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Policy Monitoring and Research Centre

CONSTITUENCY DEVELOPMENT FUND FRAMEWORK ANALYSIS SERIES

STRATEGIES TO IMPROVE EFFICIENCY IN THE ADMINISTRATION AND DELIVERY OF THE CONSTITUENCY DEVELOPMENT FUND

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August 2022

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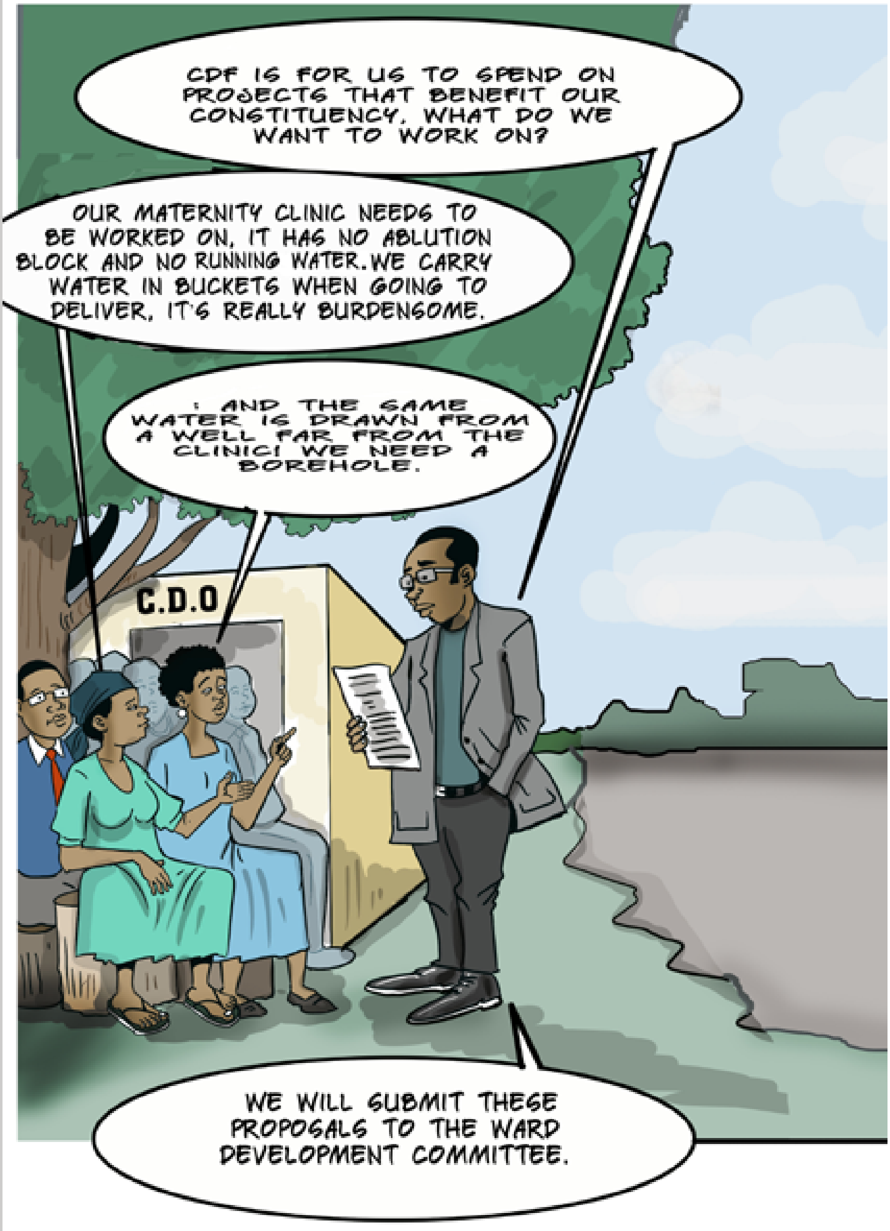
CDF IS FOR US TO SPEND ON PROJECTS THAT BENEFIT OUR CONSTITUENCY. WHAT DO WE WANT TO WORK ON?
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C.D.O
WE WILL SUBMIT THESE PROPOSALS TO THE WARD DEVELOPMENT COMMITTEE.

Policy And Legal Framework

INTRODUCTION

In October 2021, the Government announced an increased allocation to the Constituency Development Fund (CDF) of K25.7million per annum for each of the 156 constituencies. Following this massive undertaking to take development closer to the people through various empowerment initiatives, a lot of hype has been generated around the CDF and its role in national development. This has in turn brought the Decentralisation Policy into focus, viewed as the re-awakening of tools that will take development to all constituencies in a more participatory manner. The need to foster a shared sense of purpose and ownership is at the core of the expanded scope of the CDF. With all these issues at play, it has also become apparent that there is need for information sharing and sensitisation to dispel misconceptions about the fund and how it can be accessed. In fulfilment of one of its stated aims, namely to promote public understanding through research and education, the Policy Monitoring and Research Centre (PMRC) has embarked on a three-part series looking at aspects relating to disability and rural finance against a background of the legal and policy framework.

BACKGROUND

The fund was first introduced in 1995, with an undertaking by the Government to introduce a new budget format that would provide constituency grants to fund locally generated project ideas. The rationale that meant that each constituency would target a significant portion of CDF funds at youth development projects; projects mooted and managed by the youth (PMRC CDF analysis 2014). The CDF is a policy tool and development initiative where public funds are dedicated to specific political sub divisions. It aims to bypass often inefficient local structures to deliver goods and services directly to constituencies. CDF in Zambia is intended for micro-community development projects that are visibly beneficial and involve the active participation of ordinary community members. Emphasis is placed on achieving benefits at grassroots level, encouraging the involvement of actual beneficiaries in the communities for the supply of both labour and materials for projects. A discussion of CDF is best understood against a background of decentralisation, which is aimed at devolving authority to the local people through community participation.

