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Funding and Implementation of Constituency Development Fund Projects in Kinangop Constituency in Nyandarua County, Kenya

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Abstract:

Kenya, a developing economy like most of Latin American countries, has had a number of decentralized programmes most of which have been geared towards fighting rampant poverty, diseases and illiteracy among its citizens. Of all the decentralized programmes initiated in Kenya, Constituency Development Fund (CDF) is among the recent most popular with the largest participation of the citizens at the grassroots. The justification of this study is based on the premise that, decentralized programmes initiated in Kenya have had short comings in their implementation. The overall objective was to find out the problems ailing project implementation in such a set up and more specifically the area of funding. The researcher used descriptive survey design. The sampling technique used was stratified random sampling. A sample of 164 respondents from a population of 545 drawn from 109 CDF funded projects in Kinangop were used. Data was collected from the chairman, secretary and treasurer of PMCs and the Fund Account Manager (Kinangop constituency) and District Work Officer (Kinangop constituency) through open and close ended questionnaires. The data collected was both qualitative and quantitative. The qualitative data was analyzed using content analysis while quantitative data was analyzed using descriptive and inferential statistics. Quantitative data was presented in the form of percentages of graphs, pie charts and tables while the qualitative data was presented using narratives. The study findings indicates that level of funding, frequency of funding, allocation of funds and adequacy of funding greatly affected implementation of projects in Kinangop constituency. The study concludes that funding and project implementation have a positive and significant relationship.

Keywords: Funding, project implementation, constituency development fund

1. Introduction

According to Mburu, (2015), challenges are an ever present fact of life of project managers. It's by adjusting to these challenges that provide the possibility of making them less daunting. The majority of the issues we encounter are unexpected and only become apparent as the project progresses (Karia, 2015). The challenges facing today's project managers, according to (Oyalo, 2015), are bound to be formidable. Quality, expense, and schedule are three of the most difficult aspects of project management. There are a number of other forces over which project managers have little control (Hermansson, 2019). External factors can also have just as much of an effect on project management as factors that the project manager can influence (Psiwa et al., 2017).

As the percentage of annual ordinary governmental income obtained mainly by taxation, the Constituencies Development Fund's funding is collected. The CDF Act provides for the allotment of at least 2.5% of the government's ordinary revenue to CDF (Nankor&Gakuo, 2018). The Constituency Development Fund is allocated each of the two hundred and ten (210) districts of Kenya, with 75% of the money allocated to CDF each year divided evenly amongst two hundred and ten (210) constituencies, and the other 25% to electoral districts depending on the poverty index level and the population of the electoral district (Said &Gakuo, 2020).The CDF Act provides that, projects must emanate from the community through a well-structured manner to enable the community order of priority is clear. Such projects should have a wide trickle effect to enable a widespread cross section of people to benefit (A. Malala et al., 2015). The projects should be developmental in nature in such a way that they must be seen to improve the lives and living standards of the people but excluding any recurrent expenditure. The Act allows for costs related to studies, planning and design or other technical input for the project (Das & Ngacho, 2017).

Since the inception of CDF in 2003/2004, many development projects have been initiated through the programme with the largest beneficiary being the education sector, followed by Health sector (Brownley, 2015). Other sectors that have benefitted from CDF are in water and sanitation, roads, Markets and agriculture. According to Oyalo, (2015),

implementation of the government formulated decentralization programmes have in all cases fallen far short of expectation. Many CDF-initiated projects have been completed and are in use since 2003/04, while others have stalled or are still underway many years after their inception; others are underutilized or not used at all, indicating that there are barriers to the effective implementation of the CDF software (Eboreime et al., 2018a).

Studies conducted on implementation of decentralized programme suggest that; inadequate funding, lack of technically qualified personnel to guide the implementation of projects and lack of appropriate skills in management have been among the major setbacks (Abimbola et al., 2019; Andhoga et al., 2018; Eboreime et al., 2018b). This study will narrow down to examining the challenges affecting the implementation of CDF funded projects in Kinangop Constituency. Kinangop CDF has funded slightly over one hundred projects in five distinct sectors namely education, health, water, security and roads (Hermansson, 2019).

