Factors Influencing Management of CDF Projects
A Case of Ainamoi Constituency, Kericho County

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ABSTRACT

Constituency development fund (CDF) is a decentralized fund which was established by the Kenyan government based on the belief that the local level government has a better understanding of community needs. Since its establishment in 2003, the management of CDF faces varied challenges which include the organization structure and project identification. The purpose of the study was to assess factors that influence management of CDF, with a focus on Ainamoi constituency in Kericho District, Rift Valley Province, Kenya. The study’s objectives were to: establish the appropriateness of organization design in management of the CDF and to identify the criteria used by CDF to identify projects for funding. A survey research design was adapted because of its rich provision of quantitative and numerical data. The study sampled 137 respondents, including 132 Project Management Committee (PMC), one District Development Officer (DDO), one MP and 3 members of the CDF committee. Questionnaires and interview schedule were the tools used to collect data. Analysis of data was done through coding, tabulation, assessing the means using percentage and explanations. Study results found that people who are managing CDF projects are not conversant with its management rules. The study also established that funds allocated to CDF projects are not enough to complete the projects in one financial year. The study made several recommendations including that: CDF project identification should involve local communities; CDF projects should be funded to the maximum in one financial year as opposed to funding in bits for several financial years and PMCs should be trained on specific guidelines on CDF management.

Keywords: CDF, project organisation design and project identification

1. INTRODUCTION

The Constituency Development Fund was established under the Constituencies’ Development Fund Act 2003. Its mandate is to take development to the citizens at the grass root level within the shortest time possible. It has a mission of ensuring specific proportion of the annual government revenue devolved to the constituencies for development and in particular to eradicate poverty at the grass root level, CDF Act (2003). CDF has its roots from the special Rural Development Policy of 1965 in which a conference by the Ministry of Economic Planning and Development (MEPD) was convened to discuss the ways of solving problems of rural development, education and employment.

The key goals were: To increase rural incomes by raising levels of agricultural, commercial and industrial enterprise, reduction of unemployment in the rural areas by increasing wage employment in public and private projects, establishing effective procedures and techniques for quick rural development in Kenya as a whole, applying procedures and the techniques to other rural development projects in similar areas and improving development ability of public administrators in the field.

The first phase of 5 years was done in Migori, Vihiga, Tetu, Mbeere, Kwale and Kapenguria (Kerote (2007). In 1983 District Focus for Rural Development emerged as a development strategy. This new strategy had a number of aims which included:- making each district the focal point for the initiation, planning and management of rural development, enhancing the co-ordination of resources and efforts available locally and from the national treasury for district specific projects, stimulating rapid and planned development as critically identified by field officers and the local people, motivating the people and incorporate the wishes and proposals of the people and the united leadership, and relocating the identification of suitable projects to the people and the local leadership who are in close contact with the real problems.

The District Focus Strategy encouraged and harnessed local initiative from the ministries and improves the efficiency with which the local projects are implemented, the strategy taps the energies and resourcefulness of the whole district and the grass roots (Moi, 1986). In essence the CDF is similar to the District Focus for Rural Development only that the focus is at the constituency and that is, funds provided for community based projects is meant for the development at the constituency level. The CDF model has also been established in other countries
such as Solomon Islands (Rural Constituency Development Fund) and India (Member of Parliament Constituency Development Fund). MPCDF is money set aside by the government of India to assist in developing constituencies in India. It is managed by the Member of Parliament. This is the same as RCDF in Solomon Islands where the MPs are given opportunity to identify projects that can address the locals need. CDF National Newsletter of (January-March 2006).

Otieno (2007) argued that DFRD could not achieve much as most of the projects were identified, monitored and implemented by the government, locals were only used as rubberstamp by assembling them and informing them their problems, participation by the locals was actually passive so whichever deliberation by the government was just agreed upon without internalizing. Kerote (2007) indicated that CDF purpose is to do what DFRD was expected to do. Only that the area of coverage was reduced to constituency level. In his study Mapesa and Kibua (2006) referring to CDF Act (2003) realized that CDF management is different from DFRD management in that latter was administered by District Development Committee under District Commissioner down to Assistant Chiefs as the prime movers. While management of CDF, provincial administration plays minimal role, the actors are the members of the constituency under the Area MP as the appointing authority. This study aims to assess factors that influence CDF management with the understanding that its management is fully with the members of that constituency as the fund are channeled to a specific project management committee (PMC) through constituency development fund committee(CDFC) Republic of Kenya, (2003) reversed (2007).

2. STATEMENT OF THE PROBLEM

Even though each constituency under the umbrella of constituency development fund committee (CDFC) is responsible for the management of CDF and is the vehicle of disbursing funds to the grass root level. The management faces varied challenges some of which include: The organization structure in managing CDF projects and Project identification criteria. These gaps are not well highlighted in the CDF Act (2003) revised (2007). This necessitated the study.

3. PURPOSE OF THE STUDY

The purpose of this study was to assess factors that influence management of CDF projects in Kenya, a case of Ainamoi constituency of Kericho District. The study was to specifically find out; Organization design of CDF management, with regards to the role of MPs and their committees in projects management and methods used by the committees to identification project for funding.

