ASSESSMENT OF CAPITAL RATIONING PRACTICES AS DETERMINANTS OF EFFECTIVE COMPLETION OF CDF FUNDED PROJECTS: A CASE OF KASARANI CONSTITUENCY

By

JACOB M. MUNENE

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DECLARATION

I declare that this dissertation is my original work and has not been previously published or submitted elsewhere presented for any award or degree. I hereby declare that this document contains no material or published by other people except where due reference is made and author duly acknowledged.

Student name: **JACOB M. MUNENE** Student Number:

11/01858

Sign……………………..………..…. Date……………..…….…….

I do hereby confirm that I have examined the masters' dissertation of

Jacob M. Munene

And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed.

Sign…………………………..…… Date…………….……….

Name: **DR. MBEWA M.O**

Dissertation Supervisor

ASSESSMENT OF CAPITAL RATIONING PRACTICES AS DETERMINANTS OF EFFECTIVE COMPLETION OF CDF FUNDED PROJECTS: A CASE OF KASARANI CONSTITUENCY

ABSTRACT

Effective completion of CDF funded Project depends not only on capital availability but is greatly influenced by the capital rationing practices adopted by management in allocating available funds to various projects. CDF being a government fiscal decentralization model similar to federalism applied in many other parts of the world faces budgetary constraints, which require adoption of sound management capital rationing practices. Successive budget deficits are common phenomena in Africa and most governments bridge the gap through borrowing and grants. The introduction of CDF in 2003 triggered massive demand for projects that require financing through the exchequer hence pressurizing the already insufficient funding. The study was based on 72 projects proposed and approved for implementation and financing by the Kasarani CDF between year 2003/2004 and 2011/2012 financial year from which 22 projects were samples for observation. The study focused on the estimated 1,000 employees of various CDF financed projects within Kasarani constituency from which a random sample of 280 respondents was drawn and questionnaires administered. The self-administered questionnaires were distributed and collected after a week, which provided primary data, while secondary data was obtained from the CDF website. Quantitative data was analysed by descriptive analysis and in addition, multiple regression was used to explain the strength in relationship between the dependent and independent variables. The study found out that effective completion of CDF funded projects is influenced by capital rationing practices.

Key Words: Effective Completion, Fiscal Decentralization, Constituency, Devolution

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DEDICATION

I dedicate this work to my wife: Caroline and children Lynn Ndinda, Ivy Mbengi and Beryl Nzyula for being beside me during my study. I sincerely appreciate them for their patience and understanding.

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LIST OF ACRONYMS/ABBREVIATIONS

CDF	-	Constituency Development Fund
CDFC	-	Constituency development Fund committee
LATF	-	Local Authority Transfer Fund
CBO	-	Community Based organization
MP	-	Member of Parliament
PMC	-	Project management Committee
DD	-	District Development
DDC	-	District Development Committee
ESP	-	Economic Stimulus Programme
DDO	-	District Development Officer

OPERATIONAL DEFINITION OF TERMS

Capital Rationing:	Limiting the amount of funds to spend on a certain investment due to capital constraints (financial dictionary.thefreedictionary.com)
Capital Budgeting:	Capital budgeting is the planning of how to finance investments from different sources in due consideration of cost of capital (Investopedia)
Devolution:	Granting powers of the central government to the community through statute (www.merriam-webstar.com)
Constituency:	This is a body or region defined for representation by an elected person (www.merriam-webster.com)
Member of Parlia-ment	Someone elected by the people in a constituency to represent them in parliament (lega-dictionary.thefreedictionary.com)
Community:	Local people, who are the citizens of a country. People living within proximity (www.merriam-webstar.com)
Centralization:	Concentrating decision making authority at the central government
Effective completion:	Project completed fully and readily being utilized (dictionary.reference)
Pork Barrel Fund	Terminology referring to funds used to carry out development or projects that influence group support despite funds being drawn from community (Investopedia)

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Government fiscal decentralization takes different forms and focuses on improving the welfare of the citizens of a country. Society welfare in common knowledge refers to poverty levels and the country's economy. It is also a fact that low levels of economic performance results to high un-employment and increases poverty levels. CDF positive contribution in reducing the poverty levels is worth an applause; as basic facilities, like medical health care and school fees payment which was a common challenge in Kenya have been greatly reduced (TISA, 2009). Various countries have adopted different approaches in ensuring that fiscal decentralization is effective; some states have adopted federalism including America, France, China, Nigeria just to mention a few, while others like Jamaica, Ghana, Rwanda, Uganda adopt CDF. Most African countries that had been colonised took long to realize that fiscal decentralization is the way forward in addressing poverty and development in a highly diverse environment hence went through a series of processes and adopted varied approaches of decentralization. This was after realizing that centralized fiscal systems have been ineffective as they are bureaucratic and which do not take into consideration diversity in the demography and geography of a country (Gikonyo; 2008, Kinyanjui & Misaro; 2013).

The government of Kenya has adopted a number of fiscal decentralization approaches since independence which include; provincial administration, Harambees, local authority transfer funds (LATF), water service trust fund (WSTF), roads maintenance levy fund (RMLF), HIV/Aids funds, free primary education, district development focus among many others (Obuya, 2010). In the forty years before introduction of CDF, fiscal decentralization approaches adopted a top bottom approach as compared to CDF's bottom up approach (Awiti; 2008, Baskin; 2010, Obuya; 2008). The conventional top bottom approach did not give the local communities an opportunity to participate in making prioritized development choices according to their needs hence the impact of government development was not be felt as witnessed in CDF bottom up approach. In all the previous approaches, the government of Kenya has taken charge of all approaches for reasons of maintaining control through the provincial administration (TISA, 2009). The government does not seem to have lost that control in the CDF set up as its district commissioners are members of the development committee.

The previous decentralization approaches did not seem to impact serious in the local level as the long chain of government bureaucratic command made it difficult to accommodate varied community needs. Even after introduction of CDF and despite its impact in the community, many corruptions accusations do exist, various court suites in law courts for funds misappropriation, some completed projects have become monuments as they not utilized as intended for lack of implementation funding, and duplicated projects across various constituencies. Above all, there are reports of many projects stalling midway for several years (TISA, 2009)

The successful completion of project is not only influenced by insufficient funding but greatly so by management practices in the utilization of the available funds which cannot be sufficient due to their scarce nature. Awiti (2008) concurs with other researchers that proposals being pushed through CDF committees require expertise in writing and review which is not always the case. This has implications of the CDF committees adopting projects whose value addition to the community is questionable as influences of mass democracy impacts on proposal evaluation. CDF efficiency and efficacy as influenced by government regulations and guidelines is a critical factor in completion of projects and remains a concern if effective completion of projects is to be get enhanced.

It is common knowledge that the management of commercial businesses measures their effectiveness by the profits and returns on capital in form of dividends and capital gain. The government and the public sector on the other hand measures returns on capital investments through the utility of the public goods and services which can only happen when goods and services are being utilized hence the need to ensure that all projects financed by the government are finalized. Although it is a fact, that the 2.5% minimum national budget allocation stipulated in the CDF act 2003, 2007 and 2013 (GOK; 2003a, 2007e, 2013g) cannot meet the expected obligations of the constituency, the manner in which the funds are allocated determines to a great extend the ability of the CDF management to attain effective project completion. These practices vary depending on circumstances facing the decision makers in a constrained financing environment. This study evaluated the practices applied in Kasarani constituency in managing the constrained CDF funds and established how effective these practices influence completion of CDF funded projects.

1.1.1 Kasarani Constituency

The Kasarani constituency is one among the other eight constituencies in the former Nairobi province that is currently Nairobi county with seventeen constituencies (Softkenya). For purposes of the study, the former Kasarani constituency whose boundaries were defined when Kenya had 210 constituencies were retained as the scope of the study dates back in 20003/4 financial year. The constituency population is 525,624 according to the 2009 population census (KNBS, 2011) and expected to gradually grow towards a million considering that there are major infrastructural developments taking place within the vicinity of the constituency including the construction of a modern super highway and several roads by passes that form a ring around the constituency. With the super highway almost completed, there is expectation of population growth as indicated by the massive influx of people since the inception of the project. These influence the activities within the constituency as international activities are bound to take place in the constituency and its surrounding. These activities attract huge populations hence pressurizing the public amenities in the constituency.

On the adverse, the constituency has two big slums namely; Mathare and Korogocho that are densely populated and lack public amenities like piped water and sewerage systems. Where they are available, it is evident that they are highly constrained. The people inhabiting the slums require public amenities like schools, hospitals, public transport and security among others. The inadequacy of the public amenities in the constituency is a challenge to the CDF management and there is pressure from the community with many proposals for financing. Despite having ambitious project proposals initiated after approval, the completion of most of them has remained unacceptable while others have stalled for long.

The growth in population and massive commercial activity increase at the wake of modern infrastructural developments have brought a challenge of providing service to the people due to constraints of funding which poses the question of how the CDF management applies capital rationing practices. Since it is impossible to get sufficient funding from the central government to realize the expectations of the community at the constituency level, the prudent management of the available funds is the ultimate solution, which brings about the question of capital rationing practices in the Kasarani constituency.

1.1.2 Research Problem Statement

Across the world central government, funding has never fully satisfied pubic requirements and worse in less developed countries especially those in the continent of Africa where prudent management of public resources is not well applied. With fiscal devolution through CDF, there have been many unfinished projects, finished but never put into their intended use (Nganga, 2011). Despite government releasing funding for community projects the provision is small compared to the community needs as reflected in the project proposals (Obuya, 2008). Study cases on CDF have shown that the fund has underperformed in many ways and scholars have argued that the institutional capacity of the implementing organs need scrutiny (Ochieng' & Tubey, 2013).

CDF being faced with limited funding in the wake of massive reported underperformance in many constituencies, clientism and patronage, there is need to evaluate the capital rationing practices as applied in the circumstances above with view to establishing how they influence the effective implementation. Although studies indicate that funding constraints greatly contribute to this situation, little is being done to evaluate the processes of allocating the funds and how best the management applies best practice in rationing the constrained funding.

1.2 Objectives of the study

1.2.1 General Objective

The general objective of this study is to establish how capital rationing practices influence completion of CDF funded projects in Kasarani constituency.

1.2.2 Specific Objectives

i. To establish the type of capital rationing practices applied in the Kasarani CDF
ii. To establish to the management practices applied in Kasarani constituency CDF.
iii. To establish which capital rationing limitations influence effective completion of CDF funded projects in Kasarani CDF.

1.3 Research Questions

The study proposes to answer the following research questions

i. Which capital rationing practices are applied in Kasarani CDF?
ii. Which management practices are applied in Kasarani CDF?
iii. Which capital rationing limitations influence effective completion of CDF funded projects in Kasarani CDF?

1.4 Justification of the Study

CDF relies fully on central government funding; this scenario leaves the CDF management with few options on ensuring that projects under their watch are effectively completed. Despite the fact that CDF is depended on central government funding, many CDF committees do not adopt best practices in planning for these funds resulting to a number of projects stalling midway hence huge government funds are either wasted or depreciating in stalled projects. This study seeks to evaluate the capital rationing practices in Kasarani constituency to establish whether they contribute to effective completion of the projects under CDF.

