  - viii. Kenya National Farmers Union
  - ix. Kenya Association of Tour Operators
-

- x. The Institute of Certified Public Accountants of Kenya (ICPAK)
- xi. Kenya Transport Association

## **VII Water Services Trust Fund (WSTF)**

**Functions of Water Services Trust Fund (WSTF) include**

- Mobilization of resources from development partners, local and international organizations and individuals;
- Apply resources raised to fund provision of water supply and sanitation in **areas that are underserved**;
- Establish linkages with Water Service Boards (WSBs) to ensure pro-poor targeting and implementation of projects; and
- Strengthen institutional capacity e.g. staffs' skills upgrading.

**Criteria used to select areas for funding**

- i. Based on the 2003 Kenya National Bureau of Statistics (KNBS) Geographical Dimensions of Well-being in Kenya, WTS identified 362 Locations countrywide to be funded to implement water and sanitation services projects
- ii. Level of investment in water and sanitation infrastructure
- iii. Access to quality water services
- iv. Sanitation coverage levels

**Projects' Selection Criteria**

- i. Projects should be demand-driven and initiated and managed by communities or NGOs working closely with communities
- ii. Proposals must be accompanied by complete **engineering designs certified** by respective Water Services Boards
- iii. Priority given to the projects in the above 362 locations
- iv. To receive funding through legally registered CBO or NGO
- v. Owners should meet cost of surveys and design facilities
- vi. Support for **projects improvement** given on condition that **owners contribute to the project implementation by sourcing locally available materials and cash**
- vii. Users to meet the cost of **operations and maintenance** of facilities after project completion
- viii. Themes for financial assistance to include poverty reduction, health improvement and wealth creation
- ix. Projects should be **environmentally sound** and demonstrate **gender equity and good governance**
- x. Cost per capita must be **affordable** to all

### WSTF Participatory Community Project Cycle (PCPC)

There are **three stages** in this:

- i. Community awareness and capacity building for new or existing CBOs for them to successfully apply for WSTF grant.
- ii. Developing Quality Proposals in line with WSTF guidelines.
- iii. Implementation and monitoring of a WSTF funded projects.

### Actors in WSTF Participatory Community Project Cycle (PCPC)

- (a) **Support Organizations** - Regions/District based organizations selected by individuals or community groups to provide **Technical and Managerial Support during proposal preparation and implementation.**
- (b) **Quality Control Advisors** - Locally based experts with engineering /community development skills/experience to assist Water Services Boards (WSBs) in checking quality of proposals and monitoring of on-going projects as outlined in MOU with WSTF.
- (c) **Monitoring & Evaluation Agent** - Organizations contracted by WSTF to carry out M&E in one or more WSBs

### What the funded projects are required to do.

- i. Before launch, submit **monthly** project implementation report to Water Services Boards, who in turn send **quarterly** reports to WSTF.
  - ii. Upon completion, each project is officially launched by CBO/NGO, WSB and WSTF. Then, the project management commences.
  - iii. After launch, CBOs submit project management report **quarterly** to WSB and WSTF.
  - iv. Procure goods, services and works in accordance with the Public Procurement guidelines.
  - v. Participate in random projects' monitoring and audits and impact assessment by WSTF.
-



*Annex 4a: Interview Respondents (National-Level Key Informants)*

Interviewee	Designation	Institution
1. AGNES ODHIAMBO	CEO	CDF BOARD Secretariat
2. Mr. George T. Ndegwa	Deputy Chief Economist	Ministry of Local Government
3. Mrs . Ndonga	Deputy Town Clerk	Nairobi City Council
4. Engineer Muriuki Karue	CDF National Taskforce Chairman	CDF Review Task Force
5. Simon Lapper	Technical Assistant	KLGRP
6. Phanuel Matseshe	Quality Assurance Manager	Water Services Trust Fund (WSTF)

*Annex 4b: Interview Respondents: Constituency-Level Key Informants*

Key Informants	CONSTITUENCY	No. of Respondents
CDF Manager	<input type="checkbox"/> Baringo Central	8
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Makadara	
	<input type="checkbox"/> Mandera West	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri Town	
CACC Coordinator	<input type="checkbox"/> Baringo central	7
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Mandera West	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri town	
DEO	<input type="checkbox"/> Baringo Central	7
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Mandera West	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri Town	
DACC	<input type="checkbox"/> Baringo Central	4
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Nyeri Town	
District Roads Engineer	<input type="checkbox"/> Baringo Central	7
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Makadara	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri Town	

