



The space and voice of mwananchi



Taking **RESPONSIBILITY** as **KENYANS**



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CITIZENS' GUIDE BOOK ON DEVOLVED FUNDS

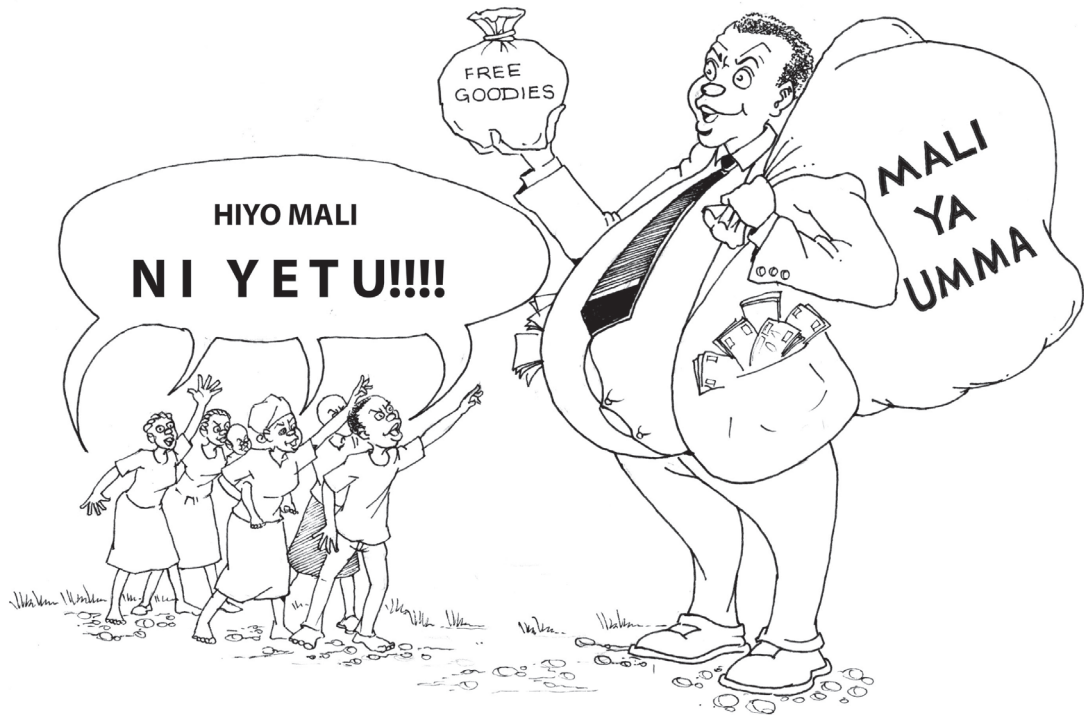
Good governance is the proper management of public resources by anyone in public authority. Whether it is the President or garbage collector in our local authority.

In determining whether there is good governance in the management of public resources, citizens need to act before processes of using public funds are initiated.

The basic measure for differentiating between good and bad governance is the outcomes of policies promoted by public institutions. It is important that citizens establish their own independent mechanisms which monitor public resource use and inform them. Such institutions would intrinsically have the societal best interest.



What are public resources and to whom do they belong?



We have often heard ourselves or other people refer to "*Mali ya Umma*", usually when talking about "goodies" that we can exploit without feeling responsible to anyone. The English translation of "*Mali ya Umma*" is public resources; but are public resources "free goodies" that do not belong to anyone?

Umma means the public. But which public is this that has such unlimited resources and is so generous that it lets anyone use these resources in any manner and without fear of any consequences?

The public is us - Citizens. Public resources are our collective resources: they belong to all of us. They are our common heritage, to which no individual or section of the population can legitimately claim exclusive ownership. When you waste them you are robbing yourself.

The wealth of the nation that is held and managed for us by the government in the form of money and other assets, such as buildings and machinery, is part of our public resources. Individuals who are put in positions of public responsibility are also our public resources - to the extent that they are required to serve the public



What are the sources of the money part of our public resources?



Government has no money of its own. The taxes that citizens pay directly and through different business processes are the most important sources of government income or revenue. Other sources are loans as well as fines imposed by judicial and quasi-judicial tribunals and grants in aid taken by the government in our name.

The most common taxes are;

- Value Added Tax (VAT)
- Licenses and other statutory fees
- Customs and excise duties
- Pay As You Earn (PAYE)

The government is supposed to spend this revenue on citizens' welfare priorities such as:

- Providing public services
- Building and improving infrastructure
- Providing a conducive environment for doing legitimate business
- Undertaking research to determine our best development needs
- Maintaining law and order

The Government and citizens have an important role to play in the good management of public resources. Citizens should monitor how public resources are managed. Citizens should also systematically either, individually or through their organizations, put pressure on public

officials to account for their use of public resources. This could be through participatory mechanisms, such as citizens' report cards and social audits.

