

**AN EVALUATION OF MANAGEMENT OF CONSTITUENCY DEVELOPMENT
FUNDS IN KENYA: A CASE OF NAIROBI COUNTY**

BY

KENNEDY NYAGAKA OENGA

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DECLARATION

This research project is my original work and has not been presented for an academic award in any other institution of higher learning.

Signature.....

Date.....

Kennedy Nyagaka Oenga

Reg. No. D61/67402/2011

This research project has been submitted for examination with my approval as the University Supervisor.

Supervisor's Signature.....Date.....

Mr. Barasa Joseph

DEDICATION

To my loving wife

Lilian Nyagaka

(Your support was invaluable)

and

My dear children

Innocent

Clare

Caroline

Christine

(That you may excell beyond this)

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I would like to thank God who has given me the strength and knowledge that has helped me to make this project. Secondly my sincere gratitude goes to my supervisor Mr. Barasa Joseph, lecturers and the other staff of the University of Nairobi for their support.

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ABSTRACT

Constituency Development Fund is a fund created by the Government. This Fund which was enacted in 2003 has significantly changed development dynamics at community level such that the constituency has increasingly become an important unit of engagement in development projects in Kenya. The main objective of the study was to assess the effectiveness of management of Constituency Development Funds in Nairobi County. The CDF forms one of the devolved funds channeled by central government. The CDF is aimed at spurring development in the constituencies. CDF resources are generated from tax collected from Value Added Tax (VAT), Income tax paid by salaried employees, duty paid on manufactured and imported goods and fees charged on licenses. Main focus of this study is quantitative. However some qualitative approach was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study. This research study will adopt a descriptive research design approach. The descriptive design deems appropriate because the main interest was to establish the relationship and analyze how the technical determinants supports matters under analysis in one organization. Quantitative data collected using questionnaires was analyzed by the use of descriptive statistics using Statistical Package for Social Sciences (SPSS). Content analysis was used to analyze data collected from the open ended questions that is of qualitative nature.

The study revealed that majority of the respondents were aware of the CDF projects and that the respondent's category affects performance of constituency development fund. The study also found out that MPs were directly involved in implementing of CDF projects and that implementation entails coordinating people and resources in order to be successive. It was further revealed that the projects were not implemented in a timely manner and that implementation process involves performing the activities of the project in accordance with the project management plan. It was however revealed that majority of the stakeholders were not directly involved in making decisions on which projects were to be funded by CDF. The study concludes that there is a positive association between effectiveness of CDF management with implementation, monitoring, accounting/recording and stakeholder effect.

The study recommends that further study may be conducted on the effects of not completing CDF projects on a timely manner. Further study may also be conducted on the resource utilization on CDF. Further study may also be conducted on the effects of not using proper procurement procedures while undertaking CDF projects. Finally, further study may also be conducted on the effect of human resources engaged in the implementation of CDF projects.

ACRONYMS AND ABBREVIATIONS

CDC	Constituency Development Committee
CDF	Constituencies Development Fund
CDFB	Constituencies Development Fund Board
CDFC	Constituency Development Fund Committee
CPC	County Project Committee
FPE	Free Primary Education
KCC	Kenya Cooperative Creameries
KNAC	Kenya National Assurance Company
LATF	Local Authority Transfer Fund
M&E	Monitoring and Evaluation
MP	Member of Parliament
NARC	National Rainbow Coalition
NASC	National Assembly Select Committee
NGO	Non Governmental Organization
NTA	National Tax Payers Association
PMC	Project Management Committee

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

1.1.1 Constituency Development Fund in Kenya

Constituency Development Fund is a fund created by the Government. This Fund which was enacted in 2003 has significantly changed development dynamics at community level such that the constituency has increasingly become an important unit of engagement in development projects in Kenya. Within this initiative, citizens ought to not only exercise their civic rights within this jurisdiction, but also to engage more and more in planning, implementation of projects and programs as well as in monitoring and evaluation. Unlike other development funds that filter from the central government through larger and more layers of administrative organs and bureaucracies, the funds under this program go directly to local levels. Also, because the fund benefits communities directly, it stimulates local involvement in development projects and as a result constituents have more information about projects funded under this program.

Mungai (2009) noted that CDF's origin can be traced back to the CDF Bill drafted by opposition MPs in a bid to have equitable distribution of resources across the country. Constituency Development Fund (CDF) came into existence in Kenya after the National Rainbow Coalition (NARC) came to power with the enactment of CDF Act in 2003 but amended in 2007. The CDF forms one of the devolved funds channeled by central

government. The CDF is aimed at spurring development in the constituencies. CDF resources are generated from tax collected from Value Added Tax (VAT), Income tax paid by salaried employees, duty paid on manufactured and imported goods and fees charged on licenses. Therefore, each and every Kenyan contributes towards CDF (Gikonyo, 2008). At the national level, the CDF Act, 2013 section 4(1a) mandates that at least 2.5 percent of the national government ordinary revenue collected in every financial year be channeled to the Constituencies for purposes of development, (CDF Act 2013).

In recent times, there has been much controversy about the management of the Constituency Development Fund (CDF) with regard to accountability; allocation, targeting and priority setting; and overall effectiveness. There have also been concerns on governance and representation, and that the funds had been established in a rush without preparing the grassroots communities on participation in the management of the Fund. Issues on conflict of interest were raised around the proposed structure for the management of the CDF, arising from the role of MPs as the conveners of CDCs (IEA 2006). A research study by Cambridge University's School of Business and Economics concluded that 80% of projects failed because of poor leadership (Zhang & Faerman, 2007). The findings further suggested that poor leadership skills reflected limited or no teamwork, inadequate communication, and an inability to resolve conflicts as well as other human related inefficiencies.

Manley (1973) found that the degree to which clients are personally involved in the implementation process will cause great variation in their support for that project. Further, in the context of the consulting process, client consultation is the first stage in a program to implement change. It expresses the necessity of taking into account the needs

of the future clients, or users, of the project. It is, therefore, important to determine whether clients for the project have been identified. Once the project manager is aware of the major clients, he is better placed to accurately determine if their needs are being met (Kolb and Frohman, 1970).

There has been growing demand for development effectiveness to improve people's lives. This calls for effective utilization of monitoring and evaluation results for continuous improvement and quality of performance in organization. The effectiveness of monitoring and evaluation process has seen significant impact in education, social and political reforms in developed countries as compared to countries in Sub Saharan Africa (UNDP, 2002). This view is supported by Gikonyo (2008) who indicated in her social audit of CDF that monitoring and reporting should be strengthened and deepened in all CDF projects.

1.1.2 Agency Relationship and Accountability

In the management of Constituency Development Funds, agency relationship and accountability plays a very vital role as the funds are entrusted to some people who manage them on behalf of the citizens of Kenya. So then, what is agency and accountability? According to the Institute of Chartered Accountants in England and Wales, agency relationship arises when one or more principals (e.g. an owner) engage another person as their agent (or steward) to perform a service on their behalf. Performance of this service results in the delegation of some decision-making authority to the agent. This delegation of responsibility by the principal and the resulting division of labour are helpful in promoting an efficient and productive economy. However, such delegation also means that the principal needs to place trust in an agent to act in the

principal's best interests. On the other hand, according to the Online Business Directory, accountability refers to the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted property.

1.1.3 Constituencies Development Fund Administration

The Constituencies Development Fund management is administered by a Board of Directors (CDFB) at the National level. This Board considers project proposals submitted from various constituencies in accordance with the Act and approve them for funding. The Board sends funds to the respective constituency Fund Accounts with respect to the approved projects and ensures timely and efficient disbursement of funds to every constituency, efficient management of the Fund and receives and discusses annual reports and returns from the Constituencies. The Board also ensures compilation of proper records, returns and reports from the constituencies. At the County level, Constituencies Development Fund management is administered by the County Projects Committee(CPC).This committee receives and discusses project lists from various constituencies in the County for the purpose of aligning the projects with County's Development Plans and Policies. The committee also ensures that no duplication of projects occurs, particularly where it is prudent to combine efforts for projects traversing more than one constituency. At the Constituency level, Constituencies Development Fund management is administered by the Constituency Development Fund Committee (CDFC). The work of this committee is to deliberate on all project proposals from all wards in constituency and any other projects considered beneficial to the constituency, consult with the relevant government departments to ensure that the cost estimates for the

projects are as realistic as possible, rank project proposals in order of priority provided that ongoing projects shall take precedence, ensure that projects proposed for funding comply with the Act, monitor the implementation of projects and recommend to the Board the removal of a member of the CDFC in line the Act (CDF Act, 2013).

1.2 Statement of the Problem

There has been public outcry on mismanagement and embezzlement of CDF funds by various Constituency Development Fund Committees (CDFC). According to the report by the lobby group, National Taxpayers Association (NTA 2012), Ksh. 242 million of the allocation to the Constituency Development Funds (CDF) Committees was wasted, unaccounted for or misused in 2010/11 financial year. Management of CDF funds will greatly improve if those who are entrusted with these funds are made to account for them. Accountability in the management of institutions has become critical following many corporate failures like Kenya Co-operative Creameries (KCC) and Kenya National Assurance Company (KNAC) in the 1990s and early 2000.

