



Constituency Development Funds

Transparency in grassroots development or political patronage

Executive Summary

Constituency Development Funds (CDFs) are found in 23 countries worldwide.¹ CDFs channel funds from central government through to each constituency to spend on development projects intended to address local needs. Although CDFs operate differently in each context, one core defining feature is that constituency legislators have some influence over how the funds are spent in their area.

Recent findings in one context – Zambia – suggest that CDFs do not always have the development impact intended. In fact, there have been examples where funds have been poorly used or left open to abuse. This research provides useful learning points for parliamentarians and policy-makers worldwide who wish to tackle corruption and ensure effective development at the local level.

Research conducted in 2012 by the Evangelical Fellowship of Zambia and Micah Challenge Zambia highlights numerous challenges – including insufficient transparency throughout CDF processes, lack of community participation and undue political influence exerted by elected representatives. These issues have led to examples of poor, incomplete or inappropriate projects, political clientelism and, in some cases, allegations of the misuse of funds.

In 88 per cent of projects sampled, community members raised concerns about some inappropriate projects, the misuse of funds or insufficient adherence to CDF guidelines.² Nine per cent of completed projects were left lying idle.

Discussions on decentralisation as part of the constitution-making process in Zambia make these research findings particularly pertinent. The CDF is the only decentralised development fund in Zambia where community participation is intended so the principles and lessons learnt from the CDF process must be taken on board. The Zambian CDF guidelines should be revised as a matter of urgency if there is to be effective use of public funds to tackle poverty.

Background

Constituency Development Funds (CDFs) are decentralisation initiatives intended to support grassroots development projects. 'Constituency Development Fund (CDF) is the generic name for a policy tool that dedicates public money to benefit specific political subdivisions through allocations and/or spending decisions influenced by their representatives in the national parliament.'³

In Zambia, the CDF was approved by parliament in 1995. According to the 'Guidelines on the management and utilization of the Constituency Development Fund', the purpose of this fund is 'to finance micro community projects for poverty reduction'.

The Evangelical Fellowship of Zambia (EFZ) and Micah Challenge Zambia conducted joint research, with the support of Tearfund, to study how transparency and participation in the use of the Constituency Development Fund impacted service delivery. The research was carried out in 11 constituencies in six provinces of Zambia between October and December 2012.⁴ In total, 33 CDF projects were visited. A full research report will be available in mid-2013.

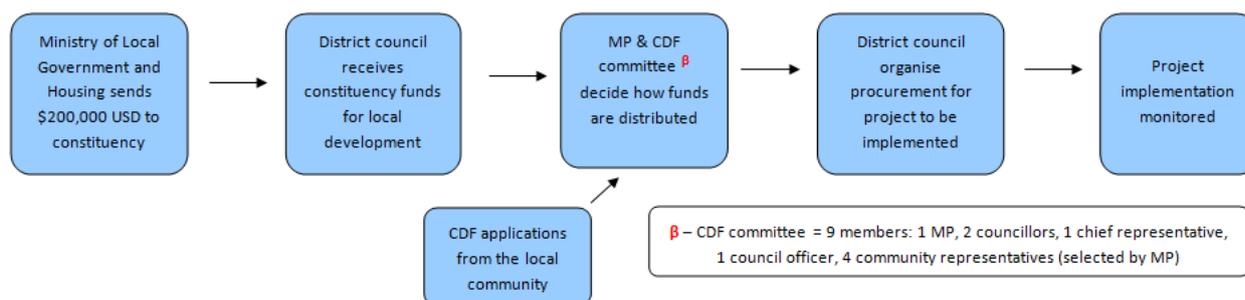
¹ Caritas Zambia (2011) *A study report on the Constituency Development Fund*

² Such concerns were raised in 29 of the 33 CDF projects visited.

³ Center for International Development (2009). Constituency Development Fund workshops, Rockefeller College of Public Affairs & Policy University at Albany, December 8–9, 2009

⁴ The research involved 193 participants: focus group discussions (118), professional respondents (26) and other respondents (49).

Figure 1: Current CDF process in Zambia



Research findings

1. The benefits of CDF

Across Zambia, CDFs have been used to fund a variety of local development projects, e.g. classroom blocks, sink boreholes, the construction of small roads etc.⁵ In most constituencies, community members attested to some positive benefits from CDF projects; 62.5 per cent of interviewees stated that the CDF contributed to poverty reduction.⁶ The majority of positive experiences of CDF and cases demonstrating better use of funds were in constituencies where transparency and participation were key elements of the CDF process.

Case study: Expansion of prison clinic



Choma prison clinic is an example of a project where transparency and community participation were exercised in the CDF process. The small clinic, originally designed for the exclusive use of inmates, started to provide services to local people as the community grew. The poor service provided at the clinic led the community to hold a public meeting to discuss extending its premises and expanding its

services; a project committee was appointed as a result. A local district councillor explained to the project committee the purpose and process of applying to the CDF and this led to a successful funding application. The project was also supported by the Ministry of Health which seconded additional staff and helped with procuring building materials. The project was completed on schedule and the clinic now provides additional services, including antenatal screening, for eight communities.

Transparency and community participation were evident throughout this process:

- i) Participation in identifying projects: the community identified the project and appointed the project committee at a public meeting. That project committee then made the application to the CDF committee on behalf of the community (see Figure 1).
- ii) Transparency in decision-making process: the CDF committee made public its reasoning for funding the project on local notice boards and the community radio station.

