

Fiscal Decentralization in Kenya: A Case of the Constituency
Development Fund in Nambale Constituency – Its Effectiveness and
Sustainability on Education Projects

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Declaration

I, Phaustine Wabwire, hereby declare that this Master Thesis on **Fiscal Decentralization in Kenya: A Case of the Constituency Development Fund in Nambale Constituency - Its Effectiveness and Sustainability on Education Projects**, is my own work, and that I have received no other assistance than the stated sources and citations.

Phaustine Wabwire

November 2010

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Signed



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For the gift of life from the **Almighty God** to accomplish this-*“What Returns Can I Make?”*

Abstract

The past few decades have seen an undoubtedly rising trend in the decentralization of power, accompanied by financial managerial responsibilities at local government levels. This trend is even more apparent in developing countries. A variety of reasons are attributable to this increase. They include globalization of the corporate economy, global and economic crises as well as democratization initiatives by national governments and international development agencies such as the World Bank. While this study confirms this assertion, it also highlights the tremendous challenges that such decentralized initiatives face, particularly relating to the contexts of developing countries.

In an effort to establish clear explanations relating to the high proportion of these programmes in Africa for example, albeit with minimal desired outcomes, this study cites a missing key link, namely the low level of analytical frameworks on decentralization in the region. Experience in implementing such initiatives shows that such a framework is imperative for building effective and sustainable outcomes and providing a well articulated implementation strategy based on empirical analysis of what really exists on the ground. Another critical challenge is the generally widespread lack of information at local government levels. This directly results in lack of accountability and hence weak monitoring and evaluation mechanisms to determine and mitigate development syndromes that prevent the realization of the full potential of decentralized programmes.

This study aims to establish the effectiveness and sustainability of Kenya's Constituency Development Fund as a fiscal decentralized initiative aimed at poverty reduction. The study focuses on the contribution of CDF on education and how this has brought about changes related to increased access to education, better education facilities and improved performance. The study also seeks to highlight prime factors such as participation in decision making as necessary for the implementation of the CDF, while also highlighting those factors that hinder the effective and sustainable implementation of the program.

Key Words: accountability, Constituency Development Fund (CDF), decentralization, development, effectiveness, fiscal, participation, sustainability, Kenya, Nambale



ABBREVIATIONS AND ACRONYMS

BOG	Board of Governors
CBF	Constituency Bursary Fund
CBFC	Constituency Bursary Fund Committee
CDC	Constituency Development Committee
CDF	Constituency Development Fund
CFC	Constituency Fund Committee
DDO	District Development Officer
DPC	District Projects Committee
EFA	Education for All
FPE	Free Primary Education
GDP	Gross Domestic Product
KES	Kenya Shillings
LICs	Low Income Countries
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MICs	Middle Income Countries
MoEST	Ministry of Education, Science and Technology
MoPND	Ministry of Planning and National Development
MP	Member of Parliament
NA	National Assembly
NARC	National Rainbow Coalition
NGO	Non-Governmental Organization
NMC	National Management Committee
OECD	Organization for Economic Co-operation and Development
PTA	Parents Teachers Association
PTR	Pupil-Teacher Ratio
UNDP	United Nations Development Program

All currency denominations are in Kenya Shillings

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CHAPTER 1: INTRODUCTION AND CONTEXTUALIZATION

1.0 Background to the Study

Many governments around the world have experienced increased decentralization and local government reforms especially in the 90s for various reasons. Some of the most commonly cited reasons include the disappointing progress in meeting national goals through centralized planning. Smoke (2001) further illustrates that rapid political, economic, and technological changes have fueled the trend to rely more heavily on lower levels of government. The fundamental objective of this study espouses the need for a more effective and balanced decentralization structure - a structure that equips and enables local governments to function autonomously, while at the same time allow for the central government to maintain clear national goals and objectives.

This study adds value to the already existing literature on fiscal decentralization in two ways. First, it provides a theoretical framework to explain the emergence of decentralization as a development strategy. The theoretical representation in this study builds on existing theoretical approaches, but it demonstrates the need for certain prevailing conditions for the success of decentralization policies. This aligns the study in tandem with the empirical reality as evidenced in the empirical part of this research. Second, the study makes an empirical contribution by applying new insights into the measurement of the concepts of effectiveness and sustainability on a fiscal decentralized initiative, to assess the varying outcomes of fiscal decentralization on a public good, namely education.

This study considers fiscal decentralization in the Republic of Kenya, by assessing the effectiveness and sustainability of the Constituency Development Fund (CDF) on education in Nambale Constituency. The Republic of Kenya covers an area of 582, 646 sq km. Its borders include Ethiopia to the North, Republic of Tanzania to the South, Somalia to the East and North East, Uganda to the West, Sudan to the North West and the Indian Ocean to the South East. Although 80% of the land is either arid or semi-arid, it supports only 20% of the population, while the remaining 20% of the land is arable and supports 80% of the

population. Kenya's population was estimated at 34 million in the year 2005 with a growth rate of 2.4% per annum.

Kenya re-attained its independence from the British colonial rule in 1963 and internal self-government in 1964, with the Late Mzee Jomo Kenyatta as its first President. The President of the Kenyan government is elected for a 5-year term. Its constitution dates from independence, although it has undergone several amendments. The Parliament, the unicameral National Assembly, consists of 222 members, 12 of whom are elected and 10 of whom are appointed by the President. The legal system is based on English, tribal and Islamic Law. Since independence, Kenya has maintained remarkable stability despite changes in its political system and crises in neighboring countries. Particularly since the re-emergence of multi-party democracy, Kenyans have enjoyed a great degree of freedom. In December 2002, Kenyans held open and fair elections which marked an important turning point in Kenya's democratic evolution in that power was peacefully transferred from a single party that ruled the country since independence to a coalition of parties that form the current ruling National Rainbow Coalition government.

Given the country's political stability and a diversified economy (comprising Agriculture at 25%, Industry at 16% and Services at 65% of the total Gross Domestic Product), Kenya is well placed to serve as an engine of growth in East Africa. In addition, it enjoys the region's best transportation linkages, communication, infrastructure and trained personnel, although these advantages are less prominent than in the past years. Kenya's main socio-economic challenges are declining economic growth, increased poverty, high unemployment and under employment levels, insecurity, declining health standards especially due to the high prevalence of HIV/AIDS, declining school enrollment rates and poor governance. The government has adopted long, medium and short-term policies to address these challenges. Among these are decentralization policies aimed at resource distribution and allocation with the aim of poverty reduction, such as the Constituency Development Fund (CDF) which is the focus of this study. The point of departure in this study is that fiscal decentralization, especially when it is people oriented, equitable and participative, is a strong motor for engineering sustainable development.

1.1 Brief overview of Fiscal Decentralization

Although fiscal decentralization could be considered a relative easy dimension of decentralization, the reality is far more complex and multifaceted. Despite formal decisions to decentralize, central agencies frequently show reluctance to do so and are capable of slowing down the process. Furthermore, decentralizing additional fiscal resources to sub-national governments, which do not have the expertise and capacity to administer them, can create a range of problems. Finally, the extent to which fiscal decentralization should be pursued must be based on sound empirical evidence, which in the case of developing countries is rather sparse. Ter-Minassian, (1997) notes there is no adequate testing of any of the claims that fiscal decentralization enhances service delivery and accountability at the local level.

Smoke (2000) takes the argument further by asserting that the contextual differences across developing countries prevent sound comparative research and the establishment of general rules and guidelines. Furthermore, Smoke (2000) notes that there are differences in managerial and fiscal capacity of lower government spheres, both across and within countries. Of importance to this study is his argument that, despite the decentralization of fiscal resources, in the majority of cases central government continues to exert certain levels of control and this undermines the autonomy of sub-national authorities.

1.2 The Research Problem

1.2.1 Statement of the Problem and Research Hypothesis

Experience clearly indicates that many of the assumed benefits of decentralization policies do not materialize and in fact very few developing countries have achieved success in implementing decentralization programs. This means that some crucial factors need to be in place in order to enhance the success of decentralization policies. Cheema and Rondinelli (1981) argue that simply creating decentralized structures for development decision-making

and announcing new procedures for participation in development planning do not guarantee their effectiveness nor will they generate growth. Griffin (1981: 225) further emphasizes this concern "... it is conceivable, even likely in many countries, that power at the local level is more concentrated, more elitist and applied more ruthlessly against the poor than at the center. Thus, greater decentralization does not necessarily imply greater democracy let alone "power to the people". It all depends on the circumstances under which decentralization occurs."

In the Kenyan context, recent efforts to national planning have sought to identify development priorities through consultations. For example, the preparation of the PRSP¹ involved broad stakeholder consultations across the entire country with the objective of eliciting information on key concerns and priorities. Likewise, the ERSEWC² took into account the priorities as expressed by stakeholders though the consultations were not as broad and intensive as those carried out in the preparation of the PRSP. These consultations have been particularly insightful in highlighting the priority rankings of development needs by communities. However, one of the important lessons learned from the various consultations conducted in Kenya is that while the country faces a number of cross-cutting problems that Kenyans consider as important, there are significant differences in the way communities rank their priorities. Efficiency in resource allocation through decentralized plans such as the CDF and consequently the effective implementation and sustainability of these plans would therefore allow the government budget to be tailored to meet diverse priorities in the different areas more effectively.

The Constituency Development Fund was initiated in Kenya with the promise of alleviating poverty at the grassroots level by providing individuals at the grassroots the opportunity to make expenditure choices that maximize their welfare in line with their needs and preferences, and so theory predicts that programs such as CDF would result in high levels of efficiency, effectiveness and sustainability and that the selection of the projects would vary across jurisdictions in line with development priorities. However, Kimenyi and Meagher (2004) note that these depend on the community's role in decision-making and in

¹ Poverty Reduction Strategy Paper

² Economic Recovery Strategy for Employment and Wealth Creation

monitoring the use of such funds. Regarding the CDF, there are emerging concerns revolving around the issues of transparency, accountability, participation by the beneficiaries in the overall implementation of projects and monitoring the use of these funds. They emphasize that participation is considered effective not by mere passive attendance at meetings, but rather by the ability of participants to voice views and question decisions. This research sets out to investigate and respond to these concerns.

This study hypothesizes that effectiveness and sustainability of fiscal decentralization strategies such as the CDF can only be achieved if certain key elements are in place such as participation of the intended beneficiaries and an effective monitoring and evaluation framework to enhance transparency and accountability in the implementation of projects.

1.2.2 Aims of the Study

The overall aim of this study was to establish the effectiveness and sustainability of CDF in its attempt to improve the education situation in the chosen case study area. Against this background, the design of the research entailed to:

1. Provide the study with a solid interpretive base and theoretical framework by critically analyzing the decentralization theory and related concepts;
2. Highlight the development potential and challenges facing education in Kenya;
3. Provide a socio-economic background of the case study area: Nambale Constituency;
4. Provide background information to the CDF education program in Kenya by describing its objectives and structure;
5. Investigate the contribution of the CDF comparing its outputs with its stated objectives; and
6. Provide recommendations to local implementing agencies, policy makers and other interested parties on how best the CDF programme can be structured and implemented to ensure effectiveness and sustainability.

1.3 Research Design

The research design applied in this research entailed careful planning of the study in order to answer the research questions. Therefore, this investigation employed a combination of research tools in order to gather relevant and comprehensive information on the research topic and included both quantitative and qualitative methods of research as explained in the sections below.

1.3.1 Methodological Approach

In order to enhance the depth of the investigation, a number of research tools were used. These included a literature review, secondary data analysis and qualitative research methods such as informal and semi-structured interviews, direct and obtrusive observation and use of photography. Additionally, the use of a questionnaire was applied to gather quantitative data.

1.3.2 Literature Review

This section helps to demonstrate that the researcher has reviewed the related body of literature and is aware of the relevant information and ongoing debates on the subject. For the purpose of this study, the literature review served to give a theoretical and intellectual background to the study and build a logical framework for the research. Mouton (2001) points out that the importance of the literature review is to avoid duplication of efforts and to save time. The literature review presented in this study therefore helped to guide the research towards conceptualizing the research questions regarding CDF as a development tool by locating it in a body of theory.

1.3.3 Secondary Data and Document Analysis

This included perusal of research done on related issues such as existing project reports, published and unpublished reports on decentralization strategies and development initiatives, and government documents such as district development plans. Other sources included the CDF Act, which served to provide a solid background to the CDF program and its structure and objectives. Furthermore, information provided in the CDF Act helped to establish possible measures of sustainability of the projects based on how the fund is to be

implemented in the long run. The study also made use of the long-term and mid-term project reports in the constituency to assess if progress was on course and whether the specific project objectives were being achieved. Annual constituency reports were used to establish how the overall implementation of the fund was done in a bid to assess its effectiveness. All information taken from these sources was carefully acknowledged and referenced.

1.3.4 The Case Study Approach

The application of a case study approach was particularly important in this investigation as it offered an in-depth understanding of the complexities of the topic of research by limiting the scope and basing the study on a real-life setting. In this regard, the information obtained was contextualized to allow the researcher assess the effectiveness and sustainability of the CDF in a natural setting. Data relating to the socio-economic aspects of the area, its political economy and other factors relevant to the topic of research were analysed to establish their contribution or hindrance to the effective and sustainable implementation of the Fund. The choice of a case study is further backed by Cook and Campbell's argument (in Babbie, 2001:280), where they noted that "...case studies can yield valuable scientific information when they take place in settings where many variables are measured at the post-test".

For the purpose of this research, the study was specifically carried out in the Nambale constituency, which is located in the Busia district, in the Western Province of Kenya. Nambale is one of the four constituencies that form the district. It comprises two divisions, namely the Nambale Division and the Matayos Division. For the purpose of this research, the entire Nambale constituency formed the case study area. Nambale was specifically chosen as the case study area for this research because the researcher has gained a vast amount of knowledge of the area. Moreover, a significant amount of the CDF has been dedicated to implementing education projects in this constituency. Since this research intended to gain an in-depth analysis of the effectiveness and sustainability of CDF on education, the Nambale Constituency therefore provided a good base for the study.

1.3.5 Qualitative Research

Qualitative methods enabled the researcher to obtain an in-depth-understanding of the research topic in question. As pointed out by Casley and Kumar (1988:5), qualitative methods encourage more discussion and involvement by the respondents who may be individuals, focus groups, or village committees. Qualitative research methods such as direct and unobtrusive observation, semi structured interviews, as well as focus group discussions were used to gather more sensitive data. It is argued that such qualitative methods allow the researcher to explore perceptions and meanings that people use and enable the researcher to acquire in-depth information regarding the research (Katzenellenbogen, Joubert & Karim, 1999).

1.3.5.1 Observation

Observation was used as a method for data collection by systematically and keenly noting and recording the state of the project activities and to determine, for instance, whether the phases of implementation were still ongoing or had been completed. This was then compared with the project reports to check consistency of reporting that pointed towards effectiveness of the implementation process. Also, the state of the existing infrastructure such as classrooms and other facilities that had been constructed using the CDF was captured through photography. In so doing, the researcher was able to assess if there was a need for maintenance, for example where the structures showed elements of neglect and dilapidation, which eventually pointed to the question of their sustainability in the long run. Through observation, the researcher was able to assess whether the intended project activities were actually implemented in line with the utilization of funds as reported by various respondents.

1.3.5.2 Semi- Structured Interviews

As highlighted by Flick (1998), certain open-ended questions must be used in the interview situation as a form of interview guide. The semi-structured interviews were administered to members of the constituency using purposive sampling as this method enabled the researcher to elicit the required information. This study applied a total of forty semi-structured interviews to generate most of the information needed for the research. Some of

the key informants included the following: the assistant to the Member of Parliament of the Constituency- to help gain a clearer understanding of issues such as the objectives of the CDF and selection criteria of committee members; members of the public to establish the factors that promoted or hindered effectiveness and sustainability in the implementation of the CDF projects and to determine the criteria for selecting schools to benefit from the fund. These interviews helped to provide information regarding both the effectiveness and sustainability aspects of the projects already implemented by the CDF in the case study area.

