

## **THE EFFECTS OF DEVOLVED FUNDING ON SOCIO- ECONOMIC WELFARE OF KENYANS: A CASE OF CONSTITUENCY DEVELOPMENT FUND IN KIMILILI, (KENYA)**

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**ABSTRACT:** *Kenya has devolved funds to grass root level with the aim of bringing services and development close to its citizens in view of vision 2030. However a report by the controller and Auditor General in Kenya gazette 2010 uncovered massive misappropriation of Constituency Development Funds in 16 Constituencies. Inspite of this, other constituencies were reported as posting remarkable performance. The purpose of this study was to examine the effect of devolved funding on the socio-economic welfare of Kenyans. A descriptive survey design was used. A total of 98 respondents were selected through the census approach. A pre-tested semi-structured questionnaire and an interview schedule were used to collect data. Statistical techniques employed in data analysis included Frequencies and means and paired t-test. Results were considered significant at 5%  $\alpha$ -level. The Projects financed by CDF are: roads, Bursaries, Health centers, schools and agriculture. Majority of the respondents 92(93.9%) reported that people participate in the CDF funded projects. Of these 33(39.3%) reported that the participation level is average. The difference between the mean score on the situation before and after the introduction of the CDF was statistically significant ( $t=5.494$ ,  $p=0.002$ ). The findings from the study show there was significant improvement in the situation after the introduction of CDF. In conclusion, the results of the study show that CDF plays an important role in social economic aspects of the lives of the locals and calls for policy makers to improve on management of the devolved funds.*

**KEYWORDS:** Devolved fund, Socio-Economic welfare

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### **INTRODUCTION**

According to Dacks (1990), devolution means the transfer of powers from a higher or central order of government to a regional or local order of government. It occurs when a regional or a local government formally receives either broad powers over a specific territory or more limited powers over a specific jurisdiction. He describes devolution as a type of administrative decentralization. In this case the governments devolve functions; they transfer powers for decision making, finance and management to independent units of local government with

corporate status. Devolution transfers responsibility for services provision to municipalities that elect their own leaders. The author notes that the concept of devolution has its basis in precepts of democracy and self determination. The first principle is pegged on the premise that the large governments cannot make suitable policies or provide effective services to distant communities with special climates, geographical, economic systems and cultures. He asserts that only governments closer to the people can make and supply better services. The principle of self determination holds that culturally and regionally distinct communities must have a degree of control over those economic, political and social institutions that impact on their way of living.

According to the author devolution is seen as having cultural, economic and political dimension. This looks at demand for devolution in two ways. That is; cultural and economic dimension. Cultural dimension focuses on control over jurisdictions such as social program, education and language. On the other hand economic focuses on control over land, resources and economic development. To be successful, devolution demands political developments that will create capacity of the region to handle the transfer of powers. Political leaders play the role of articulating demands, as well as negotiating the transfer of powers with the higher order of government. Advocates of devolution consider it to be the best way of increasing the efficiency of public expenditure. According to Putman (1993) Pro-devolution arguments indicate that inter-territorial competition can generate efficiency and innovation. Moreover they say devolution will enhance the combination of greater political participation, transparency and accountability, resulting in economically advantageous institutions. The net effect of this will be creative ways of addressing the national's welfare.

Putman (1993) argues that devolution will lead to worse career opportunities and salaries. Also local governments will be more easily swayed by locally powerful entities after devolution leading to possibility of corruption. Devolution may promote regressive effect at sub-national level because of high administrative and competition costs. The process of devolution is seen as being made up of three separate factors: legitimacy, the decentralization of resources and the decentralization of authority. He notes that any form of devolution implies some degree of sub national legitimacy and some form of decentralization of authority and resources. In striving to achieve its fiscal and macro-economic policies of employment, equitable distribution of resources, economic growth and others; the Government of Kenya has established various devolved funds each addressing a specific objective. These funds include: Women Enterprise Fund, Youth enterprise fund, Constituency bursary fund, Poverty eradication fund, The Water Services Trust Fund, Road Maintenance Levy Fund , and Constituency HIV/AIDS FUND, The national development fund for persons with disability and Constituency development fund.

The CDF has been viewed as a key strategic driver of socio-economic development and regeneration within Kenya. It is a development initiative targeted at the constituencies by devolving resources to the regions to meet social economic objectives which have previously been managed from the centre. The key objectives of the fund are to fund projects with immediate social and economic impact with a view to improving lives, alleviate poverty and general development purposes. It supports local development projects, especially those aimed at alleviating poverty and developing infrastructure at grass roots level. It targets community-based development projects as a criterion and whose benefits are enjoyed by all as well as projects

relating to set up and equipping constituency project offices. In this way the fund seeks to control imbalances in the regional development, improve pro-poor targets, expand coverage and improve development outcomes by eliciting local people's participation in decision making.

### **Statement of the problem**

Efficient delivery of public services in Africa and other developing regions has for a long time been hindered by highly centralized government bureaucracies (Mwabu et al., 2001). In Kenya, several efforts have been made to reduce unnecessary layers of government to make service provision to the populace more effective. This is because devolvement of funds and governance to the locals is fundamental for both social and economic development of any given nation of the world. This aims at enhancing democracy through the participation of citizens by identifying problems that affect them directly and find ways of solving them to improve their wellbeing and also spearhead the operations of the government. Despite the government of Kenya's endeavor to devolve funds to the grassroots, still the economic welfare of the people is still low. Additionally, the report by the controller and Auditor General in Kenya gazette 2010 uncovered massive misappropriation of Constituency Development Funds in 16 Constituencies. This study therefore sought to examine the effect of devolved funding on the socio-economic welfare of constituents of Kimilili Kenya.