1.5 Significance of the study

This study seeks to identify the implications of capital rationing practices on the effective completion of CDF funded projects. Through this study, the government policies governing CDF project proposal acceptance and completion are evaluated with view to proposing appropriate amendments that ensure government funds are not wasted in stalled projects. The study helps the academia establish areas of the CDF capital rationing practices that require further study. It thus helps to identify the gaps in studies concerning CDF funded projects in view of capital rationing practices and propose the appropriate options for adoption. The study helps the government in identifying the gaps in its projects proposal evaluation and prioritization. Through this study, the government will be able to establish alternative capital rationing practices elsewhere in the world, which if applied in Kenya will minimize cost of implementing CDF funded projects.

1.6 Scope of the study

The study covers Kasarani Constituency, in Nairobi County and addresses the effects of capital rationing practices on the effectiveness of CDF programmes approved for implementation in Kasarani Constituency for the period 2003/04 to 2011/12 financial year.

1.7 Limitations of the Study

CDF funds are politically driven funds thus it is likely that politics may influence the outcome of the study. It is not possible to pick only politically neutral respondents in the sample due to the possibility of biasness especially this time when Kenya is conducting general elections. Time is also a constraint in this study as the required time to clear the academic programme is also short. The study having been self-sponsored was limited in financial support as large number of respondents

1.8 Ethical issues in Research

The researcher observed high levels of ethics during the study and assures the respondents that all information obtained during the study will be confidentially handled to avoid victimization.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter gives an insight of various authoritative theoretical and empirical literature covering the public sector, fiscal decentralization and capital rationing practices in the public sector. It the covers public sector theoretical premise, the empirical insight on CDF, central government fiscal the devolution history in various models to the current situation in Kenya and further gives insight of devolution of government funds in the modern times.

2.1 Theoretical Review

Organizational efficiency in financial management is dependent on the self-discipline of the executive, the top, middle and the low- level management. This calls for quick review of existing frameworks in light of the financial management challenges and devise remedial solutions (Dotsey; 1985, Ojo; 2009). Effective financial management is hungered on efficiency and ability to operate efficiently and effectively. The public choice theory advocates for community involvement in the decision-making process, which in turn triggers demand for more funding causing deficits in the national budget. In addressing the effectiveness of funds utilization the new public management approach (NPM), the public entrepreneurship and the value for money theories have been highly advocated for by various authors (Ojo; 2009, Klein et al; 2010, Vries; 2010).

The theory of revenue exaction and other strategic theories give the basis of government levying taxes to enable it finance its operations (Gunning; 1999). Levying taxes and fines is a way of financing government operation and used as a determent from doing forbidden acts (Siegel & Cooter, 2012). This mostly occurs where are fines are charged to discourage people from doing some acts. Revenue exaction as traced in human history from the dictatorial days when a King could use all means in exacting revenue including ordering and forcing people to provide labour and other resources, this led to colonialism of Africa. The current civil society is highly sensitized on their rights and obligations due to development, induction and civilization over time. This calls the need for government to adhere to ethical practice in transacting its business leading to the adoption of the theory of public choice (Gunning; 1999). The theory of public choice advocates for adoption of a democratic method of financing government operations and goes further to advocate for democracy in utilization of the funds. Devolution of government funds is hungered on the premise of the theory of public choice as community pushes to be involved in deciding and choice of community projects. This study is premised on the theory of public choice in showing how democratically adopted government devolution of funds turns out to affect completion of CDF funded projects in the wake of capital rationalization.

2.2 Empirical Review

Studies on efficient management of government-decentralized funds have shown that efficiency in organization financial management is best achieved where determination to pursue excellent performance through the hierarchies of top, middle, and low-level management in the organization has been explored (Ojo, 2009). Obuya, (2008) in his study on fiscal decentralization in Kenya focusing on the constituency development fund and the growth of government, found that fiscal decentralization has promoted locative efficiency and equity but at a cost of exporting tax burdens of the central government from capital projects implemented at the local level. Further studies on fiscal decentralization in Kenya by Wambwire (2010) indicate that there has been general trend on decentralization followed by financial management responsibilities at local government levels.

This burden transfer inflates the central government expenditure gradually forcing it to apply adoption of external capital rationing. Further studies by Olurankinse (2012) which is an analysis of the effectiveness of capital expenditure in budgeting in the local government system of Ondo state in Nigeria indicate that effective capital expenditure budgeting influences expenditure through timely approval and good coordination between plans and budgets.

2.3 Capital Rationing Theory and Practice

The public choice theory drives fiscal decentralization since it advocates for participatory decision management jointly done through involvement of the community. Watkins (2010) explains that public theorists demonstrated how decision concerning the public are arrived through voting systems where the electorate are irrational and do not consider the cost benefit aspect of their decision. This explains the inconsistencies in the classical model of representative democracy that influence utilization of public funds as the elected representatives do not make decisions from an informed point of view but are informed by the need to be famous in the future regardless of the cost foregone. The public choice theory founders based their argument on social demands as expressed by society and the electorate in which they advocate decision making be jointly done with the government which is responsible for all the problems of definition and implementation of policies.

The remedies for in-adequacies of public choice theory are in theory of fiscal decentralization that has its background strongly based on the traditional public finance theory (Oats; 2006, 2007). Due to the need and desire for the community to take control of their own affairs and failure of the public choice theory to bring control of resources close to the community, there has been shift to give powers and responsibility to the community in order to enhance democracy, accountability and transparency through the theory of fiscal decentralization. Fiscal decentralization brings funds closer to the people and as a witnessed in Kenya, where the level of development are been adversely influenced by ineffective systems resulting to un-even development (IEA, 2010). There is need to address systems with view to ensuring fiscal decentralization bring benefits but not doom to the community in line with the economic theory of fiscal decentralization (Tiebout, 1961). Tiebout explains how benefits bring multiplication of gains through the spillover effect. Fiscal decentralization benefits are best safe guarded by modern business practice in decision-making, performance and accountability. These include the new public management practices (NPM) whose tenets are disaggregation, completion and incentivitation. Disaggregation results to attaching responsibility to individuals for their actions whether good or poor and duties which triggers performance resulting to completion since the responsibility comes with a reward whether the carrot or the stick (Dunleavy, 2005; Vries, 2009). In addressing the challenges of effectiveness in performance, the theory of public sector entrepreneurship is critical since it addresses the lapses and weaknesses of the public sector. This theory addresses management and economics, incentives, constraints and boundaries of entrepreneurship in the public sector (Ojo, 2009; Pitelis et al; 2010, Shockley et al; 2002).

In concurrence with Oats Study of federalism, a number of other studies have confirmed that the way forward in government development is through financial fiscal decentralization embraced by a number of countries in the last two decades. It has been realized that fiscal centralism adversely influences the development trend of a country (Kee, 2003). In the Oats study, which dwelt on reform theorem, a reference to the federalism ‘fathers’ was made, they argued that, “the advantages of a strong (but limited) federal government and independent state governments would provide the best opportunity for the protection of and responsiveness to the citizens in the fledgling nation”. After independence, most countries adopted a bottom up approach in development decision making as copied from their former colonial masters. This mode of governance ignored the diversity in the society resulting to skewed development in favour of certain areas. With sensitization on CDF, the community has been provoked to propose development projects deemed of priority to them whose aftermath is national spiral budget deficits (Obuya; 2008, Zyl; 2010, Kirira ;2011).

Capital rationing practice takes internal and external form; the internal practice guided by the management internal systems and based on priorities the management prefers to others. It is decision based and reflects how cautionary the management is in arriving at critical decisions. Internal capital rationing practice covers best practice in cost cutting, performance contract setting, regular cost reviews among others that are critical elements in the CDF management practices aspect. Internal capital rationing calls for stringent internal controls aimed at bring down cost hence efficiency, delivery of service with time resulting to effectiveness and ensuring customers are satisfied (Hong, 1991). The external capital rationing influence limitation of funds allocated to the CDF committees by parliament within which they are supposed to operate. Government influences this owing to its inelastic revenue base. This causes restraint in the public sector especially the CDF in Kenya as parliament allocates funds based on the CDF act. Also; the government does not have enough funds to facilitate all requests forwarded for consideration that include projects in progress.

Best practice in capital rationing demands projects approved for implementation be evaluated in view of feasibility, utility value, funds availability and sustainability. Proper evaluation on utility value of projects should take preference through hierarchial ranking analysis. Since the CDF management has constrained resources and with many projects to implement; ranking the projects would give priority to those projects ranked top in the hierarchy leaving the balance to the next project in rank. This approach would ensure highly ranked projects are first completed and funds are optimally utilised ensuring effective completion of projects. Community projects require assessment to determine their long term implications that will be pointed out through development of scoring tools for use in the evaluation. Adoption of innovative financing options, public entrepreneurship approach (PEA), strategic planning and adoption of new public financial management would give options of enhancing completion of projects through availing options in funding, management and evaluation (Mierlo; 1996, Fenardo; 2005).

Alternative methods of funding which include public private partnerships (PPP), co-funding and borrowing among other approach which if properly implemented and sustained can influence effective completion of CDF projects. Co-financing can also influence effective completion of projects where one financier drags in releasing funds or terminates financing before the project being financed are completed (Jha, 2012). Capital rationing practices in the world have greatly evolved as argued by some academicians, as the digital era seems to have come too fast before the new public management is fully functional as argued by Duleavy (2005) who feels that the new public management practice is obsolete in European countries. For Africa and other developing countries, the new public management is yet to be fully implemented and its effect felt; an indication that this step of development may overlap with the digital era.

CDF committees in Kenya operate under fiscal restrictions similar to many devolved fiscal systems in other countries that rely on central government disbursements. Due to limited financing in an environment where there are many projects to be funded, various authors recommend adoption of the internal capital rationing practices that include; adoption of innovative financing options, public entrepreneurship approach (PEA), strategic planning and adoption of new public financial management (NPFM), (Fenardo, 2005). PEA entails public institutions to carry out business in a private business approach manner by engaging in processes that maximize output t minimal cost. NPFM addresses the overall public administration system covering institutional order, the organization structure, the personnel, the procedures, managerial accounting, reporting and auditing. Its main aim is to manage the standards that govern public financed activity based on modern business approaches to the public sector in order to replace the legalistic and formalistic perspective with a managerial one and advocates for strategic approach.

