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# Review of the Governance Effectiveness of the Constituency Development Catalyst Fund in Tanzania

Policy Forum and REPOA



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# **Review of the Governance Effectiveness of the Constituency Development Catalyst Fund in Tanzania**

Policy Forum and REPOA

Special Paper 14/4



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# List of Abbreviations and Acronyms

|                 |  |
|-----------------|--|
| <b>ASDP</b>     | Agricultural Sector Development Programme                              |
| <b>CAG</b>      | Controller and Auditor General   |
| <b>CCHP</b>     | Comprehensive Council Health Plan                                      |
| <b>CCM</b>      | Chama cha Mapinduzi  |
| <b>CDC</b>      | Constituency Development Catalyst                                      |
| <b>CDCF</b>     | Constituency Development Catalyst Fund                                 |
| <b>CDF</b>      | Constituency Development Fund  |
| <b>CHADEMA</b>  | Chama cha Demokrasia na Maendeleo                                      |
| <b>CMT</b>      | Council Management Team  |
| <b>CSO</b>      | Civil Society Organisation   |
| <b>CUF</b>      | Civic United Front   |
| <b>DADP</b>     | District Agriculture Development Plan                                  |
| <b>D-by-D</b>   | Decentralisation-by-Devolution   |
| <b>DDP</b>      | District Development Plan  |
| <b>DLG</b>      | Democratic Local Governance  |
| <b>DPLO</b>     | District Planning Officer  |
| <b>ESDP</b>     | Education Sector Development Programme                                 |
| <b>FY</b>       | Financial Year   |
| <b>IPF</b>      | Indicative Planning Figures  |
| <b>LAAC</b>     | Local Authorities Accounts Committee                                   |
| <b>LGA</b>      | Local Government Authority   |
| <b>LGCDG</b>    | Local Government Capital Development Grant                             |
| <b>MMAM</b>     | Mpango wa Maendeleo ya Afya ya Msingi                                  |
| <b>MP</b>       | Member of Parliament   |
| <b>NGO</b>      | Non-Governmental Organisation  |
| <b>O&amp;OD</b> | Opportunities & Obstacles to Development                               |
| <b>PEDP</b>     | Primary Education Development Programme                                |
| <b>PHSDP</b>    | Primary Health Services Development Programme                          |
| <b>PMO-RALG</b> | Prime Minister's Office–Regional Administrations and Local Governments |
| <b>PMU</b>      | Procurement Management Unit  |
| <b>RAS</b>      | Regional Administrative Secretary                                      |
| <b>SEDP</b>     | Secondary Education Development Programme                              |
| <b>TASAF</b>    | Tanzania Action Social Fund  |
| <b>WDC</b>      | Ward Development Committee   |
| <b>WEO</b>      | Ward Executive Officer   |
| <b>WSDP</b>     | Water Sector Development Programme                                     |



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## **About Policy Forum**

Policy Forum is a network of over 100 Tanzanian civil society organisations drawn together by their specific interest in influencing policy processes to enhance poverty reduction, equity, and democratisation with a specific focus on public money accountability.





# Abstract

This study reviews the governance effectiveness of the Constituency Development Catalyst Fund (CDCF) after three years of implementation in mainland Tanzania. Effectiveness is defined as *an aggregate measure of (or judgement about) the merit or worthiness of an activity*, and governance of the CDCF defined as *the extent to which members of the Constituency Development Catalyst (CDC) Committee adhere to governance criteria of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity in discharging their duties*. Thus, the governance effectiveness of the CDCF refers to *the extent to which the CDCF has merit or worthiness in terms of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity*. The primary data were gathered from a survey conducted in six electoral constituencies in Tanzania mainland, namely Kinondoni, Lindi Urban, Kilosa Kati, Singida West, Siha, and Karatu. The survey consisted of questionnaires administered to 82 respondents and one-on-one interviews with 18 elected officials and government staff.

Applying the local governance and local development frameworks, the study finds all measures of CDCF governance (rule of law, accountability, participation, and equity) to be ineffective. The t-tests confirm our null hypotheses that there are no differences in all measures of CDCF governance between high performance and low performance constituencies, measured on the basis of their capacity to absorb CDCF resources. Exploration of interview data indicates that CDCF coexistence with the Local Government Capital Development Grant (LGCDG) and involvement of members of parliament undermine the CDCF's governance effectiveness: Contrary to the Constituencies Development Catalyst Fund Act, No. 16 of 2009, for example, some funded projects are solicited by MPs (top-down approach) during political rallies, and there are instances when non-government organisation (NGO) representatives are not included on the CDC committees, where in some constituencies the position for the NGO representative is filled by the MP's assistant.