1.3.5.3 Focus Group Discussions

Focus group discussions are very useful in terms of focussing attention on particular aspects. Morgan (1997) notes that focus group discussions provide the opportunity to observe a large amount of interaction on a topic in a limited period of time. He stresses “...they provide direct evidence about similarities and differences in the participants’ opinions and experiences as opposed to reaching such conclusions from post hoc analyses of separate statements from each interviewee”. For this research, two focus group discussions were conducted with local administrators in the area including chiefs and district development officials as well as the people’s representatives on the CDC, which operates at the constituency level. Each group comprised of seven participants. Questions focused on issues relating to the development needs and challenges facing the implementation of CDF projects.

1.3.6 Quantitative Research

Quantitative data gathering methods included the compilation of a structured questionnaire, which targeted teachers and school management officials. A total of twenty questionnaires were administered to ten representatives from different Boards of Governors (BOG) for secondary schools and ten from the Parents Teachers Association (PTA) for primary schools. The questionnaire mainly extracted information regarding the impact of increased infrastructure on enrolment rates in schools as well as the participation of the school management authorities in the project implementation processes.

1.3.7 Data Analysis and Presentation

A combination of quantitative and qualitative data analysis methods was used to bring order to the collected information. Firstly, with regard to the qualitative data, content analysis was used to categorize information obtained from secondary documents. This information was placed into different themes and categories in order to generate a logical and consistent flow. Data gathered from interviews, observations, focus group discussions and meetings was analyzed and checked against secondary data for validity where and when it was appropriate.

Quantitative data was edited and coded, and processing methods included using computer packages such as SPSS³, which enabled the researcher to generate graphs and tables as well as facilitated to analyze relationships between different variables. Data presentation was done in the form of statistical summaries, tables and graphs, diagrams as well as using texts, quotations and photographs.

1.4 Limitations of the Study

Empirical documented data on CDF is still very scanty. This can be attributed to the fact that the concept is fairly young in the development arena in Kenya. This therefore limited the access to a broad range of information to back discussions on the topic and proved to be very time consuming, considering the time limit assigned to the research. The data that was available in the form of project reports and expenditure budgets for instance was also mainly district aggregate data, which could not be easily disaggregated to apply to the scope within which the study lies. Specific data with regard to the changes in enrolment in schools within the constituency was not readily available.

Additionally, the concept of CDF has been highly politicised and this posed a big challenge during the data collection phase. While its publicity is widespread across the country, it was very apparent that some respondents were highly sceptical to divulge their individual opinions with regard to the program. In most cases, respondents would only openly discuss the issue if the researcher could guarantee them anonymity and this obviously inhibited the

³ Statistical Package in Social Sciences

extent to which some information, critical for this study, could be obtained. This was especially apparent during the focus group discussions and explains why the identity of the participants in this survey was not revealed. Furthermore, the period within which the survey was conducted coincided partly with the school holidays and this made it more difficult to access some school authorities that would have been resourceful to the course of this research.

Nonetheless, with a great sense of determination and prudence, the researcher managed to overcome these obstacles to obtain the required information while at the same time upholding the principles of ethics governing research.

1.5 Research Agenda

This chapter has set the stage for the topic under investigation. It has introduced the study by highlighting its contribution to the literature on fiscal decentralization and formulated the research problem, aims of the study and the methodology adopted to advance this research. The chapter progression for the remainder of the study is set out below:

1.5.1 Chapter Two: Literature Review and Theoretical Framework

The chapter provides the study with a solid interpretive base and theoretical framework by critically analyzing the decentralization theory and related concepts in development practice.

1.5.2 Chapter Three: The Case Study Area

Issues discussed in this chapter include the education situation in Kenya in general and socio-economic dynamics in Nambale Constituency in particular, as regards their relationship with the topic of research.

1.5.3 Chapter Four: Kenya's Constituency Development Fund

This chapter provides background information regarding the goal and objectives of CDF, as well as the legal and institutional framework that govern its implementation.

1.5.4 Chapter Five: Empirical Findings

Chapter 5 presents and analyses the findings obtained in the survey to assess the effectiveness and sustainability of CDF in primary and secondary schools. The findings are used to test the hypothesis.

1.5.5 Chapter Six: Conclusion and Recommendations

The research concludes by reflecting on theoretical manifestations focussing on the key emerging issues on the topic, as well as stating lessons learnt and provides recommendations for improved development practice through decentralized programs such as CDF. It also suggests the need for further research on the topic.



CHAPTER 2: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Introduction

The information presented in this section provides a theoretical and intellectual background to the study and helps to build a logical framework for the research.

2.1 Conceptualizing Decentralization

Decentralization refers to the deliberate transfer of resources from central state institutions to lower levels of government. Developing countries in particular have embraced the concept of devolving power to peripheral institutions. However, numerous authors have commented on the multi-faceted and complex nature of decentralization. For Bird (1995) the term has “become slippery”, while Conyers (1985) warns that it can mean all things to all people (Conyers, 1985).

Broadly defined, decentralization refers to the devolution of planning and decision-making authority from central government to lower levels of government including local administrative units, semi-autonomous and parastatal organizations, local governments or nongovernmental organizations (Rondinelli & Cheema, 1981). These authors state that different forms of decentralization can be distinguished primarily by the amount of autonomy the “decentralized organizations” were given to execute their tasks. They state that political decentralization seeks to create or strengthen independent levels or units of government through devolution of functions and authority. Administrative decentralization on the other hand involves the distribution of administrative responsibilities only within the central government, in its field offices for instance. Fesler (1968: 373) draws attention to the fact that “administrative decentralization may not involve any decentralization of power, that is, it may not provide the opportunity to exercise substantial local discretion in decision making”.

As regards the reasons for decentralization, Ebel (1998) points out in his overview of decentralization that: “The western world sees decentralization as an alternative to provide public services in a more cost-effective way. Developing countries are pursuing decentralization reforms to counter economic inefficiencies, macroeconomic instability, and ineffective governance. Post-communist transition countries are embracing decentralization as a natural step in the shift to market economies and democracy. Latin America is decentralizing as a result of political pressure to democratize. African states view decentralization as a path to development and national unity”.

Despite the popularity surrounding the notion of decentralization, it is not a new concept. During the 1950s and 1960s British and French colonial administrations started devolving responsibilities for certain programs to local authorities in order to prepare colonies for independence. In the 1980s the renewed global emphasis on governance and human-centred approaches to human development placed decentralization at the forefront of the development agenda (UNDP, 2000). Today both developed and developing countries have embraced decentralization policies (WDR 1999/2000).

Generally, advocates of decentralization see devolution of power and resources as an opportunity for empowerment in that it creates an enabling environment where civil society can make their voice heard. This stems from the assumption that decentralization allows for local participation on key decision making processes, thereby helping to strengthen self-governance through processes such as equitable mobilization and distribution of resources. Given the case of the African context for instance, decentralization could help to strengthen the existing weak institutional capacity, especially in the area of monitoring and performance evaluation on service delivery by the local government.

Critics of decentralization on the other hand maintain that decentralization is not a panacea for the widespread allocative inefficiencies. One of the contentious issues is whether democracy and local government can in fact be companionable. Langrod (1953) presents an interesting contrast between democracy and decentralization- that democracy promotes equality with regard to power and resource distribution, whereas local governance

advocates for the differentiation of actors. To further fortify the critique on decentralization, another argument highlights the lack of the necessary preconditions for the existence of a strong democratic system in most of the developing world. Such conditions include free and open media space, high levels of literacy and sound education systems, all of which constitute a vibrant civil society to advance the course of decentralization. These factors are mostly missing in most of the developing countries, thereby compounding the problem of sustaining effective decentralization initiatives (Huntington, 1968; Hyden, 1983; Leftwich, 1993).

Other critics have argued that decentralization does not automatically yield positive impacts, but could in fact, also lead to decentralization of poverty. Prud'homme (1995) and Bennett (1994) argue that while local governments may help to promote allocation efficiencies, they lack the capacity to reinforce the distributive functions due to the absence of a democratic sphere and the prevalence of corruption. Other problems include lack of exploitation of economies of scale in the decentralized provision of goods and services and lack of coordination and equity across jurisdictions (Bardhan & Mookerjee, 1998).

Nevertheless, critics of decentralization are also facing dilemmas in maintaining their assertions given the present day situation. Experience is increasingly showing that issues of improved local governance are better addressed when local people are involved in decision making processes. This is attributed to the increased acknowledgement of the fact that local communities are better placed to identify solutions to governance problems in their local cultural, social and economic settings, especially in Africa (World Bank, 1989). Scholars such as Ostrom et al. (1993), Silverman (1997) and Litvack et al. (1997) support this view and propose that effective institutional and policy frameworks should be put in place to help increase efficiency outcomes in resource allocation, promote equality through resource distribution and make development initiatives through decentralized initiatives more sustainable.

2.2 Theoretical Perspectives of Development Practice

2.2.1 Defining Development

Development is a complex term and many attempts have been made by different authors in an effort to describe what it really entails (Allen & Thomas, 2000; Coetzee et al, 2001; Todaro, 1987; Chambers, 1997).

Martinussen, (2003) argues that over the last century, western conceptions of the world and history have been largely characterized by notions of progress, evolution and development. Originally, the emphasis was on progress and evolution but since World War II, “development” has become the most widely used term. Regardless of the more specific definition, there is a very widespread tendency to associate something positive, something desirable, with the word “development”. According to Coetzee (2001:120) development means “...the connotation of favorable change moving from worse to better; evolving from simple to complex; advancing away from the inferior...a form of social change that will lead to progress...the process of enlarging people’s choices, acquiring knowledge, and having access to resources for a decent standard of living”.

Allen and Thomas (2000:24) state that development is an “all encompassing change, not just an improvement in one aspect”. These authors note that it is actually a process where change is continuous and where improvements build on previous improvements and that these changes occur at the level of social change and of the individual human being at one and the same time”. Michael Todaro (1987:85) adds that development is “a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and eradication of absolute poverty”.

2.2.2 Measuring Development

The judging of how developed a country or a community is, is highly subjective, often highly controversial, and very important in judging what further development is necessary or desirable. There are many different measures of human development, many of which are

closely linked to each other. This study exemplifies relationships between poverty, education and health as parameters for development.

2.2.2.1 Poverty Reduction

According to a World Bank report, the concept of poverty applies to different circumstances to include lack of material wealth, ill health, social inclusion, illiteracy, deprivation and powerlessness (World Bank, 1998). Based on this argument therefore, efforts including public policy initiatives geared at poverty reduction must be targeted to address these fundamental aspects of life.

When considering poverty in broader terms of people's ability to influence their own future, it is clear that education, medical care, and access to basic information and other resources will help empower the poor. Although progress has been made on the war on poverty in recent decades, the number of people who are still living in extreme poverty remains high. Progress on achieving this goal has been significantly undercut by the recent global food and economic crises of 2008. Fortunately, the war on poverty continues to stay at the top of the development agenda, as both national and international actors strive to achieve the Millennium Development Goals.

2.2.2.2 Health

According to the World Health Organization (WHO) and the Organization for Economic Cooperation and Development (OECD), health is central to overall human development and poverty reduction. These organizations state that good health contributes to development through increasing labor productivity, educational attainment and investment and facilitating the demographic transition. On the other hand, many aspects of poverty have a negative impact on health and on access to effective health services. In turn, sickness and disability can affect the productivity of individuals, households and communities, making it more likely they will fall into poverty or be unable to escape poverty for long periods (OECD, 2002; WHO, 2003).

2.2.2.3 Education

Education provides a gateway for great opportunities in life that can cushion communities against the poverty trap. It grants possibilities for knowledge acquisition to improve well being including improvement in health, use of appropriate technologies in a highly technology-dependent world, and sharing of entrepreneurial skills. The World Bank emphasizes that “To reach universal primary education by 2015 as a partial fulfillment of the Millennium Development Goals, governments and school systems with low completion rates will need to start to train teachers, build classrooms and improve the quality of the education. Most importantly there is a need to remove such barriers as fees and lack of transportation, and address parents’ concerns for the safety of their children” (World Bank, 2000).

2.2.2.4 Sustainable Development

Sustainable development as a concept emphasizes a holistic approach in meeting the present needs of communities while at the same time being mindful of the needs of future generations. The term is widely applied to a political discourse committed to the provision of quality life, the conservation of natural resources and a sense of obligation to future generations (Becker & Jahn, 1999). Becker and Jahn (1999) view sustainable development as a concept that acknowledges the close and complex links between the analytical, normative and strategic contexts of development.

At an analytical level, sustainable development emphasizes the diversity of paths for societal transformation, depending on the particular community’s cultural, political, as well as ecological starting points. Meanwhile, it also introduces a set of normative commitments to development problems thus implying that economic processes are subordinate to social and ecological constraints. Treurnicht (2000) noted that local people understand their area and know what to do to ensure sustainable development. Becker and Jahn (1999) emphasize that sustainable development demands a great sense of dedication to conservation of the environment which forms the basis of human existence. They maintain that this is the context in which to implement policies and move towards sustainable development at international, regional and national levels.

2.3 Decentralization and Development

Several arguments have been advanced with regard to the role that effective decentralization policies play on development. Adapted from the UNDP report on governance and sustainable development, decentralization is a critical tool to address poverty, gender inequality, environmental concerns, improvement of healthcare, education and access to technology. The report argues that decentralization brings decision-making closer to the people and therefore yields development programs and services that better address local needs. The challenge here is to ensure that all stakeholders can, and will voice their opinions.

The UNDP links decentralization and development by asserting that as part of the decentralization process, policy makers and politicians are integrating development programs to address issues of citizen participation, incorporate the poor in policy decisions, and aid in poverty reduction at the local level hence encourage sub national autonomy and creativity in addressing local needs, geared towards development. Additionally, it is argued that bringing stakeholders together to define priorities for projects and programs increases interest and a sense of ownership, which in turn promotes sustainable development. In this way, community participation, which is enabled through development strategies such as decentralization, plays a key role to boost development initiatives (UNDP, 1997).

2.4 Development Strategies

2.4.1 Central Planning

Until recently, national governments have been the main agents of development initiatives in much of the Third World. This originated from the perception that national governments were better placed to design and implement comprehensive policies and programs to address the varying needs of the citizens across the country. The rationale behind central planning in developing countries at that time was that it was a means of providing rational and coherent policies for using scarce resources effectively to promote economic growth in industrial output (Cheema & Rondinelli, 1983).

Myrdal, (1970: 175) noted that central planning would “initiate, spur and steer economic development” and commented that national plans would not only direct public resource allocation, but also guide private investment and the activities of the parastatal organizations. The benefits of industrial investment, concentrated in one or two major metropolitan centers would “trickle down” and spread throughout the economies of developing nations to alleviate poverty and generate income and savings. The capital mobilized through savings would be reinvested, thereby expanding production and employment, raising incomes, drawing larger numbers of people into productive activities, and eventually pushing poor societies into a stage of self-sustaining economic growth and development.

With time, however, central planning has been criticized based on its presumption that “one size fits all” (Oates, 2006). Central plans fail to consider the differing needs and conditions of various regions of the country or groups within society. Greater equity in the distribution of income and wealth, as many development theorists have argued, requires wider participation in the economic, social and political processes through which wealth is generated and distributed. This, they argue, is provided for through decentralization.

2.4.2 Fiscal Decentralization

The concept of decentralization slowly began to spread within and across regions due to the evident need for a complimentary trajectory for effective service delivery and good governance. One of these reasons relates directly to the above mentioned frustrating results of central planning. With time, both development practitioners and theorists realized the crucial need for multi-stakeholder participation, especially the involvement of the intended beneficiaries of such development programs and policies. Advocates of fiscal decentralization, which refers to the assignment of expenditure functions and revenue sources to sub national levels of government, for example, highlight that it is more than just a transfer of authority or resources, but that it has a recognized bearing on governance and on the quality of government as well (Cheema & Rondinelli, 1983). The theoretical perspectives of fiscal decentralization as viewed by various scholars are elaborated further in the following section.