Some studies have been conducted on the Constituency Development Funds (CDF) in Kenya. Mwangi (2011) conducted a study on the role of budgeting in promoting corporate governance on Constituency Development Funds allocation and Mganga (2011) also conducted a study on factors influencing cost effectiveness of Constituency Development Funds.

There exists a research gap since no study has been conducted on the effectiveness of management of Constituency Development Funds in Kenya, and more specifically in Nairobi County. This study therefore seeks to fill this gap by focusing on how the

allocated funds are utilized, monitored, the levels of misappropriation and the possible remedial measures which can be taken for improvement.

Nairobi County is faced with the typical problems of inadequate resources and pressure from many interest groups to be satisfied, and many challenges are bound to be experienced when managing CDF. Furthermore like many other public organizations, the CDFs mostly do not deliver results as expected, thus the need to find out whether this study could offer a solution to the problem.

1.3 Objective of the Study

The main objective of the study is to assess the effectiveness of management of Constituency Development Funds in Nairobi County.

1.4 Significance of the Study

The study will be of importance to the following stakeholders;

Management which gives proper account of funds entrusted to them is likely to lead to reduction of administrative and implementation costs on CDF programmes and projects. This will enable the Government to implement more projects for the citizens. Potential investors who are interested in investing or partnering in CDF owned projects may use the findings of this study and turn around the CDF projects into efficient and effective projects.

Policy makers require information to enable them put in place sound policies that will enhance management and financial discipline aimed at having CDF programmes and projects operate on commercial principles. This study will provide such relevant information for policy formulation in CDF sector. The study in this area on accountability

of funds may in turn be used to trigger subsequent studies in other related areas of funding like the Local Authority Transfer Fund (LATF).

The findings will give regulators information that will facilitate their ability to put in place appropriate regulations for CDF programmes and projects in order to enable them operate efficiently. With the implementation of the findings of this study, funds given to the CDF will be properly utilized and this will benefit the citizens being the beneficiaries of the projects and programmes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives a range of documented literature related to the study's proposed problem and provide a basis of developing understanding and establish appropriate scope in order to align objectives to existing knowledge. The areas considered important for the review include a general description of the Constituencies Development Fund, agency theory, accountability theories, mechanisms of ensuring accountability in the CDF and the empirical review.

2.2 Constituency Development Fund in Kenya

The Constituencies Development Fund was established through an Act of Parliament, the CDF Act 2003 (amended in 2007) with an objective of addressing poverty and inequality throughout the country, by dedicating a specific portion of the ordinary Government revenue to addressing economic and social needs of the community at grassroots level. The fund is managed by the Constituency Development Fund Board (CDFB). It is one of several devolved funds set up by the Government to reduce poverty and bridge development imbalances throughout the country (CDFB Press Statement, 2013).

The Fund has registered great success through shifting the role of project identification, planning and implementation from line ministries to communities, hence encouraging local initiative that results into sense of ownership, transparency and accountability. The

programme has also encouraged creation of employment at local levels through awarding contracts to local artisans and sourcing materials from local entrepreneurs. Through CDF, the general condition of social infrastructure has improved in many parts of the country, and school dropout rate has reduced through CDF contribution in expansion of learning facilities and provision of bursary to needy students. In January 2013, Parliament enacted CDF Act, 2013, hence effectively repealing CDF Act 2003 as amended in 2007 (CDF Press Statement, 2013).

2.2.1 Rationale for enactment of Constituency Development Fund Act 2013

The enactment of CDF Act 2013 was mainly aimed to ensure that the law governing CDF is aligned to the Constitution of Kenya 2010, particularly in compliance with the principle of transparency, accountability, separation of powers and participation of the people. The new law was also aimed to align the operations of the Fund to the new devolved government structure.

2.2.2 Key players in Constituency Development Fund and their respective Roles

The Citizens participate in open public forums convened by the area MP at ward level to elect five persons from whom CDFC members shall be appointed by the MP in consultation with the officer of the Board and the Sub-country Administrator. The area Member of Parliament forwards the names of persons elected to the officer of the Board at the constituency and from which members of the CDFC shall be appointed in consultation with the Officer of the Board and the Sub- county Administrator for the Constituency. The MP is also an Ex-officio member of the CDFC and Member of the County Project Committee. (CDF Act, 2013).

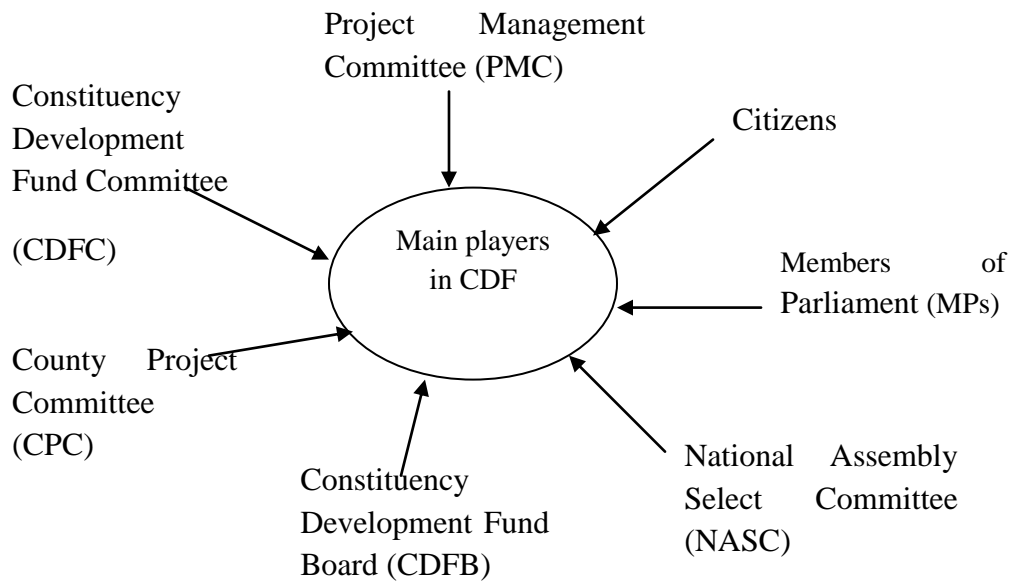
National Assembly Select Committee (NASC) oversees the implementation of the Act, the policy framework and legislative matters that may arise in relation to the Fund. Government Departments will assist and guide the Project Management Committees in implementing the Projects and guide the PMCs in the sourcing of goods and services. They also ensure that projects maintain records of disbursements of funds and assist CDFCs and PMCs track the progress of the projects funded under the Act (CDF Act, 2013).

Constituencies Development Fund Board (CDFB) is a Board that considers project proposals submitted from various constituencies in accordance with the Act, approve for funding those project proposals that are consistent with the Act and send funds to the respective constituency Fund Accounts with respect to the approved projects. The Board also ensures timely and efficient disbursement of funds to every constituency, efficient management of the Fund and to receive and discuss annual reports and returns from the Constituencies. It also ensures compilation of proper records, returns and reports from the constituencies, receive and address complaints and disputes and take appropriate action. The committee submits a report to the National Assembly Select Committee on monthly basis. The County Projects Committee (CPC) receives and discusses project lists from various constituencies in the County for the purpose of aligning the projects with County's Development Plans and Policies and ensures that no duplication of projects occurs.

Constituency Development Fund Committee (CDFC) deliberates on all project proposals from all wards in the constituency and any other projects which it considers beneficial to the constituency, consult with the relevant government departments to ensure that the

cost estimates for the projects are realistic, rank project proposals in order of priority and ensures that projects proposed for funding comply with the Act. It monitors the implementation of projects and recommend to the Board the removal of a member of the CDFC in line the Act. Project Management Committee (PMC) implements projects funded under CDF Act with the assistance of the relevant departments of Government (CDF Act, 2013).

Figure 1: Key players in Constituencies Development Fund



2.3 Agency theory

Agency theory provides insight into what reward mix best aligns organizational and individual objectives. It outlines how the separation of organizational activities from ownership presents the problem of ensuring that owners' interests are aligned to those responsible for operating the business (Gamble, 2001). Owners look to ensure that employees direct their work effort in line with the owners' interests. This can be achieved through adjusting the reward mix, in particular the balance between fixed and variable

rewards, to ensure that appropriate incentives are in place for the employee to act in the owners' interest (Gamble, 2001). The large body of research on agency theory generally supports its predictions that organizations' can use incentives, alongside monitoring activity, to control employee effort (Klein, 2000).

Agency theory has emerged as the main theoretical explanation of reward mix. However, while the agency research tells us about the fixed to variable reward relationship, it does not incorporate benefits and relational returns. It has also been suggested that the approach overemphasizes efficiency and rational drivers of reward mix determination and underestimates the institutional pressures that may also be relevant (Locke, 2000). Agency theory presents a partial view of the world that ignores a good bit of complexity of organization.

2.3.1 Accountability Theories

Accountability requires an account of the extent to which the objectives for which the resources were entrusted have been achieved. This accountability is described as a contract between an agent and a principal and arises from a duty upon the agent and the rights of the principal (Gray, Bebbington, and Collison, 1987). The principal can be entirely passive and this will not matter to the agent whose duty nevertheless is to account - the passive principal is merely waiving his or her rights to the information (Stewart, 1984). On the other hand, it has been argued by Tricker (1983) that the agent only has a duty to account to principals who demand information and are willing to enforce the contract.