1.1. Statement of the Problem

Despite availability of good project plans; implementation of those plans is challenging since every project presents new setbacks. (Brownley, 2015). Since independence Kenya has had an array of decentralized programmes whose implementation has been marred with shortcomings. The implementation of CDF projects has been deemed poor since most project is incomplete despite large sums of funds being invested in them.

If project implementation is not well addressed Kenya would be losing close to Sh41.7 billion of tax payer's money. Many CDF funded projects are not yet complete despite of large sums of money being sunk into them. Others have been poorly implemented as far as workmanship is concerned. Many more are yet to offer tangible benefits to the target population. The study by (Das & Ngacho, 2017; G. Jawuor, 2017; Kimani & Kamaara, 2019; A. J. Malala et al., 2015; Said & Gakuu, 2020) the following respectively. That direct and indirect stakeholder involvement is key to project management, financial challenges and political interference hindered project completion; that training audit, monitoring and supplier vetting were strongly associated with implementation; that governance and political interference plays a big role in management of funds and that community empowerment by building capacity was important for project completion. Kinangop CDF has initiated more than one hundred projects in five major sectors namely education, health, roads, water and security. Out of those projects initiated, only a handful of them are complete and in use. The aimed to examine the effect of funding on project implementation in a decentralized framework, using a case of Kinangop Constituency Development Fund.

1.2. Objective of the Study

- To analyze effect of funding on implementation of projects in Kinangop Constituency of Nyandarua County.

2. Literature Review

2.1. Resource Based View Theory

The Resource Based Theory (RBV) suggests that companies have maintained competitive advantage by adopting internal strengths policies, addressing environmental challenges and neutralizing external threats and preventing internal vulnerability (Collins, 2020). This model assumes that, first, the company is heterogeneous in terms of the strategic resources it manages, and that, second, resources are not perfectly mobile across organizations, implying that heterogeneity will persist for a long time (Kraaijenbrink et al., 2019). RBV implies that sources of more enduring competitive advantages are often related to intangible resources such as organization reputation, employees know how, culture and customer loyalty since such resources are difficult to imitate and are imperfectly mobile (Ngiri & Nyaribo, 2016). In turn, intangible resources may facilitate the acquisition of the more tangible resources that enable institutions to more effectively compete in a given environment (Brownley, 2015). From the foregoing, an organization should find out the resource(s) that give it sustainable competitive advantage over others. In corporate sector, evidence of a competitive advantage is associated with normal economic performance (Collins, 2020).

2.2. Empirical Literature Review

Key aspect of decentralization is financial responsibility. To carry out decentralized tasks efficiently, local governments and private companies must have a sufficient amount of revenue – either collected locally or transferred from the central government – and the power to decide spending. According to KIPPRA under the DGSP, in Kenya, allocations from the various funds are inadequate. For example, a lack of fund to meet the high demand and demands of young people is a challenge of the Youth Enterprise Development fund (Youth Enterprise Development Fund Board, 2009).

The project mandate and charter, according to Liz Cook (2015), identify priorities. A criteria statement, which states what the project must provide, is at the heart of these documents. This involves defining what is and is not within the project's reach (San Cristóbal et al., 2018). It also determines the project's budget and deadline. The 'iron triangle' refers to the distance, budget, and schedule constraints (Das & Ngacho, 2017). Since it's rare to alter one constraint without affecting the others, these constraints are referred to as an iron triangle. The consistency of the project's result is influenced by how you execute it under these constraints either positively or negatively (Trojanowska & Dostatni, 2017). It is imperative therefore that there must be a perfect mix between the scope, schedule and budgetary allocation in order to achieve efficiency, effectiveness and the right quality in the results envisaged in a project (Andhoga et al., 2018).

Looking at how CDF has been implemented in recent years shows a discrepancy between the local design of capital spending decisions and funding for operations and maintenance of such projects with local benefits

(Kimani&Kamaara, 2019). Due to the discretionary nature of capital expenditure and the inherent importance attached to political significance, new programs are often undertaken while existing ones are either neglected or underfunded (G. Jawuor, 2017). Furthermore, when local officials are voted out and new ones are elected, the new leaders will refuse to fund new capital projects or maintain projects started by their opponents for two reasons (Collins, 2020). To begin, they should use their power to make a political statement by launching new initiatives that demonstrate their skills (Biggins et al., 2016). Second, the newly elected politicians should use their power to launch projects that reward their supporters while avoiding projects launched by their opponents that are equal to the political disappearance of their opponents (Obuya, 2008).