Devolved public funds and the role of citizens

The previous governments before 2003 adopted policies of making development decisions at district and lower levels. All decisions on public spending were still made at the national level and communicated downwards.

The current government is attempting to decentralize decision making on the spending of public funds. This has resulted to several public funds whose utilization is supposed to be decided at either the constituency or district levels. These include the following:

- The Constituency Development Fund (CDF)
- Local Authority Transfer Fund (LATF)
- The Constituency Aids Fund (CAF)
- The District Roads Maintenance Fund (DRMF)
- The Constituency Bursary Fund (CBF)
- Poverty Eradication Fund (PEF)
- Youth Enterprise Development Fund (YEDF)
- Women Enterprise Development Fund (WEDF)
- Free Primary Education Fund (FPEF)

The Constituency Development Fund (CDF)



Petitioning the local MP and the Management Committee where it is felt that the projects chosen for funding do not reflect priorities of the group.

The Constituency Development fund (CDF) was enacted by the 9th parliament in 2003 to establish parliamentary constituencies as units of development planning and spending. The government is required to set aside an amount of not less than 2.5% of all its ordinary revenue in every financial year to be disbursed directly to the constituency level.

The fund is shared among all constituencies and is managed locally by the Members of Parliament, together with an appointed management committee. From 2006 financial year, each constituency received an average of Kshs 50 million.

CDF should fund local development projects that have been identified and prioritized by citizens in the constituency, using laid down procedures. Some projects may, on agreement, be jointly undertaken across constituencies and funded by more than one Constituency Development Fund.

The CDF implementation mechanism gives a lot of freedom to MPs to decide what should be done. (Currently, there is a proposed amendment to the CDF Act to take these powers away from MPs.) The National CDF Management Committee and the District Development Officers are expected to ensure timely compilation of returns from the constituencies and keep proper books of accounts for CDF projects. All CDF accounts are audited annually by the Controller and Auditor General and a report is submitted to parliament.

CDF provides many opportunities for citizens' involvement in the management of public resources and subsequently their contribution towards good governance.

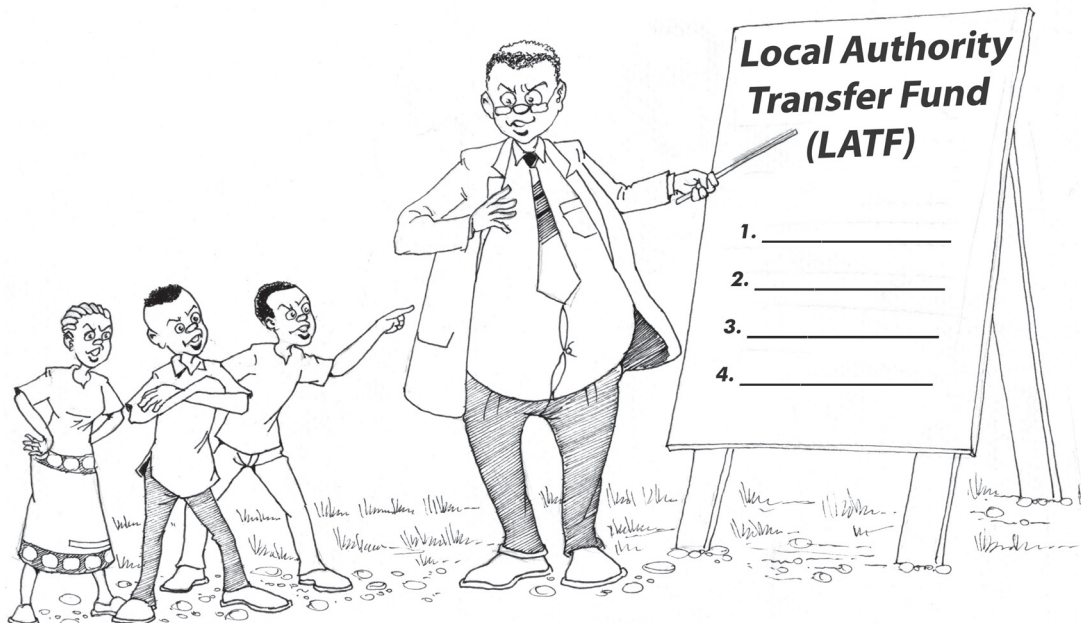
As the debate continues on who should ultimately be responsible for managing this fund, citizens' should organize themselves and demand to be consulted on the constitution of the management committees, on which projects should be funded and how the money should be spent.