2.3.1 Capital Rationing practices in CDF

External capital rationing relevant in CDF applies where financing is not within the control of the management as funds are disbursed by parliament through treasury while the CDF management is expected to allocate. A study in Alberta province indicate that capital budget deficits are mostly influenced by lack of political responsibility on development funds whose accountability is not straight forward as it spans across several years (Broothe,1993)

Internal capital rationing in CDF is through fixing limits on amount of funds allocated to various projects. This type of rationing is influenced by a number of forces including conflict of interest which where politicians have used allocation of the fund to influence voting patterns. This involves influencing voter blocks where the Member of Parliament (MP) is not famous and reward voter blocks that voted overwhelmingly in his favour. Such conflicts made MP appoint committee members who can be easily influenced and royal to them (Nganga, 2011). Never the less, some constituencies have operated in a transparent manner like the case of Gatanga constituency where clientism has been discouraged by establishing independent structures that have performed and have become a reference (Nura, 2010). Prudent management adopts cost effective procurement methods including carrying out market surveys to determine the prevailing cost of goods and service before buying. Project choice and prioritization determines which project has priority to the others. This is can be attained through feasibility studies and research establishing the long term implication of projects, alternatives and establish the proximity to similar projects either within or without the constituency as a confirmation whether the project is worth undertaking and the sustainability.

Fiscal decentralization, which is a current mode of implementation of government development, has been highly advocated by many authors for its participatory approach where the community is involved in many ways. For lack of good accountability in fiscal decentralized systems, which trickles to the internal factors of capital rationing, there have been major failures of attaining effective completion in a number of CDF funded projects. Despite adopting the participatory approach, politics of the day influence CDF operations in an effort to win the electorate (Kee, 2003; Kimenyi, 2005; Obuya, 2008; Chweya, 2012).

2.3.2 CDF Management Practices

In business practice, capital rationing is a reaction to low returns where an investor has reservation that returns may not be good in certain sectors as compared to others. Scarcity of capital to fulfill all profitable business ventures pushes a firm to limit the available funds to the most profitable and less risky project, resulting to optimal mix of investment. In order for business to remain competitive, cost cutting is critical in order to remain competitive. Likewise, the government is required to service its citizens at minimum cost and provide effective response to public needs. (Mierlo,1995). Being effective and ensuring cost of service provision is minimized there is every need to adopt modern business practice in procurement, such that goods and services are cheaply procured which is a main weakness of the public sector

(Kimani, Nekesa & Ndungu; 2009). The public sector on the other hand does not operate in the profit premise, as it is oriented on provision of public goods and services. The only common challenge in the two is scarcity of finances to satisfy capital requirements as dictated by the strategic deficit theory, (Pitsoulis and Siebel, 2011). Hence, both sectors have to develop a viable approach of allocating the available funds.

Prudence concept dictates that where funding is constrained, there is need to adopt stringent management controls to ensure minimize wastage. This calls for adoption of value for money approach; whose tenets are public accountability, transparency, efficiency, effective and inexpensive criteria, principle of separation of politics and administration which has worked very well in the economic tigers of Asia, where procurement practices have been streamlined and tightened as a priority to lock on loss of funds (Sarel, 1997).

Well structured institutional organs helps in attaining effective completion and the opposite is true. CDF management practices covers procurement procedures, clear management roles, monitoring and evaluation of projects among others and is concerned with influence by politicians on procurement procedures, committee operations and the reporting checks and controls. With proper ranking in priority through the hierarchical approach, the attainment of actual and effective implementation of projects is determined by management capacity to actualize plans that influences the many dynamics of independence and objectivity. Where the management is not free to make decisions on where to source for supplies, their effectiveness in cutting cost, ensuring high standards of goods and services are limited, hence timely and effective completion of projects are compromised. Implementation and monitoring of projects can be effective where the management has set specific timeframes with specific goals to attain and develop mechanisms to evaluate performance against these targets. In doing so, the management would reviews performance and take remedial action. A review by ACCA of various countries shows that in order to improve public sector financial management, strong leadership, a long-term commitment and momentum, effective partnership and strong project management are required (ACCA, 2010)

2.3.3 Capital Rationing limitations

Various countries adopt varied approaches in distribution of funds to CDF but in bombshell, it takes either a regressive or a progressive approach. Regressive approach adopts equal distribution of funds as it happens in India, Pakistan, Zambia, Uganda and South Sudan while progressive approach applies a formulated structure (Zyl, 2010). It is widely noted that MPs control CDF operations, as the law does not deal firmly with the separation of political and administrative powers. This leaves the MPS with a lot of unchecked powers which are used to appoint and dismiss committee members at will which curtails the committee freedom to choose projects on priority basis (Mwenza; 2006, Zyl; 2010)

The traditional concept of government as an institution has progressively been progressively by innovative model of government that takes different forms. This includes co financing, alternative financing whereas CDF act stipulates that financing on CDF will be purely from consolidated fund (GOK, 2003a). Most public organs use the traditional borrowing which dependent on interest rates and availability of options. The public sector being a legally highly regulated operates within set legal frameworks. Kenya's CDF case is restricted government centralized funding which makes them incapable of exploring other options. This scenario needs evaluation with view to establishing its effects on the completion of CDF funded projects. For Kenya government agencies to borrow, it is a statutory requirement that the government guarantees the debt, which is usually a rigorous process. Government organs borrowing in Kenya is guided by the Public financial Management Act, 2012 (GOK, 2012f). Despite this, many organizations do not know the options available to bridge capital budget deficits. This limit is not only due to lack of knowledge but also limited by the way in which the CDF is structured. The legislative framework under which CDF operates does not provide provisions to seek for alternative financing.

CDF procurements in are regulated by the government procurement procedures as stipulated in public procurement and disposal act, 2005 (GOK, 2005d). It is therefore not possible to adopt other means of procurement without breaking the law. Government procurements are costly, as suppliers believe government does not pay fast enough. Corruption entrenches itself in committees that have been appointed in an independent manners. Hence, this limits the CDF committee on cost cutting and adaption of money saving approaches for finalization of the projects.

CDF is a complimentary fund as noted in a research on 'devolution in Kenya, prospects, challenges and the future' (IEA, 2010) and thus is useful if used together with other funds. In a situation where thematic or sector based funds are managed in a structured manner, there is no synergization as duplication is likely to occur. Hence, lack of central coordination limits capital rationing in that it is not easy to know how much funds have been committed to a certain sector when allocating funds in CDF.

2.3.4 Effective Project completion

Projects involve large amounts of money that could go down the drain if quality controlled is not in place. Large projects implemented over a lengthy period, need to be anlysed and their implementation period be broken down into manageable phases for ease of monitoring. Running behind schedule can attract huge costs as input resources may vary in cost as time passes. Contractors may also require price variations where delays are not within their control hence proper planning is ideal in avoiding it

When costly projects are not completed in time and put in their intended use, there is time factor for funds that are held in the project as they are not providing utility to the intended users. Projects that do not also meet user specifications may be waste of funds where specialized purposes like school laboratories, maternity wards among others have not been factored. Hence building an inappropriate project will amount to ineffective completion as the utility which measures effective completion won't be attained. The Kenya case of CDF projects has impacted on the social economic wellbeing of the citizens when appropriate projects have been implemented (Ochieng et al, 2012)

2.4 CDF Framework

A lot happened in Kenya after 2002; the county had just done a general election during whose campaigns delivery of a new constitution within the 1st 100 days was prominent. This promise never materialised in the five year the government was in office. Although the government faced challenges after accenting to power, the country later got a new constitution promulgated on 27th August 2010. This constitution has a number of stipulations among them the right to information access. Ongoya and Lumallas (2005) points out that the CDF act fails to address this, which results to challenges of proper accounting for the funds so disbursed. They also point out that there is need to have several levels of responsibility namely; the national level in which the National assembly falls and the local level with executive in control as compared to the current situation were the MP is involved in both levels. The involvement of the legislature at the local level waters down the spirit of devolution and separation of powers as stipulated in corporate governance.

As highlighted by Ongoya and Lumallas (2005), the CDF (2003) act requires that the membership of the committee should be 15. Also under rule 6 of section 23 requires the quorum of the committees shall be half of the total membership; which is not adhered to in most times. The act does not stipulate clearly the process of election and appointment of membership to the CDF committee, which give the MP options to handpick. There is no specific restriction stopping the Mp from, handpicking committee membership neither procedural check and or guidelines as to who ought to or ought not to be a member. The time of 30 days specified leaves room for handpicking the Mp's affiliates- political, tribal or relational parties to the committee.

Accountability touches on political influence and procurement management that politicians influence as the government has failed to insulate the CDF by alienation of through legislative powers from those of the administration (Kimenyi; 2005, Ongoya and Lumaras; 2005). This has been identified as the main cause of corruption as MP use funds to buy political favors or vote buy out and instead of the MP being fund the watchdog, they end up influencing its activities resulting to clientism and nepotism. The MPs ability to influence the CDF choice of projects without due processes of evaluation on viability and appropriateness results to disillusioned constituents as consultations may not take place resulting to unnecessary and inappropriate projects whose long-term impact on the constituency. This implies evaluation and feasibility of the long-term implications on sustainability and cost effectiveness of the projects are lacking.

In a study by Kimani et al (2009), using participatory research methodology in which best practices in CDF were evaluated, it was found that Mps handpick committee members. It also shows that in Samburu West, 84% of the illiterate people were women, a situation amplified by cultural practices including forced marriages of school going age girls. The current constitution of Kenya gives a remedy for this by requiring provision of at-least a third for women in elective positions and gender balance in all public appointments. Kimani et al (2009), in their review of the best practices highlight that if best practices are adapted, CDF target of reducing poverty is easily achievable. Those applying best practices include women and youth in development issues who are the majority stakeholders in the society. This expectation takes into consideration by the government in recent times where it has come up with gender and youth affairs ministry to ensure fair representation of marginalised groups.

Such a move will definitely have multiplier effects in the economic growth of the country hence will overly reduce the levels of poverty.

A review of the rules and regulation indicate that there are adequate regulations as stipulated by the CDF act 2003 (Kimani et al, 2009). The act recognises four organs of the fund which include; the CDF committee elected by the National Assembly of the Parliament constituting of 11 members of parliament, Clerk and the speaker of the National Assembly. It is also composed of the CDF Board; a national organ to oversee CDF implementation. The district project and constituency development fund committees also consider and recommend to parliament any matter that require action by the national assembly; consider referenced project proposals submitted from various constituencies through the board, overseeing the implementation of the CDF act, 2003 and its subsequent amendments (CDF amendment Act 2007), considering and reporting to parliament names of persons required to be under the CDF act, continuously reviewing the framework set out for efficient delivery of development programmes financed through the fund, overseeing the policy frame and legislative matters that may arise in relation to the fund and, the link between the CDF Board and the National Assembly.

The CDF board has the following mandate: ensuring that there is prudence in the management of the fund, ensure allocation and disbursement of funds to every constituency, receive and discus annual reports and returns from the constituencies, ensure proper records, returns and reports from the constituencies are compiled. The board handles complaints and disputes received and provide remedies; ensures timely submission to parliament of various returns and information as required; reviews, scrutinises and approves project proposals from the constituencies that are consistent with the act and refer disapproved project proposals with adequate policy issues, from the constituencies with adequate reasons to the Constituency fund committees for direction and consideration. The District Project Committees coordinates the implementation of projects financed through the Fund and ensures none duplication of projects. The Constituencies Development committees are consistent of at-least 12 people but a maximum of 15 people. These are; the elected member of parliament, two councillors in the constituency, one district officer in the constituency, two men representatives from the constituency, two persons representing religious organizations in the constituency, two women representatives from the constituency, one person representing the youth from the constituency, one person nominated from the active NGOs in the area, an officer of the board seconded to the constituency development fund committee by the board who shall be ex-officio and a maximum of three persons from the constituency such that the total number does not exceed fifteen.