4. OBJECTIVES OF THE STUDY

The study was guided by the following objectives:

1. Establish the appropriateness of organization design in the management of CDF

2. Specify the criteria used by CDF to identify projects for funding

5. LITERATURE REVIEW

5.1 Institutional Arrangement

Odhiambo (2007) made a contribution on how CDF if well managed can reduce poverty. He noted that the fight against poverty is usually regarded as a social goal and many governments have institutions in place to undertake the same. In Kenya for this matter, CDF was adopted in 2003 after the failure of the District Focus for Rural Development (DFRD) failed to achieve its noble objective because of its management design and policies Adei (2004) stated that management of DFRD was coordinated by committees at various levels. National level, Provincial level and District Level. Coordination at the National level was undertaken by the following committee, Inter Ministerial District Focus Co-ordinating Committee (IMDFCC). This committee was composed of the following:- Permanent Secretary, Secretary to the Cabinet and Head of the Public Service – Chairman, Permanent Secretary/Provincial Administration & Internal Security, Permanent Secretary, Ministry of Finance, Permanent Secretary/Director, Directorate of Personnel Management and Permanent Secretary, Office of the Vice President and Ministry of Planning and National Development.

This committee was responsible for general rural development coordination and formulation of policy on issues touching on the implementation of district focus strategy.

The district focus task force was another committee that worked under the direction of the inter-ministerial coordinating committee and was composed of representatives from the following ministries, Office of the President: Cabinet Office, Provincial Administration & Internal Security and Directorate of Personnel Management, Ministry of Finance: Budgetary and Supply, Director Supplier Service and Accountant General, Office of the Vice President and Ministry of Planning and National Development. This committee was responsible for the coordination and monitoring of the implementation of the District Focus for Rural Development Strategy. It identifies bottlenecks in implementation of the strategy and forwards its recommendation on action to be taken to the Inter-ministerial district focus coordinating committee for appropriate action, Republic of Kenya (1995). District Focus for Coordinating Unit- was a unit in the Office of
the President (Cabinet Office) charged with the responsibility of overseeing the day-to-day implementation of the policy and giving necessary guidance to the district, provincial and ministerial coordinating committee. Ministerial Coordinating Committee in the management of DFRD each ministry was tasked to form a ministerial coordinating committee whose membership were as follows: - Permanent Secretary and Head of department, involved in the district focus.

The functions of these committees were:- Giving and explaining ministry policies to the district through the National Development Plan, ceilings, policy papers, circulars, seminars and field visits, Developing an efficient and effective communication network with the district, Responding to district proposal and issues relating to the strategy, Informing the Office of the President (Cabinet Office) on the progress and problems in implementation of their sectoral development programs/projects in the district, monitoring the utilization of AIEs and strengthening the district capacities on finance, suppliers, personnel and other facilities. This committee was to meet at least twice in a year. Minutes of the ministerial coordinating committee was to be forwarded to the Permanent Secretary/Secretary to the Cabinet; Provincial level coordination was undertaken by the Provincial Monitoring and Evaluation Committee under the Provincial Commissioner. The membership of the committee included:-

Provincial commissioner – Chairman, Provincial Planning Officer – Secretary, Provincial Head of Departments, District Commissioners, Representatives of Regional Development Authorities, Representatives of parastatals, Members of Parliament and District Development Officers, Coordination of district focus at the district level was carried out through various development committees namely; District Development Committee was the center of implementation and monitoring of all projects identified at the sub locational and locational level and sieved at the divisional level by Divisional Development Committee, District Focus, Republic of Kenya (1995).

From the discussion it shows clearly that DFRD management was not wholly community driven. Most of the activities were done by the executive arm of the government. This is unlike the CDF management where its management is stemmed from the Act of parliament and is fully community based. Figure 1 illustrates the institutional arrangement of CDF.

Figure 1 highlights institutional arrangement of CDF. Here the participation of the community is fully taken into consideration as projects are identified from the locational level to the constituency level. At the DPC, CFC up to CDFB levels, the role they play is more passive since they only ascertain and confirm what the location and the constituency have done then the funds are provided to the projects. The CDF objectives are constituency based intended to concentrate on small projects at the community level where education projects/bursaries, water, health, rural roads and bridges are all identified and funded. CDF is in line with the NPRS paper (2000-2003) which had a primary development goal of achieving a broad-based sustainable improvement in the standards of welfare of all Kenyans which sort to mobilize all available resources and use them efficiently and effectively in the fight against poverty and hence the genesis of Constituency Development Funds (Republic of Kenya-2000).

The constituency fund committee which is a parliamentary select committee appointed by the Kenya National Assembly is the highest Institution in the management.11 mps are members of this committee and they are entrusted with the following duties Determining the allocation and distribution of CDF, utilization unspent funds intended for use by the Board of managers of the CDF, making a report to parliament every two years, And any other report to appraise parliament and obtain approval. Considering and making recommendations on person appointed under the Act e.g. appointment to the board and to oversee the policy and legislative frame work to ensure CDF implementation. This could affect management of CDF as new policies are given mandate right from top. This is quite unlike how DFRD was managed as the management was done by executive arm of the government. level. Republic of Kenya (1995). The second level in management of CDF is the board of the constituencies' development fund referred to as the secretariat. It is a body cooperate, capable of being sued and has the following duties; administrs the fund approval of each and every payment from the fund, .ensure timely and efficient disbursement of fund to each constituency ,ensures efficient management of funds receivers and addresses complaints and disputes and takes appropriate actions receivers and consider proposal from various constituency , appoints the needed officers and other staff for management of funds, determining the sitting allowance for the district project committee, CDFC and gives summary of project proposal received in the previous month (Wanjiru, 2008).

