# FINANCIAL DECENTRALIZATION AND DEVELOPMENT MANAGEMENT AT THE LOCAL LEVEL: THE CASE OF THE DISTRICT FOCUS STRATEGY IN KENYA.

BY

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## DECLARATION

This Thesis is my original work and has not been submitted for a degree in any other University.

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This Thesis has been submitted for examination with our approval as University Supervisors.

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# DEDICATION

Dedicated to my parents Rufas and Beth Njega, brother E.R. Gichobi and above all to my wife Judy W. Gachoki.

## ACKNOWLEDGEMENT

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## ABSTRACT

The study focusses on financial decentralization under the District Focus for rural development strategy and its implication for development planning at the local level. This is a case study of financial decentralization, research for which was carried out in Kirinyaga District in Central Province.

The study postulated that financial decentralization has an impact on the management of the development process at the district level. The study was guided by four hypotheses which were all supported. Hypotheses one and three were supported by qualitative data while hypotheses two and four were supported by quantitative data.

The study arrived at the conclusion that financial decentralization has an impact on Development Management at the local level. A review of decentralization efforts from the colonial period to the present period indicated that decentralization has not been very effective in improving development management at the local level. The colonial period indicates centralization of the development process with the centre retaining control over finances.

The first decade of independence brought nothing substantial by way of decentralization of development planning despite much official rhetoric about the need to decentralize management of the development process. The third decade of independence did not achieve much despite the much publicised experimental special Rural Development Programme which was abandoned in 1976. The District Planning Strategy had little impact on the rural areas. However, there was a shift in attitude towards recognising the legitimacy of local level contribution to planning. It is against this background that the District Focus Strategy for Rural Development was inaugurated on 1st July 1983 due to realisation that there was a need for a coordinated approach to rural development where over 80 percent of the population resides. The District Focus Strategy has made various improvements in the field of Development Management at the local level such as increasing the amount of funds for rural development, releasing AIEs directly to district departmental heads, local procurement of goods and services and disaggregation of Ministry budgets.

However, serious limitations continue to face Development Management at local level most of which are of an operational nature. The rate of project implementation has not improved with serious delays occasioned by both the centre and the local level. The procurement process at district level and payments from the District Treasury have developed serious red tape. There are various reports of misappropriation of public funds and improper award of tenders. There is a shortage of transport and staff houses at the district level. The centre continues to have the final say over which projects get funded. Lower level development committees have operational problems and have little say over funding for projects. The funding ceilings are too low for effective motivation of lower committees. The lower level committees are dominated by government officials and elite groups leaving no room for the participation of ordinary people.

The district focus strategy thus has its successes and shortcomings. It needs various improvements in operational terms since most problems arise due to officials and institutions failing to discharge their responsibilities as stipulated in the guidelines. There is some indication that the new centralization at the District Level is tending towards the bureaucratic red tape which characterised the relationship between the localities and the centre.

# TABLE OF CONTENTS

CONTENTS PAGE

CONTENTS PAGE

# CHAPTER ONE

## 1.1 On Decentralization

This thesis examines the theory of decentralization broadly and with special reference to the Kenyan experience especially in the area of financial decentralization.

Decentralization is broad and covers many different though related phenomena. However, it has a general meaning which can be clearly understood when it is defined as the antonym of centralization[1]. Centralization has been defined as the process whereby authority and responsibility are monopolised at the centre and subordinate units or levels as may exist are ultimately responsible to a single authority at the centre[2]. As Peter Self observes, "a centralized model requires the issue of comprehensive rules and standards and the upward referral of all unusual cases"[3].

Centralization and decentralization therefore are opposite poles in a single continuum. This means that what we can realistically talk about is degrees of these poles as complete centralization would imperil the capacity of the system to discharge its functions and complete decentralization would entail the withering away of the state. Indeed as Ashford observes; "Pure Cases of Centralization and decentralization are politically unrealistic given the complexity of modern government and the heterogeneity of modern politics..... Thus most cases of what we often call 'decentralization' are infact only relative cases"[4].

There are various forms which decentralization has taken in various countries. The conventional categories have been deconcentration and devolution. Deconcentration is defined as involving the transfer of functions and decision-making authority from central governments to field officers or shifting responsibility to centrally controlled local administrative units. Devolution involves the transfer of functions and decision-making authority from Central Governments to local Governments[5]. As Oyugi aptly notes, deconcentration is an administrative device for involving lower level units of the central bureaucracy in decision-making whereas devolution is a political strategy for involving sub-national political units in policy-making in specified areas of public policy[6]. Other forms of decentralization have been identified recently as delegation to autonomous or semi-autonomous institutions and privatization.

In Europe, the rapid growth of the welfare state left central governments unable to satisfy the expectations which the assumption of wider responsibilities had raised. Hence decentralization became inevitable inorder to: "ensure greater efficiency, enhace local autonomy and provide greater opportunities for citizens to contribute to decisions which affect their life"[8].

In the developing world, decentralization is born of the realization that central or top down approach to the problem of rural development does not succeed in reaching the rural poor who constitute over 80 per cent of the population. The World Bank for example noted that though there has been unprecedented change and progress in the developing world, some eight hundred million people continue to be trapped in absolute poverty[9]. With regard to Sub-Saharan Africa, Umma Lele observes that between 85 per cent and 95 per cent of people living here reside in the rural areas. Most of them live on meagre annual income and their production is oriented towards subsistence. His contention is that Kenya illustrates well the importance of the rural sector in African economies. With high population growth rate, pressure on land has been increasing rapidly with all the consequent effects fo poverty, hunger and ill-health[10]. Understandably, attraction to major towns is considerable. However, urban employment has not been increasing rapidly enough to absorb the flood of rural immigrants. Hence the importance of rural development which decentralization is meant to facilitate.

Developing countries have generally regarded unified, centralized and regulatory government as highly desirable. Centralization has been the norm and ideal that has pervaded political, economic and administrative organization in the third world. The evolution of this kind of organization is not hard to trace. In many countries that were formerly colonies, centralized political and administrative institutions were a direct legacy of the colonial rulers and until recently these sy stems were largely left untouched or were further centralized.

Centralized economic planning, intervention and control have been followed by national government authorities despite frequent accounts of their negative effects. This is because a widely held suspicion has been that the "principal mechanism of economic decentralization - the market is immoral and anarchic, and that its impersonal operation rewards the few at the expense of the many"[11]. Despite increasing pressures for increased centralization, a large number of developing countries began decentralizing some development and management functions in the 1970s. They did so because of disatisfaction with the results of national planning and administration and because the rationale of international development strategies changed during the 1970s.

The goal of development policies was to distribute the benefits of economic growth more equitably to increase the productivity and income of all segments of society and to raise the living standards of the poor. However, it was difficult to formulate and implement these strategies entirely from the centre and thus ways of eliciting greater participation in development planning and administration had to be found.

The assumed benefits of decentralization have over the years transformed it into some kind of movement in Third World so that there is virtually no country that has not experimented with one form of decentralization or another[12]. The notion of decentralization therefore has received a great deal of attention in development literature, national plans, political platforms and in lending programmes of most donors. Yet it has by and large encountered alot of problems which impede its successful implementation. The question then is:to what extent is the decentralization talked about meaningful? This question will be answered in more detail when we look at the Kenyan experience in chapters two and three. For now, we look at decentralization as it relates to rural development focussing specifically on what has been written on financial decentralization.

Suffice here to note in passing that Kenya inherited a highly centralized administrative system as a colonial legacy, but the post-independence government tried to address this through creation of new departments and development committees. However, these committees turned out to be new mechanism through which the centre continued to exercise authority in the realm of development[13].

Since independence, the government acknowledges the need to develop the rural areas and has taken various measures aimed at decentralizing rural development administration. Here we shall only mention some of these measures since they will be dealt with at length in the next chapter. Development committees were established from the late 1960s, special Rural Development Programme (SRDP) in 1970, Rural Development Fund (RDF) in 1974 and District Planning exercise during the 1974/78 Development Plan Period. Apart from these, commissions of inquiry such as the Ndegwa (1971) Waruhiu (1980) and Philip Ndegwa (1982) all came out in support of decentralization in the hope that it would address the problem of developing the rural areas.

This raises various questions such as: Why is decentralization given lukewarm support in practice despite official acknowledgement of its necessity? What inherent factors militate against it? Is it actually feasible in the context of Kenya's political and administrative control at all levels?

## 1.2 Decentralization and Rural Development

Literature on decentralization is voluminous when all aspects of the concept are considered. This is because as we have noted, there are various forms which it has taken in varying conditions notable of which have been devolution, deconcentration, delegation to autonomous or semi-autonomous agencies and transfer to non-governmental organizations.

A lot has been written on local government authorities and local agencies as a form of decentralization. There is selznick's classic work on the Tennessee Valley Authority (T.V.A.) which highlighted the criteria for assessing the feasibility of a decentralization programme. These criteria comprised of autonomy in decision-making, raising and committing revenue and the right to hire and fire staff[14]. It is important to note that the T.V.A. was an autonomous public authority. However, we can still draw lessons from it that are applicable to non autonomous public authorities such as the DDCs since the criteria represent ideal yardstick for measurement of the extent of decentralization with specific reference to local authorities which also demonstrate the importance of finances to the success of any decentralization effort[15]. These contributions however, need not detain us here since our main concern is not decentralization per se, but to local units of the central government.

Literature on decentralization to local units of government comes from a variety of sources which include World Bank reports, reports of commissions of inquiry, Development Plans, Development Administration journals and writings by scholars from developed as well as developing world. We shall start by reviewing works dealing with general aspects of decentralization and then those bearing on the District Focus strategy, but the letter is dealt with in the next chapter.

There are various studies dealing with experiences with decentralization in developing countries all of which overwhelmingly underscore the importance of financial aspect of decentralization for the success of any decentralization effort. Sanwal shows the importance of the budget in initiating reform in the political administrative system[16]. After a study of District Planning in India, he concluded that the effort failed due to concentration of financial resources at the centre.

Nellis notes the same thing about decentralization efforts in North Africa[17]. He noted that there was little data on the key issue of local public finance, but indications were that financial authority remained well entrenched at the centre. His conclusion was that all financial transfers have a centralizing effect as long as the centre retains final financial say.

Craig, writing on the general aspects of decentralization observes that those in authority in Central institutions will always seek to manipulate decentralized institutions to their own advantage[18].

In this context, an interest would be to see how far this position is applicable with regard to especially the District Treasury and the District Tender Board.

Rondinelli et al, in a review of recent experience with decentralization in developing countries notes that it has been weakened by failure to transfer sufficient financial resources to those organizations to which responsibilities were shifted[19]. He is right in observing that decentralization is not a panacea to the problems of rural development since in our view merely transfering funds is not enough. Those funds must be used efficiently by local level institutions.

Matterne and Quieti in their review of experiences by developing countries in designing and running training programmes for decentralized planning argued that decentralization is fraught with difficulties in practice ranging from inadequate financial devolution to weak coordination[20]. They bring out the case for financial autonomy at local level both in resource mobilization and decision making on its allocation. This in our view is appropriate if the District Focus is to realize its objectives.

Vengroff reviews the Senegalese experience with deconcentration for rural development and concludes that ~~decentralization~~ deconcentration is seen as the most appropriate form of decentralization. He observes that rural councils, in Senegal faced problems of serious under-financing and domination by administrative authorities[21].

Finterbusch and Wicklin III look at the role of participation in project effectiveness[22]. Their argument is that participation is a practical way to get beneficiaries committed to projects and it mobilises greater resources and accomplishes more with the same project budget. We would be interested in this aspect as it relates to mobilization of local resources through self-help contributions. However, their use of input-output framework to identify projects and role of participation in them is problematic since for social welfare projects, output is usually difficult to quantify.

Marlin addresses the problem of financing development and notes that financial problems in developing countries involves finding the resources on the one hand and their efficient use on the other[23]. This position was to be echoed three years later by Burrows who in a review of Kenya's past development record called for a shift in the nature of the development process to ensure efficient utilization of scarce resources[24]. The study being proposed focusses on such recognized importance of efficient management of development resources.

In her studies of decentralization, Conyers focusses on decentralization as a tool for development rather than as a mere form of government organization. Her main argument is that the need at present is to improve our understanding of decentralization rather than revert to centralization[25]. This is appropriate since the aim is to improve implementation of decentralization especially its financial aspect to achieve the broader goal of rural development which is central to this study.

From the foregoing it is clear that a fair degree of autonomous financial responsibility is at the core of the concept of decentralization and failure to implement it has had a bearing on implementation of decentralized programmes. Despite this, apart from the case study dealing with Rural Development Fund, there has been no case study of financial decentralization in Kenya. Indeed, it has been given peripheral treatment[26]. It is the aim of the study to give it the place it deserves especially under the District Focus.

In a review of African Political economy, Ake noted that the major obstacle to successful implementation of rural development programmes is that the ruling class is not quite prepared to give enough resources to rural development leading to greater concentration of power in the hands of the bureaucracy[27]. If the District Focus as an exercise in deconcentration means that the bureaucracy retains dominant power in the development process, then the implications of this for rural development as Ake contends is a question which needs to be addressed.

Hyden argues that the preference for deconcentration in Africa arises from the economy of affection which necessited local units of administration to be protected from the pressures of Clan politics[28]. His argument is that in assessing efforts at decentralization, it is not clear how much weight to assign to official and how much to unofficial objectives. This is pertinent since unoficial goals may take precedence over offical goals and hence render any analysis based on official objectives alone unrealistic.

A review of the literature on decentralization especially with reference to the District focus would be incomplete without a look at policy documents and government commissions leading to the inception of the strategy on 1st July 1983. However, this is a summary as more will be said in the chapter on the salient features of the strategy.

The Duncan Ndegwa Commission (1971) called for better Financial Planning, devolution of power to district level and the creation of the offices of District Development Officer (D.D.O.) and Planning Officer. It is important for our purposes since it highlighted the weaknesses of financial management especially the restricted authority of accounting officers to reallocate expenditure. It brought out the case for deconcentration though it erroneously referred to it as devolution.

The national Development Plan (1974-78) gave formal endorsement to the notion of District Planning, but no concrete developments took place.

The Waruhiu Commission (1980) raised the issue of Planned development and specifically financing through the Rural Development Fund (RDF) which was intended to revitalize District Development Committees (DDCs). The Fund faced problems chief among them being delays in the release of funds and constraints arising out of rigidity of financial procedures. This implicitly calls for financial decentralization which is the main focus of our study.

The Report of the Working Party on Government expenditure by Philip Ndegwa (1982) took note of the serious financial crisis which called for efficency in the use of scarce resources . It noted the lack of a carefully coordinated focus on rural development at district level. There was call for involving the people and their resources in the development process. It is important since it formed the background to the District Focus strategy.

The Rural Developemnt Fund (RDF) has been the subject of scholarly study which concluded that it had not realised its objectives due to poor financial control, limitations of DDCs and insufficient management of self-help contributions[29]. The Fund constitutes one of the sources of finances for district-specific projects and it will be interesting to see how it is being managed together with other funds.

Ng'ethe, in considering the adequacy of decentralization as a response to development administration observes that if it is to be successful, it must cater for access to resources.[30]. How this might be operationalized is not treated though the issue raised is crucial as access to resources is central to decentralization and indeed to politics in general. The proposed study will see how far the current strategy has catered for access to resources.

In a review of Kenya's past development strategy which includes the District Focus, the same author focusses on justification of the strategy and notes that a great deal will depend on development of detailed procedures and willingness to follow them especially financial ones[31]. Our study is concerned with this crucial issue. Ng'ethe takes the perspective of participation and hence does not directly address the issue of financial decentralization.

Cohen and Hook review the historical background, content and implementation of the District Focus strategy. Their argument is that the strategy is an exercise in devolution aimed at promoting more effective and efficient use of scarce resources[32]. Inspite of their characterization of the strategy as a devolution whereas it is analytically and emperically a deconcentration, they rightly note the need for district capacity for financial management. They also aptly note the importance of local resource allocation since decentralized planning is unlikely to be taken seriously at local level when financial resources are inadequate. The authors look at the strategy in abstract terms i.e. provide a synthesis of the strategy with no attempt to provide data on performance. It is the intention of the study to provide data bearing on performance in the field of financial decentralisation and its implications for the declared objectives.

The notion of peoples' participation has a bearing especially when it comes to analysis of local contribution to projects which is supposed to constitute 20 per cent of project cost. Oyugi noted that people cannot afford to invest in projects from which they derive drive no benefits[33]. The mechanism used to tap such contribution is essential for rural development and hence needs to be addressed.

The same author, in reviewing Kenya's decentralization effort for the last two decades provides insight into the conceptual confusion arising from failure to appreciate that deconcentration by its very nature implies continued central control[34]. His contention is that the only new innovation over the past District Planning strategy appears to be in the field of financial management. His contribution on District Focus is a preview of the strategy in light of past experience in Kenya.

In an analysis of Ministry of Agriculture Manual, Oyugi and Leonard argued that new procedures for decentralized planning did not take hold. This effort suffered handicaps due to scarce resources and inflexible allocation arising from donor restriction[35]. This raises the crucial issue of finance especially donor finance which is also present in the District Focus strategy.

An International Labour Organization (ILO) study evaluated the Rural Development Fund and noted that its impact was limited by the small amount of money allocated and the slow rate of project implementation[36].

Oyugi, in a paper presented to the World Bank traced the evolution of planning in Kenya from the colonial period to the present[37]. He noted that the District Focus has tried to improve on the weaknesses of earlier decentralization efforts especially in areas of financial management. The fifth Development Plan (1984-88) plus the District Focus Booklet outlines the policy guidelines for the implementation of the strategy. The study will see how far these guidelines and procedures especially in financial management have been implemented and with what implications for rural development management.

The current Development Plan (1989-93) recognized the people as the most critical resource in the development process. It notes that the key aim of decentralization is the efficient utilisation of scarce resources. We shall be interested in seeing how the current strategy fares with regard to efficient utilisation of increasingly scarce resources. The plan also calls for donor flexibility in resheduling undisbursed funds and insistence on competitive bidding.

The only book length study so far written on the District Focus strategy addresses itself to the conceptual and management problems likely to help or hinder realization of District Level Planning[38]. However, it is based on material published on decentralization in Kenya. Even more limiting is the fact that it was written when the strategy had hardly taken roots and the data analysed was collected in 1982 when the District Focus had not been in operation.

Thus we can conclude that there is no scholarly work so far done on the District Focus that systematically tries to assess its performance on the ground and what we find in government documents are only policy declarations. Hence there is need to undertake a study on actual performance. The financial aspect is crucial since it has a bearing on other aspects such as plan processing and implementation. It is this interaction which is the focus of the study. It is expected that analysis of this interaction will throw light on the strategy. The study addresses the issue of whether there is possible divergence between the objectives of rural development and the institutional arrangements and practices. Attempt is made to reflect the gaps between the facts and the assumptions on which rural development planning is often based and which underlie the difference(s) between expected and actual performance.

## 1.3 Objectives and Justification

This study has four objectives:-

1) To analyse the extent to which the system of financial decentralization corresponds to the declared objectives of the District Focus strategy.

2) To assess the impact of decentralization on development planning at the local level.

3) To assess the capacity of local level institutions for managing development finances.

4) To determine how the strategy has involved the people and their resources in the development process.

The study will be significant in a number of respects. First, it will contribute to our knowledge of Development Administration. As we have noted in this respect, in studying decentralization, "the heart of the matter-money-is placed at the edge and not at the centre of the discourse"[39]. This study seeks to correct this by giving the financial aspect the significant place it deserves in any effort at decentralization. The

1984/88 development plan echoes this sentiment when it observes. "As the economy has grown and become progressively more complex the financial sector and public policies governing its operation have become increasingly central to the development process"[40]. The study gives the financial aspect of decentralization the significant place it deserves in any effort at decentralization. Given the publicity the District Focus strategy has been given and the declared importance of the strategy to the development of the rural areas in Kenya, the strategy merits close attention.

As we have seen, there is little scholarly work done on the District Focus strategy and what there is relies on secondary data[41]. The government itself has not as yet appraised the strategy apart from the annual reports of the various provinces. The study is thus warranted both for intellectual and policy concerns. It attempts to provide understanding of major strengths and constraints encountered in attempts at decentralization for rural development. Other objectives include determining the interaction between participation of rural people and commitment to development projects and analysis of primary data bearing on actual implementation which lacks elsewhere.

Despite realization that failure to effectively decentralize finances has a bearing on the success of decentralization efforts, no case study on this has been undertaken especially with reference to the District Focus. It has at best been given peripheral treatment even in works relying on secondary data.

Whatever information is available to date bearing on decentralization under the District Focus strategy indicates that financial management has not been a success story at the local level. It has been reported that local staff charged with financial management responsibility have sometimes conducted themselves with impropriety and laxity[42]. This issue will be demonstrated in the chapter dealing with financial decentralization. This has implications for rural development and thus the capacity for managing decentralized finances merits significant attention.

The study will be useful for those charged with responsibility for rural development administration since it may help them to view the District Focus strategy as it has been operating so far and may influence future actions.

The study is thus warranted both for policy and intellectual stimulation since from the available evidence, it is clear that decentralization has not worked well in the past. It is precisely because of this that it is important to assess whether or not the financial decentralization proposed is indeed working as originally intended. Is it any different from other decentralization efforts? Why has it been limited? These research questions and others raised in this chapter are important especially in view of the fact that political science since time immemorial has been concerned with the distribution and division of governmental power. Decentralization is concerned with this distribution and division of power and hence the significance of the above questions. Despite the significane of the above research questions, answers are nowhere available so far. It is hoped that this study will make a genuine contribution in this direction by enhancing our understanding of decentralization for rural development.

It is hoped that the study will buttress our understanding of major strengths and constraints encountered in attempts at decentralization. The study intends to provide primary data bearing on actual implementation of the District Focus strategy which so far is lacking.

## 1.4 Theoretical Framework

### 1.4.1 General Issues

Before plunging into the analysis of decentralization under the District Focus strategy, it is essential to look at the policy framework within which it operates. This is the framework of decentralized development planning. Decentralized development planning was introduced because centralized planning had flaws which rendered it ineffective in the rural areas thus failing to cater for the majority of the population.

Philip Selznick designed criteria for analysing decentralization efforts in his classic work on the Tennessee Valley Authority. He attributed the authority's success to the autonomy which it enjoyed in decision making, power to hire and fire staff, power to raise and commit revenue and its harmonious relationship with the environment[43].

Maetz, and Quieti proposed that decentralization could be analysed by focussing on four things[44]:-

1) Administration/organization - the administrative, political and legal will to undertake decentralization.

2) Finance-extent to which sub-national levels have the liberty to use financial resources to promote decentralization.

3) Planning - extent to which sub-national levels are engaged in planning in terms of local preparation of plans.

4) People's participation - extent to which the local people have an input in planning and implementation of projects at the local level.

Selznick's framework was developed out of the experience of a regional development agency while the Maetz-Quieti one is focussed on decentralization perse. Nevertheless both frameworks are viable as a basis of analysing decentralization provided the analysis takes into account the characteristics of different types of decentralization.

However, as Oyugi aptly observes, the most important consideration in analysing decentralization efforts in any given country is to assess it by its own standards; that is, according to what a country says it is doing and how[45]. Thus we shall see how far local level units have autonomy in decision making, personnel management, power to raise and commit revenue and the level of participation under the District Focus. In all this the declared objectives of the strategy will be taken into account in analysing financial decentralization.

Decentralization is proposed as a solution to a rather large number of problems in the management of the development process. However, its utility establishes its value and proposals to decentralize are emperical propositions. Whether these result in desired outcomes is a matter of inquiry.

In the Kenyan context, decentralization is supposed to yield adminsitrative, political and economic benefits to the system. From an economic perspective, it is expected to lead to better utilisation of scarce resources. It is justified as a way of managing national development more effectively and efficiently. It is also expected to result in mobilization of more resources and accomplish more with the same project budget[46]. Underutilized labour in the rural areas will be used and development can be built upon indigenous knowledge. However, governments that have tried to decentralize have not always had effectiveness or efficiency as their primary goal. As Rondinelli observes, they have rarely embarked on "a course of decentralization purely for economic reasons and the economic impacts have not been calculated before hand"[47]. Much as the economic criteria of decentralization is beset by limitations, it furnishes us with a partial tool for our analysis of decentralization. This is pertinent especially as the Kenyan attempt came in the wake of serious financial constraints which necessited efficient use of resources; a fact underscored by the Ndegwa Report of 1982.