Much of the research on corporate accountability suggests that regulation is the only way to ensure that companies provide complete and comparable reports. Gray *et al.* (1987)

suggest a compliance with standards approach, and the proliferation of reporting guidelines mainly on environmental issues. Many academics consider that only mandated standardized reporting will produce the comprehensive information needed to assess corporations' performance. Support for such a regulated approach is provided by evidence that voluntary disclosure levels are much lower than those for mandated disclosure (Guthrie and Parker, 1990). A more persuasive argument for the use of legislation in making companies more accountable is that social and environmental matters are too complex and crucial to be left entirely in the already over-burdened hands of corporations. Thus, by opening up organizations in order to inform stakeholders, it enables the stakeholders, rather than management of organizations, to express their choices about critical issues. One of the problems associated with reporting against mandatory standards however, is the question of who ensures compliance with those standards and what penalties apply for non-compliance. For implementing agencies it can be argued that accountability should be more focused on accounting for their actions and effects on society, rather than accounting for their financial performance (Bebbington and Gray, 1993).

According to Ebrahim (2003), agency accountability is a dynamic concept and arguably more complex than simply making agents transparent and allowing public scrutiny, which highlights the issue of competing stakeholder interests. Organizations must deal with competing requirements of various stakeholders, and most often choose to satisfy the needs of their primary stakeholders first and often at the expense of secondary stakeholders' needs as their principle goal is aligned with the needs of these primary stakeholders. Brown and Moore (2001) postulate that since agencies are not coherently aligned with one another they must, like other organizations, also prioritize their

stakeholders. This can have dire consequences for their existence as their goals to provide welfare may not always be aligned with the goals of their donors.

The issue of multiple stakeholders, while at best making accountability more complex can be additionally problematic for agents because such competing demands can actually lead to poorer performance - satisfying clients and donors can sometimes be in conflict with the organization's long term goals. While this is in some part true for companies also, for donor dependent agents it is the primary goal that is often subverted (Brown and Moore, 2001). They also suggest that these agents should commit themselves to more accountability to their clients rather than donors. They argue that if they provide assessments of their performance to clients, the clients will only be prepared to talk about problems if donors are not also evaluating the program, for fear of losing future funding if they criticize the program. Ironically however, if they resist the demands for accountability made by funding bodies and donors, they may lose funding anyway.

Slim (2002) in an overview of the agency accountability literature over a period of ten years, outlines two kinds of accountability for agents: performance accountability and voice accountability. Performance accountability requires agents to be accountable for what they do. This kind of accountability is focused on accountability to donors and clients and is similar to corporate-style accountability that firms have to their primary stakeholders - shareholders and investors - which they discharge via published accounts and other reporting that indicates how much has been spent, what targets were set and whether they have been achieved.

Voice accountability on the other hand, requires agents to be accountable for what they say. That is, they are accountable to an abstract purpose (Brown and Moore, 2001). This

form of accountability is similar to what Najam (1996) calls accountability to themselves, where agents are accountable for their goals and aspirations, and for their mission. This requires a different way of thinking about accountability than the corporate-style reporting model that can be applied to performance accountability and a basic conflict appears as demands for greater performance accountability may come at the expense of voice accountability. The task of providing statements of income and expenditure, descriptions of programs, and targets and achievements is less subjective than providing an account of goals and missions.

2.3.2 Stakeholders Theory of Accountability

Creating accountability in public service is extraordinarily complex. There is a complex web of policymakers and providers of such responsibility. The issue of accountability is also complicated by the difficulty in defining and measuring financial outcomes. Extensive research suggests that about two-thirds of the variation in achievement is the product of deliberate neglect and slim commitment to account (Ladd, 1996). The stakeholder theory has been used quite extensively in the management literature since Freeman's landmark book "Strategic Management: A Stakeholder Approach" was published in 1984. He proposes that current approaches to understanding the business environment fail to take account of a wide range of groups who can affect or are affected by the corporation and its stakeholders. He further argues that in order to manage effectively in turbulent times which typifies the dynamic nature of the business environment of today, the stakeholder theory offers a way to address the ever changing demands brought about by different groups having legitimate stakes of varying degrees from the organization (Jensen and Meckling, 1996).

The basic proposition of the stakeholder theory is that the organization's success in the attainment of accountability standards is dependent upon the successful management of all the relationships that it has with its stakeholders. When viewed as such, the conventional view that success is dependent solely upon maximizing shareholders' wealth is not sufficient because the school entity is a nexus of explicit and implicit contracts. Furthermore, the stakeholder theory assumes that organizations have the ability to influence not just society in general but its various stakeholders in particular. In developing the stakeholder theory, Freeman incorporates the stakeholder concept into categories: planning and policy model; and corporate social responsibility model of stakeholder management (Jensen and Meckling, 1996).

The stakeholder analysis focus on developing and evaluating the approval of the organization's strategic decision by groups whose support is required for continued existence. The stakeholders in this model would include the Government, CDFB, board Committees, target groups and the general public. Although these groups are not adversarial in nature, their possibly conflicting behavior is considered a constraint on the strategy developed by management to best match the resources with the environment. In the second model, the corporate planning and analysis extends to include external influences which may be adversarial to the firm. These adversarial groups may include the regulatory, environmentalist and/or special interest groups concerned with social issues. The second model enables organizations to consider a strategic plan that is adaptable to changes in the social demands of nontraditional stakeholder groups (Chan and Kent, 2003).

Due to increased level of awareness there is need for organizations to extend their financial planning, use and reporting to include the non-traditional stakeholders like the regulatory groups in order to adapt to changing demands (O'Donovan, 2002). There is considerable evidence that many organizations need to voluntarily disclose financial information in their periodic/annual reports. However, given that there are substantial costs involved in providing such disclosures and magnified by the fact that reporting is largely unregulated, conventional wisdom suggests that entities would only provide voluntary disclosures when their benefits exceed their cost (Chan and Kent, 2003).

2.3.3 Role Theory of Accountability

Role systems theory was originally seen as a way to describe how organizations manage to produce reliable behavior on the part of their members (Katz and Kahn, 1998). Moreover, role theory places a great deal of emphasis on interpersonal relationships. Furthermore, it postulates a central role for interpersonal expectations, emphasizes the importance of the consequence of compliance, and links tasks and activities to individuals (Ferris, Mitchell, Canavan, Frink, and Hopper, 2000). Besides these striking similarities regarding the structure and functioning of role systems and accountability systems in organizations, the former perspective provides what people feel are important new insights regarding when and where accountability is produced and the organizational systems that are relevant. This seems to be a deficiency in current views of accountability theory. Thus, people feel that a role systems theory perspective adds value to any treatment of accountability in work settings.

Accountability in organizations can be viewed as involving elements of role taking and role making as these unfold in the context of a history of role episodes. While

accountability refers to the building of self-actions-standards perceptions (Schlenker, Britt, Pennington, Murphy, and Doherty, 2004) role theory also deals with such linkages, but in the form of role expectations. Accountability has tended to focus on opinions, decisions or behaviors related to moral or ethical issues (Dose and Klimoski, 2005) as noted, and role theory also has included these as well as issues of a more mundane sort. Moreover, at its base, accountability implies the anticipation of an accounting person, having to report or explain oneself to others in the future. In role theory, the focal worker also anticipates facing an accounting as well, in this case, having to respond in the future to the expectations of role senders, albeit, perhaps on shorter and recurring cycles. In many ways, role theory explicates the essential components and relationships central to accountability.

Accountability has largely been one of explaining reactions to anticipated reviews. Thus, Ferris et al. (2000) describe examples of both the cognitive and behavioral consequences of having to face the expectations of another party. This is almost the essence of role theory. Role theory has proven useful for the explanation of organizations because of its consideration of several factors and dimensions in a unified framework. These factors and dimensions have specific applications to accountability which warrant discussion. One is that a role theory approach incorporates a multitude of intrapersonal, interpersonal, and person-organization dynamics which help guide our approach to several issues. The framework developed herein suggests that variables, such as general cognitive ability, social intelligence and self-monitoring, among others, may be of particular interest. These variables have specific implications for how individuals approach their environments, which may set the stage for receiving and interpreting environmental cues. Other variables have specific implications for the interpersonal and

person-organization aspects of the proposed framework. Variables, such as agreeableness, locus of control, and personal and work values, among others, are related to how one interprets and responds to environmental cues, and might help explain and predict behavior related to accountability perceptions (Patten, 2002).

2.4 Dimensional Framework

After conducting an extensive analysis of prior accountability studies, Ullman (1995) indicated that one of the reasons for the inconsistent findings in previous research is the lack of theory. He argued that accountability models previously developed in prior studies are mis-specified because the relationship between organization strategy and accountability decisions is not included in the empirical tests. He proposed that firms use disclosures as a means to manage their relationships with their stakeholders and the external environment. This is the basic tenet of the stakeholder theory. He then developed a three-dimensional strategic framework consistent with the concept advanced in the stakeholder theory by Freeman.

The three-dimension framework is useful to explain the correlations among disclosures and accountability as well as economic performance. The first dimension, stakeholder power, explains that an institution will be responsive to the intensity of stakeholder demands. For example, when stakeholders control critical resources, the organization is likely to react in a way that satisfies their demands. The second dimension, strategic posture, describes the mode of response the organization is likely to take concerning social demands. Entities employing an active posture try to influence their status by continuously monitoring their position with stakeholders, for example, by initiating social corporate responsibility and accountability programs as well as disclosing their

commitment. The third dimension, past and current economic performance, determines the relative weight of a social demand and the attention it receives. This dimension is relevant because it is conceivable that organizations suffering from low accountability may place economic demands ahead of social demands (Chan and Kent, 2003).