Key Informants	CONSTITUENCY	No. of Respondents
DWO	<input type="checkbox"/> Baringo Central	6
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Mandera West	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Nyeri Town	
DDO	<input type="checkbox"/> Baringo Central	6
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Kisumu East	
	<input type="checkbox"/> Makadara	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri Town	
Clerks of local Authorities	<input type="checkbox"/> Baringo Central	5
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Mandera West	
	<input type="checkbox"/> Nyeri Town (2)	
Councilors	<input type="checkbox"/> Baringo Central (2)	13
	<input type="checkbox"/> Isiolo North (2)	
	<input type="checkbox"/> Kisumu East (2)	
	<input type="checkbox"/> Makadara (1)	
	<input type="checkbox"/> Mandera west (1)	
	<input type="checkbox"/> Mumias (2)	
	<input type="checkbox"/> Mwatate (2)	
	<input type="checkbox"/> Nyeri Town (1)	
MOH	<input type="checkbox"/> Baringo central	5
	<input type="checkbox"/> Isiolo North	
	<input type="checkbox"/> Mumias	
	<input type="checkbox"/> Mwatate	
	<input type="checkbox"/> Nyeri Town	
	<b>Total</b>	<b>68</b>

**Annex 4c: Interview Respondents: Focus Group Discussions (FGDs)**

FGD GROUP	CONSTITUENCY	No. Of Male participants	No. Of Female participants	Total Participants	No. of FGDs
Special interest	<input type="checkbox"/> Baringo Central	0	10	10	9
	<input type="checkbox"/> Isiolo North	8	2	10	
	<input type="checkbox"/> Kisumu east	4	4	8	
	<input type="checkbox"/> Kisumu east	5	5	10	
	<input type="checkbox"/> Kisumu east	7	3	10	
	<input type="checkbox"/> Mandera west	0	8	8	
	<input type="checkbox"/> Mumias	5	5	10	
	<input type="checkbox"/> Nyeri Town	3	5	8	
	<input type="checkbox"/> Nyeri Town	0	5	5	
FPE school level management committee	<input type="checkbox"/> Baringo Central	6	2	8	12
	<input type="checkbox"/> Isiolo North	8	2	10	
	<input type="checkbox"/> Isiolo North	7	3	10	
	<input type="checkbox"/> Kisumu East	5	3	8	
	<input type="checkbox"/> Kisumu East	5	4	9	
	<input type="checkbox"/> Makadara	2	1	3	
	<input type="checkbox"/> Mandera west	5	3	8	
	<input type="checkbox"/> Mumias	4	6	10	
	<input type="checkbox"/> Mumias	7	1	8	
	<input type="checkbox"/> Mwatate	3	1	4	
	<input type="checkbox"/> Nyeri Town	1	7	8	
		<input type="checkbox"/> Nyeri Town	5	7	
Water User Associations	<input type="checkbox"/> Baringo Central	8	0	8	7
	<input type="checkbox"/> Isiolo North	8	2	10	
	<input type="checkbox"/> Mandera west	6	1	7	
	<input type="checkbox"/> Mandera west	6	1	7	
	<input type="checkbox"/> Mumias	8	2	10	
	<input type="checkbox"/> Mwatate	5	2	7	
	<input type="checkbox"/> Nyeri town	9	3	12	
NACC Committee	<input type="checkbox"/> Baringo Central	2	4	6	6
	<input type="checkbox"/> Isiolo North	9	1	10	
	<input type="checkbox"/> Kisumu East	3	2	5	
	<input type="checkbox"/> Mumias	7	3	10	
	<input type="checkbox"/> Mwatate	3	2	5	
	<input type="checkbox"/> Nyeri Town	4	4	8	
DEO Bursary Committee	<input type="checkbox"/> Baringo Central	4	2	6	3
	<input type="checkbox"/> Isiolo North	6	3	9	
	<input type="checkbox"/> Mumias	9	1	10	