Citizens should also organize themselves and seek necessary information in order to monitor the use of the fund and try and stop any kind of mismanagement before it happens.

A citizen can be active in the management of CDF by:

- Attending all location development meetings and proposing projects that are relevant to the locality;
- Demanding that the Constituency CDF Management Committees are chosen in a democratic manner;
- Petitioning the local MP and the management committees where it is felt that the projects chosen for funding do not reflect the priorities on the ground;
- Reporting any incidence of corruption or misuse of CDF monies to the Kenya Anti-Corruption Commission (KACC), Ombudman, Public Complaints Standing Committee, Kenya National Human Rights Commission (KNHCR), CDF Board, Constituency Fund Committee, and others.

Local Authority Transfer Fund (LATF)



Monitoring council activities to ensure residents' priorities are not sabotaged.

The Local Authority Transfer Fund (LATF) was established by parliament via the Local Authority Transfer Fund Act No.8 of 1998, as a grant from central government to the local authorities for the primary purpose of enabling them extend and improve services to their residents. LATF is supposed to be 5% of the annual tax revenue. In the 2006/2007 national budget LATF was allocated Kshs. 7billion

LATF was introduced as part of reforms meant to improve the management and governance of local authorities, following the realization that the majority had failed to deliver services to residents owing to high levels of debt and rampant mismanagement

LATF was created with three key objectives:

- To enable local authorities improve local service delivery to the public
- To improve financial management, revenue mobilization and accountability in local authorities
- To eliminate all outstanding debts owed by local authorities within five years of the Act becoming operational (i.e. by 2005)

60% of the total LATF allocation is exclusively meant for service delivery projects which are identified within a given local council for the direct benefit of area residents. 40% is supposed

to be spent improving the council's performances by paying for capacity building, administrative costs and debts.

The Local Authority Service Delivery Plan (LASDAP) is the planning document that is supposed to contain priorities identified jointly by the authority together with residents. These projects are then funded through LATF.

Timely production of a LASDAP is one of the five criteria used in determining the level of allocation of the performance component of LATF to respective councils.

Local Authorities are required to prepare a list of active organizations operating within their area of jurisdiction, for them to participate in LASDAP consultations. They are expected to prepare and thoroughly publicize timetables indicating venues and dates of LASDAP consultations. LASDAP consultations involve holding meetings targeting the general public or specific organizations or interest groups.

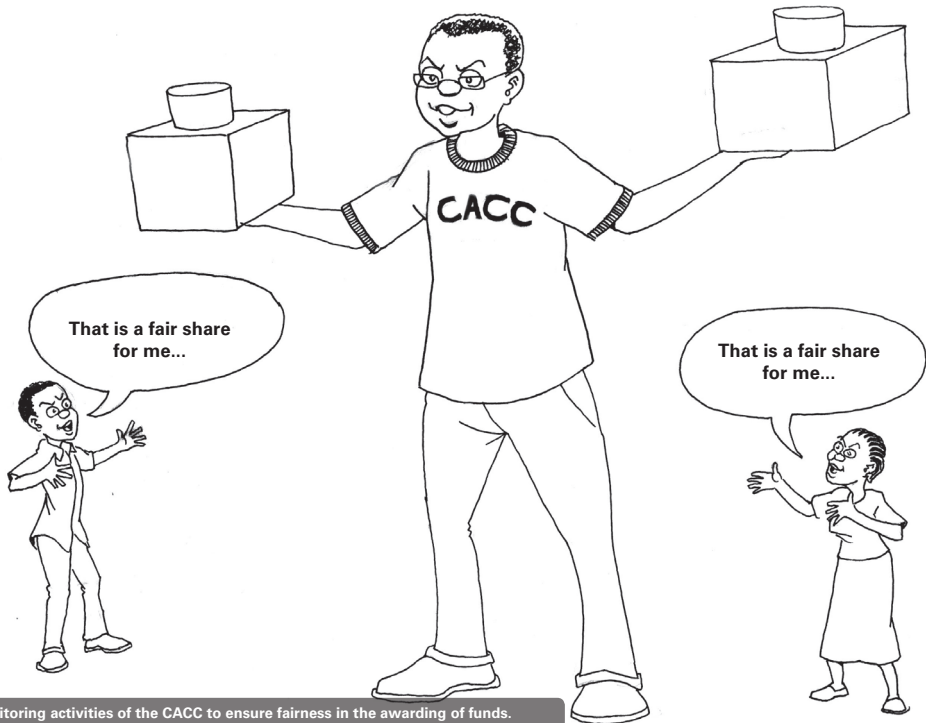
Citizens can participate actively in management of LATF by:

- Sensitizing the community on the existence of LATF and LASDAP;
- Participating in LASDAP meetings;

- Monitoring implementation of projects to ensure transparency and accountability, as well as having a focus on vulnerable groups;
- Monitoring council meetings to ensure residents' priorities are not sabotaged;
- Petitioning the Permanent Secretary in the Ministry of Local Government on any irregularity noted in the utilization of LATF.