From an administrative or managerial perspective, decentralization is aimed at improving decision-making, coordination, communication and accountability . One major assumption underlying the need to decentralize government activities is the feeling that centralization is a bottleneck in the way of sound decision-making in the development process[48]. As Hyden contends, decentralization measures in African countries have almost exclusively been motivated by managerial considerations[49]. In theory, decentralization should allow projects to be completed sooner by giving local managers greater discretion in decision-making by enabling them to cut through red tape and the long procedures associated with centralized systems[50]. This overlaps with economic rationale designed to minimise delays especially in implementation which might cause serious cost overruns thus straining the already scarce resources. Decentralization requires that government staff working at local level be made accountable to that level.

From a political perspective, decentralization is seen as enhancing the democratic ideal of participation by local level officials and the target population. Participation is seen as a way of mobilizing support for development programmes by making them better known at the local level. It is thus expected to broaden the base for rural development and suggests a measure of political stability since local people are given a chance to have their needs considered[51]. This perspective assumes that rural people are a homogenous category and that there is harmony of interest between them and local level officials whereas this is not necessarily the case. Further, the local population's ability to participate cannot be taken for granted and neither can their reasons for participating. Despite this, we encounter many scholars assessing decentralization through participation model. As Hyden rightly observes, political rhetoric notwithstanding, participation concerns have been given much less attention in decentralization efforts[52].

Nevertheless the sociopolitical perspective helps us to explain why decentralization has continued to be propagated despite the dismal record of its performance especially with regard to participation and other related aspects. It serves as an instrument for achieving political objectives. Thus even though programmes are justified on administrative and economic grounds, they are not assessed by these criteria, but by their political effects. Any decentralization is first and foremost an exercise in power-sharing and hence is a political exercise. Thus it should be remembered that attempts to counter centralization are intensely political activities which inevitably produce political consequences[53]. The implementation of decentralization is thus a reflection of a country's political process. As Oyugi notes, it must take account of political and administrative realities in the developing countries[54]. He observes that the questions which are involved in rural development require political answers i.e. they are questions of allocation, involving who gets what. Decentralization is a political device since it touches on questions of control as the centre is reluctant to decentralize authority unless it has confidence in the people to whom it is decentralizing.

However, decentralization cannot be assessed by political criteria alone since though primarily a political process, the politics is mediated by other channels such as administrative, economic and financial channels. We now focus on one of those, namely financial aspect of decentralization which is the main focus of the study.

### 1.4.2 Financial Decentralization

Financial decentralization refers to the transfer of authority and responsibility for financial management from the central government to the district level.

Experiences with decentralization indicates the overriding importance of development finances for the success of any decentralization. However, despite the creation of local level institutions to manage rural development and acknowledgement of the importance of financial decentralization, resources continue to be provided and controlled by the centre[55]. Given this centralizing tendency, our interest will be to see how far the District Focus has influenced government attitude towards financial decentralization.

No development plan can be implemented without financial resources. Hence the importance of decentralizing financial management. The Kenya government acknowledges the primacy of finances for the success of the current strategy. The 1984/88 Development Plan notes that the impact of the strategy and the budgetary procedures will depend to a large extent on the effectiveness of financial management[56]. Whether this concern has been translated into practice is open to question. The problem of financing development is simply one of limited financial resources resulting in heavy dependence on foreign and outside influence. Given this fact, the question then is how financial decentralization is feasible.

The central question in developing countries is how to mobilise limited resources in an efficient manner. Because of financial constraints these countries cannot afford to waste their financial resources on unproductive ventures. Scarcity means that choices have to be made between alternatives which need finance. Given that over 80 per cent of the population resides in the rural areas, there is good reason to analyse financial decentralization as a critical tool for enhancing rural development.

Ideally, financial decentralization implies a number of responsibilities for which DDCs should be given authority to discharge. They should be given authority to:

(a) Raise revenue locally;

(b) Invest resources without recourse to the centre.

(c) Have internal Auditing system,

(d) Have appropriate accounting procedures,

(e) Be accountable to local authority.

Under the District Focus Strategy, financial decentralization is meant to provide flexibility in local procurement, facilitate preparation of local plans and coordination of implementation. It is meant to make the district an important unit of accountability for financial resource management to facilitate efficient and effective utilisation of resources.

In assessing financial decentralization, we shall thus be looking at the extent to which the districts have authority over the functions they are supposed to carry out, namely, raising revenue, investing it and auditing. We shall also examine the appropriateness of accounting procedures, the extent of control over funds, adequacy of budgetary allocations, financial control procedures and timely availability of funds. We shall also address ourselves to the institutional set up established for financial management to determine how far it is suited or ill-suited for managing development finances.

Decentralization under the District Focus will be measured against the declared objectives to see how far it can help us understand decentralization. The Central concern is to highlight whether the system of financial decentralization is real or symbolic in light of the declared objectives and popular assumptions about decentralization in general.

## 5.0 Hypothesis

Inorder to focus the study within the confines set by our research objectives, the study will seek to test the following hypothesis:-

(1) That the more the centre continues to give only lip-service to decentralization, the more limited the involvement of local people.

(2) That the more financial resources are controlled locally, the more likely that

development projects will be implemented faster and efficiently.

(3) That the greater the amount of resources provided by the centre, the less likely that local staff will be given latitude and the more the central control over financial affairs.

(4) That the more the consultation of the target population, the more will be their identification with and willingness to contribute to development projects.

## 6.0 Methodology



### 6.1 Research Site

The study was conducted in one district (Kirinyaga) and therefore analysis is based on case data although general conclusions may be reached. This was inevitable since <u>we</u> (you y Who else) could not handle more due to financial and time limitations. The choice of research site is justified since it is well known to the researcher in terms of surmounting language barrier (as literacy level is low especially for beneficiaries) and geographical scope thus requiring no guide.

Kirinyaga District is situated in Central Province and covers 1,437 square kilometres. It is approximately 0.3 per cent of Kenya's total land area and carries 2 per cent of the national population. The district represents various ecological zones with the northern part being covered by Mt. Kenya forest which is exploited by over 120 saw mills and the lower zones being dry with low rainfall and poor soils[57]. It has relatively high potential with upper zone being tea growing, middle zone being coffee-growing and the lower being rice growing. This is significant in terms of resources which can be mobilized for the development process which is crucial in the study.

At present, the total population of the district is estimated to be 402,892 which is an increase of 29.11 per cent over the population of 291,431 recorded during the 1979 Census. The population is projected to reach 484,691 by 1993[58]. There are 246,929 dependants against the labour force of 178,447 and in 1993, there will be more dependants; a factor which puts stress on resources for development. The district has three Divisions and Gichugu which is the smallest in size is more densely populated while Mwea which is the largest is sparsely populated. The following table indicates the population density per Division.

Table 7:1 Population Density per Division (1988)

| DIVISION | AREA (SQ.KM) | DENSITY |
|---|---|---|
| Mwea | 581 | 198 |
| Gichugu | 213 | 696 |
| Ndia | 333 | 506 |

Source: Kirinyaga District Development Plan (1989-93) Nairobi, Government Printer, 1989, p.13.

Mwea Division needs to be considered for more projects since it lags behind the other Divisons in terms of schools, water and health facilities. This is so because the area is a low income zone and the local people cannot initiate self-help projects on a scale such as that in the other Divisions. Even though the population there is small, there have been widespread migrations to the Division from Gichugu and Ndia especially since the start of demarcation of public land in the area since late 1988.

## 6.2 Data Collection Methods

In the study, various methods of data collection were used. This was necessary since no single method could yield all the data which was relevant to the study. Three methods of data collection were used;

(1) Primary data - This was collected through interviews which were both formal and informal. The formal interviews took the form of scheduled questionnaires which were administered on four categories of respondnets -beneficiaries , DDC members, implementing officers/chairmen of project committees and members of the district Tender Board. This was complemented by informal discussions with some of the respondents plus some of the local people on whome development is targetted.

From the four categories, a total of 86 respondents were interviewed as follows:-

| | | | |
|---|---|---|---|
| (a) | Beneficiaries | - | 37 |
| (b) | DDC members | - | 30 |
| (c) | Implementing officers | - | 14 |
| (d) | DTB members | - | 5 |

The original projection was 75 beneficiaries, all DDC members, 19 implementing officers and 8 DTB members. However, this was not realised due to reasons advanced later. Simple random sampling was used to get the respondents from some categories. For beneficiaries the sampling frame was got from land register of the areas in question . There was no sampling of DDC members since it was the intention of the study to cover the entire membership which in Kirinyaga stood at 50. For implementing officers, the projected figure of 19 was chosen on the basis of a random sampledrawn from prpkects at district headquarters. For members of the DTB, the projected figure was eight which was got from identification by District supplies branch of departments which frequently award tenders in the district.

The research instrument was a standardized interviewer administered questionnaire made up of closed and open questions. Three case studies in decentralization were undertaken to analyse project implementation. The three projects were randomly selected.

Interviewing has been accepted as an effective method of data collection in the rural areas[59]. Direct interviews were more appropirate than self-administered questionaires due to high non-response rate of the latter and the low levels of literacy among beneficiaries. The direct interview also made it possible for probe qeustions when some issues appeared to be misunderstood.

(2) Secondary data - This was obtained from DDC files, Plan documents, annual reports, monthly progress reports, District Development Plans, Policy Circulars and published materials. This technique was necessary since there was factual data which could not have been got otherwise. The study acknowledges these sources where necessary.

(3) Observation - Attending DDC and sub-DDC meetings. The researcher was able to attend one DDC meeting, 2 DVDC, 3 LDC and one sub-locational committee meetings during the research period. This was supplemented by visits to various projects being implemented and those which had already been implemented . This also yielded important information since some projects were listed as being far in terms of implementation schedule whereas nothing had been done on the ground.

and from observations was analysed qualitatively. Since the cases were not many from primary data, it was necessary to report in frequencies instead of tables statistics which was the original intention of the study.

### 6.4 Data Limitations

In using the three methods of data collection, various problems/limitations were encountered. Transport was a major problem, which slowed down the research process since some projects were in areas far from communication routes. There was also a problem of tracing some respondents especially for projects which had been completed. It was not possible to interview all the implementing officers since some had gone on transfer and others were on leave.

A major problem was that there was no proper documentation by the DDC. There was no upto date record of projects except amount of funds allocated and date of completion.

Apart from these technical limitations, there were also theoretical limitations. Initially, the study intended to cover three case studies in financial decentralization - representing three categories of projects (government, joint venture and self-help) whereby 25 beneficiaries from each would be interviewd. However, it was not possible to get a wholly self-help project since in those which the researcher was able to get from the DDO and department of social services, there was an input from the government. For wholly government financed projects, only two were being implemented, but their stage of implementation was rather below expectation. For the two, there were no direct beneficiaries since one was the District headquarters and the other a national approved school. Since case studies were meant to cover impact on local people the approved school was chosen although no local people were interviewd as they had no direct input.

For beneficiaries thus, two projects were covered. In these, a sample of 25 people per project were randomly selected. However, it was not possible to interview all of them due to the fact that some could not be traced as they work in urban areas far from project and only go home occassionally. Thus for Kimweas Youth Polytechnic, 20 respondents were interviewed while for Nyaru Water Project, 17 were intereviewd thus bringing the total number of beneficiaries to 37.

For DDC members, 30 were interviewed from a projected number of 50 while for implementing officers 14 out of 19 were interviewed again due to non-availability of selected respondents.

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# CHAPTER TWO

## PLANNING IN KENYA: A HISTORICAL PERSPECTIVE

### 2.1 Introduction

This chapter traces the origins and evolution of decentralized planning in Kenya from the colonial times to the present.

Planning is most commonly understood as "an organized, intelligent attempt to select the best available alternative to achieve specific goals"[1]. Development Planning for our purposes will be used to refer to the planning process itself plus implementation since no Development Plan can be said to exist without implementation. Development Planning has been wrought with a lot of problems at implementation stage especially due to the problem of financing such development. This has prompted the view that the concept has been misused in Africa since a country cannot plan for what it neither effectively owns nor controls. Any talk of development Planning would be incomplete without a look at Colonial Planning which laid the basis for current planning.

Planning has a long history in Africa; a history which predates the current independent governments.

This is certainly true of planning in Kenya as we shall see later.

## 2.2 Colonial Planning

The origins of colonial planning in Kenya are rooted in early attempts by the British government to rationalize and coordinate development and budgetary activities in its overseas possessions. The 1929 and 1940 Colonial Development and Welfare Acts were passed by the British Parliament with this in mind, but it was not until the end of world war two that any substantial beginnings were made.

The end of the second world war witnessed the first conscious attempts at colonial Planning as expressed in the United Kingdom's Colonial Paper number three on development Planning (1944) and in the Colonial Development and Welfare Act of 1945. The latter instructed each colony to prepare a ten year Development Plan[2]. However, these turned out to be scarcely more than the elaboration of departmental plans and associated budgets for recurrent and capital expenditures.

In Kenya, Colonial Planning began with the establishment of a Development and Reconstruction Authority in 1945 and the formation of a Planning committee under its jurisdiction in 1948. The subsequent re-organization and formation of successive Planning and Development Committees characterised the organizational aspect of Kenya's Colonial Planning until the advent of independence in 1963.

Throughout the Colonial Period, planning centred on recurrent and capital budgets of the colonial government with financial control remaining the responsibility of the treasury and final authority resting with the governor. Inspite of this strong centralizing tendency, we observe that there was only scanty contacts between the districts and the centre. This was due to poor physical communication. Upto the 1950's, in many parts of the colony, roads were impassable and telecommunication was poorly developed. Thus field officers during the colonial period had a lot of initiatives and relative autonomy in the management of government activities in the field[3]. However, with the advancement in communication and technology, field officers became easily accessible to their superiors and at independnece, the colony was closely governed from the centre[4]. This lends credence to Marion Levy's contention that; "as modernization increases, the trend is overwhelmingly and irreversibly toward more centralized structures in every case"[5].

The experience of colonial planning reveals that the administration of development was rather haphazard and discriminatory as it favoured the minority European population at the expense of indigenous people. The administrators made the relationship between the government and the people strained as their major preoccupation was the maintainance of law and order. Through the "community development" activities, they compelled people to participate in the implementation of projects and as a result people tended to equate development with compulsion. The colonial administration was primarily concerned with problems of political stability and not with the more pressing needs of socio-economic development especially during the closing years of colonial rule. Thus even those so-called community development projects were not welfare projects but mainly ventures like construction of administrative posts. The few Africans who benefited from Africanization of the administration before independence had been brought up very much in the British colonial traditions. They were to be judged by criteria of maintainance of law and order with development playing a secondary role. This was to have spill-over effects on the administration of the development process after independence. It was not until a year after independence that a Ministry specifically charged with development activities was created.

The colonial period reviewed indicates centralization of the development process with funds being controlled wholly by the centre. However, even though there was no evidence of decentralization or even mention of it in official circles, there was some relative autonomy and initiative for field officers. This was not a result of deliberate policy or design, but due to scanty contacts between field officers and the centre caused by poor physical communications system.

The Colonial legacy continued to influence independent bureaucratic administration in Kenya. Although the Civil Service has been wholly Africanized, colonial practices,procedures and precedents are still in evidence.The provincial administration is still the elite branch of the civil service and is the key institution of government rule in Kenya. It continues to enjoy close contact with the centre; a relationship not dissimilar to the one the colonial administration enjoyed with the colonial governor. The colonial legacy also manifests itself in the prominent position that civil servants continue to enjoy in Kenyan Society.

We can thus observe that colonial precedents constitute influences which incline the civil service towards greater centralization and thus militates against decentralization both in theory and practice.

## 2.3 Post-Independnece Period

In Kenya, as elsewhere in Africa and the third world generally, independence occasioned a heightened interest in Development Planning and an attempt to expand the planning machinery to serve the broader social and economic aims of the new nationalist government. These aims were laid down in the 1963 KANU Manifesto and the Sessional Paper Number 10 on African Socialism and its application to Planning in Kenya (1965). Since independence, specialized planning structures and associated committee system have gradually evolved. In 1964, a Directorate of Planning was established in the Ministry of Finance and in December of the same year the organization of planning evolved into a separate Ministry of Economic Planning and Development. This was followd a year later with the creation of a Development Committee of the Cabinet to coordinate all development activities that the government would thereafter embark upon. Since that time, attempts have been made to build an effective planning organization which might link the central government with individuals and groups in the rural areas by means of specialized roles and structures and a host of committees at Provincial and District levels; a feature we shall turn to later.

Any discussion of development planning in Kenya in the post-independence period would be incomplete without making reference to the first development plan and its guiding principles. The principles were derived from Sessional Paper No.10 of 1965 which committed Kenya to the pursuit of African Socialism.

### 2.3.1 First Decade of Independence

The first Development Plan (1964/70) noted the constraint of limited resources and called for efficiency in utilizing them. The plan committed Kenya to the pursuit of African Socialism whose fundamental characteristic was "strong commitment to central economic planning as the organization and technique for marshalling the nation's resources in efficient pursuit of the government's economic and social objectives"[6]

The Sessional Paper Number 10 of 1965 on African Socialism and its application to Planning in Kenya was the basic document guiding the first decade of planning in Kenya. It established the principle of state control of the development process while at the same time arguing for some amount of decentralized planning based on local input. It asserted: "It is a fundamental characteristic of African Socialism that society has a duty to plan, guide and control the uses of all productive resources..... under African Socialism, the power to control resource use resides with the state"[7].

The Sessional Paper at the same time argued for decentralized planning. Thus despite the centralization process that the document justified, it also acknowledged the need to promote, "the participation of all people in the task of nation-building as well as in the enjoyment of the fruits of progress"[8]. Planning was defined as a comprehensive exercise designed to find the best way in which the nation's limited resources can be used to promote the objectives of every agency of government.

The Sessional Paper Number 10 and first Development Plan (1964-70) were not linked to any decentralized planning exercise since there was only lip-service paid to decentralization. However, they did set the establishment of decentralized planning as an objective and stimulated the emergence of the Special Rural Development Programme (SRDP) to which we shall turn later. Both documents recommended that the basic planning unit should be the district. This led to the establishment of Provincial and District Development Committees charged with initiating and coordinating local level plans. Also established were Development Advisory Committees[9].

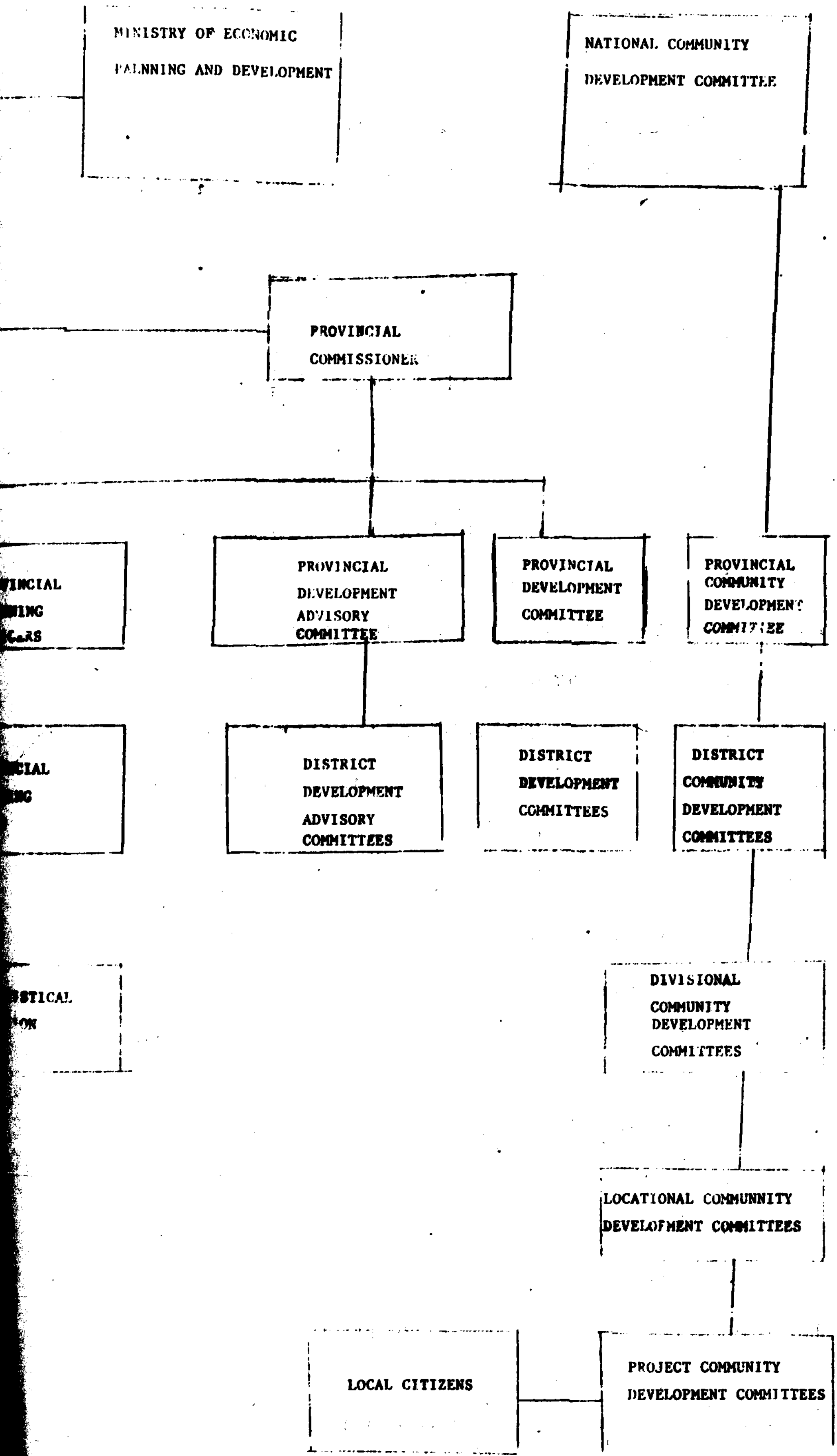
The Development Committees were to be made up of civil servants whose ministries were generally involved in development matters. However, the system of committees never worked the way its architects had intended. Several factors were advanced for this failure. The first was the inexperience of the government in matters of Planned Development. The Ministry of Economic Planning and Development just created (1965) was still predominantly manned by expatriates with no touch with rural realities. Another problem was the structure of administration at the local level. The differentiated structure was unable to accomodate a machinery that emphasized integration[10].

A major problem which is significant from the point of view of our analysis is that these committees controlled no finances between 1965 and 1970. Since they had no such control, functionally they had no useful role to play in coordinated planning. As Oyugi aptly notes, it is only when a local level officer knows that a local committee has the resources necessary to implement projects that he will take their deliberations seriously[11]. The politicians and other local leaders in the Advisory committees also realized their participation often yielded very little or nothing since they could lobby at the centre for what they wanted, All this goes to underscore the importance of decentralizing finances; an issue we shall discuss at length in chapter five.

Thus the major thrust in planning during the first post-independence Development Plan Period was the development of Privincial and District Development and Advisory organizations. Between 1966 and 1968, Kenya's Planning machinery was extended to embrace all Provinces except the North Eastern Province which was still planned from the centre (perhaps due to the shifta menace at the time).

The structure of the Provincial Planning organization is outlined overleaf. this is the organization which existed as per 1969.

FIGURE 2:1 PROVINCIAL PLANNING ORGANIZATION (1969)




SOURCE: Adopted from HYDEN, GORAN et al (ed): Development Administration: The Kenyan Experience

The first decade also witnessed the Kericho conference of 1966 which floated the idea of launching the Special Rural Development Programme (SRDP). The recommendations of the conference were accepted by the government in 1968, but attempted implementation of the programme did not take place until 1970 - 76.