2.5 The Theory of Fiscal Decentralization

Fiscal decentralization hinges heavily on the two concepts of efficient and effective allocation of resources in the public sector. Oates (2006) advances the arguments on the theory of fiscal decentralization which presupposes that regional or local governments are in a position to adapt outputs of public services to the preferences and particular circumstances of their constituencies, as compared to a central solution that presumes one size fits all. Moreover, in a setting of mobile households, individuals can seek out jurisdictions that provide outputs well suited to their tastes, thereby increasing the potential gains from the decentralized provision of public services (Tiebout, 1956:416-424).

Oates further emphasizes that fiscal decentralization may encourage experimentation and innovation, as individual jurisdictions are free to adopt new approaches to public policy. In this way, the theory holds that decentralization can provide a valuable “laboratory” for fiscal experiments (Oates, 2006).

While this research acknowledges the advantages of fiscal decentralization in a theoretical context, it critiques the absence of necessary structures to facilitate effective implementation of decentralization policies that could spur development. In tandem with this finding, other scholars have also argued that the lack of transparency and accountability (good governance), and the centralist politics that characterize most low income countries have been strong enough to hold back effective and sustainable decentralized programs (Sheifer & Vishny, 1993). In fact, due to lack of transparency and accountability, corruption may increase in decentralized governments rather than decline, because of the proximity between local government officials and private individuals (Prud’homme, 1995; Tanzi, 1995).

2.6 Applicability of the Fiscal Decentralization Theory

This research holds that fiscal decentralization can act as a critical vehicle to achieving sustainable development if it is used to provide a logical framework for mobilizing local support and resources, and promoting participation among beneficiaries of development

programs. Nonetheless, fiscal decentralization should not be taken as the magic bullet for development. Its existence may not even necessarily produce positive outcomes if there is no fair and clearly defined mechanism for resource allocation and distribution. In fact, as it has been argued, fiscal decentralization could lead to allocative inefficiencies, as well as poor accountability and governance (Hommes, 1995; Inter-American Development Bank, 1997; World Bank, 1999; Fukasaku & De Mello, 1999).

In applying the theory of fiscal decentralization to the research topic under investigation in this study, the key concepts of effectiveness and sustainability have been conceptualized and are presented below.

2.7 The Concepts of Effectiveness and Sustainability

Effectiveness refers to the measure of the extent to which an aid activity attains its objectives (DAC, 1991). In this study, effectiveness will be measured by the extent to which the CDF has contributed towards promotion of education in its various project activities stated above. In evaluating the effectiveness of the CDF, this study will consider the following general questions:

1. To what extent were the stated objectives of the CDF achieved or are likely to be achieved? Have the intended educational projects been implemented as stipulated? Has performance improved, infrastructure increased and access to education made possible through provisions of the fund?
2. What were the major factors influencing the achievement or non-achievement of the objectives? Are funds utilized for their intended purposes?

Sustainability on the other hand is concerned with measuring whether the benefits of a project or program are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable (DAC, 1991; OECD, 1986; OECD, 1991; OECD 2000). This study will evaluate the sustainability of the CDF projects by considering the following issues:

1. What can be done to ensure that transition from one MP's regime to another does not completely destabilize the system and stall on-going projects?
2. To what extent are the benefits of CDF likely to continue with time should budgetary allocations fluctuate?
3. What are the major factors influencing the achievement or non-achievement of sustainability of education projects in Nambale?



CHAPTER 3: THE CASE STUDY AREA

3.0 Brief overview of Education Reforms in Kenya

It is evident that the growth of Low-Income Countries (LICs) and Middle-Income Countries (MICs) calls for the strengthening of their education systems to tackle simultaneously the twin challenges of poverty reduction and the creation of modern, dynamic and cohesive economies and societies. Despite remarkable improvement in access to education in the past decades in Kenya, the country still needs to improve the quality of education and extend the development effort beyond basic education. Making strategic choices therefore becomes critical in current education reform initiatives in Kenya.

The government of Kenya has recently introduced a sector-wide approach to education which is conceptualized in the “Kenya Education Sector Support Program 2005-2010”. This program aims to implement the government's policy pledges to provide citizens with a good quality education, and signals a move from the previous *Harambee*⁴ system, under which communities were responsible for funding the building of schools, to a system whereby the government provides the basics. It is however recognized that resources may not stretch to meet all needs and therefore there are efforts by the government to establish partnerships with other funding agencies to realize this initiative.

Kenya's education is based on an 8-4-4 system: eight years in primary school, four years in secondary school and four years in tertiary education. For several decades, and despite spending over 6% of the total GDP on education, primary school enrolment and completion rates had declined, especially during the 1990s. This was abruptly reversed in 2003, on the NARC government's declaration of free and compulsory primary education by abolishing school fees and levies, a move that saw over one million children return to school countrywide. On the overall, the country has made impressive achievements in the education sector.

⁴ A local term used to mean “To pull resources together”. It is applied in the contexts of community and self-help development initiatives

Free Primary Education (FPE) was introduced in public schools in Kenya in January 2003 in a bid to realizing universal primary education, and a step towards achieving the MDGs that the international community has committed to achieving by 2015. From the beginning, implementation of FPE involved the direct disbursement of per capita grants to primary schools. This was aimed at improving accountability and controlling corruption at school and other levels. There was also a rational policy of first raising the Pupil-Teacher Ratio (PTR), to accommodate the acute shortage of teachers versus students. Furthermore, the Ministry of Education Science and Technology (MoEST) has continued to roll out curriculum reforms and to prioritize the provision of teaching and learning materials to improve teacher effectiveness while easing the burden on pupils.

As it could have been anticipated, enrolment in government primary schools at the start of the 2003 school year escalated from 5.9 to 7.1 million, and has continued to remain high. In a country study conducted by the DFID, this drastic rise has automatically posed some serious strains especially in urban areas, as a result of overcrowding in classrooms. The study espouses that there can be no doubt that the upsurge in demand for education in most areas, are directly linked to the abolition of school fees and levies (DFID, 2004).

In spite of its achievements, the Kenyan education sector still faces a number of key challenges and dilemmas. They include:

- To develop integrated decentralized strategies that optimize the participation of all partners and stakeholders within a central government-led policy framework;
- To expand the system and improve equity and quality, while at the same time increasing efficiency and reducing unit costs so that the system is sustainable and affordable;
- To prioritize and balance what could be competing demands within the sector; and
- To rebuild an education system which offers opportunities for all at a time when poverty, hunger and illness still affect many Kenyans.

It is against this backdrop therefore that development programs such as the CDF have been earmarked as potential to mitigate some of these challenges. One of the key strengths of CDF lies in its countrywide coverage, such that each of Kenya's 210 constituencies is entitled to an annual allocation for development purposes. The various shortcomings in the education sector as outlined above in the various constituencies can therefore be addressed, albeit to some extent if stern measures for appropriate utilization of the funds are enforced. Given that development needs and priorities are certain to vary from one constituency to another, CDF offers impeccable possibilities through which each constituency will tailor its own development projects that are demand-driven.

In lieu of this, a number of factors must be carefully borne in mind when thinking about the operational modalities of CDF in Kenya's constituencies. Kenya is a highly diversified country and therefore choices and priorities in project implementation will be affected by factors such as physical size of the jurisdiction, population size and density, diversity, scope of economic activities, degree of urbanization, levels of education and poverty, among others. To further explain these observations, this study will present the findings of a survey conducted in one of Kenya's 210 constituencies, namely the Nambale constituency.

3.1 Background of Nambale Constituency

Nambale constituency is located in the Busia district, in the Western province of Kenya. It is one of the four constituencies of the Busia District, which borders Uganda to the West. It covers an area of 673.6 square km and has a population of 287,592 people, based on the projections made in June 2006. The other constituencies are Budalangi, Funyula and Butula. Budalangi constituency covers Budalangi Division; Butula Constituency covers Butula Division; Funyula constituency covers Funyula Division and Nambale Constituency covers Nambale, Matayos, and Township Divisions.

3.2 Socio-economic Characteristics of Nambale

3.2.1 Poverty

Busia District, under which Nambale Constituency falls, has very high poverty prevalence. According to the Welfare Monitoring Survey (WMS III) of 1997, the prevalence of overall poverty in the district stood at 66% of the population. Poverty in the district is mainly attributed to the lack of efficient means of production, including application of inferior farming technologies, inadequate farm labor and occasional crop failure caused by drought and flooding. Additionally, high costs of education, especially at the secondary level, sometimes leading to disposal of land to meet school fees and other educational needs render people poor. Poverty in the area is then manifested through cases such as malnutrition among children, poor housing and sanitation conditions as well as inability to access the basic human needs.

3.2.2 Education

Nambale constituency has a total of 18 secondary schools, 75 primary schools and 5 polytechnics. Generally, schools within the area have very little infrastructure for learning. This is pronounced by the lack of access to facilities such as libraries, well-equipped science laboratories in secondary schools, and classrooms at both primary and secondary school levels. Additionally the high-cost of school fees in secondary schools denies many pupils a chance to earn formal education, leaving them without skills for further personal development. In essence, generational cycles of poverty have for so long suppressed innovation and entrepreneurial potential while increasing dependency in the area as illustrated in the District Development Plan of 2002-2008⁵.

3.2.3 Trade and Agriculture

The main economic activities in the region are farming and trading with neighboring Uganda and Busia town, which serves as the district headquarters. Agriculture has remained the main source of income to a large percentage of the population although its potential has continued to decline especially due to the shortage of farm labor which is as a

⁵ Busia District Development Plan 2002-2008 is a 5-year plan prepared by the Ministry of Planning and National Development. It outlines all the various development programs in the district including the challenges and potentials and how these would be tackled.

result of people migrating to cities in search of white-collar jobs. In turn, more people are involved in trading activities with neighboring Uganda. The information given in the District Development Plan also highlights that this has become a significant source of income and involves mainly farm produce and fish across the Kenya- Uganda border.

3.3 Development Challenges in Nambale

The major development challenges that face Nambale include increasing levels of poverty, declining agricultural productivity and the consequent threat to food security, poor state of infrastructure especially roads which limits accessibility and linkages between production areas and markets, high prevalence of HIV-AIDS resulting in child-headed households, lack of adequate credit facilities, low employment opportunities and generally poor service delivery. These and many other challenges have continued to push the area's productive work force into cities in search of alternative means of livelihood and this has continued to disrupt the area's commitment to community development.

A study of this area signals the need for building capacity of the people to undertake and manage community development programs and thereby enhance their capacity to be resourceful and economically independent. This will help to promote the optimal utilization of available resources, while at the same time increasing the potential for exploitation of other opportunities. For instance, the lack of access to credit facilities and farm inputs as outlined earlier needs to be addressed by strengthening the capacity of the co-operative societies and community-based organizations to enable farmers and other entrepreneurs access to capital. This provides safety nets that cushion small and medium enterprises against poverty.

These notwithstanding, notable in Nambale is the fact that a very high priority has been given to financing educational projects across the constituency. Data provided by the Ministry of Finance through the CDF website gives evidence that a total of KES. 22,037,289 out of the total KES. 29, 289,890 (72 %) of the budgetary allocations for the 2003/2004, 2004/2005 and 2005/2006 fiscal years, has been allocated to education projects

alone. Whether this has had any meaningful impact in the education sphere as desired, will be discussed in the following chapter.



CHAPTER 4: KENYA'S CONSTITUENCY DEVELOPMENT FUND

4.0 Introduction

For decades, Kenya's development and decision-making processes have been the exclusive prerogative of the central government. A 'top-down' approach has been used to design policies, programs and projects. As a result, communities have played almost no role in making decisions that affect important aspects of the political, socio-economic and ecological systems that sustain them. Disinterest in project activity on the part of communities has been widespread and the failure rate of such development projects has been high.

With time however, the government has showed its determination to ensuring better life for its citizens in it's strive to achieve the MDGs and Education for All (EFA) goals. A study conducted by the Institute of Policy Analysis Research (IPAR)⁶, provides evidence that the government has adopted long, medium and short-term policies to address these challenges. Among these are decentralization policies aimed at resource allocation and distribution with the aim of poverty reduction, a case in point is the Constituency Development Fund.

4.1 Background of the CDF in Kenya

The enactment of the CDF in 2003 has significantly changed development dynamics at community level such that the constituency has increasingly become an important unit of engagement in development projects in Kenya. Within this initiative, citizens ought to not only exercise their civic rights within this jurisdiction, but also to engage more and more in planning, implementation of projects and programs as well as in monitoring and evaluation.

Unlike other development funds that filter from the central government through larger and more layers of administrative organs and bureaucracies, the funds under this program go directly to local levels. In essence, the CDF provides individuals at the grassroots the

⁶ IPAR was established in 1994 as a private , independent non-profit organization to pursue research-based public policy analysis on Kenya

opportunity to make expenditure choices that maximize their welfare in line with their needs and preferences. Also, because the fund benefits communities directly, it stimulates local involvement in development projects and as a result constituents have more information about projects funded under this program. This is evidenced by regular commentaries in the media and reports by members of parliament on the status of the CDF projects. As a result of the involvement of communities in decision making and monitoring resource use, theory predicts that programs such as CDF would result in high levels of efficiency, effectiveness and sustainability and that the selection of the projects would vary across jurisdictions in line with development priorities (Kimenyi, 2000).

4.2 Objectives of the Constituency Development Fund

CDF was established in 2003 through the CDF Act⁷ in the Kenya Gazette Supplement No. 107 (Act No. 11) of 9th January 2004. The fund's primary goal is to control imbalances in regional development arising from partisan politics. It targets all constituency-level projects, particularly those aiming to combat poverty at the grassroots level. This places CDF under the realm of fiscal decentralization, which comprises the financial aspects of devolution to regional and local government. The key specific objectives of CDF in Kenya are:

- To foster equitable resource distribution and decentralization of spending responsibilities; and
- To promote stakeholder participation in decision making processes in community development initiatives so that development outcomes reflect the needs and preferences of the beneficiaries.

4.3 Legal Framework of the Constituency Development Fund

Established in 2003, the CDF Act provides that at least 2.5% of all ordinary government revenue in every financial year be paid into the fund. This amount is to be disbursed under the direction of National Management Committee (NMC) constituted as per Section 5 of the Act. While 75% percent of the amount is disbursed equally across all the 210 constituencies, the remaining 25% is disbursed on the basis of the poverty index (Section

⁷ The Constituencies Development Fund Act, 2003

19 of the CDF Act). At the constituency level, the CDF Act specifies that up to a maximum of 3% of the total annual allocation may be used on office running expenses, 5% be set aside for emergency while 10% is allocated to the education bursary scheme. All unutilized funds remain in the constituency account. The Act further provides for the formation procedures and operational structures of CDF to oversee its implementation. The Act also provides guidelines on how the CDF projects shall be identified, the number and type of projects to be implemented. This information is discussed in detail in the following sections.

4.4 Operational Structure of the Fund

As provided for in the CDF Act, the fund is managed through four committees, two of which are at the national level - the National Management Committee (NMC)- Section 5; and the Constituency Fund Committee (CFC)- Section 27; and two at the grassroots level - The Constituency Development Committee (CDC)- Section 23.1 and the District Projects Committee (DPC)- Section 39. These are discussed below.

4.4.1 The National Management Committee

The NMC is composed of representatives of relevant central government ministries, technically competent officers appointed by the Minister of Finance, representatives from civil society and the manager of the fund. It is chaired by the Permanent Secretary (PS) in the Finance Ministry. The overall function of the NMC is to disburse the funds and oversee their efficient utilization, by receiving and checking reports and returns from the constituencies. The NMC has sub committees with specialized functions. These include the following:

- ***Publicity Sub committee***

The Publicity Sub committee's functions include creating awareness to the public on matters pertaining to CDF. It is also charged with the responsibility of responding to issues raised by the public regarding CDF, as well as documentation of CDF project reports. Additionally, this sub committee draws the program of work for the larger NMC.

- ***Projects Technical Sub committee***

The Projects Technical Sub committee provides policy guidance on technical aspects relating to CDF projects. In line with this, it gives advisory guidance to the NMC and the CDC with regard to the choice of projects, technical aspects in the actual implementation of projects as well as offering technical audit services on projects as directed by the NMC.