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The Constituency Aids Fund(CAF)



Monitoring activities of the CACC to ensure fairness in the awarding of funds.

The National Aids Control Council (NACC) was established under the Office of the President to ensure mobilization of resources and coordination of activities for the prevention of HIV/AIDS. It was also intended to provide care and support to infected and affected people in Kenya. To achieve this, NACC has developed a strategy of empowering communities to participate through Constituency AIDS Control Committees (CACCs).

A CACC is a multi-sectoral committee bringing together representatives the government, political leaders, youth, women, civil society and faith-based organizations. CACC is established by an oversight team comprising the area MP and divisional heads of government ministries. Local organizations can receive funding from the NACC through the CACCs of amounts up to Kshs 350,000 per project

A citizen's role in relation to this fund can be:

- Sensitizing the community on the existence of NACC grants and CACCs;
- Participating in election of CACC representatives;
- Monitoring activities of the CACC to ensure fairness in the awarding of funds;
- Monitoring activities of the local organizations awarded funds to implement HIV/AIDS activities;
- Petition the local MP and NACC headquarters on any irregularity noted in the election of

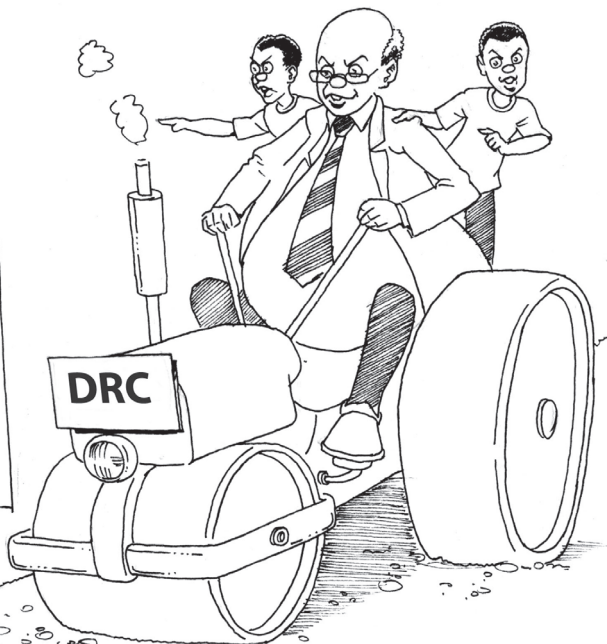
representatives, proposal approval process, or the implementation of activities by the funded organizations and

- Advocating for more allocation towards the poor and other disadvantaged people as beneficiaries of this fund.

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The District Roads Maintenance Fund(DRMF)