In summary therefore, the first decade of independence brought nothing substantial by way of decentralized development planning as the development structure was not successful in guiding development activities. We can only note lip-service commitment to decentralization during this period. The Majimbo constitution which had provision for decentralization to the regions was abolished during this period and greater centralization enforced. There was only acknowledgement of the need for decentralization, but nothing else emerged. In the rural areas, the effect of development activities was clearly marginal.

The above is not surprising given the nature of politics in the period under review. The 1960s was a period of uncertainty when the new independent government was trying to consolidate not only its own position, but also the position of the new state.

As we have noted, the Sessional Paper Number 10 (1965) stressed the Central role of the state in the overall development of the country. It fundamentally asserted the role of government not only in planning, but also in overseeing overall development. The first decade was thus the period of Centralist polices. This centralizing trend led to the transfer of Functions Act of 1969 under which local authorities lost their three main functions - education, health and roads - to central Government.

### 2.3.2 Second Decade of Independence

The second decade commenced with the implementation of the special Rural Development Programme (SRDP) in 1970. This was meant to be an integrated area-based development programme started in six ecologically representative areas aimed at experimenting with various development strategies.

It was expected to be replicated in other parts of the country in the later stages. The SRDP was accepted in principle in 1968, but was launched much later in July 1970 showing the initial reluctance of the centre. The programme was aimed primarily at increasing job opportunities and raising the level of incomes in the rural areas. The experience of the SRDP revealed that where resources for development were locally controlled, local officers tended to take their participation seriously. On the other hand, where resources for the supposedly decentralized programme were still centrally controlled, local level participation in decision-making did not guarantee acceptance by the centre of plans or projects so identified[13]. Not much had been achieved by the time the programme was abandoned in 1976. This was so because senior officers at district level and above resisted the idea of direct communication between the programme administrators and the ministry headquarters. Even more limiting was the fact that Accounting Officers in the Ministries were reluctant to delegate their financial authority and could not allow recruitment of labour to be done locally. There were various lessons learnt from the failure of the programme, the most notable being that the will to decentralize is not administrative but political. The SRDP lacked national political support[14].

The main thrust and objective of the Second Development Plan (1970 -74) was rural development. The need for increased people's participation was acknowledged. The basic strategy of the Plan was to direct an increasing share of the resources available towards the rural areas as a means to ensure accelerated development of the rural areas.

The plan acknowledged that it was insufficient to centralize all planning functions within the Ministry of Planning and Development and that for policies and programmes to be implemented at an adequate speed, planning units were set up within operating ministries.

The coordination at provincial and district levels was improved by setting up a system of development Committees at both levels. The second Development Plan reflects some awareness of the need to decentralize the Planning process. However, no broad programme of decentralization was set out and what the plan said was not put into practice. The government was not ready to decentralize as the plan observes; "It is not the intention of the government that responsibility for plan coordination should be decentralized to the local revel[15]. The trend was toward more centralization and in this direction the government set up the National Rural Development Committee, National Advisory Committee and Project Preparation and Evaluation Unit. Further, government accounting was to be centralized through a computer in the Treasury.

During the second decade of independence, the Ndegwa Commission was set up (1971) to review the structure and remuneration of the Civil Service and it set the stage for the inauguration of what came to be known as District Planning exercise in Kenya. The Report of the Commission called for devolution of power from provincial to district levels within the administration and for the District to become an effective focus for rural development. The Report observed that no effective structure existed which covered all facets of development policy. The Provincial and District Development Committees had not proved to be effective bodies either for Plan-making or for coordinated plan implementation.

The Ndegwa Report deplored the very low level of accountability in government activities and argued that the basic problem was development of horizontal working relationships within a vertically structured organization. It called for injection of new resources and greater rationality into the machinery of rural administration. There was call for division of labour at district level by creating the post of District Development Officer (DDO) and District Planning Officer (DPO). The former post was later established and DDO's were employed by the Ministry of Finance and Planning until 1975 when they were seconded to the Office of the President.

However, the post of DPO has never been created to date.

Here it is pertinent to look at what the Report had to say about the important issue of public finance which is at the core of our study[16]. The Report noted that in colonial times, each of the 46 District Commissioners had a District Accountant to look after the accounting affairs of their district. With independence, and the original majimbo constitution, a greater degree of financial autonomy existed at what was then called Regional Headquaters. This coordinated the financial affairs of the various government departments in the region and the accounting functions of what became the District Treasuries within the Region. However, with the disappearance of the Majimbo constitution, regions disappeared and financial control reverted to the centre. Despite this, it was decided that the accounting system at Provincial and district level should be preserved. This has since been developed and the focus for local control has become the District Treasury.

The Ndegwa Report noted the anomalies where administrative boundaries were complicating financial transactions leading to unnecessary delays. It thus called for District Treasury to be above, administrative boundaries and to be a service point to serve all who could conveniently make use of it. The anomaly was caused by departmental representatives dealing with the District Treasury falling within their Ministry's concept of the area rather than the one nearest to them.

The Report called for direct link between the District Treasuries and the centre thus abolishing the Provincial Accounts branch. There was recommendation to give accounting officers authority to re-allocate expenditure between sub-heads provided this did not distort the agreed financial plan[17]. There was a strong recommendation for the establishment of an Accountant-General's department charged with full responsibility for the total management of the accounting system. The whole theory of accountability should rest on accounting officers and the Accountant-General.

The Ndegwa report led to the introduction of the District Planning Strategy announced in 1972, but launched in the 1974/75 fiscal year. Like the SRDP, it aimed at increasing the participation of local organizations, people and staff in development.

To strengthen district Planning, DDOs were appointed to be in charge of coordinating planning and implementation. However, the government failed (as the Ndegwa Report did) to give DDOs authority over the staff or resources of the operating ministries. There was lack of transport available personally to DDOs. The transport as originally allocated was transfered to the D.C.'s pool making it very difficult for DDOs to plan their own programmes and to monitor progress of projects in the districts. Even more limiting was the fact that those appointed (DDOs) lacked requisite skills. The District Planning strategy also lacked local initiative because of the intervention from the centre in determining its design and operation. Hence, in the absence of local control of finances, planning was not given the seriousness it deserved[18].

The third Development Plan (1974-78) continued the theme of the second plan, but presented detailed objectives and procedures for district level planning. It also explicitly recognised the need for process of greater decentralization of planning to the District level. This represented a moral commitment to decentralization, but the procedures fell short of actual decentralization. This was so because the central government ministries retained considerable powers of cordination and vetting district proposals and funding ammounts were very small.

Before the plan period, the government through the Ministry of Finance and Planning made two funding sources outside the operational procedures for district level funding. The first to be introduced was the District Development Grants (DDG) in 1971. The Grants were designed to boost the initiative of local development committees, government officials and local leaders in local planned development[19]. The programme started with £14,286 per province rising to £25,000 per district by end of plan period. This was trippled in the 1979/83 Development Plan to account for about 1.8 per cent of national Development budget[20]. Under the District focus, the government has urged line ministries to commit between 5 -10 per cent of their Development budget for the programme.

The DDG was followed by the Rural Works Programme established in July 1974 intended to reduce rural unemployment and raise the incomes of the landless and small holders in the rural areas. It was merged with the DDG in 1974 to comprise the Rural Development Fund (RDF) which is a revolving Fund designed to provide flexible financing and coordinated administration of the two programmes. This Fund was initiated with K£ 0.556 million increasing to

K£1.364 million in 1975 and K£ 2.5 million in 1978/79[21]. These allocations accounted for 1 per cent of total development expenditure. The RDF was controlled by the Ministry of Planning which was the ultimate authority in deciding how and on what the funds are to be committed. Under the District Focus Strategy, the Treasury retains ultimate authority over RDF money. The Districts however have a lot of say over the allocation of the funds to projects, but the framework for the allocation is centrally determined and funds are released peacemeal only on the approval of a project.

The authority to commit funds once approval was granted during the second decade of independence was delegated to the Provincial Planning officer (PPO) who alone determined the magnitude of the flow. The channeling of Authority to Incur Expenditure (AIE) through the province often led to delays and the District Focus Strategy is meant to address this by making the D.C. responsible for RDF money allocated to projects in the districts.

The above review indicates that a lot was said on decentralization during the 1970's but no substantial progress to implement it was visible in practice. The government was reluctant to implement decentralization policies. The fact that SRDP was mooted in 1966, but its actual implementation started much later in 1970 shows this reluctance. The District Planning Strategy had little impact on rural development. All the same we see a shift in attitude towards recognising the legitimacy of local level contribution to planning. The establishment of the RDF specifically meant for the rural areas was a major step in this direction. However, though not sector specified and intended to stimulate local decentralized planning, its impact was limited by the small amount allocated and the slow rate of project implementation. There was a strong moral commitment to decentralization, but actual decentralization did not take place due to continued resistance by senior officers at the centre.

### 2.3.4 Third Decade of Independence

The fourth Development Plan (1979-83) followed the previous plan's stress on District Planning. The Plan identified the major problems in the way of rural development . These problems included inadequate number of DDOs, inability of many DDCs, inadequate guidelines from the treasury, lack of sufficient disaggregation of budget allocations and insufficient participation of prominent representatives in the DDCs.

During the plan period, more DDOs were recruited, trained and posted to the field.

By 1980, DDCs were actively functioning in all districts and Provincial Development Committees were renamed Provincial Monitoring and Evaluation Committees (PMEC) in 1983.

The Waruhiu Commission Report of 1980 also had something to say about rural development administration. The Report noted that the Rural Development Fund (RDF) meant to revitalize DDCs had faced problems of project identification, delays in release of funds, implementation delays due to manpower shortages, rigidity of financial procedures and overcentralization[22]. These implicitly called for financial decentralization which is the central concern of this study.

The Report argued that successful decentralization requires an increased capacity at the centre for developing and applying standards and criteria for allocation of funds and for enforcing accountability and discipline. It recommended that the D.C. should become responsible for spending and accounting for project funds allocated and the successful completion of projects.

Upto 1983,Development grants were centrally controlled by the Ministry of Finance and Planning whereby projects were to be identified by the people and government officers and then approved by the DDO. A Ministry proforma had to be completed and forwarded to ministry Officials to decide whether to fund the project or not. In case of an approved project, the ministry released the AIE to the Provincial Planning Officer who could in turn decide to issue a sub-AIE to either the District Commissioner or implementing officer.[23]

Between 1971 and 1974, PPOs issued sub-AIEs to D.C.'s but the Ministry later decided to abandon this arrangement as Ministry Officials could not know how much had been spent and there were alleged cases of development funds being used for routine administration. The P.P.O. was then designated as the sole AIE holder. However, by the late 1970's, the Ministry once again decided that the D.C.s should become AIE holders although funds were to be held centrally. This Central Control over funds had unintended consequences namely that districts that could not come up with acceptable projects ended up getting less while those capable got the lion's share.

The government set up the Working Party on Government Expenditure chaired by by Philip Ndegwa. The Report of this working party which was released in 1982 is important since it highlighted the government's fiscal crisis which necessited more efficient use of increasingly scarce resources. The report is relevant since it formed the background to the District Focus strategy which is the Focus of this study.

The government expenditure had surpassed available revenue as the table below indicates. The Report thus noted that planning in the rural areas had become too complex to be well managed from the centre.

Table 2.1

REVENUES AND EXPENDITURES AS PER GDP AT MARKET PRICES

(figures in K£ Millions).

| | 1976/77 | 1977/78 | 1978/79 | 1879/89 | 1980/81 |
|---|---|---|---|---|---|
| TOTAL EXPENDITURE | 24.7 | 30.1 | 32.2 | 31.6 | 35.5 |
| CURRENT REVENUE (excluding foreign Grants) | 19.3 | 24.1 | 23.2 | 25.1 | 25.6 |
| DEFICIT | 5.4 | 6.0 | 8.6 | 6.5 | 9.9 |
| FOREIGN GRANTS | 0.7 | 0.5 | 0.6 | 0.8 | 1.3 |
| REQUIRED BORROWING | 4.7 | 5.5 | 8.0 | 5.7 | 8.6 |

SOURCE: Report of Working Party on Government Expenditure (Chairman: Philip Ndegwa), Nairobi, Government Printer, 1983, p.7.

Table 2:1 indicates that expenditures have been increasing faster and unless available resources are used efficiently, then the fiscal crisis might assume alarming proportions. The Report noted that poor implementation of policies had contributed significantly to the financial crisis. It observed that there was collapse of financial discipline in project implementation and this seriously undermined the capacity of the government to plan and use the scarce resources in an efficient and effective manner.

The Report further noted that there was lack of a sharp, carefully coordinated focus on rural development at the district level. There was too much emphasis on provision of services and too little emphasis on involving the people and their resources in the development process.

The major recommendation of the Report was that the District team under the D.C. and with the guidance of the D.D.C. should be established as the major force and vehicle for management and implementation of rural development. The recommendations of the Report formed the basis for the District Focus Strategy which followed a year later.

### 2.3.4 Implications for Financial Decentralization.

The foregoing review spanning from the colonial period to District planning tends to suggest that in spite of the acknowledgement to the contrary, the centre still remained a major actor in all matters of development. was so because the bulk of development resources continued to be controlled by the Centre. The government recognised that meaningful District Level Planning requires adequate financial resources to be placed at the disposal of DDCs. However, the absence of such resources throughout much of the historical period under review was in part responsible for the equivocal response by DDCs to government efforts to get them actively involved in planning.

We notice that a lot was said about the necessity to decentralize Planning to the local level in the various Development Plans and Commission Reports signifying a moral commitment to decentralization. However, experience reveals that this was merely lip-service commitment as the Centre never ceded any significant authority to local levels. Planning remained firmly entrenched in the hands of the Central bureaucracy despite calls for the involvement of local people.

All the same, the period reviewed set the stage for more elaborate measures and indicated a shift in attitude towards recognition of the importance of local input in the development process.

The introduction of RDF was an important step in the sense that it provided additional resources for rural development. Some Ministries like Works released money to the districts to be under the care of area coordinators. However, the majority of ministries refused to decentralize financial management to district level.

It is against this background that the District Focus Strategy was launched. The success of the strategy depends on the provision of enough resources and authority to district level. The fundamental question to be addressed is whether the strategy is a departure from past experience reviewed in the foregoing discussion and if so how? The concern is whether decentralization is actually feasible given Kenya's political and bureaucratic control at all levels and if so what kind of decentralization?

## FOOTNOTES

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12 For details of the Conference and its deliberations, See:
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21 Development Plan, 1974/78 Op.Cit p. 129.

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23 This plus the next two paragraphs is a paraphrase of,

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# CHAPTER THREE

## The District Focus Strategy for Rural Development

### 3.1 The Policy

This chapter highlights the salient features and characteristics of the District Focus Strategy as a prelude to the analysis of the performance of the strategy which follows in chapter four to six.

In theory, the objective of the District Focus Strategy is to broaden the base of development responsibility by moving most decisions on planning and management of projects closer to the point of implementation. The expectation is that this will result in increased efficiency, speedier implementation and more effective mobilization of local resources. As we have seen, weaknesses were identified in the past development strategies and this led to the introduction of the District Focus on 1st July 1983.

Following the recommendations of the Ndegwa Report on the Working Party on Government Expenditures released in 1982, the President directed in September 1982 that "The districts will become the Centres for development in the rural areas".[1] Consequently, the President instructed all Ministries to ensure that this new approach was put into full operation by 1st July 1983. The District Focus Strategy was consolidated in the Development Plan for 1984-88 whose theme was mobilization of domestic resources for equitable development.

The Plan allocated 32 per cent of ministerial resources for development and 68 per cent for recurrent expenditure. It stipulated that each district through its DDC would be responsible for rural development planning and coordination, project implementation, management of development resources and overseeing local procurement of goods and serivces.

The district was to become an important unit of accountability for financial resource management. The procedures for obtaining supplies and services were to be ammended to provide greater flexibility in local procurement. The authority of the District Tender Board (DTB) was enhanced thus shifting much of the responsibility for procurement from the national to the district level.

The Authority to incur Expenditure (AIE) was to be issued directly to district representatives of Ministries. However, as in previous arrangements, each Permanent Secretary was to remain the officer ultimately responsible for the Ministry's resources and the Ministry would retain full control over its resources. Thus only operational responsibility for the use of resources has been delegated to the districts.

This makes the District Focus Strategy an exercise in deconcentration defined as: "the handing over of some amount of administrative authority or responsibility to lower levels within central government ministries and agencies. It is a shifting of workload from centrally located officials to staff or officers outside of the national capital. When it is more than mere reorganization, it gives some discretion to field agents to plan and implement programmes and projects, or to adjust central directives to local conditions within guidelines set by Central Ministry or agency headquarters[2]."

The government itself underscores the centrality of development finances by noting that the impact of the District Focus will depend to a large extent on the effectiveness of financial management. It notes; "As the economy has grown and become progressively more complex, the financial sector and public policies governing its operation have become increasingly central to the development process"[3]

The Kenya Government recognises the importance of adequate financial resources being placed at the disposal of DDCs. The absence of such resources in the past has been responsible in part for the equivocal response by D.D.C.s to the government's efforts to get them actively involved in the planning process.

The District focus Strategy has roots in the past District Planning Strategy although as Oyugi notes; "the most interesting aspect of what today is known as the District Focus Strategy for Rural Development is its failure to take note of the existence of District Planning Strategy"[4]. His contention is that the problem with the District Focus is likely to be its false assumption that it is a new strategy. The realization that there is nothing new in the strategy would have enabled its architects to reflect critically on the facts which impeded the implementation of the District Planning Strategy.

However, he acknowledges that there are new innovations especially in the sphere of financial management. These innovations will be looked at in the section dealing with financial decentralization.

A discussion of the strategy would be incomplete without reference to the institutions which manage rural development under the District Focus Strategy. In organizational terms, the District Focus is being implemented within the organizational structure existing before it came into being. What has happened is that the district has been given more responsibilities to discharge than was the case before . Even where development institutions perform the same functions as before the volume of work has increased.

## 3.2 The Structures

### 3.2.1 The District Developemnt Committees

These are the key organizations under the District Focus Strategy and have been in existence since the mid-sixties. Since then, the functions of these committees were supposed to be;
"the coordination and stimulation of development of local level by involving in the planning process not only the government officials but also the people through their representatives and also to be a major instrument in plan implementation"[5]. To date, the principal functions of the DDC include:

(i) Approving Project Proposals;

(ii) Establishing local development priorities,

(iii) Monitoring the technical work of its executive committee, sub-committees and the progress of all rural development activities including donor projects and local authority projects.

(iv) Reviewing on-going projects.

(v) Establishig future priorities.

(vi) Endorsing district annual submission of projects to Ministries.

(vii) Coordinating all development resources in the district.

The DDC comprises of the District Commissioner (D.C.) as chairman, District Development Officer (D.D.O.) as secretary, departmental heads in the district, Members of Parliament, District KANU Chairman, Chairmen of Divisional Development Committees, representatives of development related parastatals and co-opted representatives of non-governmental organizations and self-help groups. The DDC is expected to meet four times a year. However, available evidence form Kirinyaga reveals that it met two times in 1987 and once in 1988.

### 3.2.2 The District Executive Committees

This is the executive arm of the DDC responsible for the technical preparation of Plans, management and implementation of DDC Plans. It is a sub-committee of the DDC which is necessitated by the large size of the DDC and is composed of the D.C. as Chairman, DDO as secretary, departmental heads, clerks to Local Authorities and representatives of development related parastatals.

The committee is expected to meet at least once a month to make operational decisions wihtin the guiding directives of the D.D.C. It is expected to prepare briefing notes on all the proposals and reports to be submitted to the DDC. Its main activities include planning, implementation, procurement of goods and services, personnel services and public relations services. It is helped by District Planning unit which serves as secretariat for day-to-day cordination of planning and implementation. However, we need to observe that this unit has not been established in all districts to date. The district which forms the basis for this study has no such unit as per time of writing.

### 3.3.3 Special Purpose Sub-Committees

Each district has several special purpose development related sub-committees such as the

District Agriculture Committee, District Education Board, District Community development Committee and Joint Loans Board. These were there even before the District Focus strategy and at the inception of the strategy, they became sub-committees of the DDC. Their work is coordinated through the District Executive Committee. Apart from these, the DDC is empowered to form such sub-committees as it deems necessary for the purpose of easing work. In this regard, the Kirinyaga DDC formed the Project Evaluation and Monitoring Sub-Committe at a meeting held on 28/10/85. The membership of this sub-committe includes:-

| | | |
|---|---|---|
| D.C. | - | Chairman |
| D.D.O. | - | Secretary |
| D.A.O. | - | Member |
| Road Engineer | - | Member |
| Lands Officer | - | Member |
| D.V.O. | - | Member |
| All D.O.s | - | Member |
| D.P.P.O. | - | Member |
| District Works Officer | - | Member |
| D.F.O. | - | Member |
| D.S.D.O. | - | Member |
| M.P.s | - | Member |
| KANU Chairman | - | Member. |

The Family Planning Sub-Committee was formed at a DDC meeting held on 26/6/86 and comprised of the following.

| | |
|---|---|
| D.C. | - Chairman |
| Family Planning representative | - Secretary |
| D.D.O. | - Member |
| M.O.H. | - Member |
| D.S.D.O. | - Member |
| D.A.O. | - Member |
| D.E.O. | - Member |
| C.P.K. representative | - Member |
| Catholic representative | - Member |

Maendeleo ya Wananawake representative - Member.

3.2.4 Divisional Development Committee (DvDC)

These are the main branches of the DDC on a geographical basis and their number in a district depends on the number of administrative divisions in that District. In Kirinyaga, there are three DvDCs. Their membership includes the same composition as the DDC, but at divisional level i.e. includes divisional level officers.

The function of DvDCs include the following:-

(i) Identifying the local rural development needs

(ii) Generating information relevant to satisfaction of the identified needs, usually in terms of project proposals.

(iii) Setting the priority among the proposed projects according to the degree of local needs and forwarding them to DDC.

3.2.5 Locational Development Committees (LDCs)

These consist of the Chief as Chairman, Assistant Chiefs, Locational KANU Chairman, departmental Officers and coopted local leaders. Its' functions are similar to those of the DvDc except that it operates at a lower level.

There is also a sub-locational Development Committee operating at sub-location level with similar functions headed by the Assistant Chief.

