

Monetary Resources Utilization and Implementation of Constituency Development Fund Projects in Kenya: a Case of Kiharu Constituency Murang'a County

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Abstract: The Constituency Development Fund (CDF) was established by an Act of parliament in Kenya in the year 2003 with an aim of ensuring equitable resource allocation to all constituencies which are the electoral zones. Despite the CDF role in alleviating poverty and improving economic growth index in Kenya, several constituencies continues to experience high poverty levels. The economic growth index remains 5.6% compared to 6.9% and 6.5% growth for Tanzania and Rwanda respectively. Uganda follows closely at 5.2%.The main objective was to find out the utilization of monetary resources and how it affects implementation of CDF projects in Kenya whereas the specific objectives were; managerial practices, monitoring and evaluation, procurement processes and governance. Drawing from the fiscal interest theory and economic welfare theory it was conceptualized that the independent variable and dependent variable were monetary resources utilization and implementation of CDF projects respectively. The unit of the study was the Constituency. The study adopted descriptive survey design method and a population of thirty seven (37) respondents was used. Primary data was collected using self-administered questionnaires and was supplemented by secondary data obtained from the constituency's CDF reports. The data was analyzed using descriptive and inferential statistics. Monetary resources utilization had a mean of 1.97 and a standard deviation of 0.822, monitoring and evaluation procedures had a mean of 1.13 and standard deviation of 0.336, governance standards had a mean of 1.19 and a standard deviation of 0.397, managerial skills had a mean of 1.25 and a standard deviation of 0.440 while procurement process had a mean of 1.41 and a standard deviation of 0.499. Procurement processes was the variable with the highest mean difference thus the greatest influence on monetary resources utilization. Monetary resources utilization was confirmed to influence implementation of CDF projects.

Keywords: Monetary Resources Utilization, Project Implementation, Constituency Development Fund (CDF)

I. Background of the Study

The study sought to explore how monetary resources utilization affects the implementation of CDF projects in Kiharu Constituency Murang'a County. Constituency Development Fund is one of the development tools initiated by the Government of Kenya with the aim of addressing poverty levels and asymmetrical development patterns at constituency levels. Questions have been raised as to whether the constituency development fund has met its objectives, giving a clear indication that the extent to which CDF has met its objectives remains a research imperative (Bagaka, 2008). The spirit of devolved resources remitted to the electoral zones is to promote local growth. A critical aspect of the facilitation of the growth is the competence of the individuals overseeing the fund (Adan, 2012). This is attributed to the ability of the committee members to positively engage the target beneficiary groups pro-actively. The constituency development fund encountered challenges in Ghana due to lack of financial skills in the project management members in many constituencies (Boateng, 2010). A critical review of past and present frameworks of devolution in Kenya brought forth employment of technology as a pertinent challenge to the governance process and this exposed the procurement activities undertaken to great risk with regards to undue exposure (Radoli, 2011). This was attributed to cited cases of monetary resources misuse in procurement activities owing to the conduct of manual transactions (Omolo, 2010). The CDF Act, 2013 stipulates the need for public participation in the programmes undertaken as a measure of community involvement and goodwill creation for successful project implementation (GoK, 2013). The CDF has been instrumental in improvement of governance and invoking community participation by allowing local populations say on the decisions affecting funds administration (Macharia, 2011). The CDF was created by statutory provisions (CDF Act of 2003), to reduce inequalities nationally by dedicating at least 2.5 per cent of the GDP to grassroots development. The CDF Act has been reviewed severally in the years 2013, 2014, 2015 and 2016 to conform to the dictates of the law (IEA, 2016). The amendments are geared at infusing clarity and reducing the duplicity of roles between the national government and the county governments.