One important finding is that the CDCF is being used as a local political patronage tool by some incumbent MPs who pursue re-election by using the CDCF monies. Cases were reported of MPs using CDCF money to finance printing of t-shirts bearing their campaign messages and to fund projects that are popular with voters. The ability to dish out funds also alters the role of the MPs, from performing legislative functions to executive ones, thus undermining the coordination of the LGCDG. The concern that the CDCF Act of 2009 was politically motivated, rather than based on sound policy analysis as a local funding mechanism, is confirmed by this study. Based on the findings, it seems logical to repeal the CDCF and concentrate efforts on strengthening the LGCDG.

# 1

## Introduction

The Constituency Development Catalyst Fund (CDCF) is the latest local funding mechanism in Tanzania, which is intended to provide people with an opportunity to make local development expenditure choices (United Republic of Tanzania, 2009). Institutionally, the CDCF has been designed to help the Members of Parliament (MPs) address their constituencies' developmental needs. In this respect, Tanzania's parliament passed the Constituency Development Catalyst Fund Act No. 6 of 2009, which directly provided MPs with funds to implement development projects in their constituencies.

Driven by long-standing concerns over slow and uncertain flow of fiscal transfers to the lower levels of government for development projects, the CDCF was expected to ensure that funds are made available on time to facilitate implementation of development projects at the grassroots level. Thus, unlike other central government transfers for development projects that must filter yet through other layers of administrative organs and bureaucracies (e.g. through the health and water sector ministries and agencies), the CDCF funds go directly to the local level (Kimenyi, 2005). In addition, underscoring the importance of grassroots voice and participation in projects that are intended to benefit local constituents, the CDCF was expected to provide individuals working at the grassroots level, through their MPs, an opportunity to be more actively involved in making expenditure choices that maximise their welfare in line with their needs and preferences (Kimenyi, 2005).

However, there have been concerns over the wave of newly established CDCFs in developing countries; in particular criticisms have been levelled against their potential to exacerbate patron-client relationships that undermine the application of good governance principles. As Esguerra III & Villanueva (2009) note, one of the many enabling conditions for the patron-client character of politics is the increased ability of the government's executive branch to secure the authority from the National Assembly to distribute lump-sum funds based on vague rules that permit considerable scope for exercising political discretion. Thus, with the associated conflict of interests it introduces in the dynamics of public expenditure oversight, the CDCF has the potential of being used as a platform for political patronage (Awiti, 2008), ultimately compromising the mechanism for its governance, as stipulated in the act.

Tanzanian MPs borrowed a leaf from their Kenyan counterparts when contemplating enactment of the CDCF Act. The Constituency Development Fund (CDF) in Kenya was established through the Constituency Development Fund Act of 2003.<sup>1</sup> At the time of enactment of the CDCF Act in Tanzania, evidence from Kenya already revealed that the CDF increased rent-seeking behaviour and patronage politics (Baskin, 2010; Gutiérrez-Romero, 2013) and local corruption (Awiti, 2008). By ignoring lessons from other countries, and going ahead with setting up the CDCF, the logical conclusion drawn by its opponents, mainly from the CSOs, was that the enactment of the CDCF Act was at best politically motivated to give MPs additional resources for not only serving their constituencies, but also for increasing their political clout.

When reporting audit findings for FY 2010–2011, the Government of Tanzania's Controller and Auditor General (CAG) reported considerable delays in disbursing the first instalment of CDCF resources and, moreover, that the first CDCF transfers were made close to the October 2010

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<sup>1</sup> It is one of the ingenious innovations of the National Rainbow Coalition (NARC) Government.

general elections. Using administrative data on the CDF management and two surveys conducted before and after the 2007 parliamentary elections in Kenya, Gutiérrez-Romero (2013) also found that the use of the CDF intensified as the elections approached.