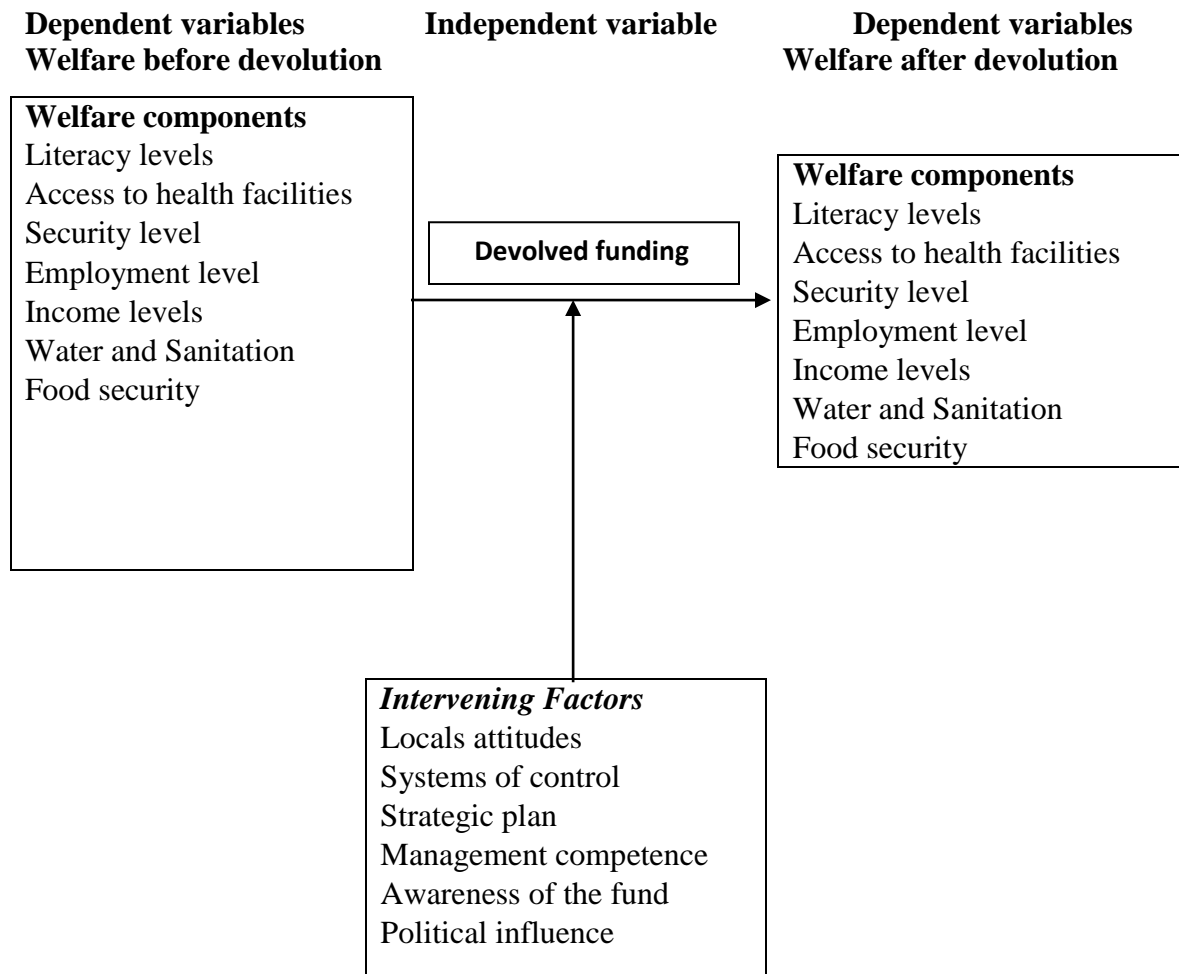
### **Research questions**

This study aimed at analyzing the effects of devolved funding on socio-economic welfare of Kenyans in Kimilili Constituency. To achieve this objective, the study was guided by the following research Objectives:

1. To identify the projects funded by the devolved funds in Kimilili constituency.
2. To examine the level of participation by the people in the projects funded by the devolved funds in Kimilili constituency.
3. To evaluate the effects of devolved funding on the socio-economic welfare of the people of Kimilili constituency.

### **Scope and delimitations of the study**

The study focused on the effects of devolved funding on socio economic welfare of Kenyans. It covered Kimilili constituency which according to 2009 national census report has 61486 households and 320300 people. The study was delimited to the constituency development fund and assessed the welfare of the constituency members before and after the introduction of constituency development fund.