Kiharu Constituency is an electoral constituency in Murang'a County. The Constituency has six wards. The elect are members of the Murang'a County Assembly. As at 2009 census the population of the constituency was

estimated at 181,076 people. The constituency occupies about 268.80 Sq Kms. The constituency is made up of Kiharu and Kahuro divisions which have the largest number of poor families in Murang'a North District. In Kiharu, the poverty rate is 50 per cent, while that of Kahuro is 35 per cent. Neighbouring Mathioya and Kangema have poverty rate at 25 per cent and 30 per cent respectively. Kahuro is a tea-growing zone with little coffee, while Kiharu is a coffee zone. Although farming is the main economic activity, the area suffers a perennial food shortage and has to rely on neighbouring districts/sub counties for supplies.

II. Statement of The Problem

The allocation of Constituency Development Fund is pegged on the poverty index and the population of the constituencies as a driving factor. Despite the CDF role in alleviating poverty and improving economic growth index in Kenya, most of the constituencies continue to experience high poverty levels. In addition, most of the CDF developed projects have stalled thus not achieving the intended purposes and the government continues losing funds earmarked for development. Global studies on CDF have concentrated on project selection and planning whereas in Kenya, studies have focused on "professionalizing" CDF monitoring structures and improving their capacity. None has been conducted in monetary resources utilization and implementation of CDF projects in Kenya. It is against this background that the study sought to undertake research on the utilization of monetary resources on the implementation of Constituency Development Fund projects Kiharu Constituency.

Objective of the study

The objective was to determine utilization of monetary resources and implementation of Constituency Development Fund Projects, a case of Kiharu Constituency.

Theoretical Review

Fiscal Interest Theory

The study was premised on the fiscal interest theory as posited by Weingast, (2009) which suggests that tax decentralization by connecting effects of spending policies with the revenue budgets provide incentives to focus on growth-enhancing policies reducing rent-seeking and waste in government. The theory suggests that growth should be stronger in tax-decentralized places. The main hypothesis underpinned in the study is linkage of the marginal retention rate and the country's GDP. In practice, if a sub-national government shares with the rest of the country a percentage of surplus revenues generated in a particular project, the marginal benefits accrued will be reduced. In the event of capital transfers in lump-sum more tax decentralization would still improve the incentives in the margin to shift the budget towards economic investment. The theory thus identifies with the constituency development fund which is a fiscal decentralization model.

Economic Welfare Theory

The theory of Economic Welfare as postulated by Piagou's states that individual wellbeing is influenced by outcomes accrued from satisfaction on impartation of the economic livelihoods owing to assurance of improved earnings associated to investment opportunities. Economic welfare can be correlated to accessing opportunities and earnings imparting on individual livelihoods. The theory links economic and social welfare to the earnings individuals have from improved economic environments and access to government services. Government programmes in place to improve citizenry livelihoods thus correlate to the accrued satisfaction. The relationship between citizens' economic welfare and the national income is thus a key imperative. The theory captured the imagination of the study in determination of monetary resources utilization in the implementation of the CDF programmes which are modeled on the concept of assuring the social welfare of the citizens.

Concept of monetary resources utilization

Monetary decentralization confers powers and responsibility for accountability enhancement, reduction of unproductive overlap and duplication of authority, (Rodriguez, 2012). This frees the central governments to pursue the role of international relations and trade, legislation and oversight over the semi-autonomous units. Presence of funds drawn from the exchequer and a percentage of the total revenue collected disbursed to the electoral units has been an effective tool in India. The fund apportions members of legislative assemblies' stakes in decision making as regards development issues. It occasions the risk of overlap between the legislature and the executive but assures equitable development. The CDF is an initiative of the Kenyan government inceptioned in 2003. The fund ensures equitable resource allocation to all constituencies. The poverty index and the population strength are considered in monetary resources allocation (Chweya, 2012). CDF has infused total transformation in the country in development of infrastructure and social amenities. It has reduced the practices of fundraising for development projects. Studies on the CDF projects in Kenya have focused on management and project implementation issues. There is a dearth of studies on monetary resources utilization coupled with managerial skills, monitoring and evaluation, procurement process and governance as espoused by PMC's and how they affect implementation of CDF projects. The study thus

sought to fill this gap. Kaimenyi (2012) discussed efficacy and efficiency of CDF, in relation to issues of allocation efficiency. He highlighted characteristics influencing the effectiveness of CDF and concluded that fiscal illusions and reduced local efforts affected the management of the fund. The study recommended enhanced managerial practices for assured transition plans for CDF projects.