The emerging evidence concerning utilisation of the CDCF in Tanzania seems to affirm the arguments put forward by civil society when it objected to the idea during the run-up to the enactment of the CDCF Act. First, it was argued, there was no added value in the CDCF, and it was more likely to serve as yet another tool for political arm-twisting (*takrima*). Second, since MPs' roles are primarily legislative and oversight, rather than executive, citizens should not expect them to dish out money, but to ensure accountability in how the executives spend funds. The popular view was that if an MP had a non-mainstream project, they should fundraise for it instead of using taxpayers' money to fund such interventions. Third, as far as sustainability and effective use of the investments is concerned, quality of initial planning and effectiveness of implementation procedures (Tidemand, 2005) are essential preconditions. However, there is no evidence that the CDCF established adequate grounds for quality and effectiveness, and furthermore its accountability mechanisms seemed shaky. In this regard, CDCF funds are subject to political capture, facilitating vote-buying, patronage, or pork-barrel projects, at the expense of effective provision of broad public goods (Khemani, 2010). In such circumstances, NGO advocacy against grant-making legislation (such as that waged by the PF during the process of enacting the CDCF Act) takes on considerable significance (Esguerra III & Villanueva, 2009). In particular, the civil society coalition against the CDCF argued that Tanzania has a well-established Local Government Capital Development Grant (LGCDG) system, so starting the CDCF would create a parallel system, hence increasing the work of the local government personnel, who are already overburdened.<sup>2</sup> This study contributes to this debate by reviewing the governance effectiveness of the CDCF in six constituencies.

## 1.1 Research Objectives and Questions

This study reviews the governance effectiveness of the CDCF in Tanzania, through an examination of governance issues arising from three years of CDCF implementation in mainland Tanzania: 2009–2010, 2010–2011, and 2011–2012. Specifically, the study set out to

- Determine the extent to which CDC committee members comply with the CDCF Act, Public Procurement Act, and Public Finance Act during the implementation of CDCF projects (rule of law and accountability).
- Appraise the CDCF linkages to district and national development plans (participation).
- Determine the extent to which implemented CDCF projects ensure equity in local development (equity).
- Explore how the CDCF coexistence with the LGCDG system influences the governance of the CDCF.
- Explore how the involvement of MPs as chairpersons of CDC committees affects the governance of the CDCF.

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<sup>2</sup>CDC committees are required to fund projects submitted by Ward Executive Officers (WEOs), who should be directed by Ward Development Committees (WDCs) on which projects to submit to the CDC committees.

The main question guiding the study is, to what extent has CDCF governance been effective? The specific questions are as follows:

- To what extent do CDC committee members comply with the CDCF Act, Public Procurement Act, and Public Finance Act during the implementation of CDCF projects?
- To what extent do CDC committee members submit the CDCF activity and financial reports to higher authorities and share information with the local citizens?
- To what extent do CDC committee members fund projects from the Ward Development Committees (WDC) that are selected by local communities through the O&OD process?
- To what extent do CDC committee members ensure equity in the selection and funding of local development projects?
- How does the CDCF and the LGCDG system coexistence influence governance of the CDCF?
- How does involvement of MPs as chairpersons of CDC committees undermine the governance of the CDCF?

## **1.2 Justification of the Study**

Governance effectiveness helps CDC Committee members to prudently manage funds and strengthen their collaboration with Council Management Teams (CMTs) as well as local elected officers (councillors and village chairpersons). At this early stage in CDCF implementation, it is important to review the governance effectiveness of the CDCF mechanism and unearth potential weaknesses. The findings will inform the Government of Tanzania as to whether the CDCF Act provides for an effective local development funding mechanism and whether it should be expanded, revised, or repealed.

At the local level the concern is mainly about governance deficit that undermines the delivery of quality public services and allows corrupt officials to go unpunished. Developing a better understanding of governance effectiveness of the CDCF is therefore imperative. To review governance effectiveness of the CDCF, we adopted local governance and local development frameworks that recognise the importance of governance and civic engagement for efficient implementation of local development projects.

From a public policy perspective, assessing the governance effectiveness of the CDCF is especially important because it is a local development funding mechanism that parallels the LGCDG, but circumvents local planning, local budgetary allocations, and local reporting procedures. Also, given the LGCDG's existence, the establishment of the CDCF, it was warned, would increase the fund's administrative burden at the local level amid low LGA capacities. Understanding how these dynamics have evolved is therefore important in rethinking the current relevance of the fund.