FGD GROUP	CONSTITUENCY	No. Of Male participants	No. Of Female participants	Total Participants	No. of FGDs
<b>CDF Committee</b>	<input type="checkbox"/> Baringo Central	4	1	5	5
	<input type="checkbox"/> Isiolo North	7	3	10	
	<input type="checkbox"/> Mandera West	6	1	7	
	<input type="checkbox"/> Mumias	8	3	11	
	<input type="checkbox"/> Mwatate	4	0	4	
<b>Groups Managing/ benefiting from NACC</b>	<input type="checkbox"/> <i>Baringo Central</i>	4	2	6	6
	<input type="checkbox"/> <i>Isiolo North</i>	7	2	9	
	<input type="checkbox"/> <i>Kisumu East</i>	2	6	8	
	<input type="checkbox"/> <i>Mandera west</i>	7	2	9	
	<input type="checkbox"/> <i>Mumias</i>	7	5	12	
	<input type="checkbox"/> <i>Mwatate</i>	4	2	6	
<b>LATE/LASDAP Committees</b>	<input type="checkbox"/> Baringo Central	4	1	5	10
	<input type="checkbox"/> Baringo Central	8	2	10	
	<input type="checkbox"/> Kisumu East	5	3	8	
	<input type="checkbox"/> Kisumu East	5	4	9	
	<input type="checkbox"/> Mandera west	4	1	5	
	<input type="checkbox"/> Mumias	7	3	10	
	<input type="checkbox"/> Mumias	7	3	10	
	<input type="checkbox"/> Mumias	6	4	10	
	<input type="checkbox"/> <i>Mumias</i>	7	3	10	
	<input type="checkbox"/> Nyeri Town	3	2	5	
<b>Total</b>	<input type="checkbox"/>	303	173	476	58

## *Annex 5: Profiles of Participating Partners*

### **I ABANTU FOR DEVELOPMENT**

ABANTU for Development (ABANTU) is a NGO established in October 1991. It is an NGO with special consultative status with the Economic and Social Council of the United Nations (ECOSOC). The organisation has operations in Western, Eastern and Southern Africa and offices in Nairobi (Kenya), Accra (Ghana) and Kaduna (Nigeria). The Regional Office for Eastern and Southern Africa (ROESA) based in Nairobi was set up in July 1995.

The word ABANTU means ‘people’ in many African languages and symbolizes the organization’s people-centred philosophy. The organization’s vision is “a world in which women and men are equal partners at all levels of decision-making and in creating sustainable development”. Its mission is “to enhance the capacity of African people, especially women, to participate in development, political and economic structures of their countries.”

Over time, ABANTU has developed a niche in results oriented participatory, learner-centered training and building capacities of NGOs and CBOs to engage with policies from a gender perspective. ABANTU successfully and effectively links action at the micro and meso levels to policies at the national and macro-levels.

ABANTU’s identity is a network of people who believe that gender disparity is an injustice, contributes to poverty and is a major hindrance to development. Although ABANTU is an independent network, she forges strategic alliances with others, in order to advance her cause.

The partnership with SPAN in general, and in carrying out this research specifically, is in line with ABANTU’s strategic objective under her Gender and Governance programme. In this programme, ABANTU highlights the gender implications of governance and strives to increase

the effective participation of women in political and economic structures and processes. The knowledge, skills and experience in this area is a resource ABANTU brings on board as well as the capacity to mobilize our partner organizations in the constituencies in which we work.

### **II ACTION AID INTERNATIONAL, KENYA (AAIK)**

AAIK envisions a world without poverty and injustice in which every person enjoys their right to a life with dignity through working with the poor and excluded people to eradicate poverty. In our work we aim for a society where the poor and excluded people and communities in Kenya gain and exercise power to secure their rights, citizens and civil society in Kenya fights for rights and justice and that the state and its institutions are accountable and democratic and promote, protect and fulfill human rights for all. We currently have presence in 20 districts around the country, spreading through West, North East, Rift and Coast region of Kenya.

Under our Just and Democratic Governance theme, we have trained social audit groups in 8 constituencies across the country to audit projects under devolved funds in order to ensure that public institutions are democratic and well governed to deliver services and promote accountability of leaders and institutions to the citizenry. As this research aims to provide a harmonized framework for decentralization it will complement ActionAid’s work on the realization of a decentralization policy and a new constitution that recognizes socio-economic rights and democracy. ActionAid anticipates that this partnership will promote greater community participation in public decisions and policies, enhanced accountability and transparency of public, private sectors and CSOs, great-

er responsiveness to the local people's priorities, greater accountability in states commitments and decisions with respect to the needs of its people.

AAIK will contribute financial support for the realization of the completion of the research, technical expertise in analyzing its findings. We will also coordinate our trained social auditors present in the identified areas of this research to provide any information relevant to the study.