**Conceptual framework model****Source; Author 2013****LITERATURE****Stakeholders' theory.**

According Werhane (1998), the theory requires managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. It also pushes managers to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose. Stakeholder theory is Managerial because it reflects and directs how managers operate rather than primarily addressing management theorists and economists. If devolved funding is to impact positively on the social economic welfare of the targeted people, the managers of the funds must articulate how to serve them and focus on delivering the purpose of these funds. This starts by identifying the CDF stakeholders who will guide in selection of projects which align with the needs of various

stakeholders. To deliver on their purpose, the CDF management should understand the impact they creating to this stakeholders, compare this with the pre-determined goals of the fund and identify any service gap for corrective action. Through this the efficacy of the fund will easily be achieved.

### **Agency theory**

According to Rees (1985), the theory focuses on the relationship between principals and agents who exercise authority on behalf of organisations. This theory is of the view that principals must solve two basic tasks in choosing and controlling their agents: first, they have to select the best agents and create inducements for them to behave as desired. Second, they have to monitor the behaviour of their agents to ensure that they are performing as agreed (Ayee, 2005). A problem arises when the parties' goals conflict or when it is difficult or expensive for the principal to verify what the agent is actually doing. In this case Information asymmetry introduces an issue of adverse selection and a moral hazard problem.

In devolution of funds the principal-agency relationship exists, the national government being the principal and the devolved funds management committees and staffs being the agents. If the relationship between the two parties is not well checked, then the problems associated with the agency theory, like the information asymmetries are bound to occur thus limiting the impact of the fund. Critical to this is conflict of interest. While the government may want to create projects that will improve the lives of the target groups, the CDF management may initiate populist projects to show the public they are working. Ultimately these projects fail to address the purpose of their establishment for failing to align with the needs of the target community. Thus the need to continuously monitor the effects of the projects initiated on the welfare of the constituency community.

### **Contract theory**

According to Tirole J. (2006), the theory focuses on the need for communication between an agent and a principal, so that there is a clear understanding of both the needs of the principal and the ability of the agent to meet those needs in a competent manner. Once this state is established, contract theory is then employed to ensure that the agent receives adequate rewards for his or her efforts. Contract theory is also interwoven with the concept of moral hazard. Essentially, both the agent and the principal are exhibiting a certain degree of trust. The agent, or prospective employee, trusts that the working conditions, rate of pay, job responsibilities, and additional benefits are as presented by the employer. In turn, the employer or principal is trusting that the credentials presented by the agent are valid and sufficiently complete to merit the creation of a contract of employment. When all economic actors in the process function with a high level of competency, the resulting arrangement is likely to be mutually satisfying.

In case of devolved funding, the actors are the national government and other stakeholders entrusted with the management of devolved funds. In defining devolution structures, competencies of staffs should be considered if positive rewards are to be achieved from devolved funds. Also, after setting the goals of the fund, communication between these actors on performance of the devolved fund is important for corrective action. The feedback on the

competence of the agents to discharge their duties necessitates continuous training of CDF staffs to improve on their capacities to meet new demands of an evolving society.

## **Empirical review**

### **Arguments for devolution**

Klugman (1994) argues that advocates of decentralization from economic and political schools of thought attribute their support for a greater transfer of authority towards sub national tiers of government to their negative perception of the capacity of central governments to deliver public services efficiently. Economic efficiency through devolution are founded on Musgrave's, (1959) contention that lower levels of government have a greater capacity to tailor policies and the provision of services to the preferences of the population, thereby maximizing individual and collective welfare and making the supply of public goods and services more efficient. This tenet is, based on assumptions that individual preferences for public goods differ, and that individuals chose to live in a place that best corresponds with their preferences. Oates, (1972) observes that there are different forms of devolution that arise from different legitimacy distributions and that advantages of devolution tend to be more developed than the drawbacks. Whether devolution is driven mostly by national or a sub national government, each potential driver has an inherent interest in defending their policies to the electorate and bolstering their legitimacy and popularity. The most common supporting arguments for devolutionary policies draw upon the efficiency advantages that lower level governance can engender.

Given that the population in any country has a diverse preference structure, which varies across geographical space, this efficiency has three major sources, the themes of which recur time and again (Oates, 1972). First, a smaller democratic and financial base has resulted in a managerial reform that would lead to a heightened degree of accountability, bolstered by the reduced administrative distance between the electorate and the politicians (Bennett, 1990). Second, the lack of diluting influences brought about by responsibilities for alternative, diverse regions tends to allow local governments the flexibility to respond to the preferences of their electorates (Bennett, 1990).

Also the local nature of governance implies a greater chance of local politicians with the specialist knowledge necessary to detect and react to the wishes of the electorate and defend their interests at higher levels (Putnam, 1993), as well as the capacity to implement policy innovations that would have been more difficult to pursue at the central or federal level (Bennett, 1990). The basic conceptual argument of devolutionists therefore acknowledges these three factors as acting to both ensure and allow local governments to be more representative of and responsive to the interests of a given locality or region.

### **Devolution and fiscal inequalities**

There are two forms of the fiscal inequalities engendered by devolution: static and dynamic forms. From a static point of view, devolution focuses on the autonomy of regions, different regions are obtaining diverse tax bases and welfare responsibilities. The initial reduction of fiscal transfers is likely to make actual government spending at sub-national levels regressive. Such kind of system may have the advantage of greater incentive to put in place an effective tax system at regional levels supported by the advocates of devolution. However, a lower fiscal base



in poorer regions with lower regional budgets and lower capacity to implement public policies may lead to territorially regressive system, as a result of falling further behind other regions, in other words, promoting regional inequalities.