Surveys carried out in many jurisdictions confirmed that institution of the basic standards as regards to monitoring and evaluation assures the populace value for money when the projects meet the envisaged ideals. Failure to have effective monitoring and evaluation programs in Machakos town, Naivasha and Kibera constituencies had occasioned non-completion of projects (Ntuala, 2010, Radoli, 2011 and Wamae, 2012). This is despite presence of a framework for monitoring and evaluation in government projects (GoK, 2005). The integrity and transparency of a public procurement system relies on control mechanisms, audit systems, appeals mechanisms, information sharing systems and social audit provisions (Namusonge 2012). The study interrogated the procurement processes in place and how they influenced the utilization of monetary resources in the implementation of CDF funded projects in Kiharu constituency. Funding priority in CDF projects should be in completing on-going programmes though it has not sufficed in most constituencies. This is attributed to the intrinsic value attached to political symbolism in launching CDF projects and the discretionary nature of capital spending (Tanzi & Davoodi, 2012). This occasion's governance challenges to the fund.

III. Research Methodology

Descriptive survey research design was employed in the study. This design was deemed appropriate because the researcher collected analyzed and reported information as it existed in the field without the manipulation of the variables under study. The population for the study was six wards of Kiharu Constituency namely; Murarandia, Wangu, Township, Mbiri, Gaturi and Mugoiri. The persons of focus were the thirty six project management committee members and the Constituency Development Fund manager all totaling to thirty seven (37) target respondents. The census method was used on the premise of giving due consideration to all PMC's in the study. The research used questionnaires and an interview schedule as the instruments for the study. Data analysis entailed quantitative and qualitative methods. Quantitative methods entailed descriptive and inferential statistics. The inferential tests included the Spearman Rank Order, Chi-square and ANOVA. The descriptive statistics entailed means and standard deviation. Qualitative data was analyzed by identifying themes from the data collected. The data was presented by use of frequency tables, percentages and inferential statistics.

The hypothesized model took the form of equation below.

$$Y = \alpha_0 + \beta_i X_1 + \beta_{ii} X_2 + \beta_{iii} X_3 + \varepsilon_0$$

From the equation,

Y = monetary resources utilization,

α_0 = constant showing monetary resources utilization in the absence of managerial skills by PMC's

β_i = Coefficient of the independent variables

X_1 = Managerial skills,

X_2 = Monitoring and evaluation,

X_3 = Procurement process,

X_4 = Governance standards

ε_0 = error term associated with the regression model

IV. Research Results

The study based the research on 37 respondents from Kiharu constituency. The respondents of the study were distributed as 72% male and 28% female. 59 % being under the age of 40 years and 87% having served as PMC's for five years and below. Majority of the respondents (84.4%) were fully conversant with the regulations guiding the administration of the constituency development fund. Most (n=26) (84%) of the project committee members understood the legal requirements of CDF thus were well placed with regards to effectively carrying out their mandates. Most (n=23) (71.9%) of the respondents deemed the instances of lack of accountability attributed to the inadequacy of the regulations in place not to have sufficed. Most of the respondents (n=25) (78.1%) considered the selection criteria for putting in place the CDF project management committee members as effective enough to ensure that competent persons were in place. Most of the respondents (71%) (n=23) considered the predominant monitoring and evaluation system used as external. The CDF projects relied on the external systems to assure them of wellness in terms of completion and the ability to meet the ideals expected of them. Most of the respondents (59%) (n=19) deemed the monitoring and evaluation procedures in place as adequate enough to meet the demands of the CDF projects. This was an indication that the monitoring and evaluation procedures in place were largely appreciated as adequate though a very significant percentage of the respondents (41%) (n=13) considered them as inadequate. Most of the respondents (59.4%) (n=19) deemed the members of the project management committees as well versed with the procurement procedures in place. A very significant percentage of the respondents were of the view that no

worthwhile efforts had been put in place to enhance the procurement management skills of the project management committee members.