### III CENTRE FOR ENHANCING DEMOCRACY AND GOOD GOVERNANCE (CEDGG)

Centre for Enhancing Democracy and Good Governance is a grass root Civil Society Organization founded in 1995 which works to empower vulnerable groups on democratic governance and development rights. CEDGG's focus is on three broad programmatic areas one of which is Governance and Development. The program goal is to enhance the capacity of vulnerable and minority groups to participate effectively in public affairs, and also make informed choices when electing their leaders. CEDGG is currently undertaking a **CDF Social Audit project** in Rongai, Nakuru town and Naivasha constituencies with support from OSIEA.

Through participation in this research on decentralized funds, CEDGG hopes to further inform its Social Audit work by providing data on the total funds available to advance community agenda. Being a grass root organization the partnership will provide a platform for CEDGG to engage with other likeminded CSOs and state actors in the decentralized funds sector thus promoting our capacity to effectively realize our program goals through an improved legal framework for decentralization in the country. CEDGG's experience in directly working with communities and grass root stakeholders would be vital in providing linkage for data collection in its areas of operation in Rift Valley province.

### IV CENTRE FOR PEACE AND DEMOCRACY (CEPAD)

CEPAD has been involved in the Movement for Political Accountability (MOPA), a human rights and accountability charter launched in March 2007. , MOPA aimed to get communities to invert power relations, by getting aspirants in Kenya's 2007 general elections to commit to accountable use of public funds to meet the needs of their constituents. Following the 2007, CEPAD has continued to monitor public funds.

Through participation in this research on decentralized funds, CEPAD hopes to further inform its accountability work by providing data on the total funds available to advance community agenda.

### V KENYA HUMAN RIGHTS COMMISSION (KHRC)

The Kenya Human Rights Commission (KHRC) is an independent Non Governmental human rights organization founded in 1991 to protect, promote and enhance the enjoyment of the human rights by all Kenyans. To attain this mission KHRC works around two core programmes. One of which is Civic Action, that focuses on empowering communities to know, claim and defend their rights as well as take up their civic duties.

In 2006, KHRC produced *"The 2006 Haki Index: Measuring Public Perceptions on the State of Human Rights in Kenya – the Case of the Devolved Public Funds"*. To advance this research report, in 2007, KHRC undertook the 'Peoples' Manifesto and Scorecard Initiative', a project which mobilized communities in 21 of Kenya's 210 constituencies to document their development

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priorities in simple Kiswahili language documents called ‘Peoples’ Manifestos’ for each constituency. These manifestos were used to engage and commit aspirants at the 2007 general elections to use the over 13 public funds now decentralized to Ward, Constituency and district level to meet these demands / needs.

Challenges faced in monitoring public funds on the implementation of communities’ demands led a KHRC decision in February 2009 to undertake research on the viability of consolidating the 13 public funds now decentralized to community level. KHRC hopes this research, a concept of which was developed in April 2009, will bring out recommendations on how to increase communities’ awareness on decentralisation and devolution, reduce waste in administrative expenses of numerous funds, improve M&E and generally increase peoples’ access to human rights such as education, water, healthcare, and development generally. The research should also provide a basis for KHRC to influence practice, policy and law reform including constitutional reform and the formulation of laws on devolution.

The inspiration for this research thus comes directly from the need to scientifically establish the viability of at the very least harmonizing and at best consolidating into one basket, the numerous public funds in order to increase citizen participation in prioritizing and monitoring public funds.

## VI MS KENYA; DANISH ASSOCIATION FOR INTERNATIONAL CO-OPERATION

MS Kenya is a country program under MS (Danish Association for International Cooperation)

MS Kenya focuses on building local democracy by enhancing transparency and accountability within the field of local service delivery. MS Kenya also supports activities aimed at fighting corruption and building peaceful coexistence between communities. MS Kenya partners with 16 Kenyan organizations whose work is located in eight focus districts: - in Western/Nyanza, Upper Eastern/Laikipia, and in two low income, informal settlements in Nairobi (Pumwani and Kibera).

MS Kenya is currently investing half (50%) of its programming on the **building local democracy** theme as an important strategic means to reducing poverty. Activities under this theme are split between the sub-themes of **holding local government accountable** and **political empowerment**. MS Kenya invests 30% in **anti-corruption and conflict management / peace-building** themes. The remaining 20% innovative category revolves around national awareness and advocacy initiatives **relating to local government sector reforms**.

In the course of these activities, MS Kenya aims to:

- build a strong and vibrant civil society that can act as a watchdog to the state,
- support organisations that represent the interests of the poor and marginalised,
- support those who are often outside the dominant discourse, with special emphasis on women and youth and
- work against discrimination and for respect for diversity.

