

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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CHALLENGES OF MANAGING DEVOLVED FUNDS IN THE DELIVERY OF SERVICES: A CASE STUDY OF MOMBASA COUNTY

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ABSTRACT

The study sought to investigate the challenges of managing devolved funds in the delivery of services. To identify measures and practices that can be employed in effective devolved fund management to harness development at the grassroots level. The constitution of Kenya stipulates the devolution agenda, explicitly giving road maps and time frames on how devolution should be conducted. The methodology involved a descriptive research study and interviewing was conducted in four constituencies that is Likoni, Kisauni, Changamwe and Mvita. This comprised of four (4) officers from each of the four (4) devolved funds i.e. Constituency Development Fund (CDF), Poverty Eradication Loan Fund (PELF), Community Development Trust Fund (CDTF), and Local Authority Transfer Fund (LATF). The views from the respondents were linked with published and unpublished documentation available in the secondary data. Independent views were sought from public oversight bodies; Muslim For Human Rights (MUHURI) and Kenya Community Support Centre (KECOSCE). Adequate information required was shared. The findings show that there is need for both the county and national governments to enact strict policies that will deal with transparency, corruption and the distribution of funds. This will go a long way in ensuring sound fund management practices are put into place and hence better and quality services deployed to the citizens at the grassroots level. The study thus discloses that there is a lot to be done in terms of fund management for efficient service delivery to the common man.

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KEYWORDS

Devolution, grassroots, political goodwill, transparency.

1.0 INTRODUCTION

Devolution has long been regarded as the best way of integrating local people into the web of development. Devolution is the statutory granting of powers from the central government of a sovereign state to government at a sub national level, such as a regional or local level. It is a form of decentralization whereby devolved territories have the power to make legislation relevant to that particular area they govern. The challenges facing devolution especially in the management of devolved funds have been an issue of concern to the national governments of many countries in Africa. The objective has been to enhance service delivery at the grassroots level through devolution.

2.0 LITERATURE REVIEW

2.1 MOMBASA COUNTY

Mombasa County, is the smallest county in the coast province of Kenya, covering an area of 229.7 Km² excluding 65 Km² of water mass. Administratively, the county is segregated into seven divisions, eighteen locations and thirty sub-location and hosts six constituencies namely Mvita, Changamwe, JomvuKuu, Likoni, Kisauni and Nyali. Population distribution and settlement patterns in the county are influenced by proximity to roads, water and electricity facilities. The population is also concentrated in areas where there is availability and accessibility to employment opportunities, affordable housing, and security. The key sectors in Mombasa County include port, fishing, tourism and manufacturing.

The major development challenges include among others; poor road networks, rapid urbanization and housing problems, inadequate education facilities, inadequate health care delivery points, high unemployment among the youthful, insecurity, weak land ownership regime, perennial water shortages and growth of unplanned and informal settlements. The devolved funds in the county addressing development agenda include; Constituency Development Fund (CDF), Poverty Eradication Loan Fund (PELF), Community Development Trust Fund (CDTF), Local Authority Transfer Fund (LATF).

2.2 CHALLENGES OF MANAGING DEVOLVED FUNDS

Devolved system of governance is one of the key tenets of the 2010 Kenyan constitution, with counties envisioned as the primary units. The constitution also decrees that county governments shall have reliable sources of revenue to enable them govern and deliver services effectively. The funds, provided by the national government, are used to pursue development goals that are relevant to communities within those counties.

The management of devolved funds is faced by many challenges. Lack of political goodwill to support devolution is a key challenge in the management of devolved funds. The study reveals that the executive arm of the national government is reluctant in devolving some funds meant for county development programs. For instance the county revenue allocation from the national government required by law is yet to be fulfilled as this is being done in piecemeal and there are no proper explanations to this. This has jeopardized the sustenance of devolved services like the payment of salaries to health workers which has led to resignation from service in the public hospitals.

Corruption is affecting the management of devolved funds as the study reveals that most of the devolved funds are used for satisfying individual goals rather than the goals of the majority citizens. The officers appointed to manage the funds are involved in corrupt practices thus the monies are not utilized for the development agenda that were meant for.

There is lack of transparency in the hiring of fund managers and committee members. They are not appointed on merit and competency but on political, tribal and ethnic affiliations. The distribution of the development funds is also done on these affiliations. This greatly affects the development agenda and service delivery to the common citizens.