LEGAL AND POLICY FRAMEWORK

The legislation governing public finances in general, the Constituency Development Fund in particular and related matters is robust, comprising the following laws:

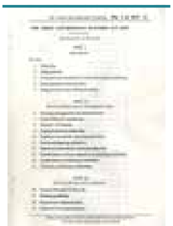
Constitution of Zambia (Amendment) Act No. 2 of 2016

Local Government Act No. 2 of 2019

Constituency Development Fund Act No.11 of 2018

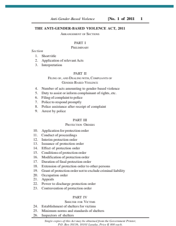
Public Procurement Act No.8 of 2020

National Planning and Budgeting Act No.1 of 2020



Urban and Regional Planning Act No.3 of 2015

Public Finance Management Act No.1 of 2018



Anti-Gender Based Violence Act No.1 of 2011

At a glance, it is apparent that most of the laws were enacted in recent years and therefore it is expected that they reflect the aspirations of the governed on how they can participate in decision making as it relates to spending and benefitting from public funds. Below is a brief description of the aforementioned and the objectives therein.

i) **The Constitution of Zambia (Amendment) Act**

The Constitution establishes the Constituency Development Fund under Article 162. It is therefore anchored by the supreme law of the land and this is evidence of the extreme importance attached to the welfare of the people and their role in development. The right to development is an inalienable right and through this mechanism the people of Zambia, particularly those in vulnerable geographical areas, are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development. It is through this participation that all human rights and fundamental freedoms guaranteed by the Constitution can be fully realized. It is important to note that the right to development is the only right that encompasses all other human rights, be they civil, political, economic, social or cultural. It is the only right that embodies principles of equality, non-discrimination, participation, transparency, accountability as well as international cooperation in an integrated manner. To this end, the establishment of the fund under the Constitution is an important statement from Zambia as a State Party to various conventions and treaties on its commitment to respect, promote and fulfil its obligations to the Zambian people.

ii) **Local Government Act**

This piece of legislation provides for an integrated local government system; it seeks, *inter alia*, to give effect to decentralisation of functions, responsibilities and services at all levels of local government; to ensure the democratic participation in and control of decision making by the people at local level; it further revises the functions of local authorities.

In relation to the administration of the CDF, the Act establishes Ward Development Committees (WDC) which are responsible for preparing project lists based on the appirations of the community.

iii) **Constituency Development Fund Act**

The Constituency Development Fund is governed by the Constituency Development Fund Act (hereinafter referred to as the Act) under which appropriation of monies for the Fund, management, disbursement, utilisation and accountability of the CDF is prescribed; it establishes the CDF Committee (herein referred to as the CDFC), being committees in the constituencies; the Act also provides for their composition and functions. To better understand the entire framework on which the CDF rests, it is important to comprehensively canvas the provisions of this Act.

SALIENT FEATURES OF THE ACT

The Constituency Development Fund Act makes provision for the following:

- Part II The Constituency Development Fund Committee
- Part III Constituency Development Fund
- Part IV Constituency Development Project Proposals

The clauses under each part are comprehensive on the procedures to be followed in the management, disbursal and implementation of projects under the Fund. In order to fully appreciate the increased scope and quantum of the CDF, it is imperative to review the mechanisms that drive the Fund.

Constituency Development Fund Committee (CDFC)

This is a twelve-member committee and comprises of the following part-time members, appointed by the Minister:[1]

a) Two community representatives nominated by the area Member of Parliament (MP);
b) Three Councillors (whereby two are elected by Councillors and one is nominated by the MP);
c) One Chief's representative or two, depending on whether there is one chief or two in the constituency; these are nominated by the Chief/s;
d) A representative of the Director – Planning ;
e) A representative of the Director – Works and Engineering;
f) A representative of the Director – Finance;
g) A representative of a civil society organisation working in the area, nominated by the MP;
h) A representative of a religious organisation, nominated by the MP; and
i) Member of Parliament for the Constituency.

The representatives at (d), (e) and (f) are from the local authority in which the constituency is situated. The Directorates of Planning and Finance in the local authority are mandated to provide the necessary secretarial and accounting services.[2] It is important to recognise that this committee is governed by principles set out in the Act for the management, disbursement and utilisation of the Fund, namely **transparency, accountability and equity.**[3]

The committee is expected to perform the functions stipulated in the Act,[4] such as;

a) Compilation of proper records, returns and reports from the Constituency
b) Receive and discuss annual reports and returns
c) Receive project list from the Ward Development Committee or receive proposals for joint projects with other constituencies
d) Deliberate on project proposals from wards of the Constituency
e) Develop and submit project lists to the local authority

Interpretation of (e) suggests that this should be ***'consolidate'*** because at (c) the committee is receiving a project list from the Ward Development Committee (WDC) and deliberating the same for finalisation and submission to the local authority.

1. Section 4
2. Section 5(4)
3. Section 3
4. Section 6

In essence, this committee lays the foundation for what type projects are actually worked on during the financial year and works in collaboration with the local authority to ensure implementation meets the aspirations of the community while meeting the accountability aspect. This essential is in keeping up with the decentralisation policy.

The Act provides that the Fund will draw monies from the following sources:[5]

a) Monies appropriated by Parliament as allocated in the national budget;
b) Grants, council contributions or donations; here we note that cooperating partners have active projects in the constituencies and these can be co-sponsored where needs-be.

The law provides that the funds are intended specifically for funding projects within the constituency. In order to ensure accountability and prudence, the local authority is required to open and operate an account with prior approval from the Ministry of Finance.[6] This is the account into which monies for the Fund will be deposited. Projects and investments will be paid from this account, with the local authority as the spending agency. Disbursements will be made from the constituency account subject to the Minister approving projects.[7] Procedure dictates that such disbursement will be made in the first quarter of the financial year and the principal officer responsible for finances of the local authority is the one vested with authority to maintain the books for the account.[8] The principal officer shall keep all details of receipts and disbursements on a monthly basis.[9] It is important that the law is expressly clear on the manner in which disbursements will be made from the account and records of expenditure to be maintained, including copies of bank statements. This will enable the Minister to lay before the National Assembly a report in respect of the Fund.[10] As far as the constituency account is concerned, the office bearers responsible for accountability are the Provincial Local Government Officer, the principal officer responsible for finances of the local authority, the Permanent Secretary responsible for local government and the Member of Parliament for that constituency.[11]

Of critical interest is section 11 which instructs that the balance of the Fund and the constituency account at the end of each financial year shall be retained for the purposes for which the Fund and the account is established. Caveats are placed on the uses to which the Fund[12] should be applied; firstly, that it shall not go outside disbursements to constituency accounts to meet the costs of approved projects and secondly, administrative expenses which are capped at not more than 5% of the Fund. Anything outside this purpose is illegal. The Act also expressly states that the funds shall not be used for political activities or anything else of a non-developmental nature.[13]