Studies indicate that fiscal devolution has caused an increase in the level of community awareness that is in conformity with the public choice theory; the outcome of extensive awareness is the ability of the community to demand more and more as per their unique needs and desires (Nyamori, 2009). CDF being a realization of public choice theory enables the community realize what they have not been able to access for many years. This explains why there has been major increase in development proposals to fulfill the left unfulfilled gap long, which has triggered huge constituency budgets that may take many years to complete. This situation results to budget deficits as the government has limitations in the funds it can raise and disburse to various projects resulting to chronic budget phenomena as witnessed in many other countries (Pitsoulis and Siebel, 2009, 2010).

Gender and cross cutting issues is another major concern in today's world; any development in which the less privileged and traditionally disadvantaged are left out is also seen as adverse (Nganga, 2011). Women and children are the majority in the community and were traditionally overlooked in decision making. Scrutiny indicates that majority of the committees do not meet the set threshold. The previously marginalised people in Kenya have welcomed the new constitution promulgated on August 27, 2010, which brings devolution to the people in form of county governments (Nyajom, 2011). Nyajom (2011) also highlights that there are challenges in that the beneficiaries of the old order who are not contented with the changes. In critiquing the CDF; Chweya (2012) in his article, 'constituency development Fund: a Critique;' he points out that there is a relationship between decentralization and development since decentralization of authority to local officials results in realistic planning and action resulting to faster decision-making, appropriateness and relevance. Cheya (2012) concludes that where devolution has been embraced, democracy and ethical practice are likely to be enhanced.

2.5 Challenges in implementation of CDF

The current arrangement is that the members of parliament are in charge of the CDF which has caused havoc in the committees where they influence business instead of putting controls and allowing transparent appointment procedures. In many constituencies, it has turned out that they appoint their spouses, close relatives and friends. Various authors concur that this compromises independence and objectivity and in turn affects the community welfare (Ongoya et al, 2005).

Ongoya et al, (2005) in their study concur with other authors that there is immense misappropriation of public funds. This calls for urgent measures to address the weaknesses of the CDF act, which does not address the separation of powers between the executive and the legislature. As found out by Kimenyi in 2005, CDF enhances participation that enhances harmony in the community. This view has been challenged by other researchers who feel that CDF encourages dependency on central the government hence hinders innovation (Obuya, 2008; Kimenyi, 2006; Chweya, 2012).

Keefer and Khemani (2009), did a Policy Research Working Paper titled; When Do Legislators Pass on the “Pork”? a study on the determinants of Legislator Utilization of Constituency Development Fund in India where they analysed data from India and found that legislator effort is significantly lower in constituencies where voters are more attached to political parties and are also lower in constituencies that are reserved for members of socially disadvantaged groups. This confirms that that political patronage plays a role in the implementation of CDF as the MP influence absorption of funds. The legislature influences CDF operations centrally to principal of separation of powers in governance as the legislature has a hand in the operations. Parliament is supposed to play the watchdog role which is not the case as confirmed by Kimani et al (2009) in their research on best practices in CDF where they found that the legislature does not purely do that as members of parliament control CDF. Kimani et al (2009) in their study of best practices in CDF also point out that none of the constituencies they studied score 100% and neither scored a zero percent. They argue that the majority of those that have embraced good practices in CDF management score an average of 75%.

The performance of the CDF programmes in various constituencies is highly influenced by the law of the country, the integrity of the officials in charge of the fund, the political leadership of the constituency, the level of literacy in the constituency among others (Nasongo and Wachiye, 2010). Analysis of Kanduyi Constituency fund on financing of secondary school bursaries as reported in a research paper by Nasongo and Wachiye (2010) and others, shows that the committee has a criteria of arriving at the beneficiaries of such bursaries. Also, related to weak legislation is the decentralization of Local government of Ghana which has experienced implementation difficulties (Sharma, 2010). It has been noted that CDF create a society dependent on government (Chweya, 2012) which confirms the findings of Kimenyi (2006) though he acknowledges the fact that CDF involves distribution of decision-making power, he relates this to fatal performance of all previous models of decentralization. It is also clear from the composition of the CDF committees that the ordinary Citizenry is under-represented. The membership of the committee includes the Member of Parliament (MP), the District Officer, two local authority representatives (Councilors), religious organization, men and women one representative of the youth and women consecutively. This composition is highly skewed to the government hence the proportion of representation of the ordinary citizen is low.

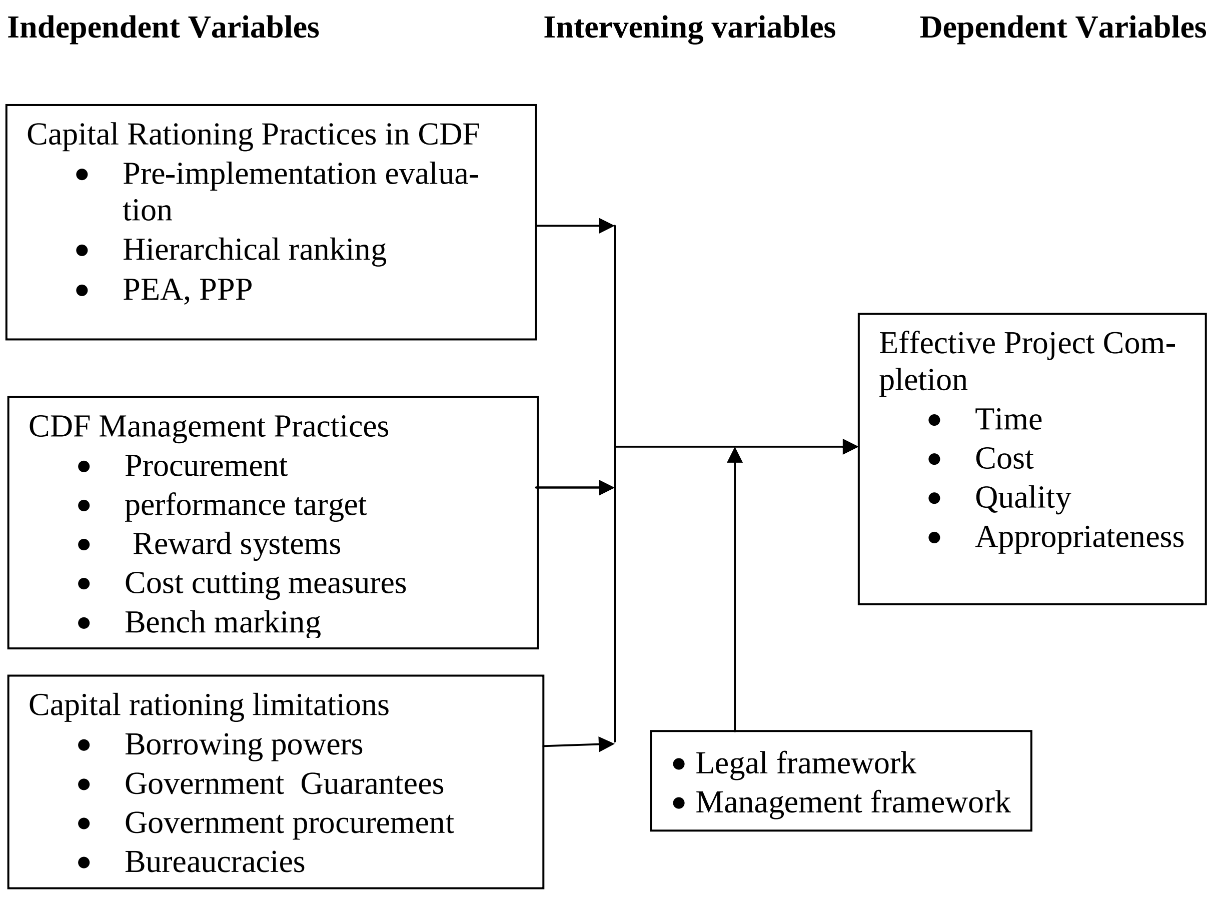
MP and the religious leaders represent the people in the CDF committees, which otherwise viewed may not be the case as a religious leader sometimes might have been driven by career need as opposed to serving the people. The MP may not also represent the peoples will and may have interests that are in conflict with those of the people he represents. Most times MPs have used CDF funds to award voter areas who favourably voted them or to woo voters from areas where they are less popular. Apart from building of schools and roads CDF has created employment for many. The CDF offices are manned by people and also the funds are used to purchase items from the local people whose multiplier effect is greater than if procurement was being done from the central government, as the same would likely go to people from the same community or tribe awarded through dubious means.

Political patronage is a great factor to consider in consideration to CDF. Mbai (2003) in evaluating public accountability and governance in Kenya, points out that political patronage started way back after independence when majority of cabinet and senior civil service were from one community and meritocracy was ignored in their appointment. This gave certain communities advantage over the others as peoples bigger earnings are in their home area, decisions of national interest are being discussed by a clique from one village if not district and common sense dictates that their decisions will be skewed towards developing their community (Mierlo, 1995). This explains why we have some parts of Kenya having not been empowered economically while others have the economic power to push and pull. These same areas almost all main tarmac roads and electricity literally to each door stop while other areas despite their contribution to the national economy do not even have murram roads(IEA, 2010).

Various studies have dwelt on the factors affecting the management of CDF in which institutional capacity has been highlighted as an issue of concern. Institutional capacity cuts across issues of management capability, organizational structures and the organization capability to integrate development agenda in the community needs (Tshangana;2010, Ochieng' & Tubey 2013). As analysed in the constituency development funds scoping paper 2010, in Kenya, Uganda and Pakistan among others one common factor cutting across is that CDF processes do not adequately protect against the duplication of development projects. This is attributable to clientism as confirmed in many other studies elsewhere and as is expected in political driven development (Mbai, 2003)

2.6 Conceptual Framework

Figure 2.6: Conceptual Framework



Source: Author 2013

2.6.1 Interpretation of variables

Capital rationing practices in CDF covers decisions and actions which the CDF management practice and are made to ensure projects are concluded as intended. Capital rationing practices influence amounts of funds the CDF committee sets aside for a specific project. These practices involve controls put in place to ensure that funds are not set aside for a project that has not been evaluated properly within the set criteria. Such practices include project pre-implementation evaluation, Hierarchial ranking of priority competing projects to ensure the most urgent if financed first, modern business practices like public entrepreneurship approach and private public partnership approach among others. Limitation of funds which the CDF committees are supposed to operate within while internal rationing get influenced by best practices in management. On the other hand, CDF management practices cover the overall daily operations which influences the cost well reflected in performance monitoring, procurement processes, checks and controls, prioritization, clear management roles in definition of functions, cost cutting measures and quality control among others. Capital rationing limitations encompasses the ability to bring on board other stakeholders including alternative financiers, co-financiers in the wake of legislative restrictions. These variables operate within an environment where legislative regulations and management framework are stipulated in the CDF act and government guidelines.