2.3 QUOTED COMMENTS DURING CONSTITUTION IMPLEMENTATION AND GOVERNANCE SEMINARS

“..... The on-going fiscal decentralization provides an opportunity to improve accountability and the quality of service delivery, but will need to be well-managed to guard against the risk of excessive spending because of overlapping functions....” Mrs Antoinette Sayeh IMF, during a Conference, 18th September 2013

".....A key task for public finances is to raise the efficiency and quality of public spending. This will create fiscal space, which is obviously important for infrastructure, where large gaps remain, but also for social spending, where it is particularly important to ensure that scarce public resources are used well....." Mrs Antoinette Sayeh IMF, during a Conference, 18th September 2013

".....Where any person has obtained an order not to comply with such summons (by Senators), that order must be respected and should not be the basis of animus and antagonism.....," Mr Charles Nyachae, chairman of the Commission for the Implementation of the Constitution during a seminar on governance, 11th March 2014

3. IMPORTANCE OF STUDY

The study will help in establishing the challenges in managing devolved funds in the counties and hence provide recommendations on how to improve efficiency in the management of these funds.

4. STATEMENT OF THE PROBLEM

Devolution in Kenya faces many challenges key among them, management of devolved funds. These challenges have resulted to inefficiencies in the delivery of services both at the county and national government levels.

5. OBJECTIVES

The objectives of the study are to investigate the challenges affecting effective devolved fund management in the effective delivery of services. To identify measures, mechanisms and recommendations on effective devolved fund management.

6. HYPOTHESES

One of the critical factors affecting devolution in Kenya is the management of devolved funds. This has subsequently led to inefficient delivery of services to the citizenry. This study looks at political interference, supremacy battles among the devolved functions of government, corruption and lack of transparency in the management of devolved funds as key challenges affecting management of devolved funds. The study went to details to find out whether these factors contribute to efficient management of devolved funds in Mombasa County.

7. RESEARCH METHODOLOGY

The research methodology applied was interview with a predetermined questionnaire, the response was as follows:

7.1 CONSTITUENCY FUND OFFICERS IN MOMBASA COUNTY

NO.	TITLE	Constituency	REMARKS
1.	Fund Chairman	Likoni	Positive feedback
2.	Fund Director	Kisauni	Positive feedback
3.	Finance Manager	Mvita	Positive feedback
4.	Fund Auditor	Changamwe	Positive feedback

Other methods applied from publishers and non-published quotes from workshops and seminars by different stakeholders on subjects relating to devolution in Kenya.

8. RESULTS AND DISCUSSION

8.1 POLITICAL GOODWILL

The lack of understanding of key issues around devolution is generating a great deal of mistrust between stakeholders with some, especially the minority coalition in both houses of parliament, believing that the national government is seeking to frustrate devolution. Some counties, contest the piecemeal transfer of functions that has taken place so far, arguing that all powers provided in Schedule Four of the Constitution be transferred at once. The respondents revealed that both the county and national governments do not fully have the will to implement devolution as stipulated in the new constitution promulgated in the year 2010. The national and county governments seem to be pulling in different directions.

8.2 DUPLICATION OF IMPLEMENTATION JURISDICTION

The aspect of devolved funds being used across boundaries of constituencies thus overlapping and serving similar purpose was analyzed. However, the response showed that this was not an issue as devolved funds from the national government were channeled to specific counties and this did not pose a challenge.

8.3 TRANSPARENCY

Transparency and accountability is a cornerstone for effective fund management and subsequently proper service delivery. The committee members vested with the mandate to manage the devolved funds must act prudently. However the respondents revealed that there is lack of transparency in the hiring of fund managers, there are a lot of vested interests in the distribution of funds. This was done on tribal, ethnic and political affiliations. Corruption and corrupt practices are rife in the management of devolved funds as the funds either end up in individual's pockets or are embezzled to satisfy individual interests.

8.4 SUPREMACY BATTLES

The supremacy battles among the devolved functions of government are an impeding factor affecting devolution. The supremacy battles between the parliament-comprising the national assembly and senate, the judiciary and executive are greatly affecting devolution. Most of the time is spent on bickering and the expression of divergent views especially in pursuit to seek which function is superior and has more power than the other. The study reveals that these supremacy wars are affecting the proper functioning of devolved governments and hence service delivery.