The district project committee is the third Institution in CDF management it composed of all Mps in the district,all chairpersons and mayor of local authorities the district commissioner, the district development officer, is the secretary to DPC. DPC ensures there is no duplication of project; the committee has not been very instrumental in many districts (Kerote, 2007). The scenario at the DFRD looked quite different because there was every provincial coordinating level this kind of arrangement is not there in CDF institutional framework as from NMB one goes direct to CDFC and DPC. In reality the major actor in CDF management.
The CDF Act (2003) stipulates that projects must be community driven to ensure that the prospective benefits are available to a widespread cross-section of the residents of that particular area Kerote, (2007). CDF funded projects in this case must be development projects and may include costs related to studies, planning and design or other technical input for the project. Its management structure is enshrined in the Act. It includes Constituency Fund Committee (CFC), National Management Board (NMB), District Project Committee (DPC) and the Constituencies Development Fund Committee (CDFC), CDF Act (2007).

From that understanding it can be agreed that DFRD management and CDF management is quite different and that is why this research intend to investigate the effectiveness, challenges and policy involved in CDF management after the government adoption in 2004. Our concern being constituency level, CDFC management is in such a way that the Area MP is the chairperson and is allowed by the Act to identify a maximum of 15 people within the constituency to be members (Odhiambo, 2007). This makes CDF management to be more inclusive in the management as an Area MP has the power to choose whoever hails from that area to manage funds from the central government. The former had a lot of bureaucracy and the central government through Provincial Administration had a lot of attachment in identification of

### 5.2 Is CDFC and that’s where our Concern is

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the project, monitoring and evaluation and making sure that equity is ensured. The organizational structure was arranged in such a way that Office of the President was responsible for most of the administration of DFRD with a bit of assistance from Ministry of Planning and Community.

5.3 Organization Design

The organization of CDFC is in CDF Act (2003) Section 23.1. It empowers the Area MP to identify 15 members of his constituency to form CDFC, under his chairmanship. The Act further gives direction on the appointment of the CDFC membership as follows: - Member of Parliament of that constituency, two councilors within that constituency, one district officer within that constituency, two religious representatives within that constituency, two men representatives, two women representatives, one youth representative, one NGO representative, three other persons appointed by the Member of Parliament and Fund manager seconded from the NMB. Odhiambo (2007) referring to the CDF Act 2003 discussed that CDFC is responsible for allocation of funds to various projects and does so as it sees fit within its discretion. It determines the installment within which to release money to the projects. It also ensures that an appropriate consultation with relevant government departments is done to ensure realistic cost estimate.

This is unlike DFRD organization design where District Commissioners was the chair, District Development Officer- Secretary, Departmental heads of all ministries within the district, Members of Parliament, District ruling party chairman, chairmen of local authorities, clerk to the local authorities, chairmen of Divisional Development Committees (DOs), representatives of development related parastatals and invited representatives of non-governmental development - related organization and self help groups. Republic of Kenya (1995). Comparing the two organization designs CDFC management is structured to reduce challenges faced by DFRD but this is not guaranteed as Kerote, (2008) in Mapesa and Kibuia (2006) argued that CDFC having received overwhelming public endorsement, the key concern now is how the funds are managed.

The Act states very clearly how each constituency need to spend its fund, and stipulates percentages for each vote head. 3% of the money allocated to each constituency is meant for CDFC administration which includes payment of rent, salary, CDF allowances and office expenses, 3% for CDFC vehicle and equipment. Up to 2% for sporting activities, 2% on monitoring and evaluation expenses 2% on environment activities, 5% emergency,( this money remains unallocated in the constituency account and is only to be used for emergencies such as building or repairing bridges after floods, repairing school buildings that have collapsed due to extreme weather). Up to 15% maybe allocated to bursary. Then the remaining fund is allocated to projects decided upon after identification of projects has been agreed upon CDF Act (2003 revised 2007). The organization design of CDFC is well structured but it can be made better if the MP identifies able people who can interpret the Act well. Mulwa (2007) noted that if excellence is to be achieved you need to take full use of the subordinate abilities, have access to new information, be responsible, use expertise knowledge of each individual, create belonging and shared responsibility.

CDFC should use the contribution of Mulwa to improve effectiveness in their management at constituencies. However, Masawa (2007) on his writing in Kenya Times Saturday Oct, 27th narrated how corruption is bleeding CDF cited cases of allegation of corruption especially by MPs who have been accused of manipulating the Act, to achieve their own selfish ends. There have been complaints that MPs are appointing relatives, close friends and political allies to head CDFC, this have contributed to lack of transparency in the CDF kitty. He recommended the sensitization of the public on the functions and operation of the CDFC. This can be true because the policy is quit silent on the mode of choosing members of CDFC. It only gives room for a person of integrity and honesty, this is not measurable. Osinde (2009) on his writing Standard Daily on Wednesday 14th highlighted on the outcry in Kacheliba constituency over the composition of CDFC. The constituents protested against the CDFC organization design. They claimed that members of the committee were political cronies and relatives of the area MP hence could not be effective in their work. It is true that people can complain about the composition but section 13.1 of the CDF Act, 2003 provide for the MP to identify members of CDFC.