**ROADS EARMARKED
FOR REHABILITATION
AND
CONSTRUCTION WITHIN
THE CONSTITUENCY
AND DISTRICT**



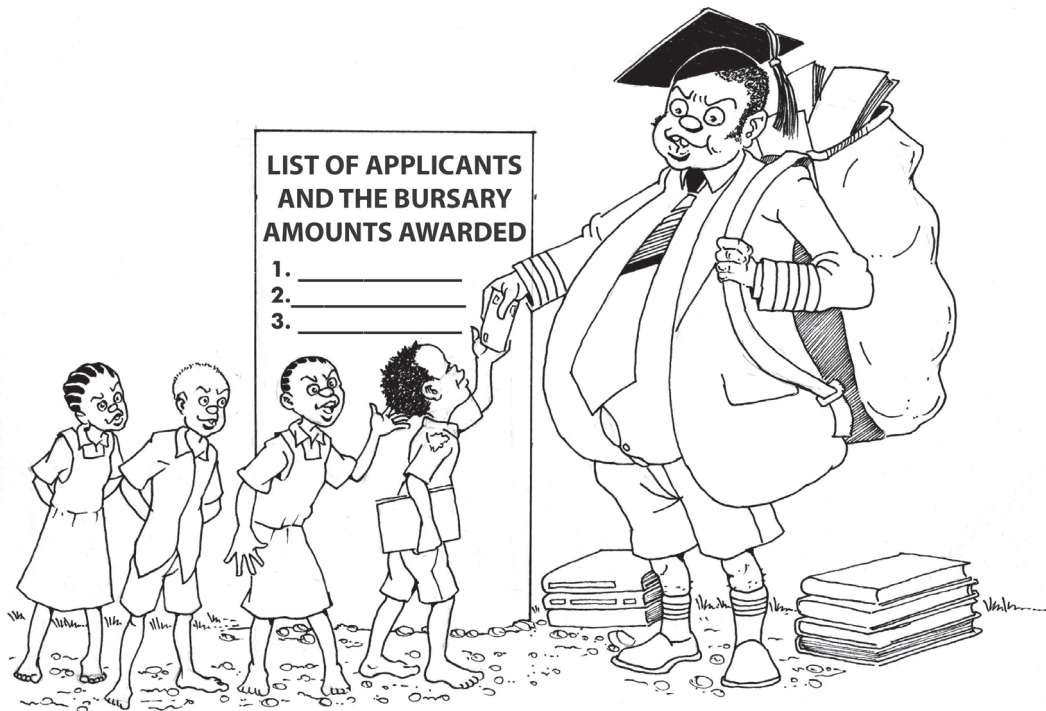
The Kenya Roads Board (KRB) is a statutory body set up by the Kenya Roads Act of 1999 to oversee and advise the government on development, rehabilitation and maintenance of the road network in Kenya. KRB gets funding from the fuel levy that is paid by consumers who buy fuel and also from donations, loans and its own investments. District Roads Committees (DRCs) are established as the implementing structures at district level. They are mandated to maintain, rehabilitate and develop class C, D and E roads within the district and constituency.

DRCs select and prioritize roads earmarked for maintenance, rehabilitation or construction in line with guidelines from KRB. The DRCs are composed of political leaders, the District Commissioner, District Roads Engineer and two other members co-opted by the committee to represent special interests, as the committee may determine.

A citizen's role in relation to this fund includes:

- Sensitizing the community on the existence of the KRB fund and DRCs
- Monitoring activities of the DRC to ensure fairness in allocating funds
- Demanding publication and public display of lists of roads earmarked for rehabilitation, maintenance and construction within constituencies and districts
- Petitioning the executive director of KRB or the Minister for Roads in case of irregularities

The Constituency Bursary Fund(CBF)



**LIST OF APPLICANTS
AND THE BURSARY
AMOUNTS AWARDED**

1. _____
2. _____
3. _____

The government introduced the bursary scheme in the 1980s in an attempt to improve pupils' access, retention and completion rates at secondary school level, particularly targeting needy students from poor backgrounds. In 2003, the government changed from disbursing funds directly to schools to having them administered at the constituency by Constituency Bursary Committees (CBCs).

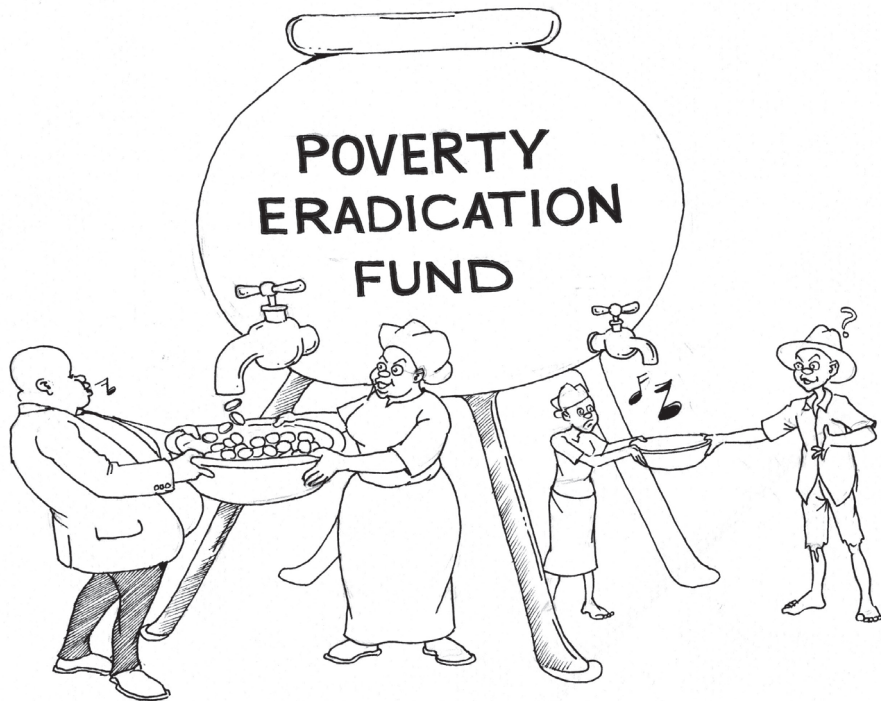
Each constituency is allocated an initial amount of Kshs. 1,000,000 and then an additional amount which is allocated to the constituencies on the basis of prevailing enrolment rates and poverty index of the district. In addition, 5% of each constituency's allocation is supposed to go towards affirmative action for girl child education.