- ***Finance and Administration Sub committee***

This committee is responsible for the preparation of the NMC budget. It also prepares annual financial reports of the NMC and approval of the NMC tenders. It oversees the overall human resource management of the NMC.

- ***Complaints Sub committee***

The function of this committee is to arbitrate on all complaints raised by the public, media and other stakeholders, and resolves emerging disputes regarding the implementation of CDF projects.

- ***Audit Sub committee***

The Audit Sub committee serves to provide an open avenue of communication between internal and external audits and the NMC. It also ensures the effectiveness of the CDF secretariat's internal control system. In addition, it may conduct or authorize investigations on matters within its scope of responsibility. It also reports to the larger NMC on committee activities and other relevant issues for address.

4.4.2 The Constituency Fund Committee

The CFC comprises of eleven Members of Parliament (MPs) and also operates at the national level. It is entrusted with the continuous reviewing of the policy framework within which CDF operates to ensure efficiency in delivery. Specifically, its roles require that it intervenes on matters requiring action by the National Assembly as well as consideration of project proposals from the various constituencies in accordance with the Act, and make appropriate recommendations to the Clerk of the National assembly.

4.4.3 District Projects Committee (DPC)

The DPC is composed of all MPs in the district, all chairmen and Mayors of local authorities in that district, the District Commissioner of the district, the District Development Officer (DDO) and the District Accountant. All district departmental heads in a district under whose docket the various projects fall may attend the DPC meetings as ex-officio members.

4.4.4 Constituency Development Committee

Section 23.1 provides for appointment/nomination of the CDC members. This section limits the membership to fifteen, but gives direction on only twelve members. The MP is automatically the chairperson of CDC but may opt out for someone else in which case the CDC will elect the chairperson. Section 13.1 provides for the MP to look for persons of honesty and integrity, literate, with knowledge and experience. The members of the committee should also be of diverse representation based on political, gender and ethnic dimensions. The Act further specifies the following as members: the area MP, two councilors, one district officer, two persons representing religious bodies, two men representatives, two women representatives, one youth representative and one NGO representative in the area. The CDC members are entitled to a two-year term, after which they are eligible for re-appointment for another two-year term by the sitting MP.

Section 45.3 disqualifies all politicians, such as, MPs and Councilors from being Constituency account signatories. The section also specifies that the authorized signatories will be at least three persons with the District Accountant's signature being mandatory. Other signatories include a representative from the district projects committee and a nominee of the constituency development committee. Funds are withdrawn based on resolutions made from the constituency development committee minutes. This committee, in partnership with the various officers from various government departments at the district level is responsible for the overall implementation of CDF projects, at the constituency level. Apart from the CDF management organs, there is the parliamentary select committee that moves back and forth across the organizational structure of the fund to oversee its overall implementation.

4.5 The Eligibility Criteria for CDF Projects

Sections 21 and 22 of the Act clearly set out the number and type of projects permissible for funding by CDF. The projects should be community based so that the project outcomes are of benefit to all. The projects shall be a minimum of five and a maximum of twenty (inclusive of uncompleted projects from the previous financial year) in any financial year (Section 22). This is to ensure solid impacts are felt as opposed to overspreading of projects, in which case the impact would be less, considering the limits of the fund as stated earlier. The CDF Act further provides that no single project should take more than 50% of the allocated amount (which excludes recurrent expenditure) for projects in any financial year. Section 26 provides for counter part funding if the co-financier has no objection and the part funding goes to a defined unit or phase of the project in order to ensure that the particular portion defined in the allocation is completed with the funds allocated under the Act.

4.6 Identification of CDF projects

Section 23 (2, 3 & 4) of the Act provides for how to identify projects. The Act requires that *Barazas*⁸ be held and the forum used to select projects to be submitted to the CDC before onward transmission of funding. Section 50 of the Act states that CDF projects are complementary to other normal government or any other agency's development initiatives. Hence, the need to harmonize CDF projects with other development initiatives at the district and constituency level is crucial.

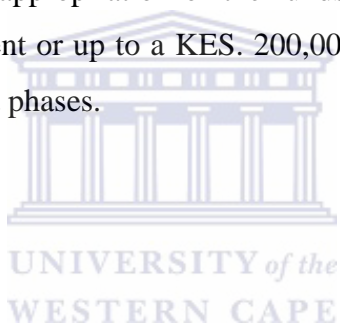
4.7 Accounting and procurement procedures

CDF funds are subject to, and are implemented within normal government procedures. Under Section 31, all payments should be made by cheque or otherwise they shall be processed and effected in accordance with government regulations. The District Development Officer (DDO) is to compile and maintain a record of returns to be submitted to NMC within 60 days after every financial year. The CDF Act restricts disbursement of subsequent tranche without submission of past annual returns. Section 34 of the CDF Act

⁸ A traditionally Kenyan term referring to community-based meetings at the grassroots level, usually at the location level where development related information is disseminated to members of the public by local authorities such as chiefs

further stipulates that the Fund is subject to auditing by the controller and auditor general. In addition, instructions from NMC require district accountants to ensure that government regulations are followed when issuing cheques to project committees.

Generally, the purpose of procurement procedures is to promote fairness in the provision of services. Within the framework of CDF, authorized committees including the CDC and the project committees are responsible for ensuring open tendering processes. Since experience has showed that public works costs are in most cases high, it is the responsibility of the CDC to make use of local suppliers. This also ensures that such project benefits remain within the constituency. Funds under this program are released on the basis of the provided work plans and minuted resolutions, after which they are expended on projects. Section 51 aims at shielding funds against misappropriation by imposing a fine to offenders. It states that a person charged with misappropriation of the funds is liable to prosecution with a maximum five-year imprisonment or up to a KES. 200,000 fine, or both. The chart below outlines the various CDF project phases.



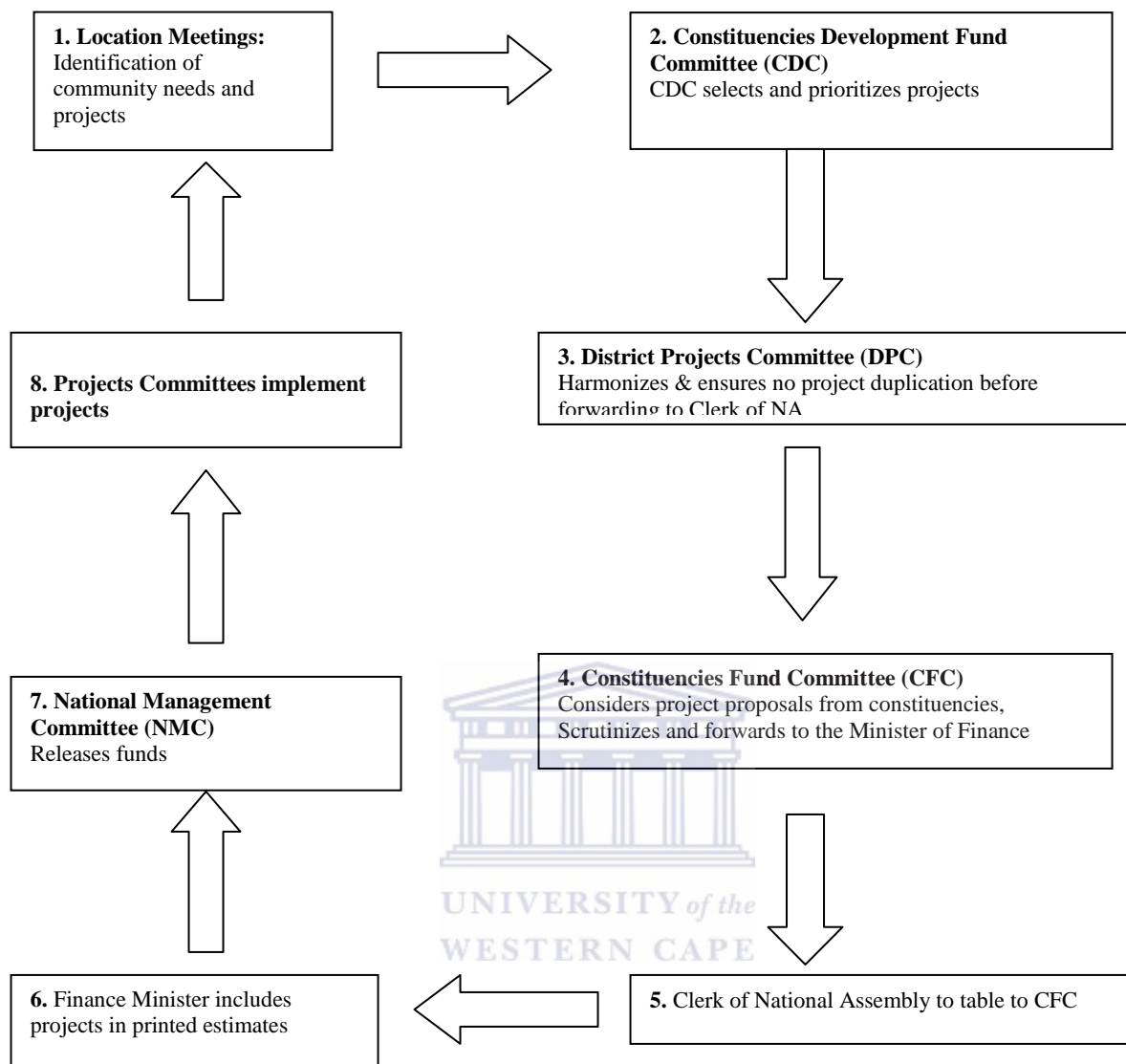


Figure 4.1 The CDF Project Cycle

Source: Adapted from CDF Guidelines, 2004

Since its establishment in 2003, a total of KES. 24.15 billion has been allocated to the CDF. During the first year (2003/4), a total of KES. 1,260 billion was released to the constituencies. This amount was disbursed to the 210 constituencies in accordance with the provisions of Section 19 of the CDF Act. Each constituency received a flat rate of KES. 6 million as a gauge. The amount in subsequent financial years across the country is illustrated in the table below. A recent motion has been floated in parliament to increase the allocation to 7.5 % of the total domestic government revenue.

Table 4.1 CDF Allocations since establishment in 2003/2004 Financial Year

Financial Year	Amount allocated in Billion Kenya Shillings
2003/2004	1,260
2004/2005	5,600
2005/2006	7,260
2006/2007	10,038
Total CDF Allocations to date	24, 158

Source: CDF website at www.cdf.go.ke

With regard to the implementation of the CDF in Kenya, development projects have generally aimed at provision of education facilities, water, health, electricity, security, recreational facilities such as social halls, transport infrastructure such as roads and bridges, environmental protection measures and flood mitigation all over the country. For fiscal decentralization initiatives such as the CDF to achieve their full potential however, measures must be put in place to ensure that their implementation is effective and projects are sustainable. In the case of construction projects such as classrooms and dormitories for instance, monitoring to ensure adherence to standards is central to guaranteeing sustainability (KIPPRA, 2006). The study findings with regard to the effectiveness and sustainability of CDF as established in Nambale constituency are discussed in the following chapter.

CHAPTER 5: ASSESSING THE EFFECTIVENESS AND SUSTAINABILITY OF CDF ON EDUCATION IN NAMBALE CONSTITUENCY

5.0 Introduction

This chapter presents the results and analysis of the conducted study to assess the effectiveness and sustainability of CDF in the realm of education in the Nambale constituency and to determine whether the CDF has achieved their stated objectives. It is important to note here that while CDF is a development program addressing a wide range of development projects, this study only focused on education institutions, namely primary and secondary schools. Primary school education in the Kenyan system of education is an eight-year period, starting from Grade One to Grade eight. After successful completion of the primary school phase, pupils advance to the secondary school level, for a period of four years, starting in Form One and ending at Form Four.

The data presented and analyzed in this chapter was obtained through the administration of a questionnaire to a total of twenty schools, ten of which were primary and ten secondary within the study area. Additionally, responses from other constituents were obtained through conducting forty semi-structured interviews with key informants and two focus group discussions with development practitioners and local administrators of the study area.

In order to adequately address the research questions, the approach adopted by the study entailed evaluating the outcome of CDF against its stated objectives and identifying the factors that promote its effectiveness and sustainability, as well as those that hinder its achievement in realizing the espoused goals, as reported by the respondents. The results obtained were then organized into themes, logically sequenced and documented. This chapter has applied various presentation techniques including narratives, tables, photographs and graphs. A brief analysis of the results is provided under each theme as necessary.

5.1 Assessing the Effectiveness of CDF

The *effectiveness* of a development project or program such as CDF is measured in terms of how far its intended objectives have been achieved, or are likely to be achieved, as explained in Section 2.7 of this study. The Constituency Development Fund was created in Kenya to “fight poverty” at the grassroots level through equitable resource distribution, community participation in decision making and the implementation of community based projects which have long term effects of improving the people’s socio-economic well being (see Chapter 4). In tandem with this overall goal, a number of community development projects have been funded through this initiative across the country and this includes Nambale constituency.

Since this study focused on assessing the effectiveness of CDF on education projects, it analyzed key issues which would highlight whether the specific objective of improving the education situation in the area was being realized. In this regard, the key issues that guided this study included analyzing the level of awareness of the constituents on the objectives of CDF, the contribution of CDF in providing infrastructure in both primary and secondary schools for improved learning and funds in the form of bursaries to needy students in secondary schools, as well as efficiency in the allocation of funds to the various education projects. This study therefore analyzed whether the intended educational projects had been implemented as stipulated and the role played by the intended beneficiaries in the implementation process. It also sought to check whether performance in schools had improved due to the contribution of CDF. In assessing its effectiveness the study also shed some light on the factors that promote as well as those that hinder the realization of the CDF objectives.

5.1.1 Community Awareness on the Purpose of CDF

For the purpose of agenda setting in this study, respondents were asked to give their opinions on the purpose of CDF, by specifically stating why the fund was established. Over 90% of the respondents indicated that among the key objectives of the fund is to decentralize the decision making process so that the intended beneficiaries can articulate their own preferences and priorities in the management of development projects to bring

about positive change in their own spheres of life. They also highlighted that the country's resource distribution patterns have exhibited great skewness in the past and that CDF is aimed at addressing this anomaly by allocating funds to all constituencies to undertake their own development initiatives. The rest of the respondents, constituting less than 10% of the sample, stated that they had heard about CDF but were not sure exactly what the primary objective of the fund was. This category of respondents could not therefore clearly outline the objectives of the fund as espoused in the CDF Act which created it. They admitted having an idea of the CDF initiative but they felt that it was not unique in any way especially because its specific purpose remains unknown to them. These respondents cited the lack of political will by the officials in charge, to effectively disseminate such information to the local people, by for instance organizing meetings with members of the public in the constituency. They argued that the information they have on the general concept of the existence of this fund was mainly obtained through media commentaries and not within the constituency offices.

From the responses highlighted above, it is clear that there is a high level of awareness on the purpose of CDF among the citizens as regards the objectives of the fund. The high level of public awareness on CDF in Nambale can be explained by the fact that CDF is a countrywide decentralization initiative aimed at fostering development and it has become a focus of intense academic, policy and even popular debate in Africa in general and Kenya in particular. On the policy front, the government has previously formulated a series of decentralization programs although their implementation has in most cases fallen far short of expectations. Among the key reasons for failures of such initiatives has been associated with the "top-down" development approach, which meant little to nearly no local participation. CDF therefore seems to have broken this trend and the public welcomes it as a homegrown, forward-looking concept, which seeks opinions of the public in implementation of projects that should have an impact on their welfare in line with the theory of decentralization.

Additionally, respondents were asked to state the avenues through which they managed to access information with regard to the progress of projects and the general operations of

CDF within their constituency. While 15% of the respondents claimed access to CDF project reports from the various responsible authorities at the constituency level, a majority of 85% said that though they could not access any CDF documents at the constituency offices, they got information mainly from the media and this enabled them to stay informed on the overall CDF concept as it is implemented at the national level. While it is clear from the above findings that the majority of the respondents were aware of the existence of CDF and its objectives, it remains evident in this study that there is a need to make information regarding the progress on projects in the constituency accessible to the public, especially for the purposes of monitoring progress and also to ensure accountable use of the funds.