From dynamic point of view, the shift of disproportionate negotiating power from central government to the sub-national government located in richer and more populated regions, since rich regions matter more to the economy, furthermore, they carry the greatest threats to its own political legitimacy. In this case, rich places will become richer and poor become poorer, it will definitely result in polarization. This hypothesis has been supported by a number of case-study countries, such as the USA, Argentina and China. Prud'homme R (1995), the critique of fiscal federalism theory concludes that a loss of national redistribution of wealth due to decentralization will cause greater localization of wealth, greater disparity between rich and poor regions, and the loss of capacity of the national government to influence the market to soften times of crisis. According to the author the last three decades have witnessed increasing global trend for the transfer of power and resources from central government to sub-national government, as well as the rising inequalities, devolution and regional disparities. Also, as suggested by Thiessen (2001), there are significant arguments cautioning against fiscal decentralization, based on the key point that devolution can reinforce regional inequalities, which may hinder economic growth.

Based on the empirical evidence from 12 European Union countries with a two-way fixed effects panel data model, Ezcurra & Pascual suggest that there is a negative correlation between fiscal decentralization and the level of regional inequality, since devolution of fiscal power from central government to regional and local government may generate a more balanced distribution of resources across regions. Such kind of argument has also been supported by Oates (1994) that fiscal decentralization contributes to economic development and eventually results in the reduction of regional disparities.

Peterson (1995), asserts that because of the mobility of labor and capital, states are in greater competition with each other than ever before, causing them to focus more on economic development and less on social welfare. Therefore, welfare should remain the responsibility of the federal government, even as other basic governmental programs are devolved. He discusses the roles of local, state and federal government in the provision of two types of public policies, developmental and redistributive. He points to recent history to argue that state and local governments should fund the development necessary to sustain economic growth, but that federal government should provide redistribution necessary to compensate those that do not benefit from the growth.

### **Prerequisites for effective devolution**

According to Warner's, (2003) Successful decentralization requires administrative and financial capacity and effective citizen participation, but many rural governments lack an adequate revenue base or sufficient professional management capacity. Rural residents have relied more on private markets than government for many services; however, rural areas have also suffered from under development due in part to uneven markets. Afzar *et .al.* (1999); argues that in cases of limited local accountability or weak civil society, local officials who have greater discretion

and opportunity in a devolved system may be subservient to the needs of local elites particularly when under direct pressure. Donahue, (1997), argues that decentralization is not, in fact, the solution to America's governance problems. There is little evidence that the public sector will be more efficient at the state level than it is the federal level. Instead, America should focus on the challenges of mitigating cynicism in government on the public's part and narrowing the gap between the benefits expected from government and citizen willingness to endure taxation.

Adekanye (2007); argues that the theory of power-sharing is that body of ideas about a particular set of strategies for regulating conflicts and art of governance on badly divided societies. To Lijphart (cited in Adekanye, 2007), power-sharing, otherwise known as, consociation democracy has four basic characteristics. These are: Executive- power sharing among representatives of all significant groups; a high degree of internal autonomy for groups that wish to have it; Proportional representation and proportional allocation of civil service positions and public funds.

### **Citizen participation and devolution**

Citizen participation in devolved system involves the redistribution of power that enables citizens presently excluded from political and economic processes to be deliberately included in the future, and to influence the process of formulation, passage and implementation of public policies. Such individual and collective participation can have various dimensions such as voting, running for public offices, consultation or public hearings (Conge, 1988, Gaventa and, vurderama 1999, arnstein, 1969). In light of this, local governance system providing for meaningful citizen participation can be described as one promoting inclusive processes, that allows citizens to effectively influence decision making, including the power to hold decision makers accountable, in fields relevant to their lives.

A research carried out in Lesotho asserts that the extent to which Basotho will own and drive the process of local governance will determine its success (molgics, 2003). In order to enhance the proper functioning of local authorities, the crucial aspect was to link them effectively with the communities at the village level (Gol, 2004) This participation can be done through: decision making power, accountability and inclusiveness. Decision making power-citizen participation in political and legislation process is only meaningful if citizens can effectively influence decision making. This means that it is not only important to promote the citizen voice, but the citizen voice must also be heard Crook, (2003). Accountability mechanisms are important in order to fight clientelism, a policy making that is based on the reciprocation of benefits (Lakina 2008) In Lesotho, first and foremost clientelism is said to take the form of deeply entrenched party politics. Inclusiveness-Lesotho's population is ethnically and linguistically very homogenous; 98% are Lesotho speaking Basotho with very few amaxhosa in the south west province, 2008). Although made up of several tribes, Basotho seems to define themselves in national terms. Living conditions and political influence are similar across all ethnic groups thus marginalization does not relate to ethnicity; it relate to gender, age and economic conditions, Afro barometer (2005).



**Devolution in Kenya**

According to Centre for governance and development report (2007), these funds include: Women Enterprise Fund, Youth enterprise fund, Constituency bursary fund, Poverty eradication fund, The Water Services Trust Fund, Road Maintenance Levy Fund , and Constituency HIV/AIDS FUND, The national development fund for persons with disability and Constituency development fund. The Women Enterprise Fund was conceived in December 2006 by the Government as part of its commitment to one of the Millennium Development Goals on gender equality and women empowerment. The Fund provides affordable credit to support women expand or start new businesses for wealth and employment creation.