A citizen's role with respect to this fund includes:

- Sensitizing parents and guardians of needy students on the existence of the CBF
- Monitoring the activities of the CBCs to ensure fairness in awarding bursaries
- Demanding publication and public display of lists of successful applicants and the bursary amounts awarded to each
- Petitioning the Permanent Secretary at the Ministry of Education on any irregularity noted in the disbursement process

6

Poverty Eradication Fund(PEF)



Monitoring activities of DPEC to ensure fairness in allocating loans.

In April 1999, the government established the Poverty Eradication Commission (PEC) whose responsibility is to coordinate efforts of all stakeholders in the fight against poverty and advocate for the poor. PEC noted that government funds tend not to reach the poor and formed District Poverty Eradication Committees (DPECs) to identify projects to be supported by PEC. Through DPECs, PEC gives loans to community groups through a revolving loan fund.

The DPEC membership includes male and female community representatives, various government officers, widows, orphans and persons with disability. The DPEC's supposed to receive and prioritize proposals, disseminate and publicize information on available resources, organize capacity building before disbursement of funds, develop databases for ongoing and waiting list projects, give guidance on proposal writing and target low income groups.

A citizen can actively participate in management of Poverty Eradication Fund by:

- Sensitizing community members on the existence of the Poverty Eradication Fund
- Monitoring the activities of DPECs to ensure fairness in allocating loans
- Demanding publication and public display of lists of successful applicants and the loan amounts awarded to each group
- Petitioning the Permanent Secretary at the Ministry of Planning National Development and Vision 2030 or the PEC chair on any irregularity noted in the disbursement process

Youth Enterprise Development Fund(YEDF)

The Youth Enterprise Development Fund (YEDF) is a state corporation whose goal is to reduce unemployment among the youth. YEDF focuses on supporting entrepreneurial efforts through funding, which is done through a number of microfinance institutions that partner with the fund. Proposals are assessed for viability and applicants' capability to run proposed businesses is also looked into. YEDF partners with organizations that offer training to build applicants' capacity where required.

The fund is run by a board and secretariat that carry out the primary mandate as well as other issues to do with putting in place necessary commercial infrastructure for enterprises to flourish, nurturing entrepreneurs and developing a spirit of entrepreneurship among the youth and facilitating links to markets and other stakeholders.

A citizen's role with respect to this fund is:

- Sensitizing community members on the existence of YEDF in the location;
- Monitoring YDEF activities to ensure fairness in picking viable businesses to fund and allocate loans;
- Monitoring YDEF activities to ensure loans are actually and consistently being disbursed;
- Demanding publication and public display of lists of successful applicants and the loan amounts awarded to each entrepreneur within the location;
- Sensitizing community members on the importance of paying back loans;
- Petitioning the Permanent Secretary at the Ministry of Youth Affairs and Sports on any irregularity noted in the selection and disbursement process.

Women Enterprise Development Fund(WEDF)

The Women Enterprise Development Fund (WEDF) was created to address poverty by specifically targeting women and empower them economically. The fund supports entrepreneurial and development efforts by disbursing loans through a number of microfinance institutions that have partnered with it. Loans are distributed in two ways. First through microfinance partners and second through the Constituency Women Enterprise Scheme, which is managed in each division by the Divisional Women Enterprises Fund Committee (DWEFC).

DWEFCs ensures that women who live in areas where there are no microfinance partners can access WEDF. Disbursements under DWEFC are given to groups, companies or cooperatives, not individuals. WEDF facilitates capacity building to ensure recipients can manage loans and use them to run successful businesses. The fund is managed through an Advisory Board and a secretariat

A citizen's role with respect to this fund is:

- Sensitizing community members on the existence of WEDF in the location
- Monitoring WDEF activities to ensure fairness in picking viable businesses and groups to fund and allocate loans
- Monitoring WDEF activities to ensure loans are actually and consistently being disbursed
- Demanding publication and public display of lists of successful applicants and the loan amounts awarded to each entrepreneur or group within the location
- Sensitizing community members on the importance of paying back loans
- Petitioning the Permanent Secretary at the Ministry of Gender, Children and Social Development on any irregularity noted in the selection and disbursement process

Free Primary Education Fund (FPEF)