3.2.6 Provincial Monitoring and Evaluation Committee (PMEC)

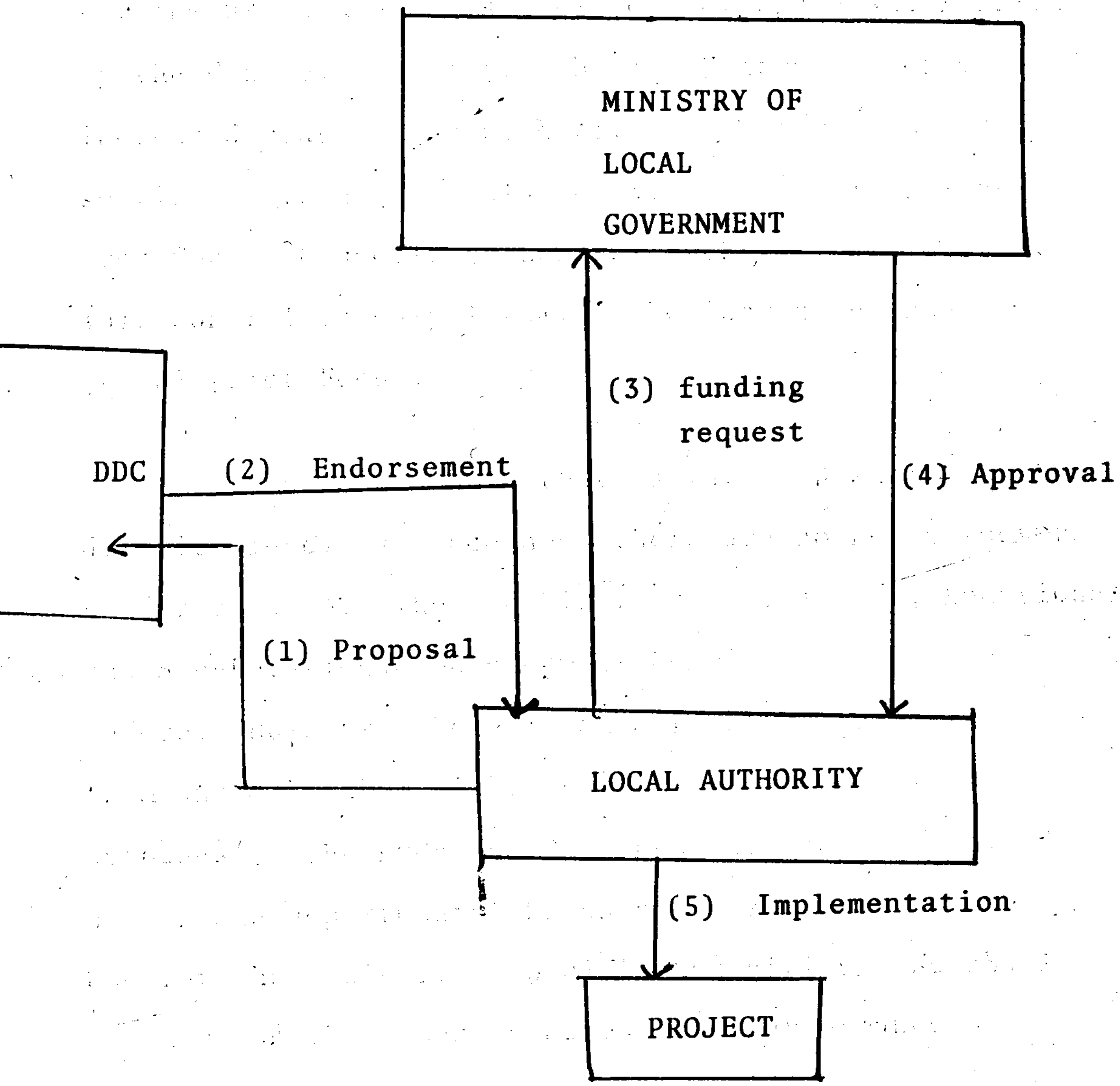
This committee operates at the Provincial level and its major functions is to monitor and evaluate the development activities in the districts. It comprises of the Provincial Commissioner as Chairman, Provincial Planning officer as Secretary, all Provincial heads of departments, MPs from the Province plus all District Commissioners and District Development Officers.

It is expected to authorize a sub-committee to visit every district within its jurisdiction at least once a year to monitor and evaluate implementation of projects. It serves as a resource for district level training and promotes integration between sectors.

### 3.2.7 Local Authorities

These are supposed to submit all their projects to the DDC for approval. However, to the extent that the DDC does not finance such projects, it merely gives blessings[6]. This is necessary inorder to avoid duplication of efforts and to ensure that they conform to district priorities. The relationship between the DDC and Local Authorities is best illustrated by the diagram below.

Figure 3.1 Relationship between DDC and Local Authorities




Source: Adapted from District focus for Rural Development, Nairobi, Government Printer, June 1984, p.3

We can observe that the entire history of local government in Kenya is a history of close supervision by the Centre. The cotrol by the Central government increased drastically with the transfer of basic services - roads, schools and medical services - away from County Councils to Central technical Ministries. This control is only likely to be increased under the District Focus.

Thus we can note that as far as Planning at the district level is concerned, there are no new structures so far created. The old District, Divisional, Locational and Sub-Locational Development Committees continue as before. However, there is an attempt to re-activate them and make them viable structures for development purposes[7]. The DDCs and Sub-DDCs have been increased powers and departmental heads are answerable to the DDC for their district-specific activities. We shall say more on this when we assess the performance of the strategy.

### 3.2.8 Non-Governmental Organizations

A review of development agents at the local level would be incomplete without a look at NGOs. These have become increasingly involved in development activities and it was found necessary to incorporate their activities into other development efforts at district level.

The 1984/88 Development Plan stated that greater responsibilities would be placed on voluntary agencies, individual and collective efforts of the people inorder to supplement government efforts. Under the District Focus Strategy, NGOs must have their District Development Plans and projections included in the District Development Plans. In addition, they should have their projects discussed and recorded by the Sub-Locational, Locational and Divisional Development Committees.

The DDC should screen NGO projects to ensure that they are consistent with national policies and that they are cost-effective. This is meant to reduce duplication and wastage of resources. The representatives of NGOs participate in DDC, on ad hoc basis.

All NGOs are supposed to register with the Kenya National Council for Social Services (KNCSS) in the Ministry of culture and social Services. In order to facilitate coordination, collaboration, and cooperation at district level, the KNCSS was authorised to establish local councils (District NGOS FORUMS) which should operate as sub-committes of the

DDC. It has been observed that most NGOs felt that their contacts with government amounted to visits to various offices to obtain clearance and other legal matters and that their participation in DDC meetings is hampered by lack of clear regulations[8]. There is inadequate NGO understanding of government policies. The KNCSS lacks adequate resources for proper functioning yet it is supposed to coordinate NGOs.

The 1989 -93 Development Plan policy directives require that only direct welfare NGOs will continue to work under the Ministry of Culture and Social Services while those which induce welfare impacts through conventional development activities and projects will work through the Ministry of Planning and National Development. There is a problem of distinguishing between the two categories.

There is need to clarify government procedures on how NGOs are to have their budgets cleared inorder to ensure that their funds are reflected in the accounting records of the Minsitry of Finance. The procedures on how NGO development programmes are to be endorsed by the DDC through the DvDC should also be clarified for smooth operations and elimination of potential conflict.

## 3.3 Justification of the Strategy

The District Focus Strategy has been justified on a number of grounds. The rationale for this decentralization exercise is more or less similar to that advanced for other decentralization efforts the world over. These justifications can be reduced to three categories namely the Political, Economic and Adminsitrative[9].

According to the Political justification, the decentralization is expected to enhance the democratic ideal of participation through its operation of Committees from the grassroot levels. This suggests a measure of political stability since local people are given an opportunity to have their needs considered. It is thus expected to lead to increased support and local commitment to development projects. These are theoretical justfications and whether or not they are borne out in reality is a matter of inquiry which will be looked into in the analysis of how the District Focus has performed on the ground.

The strategy has also been justified on economic grounds. the arguemnt here is that the rapid growth and expansion of Development expenditure which occured in the 1970's and 1980's was detrimental to the economy as the 1982 Ndegwa Report of the

Working Party on Government Expenditure reviewed elsewhere in the study demonstrated. This expansion could not be sustained due to declining growth rates and reduced levels of government revenue.

The District Focus Strategy was meant to be one response to this bleak economic situation which necessited optimum use of scarce resources. The strategy aims at better utilisation of scarce resources in that it does not aim at expanding available manpower, equipment or financial resources beyond current spending levels and neither does it require a new framework for provincial adminsitration or local government machinery. In enhancing horrizontal integration between operating Minsitries and field agents such as NGOs the strategy is expected to prove cost-effective by eliminating duplication of serivces.

The strategy has also been justified on administrative grounds. It aims at improving decision-making, efficiency, communication and accountability. The strategy increases the District Commissioner's supervisory and disciplinary authority over field agents of operating Ministries largely by making him directly responsible for the activities of the District Tender Board (DTB), District Treasury and above all the DDC. The strategy is expected to result in reduction of delays and timely implementation of projects. The extent to which these justifications are operationalised is what the study is all about. The strategy raises various unanswered questions. Has it made any difference to local people in terms of access to governemnt services? Has it led to access to more resources? This is crucial since it is the declared policy of the strategy not to increase manpower and other resources beyond current levels.

## 3.4 Financial Decentralization Under the District Focus Strategy

The institutions charged with the responsibility for financial manangement at the district level are the District Treasury, DTB and Internal Audit. These will be assessed in chapter five. However, here we need only to look at the financial implications of the strategy.

The Provincial accounting system which was the precursor to the current system was introduced in 1962/63 to facilitate small payments in the Provinces and districts. Before this, all payments were made from Nairobi. Each district was allocated a cash float or imprest which has been increasing gradually over the years from K£ 195,000 in 1962/63 to K£1,300,000 in 1982/83[10].

This system however encountered severe operational problems namely low level of cash float, delays in reimbursement by Ministries and departments, non-surrender of safari imprests, dishonoured cheques and lack of personnel[11]. The Treasury thus decided on measures necessary to wipe out cash liquidity problems and improve the general performance of all District Treasuries. The capital of the District cash float was increased.

The District Focus aims at ensuring that expenditure from the District Treasuries would be reimbursed directly from the Paymaster-General at the Treasury rather than routing the vouchers through Provincial offices and individual Ministries. The Paymaster-General would then debit the appropriate Ministry's budget allocation and pay the District Treasury directly.

The government posted trained accounts personnel to the Districts and the District Acccountants in some districts are now at the level of Chief Accountant.

The Internal Auditing System was introduced in the districts in 1984/85 to improve internal control and financial management. All accounting services were to be centralized under the District Treasury instead of previous system whereby each Minsitry had its own personnel at District level. It was hoped that when the District Treasury starts getting reimbursements directly from the Paymaster-General, the role of Provincial Accounts branch would be phased out.

In the new arrangement, the AIE holder decides when funds are to be used for project expenditures and the District Accountant, after preparing the vouchers and assertaining that the AIE has not been overspent, authorizes release of money through the District Treasury. At the end of each month, the District Accountant prepares a statement of account for each AIE indicating all transactions made and the funds remaining.

Treasury regulations stipulate that to prevent delay in project implementation, Accounting Officers must ensure that AIEs are sent to the districts not later than 15th July. The AIE should be for the whole amount allocated for the financial year with written instructions not to exceed the limits authorized by parliament on vote of Account (50 per cent) until such time as the Appropriation Act is passed. The D.C. is expected to write to the permanent Secretary (Office of the President) informing him of those Ministries who have not issued AIEs to the district by January every year. Thus the District Treasury under the District Accountant is responsible for the financial management of all government funds in the district. We shall turn to how it discharges its functions in the next chapter.

The DTB is responsible for local procurement of goods and services and its authority has been enhnaced to facilitate this. The expectation is that most of the inputs for district-specific projects will be purchased in the district. It should meet at least once a month to adjudicate on tenders and confirm minutes. It comprises of:-

(i) D.C. - Chairman
(ii) Deputy to D.C. Alternate Chairman
(iii) District supplies Officer - Secretary
(iv) District Development Officer
(v) Ministry of Agriculture
(vi) Ministry of Health
(vii) Ministry of Education
(viii) Ministry of Public Works
(ix) Ministry of Lands and Housing
(x) Ministry of Home Affairs.

(x) Ministry of Commerce

(xi) Ministry of Industry.

(xii) Ministry of Water Development.

(xiii) Ministry of Transport and Communications

(xiv) Ministry of Environment and Natural resources.

The DTB can co-opt not more than two more members and any departmental head can attend during deliberations on a purchase relating to his department. The quorum for the Board is five members including the chairman or his representative.

The guidelines for rural development provides that for district-specific projects, a 5 per cent bias should be allowed for local tenderers so that goods and services can be procured from the district.

The main function of DTB is to recommend to the accounting officer or his departmental representative in the district on the acceptance of a tender, but the accounting officer ultimately remains responsible for the accountability of the expenditure.

The tender ceilings for the District Tender Board (DTB) continue to be reviewed regularly to enhance local procurement of goods and services in line with the stated objective of the District Focus strategy. The actual operation of the DTB as well as other institutions for managing finances will be reviewed later in the chapter dealing with financial decentralization.

The district Focus is a centrally induced form of deconcentration and was never intended to be a devolution. It is for this reason that while the operational responsibility is indeed delegated, the government ministries retain full control over their resources.

Indeed as Oyugi observes, deconcentration has a lot to do with the discretionary powers that local level units have in the discharge of their statutory or administrative functions. Under deconcentration, the discretionary power is subject to approval by the delegating authority and what happens at the approval point is what determines whether the deconcentration is weak or strong[13].

It is clear that the District Focus as outlined above has brought innovations in the management of rural development. Future trends will undoubtedly indicate its full impact on rural development. Whatever impact this has on local levels is the concern of the analysis which follows in the next three chapters.

At this point, it is pertinent to see what the current Development Plan has to say on development planning and rural development. The theme of the 1989-93 Plan is "Participation for progress". This theme re-emphasises the need for full participation by the entire population in the economic activities of the nation[14]. This is because the government recognises that the ultimate success of planning depends to a large extent on the people who are the most critical resource in the development process.

The plan acknowledges that conventional centralization of management and decision-making at the headquarters in Nairobi has proved inefficient thus leading to decentralization of planning as reflected in the District Focus Strategy.

Of significance to our study is that the Plan acknowledges the fact that the key aim of development strategy is the efficient utilisation of the scarce resources a fact noted in previous plans and the Philip Ndegwa Commission Report. However, the rapid expansion of the economy has created an increasing strain on the government's ability to render services out of its limited resources.

The continued flow of people from rural to urban areas poses a very high demand on the provision of services and the government though faced with serious budgetary constraints has set up a District Development Fund (DDF) within the Minstry of Planning and National Development[15]. This is important since additional population calls for extra expenditure. The table below indicates the increasing rural and urban population for whom services must be provided.

Table 3.1 Projected Urban and Rural Population, 1989-93 (Million).

| Year | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 |
|---|---|---|---|---|---|---|
| Urban | 40 | 4.3 | 4.6 | 4.9 | 5.2 | 5.6 |
| Rural | 18.7 | 19.2 | 19.8 | 20.4 | 21.0 | 21.6 |
| Total | 22.7 | 23.5 | 24.4 | 25.3 | 26.2 | 27.2 |
| Urban % of Total | 17.6 | 18.3 | 18.9 | 19.4 | 19.8 | 20.6 |

Soruce: National Development plan, 1989-93, Nairobi Government Printer, 1989, p.74.

To date, only 75 per cent of the urban population has access to reliable clean water while only 26 per cent of the rural population enjoys similar facilities[16]. This demonstrates the need for extra facilities and efficient utilisation of existing resources especially in the rural areas.

During the last twenty five years, the development budget has grown by more than ten times[17]. However, as the government admits, there is no effective monitoring and evaluation system that can provide information necessary to indicate the extent to which the process of development meets set objectives.

The current Development Plan calls for donor flexibility in resheduling undisbursed funds and expects these donors to allow for more competitive bidding without insisting that goods and service must come from their own country[18]. This indicates that implementation of donor assisted projects has not been successful. Indeed, as a daily newspaper noted, donor funded projects were not properly supervised and laid down procedures on accounting for direct disbursement were not followed. Thus there was an under-expenditure of over Sh.2 billion and an under-collection of Appropriations - In-Aid (A-I-A) amounting to over Sh.1.5 billion generally caused by delays in implementing projects with foreign aid components. The result was that foreign aid in form of Credit was not realised[19].

The plan declares that the government is committed to the implementation of budget rationalization and cost-sharing principles. The latter is expected to help in fostering participatory decision-making at project design and implementation stages thus ensuring local level commitment to the success of projects. This issue will be dealt with when we asess the relationship between participation and commitment to the projects by beneficiaries in the next chapter.

The current development Plan however does not provide a review of the performance of the District Focus Strategy as is usual with other plan documents which review performance of previous period.

The exposition of the salient features, structures and characteristics of the District Focus now sets the stage for more elaborate discussion of the actual performance of the strategy which follows from chapter four to six.

## FOOTNOTES

1 Republic of Kenya, (Office of the President) District Focus for Rural Development, Nairobi, Government Printer, 1983, p.1.

2 RONDINELLI, DENNIS et al: Decentralization in Developing Countries: A Review of Past Experience.Washington D.C., World Bank Staff Working Papers No.581, Management Series 8, 1984, p.1.

3 Republic of Kenya, Development Plan - 1984-88 Nairobi, government Printer, 1984,p.99.

4 OYUGI, WALTER OUMA: "Two Decades of Decentralization in Kenya" in Africa Administrative Studies Vol.24, No.26, 1986, p.156.

5 Republic of Kenya,Development Plan 1966-70, Nairobi, government Printer, 1066,p.8.

Also Development Plan 1970-74, Nairobi, Government Printer, 1970, p.75.

6 Personal Communication from the Clerk to the Kerugoya/Kutus Town Council. He was of the opinion that the DDC merely gives blessings to Council projects since it does not fund them.

7 OYUGI, WATER O.: "Decentralized Development Planning in Kenya: An Assessment", Paper Presented to Economic Development Institute, The World Bank, Washington, January 1989, p.28-29.

8 WARUHIU, ROSE MRS. "Development of Mechanism for NGO Coordination and Capacity Building". Report for KNCSS October, 1989.

9 The following is a paraphrase of:
NG'ETHE, NJUGUNA: "African Rural Reconstruction and the role of a local level strategy: The case of Kenya", University of Nairobi, Paper Presented at IDS, June 1987, pp 15-17.

10 Republic of Kenya, District Focus For Rural Developmen, Nairobi, Government Printer, Revised in June 1987, p.3

11 The discussion here is based on: District Focus For rural Development, Revised June 1987, pp 59-60.

12 For procedures to be followed by DTB, see Op.Cit. pp 50-58.

13 OYUGI, WALTER O.: Op.cit. 1989, p.28.

14 Development Plan, 1989-93, Nairobi, Government Printer, 1989, p.39.

15 Ibid. p.77.

16 Ibid. p. 74.

17 Ibid. p.40.

18 Ibid. p.72.

19 The Daily Nation, Thursday, April 20, 1989, P.24. The Paper was quoting the 1985/86 Report of the Public Accounts Committee of the National Assembly.

# CHAPTER FOUR

## THE DISTRICT FOCUS STRATEGY IN KIRINYAGA

### 4.1 Introduction

This chapter attempts to analyse the performance of the District Focus Strategy as measured against the frameworks derived from Selznick and Maetz/Quieti as well as the declared objectives of the strategy. It is thus assessed in terms of decision-making/Planning autonomy, personnel management, people's participation, administrative organization as well as financial management. However, since financial decentralization is at the core of the study, assessment of financial management is deliberately left out since it will be dealt with at length in the next chapter.

### 4.2 Decision-making/Planning Autonomy

As Maetz and Queiti observe , decentralization has a lot to dowith the discretionary powers that local level units have in the discharge of their administrative functions[1]. Under deconcentration, this discretionary power is subject to approval by delegating authority. The responsibility for operational aspects or district-specific projects is delegated to the district. There is no denying the fact that the DDC's role has been enhanced. The districts are now able to know the amount of money to expect every financial year and thus are in a better position to plan their activities effectively. Each Ministry apart from informing each district of the amount of resources to expect also provides the policy guidelines to be used in selecting projects.

In the field of planning. decisions on project priorities are now being made at the District Level. However, district proposals must fall within the budgetary ceiling which is centrally determined. The DDC's decision-making autonomy is thus exercised within the rules and guidelines determined by the Centre which retains final authority.

Theoretically, the strategy is supposed to enhance the democratic ideal of participation in that through the operation of the various Development Committees, it allows ordinary people to be involved in development. This involvement was crystalized and gave impetus to decision-making authority of the DDC and its related lower committees when the community priorities were incorporated for the first time in the District Development Plans for the 1984-88 Plan Period. This means that Planning was shared between the people and government officials in contrast to previous practice when planning was the preserve of Central Planners.

Given that the decision-making process centres around the district,this is expected to result in reduction of delays and the timely implementation of projects. While this is theoretically tenable and true in some cases, delays persist as we shall see in Kirinyaga due to laxity of local level officers in supplies branch and office of the DDO.

Whereas the decision-making powers of the DDC and related institutions at the local level have been enhanced, problems still persist. In the two DvDC's which the researcher attended, local priorities emanating from the sublocations and locations were pre-empted during the deliberations in a circular read by the DDO as the Secretary. This circular indicated that projects like cattle dips, health centres, roads, water and schools were no longer qualified for RDE funding in Kirinyaga as well as in Murang'a and Kiambu. During the LDC and Sub-location Development Committee Meetings which the researcher earlier attended (3 LDC and one sub-location) the participants had argued strongly for health centre, water projects and schools. Since these were now not qualified for RDF funding, the Chairman of the DvDC's (Gichugu and Ndia) asked the chairmen of LDC's to suggest other projects. The exercise thus militated against citizen involvement as the Chiefs as chairmen proposed projects they felt reflected the needs of local people.

Two influential local KANU Officials proposed piggery projects in their respective areas and these were accepted although they clearly did not reflect local priorities as they are commercial ventures. The general observation was that Kiburia Secondary School Piggery Project was not a local priority since the school is government assisted and thus funding should have been extended to Harambee Schools. This would have boosted the morale of local people who contribute generously to construct schools on a Harambee basis. However, the Divisional KANU Chairman is also a member of the Board for Kiburia and hence was able to literally push the project through the DvDC.

Although most projects were passed, the Chairman of Gichugu DvDC made it clear that it was up to the DDC to approve them and apply for funding from the Treasury. The general view was that projects identified were dependent on availability of funds. Since the committees below the DDC controlled no finances, the tendency was to present a sort of shopping list of local projects. Most lower Development Committee members expressed the view that most of what was recommended would not get financed[2].

The funding ceiling for each Division was less than one million for the 1989/90 financial year. This ceiling was too little given the number of projects which had been proposed from lower level Development Committees. This led credence to the genral view prevailing at DvDC's that most of what was recommended would not get financed.

The low funding ceiling meant that most pressing projects did not qualify for funding. This was because only small projects could be undertaken since bigger projects like water and health facilities require more finances. In each Division therefore, most projects which fell under the above ceiling were small Women Group Projects. This underscores the veto power the centre retains as the ultimate authority on what projects qualify for funding. This residual power can be used to frustrate Local Development Institutions as above reveals. The deliberations of the LDCs and Sub-Locational Development Committees were all reduced to naught by the Treasury circular. What is imperative is tha such policy circulars should be despatched before the lower level committee meetings take place to avoid such evident waste of time and to enhance the morale of members.

The lower level Committees from where project proposals originate tend to be dominated by politicians and administration officials who sometimes, impose their priorities on the people. The case of Kimweas Polytechnic dealt with in Chapter five is a case in point where the local chief was able to push the project despite reservations of the local people. In the lower committees atttended most members in attendance were either civil servants or politicians as the Table below indicates:

Table 3.1 : Attendance of Sub-DDCs

| DvDC | Civil Servants | Politicians | Local notables |
|---|---|---|---|
| Gichugu | 15 | 6 | 3 |
| Mwea | 11 | 8 | 2 |

The Politicians included KANU Chairmen of Locations, Division and M.P.s whereas notables included influential local people co-opted into the committees. Civil servants included the D.O. (Chairman), DDO

(Secretary) and all departmental heads at Divisional Level.

The priorities emerging from lower level committees tend to be those of influential people. This has an adverse effect on project implementation as it becomes difficult to elicit local contribution in terms of money and labour. The Kimweas Polytechnic case study is an example of this. The project was not a priority for local people, but for influential local elite. Most local people preferred a water project or secondary school as we shall see in chapter five. When it came to eliciting local contribution, it was very difficult to convince people to contribute and only deduction from coffee proceeds made the project to be implemented.



There is thus need to expand the office of the DDO to oversee lower level committees. This is especially relevant since in Kirinyaga, the DDO revealed that the DvDCs noted earlier were the first opportunity he had to serve as the secretary since he had a lot of other duties and there was a shortage of transport. This goes against the guidelines issued for implementation of the District Focus Strategy which require that the DDO serves as Secretary to the DDC as well as the DvDCs.

The projects chosen sometimes did not reflect wishes of local people from whom they were supposed to emanate. In this regard, there was evidence of project imposition by influential personalities taking place inspite of the DDC. Some projects found their way to higher level committes even without lower committees knowing about them.

In Gichugu, Njukiini School was passed at DvDC even though the chairman of the LDC from where it was supposed to emanate was not aware of it. This was due to the fact that the then area MP and the Bishop of the CPK Diocese were the sponsors and they did not see eye to eye with the Chief who was the chairman of the LDC.

At DDC level, two projects namely Teithia-Teithia and Mutungara Water Projects got RDF funding even though they were not on the plan list and had not been discussed at DDC level. Informal discussions with the DDO revealed that these projects were funded through the influence of a local notable who is a senior officer in the Rural Planning Unit which vets project proposals at the Minsitry of Planning and National Development Headquarters. These projects were funded despite the fact that projects on the Plan.list were not financed due to "financial limitations"[3].