Within Nambale constituency, there is evidently a great need to make relevant information accessible to the constituents as a way of fostering participation in the various project activities. It is only when the constituents are aware of this information that they can engage themselves in making project choices that are of high priority to them. The high percentage of respondents reporting lack of access to CDF documents such as project reports implies that citizen participation, especially in processes such as monitoring the use of funds would be greatly hindered. The argument that access to information complements mechanisms for citizen participation in project implementation such as CDF is emphasized further by Litvack and Seddon (1999) when they state that information flows between the government and local population facilitates citizen participation and thereby provides a means for demand revelation and helps the government to match the allocation of resources to user preferences. It is in the interest of this study therefore to emphasize that the active involvement of constituents in project implementation is complemented by a high degree of awareness on program objectives and would eventually contribute to the effectiveness of CDF. This is because it is only when such information is available to the constituents that they will be in a position to meaningfully participate in the decision making process and enable them to align their demands on, for instance, the funds available for the various development needs in the constituency more efficiently. Lack of access to information by the public also breeds ground for potential misappropriation of the funds by the officials.

5.1.2 Type of Projects Implemented versus School Priorities

Unlike other development funds that filter from the central government through larger and more layers of administrative organs and bureaucracies, funds under the CDF program are channeled directly to local levels. In essence therefore, CDF is expected to provide individuals at the grassroots the opportunity to make expenditure choices that maximize their welfare in line with their needs and preferences.

In seeking to establish whether funding was in line with the priorities of the schools, respondents were asked to state the extent to which the projects that have been implemented so far under this fund reflect the priorities of the schools. Through administration of a questionnaire that was designed for this study, responses to this question were drawn from both primary and secondary schools and it mainly targeted school management authorities such as teachers and members of various school committees. A total of 20 schools were involved in the questionnaire survey, ten of which were primary and ten secondary. This information is presented in Figure 5.1 below.

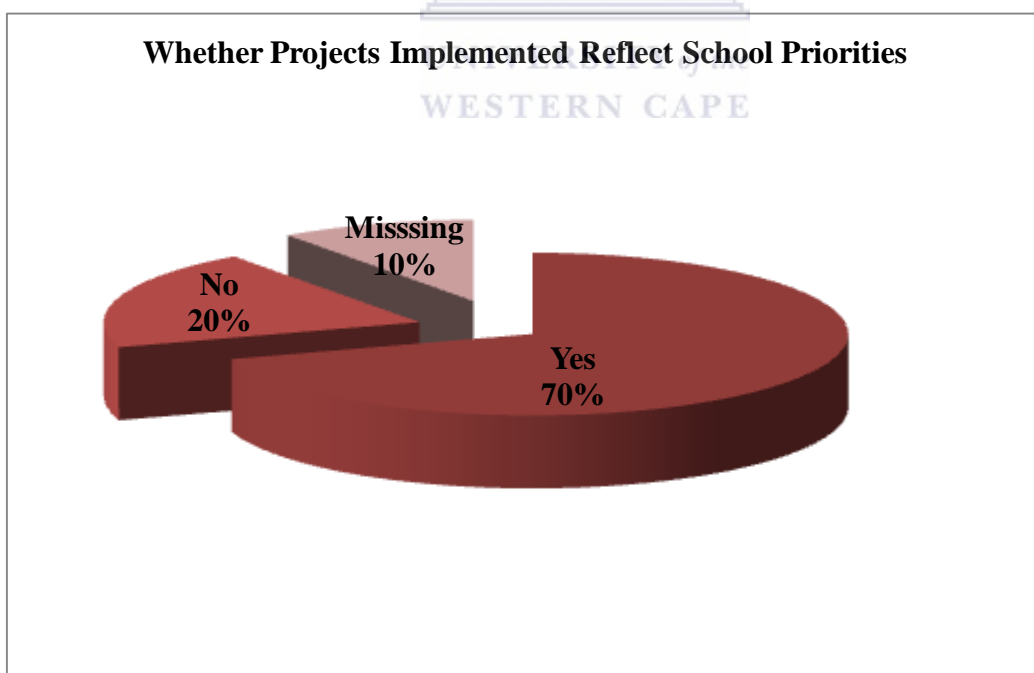


Figure 5.1 Projects Implemented versus Priorities in Schools

The information presented in Figure 5.1 above clearly suggests that implementation of CDF projects are in line with the priorities of the schools, according to the school authorities who participated in the survey. The majority of the respondents, comprising 70% of the total sample population, agreed with this notion while a smaller percentage at 20% disagreed. A further 10% of those who responded to the questionnaire did not provide a response to this question.

The highest percentage of respondents who stated that the projects implemented through CDF reflected the needs and priorities of the various schools indicated that the fact that the funds are brought closer to the community members makes it appropriate for school authorities and the community to prioritize their needs as opposed to if the funds were administered at the national level. The latter, they said, complicates processes of project identification and prioritization especially because different areas or regions nationwide are likely to have different priorities, hence involving a great deal of bureaucratic procedures which at times negatively impact on development initiatives such as CDF. This category of respondents further argued that since the various boards that govern schools in the area comprise of both parents from the community as well as teachers in the schools, this provided adequate representation when prioritizing the school needs to be presented to the CDF implementing committees in the constituency. They cited a consultative process amongst various stakeholders as one key factor enhancing the implementation of projects that reflect the needs of the beneficiaries in the constituency.

The findings presented in this section suggest a relationship between decentralization and prioritization of needs and preferences of the beneficiary communities. To the extent that the local population is better informed about their priorities, the choices made can be expected to be more aligned to their problems and circumstances. The CDF can therefore be considered a decentralization scheme that provides communities with the opportunity to make spending decisions that maximize social welfare. Kenya's CDF is an example of what is generally referred to as Community Driven Development (CDD) initiatives that empower local communities by providing funds, often from the central government but some times from donor sources.

5.1.3 The Role of Schools in Project Implementation

In any project implementation process, the need to delegate roles to the various stakeholders is crucial for the success of the initiative. This is because it creates a participatory process which is likely to empower the beneficiaries in resource control as well as in decision making processes. Similarly, a participatory approach in programs such as the CDF gives the beneficiaries authority to hold the project implementers accountable and this in turn increases the probability that the intended project objectives are achieved.

In assessing the effectiveness of CDF on education in Nambale, this study underscored the need to establish what roles the schools undertook during the implementation of CDF projects by asking the respondents to state the various activities they were involved in during the project implementation phases. This question targeted both primary and secondary school authorities including teachers, head teachers and other members of the management committees of schools. A total of 20 schools were involved in the survey. Having established in the foregoing discussion that the level of awareness on the purpose of CDF was high among participants in this survey, this question served to check the real situation on the ground by assessing the level of actual decision-making power exercised by the intended project beneficiaries. Respondents were therefore requested to state the various activities in which their respective schools were involved, as well as the level of involvement.

Both primary and secondary schools showed that they played some roles in as far as the implementation of projects is concerned, albeit in different ways. In primary schools, it was established that the school authorities were involved in the identification of projects, writing project proposals and drawing project budgets. The degree to which they took part in these activities is shown in the Figure 5.2 below.

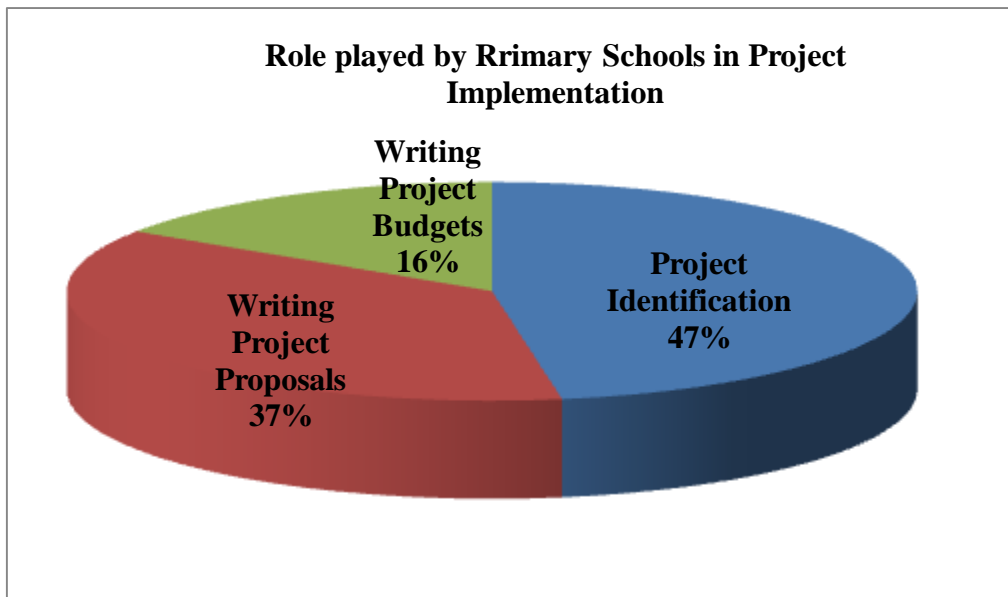


Figure 5.2 Role of Primary Schools in Project Implementation

As indicated in Figure 5.2 above, project identification had the highest percentage in primary schools, at 47%, followed by writing project proposals at 37% and finally writing project budgets at 16%. These results depict that the involvement of school authorities in the project implementation process was limited to only three decision-making aspects of project identification and participating in writing project proposals and project budgets. In general, the results also indicate limited participation in the sense that no form of participation was cited beyond the budgeting stage. This means that the beneficiary schools did not undertake activities such as supervision and monitoring in the implementation of projects in their schools.

With regard to the roles played by secondary schools in project implementation, the trends were more or less the same as those observed at primary school level. These findings are illustrated in Figure 5.3 below.

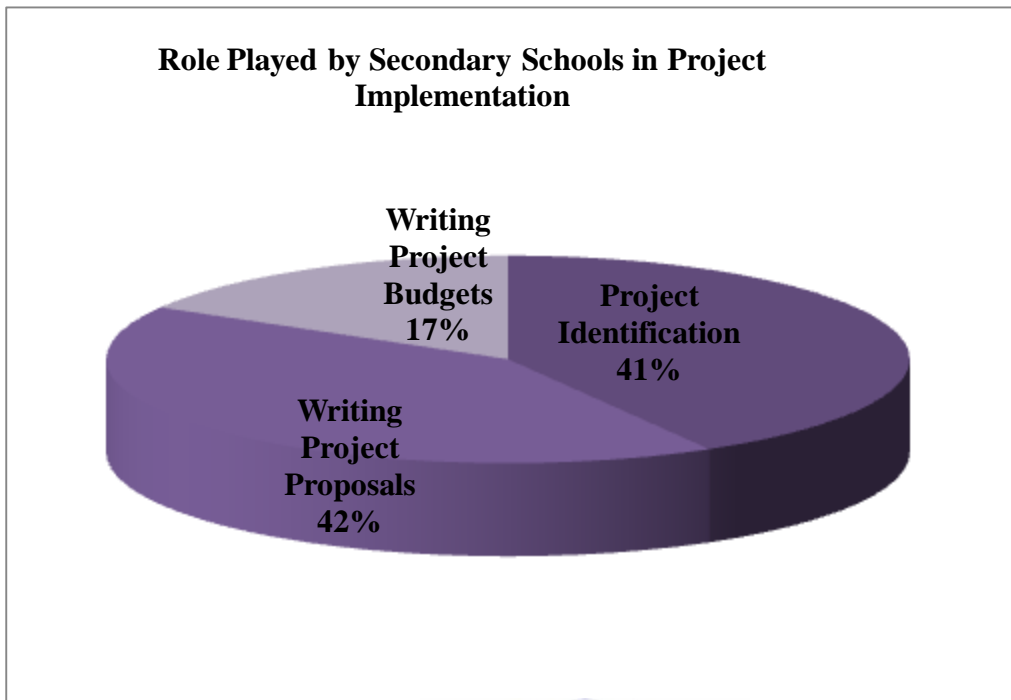


Figure 5.3 Role of Secondary Schools in Project Implementation

As outlined in Chapter 4 of this study, one of the objectives of CDF is to increase local participation in development projects which aim at the improving people's welfare. In this regard, it is expected that the project beneficiaries would be more involved in the various project implementation processes. One such crucial process is the monitoring and evaluation processes that help to promote the accountable use of funds and other resources involved. The majority of the respondents that participated in this survey expressed dissatisfaction with the way project implementation was executed, citing the lack of transparency as a key factor likely to lead to misappropriation of project funds. They stated that due to the fact that project beneficiaries have no follow-up roles to play once they have taken part in the stages of projects identification, proposal development and budgets preparation, the CDF implementing committees have tended to shift goalposts in some instances. In some cases as it was reported, the respondents were shocked to realize that major alterations would be made to the proposals and budgets presented earlier by them, to such an extent that the expected project outcome would shift from constructing a classroom as the proposed project, to mere construction of pit latrines due to budget alterations by the CDC without further consultations with the beneficiaries. In this case CDF fails to fulfill its

promise of bringing decision making closer to the people at the grassroots level, thereby rendering the initiative ineffective. This mainly due to the lack of political will to make implementation of CDF a fully participatory process.

Based on the illustrations above, the roles played and levels of participation by beneficiaries in this study are in contrast to general views that purport that fiscal decentralization strategies such as the CDF would increase local participation. These research findings show that local participation is not necessarily guaranteed in fiscal decentralization and that certain preconditions may be necessary to ensure participation by all. Some of the reasons for the limitation in the type of roles played and the level at which the school authorities could play these roles would include inadequate capacity to execute them, as well as the lack of political will and commitment by higher tiers of government to allow for the execution of such tasks by the lower tiers.

To support this, several scholars have advanced their arguments in the same way. Cheema and Rondinelli (1981) argue that simply creating decentralized structures for development and announcing new procedures for participation in development planning do not guarantee their effectiveness nor will they generate growth. Griffin (1981: 225) further emphasizes this concern by noting...”it is conceivable, even likely in many countries, that power at the local level is more concentrated, more elitist and applied more ruthlessly against the poor than at the center. Thus, greater decentralization does not necessarily imply greater democracy let alone “power to the people”. It all depends on the circumstances under which decentralization occurs.”

5.1.4 The Impact of CDF in Schools

As stated earlier in this study, the primary aim of CDF is poverty reduction through resource distribution and increased local participation and decision making in development initiatives at the constituency level. As noted in Section 3.3, Nambale constituency together with many other constituencies across the country, are faced with various development challenges that negatively impact on the education situation in the area. The high prevalence of poverty in the region has continued to frustrate access to education especially because parents lack the financial capacity to meet the educational expenses for their

children. These include contributions to construct learning facilities such as classrooms, laboratories, school administration offices as well as purchasing equipment. The prioritization of poverty reduction as the main goal of CDF can be explained by a review of the poverty dynamics in Kenya in general and in Nambale in particular. As it is the case in Busia District for instance, in which Nambale constituency is located, 66 % of the population is poor, according to the Welfare Monitoring Survey (WMS III) of 1997. Important to note here, this percentage of the population has a high dependency on rain-fed agriculture, yet efforts to reduce poverty are usually inhibited by adverse climatic conditions such as drought and floods that result in low economic productivity.

In order to assess the contribution of CDF in the realm of education, this study assessed its project outcomes and how these impacted on the local community in the chosen case study area. The study conducted a total of 40 semi-structured interviews with members of the public in the constituency. All the respondents interviewed stated that there had been a great increase in educational infrastructure in most schools, both primary and secondary in the area. Respondents stated that the contribution of CDF to increased infrastructure for learning included construction of new classrooms and revamping of dilapidated ones; construction and equipping of science laboratories especially in secondary schools, construction of new and repair of existing boarding facilities in both primary and secondary schools and awarding of education bursaries to needy students in secondary schools. This, they argued, had gone a long way to lessen the financial burden initially borne by parents and enabled more students to gain access to education through the bursaries provided and the funds availed for the much needed infrastructure in schools.