Another justification of the study is related to the principle of 'separation of powers', i.e. to address concerns as to whether CDCF governance effectiveness is affected by involvement of MPs as chairpersons of CDC committees – since such political interference can lead to local capture and hence undermine equity in local development. Political leaders may view CDF as an investment in

their political careers with returns spread over the electoral cycles (Kimenyi, 2005). This study also aims to shed light on this important public policy debate.

### **1.3 Scope of the Study**

This study does not examine input/output relationships (time and resources) *vis-à-vis* the level of investment generated at the end of the planning period, but rather it distinctly analyses CDCF governance effectiveness in terms of application of rule of law in CDCF implementation, accountability in CDCF implementation, participation in CDCF planning, and equity in access to CDCF-funded services.



## Framework for Analysis

The CDCF is a local development funding scheme in which the central government allocates public funds to local communities (constituencies) for implementing development projects. The CDCF Act defines a constituency as an electoral unit established by the Electoral Commission pursuant to Article 7 of the Constitution of the United Republic of Tanzania. These constituencies can be the entire district managed by a local government authority/council (for example, Karatu) or several geographical units within a district served by one council (for example, Kinondoni). The CDCF Act provides for the allocation and an orderly disbursement of local development funds to these constituencies.

Adoption of multiple approaches to local development funding has implications for governance. Having a well-functioning alternative local development funding mechanism is only likely when there are sufficient political, administrative, legal, and financial capacities at the sub-national level as well as adherence to governance principles. Thus, good governance is a prerequisite for CDCF effectiveness.

Governance is a slippery concept. Hitherto there is no strong consensus in the literature as to what exactly the governance means. However, there is some grain of agreement as to its basic ingredients (Makaramba, 2003), including rule of law, participation and equity (Bloom, Sunseri, & Leonard, 2007), voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption (Kaufmann, Kraay, & Massimo, 2010).

The basic ingredients mentioned above suggest that governance is a multi-faceted concept encompassing all aspects of the exercise of authority through formal and informal institutions in the management of the state's resource endowment (Huther & Shah, 1996). From this perspective, Ivanyna & Shah (2010) define governance as "an exercise of authority and control to preserve and protect public interest and enhance the quality of life enjoyed by citizens" (p. 4). This definition encompasses both the governance environment (quality of institutions and processes) as well as governance outcomes (efficiency and effective delivery of public services). Taking an institutional approach, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) defines governance as "the process of decision-making and the process by which decisions are implemented (or not implemented)" (UNESCAP, 2009, p.1). This study adopts UNESCAP's definition because it focuses on the formal and informal actors involved in decision-making and the formal and informal structures that have been set in place to make and implement the decision.

Governance can be used in several contexts, such as international (global) governance, national governance, and local (sub-national) governance (UNESCAP, 2009), as well as corporate governance and project governance (Australian Government, 2013). Since the CDCF is a local development funding mechanism, local governance framework is ideal in measuring its governance effectiveness. For example, local governance is a fundamental requirement for ensuring an effective strategic and practical response to the Millennium Development Goals (MDGs) (UNDP, 2005).

The definition of effectiveness is twofold. According to OECD (2002), effectiveness is (1) "the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance" (p. 20); and (2) "*an aggregate measure of (or judgement about) the merit or worthiness of an activity, i.e. the extent to which an intervention has attained, or is*

*expected to attain, its major relevant objectives efficiently in a sustainable fashion and with a positive institutional development impact”* (p. 20). This study adopts the latter definition, for it measures the governance effectiveness of the CDCF, i.e. *measure of the merit or worthiness of an activity*.

The CDCF Act provides governance mechanisms to ensure that CDCF resources are used as intended and achieve their targeted objectives. These include procurement procedures (rule of law), reporting of expenditures (accountability), bottom-up planning (participation), and poverty and geographical targeting (equity). Governance of the CDCF is therefore defined as the extent to which members of the CDC Committee adhere to governance criteria of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity in discharging their duties. Thus, our operational definition of CDCF governance effectiveness refers to the extent to which the CDCF has *merit or worthiness* in terms of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity.

Since the overall performance of the CDCF depends in part on the ability of CDC committees to manage the funds, then its governance mechanisms should be well functioning; otherwise the implementation of the CDCF Act is doomed to fail. Governance effectiveness helps CDC committee members to increase their objectivity in selecting projects from the wards as well as in oversight and evaluation. This study develops a CDCF governance effectiveness index to measure the extent to which CDC committees are meeting the local governance criteria of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity in discharging their duties.