There was a tendency to concentrate projects in certain areas where there are influential people thus neglecting other more deserving areas. The upper zones took the lion's share of project funding although there is high standard of living since the area is of high productivity. In the lower zones, there are some sub-locations which have never had any project funded since the inception of the District Focus Strategy. Thus the participation of Sub-LDCs in these areas such as Kianjiru, Mucung'wa, Karie etc has been an exercise in window shopping. The members of these Sub-LDCs were thus very skeptical about the whole idea of participation in identification of projects since they do so every year and none gets funded. They thus participate in sub-LDCs as a ritual.

In the Development Committee meetings which the researcher attended and especially so with LDCs, DvDCs and DDC, there was some degree of accountability of field officers to local level. This was demonstrated by the fact that departmental representatives were put to task to explain their undertaking to DDC and Sub-DDCs.

There was little discussion at DDC level since the majority of the members in attendance were departmental heads who had already agreed on the project proposals at the DEC meeting which preceded the DDC meeting. The DDC meeting was predominantly one of civil servants since only one MP attended while others present were women and NGO representatives.

Given that the main objective of the District Focı is to make each District the focal point for the initiation, planning and management of rural development, the crucial point is whether this is beginning to happen. The strategy is trying to improve on earlier decentralization efforts. The DDC has been given more say in the determination of Ministry projects through the revamped planning exercise. The district is now involved in financial management especially in procurement of goods and services as well as adjudication of small tenders.

However, the survey conducted in Kirinyaga revealed that there were still problems of planning and implementation mostly with a bearing on financial aspect of decentralization. From among the 30 DDC members interviewed. 86.7 per cent indicated that the problems facing the District Focus Strategy centred around finances ranging from inadequate allocations to poor financial control, delay in procurement of materials for projects, and misappropriation. For the strategy to make a meaningful impact especially on decision-making at district level, these problems will have to be sorted out with a view to streamlining operations.

## 4.3 Personnel Management

In his classic work on the Tennessee Valley Authority, philip Selznick attributed the success of the Authority to its power to hire and fire staff among other factors. Consequently, he posited that organizations that exercised this power over personnel management stood a high chance of succeeding. Though not an exercise in deconcentration as the District Focus Strategy, this is a good indicator ideally for assessing the performance of the latter.

If deconcentration is to give more responsibility to local level units, it requires that staff working here be made accountable administratively and financially to that level. Therefore, it is important here to see what changes have been instituted towards this direction under the current strategy.

Before the District Focus Strategy, all personnel were centrally employed and field officers had no power to hire or fire staff without the approval of the Permanent Secretary for junior staff or the Public Service Commission for Senior Staff. Field Officers likewise could not promote staff, but only recommend such promotion. Transfer of Senior Staff could only be effected at the Ministry headquarters.

With the advent of the current strategy, the Directorate of Personnel Management (DPM) re-assessed this situation and established the District Personnel Advisory Committees. The purpose of the Committees is to deliberate and advise on all personnel matters in respect of field staff in job Groups A to D. The recruitment to posts in this category are to be done by the Advisory Committee after advertisement in the district. Similarly, recruitment for pre-service training was to be done at the District level[4]. The survey in Kirinyaga District revealed that district level staff conduct the interviews, rank order the candidates and send the list to the DPM in the Office of the President where final vetting is done.

After the lists are submitted to the DPM, the work of the Advisory committee ends as they are only given the list of those taken to various institutions for communication to the candidates concerned. Some departmental heads disclosed that the candidates actually taken include many not on the rank-ordered list sent by them to the DPM. Most departmental heads felt that this exercise was not worthwhile since final authority rests with the centre.

In line with the District Focus guidelines and inorder to improve the performance of planning at District level, staff have been redeployed form headquarters and provinces to the district level. This has resulted in the upgrading of posts at the district level. The District Accountant in Kirinyaga is now at the level of Accountant One While it is reported that in some Districts, the District Accountant has gone as far as being at the level of Chief Accountant. This is an indication that despite resistance of the centre to cede its authority to local level untis, there is some degree of commitment to decentralization.

In the discharge of their duties, district staff are supposed to be accountable to the DDC. The departmental heads now have to give an account of their activities during DDC meetings. Most of the time during the DDC meeting was taken up by departmental heads detailing their activities in the district. However, since their promotion is still controlled by their ministry headquarters and they relate to policies determined by their Ministry, their relationship with the DDC remains rather ambivalent. Most departmental heads indicated that their allegiance was first and foremost to their Ministry headquarters and secondly to the DDC as a routine matter. This was compounded by the fact that the departmental heads operate financially on budgetary ceilings set up by their Ministry headquarters and not by the DDC. Nevertheless, the very fact that they have to report to the DDC in itself shows some degree of accountability to local level which needs to be enhanced.

In theory, decentralization is expected to allow projects to be completed sooner by giving local managers greater discretion in decision-making. It is expected to minimise delays in implementation which might cause serious cost overruns. However, in practice, delays are still evident since ultimately the centre retains authority especially over staff and resources. In Kirinyaga for example, the District headquarters complex was contracted for Shs. 20 million in 1985. It experienced alot of delay in implementation due to provision of funds in instalments according to allocations for each financial year. The project was expected to be operational by late 1987, but is now far from completion and requires an additional of Sh.8 million due to cost overruns. This is so despite the declared policy of the District Focus to reduce cost overruns caused by slow rate of project implementation.

The Nyaru Water Project discussed as a case study in chapter six is another project which has experienced delay in implementation. The initial allocation of Sh.1.2 million is already exhausted due to cost overruns and the project now requires additional funding. If the resources were controlled at the project level, and the contractor especially for the district headquarters was accountable to the local level, construction work would have been over long ago since local officers would be in a position to effectively monitor implementation.

## 4.4 Participation in the Development Process

The ultimate goal of all development is to ensure the overall wellbeing of the people through sustained improvement in their living standards. As we have seen, the District Focus Strategy is aimed at stimulating rapid and planned development as identified by field officers and the local people. The rationale for such participation is that these are the people who are in close contact with the real problems in the rural areas. By giving the grassroot voices a chance to be heard, the strategy is expected to implement one of the key features of African socialism - necessity of allowing the people to be part of the critical decisions that will intrinsically affect their destiny[5]. This is expected to enlist their support by giving them a share of responsibility for development.

Furthermore, the District Focus Strategy is expected to democratise the development process by broadening the base of development, encourage local initiative and involvement while at the same time improving the efficiency with which local projects are implemented. The key institutions in this regard are the various local level committees. The DDC is in full operation in Kirinyaga.

The researcher observed that civil servants predominate as they speak with one voice having agreed on project proposals at DEC which had preceded the DDC. The DDC files indicated that popular representatives - MPs, Local Authority Chairmen - rarely attend DDC. The attendance therefore is left for departmental heads and representatives of parastatals.

There are three DVDCs in the district and these were in operation. Here popular representatives were in attendance and tended to dominate the proceedings. These included KANU leaders, MPs and Councilors. The DDO revealed that the DVDCs attended by the researcher were his first though he hae been in the district since 1985. He claimed that he was too busy to attend DVDC despite the fact that he is the Secretary.

The LDCs and Sub-LDCs need to be streamlined by employment of trained staff from the office of the DDO. The experience with these during the research period was that most sub-LDCs met in the open and could not be distinguished from normal public barazas as there appeared to have no fixed membership. The Rwambiti and Kianjiru Sub-LDCs met in the market place and the chairmen of these committees revealed that anybody who wished could attend the meetings.

The LDCS were more organised with proper records of attendance and minutes unlike in the sub-locations where it was left to the chairmen to prepare a report to be submitted to the LDCs. Most committees at this level submitted what amounted to a shopping list of desirable projects. One chairman confided that there was no harm in including as many projects as possible since not all or even none would be considered at higher levels.

The ultimate success of planning for economic and social progress depends to a large extent on the people who are the most critical resource in the development process. While the people are the beneficiaries of development, they are the most vitial input in development. The government is well aware of this and is committed to the implementation of cost-sharing in the development process. This helps in forstering participatory decision-making at project design and implementation stages thus ensuring local commitment to the success of the projects.

Broadening participation of local level officials and local people is expected to lead to increased support and local commitment to projects and programmes. Having been given the opportunity to initiate projects, the local people's sense of accountability is increased since they are aware that the success or failure of projects is associated with them. The crucial issue here is the degree to which this theoretical justification is emperically justified. To what extent is there a high level of accountability where local people are involved and where the project is their brainchild?

The example of Nyaru Water Project discussed in chapter six as a case study in decentralization stands out clearly in this regard even though the peoples' efforts are frustrated by government officials who delay delivery of materials[7]. The local people initiated the project and were fully identified with it. They contributed their share of money and labour willingly. However, their involvement was frustrated by supplies branch officials who delayed project implementation. Intended beneficiaries are now no longer willing to contribute more labour as project implementation has dragged for the last three years with completion nowhere in sight.

One way of assessing decentralization is by analysing the composition of the local planning authority[8]. The DDC as earlier noted is composed of a mix of civil servants and local leaders with the former constituting about 3/4 of the entire membership. In Kirinyaga District the latter category rarely attend DDC meetings and most members who attend are departmental heads and heads of development-related parastatals. Though the membership of the DDC has been increasing over the years, due to increase in departments and parastatals represented at district level plus co-optation of new members, attendance of DDC meetings continues to decline.

Table 3.2 shows this trend.

Table 3:2 Attendance of DDC Meetings

| Year | Number of Meetings | Members Present Per Meeting | Members Absent Per Meeting |
|---|---|---|---|
| 1985 | 3 | 43 | 8 |
| 1986 | 4 | 40 | 7 |
| 1987 | 3 | 49 | 17 |
| 1988 | 2 | 30 | 20 |
| 1989 | 1 | 35 | 21 |

Source: Own Survey.

The figures noted especially for years when there was more than one meeting were arrived at by calculating the actual number of members present or absent for all sessions divided by the number of meetings. For those absent, the figures excluded those absent with apologies.

Table 3:2 indicates that attendance has been declining over the years except 1987. The possible reason for this is that during the early years of the District Focus Strategy, there was an aggressive campaign mounted by the Office of the President to instil the stragegy in the minds of local level officers. However, as time progressed, this campaign subsided thus leading to decline in attendance. This contention was supported by informal discussions with DDC members who had been members since the inception of the strategy. They revealed that one's career in the initial stages hinged on participation in the DDC as the government was very firm on participation

The declining attendance of DDC has the result that those who attend are civil servants. This is because it is mandatory for civil servants to attend the DDC meetings.

The participation of local people usually takes place through attendance of public meetings or barazas. The Sub-Locational Development Committees' meetings usually take this form since Sub-Chiefs have no offices in most parts of the District. The participation is also through non-elected committees espeically from Location to District Level. We thus see a combination of the above two modes of participation in the rural areas - although the latter is more prevalent.

Maetz posited that the larger the proportion of elected leaders in a committee, the more the local planning authority is likely to be independent of the Centre[9]. The DDC and DVDCs are composed predominantly of non-elected members and hence the centre exercises enormous control.

In Kenya, participation in Development Committees is regarded as the major mechanism for involving local people in decision-making. This is in spite of the fact that these committees are dominated by local elites and government representatives. The survey carried out in Kirinyaga indicated that local people were involved in the development process mainly through provision of money and labour. Out of the 37 beneficiaries from two projects interviewed, 33 respondents constituting 89.2 per cent - said that they were involved in provision of money and labour. However, the majority (92.9 per cent) of intended beneficiaries indicated that the running of projects and decision-making was left to project committee and government officials. Evidence revealed that even where there were local project committees chosen by local people, their participation in project planning and management never went beyond organising people for contribution in form of money and labour.

In the survey, it was established that 89.2 percent or rather 33 respondents out of a total of 37 were consulted over project contribution. Out of these, 97.3 per cent indicated that they were required to contribute, but those who did contribute were 89.2 per cent. The survey confirmed our fourth hypothesis to the effect that consultation enhances willingness to contribute ie. the more the consultation of the target population, the more their identification and willingness to contribute to development projects. There was a strong positive relationship between the two variables - 33 cases out of 37 confirmed the hypothesis. The remaining 4 cases contributed inspite of consultation.

The participation of some local level officers needs streamlining, because they have not lived upto the expectations of the District Focus objectives. The DDO, staff of supplies branch, District Accountant and Internal Audit have sometimes delayed project implementation due to slow procurement process and slow processing of vouchers. They are accountable to the treasury and Planning Ministry professionally, but administratively they are accountable to the

Office of the President. Some indicated that their operations are not smooth due to this double accountability. Their vote is controlled by the D.C. and they were of the opinion that they should have their own AIEs to facilitate work as the D.C.'s office is overloaded with administrative matters. More will be said on this in the next chapter.

Thus participation in development Planning by local people and officials continues to be through guidelines determined by the centre. The local level government officials are having a bigger role to play in development planning, but the local peoples' involvement continues to be limited by bureaucratic controls. We can thus uphold Cohen and Hook's contention advanced in 1986 to the effect that participation as defined in Kenya practice has not meant a high degree of involvement in planning by non-officials or citizen groups outside government[10].

The Kenyan model therefore more closely approximates what is often referred to as 'bureaucratic deconcentration' in which decisions formerly taken at the centre are moved down to subordinate units. This is likely to remain the case until the participation of non-technical members of the DDC increases. Where political or grassroot attendance is high as in sub-locational and locational committees, more participation is likely. This is a positive phenomenon as the local people would then have their real needs addressed since these grassroot representatives are accountable to the local people.

However, overall, popular representatives as already noted for Kirinyaga - and even in other districts since the composition is similar according to the policy guidelines - popular representatives make up a very small proportion of DDC membership. There is greater non-official and local resident participation as one moves down the line of committee structures below the district. This is where meaningful participation can be found if only this can be complemented by more awareness - creation at grassroot level.

The Kirinyaga and even the Kenyan experience is however not unique since studies conducted elsewhere report of more failures than successes. Rondinelli notes that in most developing countries, the centre is reluctant to share decision-making power with lower level units[11]. Vengroff noted the same of the Senegalese experience where administrative authorities continued to dominate rural councils[12].

Claude Ake noted the same of the Tanzanian experience where he observed that the political class was not prepared to give enough resources to promote local level involvement in rural development leading to bureaucratic controls[13].

What the Kenyan experience underscores is the fact that any attempt to decentralize development planning in a political system which is not decentralized is always faced with alot of in-built limitations. This is so because as Rondinelli aptly puts it, decentralization itself is an intensely political exercise involving power-sharing and hence of necessity touches on questions of political control and authority[14].

We now turn to the more specific issue of financial decentralization in Kirinyaga District.

## FOOTNOTES

1 MATTERNE, MAETZ & QUEITI, MARIA: Training for Decentralized Planning: Lessons From Experience, F.A.O; Rome, 1989, p.5.

2 This is based on insight derived from attendance of Local Development Committees. The researcher was able to attend one DDC, two DVDCs, 3 LDCs and two sub-locational Development committees meetings.

3 Based on personal communication from the District Development Officer (DDO) in Kirinyaga.

4 OYUGI, WALTER O. "Decentralized Development Planning and Management in Kenya: An Assessment", Paper Presented to Economic Development Institute, World Bank, January, 1989, p.32.

5 MOI, DANIEL T., Kenya African Nationalism: Nyayo Philosophy and principles, Nairobi, Macmillan, 1989, p.63.

6 Republic of Kenya, National Development Plan (1989-93), Nairobi Government Printer, 1989, p.63.

7 This project is dealt with at length in the chapter dealing with case studies.

8 The summary used to assess participation here Is drawn from Metterne and Quieti, Op.Cit.

9 Ibid. p.11.

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11 RONDINELLI, DENNIS et al; "Decentralization in Developing Countries: A Review of Recent Experience" in World Bank Staff Working Papers, No. 581, Management Series 8, 1984, p.34.

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# CHAPTER FIVE

# FINANCIAL DECENTRALIZATION IN KIRINYAGA DISTRICT.

## 5.1 Introduction

This chapter analyses the system of financial decentralization under the District Focus Strategy with special reference to Kirinyaga District. It looks at the types of funds available for rural development, the system of financial planning, the institutions for managing development finances at district level and the lessons which can be learned for the betterment of financial management. The chapter begins with a general definition of financial decentralization.

## 5.2 Financial Decentralization

Financial decentralization refers to the transfer of financial management authority and responsibility from central government to local level. Financial management is that managerial activity which is concerned with the planning and controlling of financial resources[1]. Chambers defines it as the series of manageri tasks which are directed to the provision, use and disbursement of economic resources[2].

Ideally, financial decentralization should imply a number of responsibilities for which local level institutions should be given authority to discharge. They should be given authority to:-

(a) Raise revenue locally through a system of taxation or harambee movement.

(b) Invest or utilise revenue without recourse to the centre.

(c) Have an internal auditing system.

(d) Be accountable to the local level both financially and administratively.

These responsibilities need to be present at the local level if decentralization is to be successfully carried out. Local levels throughout the period reviewed in chapter two have not enjoyed most of these ingredients leading to total control over financial management by the centre. This has had a negative effect on development planning throughout this period. The District Focus has tried to improve on this, but whether success has been scored will be discussed in the chapter. Under the District Focus, financial decentralization is meant to provide flexibility in local procurement, facilitate preparation of local plans and coordination of implementation. It is meant to make the district an important unit of accountability for financial resource management to facilitate efficient and effective utilisation of resources.

Administrative efficiency is given as the rationale for financial decentralization. Therefore in assessing financial decentralization under the District Focus, we shall be looking at how far the district has the authority for responsibilities of raising revenue, investing, auditing, appropriateness of accounting procedures, extent of control over funds, adequacy of budgetary allocations and timely availability of funds.

The analysis of financial rules helps us to assess the extent to which districts are given the opportunity to take decisions in development planning. It also helps us to verify whether local levels are really given the resources and the liberty to use them in line with what is stated in policy documents[3]. The more money is given to local level, the more the responsibility.

Decentralization is expected to have an impact on how the national budget is prepared, structured and managed and in particular on how funds are allocated. We shall dwell on this when we discuss financial planning under the District Focus. Here we shall only note that financial decentralization does infact influence allocation decisions of the Treasury and the Ministries.

The provision of untied funds at local level enhances the planning authority of local institutions. Under the District Focus, the Rural Development Fund (RDF) and EEC Micro-Project Fund are not sector-specified and it is upto the DDC to plan for it. However, the DDC's role is only to recommend priority projects for funding and it is upto the Treasury to decide wich projects to fund. When the funds are availed to the district they come already earmarked for specific projects and there is no provision for reallocation of funds at district level. This is very important as the existence of untied funds or latitude to re-allocate tied funds is a good indicator of the measure of the actual power that the centre has conceded. It also helps us to check whether local levels can make decisions on resource allocation or not. Under the District Focus, the centre is the ultimate authority on all financial matters.

The mode of disbursement of funds and financial accountability are important while assessing decentralization. The funds transit through a local level Treasury to which local level officers are made financially accountable and hence there is relative autonomy than when funds are made available by Central ministries. However, the Permanent Secretary of each Ministry remains accountable for all ministry resources. What has been delegated is operational responsibility for the use of such resources.

Nevertheless, there is no denying the fact that the present system is more efficient than the previous one since the District Treasury deals directly with the PayMaster-General at the Treasury rather than going through the province and ministry headquarters as was the case before the District Focus Strategy.

5.3 Resources for Rural Development

There are various sources of funds for rural development and the intention here is to highlight these sources without going into much details with respect to their operation.

There are the ministry funds for district specific projects which constitutes the bulk of resources for rural development. The funds come from the individual Ministries and are for DDC approved projects which fall within the guidelines established by ministry headquarters. These are made available in instalments according to financial years. The resources come in two categories namely development and recurrent expenditure. There is a general observed trend whereby the latter category is overlooked in that inadequate resources are provide thus affecting maintainance of existing infrastructure

There is also multi-district ministry programme under which the Ministries administer large scale multi-district and national programmes that can and in does include resources for rural development in the individual districts.

Thirdly, there is the Rural Development Fund (RDF) and EEC Micro-Project Fund. These are coordinated by the Minsitry of Planning and National Development. The funds are not tied to any specific sector. It is upto the DDC to plan for this money which is particularly important since it can be used to address priority needs which are not covered through the normal Ministry Programmes. The amount is known by each district and this encourages developm planning at the local level. Most projects in Kirinyaga District were funded through the RDF. The EEC Micro-Project Fund has assisted various schools in the district through construction of laboratories and workshops. At the national level, the Fund has provided money to 89 projects covering half their cost upto a ceiling of Ksh. 1.6 million per project between 1977 and 1984[4].

Another source of funds is Local Authorities. The DDC is expected to coordinate Local Authorities resources inorder to ensure that they are used in line with development priorities in each district. The Local Authorities must present their projects to the DDC for approval.

Local self-help is another source of resources for rural development. The government encourages the mobilisation of local resources The Harambee spirit is ingrained in Kenya's body politic and harambee contributions are very crucial in undertaking rural development since there is always a self-help component to all RDF projects. This ensures local commitment to the success of projects. In Kirinyaga District, much of the contributions have been in cash, labour and materials. These contributions are mainly raised for schools, women groups and water projects.

Below is a table indicating amounts contributed between 1984 and 1987.

Table 5:1 Harambee Contributions (Value in Kshs.)

| Year | Labour | Materials | Cash | Total |
|---|---|---|---|---|
| 1984 | 48,201.15 | 166,070.25 | 37,610,077.90 | 37,818,344.30 |
| 1985 | 21,109 | 321,989 | 6,987,379.40 | 7,331,471.40 |
| 1986 | 10,089 | 368,025 | 11,576,505.60 | 11,954,617.00 |
| 1987 | 107,010.85 | 147,204.05 | 9,519,697.35 | 9,773,912.25 |
| TOTAL | 186,430 | 1,003,291.30 | 65,963,660.25 | 66,878,344.95 |

Source: Kirinyaga District Development Plan (1989-93), Nairobi, Government Printer, 1989, p.40.

Table 5:1 indicates that the contributions for 1984 were higher than for the other years. One reason given for this is that 1984 was characterised by a sense of urgency due to the requirements of the 8:4:4 education facilities. This witnessed a flurry of harambees in the district and the country at large. The figures indicate the significant potential of the harambee movement in the development process. It is an important complement to Minsitry-provided resources and needs encouragement. The Ministry of Culture and

Social Services keeps a record of what is collected through Harambee. Inorder to ensure accountability and in line with the centralization of resources at district level under the District Focus, all Self-help money is deposited with the District Treasury.

A related source of funding is the Community Development Programme. This channels funds through the Ministry of culture and Social Services. It focusses on providing direct assistance to self-help undertakings and is important since it encourages local initiatives. In Kirinyaga District, it has extended very useful assistance to women group projects like bakeries and poultry keeping ventures.

In addition to the above, there are also special programmes whereby districts especially in Arid and Semiarid areas prpose projects which are then funded. This ASAL Programme has assumed more significance with the recent creation of the Minsitry of Reclamation and Development of Arid, Semi-arid and Wastelands. Specifically charged with the development of these areas. The NGOs are expected to submit a list of their projects for approval to the DDC to ensure that they are in line with national policies and are not duplicating other activities.

Private sector investments are also a major source of development activity in the districts. The DDC is charged with the responsibility of encouraging private sector development through provision of infrastructure and providing information to prospective investors on the resource base and potential investment opportunities. The DDC is expected to extend credit to small-scale traders through the Joint Loans Board which is now special purpose sub-committee. During the 26th Jamhuri anniversary, the President announced the establishment of the Rural Enterprise Fund to give credit to small traders and industrialists in the rural areas. The Fund will start with Shs. 120 million. However, the disbursement modalities are yet to be formulated[5]. The Fund will be controlled by the DDC thus increasing the resources at the disposal of the districts for use in rural development. The Fund will supplement the resources provided by the Joint Loans Board.