With prudent management of the Fund being at the core of this law, the Minister is charged with ensuring that fiscal controls and accounting procedures are strong; reporting procedures are clear for responsible officers to follow and others to

5. Section 7
6. Section 8
7. Section 9 (3)
8. Section 10
9. Section 10 (2)
10. Section 14 (1)
11. Section 10 (3)
12. Section 12
13. Section 18 (5)

appreciate.[14] Part IV of the Act provides elaborate provisions governing constituency development project proposals. This analysis will be anchored on this as it goes to the heart of the objectives of the Fund and successful implementation. The committee will be key to the successful implementation and delivery of projects for and on behalf of the constituencies. If the proposals are well articulated and speaks to the needs of the community, if proper contractors are engaged after careful scrutiny and monitored effectively, if record keeping is followed according to the prudent controls stipulated in the law, there is every chance that the allocation of K25 million per constituency will be a game changer across the country.

It is important to note that there are clear procedural requirements for development of project lists and it must be appreciated that efforts have been made to ensure that the process is participatory. The WDC is charged with fleshing out proposals for projects in the constituency upon request from the Constituency Development Committee CDC). This commences by way of advertisement, followed by an open meeting of key stakeholders in the ward. The proposals are submitted to the constituency development committee which compiles a proposed project list the year before the project is scheduled to commence. The number of projects on a project list is prescribed by law.[15] It is important to note that incomplete projects from a preceding year will still be counted as a project for the following year but it will not attract new funding, having already been funded in the previous financial year.

Constituencies may also enter into joint projects with other constituencies. Where this is the case, the constituencies are expected to share the costs and jointly coordinate the project; each participating constituency must reflect the project in their respective project lists.

There is emphasis on the need for projects to be community-based and developmental in nature; i.e. the projects should be for the benefit of a broad cross section of the community in a particular area.
From the foregoing, it can be concluded that the key highlights/expectations of CDF are:

a) Taking resources to the people.
b) Enhanced value in the projects scope.
c) Motivate Partnerships.
d) Encourage Prudent use of resources.
e) Supporting Local suppliers of goods and services so that resources are ploughed back into the community.

14. Section 13 (1)
15. Section 17

iv) Public Procurement Act

This Act revises the law relating to procurement so as to enhance transparency, efficiency, effectiveness, economy, value for money, competition and accountability in public procurement; it seeks to regulate and control practices relating to public procurement in order to promote the integrity of, fairness and public confidence in, the procurement process; it promotes the participation of citizens in public procurement; it continues the existence of the Zambia Public Procurement Authority; repeals and replaces the Public Procurement Act, 2008; and provides for matters connected with, or incidental to, the foregoing.

A distinction must also be drawn between capital projects to be undertaken by Central Government and those to be driven by the constituencies themselves. Normal Government allocations shall continue alongside the projects funded by under the Act.[16]

v) National Planning and Budgeting Act

An Act to provide for an integrated national planning and budgeting process; strengthened accountability, oversight and participation mechanisms in the national planning and budgeting process; principles and modalities for formulation, approval, implementation, monitoring and evaluation of long and medium term national, provincial and district development plans and budgets; coordination of national development plans with the National Planning Framework; a participatory and decentralised national planning and budgeting process which promotes the participation of state and non-state actors in the planning and budgeting process; evidence based decision making in national planning and budgeting; enhanced budget credibility; and matters connected with, or incidental to, the foregoing.

vi) Urban and Regional Planning Act

An Act to provide for development, planning and administration principles, standards and requirements for urban and regional planning processes and systems; provide for a framework for administering and managing urban and regional planning for the Republic; provide for a planning framework, guidelines, systems and processes for urban and regional planning for the Republic; establish a democratic, accountable, transparent, participatory and inclusive process for urban and regional planning that allows for involvement of communities, private sector, interest groups and other stakeholders in the planning, implementation and operation of human settlement development; ensure functional efficiency and socioeconomic integration by providing for integration of activities, uses and facilities; establish procedures for integrated urban and regional planning in a devolved system of governance so as to ensure multi-sector cooperation, coordination and involvement of different levels of ministries, provincial administration, local authorities, traditional leaders and other stakeholders in urban and regional

16. Section 29

planning; ensure sustainable urban and rural development by promoting environmental, social and economic sustainability in development initiatives and controls at all levels of urban and regional planning; ensure uniformity of law and policy with respect to urban and regional planning; repeal the Town and Country Planning Act, 1962, and the Housing (Statutory and Improvement Areas) Act, 1975; and provide for matters connected with, or incidental to, the foregoing.

vii) **Public Finance Management Act**

An Act to provide for an institutional and regulatory framework for management of public funds; the strengthening of accountability, oversight, management and control of public funds in the public financial management framework; responsibilities and fiduciary duties of controlling officers and controlling bodies; enhancement of cash management systems to ensure efficient and effective utilisation of cash for the Government; the processes for efficient production of the Financial Report for the Republic; the management and control of public assets and stores; the repeal of the Public Finance Act No. 15 of 2004; and matters connected with, or incidental, to, the foregoing.

viii) **Anti Gender-Based Violence Act**

This Act provides for the Gender-Based Violence Act (GBV) Fund meant to cater for the needs for the survivors of GBV. This will be disbursed in conjunction with the CDF guidelines where appropriate.

POLICY FRAMEWORK

Policies pertinent to the operationalisation of the CDF are the following:

a) National Decentralisation Policy
b) National Social Protection Policy
c) National TEVET Policy
d) National Youth Policy
e) Gender Policy
f) National Disability Policy

The framework is supplemented by the **Constituency Development Fund Guidelines 2022.**

NATIONAL DECENTRALISATION POLICY AND LOCAL GOVERNMENT OPERATIONS

In order to better understand the objectives of decentralisation and its application, a starting point is identifying the various types of decentralisation that a state can adopt to suit its vision. PMRC published a comprehensive analysis of the Decentralisation Policy which provides, among others, insights into the concept and what it seeks to achieve.[17] Below is an excerpt from the analysis pertinent to this paper.