The fact that with the onset of CDF, schools were seen to venture into previously cost inhibitive projects such as science laboratories. This was viewed as a great milestone by the respondents. They also noted that CDF provided other sanitary amenities including toilets which were a great challenge especially in primary schools where student enrolment had significantly increased since the inception of the FPE. Additionally, they stated that CDF had benefited the community by setting up other projects such as bore holes in some schools which could not have been realized without the fund. The respondents highlighted

that CDF had made clean water available not only to the school fraternity, but to the community as a whole.

The picture below shows a CDF water project in one of the primary schools visited during the survey.



Figure 5.4 Photograph of a CDF Water Project at Burumba Primary School

By Author: July 2007

Other projects reported to have been initiated through CDF included electricity in some rural schools which gave students more hours to study effectively especially at night, purchase of furniture for both students and teaching staff, construction of offices for the staff members and fencing the school premises to ensure security.

In this regard therefore, respondents highlighted that CDF as a fiscal decentralization tool for development had made a positively significant impact on the objective of resource distribution and welfare improvement aimed at poverty reduction. These findings with regard to the contribution of CDF in addressing the needs of the community are in tandem with arguments put in place by the proponents of decentralization. According to the UNDP report on governance and sustainable development for instance, decentralization is a critical tool which can be used to address poverty, gender inequality, environmental concerns, the

improvement of healthcare, education and access to technology. The report argues that decentralization brings decision-making closer to the people and therefore yields programs and services that better address local needs (UNDP, 1997). This is partly illustrated in the following sections.

5.1.4.1. Distribution of Projects in Schools

While CDF funds have been allocated to both primary and secondary schools in the constituency, and while there may be some common projects at both school levels, there have also been some differences in project outputs, which reflect the different needs in the two categories of schools.

In order to establish the varying needs at the two levels of schools and whether these were being effectively addressed through CDF, this study conducted forty semi-structured interviews with members of the public. Respondents were asked to rank the already implemented projects under CDF, such that the type of project with the highest frequency denoted the project the community needed most. This information was coded and presented in a graph as demonstrated in Figure 5.5 below.

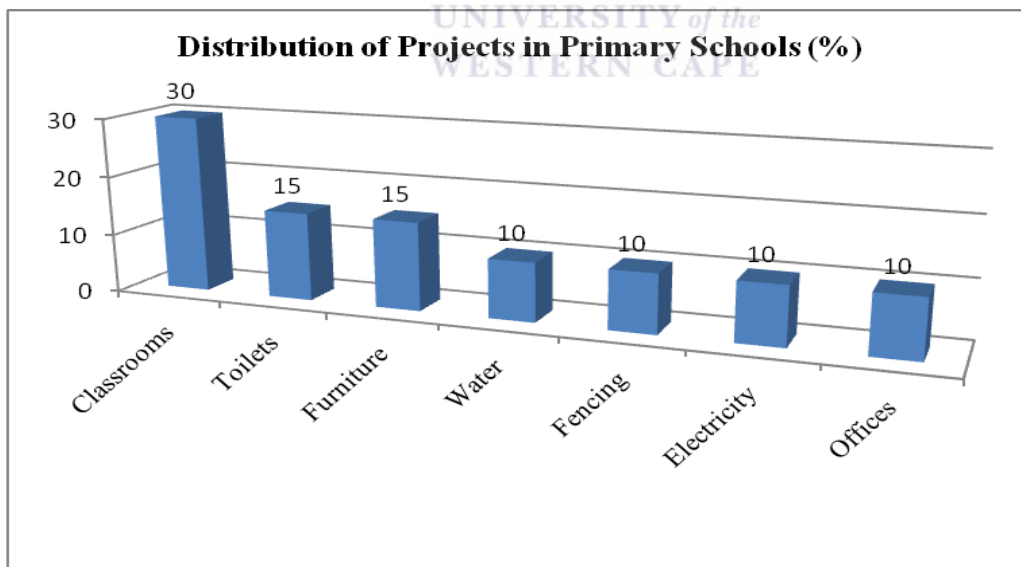


Figure 5.5 Distribution of Projects in Primary Schools

From the findings presented in Figure 5.5 above, this study established that classrooms received the highest percentage in ranking at 30% of the overall projects implemented in

primary schools. This was followed by general refurbishment of classroom facilities through the purchase of furniture and provision of sanitary facilities in the form of toilets which accounted for 15% each, of the total CDF educational projects. Other projects included provision of clean water, electricity, construction of school offices and fencing of school premises that had 10% each, of the total education project outputs.

The very high percentage of projects involving construction of classrooms is explained by the need for increased room to accommodate the high increment in enrolment rates resulting from the FPE as expressed by the respondents that took part in this survey. The FPE program was established in Kenya in 2003 and since then there has been a massive rise in the number of pupils attending primary school education across the country, as well as in Nambale. This increased enrolment was also cited to be responsible for the increased need for classroom refurbishment projects in the form of furniture, as well as toilets, since most schools did not have enough of these facilities in the past. The survey also established that projects involving provision of water, fencing of school premises, provision of electricity and construction of offices had also been given preference and these accounted for 10% each, of the total education projects implemented. In this regard, the contribution of CDF was lauded by the project beneficiaries for the reason that it provided the necessary facilities in order to improve the education situation in most primary schools in the area.

With regard to the contribution of CDF in secondary schools on the other hand, the findings revealed that project outputs were in the form of science laboratories, computers, bursary awards, classrooms, dormitories, libraries, administration blocks and transport facilities. The distribution of facilities in this case was fairly even as opposed to the scenario presented in primary schools above. This information is demonstrated in Figure 5.6 below.

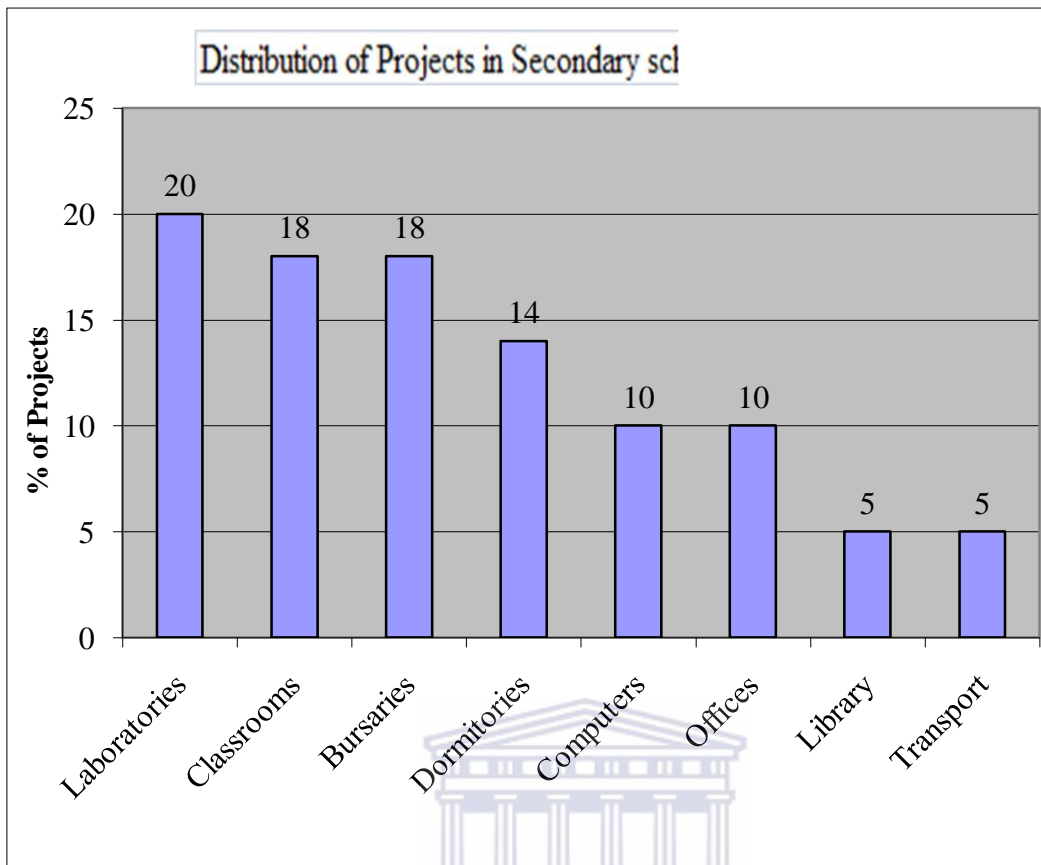


Figure 5.6 Distribution of Projects in Secondary Schools

As illustrated in Figure 5.6 above, the greatest percentage of all projects implemented in secondary schools in Nambale constituency represented science laboratory projects which stood at 20%. This was explained by the fact that for a long time, schools in the area have had no adequate laboratories due to the high costs involved, and those that existed were poorly equipped for students to effectively undertake science subjects such as Chemistry, Biology and Physics. This research finding is in line with the discussion in sub-section 5.1.1 above where respondents hailed the impact that CDF had made by increasing learning infrastructure and particularly the need for more laboratories in schools. In this case, it is clearly indicated that the beneficiaries' preferences were adhered to in the implementation of laboratory projects. Further discussion of the impact of CDF projects on performance in schools is presented in sub-section 5.1.4.2 below.

This study also noted a fairly high percentage of projects involving construction of classrooms in secondary schools, at 18 % of the total CDF education projects in Nambale.

The high percentage representing classroom projects in both primary schools and secondary schools illustrate that CDF has helped to channel funds to the felt needs of the beneficiaries. As earlier discussed in sub-section 5.1.4 above, the majority of the respondents had indicated the need for more classrooms due to the increased enrolment rates experienced at both schools levels. This pattern results from the linkage between these two levels of institutions. With more pupils graduating from primary level, it necessitates the expansion of facilities at the secondary level to accommodate them effectively. Important to note here also is that the percentage of bursaries awarded was also significantly rated in the survey. Lack of financial capacity by parents had been clearly highlighted as a major obstacle in accessing education for many students in the area (Section 5.1.4). The results indicate that 18% of the total CDF education projects entailed awarding of bursaries to needy students in secondary schools.

This study finding concurs with the needs of the CDF project beneficiaries as it has enabled resource distribution by targeting the needy students and providing them the opportunity to attain education. It is also in line with the ultimate aim of the organization which is to improve the people's welfare as set out in the objectives of CDF. In the same vein, the construction of dormitories in schools proved too costly for most schools and the need was urgent. As shown in Figure 5.5 above, dormitories accounted for 14% of the total CDF educational projects in Nambale. This is explained by the high numbers of students now accessing secondary education either as a result of the FPE or due to the bursaries available through CDF. Other projects implemented in secondary schools involved the installation of computer laboratories and construction of school administration offices. Each of these category of projects accounted for 10% of the total CDF educational projects in Nambale. A further 5% of the CDF educational projects represented transport projects such as purchasing a school bus.

The variations in education projects as exemplified in the foregoing discussions reveal the existence of variations in the needs between these two levels of institutions. From a theoretical standpoint, one would expect the choice of projects to be motivated by the assurance that members of the constituency internalize benefits. An example to illustrate

this regarding CDF in Nambale is that while one would expect that projects such as setting up a library would be highly ranked due to the high cost of books, which was noted to be one of the obstacles to quality learning, such projects accounted for only 5% of the total CDF educational projects. In this case, it would therefore be expected that CDF project outputs will be more of the “club goods”⁹ type as opposed to broad “public goods”¹⁰ such as a road or public library. Nevertheless, while other factors may account for this avoidance of investing in projects such as public libraries, the key factor considered by the constituents in avoiding such projects is the fact that CDF allocations were already limited hence would rather select those projects whose benefits would more or less directly benefit members within the constituency jurisdiction, than those with shared benefits across constituencies. Facilities such as public libraries, it was stated, should be the responsibility of the District Development Office, and not CDF.

As argued by Kimenyi (2005), there are projects that would have widespread spillover benefits to communities in other constituencies, and while such projects may have a high priority ranking, they may not be selected because of the spillover benefits. Additionally, Kimenyi argues that in urban centers for instance where students from different constituencies can attend a particular primary school, there may be a tendency to avoid investing in such a project because this would essentially export the benefits to other constituencies. Nevertheless, in line with the theory of fiscal decentralization, programs such as the CDF if properly implemented can enable the aligning of public funds and other resources to user preferences. This was found to be the case in Nambale as far as the impact of CDF in the distribution of projects was concerned.

⁹ An economic term referring to a type of goods that are excludable but non rivalrous, at least until reaching a point where congestion occurs. An example of a club good would include private golf courses.

¹⁰ Public goods are mainly provided by the central government. The assumption is that an additional person can consume its output without reducing the consumption of another person; in standard parlance consumption is said to be “non-rival” an example is a public road.

5.1.4.2 Impact of CDF on Performance in Schools

Impact assessment is seen as an evaluation concerned with establishing the counterfactual, that is, the difference the project made in the lives of the beneficiaries. In this study, the impact of CDF projects on education in Nambale was assessed by checking whether its contributions can be attributed to an improvement in the performance of students in schools through provision of essentials for education quality enhancement. Impact assessment aims at promoting sustainable development and is used to ensure that projects, programs and policies are economically viable, socially equitable and environmentally sustainable. By conducting impact assessments, the effectiveness of development initiatives is gauged and lessons learnt from previous initiatives are shared. This is useful for determining future development interventions. Presently, for instance, with just five years to the deadline for the MDGs, calls for increased aid spending are only credible if it can be shown that current spending is indeed helping to improve the lives of people around the world.

The impact of CDF on performance in schools was assessed by use of a questionnaire administered to ten primary and ten secondary schools and it targeted the academic staff. The observation technique was also used and it involved capturing photographs of physical projects. Respondents were asked to state if there was a change in the performance of students in the pre and post CDF periods, and whether this change could be directly attributed to the contributions of CDF. All the respondents in the secondary schools that participated in the survey agreed to the fact that their schools' performance was greatly hampered by the lack of adequate learning infrastructure and absenteeism of students due to inaffordability of school fees and levies. They cited the lack of essential facilities such as proper well-equipped science laboratories, which made it impossible for students to have the necessary practical exposure in subjects such as Chemistry, Physics and Biology. This, they said, was a definite disadvantage to them when it came to competing with other well-equipped schools in national examinations.

With regard to whether the facilities erected by CDF have made an impact, 70% of these respondents said that there was no impact, while the other 30% felt that the contribution of

CDF had made a positive impact manifested in an improvement in performance. This information is presented in Table 5.1 below.

Table 5.1 Impact of CDF on Performance in Secondary Schools

Change in Performance		Percent
	Increased performance	30.0
	No Impact on performance	70.0

In primary schools, the impact of CDF on performance was not quantifiable either. While respondents acknowledged the increase and improvement of infrastructure, over 80% of them stated that the performance of pupils was negatively impacted by the increased enrolment resulting from the FPE program. They argued that although there had been an increase in infrastructure in the primary schools due to CDF, the teacher-pupil ratio still remains a challenge. This was attributed to the fact that while the government had facilitated the increase in infrastructure in these schools, there had not been a corresponding increase in the number of teachers to effectively manage the increased number of pupils. The respondents stated that they could not clearly link CDF and the performance of pupils in their respective schools. This was reported to be an important issue that the government ought to urgently address by hiring more teachers, if the contribution of CDF would lead to improved performance in schools by increasing learning infrastructure.

The high percentage representing the view that CDF did not bring about an improvement in performance in secondary schools in Nambale as demonstrated in Table 5.1 above may be explained by the fact that it is difficult to devise a measure that would unequivocally assess the change in quality of a public service such as education in the pre- and post decentralization periods. Although the public can unambiguously estimate the change in quality of education, it is difficult to quantify these opinions in a standardized way across the board, for instance in a whole constituency. Secondly, and most importantly, even if there were general agreements on what was required to measure the impact of CDF on performance, there is still the risk of running into the data problem of too-few observations

on two-few outcome measures of infrastructure and limited bursaries as applied in this study.