2.4.1 Mechanisms for Accountability

Brown and Moore (2001) state that there is no single accountability structure that is right for all organizations. The needs of a transparent and standardized reporting and accounting mechanism for large scale service delivery, conflict with the requirements of providing the services and voice to those in need. Edwards and Hulme (1996) describe the need for standardized delivery mechanisms, structures that can handle large amounts of external funding, and systems for speedy - and often hierarchical -decision making but emphasize that effective performance as an agent of democratization rests on organizational independence, closeness to the poor, representative structures, and a willingness to spend large amounts of time in consciousness-raising and dialogue. Moreover, reporting alone is insufficient, as there must also be access to the information (Neligan, 2003).

In view of Ebrahim (2003), NGOs and other agencies already engaged in disclosure and reporting by undertaking performance assessment, engaging in community participation and through self-regulation. There are various reporting requirements in law in many countries and these requirements are directed at providing accountability to the public at large and often require quite detailed information about finances, organizational structure and programs. Donors to NGOs also require performance assessments, and often employ experts and impose technical criteria to assess the data collection and analysis for

particular programs. The NGOs are in turn accountable to respective donors as a matter of prudence, as a matter of law and as a matter of ordinary morality (Brown and Moore, 2001).

Other than reporting, participation with the community is emphasized by NGOs as an important means of accountability (Cronin and O'Regan, 2002). This can include public meetings, surveys, or a formal dialogue on project options or actual involvement of community members in the project. Finally, self-regulation, as described by Ebrahim (2003), is the efforts undertaken by NGOs to develop their own standards or codes of conduct. Thus, many NGOs would suggest that there are already a number of mechanisms in place to assure the public, donors and clients that they are accountable. They might also suggest that their involvement in political engagement itself instills habits of cooperation and enhances collaboration and social solidarity outside it (Wapner, 2002).

While NGOs and other agencies might argue that existing accountability mechanisms are sufficient, critics could suggest that voluntarism and self-regulation is not effective, and could cite evidence from the corporate world to support this view (Tomaszewski and McCarthy, 2005). Simply having a code does not ensure all organizations will follow the rules. Thus, on the surface, it would appear that some form of mandatory reporting by NGOs forms an ideal measure of accountability. However this too is not without its difficulties. The first problem is the very nature of the reporting. For example, the difficulty in evaluating and measuring what NGOs do given that sometimes the very specific nature of work done by particularly smaller organizations (Marshall, 2002). There is no straightforward measure of organizational effectiveness and NGOs have no

readily acknowledged bottom line (Fowler, 1996). Uphoff (1996) suggests that attempts to measure and quantify the work done by NGOs will in fact conflict with the objective of sustainability because its emphasis most often than not is put on short-term and measurable benefits, thus overlooking positive externalities, particularly those that will benefit future generations. Similarly, in a report from an aid issues group, it is suggested that NGOs and their projects are treated as closed systems for the sake of analysis yet there may be benefits outside of this closed system (Cronin and O' Regan, 2002).

The second issue is that of enforcement and/or sanctions. Corporations are regulated and, if necessary, penalized by Governments or appointed regulators to report on their activities, both their financial activities via the annual report and accounts, and on other activities via legislation. In addition, social and environmental reporting is mandatory in some countries and even where it is still voluntary, there are many industry codes, charters and other mechanisms that require some reporting. However, regulation by governments of an organization whose most important role is often to counter the power of those governments presents a paradox that is difficult to resolve, particularly when many NGOs work across national borders. The effect, of making NGOs more accountable, on their ability to contribute to society, particularly as a dissenting voice to counterbalance government and corporate actions, is extremely important (Edwards, 2002).

Other studies have shown that firms manage earnings to delay or avoid filing for bankruptcy. This concept is illustrated in the bankruptcy of the airline Swissair in 2001. Throughout the 1990s, Swissair utilized several methods, including income increasing accounting accruals, to create an inaccurate perception of financial strength. This

perception of strength allowed the company to pursue a growth strategy instead of addressing its problems. This strategy ultimately resulted in bankruptcy and liquidation for the airline (Jorissen and Otley, 2009).

In its 25 June 2002 statement, the management of WorldCom admitted that the company had classified over \$3.8 billion in payments for line costs as capital expenditures rather than current expenses. Line costs are what WorldCom pays other companies for using their communications networks; they consist principally of access fees and transport charges for messages for WorldCom customers. Reportedly, \$3.055 billion was misclassified in 2001 and \$797 million in the first quarter of 2002. According to the company, another \$14.7 billion in 2001 line costs was treated as a current expense. By transferring part of a current expense to a capital account, WorldCom increased both its net income (since expenses were understated) and its assets (since capitalized costs are treated as an investment). Had it not been detected, the maneuver would have resulted in lower net income in subsequent years as the capitalized asset was depreciated (depreciation is an expense that reduces net income). Essentially, capitalizing line costs would have enabled the company to spread its current expenses into the future, perhaps for 10 years or even longer (Lyke and Jickling 2002).

In summary, it is apparent from the literature on accountability that the tensions which exist between the traditional vertical notions of accountability of governments and newer horizontal solutions being sought for program delivery have only begun to be addressed from a theoretical perspective. Moreover, since the reputation of implementing partners is crucial and it is very difficult to restore it once damaged, it is important to establish

mechanisms of trust that are beneficial in order to develop and maintain legitimacy and public trust. Hence, all partners need to be self regulating, with a sense of understanding and self awareness, as well as capable of building trust between, donors and ultimate service consumers.

2.5 Empirical Review

Roberts (2002) undertook a study to understand the determinants of corporate social responsibility disclosure using a sample of 80 companies drawn from a population of 130 major companies investigated in 1984, 1985 and 1986 by the Council of Economic Priorities (CEP). Roberts found that his measures of stakeholder power, strategic posture and economic performance are significantly related to levels of corporate social disclosure. The findings contribute to the knowledge on how organizations should manage their stakeholders using disclosures. However, the extent to which such disclosures are related to accountability remains debatable. For example, numerous studies from the 1980s through to 2000s report either no significant or negative relationship between disclosure and accountability (Patten, 2002).

In another related study, Fogarty (1996) examined accountability standard-setting process and found that institutionalization, through the basis of separated procedures and the formal characteristics of assessment, enables the organizations to achieve tolerable decisional freedom. He further noted that the visibility of its processes, and the consequences of its outcomes, contributed to its critical dependence on legitimacy. Further, he analyzed the peer review process of firms as a mechanism utilized by them seeking to legitimize a largely self-regulatory industry.

A study was undertaken in 2003 on the accountability of international NGOs that investigated access to online information and information on member control of governance for NGOs, Inter-Governmental Organizations (IGOs) and Transnational Corporations. Kovach, et al. (2003) did a report which concluded that international NGOs in the sample provide little online information about their activities compared with other organizations. In particular, the section of the report focusing on access to online information measured accountability by looking for the public accessibility of certain attributes in their reporting and found it lacking. This type of accountability mechanism however, is based on the assumption that accountability is the same for all types of organizations.

Uganda Debt Network (UDN) was concerned that there was no Law that governed the establishment and operation of the CDF, in view of enforcing proper accountability and prudent utilization of the public resources. Equally, the CDF seemed to have been ill-constituted, thus falling short of public interest and susceptible to abuse, contrary to the 1995 Constitution of Uganda and the Public Finance and Accountability Act, 2003. It was against this background, that UDN conducted a study on the CDF during November and December, 2006. The study involved desk reviews and field visits to 19 districts of Kamuli, Kaliro, Namutumba, Kanungu, Bushenyi, Bugiri, Iganga, Bukedea, Amuria, Katakwi, Apac, Kumi, Kalangala, Mpigi, Rakai, Kasese, Mbarara, Kabale and Arua and involved over 3067 local officials, religious and opinion leaders, the youth, elders, teachers, health workers, community groups and ordinary citizens.

A sample of over 167 MPs, some of whom served in the 7th and 8th Parliament were interviewed. This was through both random and purposive sampling backed up by

focused group discussions and in-depth interviews. The desk top reviews indicated that the guidelines on the CDF were inadequate and, worse still, were not followed by the Members of Parliament. From the field visits to the different districts, the study revealed that most (over 87%) of the respondents did not have knowledge of the CDF. They, therefore, neither participated in the selection of projects nor in the utilization of the fund. Out of the interviews with the Members of Parliament, the majority of the respondents (73%) could not pinpoint the exact projects where the money had been spent. It was also found out that the CDF money had been banked on the MPs' personal bank accounts. Many of the MPs were further not aware of the guidelines to be followed in disbursing the money (UDN, 2006).