The Kenya youth enterprise fund was started in 2006 as part of the government aim to help the youth to start small businesses and hence be financially independent. This is to address the problem of unemployment which some economists have identified as menace of a ticking time bomb. There are hundreds of thousands of young Kenyans that are graduating from the country's high schools and universities but the job opportunities have been decreasing. Starting small businesses is one sure way to create wealth and provide jobs for other youth. However, it really remains to be seen whether the fund has achieved its intended objectives.

Local transfer fund was established in 1999 through the LATF Act No. 8 of 1998. LATF at the local level is managed by the local authorities i.e. County Council, Municipal Council, Town Councils. The Councils must ensure that they involve the citizens in identifying projects, their management, monitoring and evaluation. Objectives of the fund include improving service delivery, improving financial management and accountability and reducing the outstanding debt of local authorities.

Constituency bursary fund targets children from poor households, children from arid and semi-arid areas, children affected by HIV/AIDS and orphans. Five per cent of the allocation is set aside for the girl child and other children under special or difficult circumstances. The objectives of the Bursary Fund are: To increase access to secondary schools education; Ensure students remain in secondary schools; Promote transition and completion; and reduce disparities and inequality in the provision of secondary school education. Poverty eradication fund was established in 1999 in response to the UN World Summit on Social Development held at Copenhagen, where the world committed herself to reduce global poverty by 2015. The fund is administered by the Poverty Eradication Commission (PEC) with members drawn from private sector, NGOs, religious organizations and government. Objectives of the Fund are: Provide and promote access to affordable credit by the poor, Strengthen existing alternative credit among the poor communities, encourage the poor to save and promote innovative approaches to provision of basic social services.

According to the Trust Deed, WSTF's mandate incorporate supporting capacity building activities and initiatives that aim at enabling communities to plan, implement, manage, operate and sustain water services-by creating awareness and disseminating information regarding community management of water services, and encouraging their active participation in implementation and management. Road Maintenance Levy Fund (RMLF) is specially provided

for the management of the entire road network in all parts of the country. The fund was established in 1993 by an Act of Parliament i.e. Road Maintenance Levy Fund Act; 1993, in which proceeds from fuel levy are generated and paid into Kenya Roads Board Fund.

The Constituencies Development Fund was established through the CDF Act, 2003 as a publicly funded kitty that targets development projects at the grassroots level. The fund was established as a devolved fund with the aim of funding community based projects. This was meant to ensure that the prospective benefits are available to wide spread cross-section of the inhabitants of particular area. Some of these projects include: funding school fees, building schools, Dispensaries, Local bridges, police camps, youth's projects among others. CDF is one of the several devolved funds set up by the Government to mitigate poverty and to harmonize the spread of development throughout the country. Ksh 70,956,300,000 has been allocated to CDF since its inception. The onus of disbursing and ensuring constituencies' use their share of the money efficiently and accountably falls with the CDF Board pursuant to CDF (Amendment) Act 2007 Act Section 5 that established the Board to replace the National Management Committee.

### **Gaps**

Studies have established that local governments have become the centres for devolution in the world as has been confirmed by various reports like the ADB, 2003 in Kenya and other African countries. Though many studies have been carried out on devolution no study has been carried out to establish how devolved funding is affecting the overall social economic welfare of the target groups particularly in Kenya. Klugman (1994) argues that advocates of decentralization from economic and political schools of thought attribute their support for a greater transfer of authority towards sub national tiers of government to their negative perception of the capacity of central governments to deliver public services efficiently. However, in his argument, Klugman has not shown how efficiency emanating from the transfer of authority to sub national tiers of government has led to the improvement of citizen welfare. In his view, Warner's, (2003) points that Successful decentralization requires administrative and financial capacity and effective citizen participation, but many rural governments lack an adequate revenue base or sufficient professional management capacity. In his argument, Warner's fail to cite any case where strong administrative, financial capacity and effective citizen participation has led to improvement in socio-economic welfare of citizens enjoying devolved services. Segatti (1992); observes that the Northern Italian Leagues were the first to heavily base their devolutionary claims on economic demands, after their relative failure to gain visibility by using traditional ethnic or linguistic arguments; Nationalist and regionalist parties in Spain have increasingly resorted to similar arguments, as indeed have the Zapatistas in Chiapas. This devolutionary trend though making economic sense has not explained how their citizens have benefited from it in terms of social economic welfare improvement. It is this gap that motivated this research to establish how devolved funding is impacting on the social economic welfare of Kenyans and recommend on measures to be taken to improve on the performance of devolved funding. This will reinforce the role of local authorities as nucleus of development as spelled in the objectives of various devolved funds.

## METHODOLOGY

### Research design

The study employed descriptive survey design. Mugenda and Mugenda (2003) define survey research as an attempt to collect data from members of a population in order to determine the current status of the population with respect to one or more variables. Surveying research method is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used. Descriptive research can be either quantitative or qualitative. It can involve collections of quantitative information that can be tabulated along a continuum in numerical form, such as scores on a test or the number of times a person chooses to use a-certain feature of a multimedia program. Descriptive research involves gathering data that describe events and then organizes, tabulates, depicts, and describes the data collection. It often uses visual aids such as graphs and charts to aid the reader in understanding the data distribution. Because the human mind cannot extract the full import of a large mass of raw data, descriptive statistics are very important in reducing the data to manageable form. When in-depth, narrative descriptions of small numbers of cases are involved, the research uses description as a tool to organize data into patterns that emerge during analysis.