## 5:4 Financial Planning

The advent of the District Focus Strategy witnessed some changes with regard to financial planning. Before the District Focus, funds allocated by the Treasury were controlled by the headquarters of the individual ministries. The Permanent Secretary as the accounting officer determined who held the authority to incur expenditure on the various Ministry activities. This authority was often held at the centre by heads of departments and only in a few cases by provincial heads of departments. However, even where the AIE holder was in the field, the actual commitment of funds had still to be approved at the centre. Hence field level units were merely spending agents of the centre.

In line with the District Focus and inorder to increase district involvement in the Planning process, progress has been made in the disaggregation of Ministry budgets so that the districts are aware of all the funds that have been allocated to them. This has had a positive impact at the local level since district staff are motivated in planning. This is unlike the past when this was the sole preserve of staff at Ministry headquarters who in most cases did not appreciate local realities.

With the introduction of the strategy, the districts are now required to be fully involved in every stage of the government budgetary process[6]. The districts are involved in the Programme Review and forward budgetting as well as in the preparation of the annual estimates.

The Ministries are required to provide the districts with Forward budget ceilings for district-specific projects, taking into account proposals in District Development Plans prepared by the districts. After the approval of Forward budgets, the Ministries are supposed to send a list of all allocations for each district. The Ministries then use the returns from the districts to prepare draft recurrent and Development estimates for transmission to the Treasury for approval. The purpose of all this is to ensure the involvement of the districts in the allocation of funds for development. All accounting services are centralized under the District Treasury which serves AIE holders as far as accounting matters are concerned.

We can see from the above that the districts now have some say, if not much say over the allocation of funds to projects. However, the framework for the allocation is still centrally determined and funds are made available to the districts only on the approval of a project. The Ministry of Planning and National Development is the ultimate authority on how and on what the funds are to be committed. As an exercise in deconcentration which the District Focus is, nothing more can be expected as only operational responsibility can be granted under the model.

This notwithstanding, we can observe that Development Planning is being taken seriously by local officers since they are able to know the amount of resources to plan for as opposed to situation before the District Focus when amount of resources was not disclosed leading to Planning being something like the making of a shopping list of desirable projects. The Ministries are now able to respond to the needs of localities which were ignored before when Planning was the sole responsibility of Ministry Headquarters and the Treasury. The potential resources of the various districts can now be incorporated into the development process unlike in the past, when such resources could not be appreciated by Central Planners who came up with uniform plans. Such uniform plans many times did not reflect the true aspirations especially of remote districts and neither did they reflect the aspirations of diverse regions.

The increasing role of districts in Financial Planning is limited by the need for central control of resources for development plus the Treasury and donor demands for accountability. This itself is in line with the District Focus whose declared intention is to improve financial discipline and efficiency. This point was reiterated by the Vice-President and Minister for Finance who stressed that discipline in the use of public funds was crucial to the country's continued efforts to increase efficiency in the provision of government services[7]. This discipline as noted later in the chapter has not been enforced in practice as misuse of public funds continues to bedevil development management at district level. The problems which existed at the centre in its relationship with local levels appear to be replicated at the district level. The central issue is whether the new arrangements will make any meaningful impact at the district level.

## 5.5 Finance Managing Institutions

### District Treasury

The DDCs have been given the mandate to coordinate all the development recources within the districts. In support of the increased district financial activities, the authorised cash floats in the District Treasuries have been increased. In Kirinyaga District the cash float now stands at Shs. 1.2 million on a weekly basis. The District cash float Fund is the mainstay of district funding. It is a revolving fund and the District Accountant is supposed to seek reimbursement from the Paymaster-

General directly. The PMG in turn debits the votes of the Ministries accordingly.

The District Cash Float Fund was first introduced in 1962/63 as noted earlier to enable provinces and districts to make small payments in the field. It has now been substantially increased in that while Kirinyaga got £60,000 annually by 1984, it now gets Ksh.1.2 million per week. However, this is still inadequate due to increased activities in the district. The District Accountant (Kirinyaga) was of the opinion that to give good services to AIE holders, the district now needs Kshs. 5 million over a period of one week.

The District treasury has various sections which deal with the various aspects of financial management at the district level[8].

(A) Voucher Preparation - This section prepares payment vouchers for all AIE holders in the district. The preparation of vouchers in Kirinyaga was reported to take too long due to laxity of staff in this section. There is thus need to speed up preparation of vouchers through close supervision.

(B) Voucher examination - This section is in-charge of examining payment vouchers to ascertain that payments are in order. There is alot of delay in this section due to shortage of staff coupled with the volume of work the few staff have to perform. There has developed serious red tape leading to unnecessary delays since the vouchers have to pass through many officers.

(C) Vote book and expenditure returns - The District treasury maintains vote books for all AIE holders in the district. The vote book control section prepares and submits monthly expenditure returns to Accounting Officers and AIE holders. This section according to available information has been discharging its functions very successfully.

(D) Cash Office - This is in-charge of all paymets at the District Treasury. As a rule, only payment vouchers passed by the District Accountant and the internal Audit should be accepted for payment in the cash office. However, experience in Kirinyaga is that since the Internal Audit is understaffed, all vouchers cannot be passed before payment and most are examined after payment. By the time payment

Vouchers reach the cash office,a lot of time has elapsed ranging from two to four or five days.

(E) Imprest - The imprest section is supposed to maintain a register in which details of all imprests passed for payment are recorded. The general rule is that no impreset warrant should be accepted if the applicant has an outstanding imprest. However, in practice, officers continue to be advanced more imprest if acquainted with the District Accountant or staff at the District Treasury.

(F) Revenue section - This section maintains continuity control records for all revenue collection accountable documents to ensure that each document is properly accounted for. The District Treasury receives all revenue and Appropriations-in-Aid in the district.

It can be noted that some latitude has been granted to district level, but the utilisation of funds has to be under centrally determined guidelines. This is so because the Treasury retains ultimate financial say. This is not surprising since as Oyugi noted in a 1986 study, deconcentration by its very nature implies continued central control of deconcentrated structures[9].

The District Executive Committee in Kirinyaga acknowledged that District Treasuries are adequately strengthened in terms of personnel and allocations. However, the committee observed that in some cases AIEs from some Ministries are late. The staff of the District Treasury are very qualified under the District Accountant who is now at the level of Accountant One. There are regular refresher courses for Clerks to update them on financial management skills.

The survey conducted in Kirinyaga revealed that since the introduction of the District Focus, delays in processing payment vouchers from the departments have been greatly reduced. Whereas payment vouchers used to take weeks to be processed, it now takes two to four days.

However, various problems of financial management persist at the District Treasury. Leading these problems is that of inadequate finances which is widely acknowledged. There is also the problem of lack of punching machine which is only available at Nyeri (Provincial Headquarters). The District Accountant has to go through Provincial Headquarters which also serves other districts leading to delays. Inspite of this the general feeling is that reimbursements are easily got.

One cannot undestand financial decentralization without taking into account project size. For big projects, there is no decentralization. Examples in the district studied of big projects with no decentralization were the District headquarters complex and Wamumu Approved School. Funds for these projects can only be utilised on the projects to which they have been allocated and it is only the Accounting Officer (Permanent Secretary) who can give authority for re-allocation after consultation with the Treasury. However, for small projects, there was evidence of decentralization to district level.

The DDC has on many occasions appealed for re-allocation of funds to be decentralized to the District Treasury which would then advice the Ministry concerned, but all in vain.

Despite frequent instructions from the Treasury against the habit of large imprests being held by local level officers against regulations, non-surrender of imprest is still widespread in the district. There is also embezzlement of funds due to collusion between AIE holders and District Treasury Staff as will be shown in the section on financial problems/limitations at district level.

Interviews conducted on 30 members of the DDC revealed that problems facing the District Focus Strategy are mainly financial. These are discussed elsewhere and here we can only mention them. They include problem of inadequate finances, poor financial control, slow procurement process etc. The over-centralization at the District Treasury is sometimes abused by some staff as the Internal Audit is understaffed and can only peruse payment vouchers after payments are made There is a case pending in court whereby such late examination of vouchers revealed that a large amoung of money had been misappropriated by some District Treasury staff in collusion with an AIE holder.

There is acute shortage of office accomodation for District Treasury Staff which is so acute that three or four clerks have to share a single table as there are only two offices (rooms).There is also shortage of transfort facilities which slows down revenue collection.

The general feeling was that utilisation of funds should be further decentralized to departments to avoid delays. The Distirct Treasury should be improved through provision of more facilities, increase in level of imprest and more scrutiny of expenditure. The mode of disbursement of funds at the District Treasury has been noted to lead to delays in project implementation as our survey of project chairmen indicated. We sought to determine whether there was a relationship between mode of disbursement of funds to projects and delay in project implementation. The DDO disburses funds to projects. Out of 14 project committee and implementing officers interviewed, 11 agreed that the mode of disbursement led to delays in project implementation. The disbursement process was too slow for effective project implementation. There was thus a very strong relationship between the two variables tested. From the survey it was further demonstrated that with full control over finances, implementation would have taken shorter time. Out of 14 respondents interviewed, 13 (representing 92.9 per cent) affirmed this postulate. There is thus need to decentralize control over funds to implementing officers at project level who would then be accountable to the District Treasury.

## 5.6 INTERNAL AUDITING SYSTEM

This was introduced in the districts and ministries in 1984/85 financial year to improve internal control systems and financial management.

The role of internal Auditors is to provide effective services to the districts and to provide monthly reports to the accounting officers for their immediate corrective measures. They submit these reports to the Treasury and the Auditor-General.

The Internal Audit of the district oversees on behalf of the Treaury that AIEs are distributed to the distirct representatives in time. It also verifies projects before payments are made. It also ensures that there is accountability of funds by scrutinizing expenditure to ensure that the system is working according to laid down regulations. It is meant to point out internal control weakness for their remedy to be effected.

The Internal Audit in Kirinyaga has an establishment of two officers and during the period of research, one was attending a course thus seriously limiting the capacity of the Audit system. The District Internal Auditor could not attend DDC meetings and neither could he visit projects to verify payments due to this understaffing.

The internal Auditor is supposed to be provided with a vehicle and other facilities by the D.C.

However, the internal Audit is faced with a lot of operational problems which militate against its effective discharge of its duties. There is problem of transport and also secretarial services where reliance is on D.C.'s typing pool which is always overloaded. There is only one room serving as an Office with no telephone. Even when a vehicle is available, the allocation for fuel is largely inadequate and the Internal Auditor can only go out to inspect projects once or twice a month despite the fact that there are many projects requiring his attention.

Thus the capacity of District Internal Audit is seriously limited and there is need to strengthen it by posting of more staff, provision of transport and other facilities to ensure that it discharges its duties effectively. Despite the above limitations, the Internal Audit in Kirinyaga has been able to detect some cases of financial impropriety among district staff. An example is where materials paid for (Karikoini Project) were not actually delivered. The internal Audit was able to detect this when members of project committee informed the Internal Auditor. Another case detected was where a staff member had fraudulently claimed money for night-out and forged the signatures of Distri

Accountant to get payment from the District Treasury.

It is thus necessary to strengthen the internal Audit to act as a watchdog over expenditure at the district level.

## 5.7 THE DISTRICT TENDER BOARD AND PROCUREMENT PROCESS

The key organization in the procurement process is the District Tender Board (DTB) which is serviced by the District supplies branch. It was established to handle the supplies and procurement process in the district. It is chaired by the D.C. and membership include most departmental heads. Its composition is outlined in chapter two and here it is only partinent to look at how it operates.

The minutes of DTB are copied to the Head of supply services (Ministry of Finance), Rural Planning department (Planning and National Development) and the Secretary to the Cabinet (Office of the President). The quorum for it is five members including the chairman or his representative.

The guidelines for District Focus for rural development specify that the inputs for district-specific projects which are produced or fabricated within the district including hire of artisans and casual labour should be allowed upto 5 per cent bias so as to be procured in the district[10].

The main function of the DTB is to recommend to the Accounting Officer or his departmental representative in a district on the acceptance of a tender, but the accounting officer ultimately remains responsible for the accountability of the expenditure. Thus what is delegated to the DTB is only operational responsibility.

The DTB's have been strangthened by posting of District Supplies Officers and their assistants. They have also been given authority to adjudicate over building/construction tenders upto Shs. 2 million of the district specific projects. The financial limits over which DTB can adjudicate have thus been increased. For small projects, the supplies branch can purchase materials outright thus reducing delays.

The DTB is expected to procure goods and services locally as far as is financially justifiable thus promoting local business activity and generating employment locally. The payments for contracted suppliers are now being made in the district thus facilitating work.

However, some problems still persist. As far as procurement is concerned, contracted suppliers sometimes are not able to supply certain items which may be available from other non-contracted suppliers. The DEC meeting held on 15th July 1985 recommended that to save on time and costs, the duty of getting alternative suppliers be vested in the supplies officer. However, informal discussions with most departmental heads indicated that when this is the case, items end up costing more than the actual market price due to collusion between supplies branch staff and suppliers.

It was noted that requisations to incur expenditure at times takes too long until the funds are time barred thus impeding proper implementation. The inablility of project managersto receive resources in a timely manner delays implementation and causes serious cost overruns. The District Headquarters and Wamumu Aproved School are examples of projects where this is indeed the case. The former was contracted for Ksh.20 million, but now requires an additional 8 million to complete. This goes against the declared objectives of the District Focus Strategy to facilitate faster implementation of projects.

The DDC has on a number of occasions called for decentralization of school supplies scheme, medical stores and boarded stores, but all in vain thus underscoring the fact that the government is not fully committed to decentralization.

The procurement process is slowed down by the DDO and staff of supplies branch who take very long to order materials and to effect payments to contractors, thus leading to delay in projcet implementation. In some cases, merchants refuse to deliver materials due to non-payment or late payment for materials delivered to project site. The procurement process by the DDO leads to delay in project implementation. The DDO has alot to do with this delay especially for RDF projects where he procures materials for projects on hehalf of the D.C. who is the AIE holder for all RDF projects.

Other problems facing the DTB include the fact that the supplies officer has no AIE and has to rely on the D.C.'s vote. Thus nothing can be done outside what the D.C. wants. There is the further problem of office accomodation as there is only one room for all staff in supplies branch. The fact that the District Tender Board has no secretarial services thus relying on the D.C.'s typing pool itself is not a healthy state of affairs as the processing of tenders is supposed to be strictly confidential.

There is the likelihood that some information might not be treated in confidence as the typing pool is open to most people as experience with the Kirinyaga District Headquarters revealed. Effective tendering requires competitive bids, but unfortunately in the district, there is lack of effective competition since most tenderers especially for construction works are not qualified.

To facilitate effective procurement at the district level, there is need for District Supplies branch to be an independent department . The branch needs to be strengthened inorder to discharge its duties effectively through provision of more facilities, more staff, transport and office accomodation.

## 5.8 Limitations/Problems in Financial Management

The original intention of decentralization under the District Focus was to enforce financial discipline and efficiency in the management of development at the local levels. It is thus necessary to observe that there have been serious problems which militate against this noble objective. The centre as well as the locality are not exempted from this state of affairs. These problems are numerous.

The first problem has to do with AIEs. We have noted that inorder to adapt the accounting procedures to the District Focus, it become necessary to send AIEs directly to departmental heads. However, though this has been effected, there is problem of late AIEs thus delaying projects and activities planned by some departments. This is the case despite very clear instructions in the District Focus mannual that all Ministries should send AIEs before 15th July of each year. Requisations to incur expenditure at times takes too long until funds are time barred thus impeding proper project implementation. The Ministry of Public Works had 14 planned projects in the last plan period, but out of these, 8 have not been funded to this date[11].

Currently, the treasury has decided to release AIEs in two lumpsums. Before, Ministries were supposed to release AIEs for the whole amount allocated before 15th of July. However, there was a technical problem in that parliament in most cases did not approve expenditure within this time. The new rule is that ministries should send half AIEs by 15th July and the second half by 15th January when Parliament would have approved the expenditure[12].

The second poblem relates to recurrent expenditure. Although funds for development are allocated, those for recurrent expenditure are often overlooked. Hence funds allocated especially for travelling and running of vehicles are far from sufficient. There is also shortage of vehicles especially for the DDO, supplies branch and internal Auditor thus making it difficult to supervise on-going projects. Lack of transport hampers collection of revenue and effective discharge of duties by various departments. The Probation Department has only one serviceable vehicle in the district while the labour Department has only one vehicle which is stationed at the Provincial Headquarters in Nyeri. This problem is not confined to Kirinyaga as the Rift valley and Nyanza annual Reports for 1987 indicated the same problem existed there[13].

The third problem relates to cash float. Though this has been increased substantially, it is still not enough due to the increased volume of work at district level. This has been compounded by non-surrender of imprests. However, the situation is improving. This problem is not unique to Kirinyaga as this problem exists even at national level. It was noted that approximately Kshs. 27.5 millions which should have been accounted for by June 30, 1986 was still outstanding against officers in various ministries and departments whereas in the previous year, the money outstanding was Kshs. 19.5 million[14].

The fourth problem relates to shortage of equipment. Data machines for facilitating direct reimbursement from the Paymaster-General have not been installed in some districts. There is only one punching machine at the provincial headquarters in Nyeri serving Kirinyaga, Murang'a and Nyeri districts which leads to delays in transacting business.

There is also problem of slow processing of vouchers. This has developed serious red tape leading to numerous delays. This is so especially when it comes to procurement of materials for projects. There is also delay in processing payments for suppliers leading to delay in project implementation as suppliers refuse to deliver materials unless paid first. There is acute shortage of houses and office space in most districts, but in Kirinyaga most departments are faced with this problem. Offices have to be shared by many and most staff live in sub-standard houses thus lowering their morale. The problem of office accomodation was meant to be solved by completion of the huge District Headquarters complex but construction work has dragged for the last three years. It was contracted for Shs. 20 million in 1985, but now requires Sh. 28 million due to cost-overruns.

Tendering/Procurement - There is lack of common user items in the district supplies store. There are no secretarial services for supplies branch and hence stipulation for secrecy in the processing of tenders cannot be strictly enforced. There is no vehicle for supplies branch and thus it is difficult if not impossible to inspect whether materials paid for are actually delivered to project site in the proper quantity and quality.

There have been cases of collusion between some members of the District Tender Board (DTB) and and suppliers. Most departmental heads were of the view that items end up costing more than the market price. They felt that it would be more economical to buy directly from suppliers through the individual departments.

However, this problem is not confined to local level. It was reported that the government lost millions of shillings during the 1987/88 fiscal year through irregular awarding of drugs supply tender by the Ministry of Health. The Medical Stores coordinating unit bought drugs at higher prices and failed to take advantage of the lowest prices quoted by firms tendering to supply drugs[15]. This militates against the objective of efficient utilisation of scarce resources which the District Focus was meant to ensure.

There is also problem of Financial impropriety - The misuse of funds has led to the introduction of more stringent control devices, but this has not been successful in eliminating financial impropriety. In some cases, payments are made without the approval of internal auditors. There is one case pending in Court in Kirinyaga arising from some District Treasury staff forging the signatures of District Accountant and the Internal Auditor to effect payments. In the district due to understaffing, the internal auditor who has no support staff can only go through payment vouchers sometimes long after payments have been effected.

A serious indictment however, can be directed against senior local level officers who misappropriate funds meant for projects yet they are meant to show examples of financial discipline. Karikoini Water Furrow in mwea Division was funded in 1987, but todate very little has been done by way of project implementation. The blame lies squarely on the DDO and the District Agricultural Officer (D.A.O.). The Project Committee was very unhappy with the rate of project implementation especially after being informed by the D.A.O. that half the allocation had already been spent by the end of 1988. The project file revealed that the expenditure was mainly for fuel and repairs of G.K. vehicles travelling to project site and for paying casuals. The casuals were paid approximately Sh.36,000 for work done on the project. However, the Chairman of the project committee and his secretary revealed that no casuals have ever been engaged on the project. This is because the beneficiaries provided free labour during the preparation of the intake point which is the only work so far done on the project. A visit to the project confirmed this. This raises serious doubts on the integrity of some officers at the district level. These are the officers who are charged with the responsibility of safguarding public funds and if they were to ignore financial discipline, then development planning at local level is not likely to be taken seriously by the local population who are the beneficiaries. The implementing officer had long been transfered elsewhere and the DDO who countersigned the vouchers indicated that the list was merely forwarded to him for payment.

There have also been irregular financial dealings with regard to some members of project committee. The Chairman of Mucii wa Urata Village Polytechnic owed the project Shs.54,430 which is against District Focus guidelines. To further compound the situation, he was also the contractor thus leading to serious doubts about his conflicting role in the project. The tendering procedures require an interested party to declare his interests especially if he is an official in the project. This was not followed during the awarding of the tender and though the District Social Development Officer Protested in the DDC, no action was taken against this breach of regulations[16].

The Trade Development Joint Loans Board in the district has not been able to advance loans to traders even though funds were availed in 1983. This is because a former Clerk to the Board misappropriated all the money . Some of this money has been recovered, but the case has remained with the police since then.

There were complaints from members of Ibati Women Group Project to the effect that some materials paid for had not been delivered to project site. This underscores the need for internal auditors and supplies

Officers to physically verify projects and closely monitor implementation and use of resources.

Similar problems exist in other districts. It was reported that several projects financed by RDF in Marsabit district are likely to be abandoned after failing to be compelted as a result of mismanagement as the DEC in that district revealed[17].

We have noted that financial management under the District Focus Strategy has mainly been concerned with the centralization of resources at the District level. To this end, there has been concerted effort to ensure that all development Funds at the district level are brought under the control of the DDC through the District Treasury. This centralization (or rather over-centralization) at the District Treasury has not had the desired effect of facilitating faster implementation of projects in Kirinyaga due to laxity of some local level officials. A survey of 14 implementing officers/chairmen revealed that 85.7 per cent of them had no control of financial resources leading to delay in project implementation. In the same survey, 92.9 per cent indicated that with full control over resources, implementation would have taken shorter time. This confirms our hypotheses that the more the local level officials control finances, the more the likelihood that projects will be implemented faster. It is thus necessary for implementing officers to have full control over resources rather than the DDO pruchasing materials as is the case especially for RDF Projects. The review in this chapter indicates that financial decentralization in force has left alot to be desired and the blame lies with both the centre as well as the locality which has not strictily adhered to laid down regulations.

This state of affairs is reminiscent of what is happening or has been happening in other parts of the country with regard to the implementation of the District Focus Strategy. The 1986 and 1987 Rift Valley Province, Nyanza (1987) Coast Province (1986), Eastern Province (1985) annual Reports reveal similar shortcomings in financial management as those reported in Kirinyaga District[18]. There is thus need to streamline the operations of the strategy nationally.

FOOTNOTES

1 PANDEY, I.M.: Financial Management, New Delhi, Vikas, 1979, p.2.

2 CHAMBERS, ROBERT: Rural Developemnt: Putting Last First, London, Longmans, 1983, p.1.

3 I am indebted to MATTERNE, M. & QUIETI, MARIA: Training for decentralized Planning: Some Lessons from experience, F.A.O., Rome, 1987, p. 11 for this insight and framework adopted in analysing financial decetralization in the following paragraphs.

4 Kenya, Republic of, Development Plan, 1984- 88 Nairobi, Government Printer, 1984, p. 129.

5 President's Speech as reported in the Daily Nation, 13th December, 1989.

6 The following discussion is based on District Focus for Rural Development (Revised March 1987), Nairobi, Gvoernment Printer, 1987, Annex IV, pp.77-78.

7 Speech delivered by the Vice-President and Minister for Finance to Internal Auditors of Ministries. Reported in The Standard, Wednesday July 12, 1989, p.10.

8 For more details, see District Focus for Rural Development, Op.Cit. Annex II, pp.59-66.

9 OYUGI, WALTER O. "Two Decades of decetralization Effort in Kenya" in African Administrative Studies, Vol.26, 1986,p.137.

10 For procedures to be followed by theDTB, see District Focus for Rural Development, Op.Cit. Annex, pp.48-58.

11 Minsitry of Planning and National Development: Kirinyaga District Development Plan, 1989-93, p.89-93.

12 Personal Communication from an Officer at the Development Coordination office.

13 Office of the President: Rift Valley and Nyanza Provincial Annual Reports for 1987.

14 *Daily Nation*, Thursday, April 20,1989, p.24. The paper was quoting the 1985/86 Report of the Public Accounts Committee of the National Assembly.