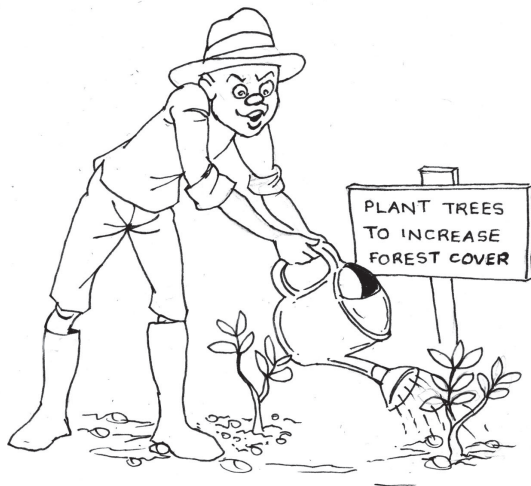
The Free Primary Education Fund (FPEF) exists to support free primary education by providing instruction material – text and exercise books, writing material, charts, maps, supplementary reading material and reference material. The government and development partners pay Kshs 1,020 for every child. This money is sent directly to schools, which must have two bank accounts, one that takes Kshs 650 for instruction material and the other that takes Kshs 370 for daily operations. The money must be used exactly as directed by the Ministry of Education.

To access FPEF, each school must put a Schools Instruction Material Selection Committees (SIMSC) in place. Membership is the head teacher, deputy head teacher, a senior teacher, a teacher/class representative from every class, parents representative, management committee chair and a special needs teacher. There is a monitoring team for the SIMSC.

Citizens can act in relation to this fund by:

- Sensitizing parents and guardians on the existence of the FPEF and SIMSC
- Monitoring the activities of the SIMSC to ensure quality items that meet education needs are procured
- Demanding publication of purchases
- Petitioning the Permanent Secretary at the Ministry of Education on any irregularity noted in the procurement and allocation (to pupils) process

Community Development Trust Fund



COMMUNITY DEVELOPMENT TRUST FUND

To support community development initiatives of poor Kenyan communities through their participation and involvement, in development projects, using a flexible demand driven funding mechanism that provides financial and technical support for development projects in health, education, technical training, water supply and sanitation, agriculture and livestock production, economic infrastructure, income generation, environment conservation, threatened ecosystems, solid waste management and environmental awareness and advocacy

The Community Development Trust Fund (CDTF) is a social development fund that was established in 1996 as a joint initiative of the European Union and the Kenya Government. Until 2007, the Fund, which operates outside the government structure, was solely funded by the EU. In 2007, the legal framework of the fund was amended to open up for funding from other institutional donors, following which the Royal Danish Embassy (RDE) has already signed a financing agreement for channeling development funds through the CDTF, thus becoming the Funds second donor.

CDTF supports poverty reduction initiatives in Kenya through funding of sustainable community-based development projects focusing on welfare of vulnerable groups and management of the environment. This is done through activities under the following core areas:

Social Improvement: Support of initiatives that promote and increase level of education, quality of health and economic engagement of communities, both in rural and urban areas.

Environmental sustainability: Support of initiatives that promote and increase environment conservation and restoration of threatened ecosystems; solid waste management; and environmental awareness and advocacy

Capacity Building: Increasing the participation of the beneficiaries in their own development activities and strengthening their abilities to take charge of their own development.

These broad areas of support are in line with the government's strategy for spurring development, which recognizes that no real development can occur where poverty levels are high. Therefore, a comprehensive and integrated framework that encompasses well targeted poverty alleviation programmes for the most vulnerable groups in Society as well as reducing the threat to our natural resources, which are important for sustaining life.

Approach to development

CDTF believes that sustainable development can only fundamentally occur within an all inclusive environment, where there is strong partnership with the users. CDTF has therefore

embraces such partnerships in all its projects by allowing demand by the user communities to guide key intervention that it funds, and further involving the community members in project responsibilities such as resource contributions and service management, which includes administration, operations and maintenance.

Therefore, the CDTF operates as a flexible delivery system, whereby funds are transferred directly from the Trust Fund to the approved projects, allowing the beneficiaries to manage their own development. This approach also provides them with opportunities, through capacity building, to improve their project management skills, in a manner which upholds principles of collective decision making, gender inclusion, and promotes transparency and accountability