A Survey was conducted by the Institute of Economic Affairs (IEA) on the Constituencies Development Fund (CDF) in 2006 in 25 Constituencies in Kenya. The main objective of the survey was to obtain beneficiary and committee assessment of the CDF financed services with regard to access, utilization, and satisfaction. Another objective was to explore ways on how to enhance accountability, transparency and performance. The committee members and the beneficiaries were both generally very positive about the outcomes and impact of the projects despite reservations about how they were identified and managed. The satisfaction of the communities' with the projects and creating opportunities at local level ranged between 43.4-52.8% given that the projects benefited them either directly or indirectly. Some of the contributing factors to this positive outcome include: The opportunities created have improved their livelihoods by creating jobs- unskilled labour and community engagement where they are compensated; The opportunities created for nurturing supportive activities as evidenced by mushrooming village trading centres and revival of projects situated in village

shopping centres affords them the opportunity to trade their wares hence creating market and the direct development of human resource as a result of massive investments in human capital either in the health or education sector. Over 90% of the beneficiaries were satisfied that projects were relevant to the needs of people and a similar proportion satisfied with the overall impact that the projects have on poverty. However some 40% of the beneficiaries were not satisfied with the accountability of management committees (IEA, 2012).

In this study, the impact of CDF projects on education in Nambale was assessed by checking whether its contributions can be attributed to an improvement in the performance of students in schools through provision of essentials for education quality enhancement. The impact of CDF on performance in schools was assessed by use of a questionnaire administered to ten primary and ten secondary schools and it targeted the academic staff. The observation technique was also used and it involved capturing photographs of physical projects. Respondents were asked to state if there was a change in the performance of students in the pre and post CDF periods, and whether this change could be directly attributed to the contributions of CDF. All the respondents in the secondary schools that participated in the survey agreed to the fact that their schools performance was greatly hampered by the lack of adequate learning infrastructure and absenteeism of students due to in affordability of school fees and levies. They cited the lack of essential facilities such as proper well-equipped science laboratories, which made it impossible for students to have the necessary practical exposure in subjects such as Chemistry, Physics and Biology. This, they said, was a definite disadvantage to them

when it came to competing with other well-equipped schools in national examinations (Wabwire, 2010).

With regard to whether the facilities erected by CDF have made an impact, 70% of these respondents said that there was no impact, while the other 30% felt that the contribution of CDF had made a positive impact manifested in an improvement in performance. In primary schools, the impact of CDF on performance was not quantifiable either. While respondents acknowledged the increase and improvement of infrastructure, over 80% of them stated that the performance of pupils was negatively impacted by the increased enrolment resulting from the Free Primary Education (FPE) program. They argued that although there had been an increase in infrastructure in the primary schools due to CDF, the teacher-pupil ratio still remains a challenge. This was attributed to the fact that while the government had facilitated the increase in infrastructure in these schools, there had not been a corresponding increase in the number of teachers to effectively manage the increased number of pupils. The respondents stated that they could not clearly link CDF and the performance of pupils in their respective schools. This was reported to be an important issue that the government ought to urgently address by hiring more teachers, if the contribution of CDF would lead to improved performance in schools by increasing learning infrastructure (Wabwire, 2010).

Ochieng, Paul, Ruth and Kuto. (2012) conducted a study which involved participation of Ainamoi CDFC members, PMCs, local area MP, selected members of the public from two divisions within Ainamoi and District Education Office. Gender equality was observed where male and female respondents were given equal chances of participating in the study. The respondents acknowledged that a lot of development had been

experienced as a result of the introduction of CDF projects. New schools had been built; existing schools had been refurbished while old ones had been upgraded, health facilities had improved while new ones which acts as centres for excellence had come up, road infrastructure had improved, new tea buying centres had been constructed, HIV and AIDS awareness had increased, Youth and Women situation had been uplifted, security systems and infrastructure had improved and poverty level had reduced over the last ten years. However respondents lamented that since only 2.5% of the national budget is channeled to 210 constituencies across the country, the amount disbursed was too small as compared to needs and priorities of the constituents.

The study established that projects initiated by CDF fund are managed by CDFC committee appointed by the area MP while the PMCs are appointed by CDFC committee from locational level and are tasked with the process of project identification, selection, management, monitoring and evaluation. The study noted that since those elected to CDFC and PMCs were friends of the area MP, some citizens felt that they were not represented since they did not vote for the MP during the previous election. This made them to feel disillusioned with the development in their constituency (Ochieng et al. 2012)

The study was interested in knowing whether external teams do at times come for monitoring and evaluation of CDF projects as mandated by revised CDF Act 2007. This question was found necessary for the study because CDF management is usually done by only members of that constituency, therefore in case there is no outsider's involvement bad intention might go un-noticed. While responding to that question, 96.12% of the

respondents agreed that external teams do come for monitoring and evaluation while only 3.88% of the PMCs respondents disagreed. (Ochieng et al. 2012)

Khasiani and Makau (2010) refers to CDF as a major boost to development in the rural areas and as a means of central government reallocating more revenue particularly to the business entities implementing the projects at the local level. It has created efficiency in delivery of services in certain areas but it has also increased the burden of the exchequer. In most cases decreased cost effectiveness has been observed due unaccountability, duplication of activities and lack of financial capacity by managers of the CDF funds and poor prioritization of the projects.

2.6 Conclusion

Calls are channeled from all stakeholders to ensure that CDF are accountable to the population they serve and to the donors who finance their operations. On the other hand, CDF costs to monitor and ensure proper management and accountability are high, and achieving a balance of “separation and control” has increasingly become elusive. Credible and effective accountability is quite simply a pre-condition for agency continued historical significance as global and local agents of change. Accountability should thus be seen as a way of upgrading performance and responding to the needs of beneficiaries. However, a major challenge facing partnerships is how to be more accountable to beneficiaries - the people whom they help and on whose behalf they speak. Further, they are under increasing pressure to observe the same standards of conduct that they demand from the targets of their campaigns. Indeed, the challenges of creating financial accountability in CDF are both those external and internal to the partnerships. Some of the internal and external challenges cannot be changed by the players alone. Among these

challenges include low-level experience with efficiency in financial management, resultant passive behavior which reduces the voice of stakeholders, weak management practices pervading the public sector making it difficult for the management of the CDF to improve and poor public budgeting and spending practices producing unpredictable funding. In addition to these challenges, reliable information on financial performance for the CDF is almost never available other than them lacking an evaluation culture, implying that, neither partners, managers nor government officials who are charged with accountability roles are evaluated. Indeed, the challenges of creating accountability in public partnerships in developing countries are and unlikely to be overcome quickly.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design and methodology that was used to carry out the research study on an evaluation of management of Constituency Development Funds in Kenya: a case of Nairobi County. It presents the research design, target population, sample size and sampling procedure, data collection procedure and data analysis techniques

3.2 Research design

Research design refers to the way the study is designed, that is the method used to carry out the research. A survey research involves the researcher asking questions to a large group of people about a particular topic or issue. Information was collected from a group of people in order to describe some aspects or characteristics (such as abilities, opinions, attitudes, beliefs, and/or knowledge) of the population. Information is collected from a sample rather than from every member of the population (Fraenkel and Wallen, 2000). A survey research design was chosen because it enables the researcher to generalize the findings to the entire population.

3.3 Target population

Target population is defined as the group of interest to the researcher. The group to whom the researcher would like to generate the results of the study (Fraenkel and Wallen,

2000). The target population in this study are residents of the eight constituencies of Nairobi County and this is the group from which the sample was drawn.

3.4 Sample and sampling procedure

Simple random sampling method was used where a sample size of 200 respondents from the target population was randomly selected. The method spreads the sample more evenly over the population and is easier to conduct (Mugenda and Mugenda 1999). The researcher used stratified random sampling because it gives equal chance of selection of the sample units. The beneficiaries of Nairobi County CDF projects and members of CDF committees who participated in the study were selected randomly.

3.5 Pilot study

A pilot study was carried out to test the validity and reliability of the instruments. Validity is the degree to which the results obtained from the analysis of the data actually represent the phenomenon under study Mugenda and Mugenda, (1999). There are three types of validity test which include content, criterion and related construct validity. The study used content validity because it measured the degree to which the sample of the items represents the content that the test is designed to measure.

For the pilot study 10 respondents was drawn from every constituency in Nairobi County CDF beneficiaries and members of CDF Committees and this made a total of 80 respondents who were randomly selected to participate in the study. These respondents did not participate in the main study. From this pilot study the researcher was able to detect questions that need editing and those that are ambiguous. The final questionnaire was then printed and used to collect data for the analysis.

3.6 Data instruments

The Researcher developed the instruments with which to collect the necessary information. Questionnaires were used to obtain important information about the population. According to Sproul (1998), a self-administered questionnaire is the only way to elicit self-report on people's opinion, attitudes, beliefs and values. The questionnaire contained both closed-ended and also a few open ended questions. These types of questions were accompanied by a list of possible alternatives from which respondents are required to select the answer that best describes their situation. The main advantage of close ended questions is that they are easier to analyze since they are in an immediate usable form, they are easy to administer because each item is followed by alternative answers and they are economical to use in terms of time saving.

3.7 Data collection procedure

The research was carried out using primary and secondary data. Primary data is the information the researcher obtained from the field. Primary data was collected using semi-structured questionnaires. The questionnaires were administered using drop and pick method. The questionnaires were used because they allow the respondents to give their responses in a free environment and help the researcher gather information that would not have been given out had interviews been used. The questionnaire was self-administered to some respondents. Secondary data refers to the information obtained from articles, books, newspapers, internet and magazines. Thus secondary data was collected from past published scholarly articles.