15 *Daily Nation*, Thursday, June 15, 1989, p.1

16 DEC meeting held on 23rd August 1988.

17 Reported in *Daily Nation*, Thursday, September 14, 1989, p.18.

18 See the annual reports of Rift Valley (1986 & 1987), Nanza (1987), Eastern Province, (1985), Coast (1985) for more details.

# CHAPTER SIX

## CASE STUDIES IN DECENTRALIZATION

This chapter analyses three projects which are treated as Case Studies in decentralization intended to assess the impact of decentralization on project implementation. At the end of the chapter, an attempt is made to assess the general lessons learnt about the record of project implementation.

### 6.1 Nyaru Water Project

This project was started in 1987 by the local people who came together and agreed to initiate it. It is situated in both parts of Nyangeni and Rung'eto Sub-location in Gichugu Division. It covers a supply area of about 10 square kilometres with pipelines covering over 20 km. The project area is classified as high potential agricultural area with coffee and tea being grown as cash crops.

It is important here to identify the target population for the project plus the institutions meant to be served inorder to underscore the importance of the project and the inconvenience caused by delay in project implementation. The number of farms to be served is 227 which have approximately ten people per household. Apart from people there is also an average of two grade cattle per farm and ten small stock cattle. The project is also intended to serve various institutions like Githure local centre with 15 shops, four bars and six hotels, Kiamugumo primary school and a cattle dip[1]. The area is not served by any other water supply system. The project is meant to provide clean water for domestic and livestock use. It is meant to save on costs incurred in ferrying water by use of donkey and time which could be used for production work in agriculture.

The project is financed through the Rural Development Fund (RDF) to the tune of Shs. 1.2 million. The funds were deposited with the District Treasury and the AIE holder is the D.C. However the D.D.O in reality controls the funds on behalf of the D.C. The full amount was released in one instalment in 1987 as stipulated under the District Focus guidelines.

The local people contributed Sh.60,000 in addition to providing free labour on the project. This money was deducted from coffee proceeds. There was willingness to contribute on the part of beneficiaries since the project was a priority to them and they were consulted by their leaders before hand.

The local people were involved in the project right from identification to implementation. They were involved in the provision of labour and participated in choosing the project committee which is supposed to make decisions for the project. However, available evidence indicates that the involvement of the project committee is limited to organising people for local contribution since the committee controls no finances.

Neither the committee chairman nor the members of project committee sign for delivery note for materials delivered to the project site as per the guidelines for RDF projects. This tends to leave the door open for accusations that officers in supplies Branch collude with suppliers and thus claim money for materials not delivered. The project committee was only informed of allocation, but actual expenditure is not known to the members as the committee does not have a project file.

The record of project implementation has left a lot to be desired. In the initial stages people were very cooperative in contributing labour, but due to delays of implementation, they progressively became reluctant as benefits were not forthcoming. Several problems were listed as responsible for the delay. Bad weather conditions made communication very difficult . The roads are not all weather and are impassable during rainy season. However, this was not the major problem since for most of 1987, the weather conditions were good and yet the rate of implementation was very slow.

Another problem listed was technical errors. The survey had to be repeated three times and the local people had to dig trenches the same number of times. This made them reluctant to contribute more labour. The surveyors never solicited the information from local people who would have assisted in showing the best route for the water to take.

The major problem responsible for delay in project implementation was delay in delivery of materials to project site. The merchants were not willing to supply materials due to delays in effecting payments by the government. They insisted that they had to be paid before delivery. The department of water development though the implementation agency did not control any funds for the project. The funds were controlled by the DDO on behalf of the D.C. who is the A.I.E. holder for the RDF projects. The DDO took a long time to purchase and have materials delivered to the project site despite various appeals from the project committee and the department of water development.

The project got started in 1987 but todate the benefits are far from being realised for implementation is still at intake point. This has lowered the morale of intended beneficiaries.

The project demonstrates that there is no financial decentralization below the District level and this has a negative effect on project implementation as it leads to delays. The overcentralization at district level is not conducive to faster implementation of projects. However the implementation can be improved if the office of the DDO is more efficient in discharging its duties.

There is evidence that local people strive to contribute their share in terms of money and labour even when they are financiallly hard up. However, when this is combined with the poor results of project implementation where there is slow rate at provision of a public good, they are left skeptical about what is being done for them. The local people are left unwilling to contribute to other projects. The above project illustrates this as locals were very active and willing at the initial stages but incessant and unexplained delays has left them unwilling to contribute more.

Inspite of all the above the project demonstrates that there is high potential for the Harambee Movement to contribute immensely to rural development. The intended beneficiaries contributed within no time their share of Shs.60,000/=. It is thus left to the local government officials to bolster the morale of these people by ensuring that projects are implemented in time. The AIE for the project was released in time and thus the delay lies with officers at District level ie. the DDO and supplies branch.

Before the District Focus Strategy, the AIE's for RDF Projects were held by the P.P.O. at provincial level leading to numerous delays in the project implementation. It was thus hoped that with AIEs being held at the District level, implementation of projects would be faster. Whereas the delays caused by District level still persist, the situation has nevertheless improved over the previous system and what is now required is streamlining of the procurement process.

### 6.2 Wamumu Approved School

The School is located in Mwea Division and lies on the Embu-Makutano road. It was started in 1969 to cater for deviant children and is the only approved school in the district and also serves as national institution. The case study focusses on the housing project in progress in the school. It used to be under the Office of the Vice-President and the Minsitry of Home Affairs but it is now under the Ministry of Home Affairs and National Heritage.

It is important to look at this project since it is an example of a ministerial project whereas most others are district-specific projects. The project was intended to ease the problem of accomodation for staff. The problem of accomodation in the school is quite acute since there is no major town nearby where houses can be rented as the school is situated in the marginal areas of Mwea. The staff have to share houses sometimes three in one house which makes staff turnover to be very high.

It was also expected to open up the area for general development and particularly to generate employment for local people. It is an outlet for local businessmen and farmers who deliver services and goods to the institution. These objectives have not been fully realised in that the school is not expanding enough and the housing project which initially absorbed local unskilled labour is at a stand still.

The DDC recomended in 1985 that the school be granted an allocation for the construction of staff houses. However, it was not until 1987 that the first instalment for Kshs. 600,000/= was received.

The project was contracted for Kshs. 17 million by the implementing ministry in 1987. The contract was awarded to P.T. Ndegwa and Sons Building Contractors from Narumoro and was estimated to take eighty weeks from June 1987. It was thus expected to be operational by 31st December, 1988. However, todate, it is only 38 per cent complete according to project file. A visit to the project indicated that only a few houses have been started. Despite the small volume of work undertaken the amount paid to contractor upto February 1989 was Kshs. 6.9 million.

The finances are provided in instalments according to allocations for each financial year. This has had the effect of delaying implementation thereby causing cost overruns which in turn leads to even more delays as no work can be undertaken until more funds are availed.

There is limited involvement of local officials since the project is a ministerial one. The work of supervision had been delegated to the District Works Officer, but even this supervision has now been shifted back to the centre. Thus local officials and people do not play any significant role in the project. The DDC identified the need for the housing project and applied for funds but the Ministry headquarters took over from then on.

The rate of project implementation has been very discouraging with work stopping for long periods of time. The DDC has on numerous occasions noted the problem of lack of funds for the project and requested for additional funds, but all in vain. In November 1987, the DDC informed the implementing ministry that unless more funds were made available, the housing project would have to stop. In April 1988, the DDC wrote again to the ministry indicating that the project had come to a standstill because of non-payment to the contractor.

The housing project has hence faced alot of problems which impede fast implementation. The major constraint has been that the AIE for the full amount of finances to cover the project has not been received yet. The funds are released in instalments and even these are received very late thus holding up the contractor who has downed tools twice now due to non-payment.

This has had the effect of causing serious cost overruns as the contractor is paid according to work executed and cannot proceed unless paid for previous work. There is very little that has been done although Ksh.6 million has already been spent.

Due to the 'problems' between the District Works Officer and the contractor, the ministry headquarters has now taken over responsibility for supervision. This has led to even more delays such that the project is now at a standstill until more funds are made availabe. The District Works Officer could only effect payments when funds were availed and this was the point of conflict between him and the contractor. The Ministry's act of taking over responsibility does not help as the issue of finances has not been addressed.

There is no evidence of decentralization in the management of project implementation and the local level controls no finances. The DDC remains merely a recommending agent with this role being limited by fact that its appeals for more funds have been met with deaf ears at the ministry headquarters. The slow rate of implementation lies squarely on the centre which has not availed the required funds for project implementation. This situation is no different in emperical terms from what used to happen before the District Focus Strategy with regard to ministrial projects. The same method of disbursement -in-instalments - continues to operate with obvious constraints which the DDC has pointed out to the centrewithout any corrective measures being taken.

## 6.3 Kimweas Youth Polytechnic

The Polytechnic is situated in Ngariama Location of Gichugu Division. It was started in 1975 and it has been experiencing rapid growth. It was established to train Youth to acquire skills and to be self-reliant while at the same time assisting in general development of the area. The project currently underway in the polytechnic involves the construction of additional workshops for training. This started in February 1989.

The polytechnic is jointly financed by the Central Government, local people and the NGO community. The central government gives grants, pays tutors' salaries, provides tools and advises on policy matters. It has provided Kshs. 209,400/= for construction of more workshops through RDF. The Action Aid (NGO) has given Kshs.25,000/= through the Community Development Committee whereas the local people contributed Kshs.34,000. The current RDF allocation of Shs.209,400 was applied for in 1985, but was not granted until 1989, a delay reminiscent of the delays widespread before the current strategy. There is a ministry allocation of 140,000 which was applied for in 1986/87 fiscal year and received the following year.

The project implementation (workshops)started in February 1989. The materials are purchased from approved contractors by the DDO and the implementing officer is merely informed of materials delivered on site. This arrangement has had the effect of delay in project implementation. The general feeling was that finances were not effectively decentralized to project level.

The authority to generate revenue locally was felt to be effective in enhancing the participation of the local community. The prevailing view was that the authority to utilise revenue without recourse to the centre would speed up implementation. However, this would require supervision and guidance.

It was the view of the CDO that accountability to local level can be an effective way of enhancing the rate of project implementation. However, local officers were of the opinion that flexibility in financial control procedures may lead to misappropriation of funds. There was a general consensus that with full control over funds the implementation rate would have been faster. All the 20 beneficiaries interviewed plus the implementing officer concurred on this point. The project cost is known by very few beneficiaries though they know there is alot of government input. They were required to contribute through deduction from proceeds of coffee and on a harambee basis.

The local people are involved in the project through attendance of barazas where development of the polytechnic is discussed. The members of project committee were chosen by and from the local community. The local level officials identified the project site. The project committee makes decisions for the project chaired by the area chief who spearheaded initiation of the polytechnic. However, since the funds are controlled by the DDO on behalf of the D.C., the committee has to liase with him through the community Development Officer (C.D.O.) .The local people are involved in providing money to supplement government funds.

The polytechnic undertakes contracts in the building industry, carpentry and knitting as well as welding. It also trains youth who fail to get secondary school places. It creates employment for the trained youth through formation of work groups thus increasing the general level of productivity by boosting local industries. It is a success since it is fulfilling its role of training youth. At present, it accomodates over fifty students and has a coffee farm to supplement its finances.

It appears that the polytechnic despite the above benefits was not a burning priority for all area residents. Many would rather have supported a water project since there is an acute water shortage as the only stream passing through is usually very dirty after serving various coffee factories upstream. Those near the polytechnic fear it might have a detrimental effect on them if it expands since this would entail taking over their farms.

Decentralization is expected to broaden the base for rural development and suggests a measure of political stability since local people are given a chance to have their needs considered[2]. The perspective assumes that rural people are a homogenous category and that there is harmony of interest between them and lcoal level officials whereas this is not necessarily the case[3]. The case of Kimweas Polytechnic bears this out as a significant number of local people would have preferred another project like water, but the polytechnic was chosen due to influence of local elites and officials ie.15 respondents out of 20 interviewed preffered another project.

The major problem has continued to be inadequate allocations from the government which is compounded by the fact that the area is of low productivity and hence parents can not be charged more.

There is lack of enough tools for training and inadequate space for expansion. The farm is too small and the County Council has been very slow in providing additional land. The rate of project implementation has been slowed down by delay in delivery of materials caused by the DDO and District Supplies Branch.

The project comes under the DDC which supervises on behalf of the relevant Ministry. The D.C. is the AIE holder for the project and the D.D.O. organizes and causes materials to be delivered to project site as per the District Focus guidelines.

The resources from the central government, NGOs and local people are deposited with the District Treasury which effects payment in the district.

## Overview of Project Implementation

The major problem noted in the three case studies is delay in implementation caused by non-delivery or late delivery of materials to projects. The office of the D.D.O. and District Supplies branch shares the blame for such delays since even in cases where merchants refuse to deliver materials, this is because of late payment for materials delivered.

The above however, is not unique to the case studies. The experience of the case studies is a reflection of the general state of affairs with regard to project implementation in Kirinyaga District. There were widespread reports of delays in delivering materials and in effecting payments. Many projects such as Kiaragana school EEC Micro-project, Kiamugumo Tuition, Nyagithuci water project, Rwambiti School Piggery all reported delays in delivering of materials which adversely affected project implementation.

For Nyaru water project as indeed in other water projects such as Nyagithuci and Kimbimbi, the

District Water Officer attributed the delay to failure by the DDO to place orders for project materials.

Local level officers are not the only ones to blame for delay in project implementation since for ministrerial projects where funds are controlled by the centre, even longer delays were reported. For such projects, funds are allocated in instalments according to allocations for each financial year. The Wamumu case study indicates that this leads to serious cost overruns. The project now requires additional finances and the cost may even tripple if the implementation drags as it has done so far. These delays are attributable to the centre since even the DDC has appealed many times for the speedy release of funds to no avail.

This state of affairs, however, is not unique to Kenya. Rondinelli noted the same for Nigeria when he observed that a serious problem facing decentralization there was the untimely and inadequate release of allocated funds and that the funds allocated are not all distributed. He also observed that there are constant delays in delivering those funds that are distributed forcing local governments to slow down construction[4].

A serious indictment however can be directed against local level officers who delay project implementation thus defeating the very purpose of decentralization to local level.

Thus, we observe delay in project implementation at the local level. There is then need for implementing officers to control project finances and for close supervision on how funds are utilised. This is so because the survey conducted on 14 implementing officers/chairmen indicated that they did not control finances. This had the effect of delay in implementation as 92.2 per cent or 12 out of 14 respondents felt that with full control, implementation would have taken shorter time thus saving on costs incurred due to price escalation for materials. There is this need for implementing officers to control project finances even for RDF Projects. The project committee should be given more responsibility other than just being involved in organising people for local contribution. The local people become very apprehensive when they have contributed their share and then witness uncalled for delays in project implementation. This is so because even the local contribution is deposited with the District Treasury and hence is controlled by the DDO thus causing delays in purchase of materials for projects.

The District Executive Committee noted delay in procurement of materials for most projects in the District. It noted; "It has been brought to our notice that various projects are experiencing delays in delivery of materials due to lack of follow up by supplies officers after issue of LPOs to suppliers"[5]. It recommended that the District Supplies officer should hand over all LPOs to implementing officers or DDO and should not deliver them directly to suppliers. This notwithstanding, the same problems still persist especially since the Internal Auditor and supplies officers are grounded most of the time due to shortage of transport and hence cannot verify all materials delivered on site or amount of work carried out. Most DDC members interviewed indicated that it would be more efficient and appropriate if implementing officers were also the AIE holders for RDF projects as this would reduce the widespread delays in project implementation caused by the DDO and supplies branch's failure to purchase and deliver materials to project site.

It can be argued that the greater the amount of resources provided by the centre, the less likely that local officers will be given latitude over financial management. The District headquarters and

Wamumu approved school are examples of high government input and in both cases finances are controlled centrally. Even supervision is not delegated to District Staff.In case of District Headquarters, the supervision is entrusted to the provincial works officer. For Wamumu approved school the District representative (District Works Officer) was initially charged with supervision, but after various problems between the contractor and the DDC, supervision reverted back to Ministry Headquarters. The major problem centred mainly on non-payment to contractor which is wholly attributable to the centre which retained full control of finances. Funds were not availed in time by the Treasury. For lesser projects departmental heads in the district are the implementing officers or the DDO in the case of RDF projects.

It can also be shown that when financial resources are controlled locally, implementaiton is facilitated as the beneficiaries would find it easier to petition local officials than where funds are controlled from headquarters. Many project committees have been able to pressurize the DDO to ensure faster implementation since they can see him quite often as distance to District Headquarters is not much. This is the case notwithstanding the fact that delays are still reported though not as pronounced as in the case of projects where money is controlled centrally i.e. for projects with high government input.

Available data supports our hypothesis that consultation of target population has a bearing on the willingness of such people to contribute to development projects and gives them a measure of responsibility. That is why they are very dissilutioned when the pace of project implementaiton falls below the expected standards.

Consultation ensures that local people share responsibility for the success of the project. A significant boost to implementation is the fact such consultation ensures that the project is indeed a local priority.

The District Focus Strategy has hence involved the people and their resources in the development process and consultation has enhanced local contribution. It would be appropriate if the stragegy involved local people beyond merely providing money and labour. The success of the stragety will depend to a large extent on how far it involves local people and their resources in the developemnt process. There is thus need for the District monitoring and Evaluation Sub-Committee of the DDC to intensify its work of overseeing project implementation. It was formed at a DDC Meeting held on 28th October 1985 to ensure that Projects were implemented effectively. It was meant to inspect the on-going projects and oversee how completed projects were maintained. However, todate it appears to have done very little to improve the rate of project implementation in the District. It rarely if ever visits project sites ostensibly due to shortage of transport. It is essential that the Sub-Committee inspects projects so that it can raise problems encountered in project implementation when the DEC or full DDC meets for corrective measures. An appraisal of DEC and DDC meetings as documented in approved minutes reveals only one instance (1986) where the Sub-Committee reported on its tour of projects and decried the rate of implementation.

## FOOTNOTES

1 These figures were got from the Department of Water Development's district office (Kirinyaga).

2 RONDINELLI, DENNIS et.al. "Decentralization in Developing Countries; A review of past Experience"
In World Bank Staff Working Papers, No.581.

3 NG'ETHE, NJUGUNA: "Development Administration and Decentralization: some Administrative and Political Considerations", University of Nairobi, IDS Working Paper No.257, 1976. I am indebted to this work for the insight.

4 RONDINELLI et.al.: Op.Cit. p. 35.

5 Noted in Dec. Meeting of 18th February, 1987.

# CHAPTER SEVEN

## CONCLUSIONS AND RECOMMENDATIONS

This chapter seeks to highlight the conclusions which can be derived from the study and offers some recommendations for the shortcomings observed especially in the sphere of financial management at the district level. Though the chapter attempts to summarise the major findings reached in the various chapters, it is not our intention to repeat what has been said elsewhere in the Thesis.

It is important here to revist our objectives and hypothesis with a view to seeing how far they were realised in the study. The study was guided by four objectives namely;

(1) To determine the extent to which the system of financial decentralization corresponds to the declared objectives of the District Focus Strategy. This objective was realised in the study to some extent while assessing financial decentralization in chapter five and six. In these chapters it was evident that the system has not worked upto expectations. We noted in chapter five that financial management at the district level has mainly been concerned with the centralization of resources at district level. However, this centralization at the Distirct Treasury

has not had the desired effect of facilitating faster implementation of projects in Kirinyaga District due to laxity of some local level officials. The three case studies support this contention to the extent that the projects experienced delay in implementation thereby causing serious cost overruns especially for the Wamumu Approved school.

The chapter on financial decentralization revealed that there were serious cases of financial impropriety where local level officials entrusted with financial management responsibility in some cases misappropriated funds earmarked for projects.

(2) The second objective was to assess the impact of financial decentralization on development planning at the local level. This objective was clear that financial decentralization had a limited impact on on development planning at district level. In analysing the general performance of the District Focus Strategy with special reference to Kirinyaga, we noted that progress had been made in areas of decision-making, personnel management and participation, but problems still persist due to the centre continuing to wield considerable influence over local level units.

The case studies in decentralization revealed that project implementation is faced with a lot of problems at the district level. However, the case studies are not unique since other projects in the district experienced the same problems especially slow rate of project implementation caused by late delivery of materials or non-payment to contractors.

(3) Thirdly, we wished to assess the capacity of local level institutions for managing decentralized finances. This objective was addressed in the chapter on financial decentralization where the various institutions were analysed. These include the District Treasury, District Tender Board and Supplies branch. We noted that the District Treasury has been strengthened by addition of more staff and introduction of Internal Audit to enable it to take on an enlarged role. There is also increase in the level of imprest funds and cash float maintained at the District Treasury - though this remains inadequate due to increased activities at district level.

The ceilings for the District Tender Board have been raised and supplies branch strengthened. However, problems of financial management still persist which militate against the declared objectives of the District Focus. The institutions for managing finances suffer from various limitations.

There is shortage of staff especially in supplies branch and Internal Audit which seriously limit the capacity of these institutions to discharge their duties effectively.

Another limiting factor is inadequate resources especially financial which means that activities are not carried out in the required magnitude. The finances for recurrent expenditure is far from enough thus limiting the capacity to effectively maintain existing facilities.

There is also shortage of equipment in the District treasury and supplies branch. There is acute shortage of transport which means that the staff of supplies branch and Internal Audit are grounded most of the time and thus cannot inspect ongoing projects to ensure that materials ordered are actually delivered and are being well utilised. There is also an acute shortage of office and house accomodation such that staff have to share offices and houses.

(4) We also set out to determine how the strategy has involved the people and their resources in the development process. This objective was addressed especially in chapters three and five. In chapter

six, on case studies in decentralization, we assessed how local people are involved in the development process and we found there to be a strong relationship between consultation of local people and their willingness to contribute to development projects. This in effect validated our fourth hypothesis which sought to determine whether there was any relationship between consultation of the target population and willingness to contribute or be involved in development.

However, the involvement noted in the case studies was not satisfactory since development planning did not involve high level involvement by local people. The review of development planning from the colonial period highlighted in chapter two largely contains lip service commitment to decentralization. We can thus conclude that this and the characteristics of the District Focus plus the emenating institutions demonstrate that participation in development as defined in Kenyan practice has not meant a high degree of involvement in planning, implementation or monitoring by non-offical groups outside the government bureaucracy.

We can thus observe that overral, popular representatives make up a very small proportion of active committee membership. It is only in lower committees that we can discern some amount of community participation which nevertheless is not significant from the point of view of our analysis because these committees control no finances.

Our first hypothesis to the effect that the more the centre continues to give only lip service commitment to decentralization, the more limited the involvement of local level officers was confirmed in the study. From early 1970's, Kenya has been experimenting with various forms of organization in an effort to decentralize government activities to the field. However, most efforts have only been marginally successful due to reasons already advanced. A review of Development Planning from the colonial period to the present demonstrates that the centre has continued to give only lip service commitment to decentralization especially in the 1960s and 1970s. A lot was said about the need to decentralize, but no substantial progress was made in this direction at the practical level. The fact that the SRDP was mooted in 1966, but implementation started in 1970 shows some reluctance on the part of the government plus half-hearted support. The programme lacked national political support and had to be abandoned in 1976.

Likewise, the District Planning exercise had very limited impact because the government insisted on exercising considerable influence and did not provide the necessary material and moral support. The DDCs which were supposed to be the key organizations in the decentralization efforts lacked strength. The funds for district-specific projects continued to be controlled by the Ministries centrally and the DDCs had no say about their size, allocation or release. Even where funds were supposed to be controlled by the DDC as in the case of RDF, the centre still held the veting power over project selection, design and level of funds. This remains the case even under the District Focus. Thus we can conclude that though decentralization has remained the official catchword for much of the period reviewed, not much was achieved in practice. What we can observe is that control over field activities by the centre has increased.