17. PMRC, Decentralisation Policy Analysis – Improved Service Delivery for Sustainable Social and Economic Development, 2014

TYPES OF DECENTRALISATION

Essentially, there are five major types of decentralisation commonly discussed and these are set out in brief hereunder. These are meant to appreciate the choice of decentralisation under implementation in Zambia.

1. **Political/democratic decentralisation;** under this head, power and resources are transferred to authorities accountable to local populations. The proximity of officials to the community increases accountability and promotes community participation; as a consequence this leads to informed and responsive decision-making by the authority at that level.
2. **Administrative decentralisation;** this is where power is transferred to line ministry agents, the main feature of which is upward reporting for decision-making i.e. authorisation and permission is still required from Central Government where power is still vested. The primary responsibility of the agents is to execute directives from central government. This implies that approval must be sought for all decisions and therein lies the danger of minimal benefits to implementing de-concentration.
3. **Fiscal decentralisation;** this entails that decisions relating to fiscal resources and revenue generation are shared. An important element here is capacity of human resource to manage these financial resources. It is said to be the best model as Governments tends to be more responsive to the needs of the grassroots hence increasing spending on social services, health and education.
4. **Devolution;** this is a form of fiscal decentralisation and is generally the most favoured type of decentralisation because it fosters accountability directly to the locals; it facilitates fast and easy establishment of local needs. The transfer of responsibility for services to municipalities that elect their own mayors and councils, raise their own revenues and have independent authority to make investment decisions. Ultimately, these authorities operate as semi-autonomous institutions.
5. **Delegation;** here, Governments allot responsibility by creating public enterprises or cooperatives.

Government recognised that decentralisation is a major driver for delivering development, reducing poverty and supporting job creation through citizen engagement and participation at local level. Thus, **decentralisation by way of devolution has been Zambia's chosen path and it has been applied through financial mechanisms such as the Constituency Development Fund which is essentially a policy tool and development initiative whereby public money is dedicated to locally generated projects, aforementioned.**

Therefore, according to the National Decentralisation Policy (2013), the goal of decentralising Zambia's administrative systems originated from the need for community participation in fostering effective implementation of significant development programmes. This resonates with the tenets of National Agenda 2030.

The policy guides procedures for transfer of authority, functions and responsibility to lower levels of governance. It further sets out specific objectives to help meet the general objective of empowering the provinces, districts and communities in order to achieve effective socio-economic development. The strategies for achieving this are also elucidated in the policy.

CONSTITUENCY DEVELOPMENT FUND GUIDELINES 2022

The objective of the Guidelines is to provide guidance on **management, disbursement, utilisation and accountability of CDF.** Roles and responsibilities have been expressly set out for the avoidance of doubt, particularly in reference to implementation of projects, procurement, accounting and related controls, as well as monitoring and evaluation as espoused by the principles for CDF. Pursuant to the Guidelines, three main components for allocation of the fund are provided for, as follows:

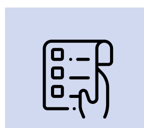
- **60% to community projects –** specifically relating to water and sanitation, education, health, security, road infrastructure, trading facilities and agriculture services.
- **20% to youth, women and community empowerment –** this is a targeted allocation for the youth, women's groups, Persons with Disabilities (PWD) and other vulnerable people. **These categories are encouraged to form groups, clubs or cooperatives according to the nature of undertaking they will seek funds for.** The funds will be allocated as grants or loans; loans are meant for cooperatives and established small and medium enterprises (SMEs).
- **20% to schools in the form of bursaries for vulnerable learners -** This particular aspect speaks to the need for enhanced human development and entrepreneurship.

Precedent in the form of the Commonwealth Principles and Guidelines for Constituency Development Funds provides instructive guidance when viewed against the CDF Guidelines[18]. The operations of CDF in Commonwealth jurisdictions have been successful where the following recommended principles were followed:


Responsivess


Transparency


Adminstrationn & Management


Accountability & Oversight


Monitoring & Evaluation

Responsiveness

18. Centre for International Development 2011

CDF is a distributive policy tool; therefore an inclusive process of consultation which fosters co-operation among constituents is imperative. In this way, regardless of political party affiliation, needs of constituents are met across the board. Responsiveness can be achieved through a variety of means, including public fora for discussions.

Transparency

This is a fundamental cornerstone of an open Government; citizens are part and parcel of decision-making. Project selection and implementation involves the beneficiaries having easy access to information.

Administration and Management

This must be efficient, effective and transparent. Maintenance of separate accounts is one way of ensuring this; a clearly defined structure for the administration of CDF helps in avoiding ambiguity and reducing the opportunities for corruption. Another important element is coordination – when all parties involved are aligned there is less tendency to waste resources.

Accountability and Oversight

This requires the promotion of project quality, improved decision-making; adherence to laid down procedures to avert malpractice.

Monitoring and Evaluation

Progress of project implementation must be monitored to ensure that projects are on course and targets met. Therefore, as the discourse around the CDF unfolds, it is important that we look to including some perspectives that strengthen the Zambian framework.

ROLE OF THE MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

The Ministry holds the statutory mandate for the Constituency Development Fund Act. The committees and the functions stipulated therein are further supported by the Guidelines which stipulate roles and responsibilities of other stakeholders, including the Minister. **Project appraisal and approval, payments and disbursements are all prescribed by the law.** Eligibility criteria for grants and loans is set out in the guidelines. For bursaries, the CDFC and local authorities are vested with the authority to deal with issues relating to eligibility.

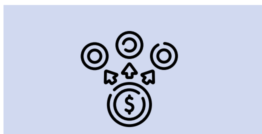
The expanded scope of the fund means that the Ministry has more responsibilities in terms of actualising the aspirations of the Decentralisation Policy. The 2022 National Budget allocated a total of **K4bn to the CDF for the 156 constituencies, being K25.7m for each constituency for developmental projects.**

In keeping with the decentralisation policy, **the 2022 allocation is meant to be a more effective decentralised system which is part of the overall national development plan.** This is in an effort to ensure accountability, effectiveness and efficiency in the use of public resources and target grassroots community needs and development to reduce poverty in Zambia.

The 2022 budget has actualised the final process of decentralization by ensuring resources through **CDF are increased from K1.6 million per constituency to K25.7 million to enable communities identify their development priorities, make budgets and undertake development programs according to their needs.** The budget has devolved functions to the local authorities that used to be performed by Central Government.