3.8 Data analysis techniques

The researcher used qualitative and quantitative techniques in analyzing the data. After receiving questionnaires from the respondents, the responses was edited, classified, coded and tabulated to analyze quantitative data using Statistical Package for Social Sciences (SPSS) version 17.0. Tables and charts were used for presentation for easy understanding. This was coupled with the content analysis on qualitative issues to generalize the results.

A multivariate regression model was applied to determine the relative importance of each of the four variables in relation to the study.

The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$$

Where Y is the dependent variable (management effectiveness), β_0 is the regression coefficient, β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation, X_1 is the implementation independent variable, X_2 is monitoring independent variable, X_3 is accounting/reporting independent variable and X_4 is the stakeholder effect independent variable, while α is an error term normally distributed about a mean of 0 and for purposes of computation, the α is assumed to be 0.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1. Introduction

This chapter presents the analysis of data and discussion of the research findings. The chapter outlines the findings based on the research objectives. The study sought to assess the effectiveness of management of Constituency Development Funds; A case of Nairobi County. SPSS was used to generate the descriptive statistics and to establish the relation between the dependent and the independent variables of the study.

4.2. Summary Statistics

4.2.1 Response rate

The background information comprises of the response rate, age of the respondents, academic qualification and gender of the respondents.

Table 4. 1 Response rate

Questionnaires administered	Response Received	Response rate
200	182	91

Source: Author

The study achieved 91% response rate since 182 questionnaires were returned out of the 200 questionnaires that were administered. This indicates that the response rate was very good.

4.2.2 Age of the respondent

The researcher requested the respondents to indicate their age bracket. The results are shown in Table 4. 2 below.

Table 4. 2 Age of the respondent.

Age of the respondent	Frequency	Percent
Male	14	11
Female	39	30
Total	45	35
	25	19
	6	5
	130	100

Source: Authors Computation

According to the table 4.2 above, 35% of the respondents' were aged between 36 and 45 while a small proportion of the respondents (5%) were aged 55 and above. This means that most of the respondents aged between 36-45 are the ones mostly involved in CDF activities.

4.2.3 Gender of the respondent

On the gender of the respondents the distributions below were observed. The results are shown in Table 4. 3 below.

Table 4. 3 Gender of the respondent

Gender of the respondent	Frequency	Percent
Male	82	63
Female	48	37
Total	130	100

Source: Authors Computation

The studies found out that majority of the respondents (63%) were male while the rest, 37% were female. This shows that men are the ones who dominate in CDF projects.

4.2.4 Academic qualification

The study further sought to find out highest academic qualification of the respondent. The

findings were as recorded below.

Table 4. 4 Academic qualification

Academic qualification	Frequency	Percent
Certificate	89	68
Diploma	31	24
Bachelors degree	2	2
Post graduate	8	6
Total	130	100

Source: Authors Computation

According to the table 4.4 above, majority of the respondents (68%) had certificates, 24% had diplomas and 2% had Bachelor’s degrees while 8% had post graduate degrees. This showed that most of the respondents were certificate holders.

4.3.1. Performance of Constituency Development Fund projects

The study further sought to find out whether category of respondent affects performance of constituency development fund projects? The data finding is as shown below.

Table 4. 5 Performance of CDF projects

Level of Agreement	Frequency	Percent
Yes	97	75
No	33	25
Total	130	100

Source: Authors Computation

Majority of the respondents (75%) stated that the respondent’s category affects performance of constituency development fund projects while the rest 25 % stated that the category of respondent does not affect performance of CDF projects. This shows that the level of involvement of the respondents has an effect on the performance of the projects.

Table 4. 6 Decisions on which projects are to be funded by CDF.

Level of Agreement	Frequency	Percent
Yes	58	45
No	72	55
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents(55%) were not directly involved in making decisions on which projects are to be funded by CDF, while 45% were involved. This indicates that few people are involved in making decisions on which projects are to be funded.

4.3.2 Performance evaluation dimensions

The study sought to establish extent to which time, cost and quality performance evaluation dimensions are used to assess the performance of the CDF projects.

Table 4. 7 Performance evaluation dimensions

Dimensions	Mean	Std. Deviation
Time	4.28	847
Cost	4.17	1.131
Quality	4.20	1.039

Source: Authors Computation

It was established that time was used by the committees to assess the performance of the CDF Projects to a very great extent as shown by a mean score of 4.28. Others that were used to a great extent are quality as shown by a mean score of 4.20 and cost as shown by a mean score of 4.17.

4.4 Awareness of Constituency Development Fund projects

The study also aimed at establishing whether the respondents were aware of CDF projects. The results are shown in table 4.8 below.

Table 4. 8 Awareness of CDF projects

Awareness	Frequency	Percent
Yes	123	95
No	7	5
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents, 95% were aware of the projects while a small percentage of 5% were not aware of CDF projects. It therefore shows that the publicity of CDF projects was good.

Table 4. 9 Extent to which CDF funds are well managed and accounted for.

Level of agreement	Frequency
Strongly Disagree	16
Disagree	30
Agree	25
Strongly Agree	59
Total	130

Source: Authors Computation

The study sought to establish whether CDF funds are well managed and accounted for. From table 4.9 above, majority 59 of the respondents indicated that they strongly agree that CDF funds are well managed and accounted for; 30 of the respondents indicated that they disagree that CDF funds are well managed and accounted for; 25 of the respondents indicated that they disagree that CDF funds are well managed and accounted for while 16 of the respondents indicated that they strongly disagree that CDF funds are well managed and accounted for.

4.6 Implementers of CDF projects in the Constituency

The study also aimed at establishing who the implementers of CDF projects in the Constituency are. The results are shown in table 4.10 below.

Table 4. 10 Showing who the implementers of CDF projects in the Constituency are.

Category	Frequency	Percent
District Office	13	10
CDF Committee	16	12
MPs	78	60
Project Management Committee	23	18
Total	130	100

Source: Authors Computation

Majority of the respondents (60%) stated that MPs were directly involved in implementing of CDF projects while the rest were not directly involved in implementing of CDF projects as stated by 40% of the respondents. This shows that the MPs have a great influence on CDF projects while they are supposed to act as coordinators.

The study also aimed at establishing whether the respondents are involved in the project implementation process.

Table 4. 11 The respondents are involved in the project implementation process

Involvement	Frequency	Percent
Yes	93	72
No	37	28
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents(72%) were involved in the project implementation process while a small percentage of 28% were not involved in the project implementation process. This shows that most respondents were involved in the project implementation process.

Table 4. 12 Showing whether the CDF projects implemented in a timely manner.

Involvement	Frequency	Percent
Yes	21	16
No	109	84
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents, 84% reported that the CDF projects were not implemented in a timely manner. This shows that there are many delays in implementing the CDF projects.

Table 4. 13 Showing whether the projects are implemented in an economic manner.

Involvement	Frequency	Percent
Yes	27	21
No	103	79
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents(79%) said that the CDF projects were not implemented in an economic manner indicating lack of proper management and technical skills as the main causes. This shows that most of the CDF projects are implemented by people who have no management and technical skills.

Table 4. 14 whether funds allocated for CDF are used for the intended purposes

Involvement	Frequency	Percent
Yes	29	22
No	101	78
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents (78%) stated that all the funds allocated for CDF projects were not used for the intended purposes indicating that there is misappropriation by influential stakeholders like the MPs. This shows that not all the funds are committed to the CDF projects.

4.6.1 Project implementation influence performance of CDF projects.

The findings presented in Table 4.15 below indicate the extent to which project implementation influence performance of CDF projects across the sampled projects.

Table 4. 15 Whether project implementation influence performance of CDF projects.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Stdev
PMC core business is the implementation of CDF projects in the Constituency	40	14	15	13	18	3.45	0.2
CDFC is mandated to monitor and manage the utilization of funds allocated to the CDF projects in this Constituency.	22	28	19	18	13	3.28	0.2
CDFC receives and appraises project proposals from constituency.	25	28	26	15	6	3.51	0.3
CDFB ensures timely and efficient disbursement of the funds to constituencies	25	25	38	0	12	3.51	0.3

Source: Authors Computation

The study sought to find out the respondents level of agreement with statements on the effect of members of Committee and management of CDF projects. According to the findings, the CDFB ensures timely and efficient disbursement of the funds to constituencies as shown by a mean of 3.51 and a standard deviation of 0.3; Constituency Development Fund Committee receives and appraises project proposals from constituency as shown by a mean of 3.51 and a standard deviation of 0.3; Constituency Development Fund Committee are mandated to monitor and manage the utilization of funds allocated to the CDF projects in this Constituency as shown by a mean of 3.45 and

a standard deviation of 0.2; that Project Management Committees core business is the implementation of CDF projects in the Constituency as shown by a mean of 3.28 and a standard deviation of 0.2.

4.7 Monitoring of Constituency Development Fund

The study sought to find out the level of agreement with the following statements that relate to the effect of monitoring of constituency development fund on the effectiveness of management of CDF projects in these Constituencies. The respondents were therefore presented with statements and questions where they were expected to express their opinion. The findings of the study are discussed below.