This, however is not unique to Kenya since experiences with decentralization in other countries such as Tanzania, Morocco, New Papua Guinea, India, Senegal etc. report the same kind of experience where there is a wide gap between policy and implementation. The Zambian case echoes that of Kenya in that decentralization there failed due to reluctance of the centre to delegate to field officers. The failure of decentralization efforts cannot be wholly attributed to the centre. Local level units have not been free of blame. There have been reported cases of misuse of funds as noted in chapter four with the result that the centre has been prompted to introduce more stringent control devices.

The District Focus Strategy is a centrally induced form of deconcentration and was never intended to be a devolution. It is for this reason that while the operational responsibility is indeed delegated, the government Ministries retain full control over their resources. The strategy has no doubt brought about new innovations especially in the sphere of financial management. The DDCs have been given more say in the determination of Ministry projects and districts are involved in the procurement of stores and adjudication of small tenders. These are positve moves. However, the centre still retains the right to the last word and infact still influences decision-making at the district level. Indeed the District Focus is operating under very clear guidelines set by the centre and the DDC is expected, on behalf of the centre, to ensure that they are adhered to.

Though the Kenyan experience is not unique, it underscores the fact that any attempt to decentralize planning in a political system which is not decentralized is always faced with a lot of in-built limitations. This is so because as Rondinelli aptly puts it, decentralization itself is an intensely political exercise involving power-sharing and thus of necessity touches on questions of control and authority. The experience with deconcentration also underscores the fact that most efforts to decentralize under this model is mainly intended to increase the quality of central control of local levels units. Indeed as Marion Levy posited with respect to centralization generally, as a system develops, the tendency is irreversibly towards more central control in every case.

Our second hypothesis which sought to determine the relationship between local control of resources and faster implementation of projects was validated to a high extent. The local control over resources was not adequate enough to ensure efficient implementation of projects. Laxity of some local officials such as the DDO and staff of supplies branch was an intervening variable between local control of resources and fast implementation of projects.

The third hypothesis which sought to link amount of resources and the intensity of central control was also confirmed since for ministerial projects where government input was high, the centre exercised enormous financial control and even supervision was not delegated to district level unlike district-specific project in which government input was low.

The findings from Kirinyaga are by no means unique as similar experiences have been reported in other districts. The findings can thus be seen to apply nationally. Available reports derived from Provincial Monitoring reports show similar problems/ limitations as those found in Kirinyaga. This tends to show that all is not well with the implementation of the District Focus Strategy.

The Coast Province annual Report (1985) revealed that there was a chronic shortage of offices in all districts in the Province due to financial problems. In kirinyaga, we also noted that office accomodation still remains a problem.

The Eastern Province Report (1986) noted that there were problems of transport, office accomodation and inadequate funds allocated to some voteheads such as travelling; again reminiscent of the Kirinyaga findings.

The Rift Valley Province Report (1986) observed that - as in Kirinyaga - there had been laxity on the part of district staff implementing the District Focus. The Report went ahead and noted embezzlement of funds through fictious payment vouchers due to collusion between some staff of District Treasuries and AIE holders. The same report noted that there was a problem of transport for the suppleis officer; a problem noted in Kirinyaga as leading to ineffective services.

The 1987 Report of the Rift Valley Province revealed serious shortcomings in procurement of materials for projects where the bills of quantities were not followed in most cases. The Report noted that supervision of projects was not done regularly leading to delays in implementation. The District Treasuries were unable to meet cash demands hence settlement of suppliers invoices could not be done promptly. It is this problem in Kirinyaga Which makes suppliers refuse to deliver materials thus delaying project implementaiton.

The Nyanza Province Report (1987) noted that there was a problem of transport and District Focus guidelines were not being followed by some ministries.

The above experience from other areas underscores the fact that the implementation of the District Focus has been faced with a lot of limitations nationally. Most of these are of an operational, nature in that they arise from failure by either the centre or the localities to adhere to the guidelines issued for the implementation of the strategy.

The government needs to provide more facilities for the District Treasury, supplies branch and internal Audit inorder to enable these institutions to discharge their duties effectively.

There should be provision of more recurrent funds to enable departments to effectively manage existing projects and infrastructure.

The centre should increase the District cash float and expand the office of the DDO by posting more assistants as stipulated in the guidelines.

There should be close supervision and monitoring of project implementation to ensure efficient utilisation of resources.

The government should seriously consider giving more role to Project Committees in the management of projects to ensure that local people are actively involved in the development process. We have noted that the District has emerged as the new unit of centralization under the District Focus. This needs to be re-asessed since units below the district relate with the District the way the latter used to relate to the centre. Thus the original relationship is being replicated at the local level with negative effects on project implementation since the capacity of the district is underdeveloped and it still has to rely on the centre for resources and ultimate authority.

Financial control procedures should be streamlined to remove bottlenecks at implementation level and to ensure that funds meant for development are not misappropriated by officials at the local level. These financial control procedures should be reviewed from time to time to adopt them to changing Circumstances.

The study was carried out in only one district in Kenya and thus there is need for more case studies in other parts of the country since reports from there do not reflect positively on the performance of the strategy. Indeed there is need for a country wide survey to provide a comprehensive appraisal of how the strategy has fared and ways of improving performance.

The strategy has been in existence now for six years and while this is not long enough to determine its longterm prospects, there is need for a comprehensive evaluation by the government itself as well as scholars. The current Developemnt plan does not provide any review of the strategy as is usual for other plan periods.

APPENDIX I - LIST OF ABREVIATIONS

| | | | |
|---|---|---|---|
| 1. | A - I- A | - | Appropriation - In-Aid. |
| 2. | A.I.E. | - | Authority to Incur Expenditure. |
| 3. | A.S.A.L. | - | Arid and Semi-arid Lands |
| 4. | C.P.K. | - | Church of the Province of Kenya. |
| 5. | D.A.O. | - | District Agricultural Officer. |
| 6. | D.C. | - | District Commissioner. |
| 7. | D.D.C. | - | District Development Committee. |
| 8. | D.D.O. | - | District Development Officer. |
| 9. | D.E.C. | - | District Executive Committee |
| 10. | D.E.O. | - | District Education Officer. |
| 11. | D.F.O. | - | District Forest Officer. |
| 12. | D.D.G. | - | District Development Grants. |
| 13. | D.O. | - | District Officer. |
| 14. | D.P.M. | - | Directorate of Personnel Management |
| 15. | D.P.O. | - | District Planning Officer |
| 16. | D.S.D.O. | - | District Social Development Officer |
| 17. | D.T.B. | - | District Tender Board. |
| 18. | Dv..D.C. | - | Divisional Development Committee |
| 19. | D.V.O. | - | District Veterinary Officer |
| 20. | E.E.C. | - | European Economic Community. |
| 21. | G.K. | - | Government of Kenya |
| 22. | I.D.S. | - | Institute of Development Studies |
| 23. | I.L.O. | - | International Labour Organization |
| 24. | K.A N.U. | - | Kenya African National Union. |
| 25. | K.N.C.S.S. | - | Kenya National Council for Social Services. |

| | | | |
|---|---|---|---|
| 26. | L.D.C. | - | Locational Development Committee. |
| 27. | Sub-L.D.C. | - | Sub-Locational Development Committee. |
| 28. | M.O.H. | - | Medical Officer of Health |
| 29. | M.P.s | - | Members of Parliament |
| 30. | N.G.O.s | - | Non-Governmental Organizations |
| 31. | P.M.E.C. | - | Provincial Monitoring and Evaluation Committee. |
| 32. | P.P.O. | - | Provincial Planning Officer. |
| 33. | R.D.F. | - | Rural Development Fund |
| 34. | S.R.D.P. | - | Special Rural Development Programme |
| 35. | T.V.A. | - | Tennessee Valley Authority. |

## APPENDIX II: RESEARCH QUESTIONNAIRE

### SECTION A (BENEFICIARIES)

Date of Interview -------------

Project------------------------

RESPONDENT'S NAME-------------

SEX--------------------------

AGE ----------------

LEVEL OF EDUCATION---------

NUMBER OF CHILDREN ---------

DIVISION-----------

LOCATION------------

SUB-LOCATION-------

MARITAL STATUS ------

EMPLOYMENT-----------

POSITITON IN COMMUNITY---------

NUMBER OF DEPENDANTS IN HOUSEHOLD---------------------

### INVOLVEMENT IN PLANNING

1. Are you involved in the development of this area? Yes/No.

2. What is the nature of your involvement? Contributing

| Type | Ammount |
|---|---|
| Ideas | |
| Money (Per year) | |
| Materials | |
| Time (Per month) | |
| Other (specify) | |

If you are involved, do you find this involvement adequate?

Yes/No.

If y es why?

If No, why not?

3. Were you consulted over the project in which you are involved? Yes/No.

If Yes, How (a) Individually (b) Collectively i.e. in a baraza (c) Advertisement through radio, T.V., Newspaper (d) Other - Specify--------------------------

5. Were you involved in the Planning of this project? Yes/No.

If yes, how? -------------------------------

If no, why not?-----------------------------

5. Are you involved in making decisions for this project? Yes/No.

If Yes How?-----------------------------

If No, why not?-----------------------

6. Who makes decisions for this project? (a) Committee members (b) Government Officials (c) Those who contributed (d) All

7. Why was this project chosen and not any other?

---------------------------------

8. Would you have supported another project instead of this one? Yes/No.

If Yes, what other (type)?---------------------------------

Describe in brief---------------------------------------

9. What role do the following local leaders play in the project if any?

M.Ps ------------------------------------------------------------------

Councillors

K A N U leaders

Administration Officials

10. How are decisions made? (a) By group consensus (b) By Officials only (c) By implementing officer/chairman.

PROJECT FINANCE

11. Do you know the cost of this project? Yes/No

12. Do you know how the project is financed? Yes/No.

If Yes, how is it financed? (a) Wholly government financed (b) Government and NGOs (c) Government, NGO,s and local people (d) Local people (e) government, NGOs and and Local People.

13. Can you give a breakdown of sources of finance for this project? Yes/No.

| Source | Amount |
| --- | --- |
| Governemnt | ------------------------ |
| NGOs | |
| Local Authority | |
| Local People | |

14. Were you required to contribute towards the project? Yes/No

(i) If yes, did you contribute? Yes/No.
If yes, what made you contribute? (a) I was consulted (b) I was required to (c) other - specify------------------------------------

What mechanism was used to obtain your contribution?

(a) Harambee (b) Deducation from Coffee/tea/rice

(c) Other (specify)----------------------------------------

(ii) If you did not contribute, why didn't you? (a) Not consulted (b) Project of no use to me (c) Did not have the money (d) Other-Specify () ----------------------------

PROJECT IMPACT

15. What are the principle objectives of this project?

1.

2.

3.

16. Have they been acheived? Yes/No. Explain--------------------

17. What do you think of this project?

18. Do you think this project will have any impact on your life? Yes/no. If Yes, how?

If No, Why not?-----------------------------------------------

19. What do you consider to be the benefits of this project?

    1.

    2.

    3.

20. On the whole, do you consider this project to be a success or a failure? Success/Failure.

    Explain-------------------------------------------------------

## SECTION B (DDC MEMBERS)

NAME: ------------------------ Age ------------------ Sex--------

Level of education-------------- Marital Status ----------------

Date of appointment to present Post-----------------------------

## PLANNING

21. How long have you been a member of this DDC?-----------------

221 Would you say you have enough resources to implement your programmes? Yes/No

If No, What else would you need?

(b) Equipment

(c) Money

(d) Other (specify)---------------------------------------

23. Do you involve local people in the running of projects? Yes/No

If Yes, how? (a) In decision-making (b) Implementation

(c) Provision of labour (d) Other (specify)---------------

If No, why not?---------------------------------------

24. Do you face special problems in Planning and implementation?

Yes/No.

If yes, list them in order of importance.

| Financial | Non-financial |
|---|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |

25. Under the District Focus, do you consider finances to be sufficiently decentralized Yes/No

If No, describe briefly the main problem encountered.

-----------------------------------------------------------------

26. Are financial resources disbursed adequate for the activities which y ou undertake? Yes/No

If No, how does this affect your choice of projects?

27. From which sources do you obtain your finances?

List in order of importance indicating ammount.

1.

2.

3.

4.

5.

28. Do donors play any role in the management of funds? Yes/No.

If Yes, what role?

a) Initiation of projects--------------------------------

b) Implementation

c) Evaluation

d) Day-to-day running

29. How does the control of financial resources by you affect project implementation?--------------------------------------

30. How do you raise revenue locally?----------------------------

31. How do you allocate locally generated revenue to projects?

32. Has the District Focus induced access to more resources? Yes/No

If Yes, How?----------------------------------------------------

33. How do you find financial procedures under the district Focus?

| Scale | Implication for financial management |
| --- | --- |
| 1. Very flexible | |
| 2. Flexible | |
| 3. Rigid | |
| 4. Very rigid | |

_______________________________________________

34. In case of local self-help projects, how is local contribution tapped?

_______________________________________________

35. Do you face problems in tapping local contributions? Yes/No.

Explain:-----------------------------------------------

36. How does financial relationship with the centre differ from that obtaining before the District Focus?

| | Before District Focus | Under District Focus |
| --- | --- | --- |
| 1. | Raising of Revenue | |
| 2. | Procument of goods and services. | |
| 3. | Investing Resources | |

| | Before District Focus | Under District Focus |
|---|---|---|
| 4. Accountability | | |
| 5. Control over funds | | |
| 6. Expenditure Authority | | |

37. Is your control over funds adequate? Yes/No.

    If yes, how?--------------------------------------

    If No, how could it be changed for the better?

    -----------------------------------------------------------------

38. How appropriate are financial control procedures?

    a) Gudelines issued to District Treasury and Tender Board-------------------------------------------

    b) Authority to Incur Expenditure --------------------

    c) Internal Auditing System

    d) Accounting Procedures

39. How does the internal auditing system affect financial management.

GENERAL

40. Is there any difference regarding level of central control between wholly government-financed projects, joint ventures and self-help projects? Yes/No

    If Yes, explain briefly-------------------------------------------

41. What do you consider to be the achievements of the District Focus so far?----------------------------------------------

SECTION C (CHAIRMEN OF PROJECT COMMITTEE AND IMPLEMENTING OFFICERS)

NAME---------------------- PROJECT ----------------

SEX ---------------------- AGE --------------------

LEVEL OF EDUCATION------- STATUS/POSITION----------

FINANCING SOURCE------------------------------------------

PROJECT PLANNING AND DECISION-MAKING

42. How are members of project committee chosen?

------------------------------------------------------------

43. Did you participate in making the decision where to site this project? Yes/No.

44. Who makes decisions for the Project?------------------------

45. Do you involve the beneficiaries in planning? Yes/No.

If Yes, how? --------------------------------------------

If No, why not?-------------------------------------------

46. What role does the central government play in the project.

-----------------------------------------------------------

## FINANCES

47. How is this project financed? --------------------------------

Indicate ammount of finances

Central government --------------------------------

NGOS

Local People

48. Does the ammount granted have any bearing on autonomy granted to you?------------------------------------------------------

49. When did you apply for money for this project?-----------------

50. When did you receive it?

Was it on time?

51. Where do you purchase materials?

52. When did implementation start?

53. How is disbursement done for the project?

(a) Full ammount at the beginning?

(b) Instalments

How has this affected implementation?

54. Do you have control over financial resources? Yes/No

If Yes, how?--------------------------------------

If No, why not?------------------------------------

55. Do accountability procedures have any effect on implementation Yes/No. If Yes, what effect?--------------------------------

56. In your opinion, are finances effectively decentralized?

Yes/No. If Yes, what is the effect------------------

If No, what is the effect? ---------------------------------

57. What effect would the following aspects of financial decentralization have on the implementation of this project?

1. Authority to generate revenue locally ---------------

2. Authority to utilize revenue without recourse to the centre---------------------------------------------

3. Appropirate accounting procedures ----------------

4. Accountability to local level ---------------------

5. Flexibility in financial control procedures------------

58. How long has this project taken to be implemented?----------

Do you think with full control over funds it would have taken longer or shorter time?------------------------------

59. What more would you expect given the declared objectives of the District Focus to decentralize finances?

-------------------------------------------------------

## IMPACT

60. What are the principal objectives of this project?

    1.

    2.

    3.

61. Have you given responsibilities to beneficiaries of this project? Yes/No. If Yes what responsibilities?--------

    If No, why not?----------------------------------------

62. What do you consider to be the benefits of this project to the local people?

    1.

    2.

    3.

    4.

63. Have you been facing problems in implementation? Yes/No. If Yes, list them:

    1.

    2.

    3.

    4.

64. Do you consider this project to be a success or a failure? Give reasons for your answer.

-----------------------------------------------------------

## SECTION D (DISTRICT ACCOUNTANT AND MEMBERS OF DISTRICT TENDER BOARD

Name---------------------- Designation--------------

Sex ---------------------- Age ------------------------------

Marital status---------------------------- Level of education--------

65. How long have you been in your present post?----------------

66. How do you perceive your role as either similar or different from what was happening before the District Focus?

| | | Then | Now |
|---|---|---|---|
| 1. | Accountability | | |
| 2. | Reporting | | |
| 3. | Provision of Guidelines | | |
| 4. | Ammount of Resources | | |
| 5. | Level of Autonomy | | |

67. How have the rules for financial transactions facilitated or impended your work?-----------------------------------

68. Are finances provided for the District cash float adequate?

-----------------------------------------------------

69. Are there conditions to be met before expendition of funds is authorised? Yes/No. If Yes, who sets these conditions and with what effect for fast implementation of projects?-------------------------------------------

| Source | Condition | Effect |
|---|---|---|
| 1. | | |
| 2. | | |
| 3. | | |

70. Is there any authority/responsibility stipulated in the District Focus guidelines but has not in practice been exercised by you? Yes/No

Specify--------------------------------------------------------

71. Does the system of Financial decentralization facilitate quicker and cheaper procurement of goods and services? Yes/No

If No, why not? --------------------------------------------

72. Does it lead to less delays than would usually be the case? Yes/No.

73. What innovations have been made to facilitate financial management?

Specify

| Situation before District Focus | Under District Focus |
|---|---|
| 1. District Treasury | 1. |
| 2. Tender Board | 2. |
| 3. Supplies | 3. |

74. What can be done to improve financial management at the District level?---------------------------------------------

75. What more would you expect in the following areas of financial decentralization?

| Aspect | Expectations |
| --- | --- |
| 1. Financial control procedures | |
| 2. Accountability | |
| 3. Generation of revenue | |

76. What special financial problems do you face? List in order of importance.

1.

2.

3.

How can they be resolved?----------------------------------

77. How do you collect funds for disbursement to various projects/ activities?-------------------------------------------

78. Does this system have any advantage over previous system before the District Focus? Yes/No--------------------

How?----------------------------------------------

79. Are there funds not tied to any specific sector? Yes/No. What happened to the proposed District Development Fund?---
-----------------------------------------------------------

80. How is the Rural Development Fund managed?----------------

What about EEC funds?--------------------------------------

81. How are the various funds integrated under the District Focus?-------------------------------------------------

82. Does the District Tender Board have any authority to make any changes on recommendations and procedures issued by the central Tender Board? Yes/No. If Yes, what effect does this have?----------------------------------------

If no, why not? ----------------------------------------

83. Have there been appeals against the decision of the District Tender Board? Yes/No. If Yes, of what nature?------
------------------------------------------------------------

84. Do reimbursement claims exceed or fall short of ammount allocated to AIE holders?----------------------------------

85. Are there cases of non-surrender of safari imprests? Yes/No

| Before District Focus | | Under District Focus | |
|---|---|---|---|
| Frequency | Amount involved | Frequency | Amount involved |
| | | | |

---

If Yes, what has been done to address this? -------------------

86. What effect does the internal auditing system have on financial management at district level?--------------

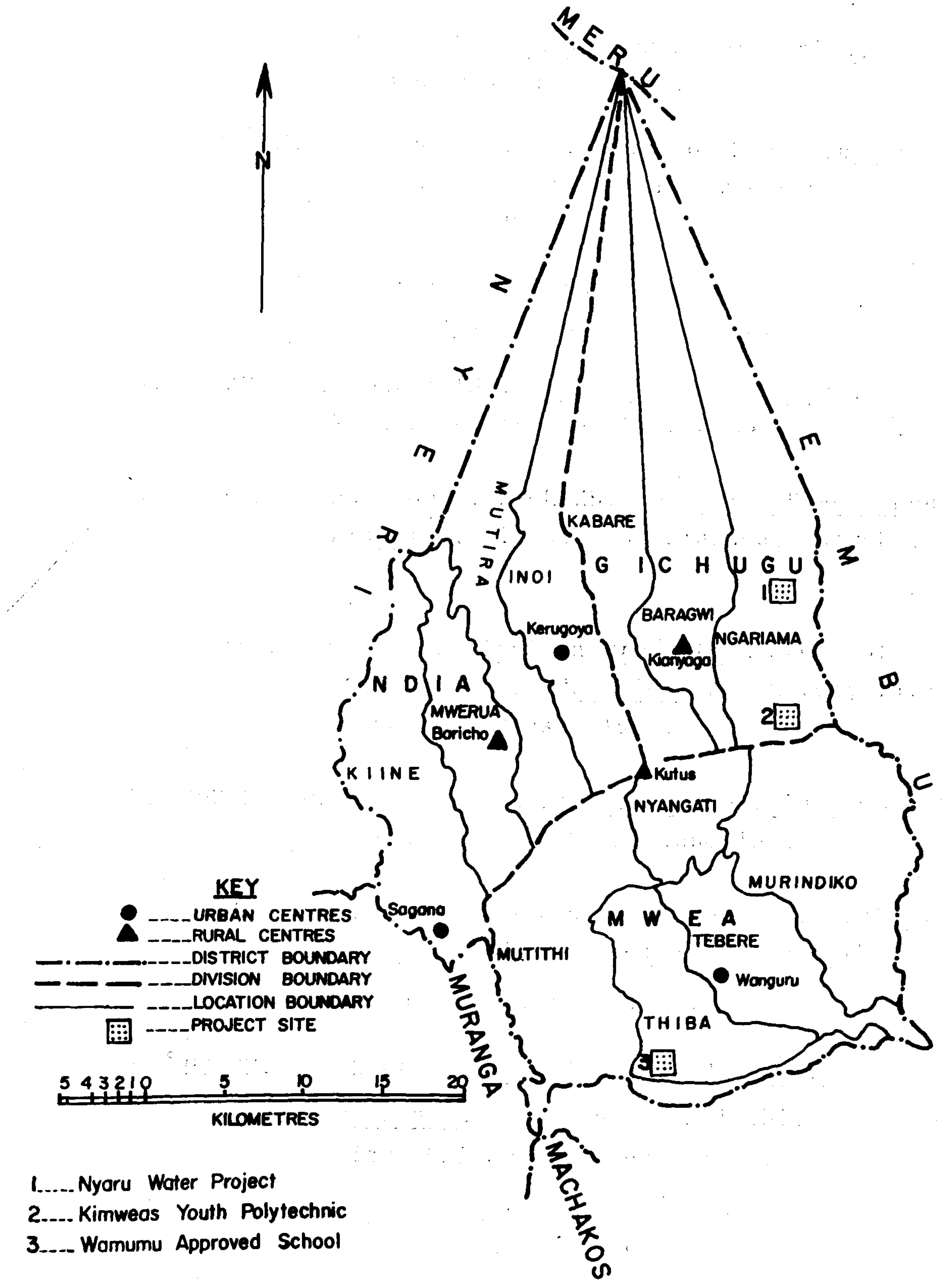
87. Are financial Control procedures adequate? ----------------
who sets them? ----------------------------------------
What can be done to improve them?------------------------

88. Does the District have adequate capacity for financial management? Yes/No. Do you provide training for Staff? Yes/No. Specify. -----------------------------------

89. How would you describe your working relationship with the Treasury and the Ministries?-------------------

90. Would you say the kind of decentralization advocated is actually exercised by you at the local level? Yes/No
Explain-------------------------------------------
-----------------------------------------------------

## KIRINYAGA DISTRICT ADMINISTRATIVE BOUNDARIES AND SELECTED PROJECT SITE



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