The CDF social audit Guide reveals that, some Constituency Development Fund Committees (CDFCs) try to avoid lengthy procurement regulations by funding smaller projects with smaller amounts over several financial years (Abimbola et al., 2019). As such, the PMC cannot meaningfully make good use of the money and the project cannot be completed within the year of funding (Globerson, 2020). If funds run out before a project is completed, it will have to be scrapped entirely, in which case the money and effort already spent are forfeited and must be written off. Any project that continues to use resources after its expected termination may have an impact and disturb other projects that are either underway or are waiting to be implemented (Das &Ngacho, 2017). Failure to start work on time is a common project risk. Procrastination, legal or planning problems, a lack of details, a lack of funds or other resources may all trigger long delays (Chesiyna&Wanyoike, 2017). To achieve its intended objectives, the funding of projects in the CDF programme should be objectively done so as to assure of their continuity and sustainability over time(Karia, 2015).

Decentralization efforts acknowledge the value of providing autonomous institutions with financial tools that allow and motivate them to carry out their responsibilities (Abimbola et al., 2019). Low level unit support was the only major factor undermining much of the decentralization efforts in the 1970s and 1980s. Thus, decentralized units would need a suitable level of fiscal support to fulfill their responsibilities (Kamboj et al., 2015). If the financial obstacles can be overcome, there is considerable scope for improving the quality of local service provision through decentralization (Nudzor, 2017)and so the success of CDF as a decentralized fund will to a greater extent depend on an adequate allocation of funds to projects as well as prudent financial management practices.

3. Research Methodology

The study was carried out using a descriptive survey research design. The chairman, secretary, treasurer, FAM, and DWO 109 projects in Kinangop Constituency funded between 2007 and 2015 were the study's target population. This study used stratified random sampling. These sectors form the strata from which stratified random sampling was used to select a sample of 109 projects from the entire constituency. Stratified random sampling was used to ensure that, the sample is representative of all the CDF funded projects as well as of all the sectors. Primary sources were used to gather information. This data was collected mainly by administration of a questionnaire to the respondents.

The information gathered was quantitative as well as qualitative. Descriptive statistics such as mean, mode, and inferential statistics were used to interpret quantitative data. Content analysis was used to examine qualitative results. Graphs, pie charts, and tables were used to show quantitative data, while narratives were used to present qualitative data.

4. Data Analysis and Interpretation

The results in this section presents the descriptive results based on the level with which the respondents agreed with the statements presented to them. Mean and standard deviation were used for analysis. High mean indicates strong agreement with the statements presented to them and low standard deviation indicates low dispersion rate on the level of agreement.

The findings of the study are presented in this section, along with the challenges of funding CDF projects. The aim of the analysis was to see how the following variables influenced project execution. The results are shown in Table 1.

	N	Minimum	Maximum	Mean	Std. Deviation
Level of funding	98	1	4	4.61	1.273
Frequency of funding	98	1	5	4.78	1.206
Allocation of funds	98	1	5	4.77	.426
Adequacy of funding	98	1	5	4.57	.658
Average				4.6825	.8707

Table 1: Funding in CDF Projects

The study findings indicates that level of funding (Mean=4.61), frequency of funding (Mean=4.78), allocation of funds (Mean=4.77) and adequacy of funding (Mean=4.57) were the main affecting implementation of projects in Kinangop constituency. The study results indicated that level of funding, frequency of funding, allocation of funds and adequacy of funding greatly affected the implementation of projects in a decentralized system of constituency developed fund projects in Kinangop Constituency, Kenya. Some of the funding issues included project completion and stall rates, the project manager's inability to measure expenses, the project budget not being properly planned (Combining the cost of individual activities or job packages for the calculation of an agreed base of costs), and the budgets are not sufficient to finalize the project on schedule. If local governments and private entities are to effectively carry out autonomous functions, they must have sufficient revenues – either generated locally or transferred from the federal government – as well as the authority to make spending decisions. According to KIPPRA under the DGSP, in Kenya, allocations from the various funds are

inadequate. One of the problems facing the Youth Enterprise Development Fund, for example, is a lack of funding to meet the high demand and demands of the youth (Youth Enterprise Development Fund Board, 2019).