While this analysis elucidates the various aspects of the framework, it also delves into concerns about capacity to utilise the expanded Fund, both in quantum and in the scope of application. The report of the Auditor General in the last few years has highlighted several shortcomings in expenditure that translate into lessons learned going forward. With the increased scope of the CDF and the quantum, it is important to look at the recurrent categories under which queries arise, as follows:

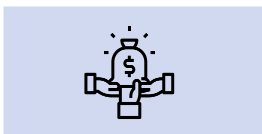
Weak procurement/ contract work



Unvouched expenditure

Unaccounted for stores

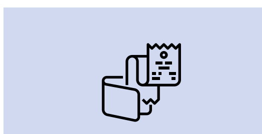
Unapproved projects



Misapplication of Fund

Failure to follow procurement procedures

Wasteful expenditure



Irregular payments[19]

The data from the report of the **Auditor General suggests significant difficulties in implementing projects aimed at micro development, both in completing projects to an acceptable standard and in utilising the funds made available.**

19. PMRC Constituency Development Fund (CDF) Policy Analysis 2015

It is common knowledge that Zambian rural areas are endowed with potential but lack basic amenities for the communities and those seeking to invest in those areas. A starting point could be to ensure the categories for allocation of the CDF have bankable priorities that align to the new thinking around investing in the constituencies in opening up lifelines for sustainable activities. To this end, it is gratifying to note that the Guidelines are clear and fall to the actual execution to ensure adherence. The communities know that women and children bear the burden of ensuring that households function smoothly; clinics – women deliver at home but could benefit from a dedicated maternity/under 5 clinics without the attendant hardship of long distances; desks in school and toilets especially for girls (this has been identified as one of the key reasons girls' school attendance is poor and falls under school-related GBV). This is the foundation for bankable CDF project proposals and what eventually finds itself on the project list to be submitted to the Minister. **Therefore, the onus is on the Constituency Development Fund Committee and the Technical Appraisal Committees to ensure that project proposals are appraised for viability, relevance and eligibility.** The Appraisal Committee is expected to design and cost projects, and to ensure that projects are aligned to integrated development plans.

CDF BEST PRACTICE

In spite of the relatively widespread application and increasing quantum of CDF, no international standards or guidelines regarding the principles or key aspects of such a fund are in common use, nor have there been any templates or tools for the implementation of CDF. **International best practice would play a pivotal role in identifying weaknesses in the administration of Zambia's CDF and in enhancing both policy and practice, going forward. The increase in funds and decentralisation necessitates urgent action on the part of policy makers to devise norms, rules and procedures for effective and efficient operations.** In its 2015 analysis, PMRC conducted a comparative analysis of CDF across 4 countries namely **Malawi, Kenya, Uganda and Jamaica.** The key principles or goals behind CDF is generally constant between countries, as demonstrated below:

Zambia	To finance micro-community projects for poverty reduction.
Malawi	To respond to immediate, short-term community development needs and ensure that rural development spreads evenly throughout the country.
Kenya	To promote development and alleviate poverty at constituency level.
Uganda	To address poverty at the grassroots level, where other Government poverty reduction policies have not succeeded more fully.
Jamaica	To promote human and infrastructure development at the community and constituency level and to empower Members of Parliament to respond to the needs and priorities articulated by their constituents, thereby achieving improved governance at local level.

Variations notwithstanding, the core principles are the same across the countries.

KENYA

In Kenya, the CDF is also a creature of statute (Constituency Development Fund Act 2013) and was established as a means of ensuring fair distribution of funds, consequently leading to more 'even-handed development in Kenya's constituencies'. Kenya boasts a robust framework of committees for the effective and efficient management of CDF. This comprises project management committees (PMC), Constituency Fund Committee (CFC), District Project Committee (DPC) and the Board of Management. It is managed at local level by the Constituency Development Committee and at national level by the CDF Board. Each of these committees has a defined role to play in the bureaucracy of running the CDF.

CFC is vested with overall supervision of CDF, which is essentially the Parliamentary committee composed of 11 members of parliament, approved by the National Assembly and who are not part of Cabinet have the responsibility of determining the fund amount and distribution thereof, the manner in which unspent funds shall be used, and overseeing the CDF legislative and policy framework to ensure the CDF operates smoothly.

The Constituency Development Fund Committee (CDFC) has full discretion to determine the CDF disbursement amount and payment modalities to the various projects as well as the priority of projects. This is done in consultation with Government departments to ensure reasonable cost estimates are made. Membership of this committee includes the MP, Councillors, a District Officer, 2 religious representatives, 1 NGO representative, a Fund Manager and 3 other MP-appointed members.

The Board of Management is a legal entity comprising seventeen members drawn from Government and eight nominees in the fields of accountancy, finance, engineering, economics, community development and law from outside government. In addition to these eight, four more members may be nominated by the Minister. The board serves for three year renewable terms. The board employs a Chief Executive Officer (CEO) who must be ratified by Parliament. The CEO and two other board members are signatories to the national CDF account. The board administers and approves payments from the fund.

Project implementation is overseen by Project Management Committees and projects cover healthcare, education, security, sanitation and water treatment. The project management committee is responsible for implementation of CDF projects; this committee is a public entity that implements or manages individual projects on behalf of the community. Members of this committee are drawn from the communities in which the projects are undertaken. The work of the committee includes procurement management, keeping proper records and accounts, contract supervision and liaising with both Government officials and the community.

In terms of the source of the Fund, regulations specify that the fund should comprise not less than 2.5% of national revenue, 75% of which is equally distributed among all constituencies. The remaining 25% is then allocated to poorer areas in greater need of development, focusing on principles of equity and redistribution.

TANZANIA

Tanzania follows a similar principle of CDF distribution whereby 25% is distributed equally, 45% in relation to population size, 25% to account for the poverty margin and the remaining 10% according to geographical size. This is modelled on the Kenyan precedent.