8.5 CRITICAL FACTORS FOR SUCCESS

It is critical that the devolved functions of government both in the national and county governments work in tandem in realizing the devolution agenda as stipulated in the constitution.

The management of devolved funds in Kenya is crucial to the success of the grassroots development agenda. However, the devolved fund management is marred by challenges of corruption, supremacy wars, and lack of transparency in the hiring of fund managers and vested interests and favoritism in the distribution of devolved funds.

Proper fund management policies are important for prudent fund management and to realize the development at the constituency level.

9. ANALYSIS AND FINDINGS

9.1 CONSTITUENCY DEVELOPMENT FUND PROJECTS

A health centre constructed in Kisauni constituency using the constituency development fund initiative. This is a project that is serving the highly populated area. However many more such facilities are required in the area as this facility is overstretched.

PICTURE 1



9.2 ROAD REHABILITATION

Some road maintenance works at the old Malindi road being done with the use of devolved funds.

PICTURE 2



9.3 POOR GABBAGE COLLECTION

This is a dumpsite along the road in Mombasa County showing poor garbage collection by county government affecting the citizens of the constituencies.

PICTURE 3



9.4 KEY EMERGING ISSUES

Since independence in 1963, the Kenyan government has formulated an array of decentralization programs, among them the District Development Grant Program (1966), the Special Rural Development Program (1969/1970), District Development Planning (1971), the District Focus for Rural Development (1983 -84) and the Rural Trade and Production Center (198-89). Though ingenious, these programs suffered the same fate – a lack of funding and excessive bureaucratic capture by the central government. It is against this background that there has been an effort to achieve decentralization of resources in Kenya, as several devolved funds have been operationalized. The funds include; Roads Maintenance Levy Fund (RMLF) and the District Bursary Fund started in 1993, Local Authority Transfer Fund (LATF) launched in 1999, Constituency HIV/AIDS Transfer Fund, Constituency Development Fund (CDF), Secondary Education Bursary Fund (SEBF) and Free Primary Education Fund (FPEF) established in 2003 and the Rural Electrification Levy Fund (RELIF) that was operationalized in 2007 (CCG, 2007). All these funds form an important avenue for the transfer of resources from the central government to the communities.

The driving factors of devolution include; promoting democratic and accountable exercise of power, fostering national unity amid diversity, enabling self-governance of the people towards their interrogation of the state, recognizing the right of communities to self-management and development, protecting and promoting the rights and interests of minorities and marginalized groups, promoting socio-economic development, ensuring equitable sharing of national and local resources, rationalizing further decentralization of state organs and enhancing checks and balances

10. RECOMMENDATIONS

The ongoing standoff between the Members of County Assemblies (MCAs) and the Salaries and Remuneration Commission has brought business to a standstill in the counties. Bills, such as the County Finance Bill, which gives the counties the mandate to collect revenue, have consequently not been enacted. There is no harmony of interest between the executive and legislative arms of the counties. There is a lot of suspicion and poor working relationships due to mistrust occasioned by the purported pay disparities between the two sides. Most county governors are know-it-alls. They start projects with little or no consultation with the MCAs. Members of most county assemblies belong to one party. Consequently, majority of the assemblies are run by a party that has the majority of members from one political party. These are 'Yes assemblies' everything that comes from the executive is passed. Most governors and MCAs didn't have a manifesto or a blueprint of their aspirations; their aim was first to get power then other things would follow.

Therefore, to deal with these issues and harness development at the counties, the study recommends that executive arm of the Kenyan government should deal decisively on matters devolution and more specifically in the management of devolved funds. Partisan politics whether at the national or county level should be removed in the management of devolved funds. Transparency in the management and usage of devolved funds must be strictly adhered to. The fund managers should strictly be appointed on merit. This will eventually ensure that the objects of devolution guarantee a more inclusive form of governance, closer to the people, that would lead to fair and equitable development for all.

11. CONCLUSIONS

The problems faced by the citizens at the grassroots level were partly because of the centralized structure of governance in Kenya. The devolution of funds was thought to be a solution to this problem as service delivery was to be enhanced.

12. LIMITATIONS

Non-disclosure of information due to the sensitivity of the information require for fear that the information will be shared with other government agencies such as the Ethics and Anti-Corruption Commission.

13. SCOPE FOR FURTHER RESEARCH

Further research can be done on devolved fund management to include other countries in the East African Region. This will provide a comprehensive comparative analysis of challenges affecting the management of devolved funds.

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