Our CDCF governance effective index is grounded in the local development framework as suggested by Helling, Serrano, & Warren (2005), which draws on concepts underpinning the decentralised and participatory methods employed by practitioners of sectoral, local government, and community support approaches. Under a local development framework, CDCF projects are scattered around simultaneous initiatives for sectoral approaches, including the Primary Education Development Programme (PEDP), the Secondary Education Development Programme (SEDP), the Agriculture Sector Development Programme (ASDP), the Primary Health Services Development Programme (PHSDP or MMAM in Swahili), and the Water Sector Development Programme (WSDP).<sup>3</sup>

## **2.1 Rule of Law in CDCF Implementation**

The concept of rule of law has, over the years, come to represent an opposition to the rule of one man or a despotic king, which is highly inimical to good governance (Makaramba, 2003). Governance requires fair legal frameworks that are enforced impartially (UNESCAP, 2009). A well-designed and well-implemented rule-based system of intergovernmental fiscal transfers brings greater stability, predictability, and discretion to local government finances, thereby promoting good planning and efficient local service delivery (Boex & Yilmaz, 2010). In this respect, the CDCF Act stipulates that “the charge on, and every expenditure from the CDCF, shall be made in accordance with the Public Finance Act, the Public Procurement Act and this Act” (United Republic of Tanzania, 2009).

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<sup>3</sup> CDCF projects are also modelled on local governance approaches. This includes construction of village government offices and ward government offices. CDCF community support approaches are related to financing of income-generating groups and other community-based initiatives.

Section 15 of the CDCF Act states that (1) all works, goods, and services relating to projects shall be procured in accordance with the Public Procurement Act (PPA); and (2) all tenders and quotations tabled at a meeting of the Constituency Development Catalyst Committee shall indicate that the committee has no objection to the award through a minute resolution before the tender of quotation is awarded. However, the report of the CAG established that the average level of compliance of LGAs to the PPA and related regulations was 41 per cent, mostly due to the lack of established or effective Procurement Management Units (PMUs).<sup>4</sup>

## **2.2 Accountability in CDCF Implementation**

Accountability measures focus on transparent public financial management, including openness in allocations, transfers, and expenditures (Yilmaz, Beris, & Serrano-Berthet, 2008). Thus, “accountability links local decision-making to the implementation of public-sector and community-based initiatives and to the results they produce at the local level” (Helling, Serrano, & Warren, 2005, p. 22). For decentralisation to work adequately, therefore, those who initiate local capital projects must be accountable to those who pay for local projects and those who benefit from those projects (Bagaka, 2008).

The transparency component of CDCF accountability provides information on what is done, how it is done, and with what resources and results (Helling, Serrano, & Warren, 2005). Despite the fact that CDCF projects are supposed to share information with the intended beneficiaries, Baird, McIntosh, & Özler (2011) found in their evaluation of Tanzania Action Social Fund (TASAF) II that the poor and marginalised are exactly the groups among whom the awareness of the community development projects is the lowest. Thus, the intended CDCF beneficiaries may fail to demand accountability of CDC committee members due to lack of information.

## **2.3 Participation in CDCF Planning**

Representative democracy does not necessarily mean that the concerns of the most vulnerable groups would be taken into consideration in decision-making (UNESCAP, 2009). Thus, participatory mechanisms should be in place to ensure that the needs of the poor and other vulnerable groups are taken on board during decision-making regarding their welfare. Public facilities like health centres, schools, and water supply systems tend to be used more often and are better maintained when citizens participate in decision-making than when investment decisions have been made by actors outside of the community (UNDP, 2005).

Sub-Section 12(1) of the CDCF Act states that the list of constituency-based projects for which CDCF funds may be disbursed shall be initiated by the members of the community who reside in a constituency. Sub-Section 12(2) states that upon compilation of the list of projects, an MP shall keep the record of the projects, to be attached with the list and submitted to the CDCF for consideration. This is a bottom-up participatory planning process, which starts from the villages to

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<sup>4</sup>In turn, ineffectiveness stems from understaffing or absence of appropriate staff qualifications, skills, or training (World Bank, 2010).



the wards, and follows the O&OD approach, which is also applied by LGAs in creating development plans for funding from the LGCDG.

