



Corruption and Constituency Development Fund (CDF)¹

Since inception back in 2003 the Constituency Development Fund (CDF) has transformed rural Kenya in ways that central planning and administration of funds did not achieve in more than 40 years of independence. CDF management, however, faces challenges that scale down potential achievements. Problems of corruption and lack of structured priorities, must addressed as a means of stemming losses. Solutions exist, including the public being a watchdog and continually fighting the embezzlement, and using technology to centrally monitor and flag possible fraudulent activities.

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CDF anticipate grassroots participation in identifying priorities and allocating funds according to these priorities. Today CDF projects dot the rural areas: clean watering places, schools, clinics, access roads, markets, electricity and more! Grassroots disbursement has positively impacted rural business (e.g. building and road contractors) and provided jobs for a number of people. Some children that could not afford school fees now benefit from these funds.

All said and done, CDF has been good for the local economy and national development.

That said CDF faces many challenges. Among these is lack of coordinated development within and across constituencies, corruption (embezzlement is a more appropriate term) and MPs' misuse.

Few CDF committees engage services of planners to help establish the best possible manner of spending the money. Sub-location and location committees may offer their priorities but lack of professional input in the planning process may lead to misplaced priorities. A worse issue is where MPs disregard grassroots recommendations and allocate the money the way they deem necessary! Usually, this is to reward supporters!

MPs have also been accused of using CDF as slush funds to reward cronies and punish perceived opponents. CDF committees are invariably staffed by MPs' cronies and henchmen.

A bigger problem is corruption and the challenge is how to stem the corruption and ensure that the funds get used properly as intended.

There are stories of CDF committee members whose wealth status skyrockets on being appointed to CDF committees. People whisper about kickbacks given to committee members for favouring certain projects. Other allegations point fingers at MPs, the supposed true custodians of the funds!

A recent *Daily Nation* report confirms this. In the report the Minister for Planning suspended the release of funds for number constituencies that had questionable dealings. PLO Lumumba, director of the Kenya Anti-Corruption Commission (KACC), is also reported to have said that the commission is investigating a number of MPs in this respect.

It is time this drain on public resources was arrested to ensure that funds get channelled for development and ensure the community benefits collectively, in line with their development aspirations.

The exact percentage of funds lost due to embezzlement is not clear. However, one can estimate based on anecdotal tales from the field.

A conversation I overheard suggested that, in one constituency, 50% of the funds go directly to committee members. This is "negotiated", according to the conversation, before even a project is

¹ Written for the *Nakuru County Edition February 2011*.



approved; the project "owner"/beneficiary (e.g. the head of a school, contractor or supplier), it is said, has to promise a 50% cut that will be divvied up within the CDF committee!

Others speak of price inflation in CDF-related projects as high as 40% of the funds spent.

If one adds other wastage, including unnecessary administrative costs, it may be that only 20~30% of the original allocation gets to do anything meaningful for *mwananchi*. As such nationally, between Kshs 3.6 and Kshs 3.9 billion will be wasted; a measly Kshs 1.6 and Kshs 1.8 billion used meaningfully.

Imagine the lost opportunity! How many bursaries would have been supported? How many schools would have had permanent classrooms? How many books would have been bought for libraries? How many water wells would have been built? , and many, many more.

As such despite the amount of development we witness today, we could have realized much more with proper spending.

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Is this degree of embezzlement is sustainable? How does it impact the realization of Vision 2030 and Millennium Development Goals?

The actual impact is multifaceted.

Moses Muse Sichei in an essay titled *Impact of Corruption on the National Economy*² documents some of the effects of corruption. Among these is resources diversion from productive endeavours, for example where money goes into someone's pocket instead of funding education for a needy child.

Further, corruption increases the cost doing business as in the case where a businessman must bribe before being allocated a deserved contract; the added cost passed on to the tax payer.

As well, there is uncertainty to the business environment as where the fate of deserving businesses when a new MP takes office!

There is more! Corruption shifts resources from the poor to the rich. CDF committees members may NOT be overly rich, but they sure are much better off than many in the constituency such as needy students deserving bursaries; or a water well that would have collectively benefitted the community. Corruption imposes an addition "tax" to the poor and diverts resources to benefit individuals.

Given clan and ethnic loyalties, corruption can aggravate exclusion of those that are outside. For example, there was newly MP who suspended projects located in some clan that hadn't supported him.

Corruption can also lead to heavy spending on non-priority projects where returns for the corrupt are sizeable! Thus instead of giving a bursaries here or building a bridge there, CDF committees might favour a large capital project, where absolute spending is high, that may not be a priority!

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One can ask whether there is a way out of this mess. Yes, there is!

First, we must understand that there is collective loss when money meant for public development goes into private hands illegally. Since it is our loss, we must all be vigilant to protect that which is public.

Mali ya umma ni yetu kwa sababu umma ni sisi!

² See Joshua Kivuva and Morris Odhiambo (editors) of *Integrity in Kenya's Public Service, Illustrations from Goldenberg and Anglo-Leasing Scandals*, CLARION, pages 123~151.



Remember that those who disburse CDF money are doing so on our behalf; and they should be held accountable for embezzlement or some other misuse, in line with the *social contract* that holds that those we choose to exercise power on our behalf, should exercise that power in line with our priorities.

We must be watchdogs over CDF spending, raising questions as necessary in search of transparency; we must demand ongoing accounting of spending, and conduct citizen audits of CDF-funded projects.

What is happening in some constituencies in the Coast Province is worth emulating. Here citizens get information on funds allocation and do site visits to establish how well the money was spent.

We also must encourage, reward and protect whistle blowers. Insiders with information on untoward spending should be encouraged to proffer such information for investigation; where savings are made due to such whistle-blowing, the subject should be equally rewarded. In whistle-blowing, we must protect against propaganda and vendetta, which should be heavily punished as a deterrent.

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We must institute the change in attitude and need for vigilance now if we seek effective use of public resources such as CDF funds. This is especially in preparation for the inauguration of counties, in line with the new dispensation. Remember that, unlike the 2.5% national budget allocation for CDF, counties will collectively get 15%. Without proper controls it means more money will be wasted and that development envisioned will be postponed.

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At the national level, we use technology implement controls to monitor CDF disbursement. These could provide early warning and hence timely response to potential misuse. With technology we can track funds allocation, approval to spend and actual spending. This is in addition to audit queries and public complaints to enable timely investigation.

Technology and monitoring will also strike a psychological blow to potential embezzlers. Anecdotal studies indicate that people “go slow” on misuse or abuse when they know they are being watched.

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To be successful in fighting CDF misuse, therefore, we need to do a number of things. We need a change of attitude where every citizen shuns and fights corruption; we need technology controls to track misuse, provide early warning and timely response to potential misuse.

Let us bear in mind that national development is a collective responsibility for us all and we must take that responsibility. The alternative is collective loss, stagnation and the enrichment of a few at the expense of many.

Signed

Matunda Nyanchama (Matunda@matunda.org)

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