MS Kenya recognizes the policy and practice loopholes in decentralized funds. MS Kenya expects the findings of this research on decentralized funds will form an authoritative basis to negotiate with policy makers to improve policy guidelines and also educate the people on the policies they can make use of. MS Kenya will contribute financial as well community mobilization support in areas where our partners are working. MS Kenya also expects the KHRC-SPAN partnership to extend beyond the research and into lobby relevant Ministries and advocacy where research findings will be used to inform practice and law reform as well as the ongoing constitutional reform process. MS Kenya has since merged with action Aid Kenya.



## VII SOCIAL ECONOMIC RIGHTS FOUNDATION (SRF)

The Socio-Economic Rights Foundation (SRF) started as the Basic Rights Campaign (BRC) following the “*Basic Needs are Basic Rights*” declaration by the National Council of NGOs of Kenya in 1998. The Council mandated its members working on matters relating to socio-economic rights to form the Basic Rights Campaign with the theme of “*Basic Needs are Basic Rights*”. Since its inception, the BRC has been at the forefront of advocating for the expansion of the Bill of Rights to include substantively, and to guarantee the socio-economic rights in the Constitution of Kenya. In 2004, the Campaign went following a review transformed into a fully incorporated organization under the name “*the Socio-Economic Rights Foundation*” (SRF).

The Foundation (SRF) is a collective initiative of individuals, communities and action-oriented coalitions committed to the fulfillment of economic, social and cultural (ESC) rights. SRF acknowledges that each and every human being irrespective of her/his status in society has a right to be respected, to be treated with dignity and to be enabled to enjoy and realize her/his full potential in life. The foundation believes that all human rights are universal, indivisible and interdependent and that all must be progressively realized through good governance and appropriately designed menu of social and economic development programmes. SRF works with people groups and other stakeholders to promote, protect and advocate for the fulfillment of ESC rights. Programmes place emphasis on community-led and evidence based initiatives designed to enhance capacities of people groups to challenge, demand and work with state organs and other stakeholders to ensure widespread and sustainable realization of the ESC rights at all levels.

## VIII THE INSTITUTE FOR SOCIAL ACCOUNTABILITY (TISA)

TISA is a civil society initiative committed towards the achievement of sound policy and good governance in the use local development funds in Kenya, to uplift livelihoods of, especially, the poor and marginalized. TISA works through direct advocacy actions, learning processes and capacity building. TISA implements several of its programs through stakeholder networks.

Among TISA’s objectives are the promotion of citizen social audit practice in local development and the harmonisation of Kenya’s decentralization framework through policy reform and shared learning.

TISA serves as the secretariat for the SPAN group. TISA is presently coordinating social audit work on behalf of the Open Society Initiative for East Africa in over 20 constituencies and in this regard manages a social audit learning group. In 2008 in collaboration with OSIEA TISA launched and disseminates the CDF Social Audit Guide. TISA continues to undertake stakeholder training on CDF and in October 2009 entered into a joint partnership agreement with KEWOPA to train PMC’s in women member constituencies.

This research addresses one of our key operational mandates and we seek to influence the evolution of an effective and harmonised decentralised system through sustained advocacy and learning.

## IX WORLD VISION KENYA (WVK)

World Vision started working in Kenya in 1974, during a time of severe drought and famine that affected most parts of the country. World Vision then moved into longer-term community development activities and now works with communities in all eight provinces of Kenya, directly benefiting more than 140,000 children. Currently, World Vision’s work in Kenya focuses on relief, development and advocacy. These three areas are also the key thematic areas addressed by decentralized funds in Kenya.

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Through participation in this research on decentralized funds, WVK will be looking out for ways in its work in the above mentioned thematic areas can be enhanced through rights based approaches in community awareness, participation and decision making on decentralized funds in a manner that leads to sustainable provision of the rights covered under each theme.



### *Annex 6: Research Partners' Steering Committee*

1. Nduta Kweheria – Kenya Human Rights Commission (KHRC)
  2. Wanjiru Gikonyo – The Institute for Social Accountability (TISA)
  3. Adan Kabelo - MS Kenya
  4. Benson Ireri – Social Rights Foundation (SRF)
  5. Cornelius Oduor - Centre for Education in Democracy and Good Governance (CEDGG)
  6. Donald Mogeni and Martin Osok - World Vision Kenya
  7. Gilbert Muyumbu - ActionAid Kenya
  8. Michael Juma - Centre for Peace and Democracy (CEPAD)
  9. Lillian Nyandoro – ABANTU for Development
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**Annex 7: The Research Team**

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