The WDC receives the projects identified by the communities at the village level and consolidates them in accordance with the available funding envelopes, mainly the LGCDG. The projects that miss out on LCCDG but merit funding are forwarded to WEO for submission to the CDC committee. In this regard, CDCF projects are considered to improve *allocative efficiency* because funding is directed to projects that would be picked by WDCs from the bottom-up planning process (O&OD).

From a normative perspective, Parker & Serrano (2000) note two reasons why having a *local planning system* in CDCF may increase *allocative efficiency*: “First, it promotes a process by which *all* communities express their preferences rather than only a few. Second, it creates an instance at the local government level where these preferences are discussed and investment options are made” (p. 9). There are, however, wide variations in the constituency characteristics that may impact on the choice of the projects and mode of delivery and which may enhance or impede on the efficiency of CDCF utilisation (Kimenyi, 2005).

## 2.4 Equity in Access to CDCF

Although the CDCF takes a relatively small amount of national resources, its impact in terms of poverty reduction can be significant if the funds are efficiently utilised (Francis, Nekesa, & Ndungu, 2009). For example, Sub-Section 12(4) of the CDCF Act states: “the projects to be implemented and for which the Constituency Development Catalyst Fund funds are to be disbursed shall be equitably spread within the constituency”. This is a good governance initiative because a community’s well-being depends on ensuring that all its members feel that they have a stake in it and do not feel excluded (UNESCAP, 2009).

Although benefiting the poor is not an explicit objective of the CDCF, the issue of equity is an important component of CDCF governance. “Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe” (UNESCAP, 2009, p. 2). Realisation of this governance ideal requires putting in place targeting mechanisms. The CDCF Act provides mechanisms for both geographical and poverty targeting. According to Sub-Section 5.3(b), targeting consists of “(i) forty-five per cent in relation to the population of people living in a constituency; (ii) twenty per cent in relation to the poverty margin; (iii) ten per cent in relation to the size of the geographical area of a constituency” (p. 6)

Targeting in CDCF projects may also take place through other mechanisms. By waiting for requests from communities, the CDCF applies a *reactive targeting* model. However, *reactive targeting* can be expected to produce less favourable targeting outcomes than a *proactive targeting* model, which allocates funds in a pro-poor manner either by excluding the better-off or by using a progressive allocation rule (World Bank, 2002). In this regard, targeted beneficiaries may not benefit from CDCF funds if local politics interfere with CDCF governance.

## 2.5 The CDCF Governance Effectiveness Index

The CDCF presents an interesting hybrid case of local governance and local development frameworks. We measure the governance effectiveness of the CDCF in the local development context through an index of governance effectiveness of CDCF (the CDCF governance effectiveness index) encompassing the application of *rule of law in CDCF implementation, accountability in CDCF implementation, participation in CDCF planning, and equity in access to CDCF*. Table 1 outlines the set of variables used in constructing the index.

**Table 1: CDCF Governance Effectiveness Index**

| No. | Dimension                             | Variables      |
|-----|---------------------------------------|----------------|
| 1   | Rule of law in CDCF implementation    | Impartiality   |
|     |                                       | Compliance     |
| 2   | Accountability in CDCF implementation | Transparency   |
|     |                                       | Answerability  |
| 3   | Participation in CDCF planning        | Involvement    |
|     |                                       | Consultation   |
| 4   | Equity in access to CDCF              | Targeting      |
|     |                                       | Responsiveness |

We assume that there are no significant differences between case constituencies in all measures of CDCF governance effectiveness in our index.<sup>5</sup> The null hypotheses are as follows:

- There is no significant difference between high performers and low performers in respect for **rule of law** in CDCF implementation.
- There is no significant difference between high performers and low performers in **accountability** of CDCF implementation.
- There is no significant difference between high performers and low performers in citizen **participation** in CDCF planning.
- There is no significant difference between high performers and low performers in **equity** in CDCF projects.