Though direction on the nature of interested group to be identified is well documented, MP can still use the loophole in the policy to identify whoever they decide under the umbrella of a certain interest group. Giovanna (2002) argues that the critical motivation behind the department of management of fund is that the community who are the beneficiaries can participate both in prioritization of the projects to be funded and in monitoring the expenditure of the money thus cutting losses due to bureaucracy, graft and mismanagement. This actually is well catered for in the Act as section 45.3 of the CDF Act 2003 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 3 persons with District Accountant signature being mandatory, DDO being AIE holder also regulate the payment by signing vouchers and all cheques are passed through him/her and the Fund Account Manager seconded to CDFC by the board. Hence as much as Mwangi S.K (2005) explains that CDFC appointment and its management create room for political patronage and other irregularities, otherwise checks and balances are well in place.
Figure 2 in the next page explain well how CDFC has the authority in receiving the proposals, prioritize the project, prepare project list and description list then submit project list to the treasury for funding. It goes further to explain that once the treasury receives project list, they submit money through CDFC bank but the AIE holder becomes the DDO. The money is then sent to project committees as per the identification and proposals sent in schedule two and three. Project committees are expected to follow procurement regulation as per the laid down government regulation. This if well followed then effectiveness in management will automatically be realized and fewer challenges will be noticed.

5.4 Project Identification

Project management embraces planning, implementation, monitoring for control purposes and evaluation, it is not clear however exactly where planning begins and ends in a project cycle. Mwangi (2005) in Ravallion (2005) expressed that a community development project starts with the identification of a need or the realization that there is a need. This concurs with the CDF policy on project identification, in section 23(2, 3 &4) of the CDF Act, 2003 revised 2007 provide how to identify a project. The Act requires that location meetings be held and the forum used to select projects to be submitted to the CDFC before onward transmission for funding. The Act actually gives the community full authority in the identification process, it is usually a fact that sharing of the vision becomes a reality through need assessment followed by group discussion analysis. Kerote (2007). Stated that this will not only confirm the need for change, but also clarify the scope of the problem at hand and the resource-based available. In this case, baseline surveys can give a clear indication as to where the scope begins and by knowing the starting point; one can start estimating the length of the journey. However, a caution has been given against going full speed and without courtesy in launching our
agenda for community need, Stufflebean (2007) reasoned identification, just like DFRD where identification of projects was a continuous process, the initial idea for a project came from the area that will benefit from its implementation sub location or location.

The process in DFRD was quite long that even after identification from locational committee, the proposals were then taken for another vetting at divisional committee then the district executive committee and finally to DDC for prioritization for inclusion in the 3 years District Development Plan and subsequently into the Annual Annexes (Republic of Kenya (1995). CDF management however especially in project identification tends to follow a different policy which is a bit quick in result realization. Once the locational committee has prioritized the project the second level of prioritizing all constituency projects proposal is at the CDFC level after that funding is made. Grossman J (2005) argues that we need methods and approaches that address the root cause of poverty and impoverishment. People are poor not simply because they are lazy; they are poor because of the way human kind act or behave. This explains that bad policy can promote poverty. DFRD had a lot of red tapes and generally participants were from the elite’s cadre i.e. management from division to the district level were done by government officials who were not members of the affected region.

District Commissioners and District Officers were the main players in project identification, implementation and evaluation. The result of the DFRD were poor project identification as top-bottom approach method was partially adopted, government officials finally had overall say in the people’s projects. CDF project identification format comparatively is a bit community friendly if used well by the CDFC . The act empowers the CDFC to prioritize the project then take the lists to district project committee (DPC) for scrutiny after that the project lists are sent to the NMB for approval, then money is sent to the projects through CDFC Account. According to Kenya Vision 2030(2007) Equity and Poverty elimination is to reduce the number of people living in poverty to a tiny proportion of the total population. It asserts that Kenya will aim at a society that guarantees equality of opportunity in accessing public service and providing income generating activities as widely as possible. That will be achieved by placing the citizen at a level of income sufficient to cater for basic requirements of health, education & productive life. CDF can do this if well managed and the volume of devolved funds given to it is increased. Mahroltra (2004) wrote in a field visit report that in Brazil, the state is using Community Driven Development (CDD) for service provision to the rural poor including access to land and land title deeds as well as for providing slums upgrading services and education to the urban poor. This model in Brazil is more or less the same as CDF, as its activities and purpose looks similar, we only need to improve our management and policies so that we can reduce the emerging challenges. The main issue is identifying the right project Kerote (2007) in Karue (2005) argued that prime project of man-centered development is to meet the needs and satisfy the aspiration of people especially those of less fortunate who have often been overloaded in the past. He stressed that the fact that development should not lead to alienation or above all destroys or improve the cultural personality of the people. This means that development of projects should start from what people are, what people do, what they want and what they think and believe. Participation plays a crucial role from the crucial stage of identification of needs to the final stage of evaluation and adjustments of the plan as well as the immediate stages taking decisions about the setting of targets, then application of resources and the management of operation. This notion by Kerote (2007) if not well applied by CDFC then CDF will not achieve a lot.

The idea of CDF is noble but can be misused because of the lapses in the Act such as giving MP a lot of power in its management i.e. to legislate in parliament about CDF and execute its operations. Mapesa and Kibua (2006) concurred with this sentiment and expressed that CDF having achieved overwhelming public endorsement the key concern now is how the funds are managed. This idea was echoed by Mwabu et al., (2002) when he argued that the project beneficiaries determines the success or failure of any project by involving them, the development workers stand a better chance of identifying the real needs of the stakeholders of selecting the correct solution and factors that could hinder the success of the project. Failing to involve them, may results in many projects failing. We hear about countless stories about health centers’ without patients, schools without students etc. This is a sign of poor project identification and lack of involving the beneficiary.