Mode of project identification for the programs undertaken by CDF was predominantly found to be popular public participation in project determination (53%) (n=17). This reflected a consultative approach in the determination of projects undertaken by the CDF. Most of the respondents (56%) (n=18) considered the project identification process used for CDF interventions as highly suitable.

Model fit for the monetary resources utilization regression equation

	Mean	Std. Deviation	N
monetary resources	1.97	.822	32
monitoring and evaluation procedures	1.13	.336	32
governance standards	1.19	.397	32
managerial skills on monetary resources utilization	1.25	.440	32
procurement process	1.41	.499	32

The descriptive statistics depicted monetary resources utilization to have a mean of 1.97 and a standard deviation of 0.822, the influence of monitoring and evaluation procedures on monetary resources utilization had a mean of 1.13 and standard deviation of 0.336, governance standards had a mean of 1.19 and a standard deviation of 0.397, managerial skills had a mean of 1.25 and a standard deviation of 0.440 while procurement process had a mean of 1.41 and a standard deviation of 0.499. From the descriptive statistics the study deduced procurement processes as the variable with the highest mean difference thus the greatest influence on monetary resources utilization.

Table 1.13 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.850 ^a	.722	.681	.465	.722	17.521	4	27	.000

a. Predictors: (Constant), governance standards , procurement process , monitoring and evaluation procedures , managerial skills on monetary resources utilization

The R squared value was 0.681 which indicated a model fit taking into consideration that it should be within the range of 0 to 1.

V. Conclusions and Recommendations

The managerial skills of the PMC members affected their outlook to the projects undertaken and their sustainability was influenced by the capacity to effectively discharge their mandates. Individual proficiency of the PMC members directly influenced the ability to ensure that the projects that took off at the inception were seen through to completion. The CDF had optimal capacity to track all financial transactions as a basis of the monitoring and evaluation standards and had integrated the technology fulcrum. CDF used electronic systems as for information storage to enhance the monitoring and evaluation programs and integration of functions between the local and national offices. The procurement management skills of the project committee members did not enhance their capacities as pertains to facilitating project accounts scrutiny from informed positions. Most of the project management committee members did not have the requisite skills in accounting to guarantee informed positions as pertains to ongoing project accounts. Members of the local communities had a free hand in determining the projects. Local needs were a premise of decision making on projects undertaken. Local communities were assertive enough to readily participate in public forums for projects determination enhancing their social audit capacities.

The study made the following recommendations:-

The CDF should place emphasis on the training of the project management committee members as a premise of ensuring that they have the requisite skills to carry out their managerial activities effectively. Capacity building for monitoring and evaluation activities should be carried out for enhanced scrutiny of the projects undertaken. It will ensure that the monetary resources expended towards projects are effectively accounted for and the citizens get value for money for the works carried out. The CDF should streamline the procurement processes in place with a view of enhancing their capacity to mitigate against the risks of losses to the institution. This is by way of enforcing the requirements for the adherence to the Public Procurement and Disposal Act, 2015. The governance practices of CDF should be fully implemented with regards to the provisions stipulated in the Act. Emphasis should be placed on enhancing the stakeholder participation via public forums effectively advertised for all and sundry. Suggestion for further studies The study suggests that similar research with a bigger scope like county wide should be done to confirm whether the situation in Kiharu identifies with other constituencies of the county. The study equally suggests

that research on monetary resources utilization in the implementation of the county government projects should be carried out. This is with a view of confirming whether the dynamics affecting the CDF are similar to those of the county governments.

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