2.6.2 Project regression model

In determining whether Effective completion of CDF funded projects is depended on capital rationing practices applied in CDF, management practices and capital rationing limitations, we denote effective completion with Y, Capital rationing practices as X1, CDF management practices as X2 and Capital rationing limitations as X3. The error (e) in the regression equation will be denoted by Aplha (α) and is equal to zero. Thus the regression equation in this case will be;

$$Y = \beta o + \beta 1X1 + \beta 3X2 + \beta 3X3 + \alpha$$

2.7. Research Gaps

It is common knowledge that capital constraint contributes greatly to the effective completion of CDF funded projects as confirmed in various studies. It is also a fact that Parliament limits funds available to the CDF management. Studies done show the various factors are influencing the implementation of CDF but little has been done on the effectiveness or influence of capital rationing practices on completion of CDF funded projects which this study explores.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

The chapter outlines the methods the applied in data collection and analysis. the sampled projects, in which questionnaires were administered, collected and data analysed. The study involved physical verification of the project status by observation to confirm whether the status reported in CDF progress report is the true position and also evaluate data collected in line with the completion status reports available in the CDF website.

3.1 Research Design

The study adopts descriptive design and applies quantitative design through which data collected gives comprehension of the issues and situation in a natural setting as associated with sociology (Mugenda and Mugenda, 1999).

3.2 Target Population

The target population in this study is the estimated 1,000 employees drawn from a sample of 22 projects proposed and approved for implementation in Kasarani Constituency between 2003/2004 to 2011/2012 financial year.

Table 3.2 Target Population

Level	Frequency	Percentage
Senior Management	150	15
Middle level Management	350	35
Low Level Management	500	50
Total	1000	100

Source: Estimated from information gathered from each project

3.2.1 Sample Frame

The study population is drawn from the project implementers of the CDF projects, which covers senior management, middle level management and low level management.

Samples and Sampling Procedure

In order to obtain a good representation, the study targeted a sample of 280 respondents that is within the acceptable sampling standards of a research study sample The 280 sample is based on published guidelines of calculating sample size at 5% error margin which gives 278 for a study population of 1,000 (Research advisors, 2006).

3.4 Data Collection and Instrumentation

Data collection is through administration of questionnaires distributed to the respondents. The questionnaire is broken down into two sections; one section dealing with demography and operations characteristics of the correspondents while the second part covers capital rationing practices and their effects on effective completion of CDF funded projects in Kasarani Constituency.

The research instrument consists of open and closed ended questions. The closed ended questions reduce time and money as they were administered in the current state while the open-ended questions encouraged respondents to give in-depth information without getting limited.

3.5 Data Analysis

The data collected in this study was mainly quantitative and was analysed through statistical methods. In addition, multiple regressions to measure the strength of the relationship between the dependent and independent variables was applied. The study measured the extent to which extended various factors relate to effective completion of CDF funded projects in Kasarani constituency. The regression equation model used was:

(i) $Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ e$

Where Y is the dependent variable (project completion), β_0 is the regression coefficient/constant/Y-intercept, β_1, β_2, and $\beta_{3,}$ are the slopes of the regression equation which measure the beta coefficient of the independent variables X_1, X_2 and X_3. X_1 is the capital rationing in CDF variable, X_2 is the CDF management practices variable and X_3 is the capital rationing limitation variable, while α is an error term normally distributed about a mean of 0 and for purpose of computation, the *e* is assumed to be 0.

Quantitative data was analysed through descriptive statistical methods standard deviation to measure the spread of the variables, Correlation coefficients and regression analysis determine the relation in the variables.

3.6 Bias Response review

The study made use of wave analysis to examine returns on selected items on a week by week basis and determined that the average responses did not change. Hence the analysis indicated there was minimal biasness.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter is an analysis and interpretation of the collected data. Various descriptive dta was analysed and discussed as follows.

4.1 Response Rate

During the study, 280 questionnaires were distributed and collected after one week out of which 215 were returned representing 76.80% response rate considered adequate for this study. The 23.2% non-responsiveness is attributable to fear of victimization since CDF is a political fund. This happened despite assurance to the respondents that confidentiality of their identity was to be maintained.

4.2 Demographics of the Respondents

4.2.1 Respondent age

33% of the respondents were aged between 26 and 45 years and 67% above 45 years while none was less than 25 years. Thus; all respondents are above 25 years and the majority are above 45 years

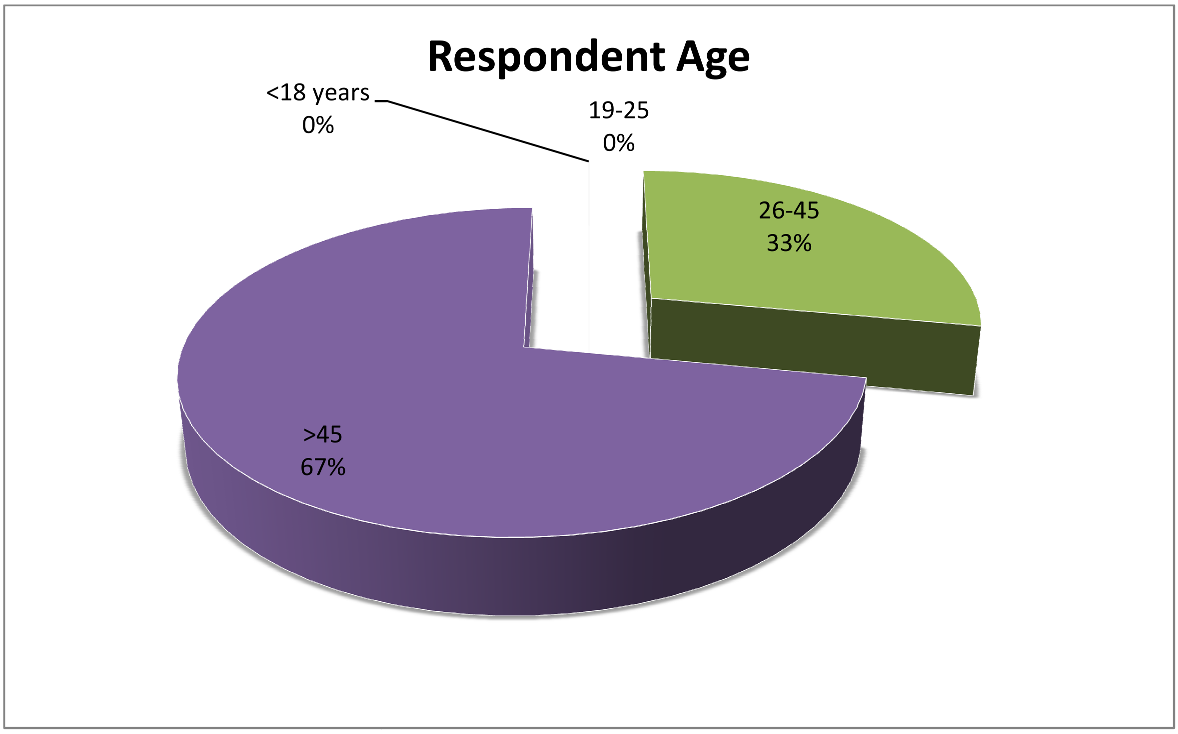


Figure 4.2.1: Respondnet age (Source: Author 2013)

4.2.2 Respondent Gender

The respondent representation was 44% females and 56% males as detailed in figure 4.2.2 below. Therefore majority of respondents were females.

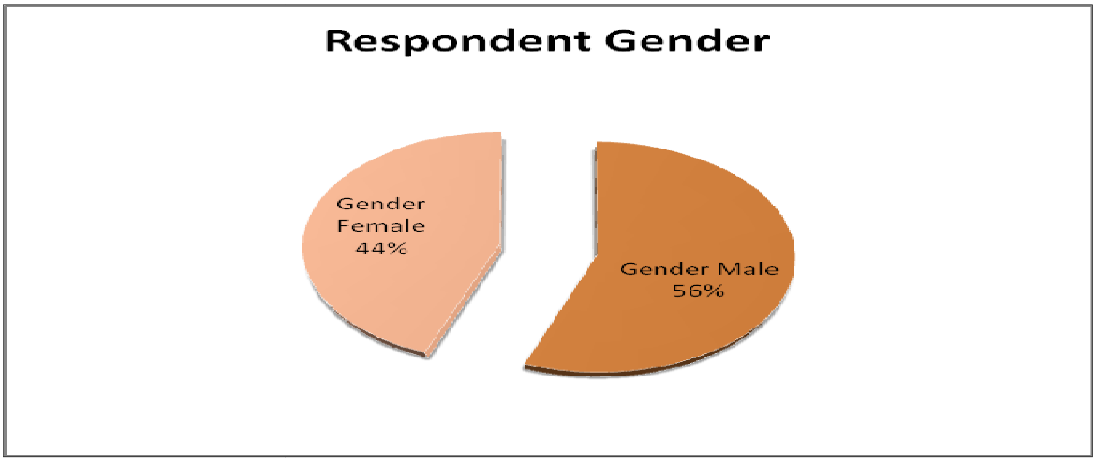


Figure 4.2.2: Respondent Gender (Source:Author 2013)

4.2.3 Respondent Level in Management

24% of respondents were place at senior management level, 34%, 42% at middle level and 34% at lpw level management. Thusmajority of the rspondents were at moddle level management level as detailed in fibgure 4.2.3

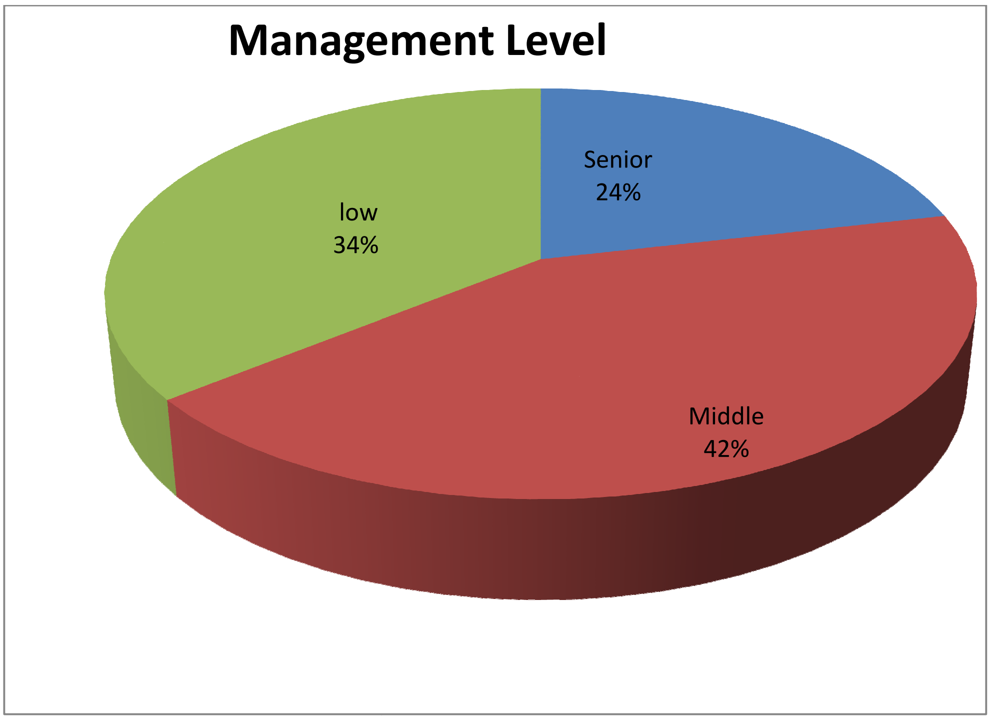


Figure 4.2.3 Respondent level in management

4.3 Project Information

This contains responses obtained from respondents and is categorized into 3 variables which are Capital rationing practices applied in Kasarani constituency, management practices and capital rationing limitations

4.3.1 Capital Rationing Practices applied

Data was subjected to statistical analysis where 5 questions were anlaysed; on whether CDF management carried out technical evaluation of the project before implementation, 34.4% respondents indicated yes, 40.5% were not sure while 25.2% indicated no as detailed in table 4.3.1 below. Thus, majority in management were not aware of the practice. This finding is in conformity to finding on a study carried out on the effectiveness of monitoring and evaluation of CDF projects in Kenya; Case of Ainamoi constituency where it was found out that ineffective monitoring and evaluation framework is blamed for the poor performance of CDF projects, Ochieng F. et al (2012).