### Population

The population was 98 respondents shown in the sample frame below:.

### Sample and sampling procedures

Purposive sampling was used in this study given the unique nature of the required data. Given the small number of the target respondents census approach was used to arrive at sample size and thus all members in the target population were used as respondents for this study. To enable the researcher get data that is both comprehensive and representative, the study considered the following category of respondents who supplied the required data as shown in the table below.

Table 3.1: Target population and sampling.

Respondents	Number targeted	Number sampled
constituency development fund committee members	15	15
District accountants	1	1
Security chairpersons	2	2
District education officers	2	2
District agriculture officers	2	2
District water officers	2	2
District livestock production officers	2	2
District public health officers	2	2
District irrigation officers	2	2
Medical services officers	2	2
Public works	2	2
Kenya industrial estate officer	2	2
District veterinary officers	2	2
Project management committee members (six from each of the 10 locations in Kimilili constituency)	6*10=60	60
<b>TOTAL</b>	<b>98</b>	<b>98</b>

## PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

### Presentation of findings

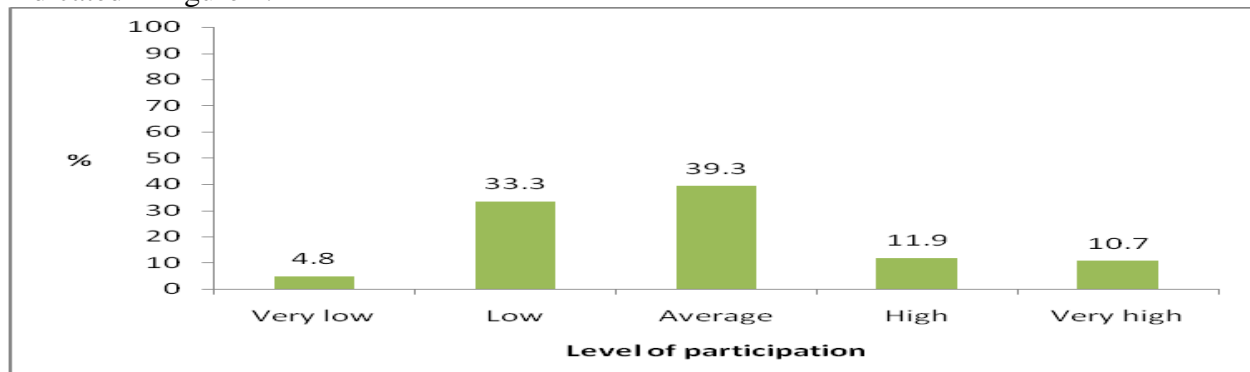
The respondents identified key areas supported as bridges and roads 14(14.2%), while the least supported projects are youth programs, administrative offices and police cells with as low as 1(1.0%).

**Table 4.2 Projects Funded by CDF in Kimilili constituency**

Project	Frequency (%)
School Administrative offices	3(3)
Agriculture-green houses	5(5.1)
Bridges and roads	14(14.1)
Building classes in schools	8(8.1)
Provincial admin houses-chiefs offices,AP houses	1(1)
Bursaries-National sch. pupils, tertiary and university students.	7(7.1)
Cattle dip renovation	3(3.1)
Educational facilities-computers, laboratory equipments	13(13.2)
Health centres and Health facilities	14 (14.2)
Hospital Ambulances	3 (3.1)
Milk coolers	4 (4.0)
police cell	1(1.0)
Polytechnics	15(16.3)
Water projects-conservation of water springs, dams and pipe water.	5(5.0)
Youth programs-ICT centres,	1(1.0)

### Level of participation in the projects

Majority of the respondents 92(93.9%) reported that people in the constituency participate in the CDF funded projects. Of these 33(39.3%) reported that the participation level is average as indicated in figure 4.1



**Figure 4.1: Level of participation in the projects**

**Factors contributing to the reported level of participation**

Majority of the respondents agreed that Locals' attitude towards projects 76(78.4%), CDF's internal systems of control 68(72.3%), Presence of strategic plan 56(59.6%), CDF management competence 62(65.3%), Awareness of CDF fund 71(74%) and Political interference 55(56.7%) were the factors contributing to the reported level of participation. On average, the respondents agreed to the factors (Mean=3) as indicated in table 4.3

**Table 4.3: Factors contributing to the reported level of participation**

Item	Disagree	Neutral	Agree	Mean(sd)
Locals' attitude towards projects(n=97)	9(9.3)	12(12.4)	76(78.4)	2.7(0.6)
CDF's internal systems of control(n=94)	7(7.4)	19(20.2)	68(72.3)	2.7(0.6)
Presence of strategic plan (n=94)	14(14.9)	24(25.5)	56(59.6)	2.5(0.7)
CDF management competence (n=95)	7(7.4)	26(27.4)	62(65.3)	2.6(0.6)
Awareness of CDF fund (n=96)	7(7.3)	18(18.8)	71(74)	2.7(0.6)
Political interference (n=97)	16(16.5)	26(26.8)	55(56.7)	2.4(0.8)