Projects are meant to bring changes and people being fearful of changes can easily be persuaded to reject the change despite its potential positive impact on their lives. Engaging local people in action planning is vital rural development tool as this will solve so many problems. However most projects collapse or become moribund and very little has been done to find out their inherent problem. The problem has been lack of involvement of the community beneficiary right from its initiation. CDF with its objective to decentralize funds with a belief that, local level has a better understanding of community need. CDF Act (2007 revised) if adhered to by the stake holder will help solve this problem of effective management.
DFRD failed because of over involving government officials and neglecting community participation Otieno (2007) noted that CDF Act has tried to give the community power to participate but the success of CDF will be judged differently depending on each and every constituency and how specific MP select and work with CDFC for as far interpretation of CDF Act is concerned. This is so because the Act is Member of Parliament friendly as they determine its amendment right from the CFC which is a parliamentary committee to the selection of the NMB that run CDF down to the constituency level.

5.5 Conceptual Framework

Several rural development programmes have failed to achieve their desired objectives due to poor organization and implementation strategies. Kerote, (2007). Revealed that relevant field methodologies that call for effective management of funds have been inadequate in allowing maximum utilization of local resources. He also noted that vital components of project implementation (organization design), project identification. Monitoring and evaluation and equity etc have not fully been managed by the committees in the constituencies. Several concepts about community development have emerged over the years especially in issues related to effectiveness, challenges and policy. Owuor (2008) sees the main goal of the community development process as being that of human growth; he revealed that pure community development model is strongly focused on human growth. It entails planning, action and reflection (evaluation) and what goes along with the result (goal).

According to Kerote (2007), the directive approach to development is recommended whose essence is that the support agency and its workers think, decide, plan, organize, administrate and provide for people’s development is therefore redefined. Ochieng (2005) sees that as a process by which the members of a society increase their personal and institutional capacities to mobilize and manage resources to produce sustainable and justify distributed improvements in their quality of life consistently with their own aspirations. Oser (1967) summarizes by arguing that managing with local people should take into account their ability to express and analyze their local complex and diverse realities which are often at odds with the top-down realities imposed by professionalism. This research tends to concur with the above writers as can be explained by conceptual framework. Conceptual Framework next page takes into account the use of innovative methods and techniques that would enable proper management of CDF projects, clearly understand their own situation, analyze their problems and priorities realistically.

![Fig 3: Assessment of the factors influencing CDF Management](image)

From the operational conceptual framework Fig. 3 Constituency Development Fund committee management can only be noticed if the organization design is well put. Though it is really hard to make any remarkable changes in CDFC as the CDF Act 2003, revised 2007 gives a lot of power to MP, this tend to hamper proper organization design as each and every MP prefers a design that can only maintain him and please his supporters. Composition
of CDFC matters a lot for the policy to be followed. The CDF Act directs well how appointment should be made but very quite on the distribution, educational background and professional capability.

Otherwise incase organization is well designed and management principles are followed well without manipulation from the CDFC members, project identification will be well done and need assessment will also be administered as per the CDF Act 2003 revised 2007. Locational committees are very vital in the identification as it gives the project the ownership. Once the projects are well identified, there will be high possibility of equity. Poverty will be reduced to a certain extent. Also with well developed strategic plan and proper prioritization,

Community needs will be taken into account, making CDF projects to assist in promoting equity. It should be well agreed that there is no project that can do well without monitoring and evaluation. The CDFC needs to come up with a proper monitoring and evaluation tool where indicators can be assessed and noticed. The beneficiaries and government officials (experts) should be part of the team to assess the impact of projects. Monitoring and Evaluation assist a lot in making sure that sustainability challenges are curbed (Mulwa, 2007). The operational conceptual framework therefore explains that when you have a well managed CDFC, all will be well. Policies will be followed, effectiveness will be realized and challenges will be reduced.

6. CDF AND PIGOU’S THEORY OF ECONOMIC WELFARE

The theory of Economic Welfare was spearheaded by the Welfare economist, A.C. Pigou. Welfare is a state of the mind which reflects human happiness and satisfaction. Pigou regards individual welfare as the sum total of individual welfares. He divided welfare into economic and non-economic welfare. Economic welfare is that part of social welfare which can directly or indirectly be measured in money. According to Pigou, non-economic welfare can be improved upon by income earning where longer hours of working and unfavorable conditions will affect economic welfare adversely and secondly the income-spending method. In economic welfare, assumed that expenditures incurred on different consumption goods provide the same amount of satisfaction, but in actuality it is not so because when the utility of purchased goods starts diminishing the non-economic welfare declines which results in reducing the total welfare.

Pigou establishes that there is close relationship between economic welfare and national income because both of them are measured in terms of money. When national income increases, total welfare also increases and vice versa. The effect of national income on economic welfare can be studied in two ways, firstly, by change in the size of national income and secondly by change in the distribution of national income (Jhingan, 1989). CDF underscores the policy of equitable distribution of 2.5% of the national income for welfare improvement and increase in access to water, infra-structure, education and health facilities thus resulting in welfare satisfaction. Of the constituency population has improved, this can be explained by the quality of their life and expenditure of their disposable income on both durable and non-durable goods. Proper management of CDF will also be determined by the number of the project completed and their impact in improving lives. Like economic welfare, CDF brings satisfaction and happiness to the society so long as its objectives are met and impact felt.