Table 4. 16 Effect of monitoring on Constituency Development Fund projects.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Stdev
Each PMC to monitor, evaluate and report on a specific project.	30	13	14	12	19	3.46	0.3
CDFC is mandated to monitor the utilization of funds allocated to the CDF projects in this Constituency.	21	27	18	19	14	3.29	0.3
Constituency Development Fund Committee evaluates and appraises project proposals from the constituency.	24	29	25	14	7	3.52	0.3
CDFB ensures timely and efficient disbursement of the funds to constituencies	24	24	37	0	13	3.52	0.3

Source: Authors Computation

The study in this section sought to find out the respondents level of agreement with level of agreement with the following statements that relate to the effect of constituency development fund monitoring of CDF projects in this Constituency. According to the findings, the CDFB ensures timely and efficient disbursement of the funds to constituencies as shown by a mean of 3.52 and a standard deviation of 0.3; Constituency Development Fund Committee evaluates and appraises project proposals from constituency as shown by a mean of 3.52 and a standard deviation of 0.3; Constituency Development Fund Committee are mandated to monitor the utilization of funds allocated to the CDF projects in this Constituency as shown by a mean of 3.29 and a standard deviation of 0.3; Each PMC to monitor, evaluate and report on a specific project as shown by a mean of 3.46 and a standard deviation of 0.3.

Table 4. 17 Community members involvement in monitoring CDF projects

Involvement	Frequency	Percent
Yes	40	31
No	90	69
Total	130	100

Source: Authors Computation

The table above shows that majority of the respondents (69%) stated that the community members were not involved in monitoring CDF projects while 31% stated that the community members were involved in monitoring CDF projects. This indicates that the community members who are the beneficiary of the projects are not involved in the monitoring as the projects are being implemented.

4.8 Accounting/ Reporting of Constituency Development Fund

The study sought to find out the level of agreement with the following statements that relate to the effect of constituency development fund accounting/ reporting of CDF

projects in these Constituencies. The respondents were therefore presented with statements and questions where they were expected to express their opinion. The findings of the study are discussed below.

Table 4. 18 Effect of accounting/ reporting on CDF projects.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Stdev
The CDF Committee report to the beneficiaries/community	50	6	31	13	0	3.93	0.2
The prescribed formats of reporting as per CDF Act used consistently	19	38	19	19	6	3.48	0.2
CDF Committee record project activities as prescribed by the CDF Act	13	31	31	19	6	3.26	0.3
Committee report to the CDF Board in a timely manner.	31	25	38	0	6	3.75	0.2

Source: Authors Computation

Findings of the study revealed that the CDF Committee report to the beneficiaries/community as shown by a mean of 3.93 and a standard deviation of 0.2; Committee report to the CDF Board in a timely as shown by a mean of 3.75 and a standard deviation of 0.2, The prescribed formats of reporting as per CDF Act are used consistently as shown by a mean of 3.48 and a standard deviation of 0.2; and that CDF Committee record project activities as prescribed by the CDF Act as shown by a mean of 3.26 and a standard deviation of 0.3.

4.9 Stakeholders effect Constituency Development Fund projects.

The study sought to find out the level of agreement with the following statements that relate to the stakeholders effect on constituency development fund projects in this Constituency. The respondents were therefore presented with statements and questions where they were expected to express their opinion. The findings of the study are discussed below.

Table 4. 19 Effect of stakeholders on Constituency Development Fund projects.

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Stdev
CDFB as a stakeholder ensures that Committee reports in the timely manner.	31	38	25	0	6	3.88	0.2
The stakeholder analysis focus on developing and evaluating the approval of the CDF projects in Constituency	19	56	13	6	6	3.76	0.3
The government fully supports all the CDF projects in Constituency.	46	24	17	13	0	4.03	0.2
The government has set policies that ensure there is transparency in management of CDF in the Constituency.	12	34	21	30	3	3.22	0.3

Source: Authors Computation

Respondents agreed that the government fully supports all the development of constituency development fund projects in Constituency. as indicated by a mean of 4.03 and a standard deviation of 0.2; that CDF Board as a stakeholder ensures that Committee reports in the timely manner as indicated by a mean of 3.88 and a standard deviation of 0.2; that the stakeholder analysis focus on developing and evaluating the approval of the

constituency development fund projects in Constituency as indicated by a mean of 3.76 and a standard deviation of 0.3; that The government has set policies that ensure there is transparency in management of CDF funds in the Constituency as indicated by a mean of 3.22 and a standard deviation of 0.3

4.10 Estimated Model

To test the relationship between the independent variable and the independent variable, a multiple regression analysis equation $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$ was used to determine the relationship management effectiveness and the four variables as indicated below:-

$$Y = 1.243 + 0.078X_1 + 0.208X_2 + 0.168X_3 + 0.499X_4 + \alpha$$

Where Y is the dependent variable (management effectiveness), β_0 is the regression coefficient, β_1 , β_2 , β_3 and β_4 are the slopes of the regression equation, X_1 is the implementation independent variable, X_2 is monitoring independent variable, X_3 is accounting/reporting independent variable and X_4 is the stakeholder effect independent variable.

According to the regression equation established, taking all factors into account (implementation, monitoring, accounting/reporting, and stakeholders effect) constant at zero, effectiveness of management will be 1.243. The data findings analyzed also show that taking all other variables at zero, a unit increase in implementation of projects will lead to 0.078 increase in effectiveness of management; a unit increase in monitoring of projects will lead to 0.208 increase in effectiveness of management; a unit increase in accounting/reporting for projects will lead to 0.168 increase in effectiveness

of management and a unit increase in stakeholder effect in projects will lead to 0.499 increase in effectiveness of management. This shows that implementation, monitoring, accounting/reporting, performance and stakeholders have a positive relationship with the effectiveness of management of constituency development funds in Nairobi County.

Table 4. 20 Regression Analysis

Multiple Regression Model Summary	Aggregate effectiveness of Independent Variables on the Dependent Variable	
	Coefficients	P-value
Constant	1.243	0.201
Implementation	0.078	0.011
Monitoring	0.208	0.039
Accounting/reporting	0.168	0.049
Stakeholder effect	0.499	0.002
R	1	
R ²	1	
F Value	8.438	
Std. Error of the Estimate	0.00	

Source: Authors Computation

4.11 Discussion

The study achieved 91% response rate since 182 questionnaires were returned dully filled in out of the 200 questionnaires that were administered. This response rate was excellent and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. In relation to their age bracket, majority of the respondents indicated that they were aged between 36 - 45 years (35 %).

In relation to their gender, most of the respondents (63%) were male. The study also found that most of the respondents (68%) had attained certificate as their highest level of education. On whether the respondents were aware of CDF projects, the study

established that the publicity of CDF projects was good (95%).

4.12 Summary

From the analysis of data collected, majority of the respondents were aware of CDF projects but they were not directly involved in making decisions on which projects are to be funded by CDF. From data analysis, it is also clear that MPs were directly involved in implementing CDF projects.

From the analysis also it was noted that CDF projects are not implemented in a timely manner and economical manner due to lack of proper management and lack of technical skills among the implementers. It was shown by the data analysis that not all the funds given were used on the CDF projects as some was misappropriated by influential stakeholders.

Regression analysis show a strong positive relationship between dependent variable (effectiveness of management) and independent variables of implementing, monitoring, accounting/reporting and stakeholder effect.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study and makes conclusion based on the findings. The recommendations of the study and areas for further research are also presented. This section presents the findings from the study in comparison to what other scholars have said as noted under literature review.

5.2 Summary of the study

Majority of the respondents (75 %) stated that respondents were not directly involved in making decisions on which projects were to be funded by CDF while the rest 25% were not directly involved in making decisions on which projects are to be funded by CDF. It depicts therefore that, majority of the respondents held key positions in CDF Project committees and therefore were best suited to give information being sought by the study.

5.2.1 Awareness of Constituency Development Fund projects

The study found out that majority of the respondents, 95% were aware of the projects while a small percentage of 5% were not aware of CDF projects. It therefore shows that the publicity of CDF projects was good.

5.2.2 Performance of Constituency Development Fund projects

The study found out that Majority of the respondents (75%) stated that respondent's category affects performance of constituency development fund projects while the rest 25 % were not directly involved in performance of constituency development fund.

5.2.3 Implementers of CDF projects in the Constituency

Findings of the study also revealed that implementation entails coordinating people and resources. In addition, the study found that implementation of new projects is a collective responsibility that involves all stakeholders. The study also found that implementation process involves coordinating people and resources, and performing the activities of the project in accordance with the project management plan but majority of the stakeholders were not directly involved in making decisions on which projects were to be funded by CDF.

5.2.4 Accounting/ Reporting on Constituency Development Fund

Findings of the study also revealed that the CDF Committee report to the beneficiaries/community by a mean of 3.93 and a standard deviation of 0.2; Committee report to the CDF Board in a timely by a mean of 3.75 and a standard deviation of 0.2, There prescribed formats of reporting as per CDF Act used consistently by a mean of 3.48 and a standard deviation of 0.2; and that CDF Committee record project activities as prescribed by the CDF Act by a mean of 3.26 and a standard deviation of 0.3.