**Before the introduction of CDF**

Before the introduction of the CDF, most respondents reported that the level of literacy, food security and access to health facility was average, 58(59.2%), 59(60.2%) and 59(60.2%) respectively. Security level, employment level, income level and water and sanitation level were reported to have been low, 69(71.1%), 71(72.4%), 65(66.3%) and 64(65.3%) respectively. On average security level, employment level, income, water and sanitation level were low (mean<2) as indicated in table 4.4

**Table 4.4 Situation in the constituency before the introduction of CDF**

Item	Low	Average	High	Mean±sd
Literacy levels	36(36.7)	58(59.2)	4(4.1)	1.7±0.6
Access to Health facility	39(39.8)	59(60.2)	0(0)	1.6±0.5
Security level	69(71.1)	28(28.9)	0(0)	1.3±0.5
Employment level	71(72.4)	27(27.6)	0(0)	1.3±0.4
Income levels	65(66.3)	33(33.7)	0(0)	1.3±0.5
Water and sanitation	64(65.3)	31(31.6)	3(3.1)	1.4±0.5
Food security	16(16.3)	59(60.2)	23(23.5)	2.1±0.6

**After the introduction of CDF**

After the introduction of the CDF funds, most respondents reported that the level of literacy and access to health facility as well as water and sanitation level were high, 78(79.6%), 84(85.7%) and 80(81.6%) respectively. Security level, employment level, income level and food security were reported to be average, 68(70.1%), 55(56.1%), 61(62.2%) and 71(72.4%) respectively. on average security level, employment level, income and food security levels were average

(mean=2) while water and sanitation literacy and access to health facility levels went up (mean>2) as indicated in table 4.1.5

**Table 4.5 Situation in the constituency after the introduction of CDF**

Item	Low	Average	High	Mean(sd)
Literacy levels (n=98)	7(7.1)	13(13.3)	78(79.6)	2.7±0.6
Access to Health facility (n=98)	0(0)	14(14.3)	84(85.7)	2.9±0.4
Security level (n=97)	7(7.2)	68(70.1)	22(22.7)	2.2±0.5
Employment level (n=98)	5(5.1)	55(56.1)	38(38.8)	2.3±0.6
Income levels (n=98)	5(5.1)	61(62.2)	32(32.7)	2.3±0.6
Water and sanitation (n=98)	1(0.01)	17(17.3)	80(81.6)	2.8±0.4
Food security (n=98)	11(11.2)	71(72.4)	16(16.3)	2.1±0.5

#### **Comparison of the situation before and after introduction of the CDF**

The difference between the mean score on the situation before and after the introduction of the CDF was statistically significant ( $t=5.494$ ,  $p=0.002$ ) as indicated in table 4.1.6. The mean after the introduction of CDF is higher meaning there was an improvement in the situation.

**Table 4.6 Comparison of the situation before and after introduction of the CDF**

Time point	Mean±sd	t-value	p-value
Before CDF	1.5±0.3	5.494	0.002
After CDF	2.5±0.3		

#### **ADDITIONAL FINDINGS**

From the data collected CDF has impacted positively to various welfare components. The socio-welfare indicators explored being literacy levels, access to health facilities, security levels, employment, water and sanitation, income levels and food security. The findings showed that CDF has supported promotion of security through construction of various administrative units. This include 10 chief's offices, 6 Administrative police camps ,3 police posts and residential rooms in various police stations within the constituency. The respondents said this has lowered the crime rates in the constituency because criminals fear the presence of the authority.

In strive to provide access to clean water; Kimilili constituency through CDF has supported various water projects which include piped water, digging of bore holes, springs protection, dams' rehabilitation and erection of water tanks in schools. From the findings it was established that 6 springs protection and 9 dams rehabilitation has been done. In partnership with water service trust fund 2 water pipes projects have been erected and two bore holes are in progress. These projects we reported to be providing access of both clean and readily available water further reducing the vulnerability of locals to waterborne diseases

Through CDF, various projects have been put in place to address health issues in Kimilili constituency. From the findings the following projects have been put in place. Namely: 1 maternity ward ,1 kitchen ward, construction of 11 dispensaries, 1 computer library , 2



ambulances and 7 ward theaters partnering with Safaricom foundation. These projects together with ambulances have increased access to medical services and response to emergencies. In attempt to enhance food security, the following projects have been initiated through CDF in the constituency: 1 tomato processing plant (ongoing), 2 milk coolers, cold storage, 10 horticulture green houses and rehabilitation and recharging of 59 cattle dips. The respondents were of the opinion that the projects have not been responsive to the needs of the locals in a bigger scale because the locals do not actively participate in these projects.

To promote literacy in the constituency, various education projects and programs have been initiated. These programs /projects include: construction of class rooms, laboratories, dining halls and polytechnics, buying books and equipments, desks, entrepreneurship education programs, bursaries for college and university students, school fees for secondary schools students enrolled in national schools and electrification of schools. It is reported two new polytechnics (Wabukhonyi and mukiro youth polytechnics are complete) with enrollment of 50 and 7 students respectively. The courses enrolled in include: carpentry, joinery, garment making and electrical installation. The overall effects of these projects being access to education by majority of students, improved quality of learning, acquisition of technical skills and improved chances of future employability.