7. METHODOLOGY

Survey research design was adopted for the study, the design is appropriate for the study because it provides quantitative and numerical description. The quantitative design was suitable because of its ability to elicit a wide range of information about relation between real management practices and what act requires. On quantitative dimension the study applied well structured questionnaire and interviews for CDFC Executive PMC, DDO and MP. The survey design assisted in obtaining information about perceptions, attitudes of the people about management of CDF (Odhiambo, 2008). The study was carried out in Ainamoi Constituency Kericho County beginning May – July 2012. The constituency covers an area of 593.5km² Republic of Kenya (2006). This study was limited those who Manage CDF projects in Ainamoi Constituency. The study sourced information from the fund PMC, CDFC executive, DDO and MP. The study drew a sample from 90 PMC of Soin Division and 131PMC of Ainamoi. The study used simple random sampling method to pick 30% of the PMC at both divisions that totaled to 66 PMCs. At the PMC level purposive sampling was used to obtain 132 respondents purposively to include chairmen and secretaries. Questionnaires will be administered to PMC and a separate set of questionnaire were administered to CDFC executives. Interviews were administered in respondent offices after prior arrangement. The researcher will oversee the whole process to make sure all the rules were observed. In data analysis, items from the questionnaires and interview schedules were arranged and grouped according to particular research questions to form themes.

8. RESULTS

On the background information of respondents, it was established that majority of the people managing CDF
projects are male. According to the project managers who are the PMCs indicated that 74.22% of all respondents were male, only 25.78% were female. These shows that female have not been included or have not been very serious in the management of CDF projects or may be, because of their engagement in most of the household activity, they lack of information on CDF activities. This was equally noted in CDFC executive respondents, it emerged from the questionnaires that out of 15 members approved by the board, the Ainamoi constituency development fund committee only has three female. This is not a desirable balance if equity is to be considered in CDF project management. The same question was posed to DDO in an interview with her, it was quite challenging when she admitted that few women participate in CDF project management because of either cultural attachment in the village where women are not suppose to involve in major decision making like planning to erect a structure i.e. building or any form of construction. The MP on his contribution argued that he expected all sexes to participate equally however he did not underscore the fact that women are sometimes disadvantaged because of their position in the family. He noted the need to educate men to coexist with women counterpart in any development if the CDF project are to be managed well.

In terms of age, it appeared that most people managing CDF projects were between 35 -40 years of age which is (30.30%) of the respondent, those over 40 years of age follows very closely at 26.51% of the respondent. Otherwise those between 30 -35 years of age were equally well represented with 20.45% of the respondent followed by 18.94% of people between 25 -30 while those below 25 years of age are ill represented at 3.78%. This shows that CDF projects are managed by people who are mature and have stayed in that community longer, as such they understand the community need .It can also be reasoned that those who are managing the projects have completed formal education and are now stable at home to promote development, this can be detected by their wise choice of people above 25years of age .one can see from the table and note that members of the community with ages below 25 are not favored in project management. It also emerged from the executive CDFC questionnaire that all the CDFC members are over 30 years old. This a researcher interpreted as a sign of seriousness on the part of the appointing authority of CDFC and the community. DDO in her interview equally stressed so much in age as factor, the officer argued that any body dealing with funds need to be mature and stable not just any villager, the officer explained this by saying that project management is all about money from CDF kitty and if stable people are not considered then the possibility of money disappearing is very high. The area MP in his response to the question underscored the issue of age but stressed on wisdom and stability. He further explained that what is important is the community to make their choice.

The results showed that majority of the CDF projects in Ainamoi constituency have PMC members between 10-20 members this is actually a good representation as even at the constituency level CDFC membership is 15-16, otherwise it came out clearly that some projects management membership have between 5-10.Though this may not be a good representation but this do depend on each locality. It also emerged that some CDF projects have big committee managing this was highlighted by 9.38% of the respondent who mentioned 20 and above membership. It also came out clearly that their also some projects managed by very few community representatives, this revelation came from 1.56% of the respondents stating that some projects are managed by between 1-5.members of the community This shows that CDF projects are mostly managed by between 10-20 members on behalf of that committee. CDFC however stated clearly that the number of PMC solely rely on the community where the project lies, the area Member of Parliament supported the notion expressed by CDFC Executive. DDO in her part explain that there is no standard rule on the specific number of people to manage CDF projects at the PMC level.

9. ORGANIZATION DESIGN

The first objective of the study was to establish views of the PMC, CDFC Executive.

DDO and PMC on the appropriateness of organization design in the management of CDF projects. Organisation design on how CDF projects are managed was seen as key as such, respondent were asked to tell how PMC members are identified. The results indicated that CDF projects are managed by PMC who are identified by the community (96.09%). In Ainamoi constituency people are allowed to make their own choices on whom to assist them in managing CDF projects within them. Out of 128 respondents from PMCs who was administered this tool, none mentioned MP, this shows that the area MP has given the residents power to manage CDF project without interference. On the same issue, 3.91% of the PMC respondents stated CDFC do identify the PMCs committee though the number who mentioned that is small but if it happens, and then the possibility of corruption cannot miss. However, CDFC executive indicated that PMCs are selected by the community (public). DDO when asked the same question during interview clarified that PMCs are supposed to be chosen by the people where the project is situated, but because the law is not clear on composition, some CDFC may come up with a method they feel is desirable depending on that and locality. The MP on his part clarified his position very clearly that identification of PMCs was left to the community who came up with that project idea.
To understand proper organization design of CDF project, the study was interested in knowing whether their are rules, laws or regulation governing management of CDF projects (PMC). This question was seen to be necessary as we know CDF is a new thing and most people don’t understand how it is practiced, moreover CDF name is pronounced all over the country. As such, out of 128 respondents administered to questionnaire from the PMC, 87.5% indicated that there are rules & regulations governing their operations only 12.5% stated that there are no rules and regulations guiding the PMC operations. This shows clearly that most of the people managing CDF projects in Ainamoi constituency are literate hence understand their role and manage CDF projects as per the stated regulation. However it can also be argued from the data below that CDF being a new thing some few projects in Ainamoi constituency are managed by people who do not know or understand the existence of CDF Act. CDFC executive when asked the same question in their questionnaire indicated that the Act has rules and regulations on how CDF projects are managed. DDO stated clearly that their very tough rules governing management of CDF projects, she quoted minuted resolution that must always be used by PMCs in any of their transaction, also procurement is also a regulation that must be followed. If these are not followed then auditing is done by the government. She stated clearly that PMCs are suitable. The area MP explained that in his constituency he believes all PMCs have rules and regulations. DDO, Fund account manager roles are to regulate their activities and CDFC too monitor their activities.