This hurdle could be overcome by analyzing a wider array of factors not related to the contribution of CDF, that are likely to affect student performance besides learning infrastructure and school fees which have been discussed in this section. For instance, it would be of essence to study the level of teachers' motivation to effectively transmit knowledge to the students. This is because high staff morale is likely to positively impact on their competencies while the lack thereof could easily dissuade them from discharging their duties effectively, thereby resulting in poor academic performance by the students. Staff motivation here could be assessed in terms of their satisfaction with their salaries or wages, and their general wellbeing, which when satisfactory are likely to positively impact on their performance. Another crucial factor directly affecting the performance of students would be the quality of teacher-training in their institutions of learning before they are deployed to schools. In cases where the quality of teacher training is compromised for one reason or another, its effects are likely to manifest in the schools through student performance. High quality training of teachers at all levels should be guaranteed if quality education is to be achieved. Other key factors that determine the quality education include an effective education curriculum as well as breaking barriers that may hinder easy access to education such as lack of essential equipment. In the case of secondary schools in Nambale, lack of facilities and equipment such as libraries, science laboratories and laboratory equipment as well as Information and Communication Technology (ICT) coupled with the high costs of school fees that leads to absenteeism among students, pose a great challenge to the quality of education in schools as already discussed in sub-section 5.1.4 above.

Investing in quality education brings instrumental gains in income-earning potential while also promoting social participation. Quality education provides technical and social skills to facilitate economic empowerment.¹¹ The need for provision of an enabling environment to

¹¹ "The MDGs are still achievable if we act now. This will require inclusive sound governance, increased public investment, economic growth, enhanced productive capacity, and the creation of decent work." *United Nations Secretary General Ban-Ki Moon*.

achieve quality education is emphasized by the World Bank, which states that in an increasingly complex, knowledge-dependent world, primary education, as the gateway to higher levels of education must be the first priority. “...To reach universal primary education by 2015 as a partial fulfillment of the Millennium Development Goals, governments and school systems with low completion rates will need to start to train teachers, build classrooms and improve the quality of the education. Most importantly there is need to remove such barriers as fees and lack of transportation, and address parents’ concerns for the safety of their children” (World Bank, 2000).

Although the role played by CDF in increasing infrastructure and provision funds to cater for school fees aimed at improved performance can not be ignored, the research findings of this study highlight its limited responsibility in this regard. It is in the interest of this study to emphasize the need for the government to create and invest in a viable and sustainable education program focusing on strategic policies, management and cost and financing of education, including cost-recovery measures. This should include a re-evaluation of strategies to assess the impact of cost-sharing between the government and the learner, regarding their participation in education. Additionally, this study finds it appropriate for the government to provide basic inputs in learning, including textbooks at both primary and secondary school levels to ease the burden especially on students from poor households whose performance will be directly negatively impacted on due to lack of such essential facilities. More innovations in cost recovery and raising more resources for education should be introduced and other cushioning to reduce student absenteeism through measures such as school-feeding programs should be introduced. Figure 5.7 below illustrates a CDF Science Laboratory at one of the schools in the area.



Figure 5.7 A CDF Chemistry Laboratory Project at Igara Secondary School

Photograph by Author: July 2007

5.1.5 Criteria for Allocating Funds to CDF Projects

Among the primary objectives of the CDF program is to improve the efficiency and effectiveness of resource allocation and distribution across the country. Based on the guidelines provided by the CDF Act as discussed in Chapter three above, allocation of funds to the various constituencies across the country is based on two overarching factors; the poverty index and the population of the area. Allocation of the funds therefore to the various school projects within the constituency is expected to be based on the degree of need of the schools, which would be determined by the number and state of already existing educational institutions and infrastructure, as well as the total number of students or pupils enrolled in the schools. This would mean that schools that are lacking or have inadequate infrastructure would receive a bigger share of the total funds available, as compared to those with relatively adequate infrastructure to foster equitable resource distribution.

In order to assess the extent to which CDF has, and is achieving this goal, this study conducted 40 semi-structured interviews to members of the public in the constituency, and held two focus group discussions with local administrators who are also involved in the

management of the fund in the area. Respondents in both cases were asked to state some of the factors that they thought prevailed in the allocation of CDF funds to the various education projects implemented and the location of these projects.

The empirical findings in this study showed that only 20% of the total respondents stated that the allocation guidelines have been adhered to. They felt that funding of projects has been done based on the degree of need of the requesting school for instance, and the availability of the already existing facilities, or the lack thereof. Nevertheless, the remaining 80% of the interviewees stated that while there were clear guidelines for the allocation of funds to projects, these were mainly overlooked and allocation was coupled with irregularities and bias. They reported the prevalence of favouritism when considering allocating funds and claimed that some schools received project funds based on political patronage. It was reported for example that while two schools may have presented their project proposals and budgets to the CDC for consideration of funding a classroom project for instance, the amount allocated to the school with no political ties would in some cases alter the course of the project due to the inadequacy of funds, such that instead of constructing a classroom as planned, the school would end up implementing a project that cost less, to stay within the budget allowance.

Cases of irregularities were further reported in the sense that some schools tended to receive funding more than once during the same financial year, while others received none in the same period. They cited political loyalties as a major abuse to CDF and therefore a hindrance to its effectiveness in resource allocation and distribution. Additionally, the fact that the process of allocation of funds to the various CDF projects in the constituency as reported by the respondents was not participatory enough to involve the beneficiaries provided avenues for misuse of the fund.

Responses from the focus group discussions that included development officers in the area as well as local administrators, however, generally attributed the lack of beneficiary dissatisfaction with the allocation of funds to the limits of the fund. Most of these respondents who were mainly administrators of the fund itself cited the fact that resources

were limited, and therefore it was not possible to simultaneously, evenly fund projects across the constituency as many constituents wished. They argued that allocations were done based on strict guidelines provided in the Act, for example by considering the great need of a new school in an area where there were not enough schools, as opposed to immediately responding to the call to revamp infrastructure in an already existing school. Respondents in this category admitted the great challenge experienced in the allocation of CDF project funds. Among the challenges they cited, included illusions by members of the public who did not consider the fact that the nature and number of CDF education projects that could be implemented in a given financial year across the constituency were by all means very limited.

The conclusions drawn from these findings indicate that the implementation of CDF still has challenges that must be addressed to enhance its effectiveness and sustainability. One of the major points to address here is the need for transparency and accountability in the allocation and use of the funds, which will eventually contribute towards eliminating inequalities in resource distribution. Some scholars have highlighted challenges regarding resource distribution in the implementation of decentralization initiatives such as the CDF by stating that fiscal decentralization may lead to allocative inefficiencies, as well as poor accountability and governance if public funds are not clearly assigned across the different levels of government (Hommes, 1995; Inter-American Development Bank, 1997; World Bank, 1999; and Fukasaku and de Mello, 1999). This also applies to the Nambale case study area. As indicated in the foregoing section, poor accountability in the case of CDF is mainly attributed to the lack of involvement by the beneficiaries especially in processes such as monitoring the use of, and evaluating the projects once implemented. While the public may be willing to make the process participatory, the lack of political will by the various CDF management committees makes it impossible for them to monitor the implementation of these projects.

5.1.6 Selection of CBF Beneficiaries in Secondary Schools

The Secondary School Education Bursary Fund (SEBF) was established in the year 2003/2004 through a Presidential pronouncement. The primary aim of SEBF is to reduce

inequalities by protecting poor and vulnerable groups against the escalating cost of secondary education. An additional aim is to increase enrolment and throughput of secondary school students. The fund targets orphans, girl children and those from poor households and urban slums, who are able to achieve good results. Students apply to SEBF through their school. In terms of the national budget, SEBF receives allocations from the Ministry of Education. Funding varies in accordance with the Ministry of Education's annual provisions, number of enrolled secondary school students, national secondary school enrolments and poverty indices. Constituency Bursary Committees are responsible for the screening of potential beneficiaries, the coordination and disbursement of funding and preparation of reports which are submitted to the Ministry of Education.

Since poverty reduction still remains the overarching goal of CDF in Kenya, efforts to advance this aim must consider the multi-dimensional nature of the concept of poverty as well as the complexities that are likely to arise in tackling it. Poverty has remained a subjective term as different authors have given different definitions for it. The definition adopted here is drawn from the World Bank which defines the concept as “pronounced deprivation in well being” and emphasizes that poverty has different aspects- low income, limited access to education, healthcare, voicelessness, powerlessness, vulnerability and exposure to risk. World Bank (2001:15). Poverty reduction measures therefore are expected to mitigate these problems.

The effectiveness of CDF in this study was also assessed based on the extent to which the bursaries, provided for students from poor households, are effectively distributed among the deserving applicants at the constituency level. Presently, the CDC carries the mandate to select applicants who genuinely deserve the bursary. This is expected to be a challenge given the fact that poverty in the area is prevalent, while at the same time the CBF allocation amounts to only 10% of the total annual allocation per constituency in any given financial year. This information was obtained through the administration of a questionnaire to secondary schools and it targeted both academic and non-academic staff, including members of the BOG and PTA.

The relevance of the question on how the selection of CBF beneficiaries was done lies in the idea that the debate on whether bursary allocations to applicants should continue to be determined by the CDC and the CBF committee, or whether the mandate should be transferred to school management authorities for more effective administration of the fund. All the school authorities interviewed argued that the school management teams comprising of teachers and some parents were better placed to select the ideal beneficiaries as opposed to the CBF committee, because they understood the backgrounds and needs of students better. Additionally, they felt that the CBF committee lacked credibility and the capacity to process applications in good time. The main argument for this was that if bursary funds continued to be disbursed through the mainstream committees of CDF, it always posed the challenge of delayed disbursements due to the bureaucracies involved at that level. They therefore felt that the school authorities would better handle the fund to ensure timeliness and to ensure that the most deserving applicants benefited from the fund.

Also cardinal to the effectiveness of the CBF is the distribution factor. The dilemma here was reported as - whether to grant the fairly limited finances to as many applicants as possible so that each one gets a share irrespective of the amount, or to grant to a few applicants and fully cater for their educational needs, as in a zero-sum situation. Of all the respondents in the survey, 50% felt that all applicants deserved a share of the “cake” irrespective of the amount, while the other 50% said a few candidates should be awarded the bursaries to cover all the education costs as this would enable them to complete their secondary school education. The latter pointed out that CBF would only be meaningful if the beneficiaries did not drop out of school at later stages due to increased fees arrears, considering that they had already been identified as needy and therefore incapable of meeting any extra costs that would not be covered by the bursary.

Further information gathered in the course of this study regarding this issue reveals that the debate on distribution and effective selection of bursary beneficiaries comes in the wake of declining allocations of CBF in the Busia district over the last three financial years as illustrated below.

Table 5.2 CBF Allocations in Busia District since 2003

Financial Year	CBF Allocations in Million Kenya Shillings
2003/2004	11,390,367
2004/2005	10,215,606
2005/2006	7,502,829

Source: District Statistics Office, Busia

As far as educational needs are concerned in Nambale, more resources ought to be channeled into schools and to be effectively managed for sustainability. It is clear that CDF alone cannot meet all the educational needs of the schools in the area under study and it could easily lead to reduced fiscal effort on the part financially able students, since some of the people may claim to be deserving recipients, when they are actually not.¹²

5.2 Assessing the Sustainability of CDF in Nambale

In development practice, the term *sustainability* is concerned with measuring the extent to which the benefits of a development project or program are likely to continue over time, especially after external funding is withdrawn (Section 2.7) This study specifically focused on three key issues which helped to assess the sustainability of CDF educational projects in Nambale. They included mechanisms set in place during the implementation of the fund to ensure that the change of regime from one Member of Parliament to another does not negatively impact on the continuity of projects¹³; how the long-term impact on the wider development process by such projects would continue to be sustained in Nambale; as well as factors that promoted or hindered the achievement of such continuity and how these could be overcome for improved performance of the fund.

¹² Table 5.2 illustrates an aggregated data set for the entire district, comprising of four constituencies, one of them being Nambale

¹³ The sitting Member of Parliament is the Patron of CDF in the constituency and has a lot of power including the selection of committees that foresee project implementation

Sustainability of any development project or program demands a number of aspects including active local participation by the beneficiaries in crucial processes such as decision-making, monitoring the use of funds and other resources as well as overall evaluation of projects.

5.2.1 Monitoring and Evaluation (M&E) Mechanisms in CDF

The OECD (2002) defines Monitoring & Evaluation as follows:

- *Monitoring* - a continuous function that uses the systematic collection of data on specified indicators to provide management and the main stakeholders of an on-going development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds;
- *Evaluation* - the systematic and objective assessment of an on-going or completed project, program, or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.

In the case of CDF in Nambale, an effective M&E mechanism would ensure that the public has access to relevant documents such as project progress and expenditure reports which would help them to know the actual use of funds on the various project activities, and if this was indeed in line with the program objectives. By so doing, the beneficiaries would hold the implementers accountable in the event of misappropriation of funds. A clear evaluation mechanism would also help to integrate lessons learnt in related project implementation in future.

To establish whether there was an M&E framework within the implementation framework of CDF, this study conducted a total of 40 interviews with members of the public in the constituency. Respondents were asked to state the ways through which project progress was

monitored and evaluated and whether they felt the funds were effectively utilized in project implementation.

All participants in the interviews were neither aware of any measures in place for monitoring the progress of projects under implementation, nor did they know about evaluation and utilization of the funds. Most respondents stated that there was hardly any information given to the public with regard to progress of projects and financial allocations to these projects. They attributed the lack of a clear M&E framework to the blending of supervisory and implementing roles by the MPs in the implementation of the CDF program. One of the interviewees remarked,

“... Can MPs be trusted to conceive and implement projects using public resources while at the same time be responsible for scrutinizing the integrity of expenditure for which they are incurring?”

Respondents also articulated the need to make the various CDF project budgets and expenditure reports available for public scrutiny, to recognize their right to know how these tax revenues are spent. They suggested that the CDC should start giving detailed financial reports on the amount of funds received from the treasury and a clear breakdown of expenditure records in the constituency. Further, the constituency committees should hold regular meetings at the location level to provide updates on how the funds were being used, as this would go a long way to enhance accountability of the fund managers to the public, thereby minimizing chances of mis-management.

In order to enhance effectiveness and sustainability of CDF, M&E should involve measuring its progress and

The foregoing discussion is a clear indication that the key to the success of a decentralization initiative such as the CDF is to design an appropriate system of multi-level public finance audits to implement development projects effectively and efficiently. In this respect, accountability at the constituency level is critical in order to foster prudence in expenditure management. It is impossible for the project beneficiaries to have no control over CDF expenditures and still be accountable.

performance against laid down targets in education such as provision of a definite number and type of learning facilities as a way of assessing project progress and value. In the same light, the sustainability of CDF will greatly depend on how well the administration and utilization of the fund are monitored and evaluated. This necessitates an in-built feedback mechanism that ensures continuous participation of key stakeholders in M&E. This feedback will inform the next round of planning and resource allocation as well as ensure transparency and accountability in the way CDF resources are deployed, for optimum results in Nambale. Similarly, the systematic collection, analysis, and reporting of fiscal information should be used to verify compliance with policy goals and to guide future decisions. In the case of CDF, such monitoring will help restrain uncoordinated sub national fiscal policies and avoid planning and expenditure overlaps at the constituency levels that create opportunities for misappropriation. From this illustration, the attainment of the objectives of CDF, including increasing participation in project implementation by the project beneficiaries remains unachieved.

5.2.2 Selection of CDF Committee Members

Experience all over the world has shown that active community participation and boosting development at the grass roots plays a key role in the sustainability of programs and projects aimed at improving the quality of life in the community. Bringing stakeholders together to define priorities for projects and programs is known to increase interest and a sense of ownership, which in turn promotes sustainability.

In this study, local participation was assessed in terms of the criteria used to select members of the public to represent other constituents in the CDC, which is the main implementing CDF committee at the constituency level. Active participation here would therefore involve the local population in the election of their representatives.

In order to obtain information regarding this type of participation, a total of 40 interviews were conducted to members of the public in the constituency. All of the interviewees reported that there was no popular participation in the election of CDF committee members at that level. They said the formation of the CDC; the main implementing organ of the CDF at the constituency level is flawed because it is entrusted to the area MP by law.