Employment has been created to the locals though in a smaller scale. Specific areas where employment has been created through CDF include: CDF office staffs, Supply of materials and services to CDF projects (mainly manual jobs which are temporary) and allowances for various CDFO members. Major challenge in employment creation and income generation is that major projects go to non –locals due to lack of capacity by constituency members. Many times contractors come with their work force limiting job creation for the locals and by extension income levels.

Other areas where CDF has been applied to improve the socio-economic welfare of people living in Kimilili constituency include: Roads manual grading to increase accessibility to various parts of the constituency, construction of 18 bridges and drifts, ICT centers and sponsoring of sporting activities. From the study it was established 37 constituency roads have been manual graded to improve access to various areas and 18 bridges have been put up. The respondents were of considered view that these projects have improved the quality of life by mitigating infrastructural problems, and enhancing social integration which has also helped to curb crimes among the youths

### **Challenges**

In spite of the reported positive effects of CDF in Kimilili constituency, various challenges were cited to be limiting the socio-economic effects of devolved funding particularly the CDF. Some of these challenges include: Lack of technical capacity among management committees, Political interference in management and utilization of the devolved funds, Changing fund management committee members frequently, Some fund management committee members being not fully conversant with the policies guiding their specific devolved fund, Inadequate funding, delayed funding, Poor selection and prioritization of projects, Illiteracy of the locals, Lack of strategic plan, Irregular monitoring and evaluation of projects and high poverty level limiting the locals'

ability to secure major CDF projects and strict procurement requirements required to supply required services to CDF projects.

## **SUMMARY OF FINDINGS, CONCLUSION AND RECCOMENDATIONS**

### **Summary of the Findings**

Devolution of funds is the transfer of funds and authority to spend the funds from the central government to the local governments. Kimilili constituency is a local unit considered for utilizing the funds for improving the lives of the locals. The fund is spending on projects like Roads construction, schools, Health facilities, water projects and agriculture among others. Community participation in the projects is high (93%). In overall terms, there is a statistically significant ( $t=5.494$ ,  $p=0.002$ ) difference between the situation before and after devolved funding meaning the fund is positively impacting on the lives of the locals. However, more efforts need to be applied in addressing the challenges limiting the socio-economic effects of devolved funds if the optimal benefits of these funds are to be realized.

### **CONCLUSIONS**

The findings show there are several projects that are being funded/ have been funded by the devolved funds. It also shows that there are positive outcomes to the community from the devolved funds and that the level of community participation in the projects funded by devolved funds is high. However, in light of the many challenges still affecting CDF, it means the fund can have greater effects than the ones currently experienced. Thus the central government has to assist in the formulation of policies and institutional framework that maximize both locals' participation and socio-economic effects of devolved funds.

### **RECOMMENDATIONS**

The findings have shown that devolved funding has impacted positively on the socio-economic welfare of the people of Kimilili constituency and that these have some effects on the development and economic empowerment of the community in the constituency. Therefore all stakeholders have to participate in ensuring sustainability of positive strategies adopted in the management of the fund so as to continue realizing their effects. The following recommendations can be considered as part of the solutions to various challenges. There is the need to train funds' staff as well as the community representatives on issues of project choice and management. A trained force is an effective and efficient force that will be accountable and thus the central government should put as part of the funds an amount for training relevant staff prior to release of the funds. There is also need for community sensitization on the availability of funds and what the fund is directed towards solving so as to help maintain or increase their level of participation in the projects funded by the devolved funds in the constituency.

Neglecting the role of the community will always impact negatively on the ownership and sustainability of the initiated projects. The community should have representatives who not only present themselves in meetings but participate actively in decision making and making their voices heard. The community should not only be involved in identification of projects but also be involved in all other stages of the projects' life cycle. There is the challenge of political interferences in decision making. This should be avoided or controlled by establishing clear roles of politicians in the running of the fund. The management of the fund should be left to professionals with the vigilance of the community. The role of politicians should be more of oversight and advisory than active decision making.

The central government should fasten the processes leading to disbursement of funds to local units so as not to delay the implementation of projects. Delayed funding can be avoided by advanced planning. The amount of funding should also be raised. There are many projects that need funds and in order to ensure their completeness and in time, then the funding should be increased. Monitoring and evaluation of projects is very crucial and should be done regularly and by professional people. The community can be very instrumental in this since a waste of funds will mean there are no benefits for them and furthermore this money is public taxes charged upon them. All projects should have a clear way of being monitored and evaluated with measurable indicators. This calls for constituencies to embrace strategic plans which will be instruments of planning and control for corrective actions.

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## ACRONYMS

CDF- Constituency development fund  
 MDG- Millennium development goals  
 LATF-Local authority transfer fund  
 WSTF'S-Water services' transfer fund  
 NGO'S-Non government organizations  
 FD-Fiscal decentralization  
 MNE'S-Multinational enterprises  
 AIDS-Acquired immune deficiency syndrome  
 NACC-National Aids control council  
 CACC-Constituency Aids control council  
 RMLF-Roads maintenance levy fund



HIV-Human immune deficiency virus

FD-Fiscal decentralization

GDP-Gross domestic product

FDI-Fiscal devolution incentive