UGANDA

Uganda has a system similar to Zambia in that it follows a system of equal allocation of funds to all constituencies. Whereas the fund was established in 2005 and guidelines.
To this list of countries, others can now be added that have scaled the CDF mountain and are in a position to share lessons for Zambia to emulate in the quest to ensure that it drives the success of community-based development initiatives. These are Sierra Leone, Rwanda, Ghana, Liberia and Namibia. These will be reviewed later in the series.
Valuable lessons can be extracted from Kenya, Tanzania and Uganda. While they all reveal that implementation of CDF projects has not been without its challenges, there are some success stories of communities that have benefited from developmental initiatives in their constituencies. It is generally acknowledged that with increased public awareness and interest, the CDF can benefit and meet the development needs of local communities. It has been successful in constituencies where the following best practices have been observed:

1. The MP does not interfere with the decisions of the Constituency Development Fund Committee.
2. The CDFC members are competent professionals from various fields
3. There is commitment and unity among CDFC members.
4. There is high awareness among members of the public.
5. There is good communication between members of the local communities
6. There is high level of public participation through frequent open meetings and access to CDF information and records.
7. The CDF maintains sound records in accordance with the CDF implementation guidelines.
8. The CFDC remains open to the public and readily supplies CDF information upon request.[20]

In terms of potential challenges, Tanzania reveals some of the potential pitfalls and areas that it needed to work on:

- Weak fiscal capacity i.e. weak internal audits/financial irregularities.
- Failure to reconcile bank statements.
- Capacity building in the internal audit units of councils.
- Increased information regarding development programmes
- Link between local revenue collection and local expenditure.
- Clarification of roles between lower level Government and higher level local government.

It is gratifying to note that the foregoing is widely accepted as key to successful implementation of CDF. In a policy paper titled "Zambia's Constituency Development Fund: Policy Considerations" (2021) Casey et al state that it is important for the communities and their representatives to have a shared sense of purpose and ownership and this can best be achieved by fostering the participation of all concerned.[21]

In general, it has been argued that CDFs can address a number of developmental challenges. However, this has not ruled out contrary positions on the importance of CDF. In a briefing document titled ***What is wrong with the Constituency Development Fund*** (2010), Van Zyl presents two sides to the coin. In support of CDF, Van Zyl states that it purportedly has the following benefits:

- Ensures project delivery in the face of ineffective and corrupt Local Government structures;
- Bypasses central bureaucracies and channels funding directly to community level;
- Enables the participation of the local population in the choice of which local infrastructure is delivered;

20. Policy Forum Tanzania, Constituency Development Fund in Tanzania: The Right Solution? 2008
21. Casey, Katherine; Rodriguez, Andre; Sacchetto, Camilla; Wani, Shakru; Paper on Zambia's Constituency Development Fund: Policy Considerations, 2021

- Empowers the legislature by allowing them to allocate and spend money independently of the executive; and
- Allows MPs to respond directly to concrete demands from their constituents, something that they may not be powerful enough to make the executive do.

The foregoing notwithstanding, Van Zyl shares what he terms three basic concerns:

1. CDF breaches the separation of powers principle: The separation of powers is meant to reduce the risk of poor governance by limiting the authority of each branch of Government. It ideally should help the judiciary and the legislature to limit the power over budgets through audit reports to hold the executive accountable for implementation of the national budget.

In Zambia, the roles are comingled in that the Constituency Development Fund Committee comprises a mix of officials from the Ministries of Local Government and Rural Development, Finance and National Planning; area MP and others. Essentially this is the Executive and the Legislature overseeing spending of public funds. In essence therefore, this does indeed breach the constitutional principle of separation of powers. However, the institutional design and legislative framework has not been breached because of the degree of control enabled by a democratic and efficient system of governance which assumes a measure of impartiality in the way in which the executive manages and spends the budget. The decentralisation policy has sought to devolve power from central government to provincial level downwards. In this instance, commitment to devolution is largely supported by Government increasing the scope of CDF in the 2022 budget to ensure that constituencies influence their own local infrastructure projects. Zambia does not employ the budget system whereby the legislature enacts the budget but is not involved in implementation. The institutional design is such that the member of parliament sitting at national level in the legislature as a representative is still expected to ensure that management of CDF at local level is conducted in keeping with the expectations of the constituency.

2. CDF reduces Government capacity to deliver services: The concern here is that equal amounts allocated to each constituency are retrogressive because not all constituencies have the same challenges. Examples are given of countries that use this approach with different levels of success such as India, Pakistan, Uganda. The alternative approach is to use a progressive allocation structure which includes an equity and redistribution objective that favours poorer areas in the overall system for distribution of funds. Examples of jurisdictions that have done this are Kenya and Tanzania.

Zambia allocates equal amounts to all constituencies regardless of population or geographical size or indeed poverty levels in the constituencies. The Economic Association of Zambia is on record as having called for this to be revisited, highlighting the need for meaningful, spatial allocation of the CDF.[22] A similar argument was advanced by ZIPAR, pointing out that equalisation of development across the country would call for policy intervention to re-allocate more resources to needy areas that have lagged behind for a variety of reasons.[23]

The allocation and utilisation of CDF needs to be decisively addressed. There is a growing evidence base supporting the distribution of CDF which indicates a preferential system of CDF will help in driving impact of resource utilisation and maximising benefits to the communities. Improved availability of accurate, detailed social and economic baseline data will assist in better targeting of development needs, in informing planning needs and procedures as well as in measuring progress implementation. The main issue here therefore is to make a strong case for determining whether one constituency is more in need of greater support in terms of preferential funding in order to reduce poverty. **It is possible to even tie this preferential treatment to a specified timeframe until the less developed areas are pulled up to a level where poverty levels are reduced and the constituencies become productive and self-sustaining.** This cannot be over-emphasised; calls for micro community projects aimed at poverty reduction are not new. When viewed through the lens of extreme poverty levels in some areas, the degree of development intervention required to alleviate this and contribute to sustainable development should really be an issue on the discussion table, with the spotlight shining on alignment of national planning and existing poverty alleviation strategies. **Here thought should be spared for the many schools with no desks, ablution blocks, dedicated classroom or indeed the clinics with no running water because there are no boreholes in the vicinity. These should be the real picture of where CDF should go urgently, where the resources can best be utilised and have the most impact in the short-term.**

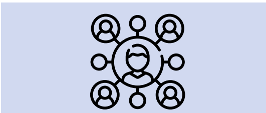
According to Van Zyl, most developing countries have been the target of internally and externally driven local government reforms but the benefits of these reforms have often been limited because of low capacity, insufficient transfer of funds or bureaucratic disorganisation. CDF runs the risk of diverting even more funds from embattled Local Government and placing additional administrative burdens on them. When this is applied to Zambia, what becomes a concern is whether the amount allocated to CDF is at the expense of the Local Government budget. The implication is that of an overstretched capacity and parallel administration because the local government administration is expected to monitor implementation of the fund as well. These are some of the issues that need to be actively addressed.