⁵ CDFs are most often spent on 'visible' construction projects. The CDF guidelines give examples of eligible projects, including: water supply and sanitation, roads, agriculture projects, social amenities such as markets and bus shelters, education and health programmes, sport and recreation, and economic activities. Both communities and MPs have tended to prefer construction projects which are visible to communities, particularly in an election year.

⁶ While 62.5 per cent of respondents claimed that it contributed to poverty reduction, 49.1 per cent claimed that the MP had 'changed their behaviour in relation to the CDF' in order to protect their seat. Respondents appear to see CDF as contributing to poverty alleviation as it is one of the few 'visible' development funds in their local area – but they also think that it is open to abuse.

- iii) Community involvement in project implementation: community members contributed labour and materials.
- iv) Transparency in procurement: materials were sourced by the district council using a supplier recommended by the project committee in their application.⁷ At the clinic, the CDF committee kept a log book of all suppliers and materials delivered, which local people were free to check.
- v) Transparency and participation in monitoring: progress reports were posted in public places and feedback was sought from the community at public meetings.

2. Challenges associated with CDFs

The research found numerous challenges associated with the CDF and these must be addressed if it is to have the impact on development intended. In 29 out of the 33 CDF projects visited (88 per cent), community members raised concerns over inappropriate projects, the misuse of funds or insufficient adherence to CDF guidelines.

Case study: Community suspicions about funds being siphoned off

In one constituency, market leaders quietly applied for a \$10,000 USD grant from the CDF to build a market shelter. Their application was successful but was not publicised by the CDF committee. The market leaders then asked local traders to contribute to the cost of building the shelter without informing them of the CDF application. However, it transpired that the contractor and new market leaders elected subsequently had suspicions about the use of funds as the cost of building materials supplied was alleged to be significantly less than the traders' contributions – let alone the CDF grant. The project remains incomplete and the district council has not produced a monitoring report.

a) Lack of transparency

In many cases, the research found the lack of transparency in CDF processes led to reduced community participation and the loss of funds and materials:

- i) There was inadequate information about the CDF at community level, which led to a lack of participation throughout the process. Awareness of the CDF guidelines was mainly limited to those involved in the CDF process, rather than the wider community.
- ii) There was a lack of transparency in decision-making. CDF committees did not provide citizens with detailed explanations as to why certain projects were funded or rejected.
- iii) The procurement of CDF materials was not transparent, arousing suspicion. In most constituencies, the local authorities did not use the suppliers or materials suggested in the CDF application and did not provide an explanation for their choice of supplier.

b) Lack of community participation

The study found a lack of participation in the majority of CDF processes, which often resulted in unfinished or inappropriate projects:

- i) Citizens were not aware of CDF procedures or involved in identifying CDF projects. This led to inappropriate CDF projects which were unwanted and left unused. For example, in one constituency, a clinic was 'imposed' on the community without consultation; the Ministry of Health did not provide services at this clinic, and so the building now stands empty.
- ii) A lack of involvement dissuaded communities from participating in future CDF projects. Specifically, the lack of consultation and insufficient feedback on project applications left community members with no motivation to participate in future applications.
- iii) The district council rarely fulfilled its responsibility to engage the community in monitoring CDF projects due to insufficient funds allocated to monitoring.⁸

⁷ The list of materials required for a project is included in a CDF application and known as the 'Bill of Quantities'. Communities also attach three quotes from preferred suppliers. The district council then provides these materials directly to the project (see Figure 1).

⁸ The current CDF allocation for monitoring projects is only two per cent of the budget. The district council is responsible for monitoring CDF projects.

c) Undue political influence

The structure of the CDF process creates the potential for undue political interference:

- i) The involvement of the MP breaches the principle of the separation of powers by conferring parts of the executive function on the legislator. This contributes to political clientelism and means that the MP is managing government funds, rather than representing citizens and holding the executive accountable.
- ii) The majority of the CDF committee – four members – are directly ‘selected’ by the MP, so the committee is not representative of stakeholders in the constituency. Furthermore, fewer than one per cent of respondents knew of the existence of the CDF committee, which raises questions about accountability. Unsurprisingly, there have been allegations that MPs use the CDF to further their political ambitions. One focus group participant said: ‘The CDF is the money given to the Member of Parliament to appreciate those that voted for him.’
- iii) Community members perceive that MPs ‘change the way they handle the CDF’ in order to safeguard their parliamentary seat.⁹ This erodes trust in parliamentarians and undermines strong and effective governance.

Recommendations

1. **CDF guidelines and processes must be transparent.** For example, the following should be widely available, including for ordinary community members:
 - a) The CDF guidelines: citizens should know what is expected of their applications.
 - b) Information about application procedures, e.g. timelines, where to find application forms.
 - c) Details about applications received and reasons why applications are successful or rejected by the CDF committee.
 - d) Specific details about the amount awarded to each CDF project and the timeline regarding when the materials will be delivered.
 - e) Details of material suppliers chosen for projects and reasons for their selection.
2. **Community participation should be a core element of CDF processes.** In Zambia, the CDF guidelines should be revised to ensure increased community participation in identifying and implementing CDF projects:
 - a) CDF applications should be required to demonstrate prior community involvement.
 - b) Increased funds should be allocated specifically to community monitoring of CDF projects.
3. **The political influence of the MPs over the CDF should be reduced.** In Zambia, the CDF guidelines should be revised in order that:
 - a) Citizens can apply to be members of the CDF committee.
 - b) The district council makes public all CDF committee applications and appoints the CDF committee.

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⁹ The research found that 49.1 per cent of respondents thought MPs ‘changed their behaviour’ (e.g. their level of engagement with CDF processes, how they used funds etc). 34.8 per cent thought there was no change in MPs’ behaviour; the remaining per cent were unsure.