The findings of this study show that active participation is not automatically guaranteed in a decentralization initiative. This can be addressed by the setting up of an effective legal framework to spell out roles, responsibilities as well as rights of all stakeholders in the implementation of decentralized programs such as CDF. Based on the findings outlined in this section, the sustainability of CDF may be hindered in the sense that projects would be disrupted if the CDC had to be re-constituted at will by the MP for some reason, or in the case where the exit of the current MP necessitates formation of a new CDC as the main implementing organ in the constituency. At the same time, concerns over the competency of the committee members have shown that there is need to have fund managers who are adequately trained so that project implementation is guided by professionalism.

Lack of popular participation, as some authors have said, impedes the success and sustainability of development projects because not all needs and preferences are captured. Participation has also been associated with an increased sense of ownership among the project beneficiaries and by so doing it cultivates interest, which eventually enhances the sustainability of such development initiatives.

5.2.3 Tendering and Procurement Procedures of CDF projects

The level to which project benefits are internalised within the area of that development intervention influences sustainability of a development project or program. In the implementation of CDF projects, and especially those that are labour intensive, it has been thought that by making use of labour from the locality would promote a sense of ownership and therefore sustainability.

This study sought to establish how processes such as project tendering and awarding of contracts in the constituency influenced CDF project sustainability. The study involved conducting forty semi-structured interviews to members of the public in the constituency. Respondents were asked to state the procedures through which project contracts were done. 70% of the interviewees stated that they did not know these procedures, while the remaining 30% said that contracts were awarded based on personal arrangements with officials in the constituency. They stated that this had continued to be a challenge,

particularly in terms of the quality of projects such as classrooms, because the screening of potential contractors was very weak.

With regard to tendering, the interviewees said that tenders were mostly awarded to people from outside the locality, and this also was cited as a source of disinterest in some of the project activities. They argued that some of the required materials for construction for instance should be sourced from within the locality, instead of exporting benefits to other areas by paying those to whom these tenders were awarded.

The general finding of this study regarding sustainability and implementation procedures such as tendering and contract awarding is that future project benefits may be negatively impacted on if there are no measures to guarantee quality assurance and adherence to standards. The study also highlights the need for information dissemination on the various project procedures, as this would create an informed populace, which is able to question the activities of authorities in project implementation, as well as demand effective services from the government.

The findings of this study confirm the argument that access to information complements mechanisms for citizen participation in the overall project implementation. Meaningful and effective participation, as proponents of decentralization have put it, though itself increasing information flows, requires informed citizens. Availability of information on the procedures of tendering and contract awarding in the case of Nambale would enable constituents to react and influence the activities and outcomes of projects. Additionally, the lack of citizen participation in the implementation of CDF projects is likely to create disinterest in the projects implemented and the community members would then not identify with the projects even after they have been implemented. In such instances, the “ownership” aspect is lost and this leads to poor or no sustainability of these projects. It is only when project beneficiaries actively participate in the project implementation process that a sense of ownership is inculcated in them, which in turn ensures that the sustainability of such projects is enhanced.

5.3 Testing the Research Hypothesis

Linking the empirical findings highlighted above with the hypothetical statement guiding this study, it is evident that fiscal decentralization is not a panacea in itself. The argument that decentralization improves resource allocation, accountability, and local participation relies heavily on the assumption that sub national governments have better information than the central government about the needs and preferences of the local population; that the local population is necessarily aware of the activities of sub national governments; and that the local population is able to effectively participate in the implementation of development programs and projects in a decentralized system.

The findings as presented in this research sharply contrast these assumptions. It is clear in this study that sheer physical proximity of decision-making processes to constituents does not guarantee that they have the needed information unless there is the will to make this information easily accessible to the public. Similarly, whether sub national governments have information about the preferences of citizens depends critically on the existence of mechanisms for the local population to participate in the implementation of projects and to have their voice heard in decision-making.

The hypothesis stated in sub-section 1.2.1 of this study therefore remains valid in as far as the empirical findings in this study are concerned. This study postulates that success in achieving effectiveness and sustainability in decentralized initiatives such as the CDF demands the following:

- A strong legal framework: to clearly spell out powers, rights, and duties of local governments. This prevents central authorities from interfering with local affairs.
- Accountability and transparency: Such accountability has two dimensions: Making local governments and their members accountable to the people means that the citizens can elect those who rule them and have the possibility to assess their performance at the time of re-election. Secondly, local governments are also accountable to the higher levels of government.
- Security of existence: Local governments cannot effectively perform if their existence is in constant jeopardy by higher authorities.

- Resources and autonomy: This requires, *inter alia*, the right of local governments to collect taxes and fees and to get funds from the central government necessary for the execution of tasks transferred to them.
- Political will and partnership: Experience has shown that the success of decentralization efforts depends, to a large extent, on a clear vision regarding the position and function of local governments and on a strong political will to implement that vision. It also depends on the willingness of both the central and the local level to see each other as partners in an ongoing process.
- Participation: An effective participatory approach in project implementation is crucial for the enhancement of project sustainability. When project beneficiaries are involved in the entire planning process, they develop a sense of ownership and responsibility which in turn promote project sustainability.



CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

While there are many success stories of decentralization and sustainable development through programs such as CDF, there still remains much room for improvement. More needs to be learned from these individual experiences and be translated into practical actions. Currently for example, new initiatives are expanding the role of local governments – these include poverty reduction strategies, which highlight an important role for local governments in poverty alleviation, but do not define how this role should be implemented. Also, in spite of the increased interest in the responsibility of sub-national governments in local economic development, it is not clearly articulated how local government can help to build entrepreneurial opportunities for citizens. This scenario necessitates further analysis in order to better understand which forms and under what circumstances fiscal decentralization can be more effectively and sustainably implemented and how governments and stakeholders should approach these processes. For instance, in order to ensure flexibility and strategic planning of such programs, new methods of monitoring and evaluating decentralization policies need to be developed and applied.

It is argued (UNDP, 2000) that lack of capacity building both in terms of human resources and financial support, has often been quoted as the principle obstacle in furthering decentralization processes. There is an ongoing need for capacity building and technical assistance, as well as practical lesson sharing. In addition, assistance needs to be provided simultaneously “upwards” to the central and municipal government levels addressing advocacy and policy design and “downward” to the field-level stakeholders and local government authorities.

With specific reference to enhancing the effectiveness and sustainability of CDF, the findings in this study are in general robust to the inclusion of standard controls in its implementation. The study finally concludes with some lessons learnt and recommendations for practitioners and stakeholders including the government, civil

society, the private sector and scholars in the field of decentralization and development practice.

6.1 Reflections on the Fiscal Decentralization Theory

Fiscal decentralization is founded on the potential welfare gains from diversifying local public outputs in accordance with local circumstances (encompassing both differences in preferences and costs) as argued by Oates, 2006. In practice, however, there is much more to the story. This study postulated that to achieve efficient outcomes through fiscal decentralization programs requires a set of public decision-making institutions that provides the needed incentives for effective budgetary choices and allocations, enhanced local participation, and the practice of good governance to fight corruption. Much of the more recent literature suggests that this is much easier said than done.

In the more recent literature, the “dark side” of fiscal decentralization has been spelled out more clearly. Prud’homme, 1995 and Tanzi, 1995 for instance, have argued that due to lack of transparency and accountability, corruption may increase in decentralized governments rather than decline, because of the proximity between local government officials and private individuals. An example to illustrate this with specific reference to this study was the tendering and procurement procedures applied in the implementation of CDF projects (Section 5.2.3). The argument that corruption may increase in decentralized systems, according to this study, may have been prompted by two developments. First, we have seen several major fiscal and economic collapses (such as those in Argentina and Brazil), as well as more low-grade but persistent fiscal malfunctioning, that have important roots in the vertical structure of the public sector and, more particularly, in the behavior of decentralized fiscal authorities. This has prompted a careful examination of just what has gone wrong. Second, there have been important advances in the theory of fiscal structure and its operation that draw upon the new theory of the firm (Cremer, Estache, and Seabright 1996).

This study’s recognition that asymmetric information, lack of local participation and subsequent lack of accountability manifest themselves in decentralized systems is provides

great insights. From the perspective of this study, this is not just a matter of corruption. Rather, it has been argued that such destructive behavior derives directly from the incentives that the political and fiscal systems create for both public officials and the electorate. In addition, the very structure of intergovernmental finance in certain countries makes “*soft budget constraints*” almost inevitable.¹⁴ (Kornai, (1979, 1980). For the purpose of this study, this term has been construed to refer to lower levels of government such as the constituency committees, who operate with the *expectation* that their fiscal deficits will be covered by adjusting project budget lines. In reference to Section 5.1.5 of this study for instance, 80% of the respondents stated that CDF project allocations overlooked the guidelines provided in the Act and were instead characterized by political patronage and bias especially from the Members of Parliament (particularly in order to ensure that they are re-elected). Such scenarios therefore delude the idea that fiscal decentralization ought to lead to more efficient resource allocation and effective use of these resources.

These illustrations lead to the rather paradoxical and ironical finding in this study - that for fiscal decentralization to function effectively there is a real need for a strong central government to be able to quell opportunistic moves by provincial and local interests. A weak center, in short, is often an integral part of a fiscal system with soft budget constraints and poor performance.

6.2 Abridged Research Findings

The empirical evidence provided in this study suggests that CDF is a noble idea in Kenya’s development path, while at the same time noting the prevalence of a multi-faceted array of challenges that must be addressed for its improved development performance. The study emphasizes that factors of good governance - transparency and accountability; participation and access to information are important for the achievement of effectiveness and sustainability in the implementation of CDF.

¹⁴ Kornai originally introduced the term to describe the setting of state-owned enterprise in socialist countries, where managers could preside over chronic financial losses with little to no fear from higher authorities.

Cognizant of the need for caution in implementing programs such as the CDF, this study concludes that its performance can be further improved by:

- Strengthening managerial, administrative and supervisory capacity at the constituency level to equip citizens with the necessary skills to effectively manage the increased resources provided through CDF.
- Fostering participation of the constituents through civil society organizations in local development, not only in formulation of objectives and choice of projects, but also in the actual execution and supervision of projects undertaken, including monitoring and evaluation to promote accountability and transparency in the overall implementation of CDF.
- Ensuring access to information relating to the fund. This will help to promote transparency and accountability in the implementation of CDF.

6.3 Policy Recommendations

The empirical evidence presented in this study underscores the need for caution in the use of fiscal decentralization as a tool for development. To make CDF more effective and sustainable and therefore a catalyst for development, appropriate economic and political institutions must be put in place first. These include a framework for planning and monitoring and evaluation of projects to insulate CDF against the excessive capture of its benefits by local political elites. These are further illustrated in the following sections.

6.3.1 Monitoring & Evaluation

There is need to incorporate the M&E of CDF within the national M & E system, with clear indicators and targets. The MoPND through the DDOs should communicate development progress to the national offices and the regional representative bodies. NMC should work with non-state actors to empower communities to audit the use of funds. This will involve training on basic concepts and methodologies for social accountability for stakeholder institutions and mapping of current social accountability practices, institutional or regional level training to build capacity at lower levels for partner institutions and periodic contact with government authorities, through existing processes such as pre-budget hearings, to share results and discuss outcomes and propose strategies to address issues at hand.

Parliament should also consider allocation of adequate funds for an effective M & E process in the implementation of CDF.

6.3.2 Co-ordination of Projects

To ensure effectiveness and consistency in project planning, this study proposes that the constituency should develop constituency plans. The MoPND through the DDOs should liaise with CDCs to ensure that plans developed are feasible, relevant and consistent with the national plans. Further the DDO should keep abreast with the development pace of the constituencies so that they are able to assist in filling the gaps between constituency plans and the national development plans.

6.3.3 Capacity Building

There is need to train the managers of the fund and community organizations on the procedures relating to the fund management. The government should build capacity in areas such as budget preparation, proposal development, actual project implementation and monitoring and evaluation, so that they are best equipped to effectively handle the increased volume of resources assigned to them through CDF.

6.3.4 Review of the CDF Legal Framework

This study recommends the amendment of the CDF Act in order to seal off loopholes that hinder effective implementation of the fund. Such amendments should address issues such as the formation of the CDC, so that its members are elected by the public as opposed to the current situation whereby its composition is formed by the sitting MP. This will conform to the doctrine of separation of powers.

6.3.5 Transparency and Accountability

To promote overall government transparency and accountability, CDF budgets and expenditure programs need to be disclosed to the public to recognize their right to know how tax revenues are spent. The government should enforce the exercise of periodic audits to increase accountability of the fund. Important to note however is the fact that despite the utility of this mechanism in most parts of the world, making audits a useful tool of good governance remains a tall order. Common practices include exclusively paper audits - that

is without spot-checks to verify audit information, characterized by the lack of any sanction for late submission of accounts and the prohibition of any release of audit information to the public. As a result, audits have in several countries become yet another control point attracting bribes and favors, and audit findings are routinely buried. For the case of CDF, the existence of an audit system of physical audit (spot check) requirements, sanctions for late submission or manipulation, and especially the requirement of making audit reports available to the public or at least to an independent body capable of following up any problems, is critical and requires concerted effort in order to restrain corruption in its implementation.

6.3.6 Participatory Development

Increasing citizen participation in development programs as one of the key objectives of CDF is critical for the sustainability of the program. Evident in the current implementation of the fund however are a number of factors that are hindering effective community participation. These include lack of transparent transition plans for committee members, especially due to the influence of the MPs; general lack of adequate knowledge on project planning by beneficiaries and the non-existent publicity at the constituency level. There is great need for the government to ensure that the relevant project documents are available for public scrutiny. These include project proposals, expenditure budgets, project progress reports as well as expenditure reports. Also critical is to democratize the CDF implementing committees by allowing members of the public to participate in their selection.

6.4 Areas for Further Research

Given that CDF is a development initiative aimed at poverty reduction involving different sectors, it would be helpful to also analyze its effectiveness and sustainability based on other sectors besides education. These would include health, infrastructure like roads, bridges, water provision and security, as these are also key areas in which CDF funds have been allocated. In this extended research, different indicators may be necessary and therefore more information on the challenges of its implementation as well as its other

potentials may be revealed. This would add value to the existing literature on how best to implement programs related to CDF.



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Source: District Statistics Office, Busia

8.2 Appendix II: Questionnaire

Questions to Key informants

Name:

Position:

Division:

Contact details:

1. How did the CDF idea come about and why?
2. Are the activities and the outputs of the CDF consistent with the intended effects and impacts on education?
3. What factors are considered in the allocation of funds to educational projects in the area?
4. Who manages the funds in each school?
5. Which procurement procedures do you follow?
6. How are the local people involved in the selection and prioritization of the CDF Projects?
7. How are the local people selected to sit on the committees that manage the CDF?
8. Are the locals in a position to effectively monitor how the funds are spent? How?
9. What role does the MP play in selection of CDF projects or disbursement of funds?
10. How many schools and facilities such as classrooms, laboratories have been constructed under the CDF Programme in the constituency?

11. Once these facilities are put in place, who is responsible for their maintenance?
12. What are the factors influencing the achievement of education projects under the CDF?
13. What are the factors limiting the achievement of educational projects under the CDF?
14. What are the major factors determining the sustainability of the projects implemented under CDF?
15. How can the implementation of the CDF be improved to ensure its effectiveness and sustainability?

Questionnaire for Schools



Name:

Position:

Division:

Contact details:

1. What is the relationship between CDF and the performance of students/pupils?
Would you attribute poor or good performance to CDF?
2. What is the impact of CDF on enrollment rates? (increased or decreased)?
3. What role does your school play in the identification or selection of CDF projects?
4. Are CDF projects based on the needs of the school (demand driven) or they are imposed?

5. What facilities have been put in place through the CDF?
6. What is the average number of students per class in your school?
7. What are the factors influencing the achievement of education projects under the CDF?
8. What are the major factors determining the sustainability of the projects implemented under CDF?
9. How can the implementation of CDF be improved to ensure its effectiveness and sustainability?