3. Weakened oversight capacity of the legislature: This is against the fact that the ideal role of Parliament is to make laws and oversee executive implementation of the said laws.

22. Economics Association of Zambia, Report on the Impact of the Constituency Development Fund in Zambia 2011. In this report the EAZ was of the opinion that reliable constituency level data was required, including population demographics, access to services and poverty levels.
23. Kakungu, F. Resource Allocation Model for the Constituency Development Fund, ZIPAR Working Paper No.13 , 2013

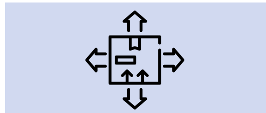
CONCLUDING OBSERVATIONS

PMRC notes that the discourse around CDF over the years has raised project and process issues that need to be addressed in order to ensure the highest impact in the medium to long term.[24] Once these are understood, this can better inform key steps in an improved and targeted CDF process. The issues can be summarised as follows:

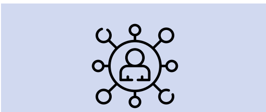


Knowledge of local communities

Timely release of funds



Local distribution of funds at constituency level



Use of local labour & materials implementation

Monitoring of projects

Enforcement of sanctions where CDF is misappropriated

(i) **Knowledge of local communities:** Since the introduction of CDF and through its growth as a tool to lift communities out of poverty, local community involvement has grown. In order for the impact of CDF to be meaningful, it has been identified over time that involving the local communities is a key factor. This ultimately influences the suitability and appropriateness of projects at grassroots level and also the ability to deliver sustainable development. **In the early years of its implementation, knowledge about CDF and its objectives was relatively low. For instance, research conducted by the Evangelical Fellowship of Zambia in 2013 revealed that a third of respondents interviewed had never heard of CDF or who represented them on the constituency development committees.**[25] This implied a lack of involvement in project selection and ultimately affected the ability for communities to benefit from the fund. With recent developments such as the enactment of the law in 2018, it can be safely said that community engagement has improved although more needs to be done.

Accessing information about CDF, particularly about eligible projects, filling out project proposals, and other process matters should not be impeded, particularly that the communities are expected to work with the ward development committees on project selection. This in turn facilitates proper reporting on progress to the National Assembly by the Minister, for instance. The highly acclaimed increased allocation to CDF has generated the necessary traction for transparency and community involvement. There is a lot interest and Government has emphasised its commitment to devolution of responsibility to local authorities; **to this end the framework for implementation needs to be more responsive than ever before. There are now more seats at the decision-making table in view of the three components of the fund (community**

24. PMRC CDF analysis 2014. These issues remain relevant for discussion today, more so with the increased allocation and robust framework for implementation. The process can now be fixed because in hindsight, some of these issues were as a result of limited knowledge and commitment to ensuring decentralization was actualized.
25. Evangelical Fellowship of Zambia, Constituency Development Fund: Transparency in Grassroots Development (2013)

projects; youth, women and community empowerment; schools) which widens the pool of primary beneficiaries of the fund.

(i) **Timely release of funds**

The timely release of funds is a critical factor to the successful uptake and utilisation of the fund. Previously, the process from advertising and preparation of project proposals to tendering meant that funds were only released in the third quarter of the financial year. The 2022 CDF Guidelines now expressly stipulate how this will be done and in compliance with legislation, funds will be released within the first quarter of the financial year.[26]

(ii) **Local distribution of funds**

This is another issue that has attracted a lot of interest. Allocation of funds within constituencies and the types of projects to which they apply are provided for in the Guidelines. Previously there was no specific guidance on what type of projects were covered by CDF. This has been blamed on the proliferation of projects and the short-term approach to development, with little in the way of interaction with other Government initiatives and development plans. Current efforts are aimed at ensuring more coordination between and among participating institutions. It is also imperative that there should be a forum or opportunity for Members of Parliament (MPs) and other CDF players to interact and discuss how CDF is to be utilised in order to learn from the experiences of other constituencies. In this way, the potential for sustainable development is enhanced. Workshops have so far been held to build capacity and share information on the process. What remains is to entrench engagements with the constituency offices as part of the required presence to ensure accessibility.

(iii) **Use of local labour and materials**

Recent policy pronouncements have been skewered towards reducing on imports and positively exploiting abundant local resources. **CDF implementation should maximise the use of local labour and materials; local representatives are encouraged to asses progress in this endeavour.** This notwithstanding, there have been concerns about the quality of projects resulting from low capacity and skills levels of local labour. Poor quality materials supplied by local community members, although a good initiative, have also been known to undermine the overall integrity of projects. This has influenced the argument for the importation of finished goods (e.g. desks) which are a strain on finances and are also a conduit for corruption in some instances. This is therefore a challenge to local manufacturers as well as technical experts to ensure that goods produced and supplied under the new scope of CDF are of high quality and meet value for money principles. As the Government seeks to empower local communities and entrepreneurs, skills training and development have a niche to fill.

26. Section 9(4) Constituency Development Fund Act; it expressly provides that funds will be disbursed within the first quarter of each financial year or soon thereafter…

(iv) **Monitoring of projects**

Issues with poor quality project implementation have been attributed to a general failure of monitoring. **The failure to conduct monitoring visits by council officials has been as a result of logistical challenges occasioned by insufficient budgetary allocations. This has been addressed by stipulating that 5% of the total budget be allocated to administrative costs.** While councils are established bodies with existing administrative capacity, this additional responsibility can be met through the 5%. The issue is to make sure it is applied specifically for this purpose and that personnel are clear about their roles and responsibilities.

(v) **Lack of Sanctions**

There have been several audit reports prepared by the Office of the Auditor General on the operations of local authorities.[27] Lack of earlier guidelines are likely to be the reason why there were no sanctions for abuse of CDF. With the 2022 Guidelines coming into play as read with the law, abuse of CDF will attract penalties for abuse of public funds. **Clear sanctions to deter abuse are necessary if the objectives of CDF are to be met; these should apply across the board, whether abuse is by the local authorities, community members, politicians or indeed contractors. The Guidelines are instructive in this regard.**

RECOMMENDATIONS

The foregoing and emerging issues since the 2022 Budget announcement of the increased CDF all support consensus that implementation of a revised system of development requires some improvement in order to run effectively and efficiently while continuing to address the welfare of the grassroots. The recommendations refer to the various aspects of the framework, including the guidelines.