We also explore the possibilities that low governance effectiveness of CDCF in any constituency is influenced by (i) coexistence of the CDCF and LGCDG, as well as (ii) involvement of MPs as executive chairpersons of CDC committees. One key aim of the CDCF is to ensure that additional public resources for local development reach the electoral constituencies despite the existence of the LGCDG system, while providing MPs representing those constituencies with a mandate to manage these resources despite the existence of Council Management Teams (CMTs). This may have implications for the governance of CDCF, as CMT members are experts/departmental heads, but they are denied an explicit mandate to oversee the CDCF. MPs are given executive power

<sup>5</sup>We have divided constituencies into high performing and low performing. The methodology section describes the criteria used for placing them into those categories.

over the CDCF, but they are not necessarily astute financial managers, and, more seriously, they compromise their oversight roles in holding CMT members to task.

## **2.6 CDCF Coexistence with LGCDG (Funding Streams)**

Up to 2004, development funding for LGAs mainly came from various (mostly area-based) donor-funded programmes that to varying degrees sought to integrate regulations and procedures into local government (Tidemand, 2005). Since 2004, the government (with assistance from the World Bank and donors) introduced a system for devolving development funds to LGAs – a fiscal transfer for development funding according to LGAs own priorities – resulting in the Local Government Capital Development Grant (LGCDG).

LGCDG is a system of graduated responsibilities based on demonstrated performance. The grant is distributed among LGAs according to a formula (population, poverty index, and land area), but in order to instil fiscal discipline and enforce adherence to good governance at the LGA level, only those districts that fulfil basic minimum conditions (such as reasonable audits, quality of development planning, etc.) are allocated grants (United Republic of Tanzania, 2004). The CDCF is also formula-based as indicated in Sub-Section 5(3) of the CDCF Act stated above.

The government's long-term vision for local development funding is to integrate all streams of development funding (projects and sector grants) over time into the LGCDG system (Tidemand, 2005). Thus, by establishing a similar funding stream in CDCF, the government contradicted itself. How the CDCF coexists with LGCDG is therefore an important question in examining the governance effectiveness of the CDCF.

## **2.7 The Involvement of Members of Parliament in CDCF**

Section 10 Sub-Section (1) of the CDCF Act states that “[t]here shall be a Constituency Development Catalyst Committee for every constituency which shall be composed of and convened by the elected members of parliament and shall have a maximum number of seven members, comprising (a) the elected Member of Parliament, who shall be the Chairman” (United Republic of Tanzania, 2009, p.8). According to this sub-section, other CDC committee members are:

- The District Planning Officer, who shall be the Secretary,
- Two councillors who reside in the relevant constituency, one of whom shall be a woman.
- In the case of Mainland Tanzania, membership also includes two WEOs, and in the case of Tanzania Zanzibar one Sheha, all of which shall reside in the relevant constituency.
- One member shall be nominated by the committee from among the active NGOs in the area, if any.

Unlike measures of poverty, Baird, McIntosh, & Özler (2011) observed that variables measuring political activity and connectedness increase both the demand-side probability to seek out the programme *as well as* the supply-side probability of selection. In this regard, ward councillors also benefit from improved personal access to public resources (Besley, Pande, & Rao, 2012). To the

extent that MPs have a key role in the identification and implementation of the projects, choices can be influenced by political maximization” (Kimenyi, 2005). Thus, the involvement of MPs as executive chairs (with ward councillors among the members) may compromise accountability and equity in CDCF projects.

When studying the responsiveness of TASAF II in Tanzania, Baird, McIntosh, & Özler (2011) found that “wards with high levels of civic engagement and party ties to district officials were more likely to receive funds at the national level” (p. 17). Thus, those households engaged in local politics, like active participation in CDCF meetings convened by an MP, are more likely to be CDCF beneficiaries regardless of whether or not they are poor. As Besley, Pande, & Rao (2012) observe, while electoral incentives do not eliminate politician opportunism, voters can still use their electoral clout to gain greater access to public resources.

According to Sub-Section 10(7) of the CDCF Act, where an MP loses his seat in the general election or a by-election or dies, one of the councillors shall be a chairman of the committee until such time when another MP is elected, provided that (a) the committee existing prior to a parliamentary election or by-election shall continue to be in office in a manner provided for under this Act, and (b) the list of projects shall not be changed (United Republic of Tanzania, 2009). Such legal arrangements may make CDC committee members compete for resources on behalf of their wards and villages/mitaa. As a result, governance of CDCF cannot be effective, as the CDCF members are inherently conflicted.