On CDF management involving professionals in the technical evaluation of projects before implementation, 31.4% agreed that professionals were involved while 30.2% were indifferent and 38.4% felt that professionals were not involved. Again, a small percentage agreed that this critical process was carried with the bigger percentage being either not sure or responded with a no. Monitoring becomes effective if well planned. In the case of Kasarani constituency CDF, there is little knowledge from the implementers or employees of the projects that technical expertise was involved. This is a contributing factor to the low levels of effective completion while there are cases where the professionals declined to put the project to effective use as the prescribed standards were not attained. Example is the maternity wing in Kariobangi Health centre that could not be put to its intended use for failing to meet prescribed maternity standards.

CDF management in Kasarani constituency does well in involving stakeholder before implementation of a project as confirmed by 74.4% response of yes though 14.05 were not sure while 11.6% responded with a no. The results indicate that CDF management has to a great extend involved the communities in project choice as detailed in table 4.3.1. This confirms other studies carried out in Isiolo North constituency (Adan I, 2012), Gatanga constituency, Ainamoi constituency (Ochieng F et al, 2012) among others. This underscores the importance of the public choice theory (Gunning, 1999) as well as poor performance in some constituencies while others have done being better.

Analysis of the ranking of projects to enable selection of the highly prioritised indicated that 65.1% responded agreed that this practices is applied as compared to 12.8% who are not sure and 22.1% who do not concur that ranking to pick the highly prioritized project happens as detailed in table 4.3.1. Hence, most of the projects are prioritized for financing in the wake of limited funding. This is in conformity with the public choice theory (Gunning, 1999). This finding is a confirmation of Kinyanjui and Misaro (2013) study that CDF is I the process of dealing with community development challenges.

On adoption of Public entrepreneurship approach, only 4.7% agreed that such an approach was applied as compared to 22.1% respondents who are not sure while 73.3% disagree that this ever happens as detailed in table 4.3.1 Thus there is need therefore to explore ways of ensuring CDF management makes use of PEA to enhance effective completion of projects.

On financing partnerships, only 30.2% respondents indicated that co-financing is adopted while 69.8% indicated that this does not apply in the projects under their jurisdiction as tabulated in table 4.3.1. There is need therefore to review the laws governing CDF to incorporate financing partnerships which will take care of funding to finalization of projects before embarking on new ones hence boost effective completion. Pooling of resources would ensure projects are effectively completed rather than a situation where several projects financed by different financiers stall midway resulting to wastage of fiunds. This finding where CDF finances projects alone in most cases results to low levels of effective completion as confirmed.

Sufficient funding of CDF projects question was responded to by 67.4% yes of the total respondents while 23.3% reponded that CDF funds were enough with only 9.3% not being sure as detailed in table 4.3.1below. This reflects the need to boost funding and seak alternative financing to ensure projects effectively completed. Inline with various past studies which found the source of regional imbalance backdate from indepedence time, CDF cannot fully finance this gap overnight hence this finding is in conformity to what previous studies have reported (Obuya; 2008, Nyamori; 2009, Kirira; 2011)

Table 4.3.1: Responses on capital rationing Practices applied

2 Capital Rationing Practices	Frequency			Total	Percentage			Total
	Yes	Not Sure	No	Total	Yes	Not Sure	No	Total
Management did technical evaluation of this project before implementation	74	87	54	215	34.4	40.5	25.1	100
Management involved professionals in the technical evaluation	68	65	82	215	31.6	30.2	38.1	100
Management involved stakeholders in project pre-selection ranking	160	30	25	215	74.4	14.0	11.6	100
Management pre-ranked on priority basis before election	140	27	48	215	65.1	12.6	22.3	100
Management applied public enterprise approach	10	47	158	215	4.7	21.9	73.5	100
The project is financed by CDF and other partners	65	5	145	215	30.2	2.3	67.4	100
Are CDF funds enough to finance this project to completion	50	20	145	215	23.3	9.3	67.4	100
Total	567	281	657	1505	37.7	18.7	43.7	100

4.3.2 CDF Management Practices

Statistical analysis of responses on CDF management practices indicated that the greater percentage of 74.4% response was not sure wether the project procurements were openly done as compared to a 14% who responded that procurements were openly done and 11.6% indicated that procurements were not openly done as summarised in table 4.3.2. This is in conformity with finding in the Kenya anticorruption committee findings (KACC, 2008) where the flaws of the CDF act were pointed out

For openness in procurement systems, 50% of respondents indicated that project procurements were guided by government regulations while 34.9% were not sure and 15.1% responded to the adverse as detailed in table 4.3.2. This is a clear indication that CDF are highly guided by government regulations which could be a factor contributing to delay in effective completion of projects. The public procurement and disposal act 2005 plays a vital role in this.

50% of respondents indicated that project procurements were guided by government regulations compared to 34.9% who were not sure and 15.1% who responded to the adverse as detailed in table 4.3.2. This is a clear indication that CDF are highly guided by government regulations which could be a factor contributing to delay in effective completion of projects. The public procurement and disposal act 2005 plays a vital role in this.

On whether management carries out market survey on cost a majority respondence of 41.9% indicated that such surveys are not carried out , 48.8% were not sure while 9.3% responded that management carries out market surveys on cost as detailed in table 4.3.2. There is need therefore to enhance mechanisms that would enforce market surveys on cost so as to ensure project costs come down ultimtely leading to effective completion of projects. Market cost survey is a cost containment approach carried out mostly in private sector where decisions are robust as compared to the public sector where decision making is a structured processes hence structured systems brings bureaucracies increse cost as supliers may have to wait for long before they can turn their funds from debt to cash which is in conformity to the time value theory of money.

For use of prequalified suppliers in supply of goods and services, a greater percentage of respondents were not sure whether that was adopted. This is a representation of 67.4%, while 20% responded that this did not happen and only 11.6% confirmed that management used prequalified suppliers as detailed in table 4.3.2. This implies that most CDF projects are not supplied by prequalified suppliers which may delay progress and finally the ultimate effective completion.

On visiting similar projects to benchmark on cost, 50% responded with a no while 29.1% were not sure and 20.9% indicated that management does visit similar projects to benchmark on cost as detailed in table 4.3.2 below Thus most project costs were not benchmarked which may result to high costs implementation as may not reflect the true market state. Most CDF projects procurements are done by the CDF management committee and employees of various projects know little about these procurements as they are involved in the ground implementation of the projects. The question of ownership and verification on quantities and quality cannot be ensured by the CDF project employees hence a major lapse in the whole CDF procurement process.

On whether the projects had been broken down to specified phases with specified timing, 34.9% indicated that such phases did exist although a 33.7% and 31,4% did respond that they were not sure and a that this did not exist simultaneously as indicated in table 4.3.2. Performance monitoring is critical in ensuring specific goal achievement as planned and within the stipulated time. In the case of CDF, this seems not too properly instituted hence the need to enhance monitoring for effective completion. The low application of segregation of the projects points out that performance management is not adequately applied as dictated by modern practice advocated by Dunleavy (2005) and Vries (2009) which is also backed by Ojo (2009), Pitsoulis and Siebel (2010) and Shockley et al (2010) who advocates of public sector entrepreneur theory.

On evaluation of performance based on set timed goals (phases), 46.5% responded by a no and 30.2% responded that they were not sure with only 30.2% responding with a yes and detailed in table 4.3.2. This indicates that performance evaluation is minimal hence may be a contributing factor to in-effective completion of projects. Disaggregation results to attaching responsibility to individuals for their actions, hence it enhances achievement of set goals. This is not a common practice in CDF and spans across many CDF projects in Kenya contributing to the low effective complication.

Majority of respondents were not sure if a reward system existed upon which target performance based approach applied. This accounted for 48.8% of the respondents while 39.5% indicated that such an approach does did not exist while only 11.6% indicated that a reward system existed. This means that 88.3% of respondents gave their opinion on the adverse as compared to the 11.6% who gave an indication of existence of a reward system as detailed in table 4.3.2 below. In least regulated situations where stringent penalties and rewards have been are stipulated, it is likely that effective completion will be the compromise as is in this scenario. As explained by Dunleavy, (2005) performance monitoring and supported by Ochieng et al (2012), there is need to enhance this approach for that those that underperform can be held accountable which boosts effectiveness in completion**.**

47.1% respondents indicated that projects do not review costs periodically while 35.3% indicated that they were not sure and only 17.6% indicated that management reviewed costs periodically as detailed in table 4.3.2. With such low response on periodic cost reviews this is an indication that little is done to review cost hence CDF projects cost may sky rocket without remedial action being taken. This is in line with ACCA (2010) study on improving public sector financial management system.

On whether the project was supplied with goods and services by various suppliers was to a greater extend responded by a yes representing 58.1% while 29.1% were not sure and only 12.8% responded with a no as detailed in table 4.3.2. This implies that majority of supplies are done by varied suppliers. This in line with modern procurement regulation where procurement is done competitively. This is in line with Kenya's public procurement and disposal act (2005).

On adoption of alternative supplies in case on cost escalation, 22.1% responded with a yes while 50% were not aware and 27.9% responded with a no as detailed in table 4.3.2.11. This means that the majority respondents are either not sure or disagree making a 77.9%. This requires review to ensure cost escalations are minimized and remedial action is taken whose ultimate outcome will be low cost hence enhance effective completion. Previous studies have shown that CDF has not been managing supplies for goods services effectively resulting to very high costs good and service provision. The response confirms the same has happened in Kasarani constituency since competitive bidding and periodic cost review practices are least known to majority of the constituency employees.