The PMCs respondents were then asked in their questionnaire to tell who formulates the rules that guideline their operations, This question was found to be very important in knowing whether there are really written rules guiding their operations or it just for CDFC members only. While cross examining their response, the majority of respondents stated clearly that CDF Act and CDFC regulations are given to each PMC executive and even during monitoring and evaluation issues concerning CDF act is usually questioned by the concern team. The CDFC executive while reacting to the same question stated that CDF projects must be managed by rules formulated by the government where in this case is the CDFB. Also a particular CDFC can come up with their by-laws that they find can make them smoothly but within the CDF act. The DDO on her part stated that PMCs laws or regulations is the CDF Act any other rules that might used by DCFC to assist them manage their projects must be stemmed from CDF Act. However the area member of parliament stated that CDF projects are managed by the Act of parliament and the line ministry has role putting their law into the particular project they advise.

The respondents were asked who they are answerable to. This question was found necessary as it theorized that in CDF management, there are so many departments and a lot of bureaucracy that the researcher was interested in gathering information whether there is specific body they are answerable to. The Table 1 below indicates how PMC respondents answered the questionnaire.

<table>
<thead>
<tr>
<th>Person responsible</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>4</td>
<td>3.08</td>
</tr>
<tr>
<td>CDFC</td>
<td>31</td>
<td>23.85</td>
</tr>
<tr>
<td>Locational Committee</td>
<td>93</td>
<td>71.54</td>
</tr>
<tr>
<td>N/A</td>
<td>2</td>
<td>1.54</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>100</td>
</tr>
</tbody>
</table>

It came out clear from the respondent that the CDFC have created another body called location committee as can be seen from table 1, most respondents from PMC stated that they are answerable to the locational committee this was indicated by 71.54% Only 23.85% of the respondents recognized the role of CDFC. This was quite abnormal as locational meetings attended by area member of parliament deliberate on projects to be funded within that location but they are not recognized by the act as management body of CDF projects. None of the respondent picked among PMCs said they are responsible to MP. This looked very tricky as in most cases people believe CDF money is for MP, 3.08% of the respondents from PMCs said PMCs are answerable to the government and only 1.54% of the respondents indicated that they are not aware who are they are answerable to.

The CDFC executive when asked the same question indicated that the PMC are responsible to the CDFC. It is true that PMCs are answerable to the CDFC this is a per the act otherwise in a situation where another body has emerged and fully recognized that way may end up assuming powers of a legitimate authority. However, it is known that all CDF projects belong to the Board and has entrusted CDFC to manage on their behalf this was explained by DDO during her interview session. The MP echoed the same sentiment by stated that PMC are responsible to CDFC not Locational Development Committee. Locational Development Committee is not recognized in the Act but CDFC is fully recognized, he explained that PMC are just a creation of the CDFC to assist them in monitoring the project.

9.1 Project Identification

The second objective of the study was to specify the criteria used by CDF to identify project for funding. To achieve this, PMCs respondents were asked the type of
The respondents were asked to tell who identifies projects for them. The results are given in Table 3.

**Table 3: Person(s) responsible for projects identification**

<table>
<thead>
<tr>
<th>Who identify projects for PMC</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>MP</td>
<td>2</td>
<td>1.55</td>
</tr>
<tr>
<td>CDFC</td>
<td>12</td>
<td>9.30</td>
</tr>
<tr>
<td>Community</td>
<td>109</td>
<td>84.50</td>
</tr>
<tr>
<td>Locational Committee</td>
<td>6</td>
<td>4.65</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>129</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The results show that most 109 (84.50%) of the PMC respondents indicated that the project they manage was identified by the community, 12 (9.3%) said that the project they manage was identified by CDFC members, 2 (1.55%) indicated that projects they manage was identified by MP while 6 (4.65%) said that the locational committee were responsible for project identification. It also came out clearly that CDFC Executive that identification of projects is usually done by the concern community then taken to the location meeting for short listing DDO stated clearly that the process of identifying CDF projects start right from the community, locational level to the CDFC who forwards the list to CDFB for funding. The area MP confirmed that his role in project identification has been convening stakeholders meeting and attending CDFC meeting during verification otherwise he said identification process has all inclusive.

The study further wanted to know for projects identification. The study sought to know what really propel communities, CDFC, MP among others to start projects in specific areas around the constituency. The results of the analysis as summarised in Table 4 below.

**Table 4: Criteria Used to identify projects**

<table>
<thead>
<tr>
<th>Criteria Used to identify projects</th>
<th>Freq</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of that facility</td>
<td>124</td>
<td>95.38</td>
</tr>
<tr>
<td>Request from some influential people</td>
<td>2</td>
<td>1.54</td>
</tr>
<tr>
<td>MP</td>
<td>4</td>
<td>3.08</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>130</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The findings show that majority 124 (93.38%) indicated that projects are identified because of lack of that facility (need), 4 (3.08%) of the respondent indicated MP can determine project identification while 2 (1.54%) indicated influential people can determine project identification. CDFC Executive equally indicated that identification of project is fully determined by lack of that facility in the area. This is done through consultation with DDO and the line Ministries within the Constituency. DDO on her part explained that the best way of identifying a project is by involving stake holders who are mostly the user to be and the MP confirmed the same and stated that in his constituency, he has left the work of identifying projects to the communities’ members through their locations committee.