5.2.5 Stakeholders on Constituency Development Fund

Further findings showed that Respondents agreed that the government fully supports all the development of constituency development fund projects in Constituency. as indicated by a mean of 4.03 and a standard deviation of 0.2; that CDF Board as a stakeholder ensures that Committee reports in a timely manner as indicated by a mean of 3.88 and a standard deviation of 0.2; that the stakeholder analysis focus on developing and evaluating the approval of the constituency development fund projects in Constituency as

indicated by a mean of 3.76 and a standard deviation of 0.3; that the government has set policies that ensures that there is transparency in management of CDF funds in the Constituency as indicated by a mean of 3.22 and a standard deviation of 0.3

5.3 Conclusions

The study concludes that there is a positive association between effectiveness of CDF management with implementation, monitoring, accounting/recording and stakeholder effect; that there is a lot has been done on publicity of CDF projects and that majority of stakeholders were involved in the implementation process but were not directly involved in making decisions on which projects are to be funded by CDF.

The study further concludes that MPs were directly involved in the implementation of CDF projects and they are among the influential stakeholders who are involved in misappropriation of funds; that all CDF funds were not used for the intended purposes; that projects are not implemented in a timely and economical manner; that funds allocated to CDF projects are not fully used for that purpose; that the community is not involved in monitoring of projects and that accounting/reporting is done regularly as prescribed in the CDF Act.

5.4 Limitations of the Study

This research did not go without challenges as in the cause of data collection some respondents who needed to attend to their businesses did not have time to dedicate to giving answers to the questionnaire and some opted not to respond to some of the questions. Because of this i was forced to wait for responses for a longer period of time than anticipated.

Some respondents treated us with suspicion because they thought perhaps we were spies from the government and in that case they never wanted to be involved in the exercise.

This also affected the conclusion of the exercise as it took time to explain to them about the study.

It was also evident that some respondents expected compensation for the information they were giving and it took time to explain what the study was all about and this delayed the data collection exercise.

5.5 Recommendations for Further studies

The study therefore recommends that further study be conducted on the effects of not completing CDF projects on a timely manner. Further study may also be conducted on the resource utilization of CDF. Further study may also be conducted on the effects of not using proper procurement procedures while undertaking CDF projects. Finally, further study may also be conducted on the effect of human resources engaged in the implementation of CDF projects.

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Appendix I : Questionnaire

Respondent No.....

This questionnaire has been designed to assist the researcher collect data concerning an evaluation of management of CDF in Nairobi County. You have been identified as one of the respondents in the study and therefore requested to complete the following questionnaire. The information you give will only be used for the purpose of study and confidentiality is highly assured.

SECTION A: Background of respondents

Please answer the following questions by placing a tick (✓) where necessary in the spaces provided

1. What is your age?

18 – 25 [] 26 - 35 []

36 – 45 [] 46 - 55 []

56 and above []

2. What is your gender? Male [] Female []

3. What is your highest academic qualification?

Certificate [] Diploma []

Bachelor's degree [] post graduate []

SECTION B: Performance of CDF projects

4. Does your category of respondent affect performance of constituency development fund projects?

Yes [] No []

5. a) Is your category of respondent directly involved in making decisions on which projects are to be funded by CDF?

Yes []

No []

b) If yes, explain.....

6. In your kind opinion do you think CDF funds are well managed and accounted for?
(Tick appropriately)

Strongly Disagree [] Disagree [] Agree [] Strongly Agree []

7. How best do you think CDF should be run/ managed?

.....
.....

8. (a) What are the main challenges of managing CDF in your constituency?

.....
.....

(b) What are the measures which can be put in place to improve management of CDF?

.....
.....

9. To what extent are the following performance evaluation dimensions used to assess the performance of the CDF projects? Use a scale of 1-5 where 1= very great extent, 2=great extent, 3=Moderate extent, 4=minimal extent and 5= Not at all

	1	2	3	4	5
Time					
Cost					
Quality					

10. Are you aware of any CDF projects or activities performance in this Constituency?

Yes []

No []

11. What is your level of agreement with the following statements that relate to the assessment of constituency development fund performance of CDF projects in this Constituency?

Use a scale of 1-5 (1- Strongly agree; 2-Agree; 3-Neutral; 4- disagree;5- strongly disagree)

Statement	1	2	3	4	5
Constituency development fund performance is highly appreciated by the Constituency.					
CDF Committee record project activities which performed well each time in the Constituency					
CDF projects have a consistently performance in this Constituency					
The community within the Constituency have a role to play in performance of CDF projects.					

12. Are all the funds allocated for CDF projects used for the intended purposes?
 Yes No

Kindly explain your answer

.....

SECTION C: IMPLEMENTATION OF CONSTITUENCY DEVELOPMENT FUND

13. Are you aware of any CDF projects or activities in this Constituency?
 Yes No

Kindly explain your answer

.....

14. To what extent is the Implementation of constituency development fund projects in this Constituency?

Very great extent Great extent Moderate extent Little extent

15. Who are the implementers of CDF projects in the Constituency?

District Office CDF Committee

MP Project Management Committee

16. Are you involved in the project implementation process?

Yes No

17. (a) If yes, what role do you play in the CDF project implementation?

Supplier P M C member 3. Contractor

Other (Specify).....

18. Are the CDF projects implemented in a timely manner?

Yes []

No []

Kindly explain your answer

.....

19. Are the projects implemented in an economic manner?

Yes

No

Kindly explain your answer

.....

Are the projects implemented in a transparent manner?

Yes []

No []

Kindly explain your answer

.....

20. What is your overall rating of CDF project implementation?

Extremely Dissatisfied [] Dissatisfied [] Neutral [] Satisfied []

1. What is your level of agreement with the following statements that relate to the effect of members of Committee and management of CDF projects in this Constituency?

Use a scale of 1-5 (1- Strongly agree; 2-Agree; 3-Neutral; 4- disagree;5- strongly disagree)

Statement	1	2	3	4	5
Project Management Committee there core business is management of CDF projects in this Constituency					
Constituency Development Fund Committee they are mandated to monitor and manage the utilization of funds allocated to the CDF projects in this Constituency.					
Constituency Development Fund Committee Receives and appraises project proposals from constituency					
Ensures timely and efficient disbursement of the funds to constituencies					

21. Does the committee inspect works to ensure compliance with the terms and specifications?

Yes

No

SECTION D: MONITORING OF CONSTITUENCY DEVELOPMENT FUND

22. Is monitoring for CDF projects done in the Constituency?

Yes

No

Kindly explain your answer

.....

23. What is your level of agreement with the following statements that relate to the effect of constituency development fund monitoring of CDF projects in this Constituency?

Use a scale of 1-5 (1- Strongly agree; 2-Agree; 3-Neutral; 4- disagree;5- strongly disagree)

Statement	1	2	3	4	5
Each sub-committee to monitor, evaluate and report on a specific project.					
Constituency Development Fund Committee they are mandated to monitor and manage the utilization of funds allocated to the CDF projects in this Constituency.					
Constituency Development Fund Committee Receives and appraises project proposals from constituency					
Ensures timely and efficient disbursement of the funds to constituencies					

24. Is the monitoring of CDF projects done regularly?

Yes

No

Kindly explain your answer

.....

.....
.....
25. Are the monitoring staff adequate in monitoring the CDF projects?

Yes [] No []

Kindly explain your answer

.....
.....
.....

26. Are community members involved in monitoring CDF projects?

Yes [] No []

Kindly explain your answer

.....
.....
.....

27. If yes, how does the community monitor/keep track of CDF project implementation?

Project committee in place [] Project accounts kept [] Monitoring committee []
Feedback during meetings []

28. How often PMC asses stability \ impact of the projects they manage

Not frequent [] Very frequent [] Frequent []

SECTION E: ACCOUNTING/ REPORTING OF CONSTITUENCY DEVELOPMENT FUND

29. Does the CDF Committee report to the CDF Board in a timely manner?

Yes [] No []

30. Does the CDF Committee record project activities as prescribed by the CDF Act?

Yes [] No []

31. Does the CDF Committee report to the beneficiaries/community?

Yes [] No []

32. If yes, how frequent do they report to the beneficiaries/community?

Not frequent [] Very frequent [] Frequent []

33. What is your level of agreement with the following statements that relate to the effect of constituency development fund accounting/ reporting of CDF projects in this Constituency?

Use a scale of 1-5 (1- Strongly agree; 2-Agree; 3-Neutral; 4- disagree;5- strongly disagree)

Statement	1	2	3	4	5
Committee report to the CDF Board in a timely manner					
CDF Committee record project activities as prescribed by the CDF Act					
The prescribed formats of reporting as per CDF Act used consistently					
The CDF Committee report to the beneficiaries/community					

SECTION 5: STAKEHOLDERS ON CONSTITUENCY DEVELOPMENT FUND

34. What is your level of agreement with the following statements that relate to the effect of stakeholders on constituency development fund projects in this Constituency?

Use a scale of 1-5 (1- Strongly agree; 2-Agree; 3-Neutral; 4- disagree;5- strongly disagree)

Statement	1	2	3	4	5
CDF Board as a stakeholder ensures that Committee reports in the timely manner.					
The stakeholder analysis focus on developing and evaluating the approval of the constituency development fund projects in Constituency					
The government fully supports all the development of constituency development fund projects in Constituency.					
The government has set policies that ensure there is transparency in management of CDF funds in the Constituency.					

Thank you for your time and Cooperation

Appendix II: Nairobi County Constituencies

NO.	CONSTITUENCY NAME
1.	WESTLANDS
2.	DAGORETTI
3.	LANGATA
4.	KASARANI
5.	EMBAKASI
6.	MAKADARA
7.	KAMUKUNJI
8.	STAREHE