

MPs will keep falling until CDF use is streamlined

THEY HAVE FALLEN, ONE after another, like dominoes. In my view, one of the reasons why former MPs have lost in the primaries in such large numbers is mismanagement of the Constituency Development Fund (CDF).

Introduced in 2003, the CDF had over time been turned into an instrument of patronage by MPs. And, almost invariably, most of the constituency committees were stuffed with their cronies, relatives and sycophants.

When disbursing resources, regions of the constituency perceived as disloyal to the local MP would be starved of funds, and areas perceived as loyal allowed to get a disproportionate share of resources.

The guidelines for choosing priorities would be followed more in breach than in practice.

I know of a case where a CDF committee that was being touted as doing a good job in disbursing large amounts of money to secondary school bursaries became a public disgrace when it emerged later that most of the beneficiaries were pupils attending schools owned by the local MP.

In some areas, many campaign managers and cronies of MPs became overnight millionaires – big businessmen who have made careers out of opaquely procured and over-priced contracts to build CDF-funded projects, including extra classrooms, dispensaries, cattle dips and even rural access roads.

Clearly, the CDF had come to be regarded by MPs as a source of largesse.

Where did we go wrong? We made a big mistake by creating the fund before putting in place transparent procedures of setting priorities and managing the funds. Very few CDF projects have been properly audited to date.

But the greatest failure was to create a fund for rural projects, which makes no provisions for the recurrent costs of the project.

Today, CDF committees will put money into building extra classrooms even when they do not know where the money to pay the teachers will come from. They will build dispensaries without providing for medicine and nurses, and build cattle dip but fail to provide for the drugs required.

A recent review by the Government found that thousands of dispensaries had been built throughout the country using CDF cash in the last three years, without provisions being made for critical staff, including nurses, clinical officers, midwives, and running costs.

Our people believe in brick-and-mortar – in physical and quantitative growth as opposed to qualitative development. They will raise funds to house the local pastor, for chiefs' camps, and even the District Commissioner's house, and litter small villages with multiple and expensively constructed church buildings – even where large sections of the population are suffering from malnutrition.

WHEN WILL WE START USING CDF money to start rural credit schemes? Have we thought about turning them into rural revolving funds? What will it take to wean us from the mentality of equating development with concrete.

Right now, the size of the CDF allocation is set at 2.5 per cent of ordinary revenues, which translates to just under \$0.7 million per constituency.

At the national level, the CDF is overseen by a board which includes the permanent secretary at the Treasury. At the local level, implementation of projects is overseen by District Development Officers.

Still, there is very little co-ordination between planning at the local level and planning at the centre due to the limited involvement of ministries in CDF project decisions.

Four years down the line, there is still no co-ordination between implementation of CDF and other devolved funds such as the Local Government Transfer Fund, the Aids Funds and District Roads Funds.

I have heard people argue that the CDF amount should be increased. In my view, a decision to increase the fund should be postponed until we come up with transparent procedures of managing it.

Right now, the CDF takes place outside the main system and procedures of managing the Government budget. Indeed, spending on the CDF is not included in budget execution reports of the central Government, nor in the annual accounts of the Government.

In fashionable lingo, the CDF represents extra-budgetary activity. To improve the transparency of Government financial operations, there is a strong case for bringing these funds under scrutiny.

For the truth of the matter is that the level of extra-budgetary allocations in Kenya has been increasing at a very high rate.

The CDF is a great innovation. We have not heard of such a large fund dedicated to the rural areas since the Scandinavians pulled out of what used to be the Rural Development Fund several years ago.

Perhaps the most attractive aspect of the fund is that it is fast-disbursing. In this, some of the Government ministries – Roads and Public Works, and Health for instance – are not able to utilise even 50 per cent of the money allocated to them in one financial year.

The CDF can disburse everything in a calendar year. If we don't fine-tune its management, project planning and introduce transparency in its procurement decisions, we must brace ourselves for the phenomenon of one-term MPs for a very long time.