Table 4.3.2 Responses on CDF Management Practices

	Frequency				Percentage (%)			
Management Practices	Yes	Not Sure	No	Total	Yes	Not Sure	No	Total
Open procurements processes	30	160	25	215	14.0	74.4	11.6	100
Government regulated procurements	107	75	33	215	49.8	34.9	15.3	100
Market cost survey	20	105	90	215	9.3	48.8	41.9	100
Pre- qualified suppliers	25	145	45	215	11.6	67.4	20.9	100
Similar Project cost bench marking	45	63	107	215	20.9	29.3	49.8	100
Project Phasing	75	73	67	215	34.9	34.0	31.2	100
Phased Project evaluation	50	65	100	215	23.3	30.2	46.5	100
Reward system on targeted time.	25	105	85	215	11.6	48.8	39.5	100
Periodic costs Review	38	75	102	215	17.7	34.9	47.4	100
Different suppliers	125	63	27	215	58.1	29.3	12.6	100
Alternative suppliers when costs increase	48	107	60	215	22.3	49.8	27.9	100
Total	588	1036	741	2365	24.9	43.8	31.3	100

4.3.3 CDF Capital Rationing limitations

Analysis of the capital rationing limitations indicated 75.6% responses indicated that they did not have powers to borrow while the rest responded with a not sure representing a 24.5% as detailed in table 4.3.3 below.

On guarantee by government to finance projects fully, 54.7% responded yes, 23.3% were not sure while 22.1% responded that government funding was not guaranteed as detailed in table 4.3.3 below. This is assurance that the government will finance the project to completion in the long run; however this leaves a question on timely release of funding. There has been a positive increase in budgetary allocation for CDF since its inception in 2003/4 fiscal year, while this is evident, the government has been unable to fully finance this need as it has bases of past regional imbalances which will take time to clear. Since this is the only guaranteed source of finance for most CDF projects, it has remained as an assurance despite the cyclical budget deficits in government as argued out by Dunleavy (2005)

Table 4.3.3: Responses on Capital rationing Limitations

	Frequency				Percentage (%)			
Capital Rationing limitations	Yes	Not Sure	No	Total	Yes	Not Sure	No	Total
xx. Borrowing powers to finance the project	0	53	162	215	0.0	24.7	75.3	100
xxi. Government guaranteed finances	117	50	48	215	54.4	23.3	22.3	100
xxii. Government funds flow is assured	115	47	53	215	53.5	21.9	24.7	100
Total	232	150	263	645	36.0	23.3	40.8	100

4.4 Effective Completion of CDF Funded projects

To measure effective completion the respondents where requested to respond on timely completion of projects, quality of work output and utilization of the projects. On quality, the response was a 64% yes, 24.4% were not sure and 11.6% indicated that the quality of work in CDF projects is not acceptable as detailed in table 4.4.1 below. 64% response on good quality work is not good enough hence there is need to ensure the remaining 36.6% shared among the not sure and no responses are converted to acceptable quality of nearly 95%.

The issue of quality has been raised previously in evaluation of the efficiency and efficacy of CDF any various authors (Kimenyi; 2005, Obuya; 2008) hence this study confirms that this requires more effort to make effective completion a reality.

46.5% of respondents indicated that the projects have been put into intended use, 24.4% were not sure while 29.1% indicated that the project utility has not been achieved. as summarized in table 4.4.1. This implies that a huge number of project financed by CDF in Kasarani are not serving the community as intended as represented in the 29.1% no responses. There is reason therefore to find out why a huge percentage of the projects have met the utility expected on them despite the government spending huge amounts of money only for them not to satisfy their utility as expected. This outcome is in conformity to findings by Zyl (2010) where it is argued that due to lack of clear separation powers, project choice does not go to the needy in the community.

On projects serving a community need which required prioritization, 58.1% of the respondents responded by yes, 33.7% responded by not sure while 8.1% responded by a no. This shows that the completed projects have solved a community need that required immediate and prioritised attention although the percentage is low which implies low effective completion. This finding is in conformity with most other findings by various researchers on CDF who pointed out that CDF came right on time. This however contradicts Zyl (2010) who recommends that the problem with developing countries is not fiscal decentralization but poor legislation.

On project full utilization, 51.7% of the respondents indicated that projects are in full utilization while 35.6% indicated that they were not sure and 12.6% indicated that is not the case. A 51.7% is low considering that there has been outcry that fiscal devolution was not been effective before CDF introduction. Although 51.7% seems high, it is a confirmation that many more projects have not been put to full use, this is attributable to the state and quality of work in cases where they were rejected mainly caused by poor or lack of pre-implementation study of evaluation to avoid legal action or rejection for non-conformity with standards.

Completion of projects within stipulated and planned time was indicated at 44.2% while respondents who were not sure responded at 46.5% and for late completion at 9.3% as detailed in table 4.4.1. This indicated that a greater percentage of respondents were not aware of the stipulated completion time. Some projects started many years have stalled for several years due to lack of funding, this a common phenomena in CDF projects in Kenya (Kimenyi

2005) and needs to be addressed so that funds are not spread widely leaving many incomplete projects instead of concentrating few projects that are effectively completed and put to use.

On Completion of projects within stipulated and planned time was indicated at 44.2% while respondents who were not sure responded at 46.5% and for late completion at 9.3% as detailed in table 4.4.1. This indicated that a greater percentage of respondents were not aware of the stipulated completion time. Some projects started many years have stalled for several years due to lack of funding, this a common phenomena in CDF projects in Kenya (Kimenyi 2005) and needs to be addressed so that funds are not spread widely leaving many incomplete projects instead of concentrating few projects that are effectively completed and put to use.

Table 4.4.1: Responses on Effective Completion

	Frequency				Percentage (%)			
Effective Completion	Yes	Not Sure	No	Total	Yes	Not Sure	No	Total
Project Quality is acceptable	138	25	52	215	64.2	11.6	24.2	100
Project completion satisfied expected utility	100	63	52	215	46.5	29.3	24.2	100
Solved prioritized community problem	125	18	72	215	58.1	8.4	33.5	100
Project is being utilised/ (In full use)	113	27	75	215	52.6	12.6	34.9	100
Project completion within stipulated time	95	20	100	215	44.2	9.3	46.5	100
Total	571	153	351	1075	53.1	14.2	32.7	100

Source: Author 2013

4.5 Regression analysis

4.5.1 Model Summary

In order to obtain the regression implications of the independent variables, the percentage data was regressed and gave the below regression summary was obtained. The model shows R square of 0.392 meaning 39.2% of the outcome was predicted by the independent variables; capital rationing practices, management practices and capital limitations; hence, the 60.8% remainder cannot be explained by the model.

Table 4.5.1: Regression model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626[a]	.392	.329	.1511
a. Predictors: (Constant), Capital limitations, Capital rationing practices, Management practices				

Source: Author 2013

Table 4.5.2Anova Model

Anova analysis indicates a 0.002 significance which low compared to alpha typically at 0.05, hence the model is good to predict the dependent value.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.427	3	.142	6.235	.002[a]
	Residual	.662	29	.023		
	Total	1.089	32			
a. Predictors: (Constant), Capital limitations, Capital rationing practices, Management practices						
b. Dependent Variable: Effective completion						

Source (Author 2013)

4.5.3 Regression Coefficients

The coefficients analysis gives βo (Beta) at 0.372, β1 at 0.334, β2 at -0.517 and β3 at 0.064. where βo is the constant, β1, β2 and β3 and parameter for estimation of the independent variables; capital rationing practices, management practices and capital limitations consecutively. From our regression equation;

$$Y = \beta o + \beta 1X1 + \beta 2X2 + \beta 3X3,$$

where capital rationing practices is denoted by X1, management practices by X2 and capital limitations as X3 while effective completion is Y, the regression equation of the model becomes;

$$Y = 0.373 + 0.334X1 - 0.517X2 + 0.064X3$$

From the above, it is clear that if all factors were to be held constant including capital rationing practices, management practices and capital rationing limitations, then effective completion of CDF funded projects would be at 0.373of a unit. Upon relaxation of this assumption; capital rationing practice is found to have significant significance at 0.334, management practices has negative significance at -0.517 and capital rationing practices has greater positive significance on the effective completion of CDF funded projects as compared to the other two parameters as detailed in table 4.5.3 below.

Table 4.5.3: Table of Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.372	.088		4.233	.000
	Capital rationing practices	.334	.123	.392	2.710	.011
	Management practices	-.517	.160	-.476	-3.226	.003
	Capital limitations	.064	.119	.079	.539	.594
a. Dependent Variable: Effective completion						

Source: Author 2013

4.5.4 Factor Analysis

Descriptive analysis shows Capital rationing has the greatest mean of 0.342 hence it has greater influence on project effective completion as detailed in table 4.5.4 below.

Table 4.5.4

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Effective completion	.333	.1845	33
Capital rationing practices	.333	.2169	33
Management practices	.333	.1698	33
Capital limitations	.342	.2277	33

4.5.5 Correlation Matrix

Correlation Matrix analysis shows positive 0.381 correlation between effective completion to capital rationing practices, negative 0.483 correlation to management practices and 0.159 positive correlation to capital rationing limitations. Thus when poor management practices are applied it results to negative effective completion while good capital rationing practices and capita rationing limitations if well applied would result to positive effective completion of CDF funded projects.

Correlation between capital rationing practices and management practice is positive at 0.019 while correlation between capital rationing practices and capital rationing limitations is negative 0.025 while that of capital rationing limitation to management practices is negative 0.188 as detailed in table 4.5.5 below. The matrix determinant correlation is 0.586 and since the determinant is not Zero, there is guarantee that the computations is good for use.

Table 4.5.5 Correlation Matrix

Correlation Matrix[a]					
		Effective completion	Capital rationing practices	Management practices	Capital rationing limitations
Correlation	Effective completion	1.000	.381	-.483	.159
	Capital rationing practices	.381	1.000	.019	-.025
	Management practices	-.483	.019	1.000	-.188
	Capital rationing limitations	.159	-.025	-.188	1.000
Sig. (1-tailed)	Effective completion		.014	.002	.188
	Capital rationing practices	.014		.457	.444
	Management practices	.002	.457		.147
	Capital limitations	.188	.444	.147	

a. Determinant = .586

4.5.6 Total Variance Explanation

Factor analysis shows capital rationing practices at 27.79%, management practices at 21.791% while capital rationing limitations is insignificant at 9.362%. This is therefore indication that capital rationing practices and management practices are the most significant factors influencing effective completion which is in conformity with the coefficient analysis under regression analysis above. As witnessed in the regression analysis, capital rationing practices has positive impact on effective completion while management practices had negative impact.

Table 4.5.6; Total Variance Analysis

Total Variance Explained

Compo-nent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Vari-ance	Cumula-tive %	Total	% of Variance	Cumula-tive %	Total	% of Vari-ance	Cumula-tive %
1	1.673	41.814	41.814	1.673	41.814	41.814	1.426	35.656	35.656
2	1.112	27.791	69.605	1.112	27.791	69.605	1.358	33.949	69.605
3	.841	21.033	90.638						
4	.374	9.362	100.000						
Extraction Method: Principal Component Analysis.									