The next question sorted to highlight whether PMC make any consultation with the relevant ministries before requesting for funding. This question was very important to the study because when an MP. CDFC or community identifies the project the chances of duplicating one project in one area may arise but relevant ministries may have an idea also technical support may be required as far as the right costing of bill of quantity is concerned. In this respect most of the respondents (93.85%) responded by stating that PMCs usually consult the line ministries during their operations while only 6.15% said no they just do their operations in PMCs without consultation with the relevant ministries. The CDFC executive on their part indicated that line ministries must always be consulted by PMCs DDO on her part explained clearly that line ministries must always be used or else even them as AIE
holders might find it difficult to pay money to a project even if it has allocation. The area MP also stated that he frequently advise his CDFC and PMCs to use line ministries he said use of such department is the only sure way of meeting quality.

Respondents from PMC were again asked whether community people is happy with the project funded by the CDF. This question was adopted in the study to make the reader know whether really needy project are identification and acceptable by the owners.

![Figure 4: Community satisfaction on projects funded by CDF](image)

The findings show that majority 128(98.46%) of the respondents acknowledged the community was happy with the projects managed by CDF with only 2(1.54%) indicating that the community are not happy with the project identified and funded by CDF. The CDFC executive on their part indicated that most people were happy with the CDF Projects in the area. This was equally said by DDO who stated that she had never encountered any complain from the Ainamoi constituent so she assumed they are happy and the area MP on his part he considered that question to be difficult however he assumed they are happy but he expected to make them more happy given his promises during election.

The respondents were asked to tell whether CDFC usually require AN OFFICIAL document submitted before funding is considered. The study found this question necessary because through one could know whether there is accountability and to full ascertain. While answering this question, the PMC’s respondent were very clear by the majority 82.31% saying the CDFC require a document before funding is made. Only 17.69% said no document is usually submitted before funding is done.

When asked who writes this document it came out clearly that project proposal for funding are written by PMCs themselves this came out very openly when 96.92% of the respondent stated that the proposals are written by the PMCs this actually indicated that project identification process in Ainamoi constituency is really people skewed. It also emerged that CDFC Office assist in writing project proposal, this was indicated by 3.08% of the PMCs. CDFC executive however stated that proposals are normally written by the PMC, DDO only responded by saying proposal written is suppose to emanate from the beneficiary however he can contract someone to assist knowing it is a technical document. The area MP did not elaborate but only said it is the duty of PMC to write their own proposal because they understand their need better. Only bill of quantity can be drafted from the expert.

The last question on project identification sorted to know from respondnt whether funds given are usually adequate to meet their needs as per the bill of quantity. This question was asked to assist the study to know whether these projects are done to completion or they remain on going for a long time. From the results, 46.15% of the respondents said that projects are usually funded as per the bill of quantity while 53.85% of the respondents said projects are never funded as per the bill of quantity. The CDFC executive also came out to indicate that most of the projects are usually sponsored halfway or quarterly. DDO and MP on their submissions were not very specific but stated that Bill of quantity are sometimes followed but sometimes not followed depending on various factors.

10. CONCLUSION

The study sought out to assess the factors affecting management of CDF projects in Ainamoi Constituency. It tries to examine organizational design how it is impacting in CDF project managed and how project identification affected management of CDF project. From the results of the study, there is generally low participation of female sex in management of CDF Projects. PMCs members are not aware where they draw their powers. There is no standard number of PMC members designed to be managing CDF projects. Projects funded by CDF should be spread equally to all sectors not giving a priority to only few sectors. CDFC should realize that one sector affect the other, taking care of all of them equally can increase the level of development sustainability. Project proposals should be written by experts. PMCs should make consultation with the experts who can be able to examine the entire requirement on the ground. If this is done, over and under costing will be avoided and even projects the number of stalled projects will reduce given the right direction shown in the proposal to the CDFC by
the expert. CDFC don’t fund projects in full, funding projects in halves is very costly and it really assist the intended beneficiaries not achieve their objective in time. The DDO & CDFC need to read from the same script with their PMC or else the management of CDF project will not be successfully achieved, as it came out clearly that leaders knew and understood the rules while PMCs know very little. This can hamper proper management of CDF projects. In conclusion, the CDF projects management teams have some idea on how to do their work. The CDFC are well enlightened, but need to sharpen their PMCs more, if good projects have to come out from the fund.

RECOMMENDATIONS

From the study, the following recommendations were made:-

1. There is need to involve women in management if equity is to be achieved in CDF projects. PMC mode of selection should be known and structured to suit everybody.

2. Clear rules should be enacted to specifically guideline PMC in what is expected of them for better management practices and especially this of CDF projects.

3. The community /public should be sensitized on the functions and operations of CDF, their role in project identification and forward management should be spelt out by government not MP.

4. There is need to reduce the power of DDO as AIE holder in management of CDF given that CDF is now managed under Board of Directors. Its management should be like other Boards separate from Central Government Operations.

5. There should be better criteria of identifying projects. Strategic plan need to be developed so that the plan for a specific period is known by the stakeholders not just depending on scarcity of facility in that area, which has no measure.

6. Projects should be funded in full not in bits. Funding in bits make a project very costly and even the intended purpose is realized after a very long time. This should be discouraged.

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