The findings were supported by Cook (2015) that the constraints of scope, budget and schedule of projects affects the implementation level of projects. These limitations are called an iron triangle since one restriction can rarely be changed without affecting the other. Trojanowska and Dostatni (2017) have supported the findings that either positively or negatively affect the way you perform the project under these constraints. It is imperative therefore that there must be a perfect mix between the scope, schedule and budgetary allocation in order to achieve efficiency, effectiveness and the right quality in the results envisaged in a project (Andhoga *et al.*, 2018). The study findings were also supported by Das and Ngacho (2017) that any project that continues to use resources beyond its planned finish date can have a knock-on effect and disrupt other projects that are either in progress or waiting to follow. A common risk to projects is failure to start work on time due to problem with funding. Procrastination, legal or planning problems, a lack of details, a lack of funds or other resources may all trigger long delays. The financing of CDF programs should be objectively undertaken in order to ensure their longevity and viability over time in order to achieve the program's intended objectives.

4.1. Implementation of Projects

The analysis determined the extent to which CDF projects were implemented in Kinangop County. Table 2 shows a summary of the findings.

	N	Minimum	Maximum	Mean	Std. Deviation
The cost incurred in majority of the projects surpasses the benefits	98	1	3	4.34	.517
There is increase in the number of projects not completed on time	98	4	5	3.83	.381
Majority of the projects are sustainable	98	1	5	4.74	.693
The projects mentioned were completely implemented	98	1	3	2.67	.757
The right human resources were deployed	98	1	5	3.68	1.265
efficient financial resources were used to each of the project	98	2	5	4.57	.658
Average				4.305	0.712

Table 2: Implementation of Projects

The results of Table 2 show that the costs of most projects exceed benefits (mean=4.34). The cost results for most projects and that there is increase in the number of projects not completed on time (mean=3.83). However, the study established that majority of the project are sustainable (Mean=4.74). The results indicated that the projects mentioned (road, water, education, health and security) were not completely implemented in time. The study established that the right human resources was deployed in all the projects (mean=3.68) and that efficiency in the utilization of financial resources was evident (mean=4.57) on average, Mean=4.307 and a standard deviation of 0.712 indicates that implementation of the CDF projects was a success in Kinangop constituency. The CDF's implementation shows a misalignment between the local essence of capital spending decisions and funding for the operations and maintenance of such projects with local benefits. The respondents stated that the most difficult problem was the discretionary essence of capital expenditure and the inherent importance attached to political symbolism; as a result, new ventures are often pursued while existing ones are either neglected or underfunded. Additionally, they argued that as local politicians are voted out and new ones elected, the new leaders' sidelines funding for old capital projects and funds his/her new projects. The results that the newly elected leaders want to use their power to initiate initiatives that reward their supporters, while ignoring projects initiated by opposers related to the electoral death of the opponents have been endorsed, have been endorsed by Biggins *et al.* (2016). The CDF's Social Audit Guide show that some CDFC's are seeking, by supporting smaller initiatives with lesser sums over many fiscal years, to evade long-term procurement regulations. Das and Ngacho (2017) found that if funds run out before a project is completed, it will have to be abandoned entirely, the money and effort that has been expended already must be forfeited and written off. Any project that still consumes resources after its scheduled completion may have a cascading effect and interrupt other projects that either are ongoing or are waiting for their initiation. The value of providing financial services to autonomous organizations to allow or motivate them to carry out their roles and responsibilities is recognized by decentralization initiatives

5. Conclusions and Recommendations

5.1. Conclusions

According to the findings, funding and project implementation have a positive and significant relationship. A unit positive increase in funding of the projects results to a positive unit increase in project implementations.

5.2. Recommendations

The project budget, according to the study, is an important part of the budget and has a direct impact on the CDF project's planning and implementation phases. For efficient resource management, total and individual costs of the project's various work packages should be monitored. The WBS and the project schedule should be related, and the project scope should be used to estimate project costs. Estimating individual activity costs based on implementation conditions can aid in generating accurate overall cost estimates. Similarly, the study suggests that resources control should be a priority for effective project execution to ensure that projects are completed on schedule and on budget.

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