Table 4.5.7: Regression Data

Effective comple-tion	Capital rationing prac-tices	Management practices	Capital limita-tions
0.64	0.34	0.14	-
0.47	0.32	0.50	0.54
0.58	0.74	0.09	0.53
0.53	0.65	0.12	-
0.44	0.05	0.21	0.54
0.64	0.30	0.35	0.53
0.47	0.23	0.23	-
0.58	0.34	0.12	0.54
0.53	0.32	0.18	0.53
0.44	0.74	0.58	-
0.64	0.65	0.22	0.54
0.12	0.40	0.74	0.53
0.29	0.30	0.35	0.25
0.08	0.14	0.49	0.23
0.13	0.13	0.67	0.22
0.09	0.22	0.29	0.25
0.12	0.02	0.34	0.23
0.29	0.09	0.30	0.22
0.08	0.40	0.49	0.25
0.13	0.30	0.35	0.23
0.09	0.14	0.29	0.22
0.12	0.13	0.50	0.25
0.24	0.25	0.12	0.75
0.24	0.38	0.15	0.22
0.33	0.12	0.42	0.25
0.35	0.22	0.21	0.75
0.47	0.73	0.50	0.22

0.24	0.67	0.31	0.25
0.24	0.67	0.47	0.75
0.33	0.25	0.40	0.22
0.35	0.38	0.47	0.25
0.47	0.12	0.13	0.75
0.24	0.22	0.28	0.22

Source: Author 2013

4.6 Discussion of Findings

On capital rationing practices, the study established that 34.4% respondents confirmed that CDF carries out project pre-implementation technical evaluation, 31.4 % confirmed that professionals are involved in the technical evaluation, on stakeholder involvement during project identification, 74.4% confirmed that they were involved, on hierarchial ranking of projects on priority bases; 65.1% indicated that the practice was carried out. Adoption of public entrepreneurship approach is poorly practices since only 4.7% confirmed the practice was carried out, on financing partnerships, only 30.2% indicated that project co-financing is adopted.

From the CDF management practices analysis, a great percentage of 74.4% response were not sure whether procurements were done in an open manner, 50% indicated that CDF procurements adhere to government procurements, on management carrying out market cost survey, 41.9% indicated that such surveys are not carried out and only a small percentage of 9.3% indicated the practice existed. Responses for use of pre-qualified suppliers indicated poor practice as 67.4% were not sure and only 11.6% confirmed that management utilizes prequalified suppliers. Bench marking on similar projects to compare costs was also poorly voted with only 20.9% confirming the practice was in place while 50% were not sure and the remaining 29.1% being unsure. Breaking down projects into phases for ease of monitoring and review, 34.9% indicated that it was practiced while on existence of evaluation systems 46.5% indicated the practice was not applied and 23.3% confirmed application of the practice while 30.2% were not aware. For Reward system 48.8% indicated that the practice was not embraced, 39.5 % indicated that such a system does not exist while only 11.6% indicated that such a practice is embraced. Periodic review practice was also was also poorly practiced with only 17.6% confirming existence of such a practice. A greater percentage of 47.1% indicated that such an approach was not in place. Supply for goods and services from varied vendors is highly practiced as 58.1% responded in confirmation and 29.1% were not aware of existence of such a practice. Shifting to alternative vendors if costs escalate was not practiced as 50% of responses were not sure and 27.9% indicated such a practice is not carried out.

On capital Rationing limitations, a 75.6% indicated that CDF has no borrowing power which in conformity with the CDF act 2003, 2007 and 2013. The remaining 24.5% indicated they were not aware. On government guarantee to fully finance the projects 54.7% indicated they were sure the government will finance the projects to completion.

The analysis of effective completion parameter of quality was indicated as 64%, project satisfaction of community utility at 46.5%, solving prioritized need at 58.1%, project having been put into the intended use at 52.6% while the rest were less that 50% utility. It is also clear that the overall effective completion is at 53.1% as indicated by the affirmative response average.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

It is thus clear from the findings that some capital rationing practices were applied in Kasarani constituency which include project pre-implementation technical evaluation, stake-holder involvement in indentifying priority projects and hierachial, use of government regu-lated procurement practices, use of different suppliers and project phasing.

The effectiveness of the capital rationing practices applied in Kasarani constituency is con-firmed by the 53.1% affirmative responses in the effective completion analysis.

On whether there is relationship between that capital rationing practices in Kasarani constitu-ency and effective project completion, it is clear from the analysis that the outcome of 53.1% is completion is highly influenced by the independent variables that are lowly voted. The high significance levels reported in the coefficient table is a good indicator that there influ-ence from the management practices on effective completion.

5.2 Recommendations

5.2.1 Recommendation for Policy

Factor analysis shows that management practices matrix is negatively correlated to effective completion of CDF funded poor management practices impact negatively to effective com-pletion as compared to the capital rationing practices and capital rationing limitations. There-fore it is recommended that the government considers seriously legislates policies that will completion CDF management to adopt modern business practices that improves effective completion of projects as found out in this study.

5.2.2 Recommendations for Further Studies/Research

The study was restricted to capital rationing practices as a determinant for effective comple-tion of CDF funded projects while previous studies have been mainly on the effectiveness and efficacy of CDF implementation. During the study it emerged the previous CDF activi-ties were operationalised in a central government set up while the current government in Kenya has been decentralized. This bring in new dynamics which is rich ground for future studies.

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Schedule I: Questionnaire

Introduction

This questionnaire is a tool for use in collecting data for purposes of preparing a Master of Science academic research project of the KCA University. The data collected through this exercise is purely for academic purposes and not for commercial gain. The respondent confidentiality will be maintained and their identity will not be disclosed.

This research project is on 'assessment of capital rationing practices as determinants of effective completion of CDF funded projects".

Kindly provide information which portrays the actual situation in order to enable the researcher arrive at a fair conclusion.

Welcome:

Section 1: Personal Information

Choose the applicable from the following

1.	What is your gender	Male ☐	Female ☐
2.	What is your age		Under 18 years ☐
			19 to 25 Years ☐
			26 to 45 Years ☐
			Over 45 Years ☐
3	What is your involvement in the CDF Project	Senior Management	☐
		Middle level Management	☐
		Low level Management	☐

Section 2: Project Information

Part I: Project Details

Choose the appropriate by ticking the applicable box as indicated below:

4 Capital Rationing Practices

(a)Pre-implementation evaluation

i.	CDF management did technical evaluation of this project before implementation	Yes ☐ Not sure ☐ No ☐
ii.	CDF Management involved professionals in the technical evaluation	Yes ☐ Not sure ☐ No ☐

iii.	CDF management involved stakeholders in project evaluation before picking this project	Yes ☐ Not sure ☐ No ☐

b) Hierarchal Ranking Approach in project choice

iv.	In accepting this project for implementation, CDF management ranked various projects on priority basis	Yes ☐ Not sure ☐ No ☐

c) Public enterprise approach

v.	The project management applies private enterprise approach when running the project	Yes ☐ Not Sure ☐ No ☐

d) Public Private Partnership

vi.	The project is financed by CDF and other partners	Yes ☐ Not Sure ☐ No ☐
vii.	CDF Funds are enough to finance this project to completion	Yes ☐ Not sure ☐ No ☐

5) CDF Management Practices

e) Procurement Practices

viii.	The project procurements are openly done	Yes ☐ Not sure ☐ No ☐
ix.	The project procurements are guided by government regulations	Yes ☐ Not sure ☐ No ☐
x.	The project management carries out market survey on cost	Yes ☐ Not sure ☐ No ☐
xi.	Project management use prequalified suppliers for good and services	Yes ☐ Not Sure ☐ No ☐

f) Performance Management

xii.	The project management visits other similar projects elsewhere to benchmark costs	Yes ☐ Not sure ☐ No ☐
xiii.	The project implementation is broken down on specifically timed periodic set goals (Phases)	Yes ☐ Not Sure ☐ No ☐
xiv.	Project evaluation is carried out based on the set and timed goals (phases)	Yes ☐ Not Sure ☐ No ☐
xv.	There are rewards (and penalties) for the set attaining or failing to attain the set targets within the stipulated time.	Yes ☐ Not sure ☐ No ☐

g) Cost Cutting

xvi.	The project management reviews costs periodically	Yes ☐ Not Sure ☐ No ☐
xvii.	The project uses different suppliers for different goods and services	Yes ☐ Not Sure ☐ No ☐
xviii.	The management adopts alternative suppliers when costs increase	Yes ☐ Not Sure ☐ No ☐

6) CDF Capital Rationing limitations

xix.	Project management has powers to borrow in financing the project	Yes ☐ Not sure ☐ No ☐
xx.	The government has guaranteed the project finances	Yes ☐ Not Sure ☐ No ☐
xxi.	Government funds flow is assured	Yes ☐ Not sure ☐ No ☐

Effective completion of CDF Funded projects
In your judgment how is the completion of the project as below, kindly rate the project performance as below:

	Response
1. The Quality of work or service is acceptable	Yes ☐ Not Sure ☐ No ☐
2 The project completion satisfies expected utility	Yes ☐ Not Sure ☐ No ☐
3 The Project solved community problem which needed prioritization	Yes ☐ Not Sure ☐ No ☐
4. Project is in full use (Being utilised)	Yes ☐ Not Sure ☐ No ☐
5. Project cost is fair	Yes ☐ Not Sure ☐ No ☐
6. The project is completed within planned time	Yes ☐ Not Sure ☐ No ☐

Thank you for taking your time to provide this information.

Schedule II: The Budget Schedule

ITEM	**COST** (Kshs)
1 Proposal Development	
i) Printing of 40 pages @ Kshs. 30	1,200.00/-
ii) Reproduction 6 copies @ Kshs. 1000	6,000.00/-
iii) Binding 6 copies @ Kshs. 50	300.00/-
iv) Traveling Expenses	2,000.00/-
v) Subsistence	3,000.00/-
vi) Contingent Expenses	2,000.00/-
2 Data collection	
vii) Data collection	3,000.00/
viii) Books and reading material	5,000.00/-
ix) Data analysis and computer runtime	4,000.00/
x) Printing 70 pages @ Kshs. 30	2,100.00/
xi) Reproduction 6 copies @ Kshs. 400	8,400.00/
xii) Binding 5 copies @ Kshs. 1,000/-	5,000.00/-
3 Others	
a. Miscellaneous expenses	4,200.00/-
GRAND TOTAL	46**,200.00/-**

Schedule III **Time Plan**

No.	Week	1	2	3	4	5	6	7	8	9	10	11	12
1	Data Collection (3 weeks)												
2	Data Compilation(2Weeks)												
3	Data Analysis (2 weeks)												
4	Result Writing (2 Weeks)												
5	Compilation and Presentation (3 Weeks)												

Source: Author 2013