CDF ACT

The following observations were made on what needs to be remedied in the Act:

1. The nominees of the MP should be extensively vetted and cleared; the increased responsibility dictates that these will not merely be token nominations but based on certain attributes that will add value to their presence on the committee. This will take care of concerns about cronyism.

2. On the functions of the committee, (c) and (e) are similar.

3. Section 9: In relation to disbursement, there is need to look at this section critically and address some concerns/grey areas. What has been the practice with unutilised funds in preceding years? In general, how has the account been managed? It will be important to know considering the modality for the administration for the Fund has changed and the quantum increased.

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27. Report of the Auditor General on the Audit of Accounts of Local Authorities for the Financial Year Ended 31st December 2020

4. The Act provides for a committee providing reports; what is the council's role in relating to this report? The issue is to avoid duplication of roles
5. S16 (3) is worded wrongly: A ward development committee shall identify and prepare a proposal for submission to a committee **before** "receipt of funds". This provision has omitted the approval step by the Minister. This approval is what triggers the release of funds. Should this be taken that the committee can approve/disapprove what comes from the WDC?
6. Section 18 (3) states that funding for projects will cover studies, planning and design (or technical services); there need to be safeguards against mischief in this regard – overpriced technical services at the expense of actual project implementation.

In relation to the Guidelines, PMRC finds that this extract from a policy paper prepared on behalf of Government captures the recommendations best, key being the process outlined below:

- Determine and communicate Government objectives of the CDF expansion clearly and widely to citizens in order to **help create a shared sense of purpose among citizens in support of the programme, manage citizen expectations, and ensure that citizens understand how they can participate in the CDF.** Part of this messaging should be one of learning and innovation: explain how the Government will pilot different approaches to CDF implementation, learn from these successes and failures, and implement the lessons learned incrementally to improve CDF effectiveness over time.
- Establish a cross-governmental CDF working group, using the whole-of-Government approach. With representation across key Government departments including the Ministries of Finance and National Planning, Local Government and Rural Development, Community Development and Social Services, Education and Health. The working group should have a clearly defined scope, ideally focused on implementing these recommendations, national monitoring of the programme roll-out, identifying priorities for experimentation and learning, and guiding subsequent reforms to its design.
- Earmark funds for a local council **capacity development survey and programme** because local councils are at the core of CDF's institutional structure. Building their implementation capacity is critical to delivering the CDF programme effectively. To achieve this, Government is urged to consider fielding a survey of all councils, the Ward Development Committees (WDCs) and CDF Committees (CDFC) to identify their needs and tailor technical assistance accordingly. As matters stand, the immediate first step required is to earmark funds to support this survey and the subsequent capacity development programme.
- Amend the CDF project proposal forms to collect more standardised data. The CDF Guidelines include a proposal form for community-based projects which

should be amended to capture more detailed and standardised information. Implementing these changes and systematically compiling the data collected from these forms will strengthen accountability and help the Government gain a better understanding of the strengths, weaknesses, and impacts of the CDF. This would enable Government to extract useful lessons for improving the programme.

- Create a standard monitoring framework for CDF projects. Under the new Guidelines, CDF projects will be monitored by wards, local councils, provincial authorities, and then Central Government. While this is an excellent step, a monitoring framework to supplement the new Guidelines can provide an important blueprint to ensure rigorous monitoring.

- Develop an impact measurement strategy for CDF-funded projects. Understanding whether the CDF is accomplishing its objectives is crucial to assessing its effectiveness and to increasing its impact over time. T**his will require designing an impact measurement strategy that identifies the desired outcomes, defines ways to measure them, and secures the budget needed to undertake an impact evaluation in the future.**

- **Standardise and digitise key data for all local councils and create a central repository at the Ministry of Local Government and Rural Development on project proposals, characteristics of approved projects, projects being procured, and those finished and evaluated should be standardised and digitised using basic software at the council-level and collected nationally in a central repository at the Ministry of Local Government and Rural Development.** This will enable the creation of data dashboards at local and national levels that provide real-time updates on the CDF's progress. As a first step, creating this software and rolling it out to higher-capacity councils, such as Lusaka which is home to multiple CDFCs, can provide an important foundation that can be scaled up.

- Support local innovation to learn what works best through working with specific councils and CDFCs that can act as reform champions and can allow for experimentation with different practices. Doing so, can provide valuable evidence on what works best and the foundation for program-wide reforms beyond 2022. For example, some committees could adopt slightly different approaches to the project selection process, such as through a community-wide participatory approach in the budgeting. Comparing how different practices reflect on the programme outcomes and impacts could provide insights that could be replicated and institutionalised.

- Improve monitoring of the programme, such as through random centralised audits and increased community audits. Government can consider several measures to further improve monitoring on two aspects of the CDF: — Fiscal monitoring of the CDF to ensure that there is no leakage in project procurement. — Procedural monitoring to assess if funded projects being funded are being implemented on time and in compliance with the Guidelines.

- Move towards multi-year funding commitments by linking with the Medium-Term Expenditure Framework to the CDF. This can promote longer-term planning and investment, allow larger projects to be more easily procured, demonstrate to local communities that the CDF is a transformative source of local investment, and convey a strong commitment to decentralisation.
- It is also recommended that a possible business model be developed in order to ensure that the constituencies run their developmental projects as investments that can benefit the constituency by bringing in income.
- Stakeholder engagement should be institutionalised to ensure targeted implementation. The existing Ward Development Committees and Constituency Development Fund Committees are good facets of the system, in addition to the Technical Appraisal Committees.
- It is also recommended that political involvement be removed. The tenets of good governance should be employed decisively; decentralisation should be demonstrated, which in turn will influence self actualisation, empowerment of local entrepreneurs who are now expected to take centre stage, skills training to ensure quality and value for money. The use of local resources should be encouraged so that communities are self-sustaining
- Review and develop a **local labour pool or database linked to training programmes** so that only skilled labour is selected for construction and implementation of projects.

PMRC is fortified in the belief that the readjustment of CDF to support the expectations of decentralisation and enhanced community development is an important policy move and will enhance a longer-term development approach.

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