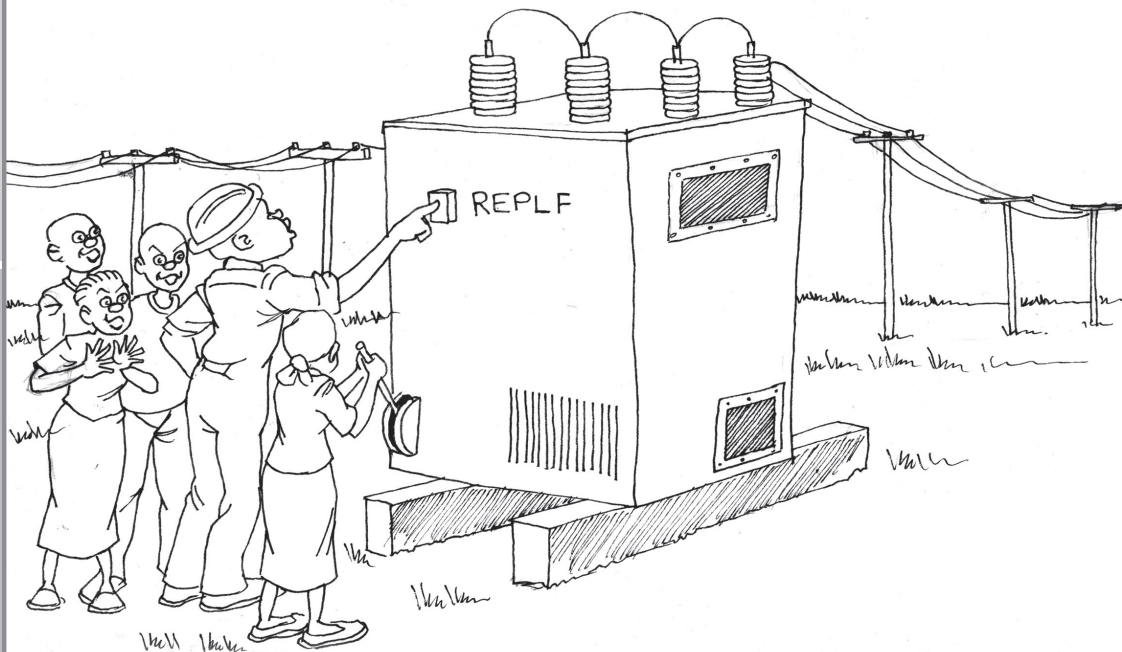
Citizen's role

It is therefore the responsibility of citizens to;

- Monitor the initiated projects
- Participate in the administration, operations and maintenance
- Resource contribution
- Reporting all forms of corruption to KACC, the ombudsman office, the police, Kenya National Commission on Human Rights etc

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Rural Electrification Programme Levy Fund (REPLF)



RURAL ELECTRIFICATION PROGRAMME LEVY FUND

The Rural Electrification Programme Levy Fund (REPLF) was established in 1998 through sections 129 & 130 of the Electric Power Act (1997). The fund aims to finance electrification of rural and other underserved areas. It is used for programmes relating to the design, construction, equipping and operation & maintenance of rural electrification projects identified by communities.

The institutional framework of REPLF comprises the Ministry of Energy, the Electricity Regulatory Board (ERB), Kenya Power and Lighting Company (KPLC - the implementing agency), District Development Committees (DDCs), Constituency Development Fund (CDF) committees and local community committees for specific projects.

Citizen's role

- Citizens should attend all local development meetings
- Monitor the on going projects
- Reporting all forms of corruption to KACC, the ombudsman office, the police, Kenya National Commission on Human Rights etc

National Fund for the Disabled (NFD)



NATIONAL FUND FOR THE DISABLED

The National Fund for the Disabled of Kenya is an endowment Fund established under the Perpetual Succession act Cap 164 of the Laws of Kenya and mandated to utilize our income for the benefit of the disabled persons within Kenya.

Their mission is to offer the best support services to persons with disability in Kenya through provision of resources, promotion of awareness on the contribution they make towards national development, and advocacy of appropriate measures to minimize conditions giving rise to disability.

Citizen's role

Citizens should;

- Participate in all events organized by persons with disabilities
- Identifying persons with disability within their localities and enlightening them on the existence of the fund
- Monitoring all programmes intended to persons with disabilities
- Reporting all forms of corruption to KACC, the ombudsman office, the police, Kenya National Commission on Human Rights etc

We should be aware that decentralization of public funds without building necessary capacity in the regions to manage the resources adequately leaves room for wastage, misuse and theft of public resources supposed to improve citizens' lives.

For some of the funds, the regulatory framework is either unclear or easily manipulated and abused. Citizens need to carry out increased advocacy for development of appropriate management partnerships at the local levels, as well as regular independent audit of the funds.

If well managed, these funds have the potential to make a significant contribution to employment creation and poverty reduction-as well as adding value to rural economies.

However, it should be remembered that the voice of wananchi will be heard more clearly and loudly if citizens organize as groups and present their issues regarding these funds collectively.





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