# Methodology

The study applied both quantitative and qualitative approaches. The primary data were gathered from the survey conducted in six electoral constituencies of Tanzania mainland, namely Kinondoni, Lindi Urban, Kilosa Kati, Singida West, Siha, and Karatu. The survey consisted of questionnaires administered to 82 respondents and one-on-one interviews with 18 elected officials and government staff.

## 3.1 Sampling and Sample Size

Development funds and grants are provided to LGAs for constructing new infrastructure or rehabilitating existing infrastructure according to defined priorities against a broad investment menu, with a view of empowering communities, improving service delivery, and reducing poverty (United Republic of Tanzania, 2012). The CAG report for FY 2010/2011 showed that, as of 30 June 2011, a total of Tshs. 2,683,368,422.21 in CDCF disbursements to LGAs was unspent.

Unutilised development grants imply that some LGA activities were either partially implemented or not implemented at all. Thus, the earmarked services/benefits to the intended communities were not delivered (United Republic of Tanzania, 2012). This review of CDCF governance effectiveness uses the amount of unspent CDCF money reported by the CAG as a measure of CDCF projects performance. Constituencies with large unspent balances of CDCF resources are categorised as low performers, while those with smaller unspent balances are termed high performers. Using these criteria, six case-study constituencies, i.e. three high-performing constituencies and three low-performing constituencies, were picked for this study (see table 2).

**Table 2: Sampled Constituencies in Terms of Unspent CDCF Money**

| No.                                   | Constituency                    | Amount unspent | Council status |
|---------------------------------------|---------------------------------|----------------|----------------|
| <b>High-performing constituencies</b> |                                 |                |                |
| 1                                     | Karatu                          | 835,527        | Rural          |
| 2                                     | Siha                            | 1,087,299      | Rural          |
| 3                                     | Lindi Urban                     | 20,351,969     | Urban          |
| <b>Low-performing constituencies</b>  |                                 |                |                |
| 1                                     | Kinondoni Municipal (Kinondoni) | 53,628,895     | Urban          |
| 2                                     | Singida District (West)         | 124,207,904    | Rural          |
| 3                                     | Kilosa District (Central)       | 174,098,442    | Rural          |

**Source:** *The Annual General Report of the Controller and Auditor General on the Audit of Local Government Authorities for the financial year ended 30th June, 2011.*

This study measures CDCF effectiveness by comparing the selected districts in terms of respect for rule of law exemplified by the committees, accountability demonstrated in allocation of resources and implementation of the CDCF, extent of citizen participation in identification and implementation of projects, and equity in access to the CDCF.

In each constituency, the questionnaires were administered to five members of the CDCF committee and ten beneficiaries who are members of CDCF-funded project committees (beneficiaries). The sample size was 82 respondents. In addition, one-on-one interviews were conducted with the MPs who chair the CDCF committees, District Planning Officers (DPOs)/council planning officers who are the secretaries of the CDC committees, council directors who are the CDCF accounting officers, and District Treasurers (DTs) who are the custodians of CDCF funds.

### 3.2 Data Collection

A six-point Likert response format was used as an instrument for measuring five criteria of CDCF effectiveness in our index. There was also a limited number of open-ended questions at the end, where respondents could make recommendations on how to improve CDCF effectiveness. Table 3 shows number of respondents by constituency.

**Table 3: Questionnaire Respondents by Constituency**

| Constituency | Frequency | Per cent     |
|--------------|-----------|--------------|
| Karatu       | 15        | 18.2         |
| Kilosa       | 14        | 17.2         |
| Kinondoni    | 11        | 13.4         |
| Lindi TC     | 13        | 15.8         |
| Siha         | 14        | 17.2         |
| Singida      | 15        | 18.2         |
| <b>Total</b> | <b>82</b> | <b>100.0</b> |

**Source:** Field data

The questionnaire was pilot tested prior to the fieldwork and adjusted accordingly. Pilot testing was conducted in Mkuranga constituency, where the research team administered the data collection tools to CDC committee members, CDCF project beneficiaries, and the government staff responsible for CDCF management. During the fieldwork, three groups of three researchers each were formed, each group covering two constituencies: Group 1: Karatu and Siha; Group 2: Kilosa Kati and Singida West; and Group 3: Lindi Urban and Kinondoni.

In each constituency, the researchers first introduced the research project to council authorities and sought the clearance to administer the data collection tools to relevant respondents. After obtaining consent from the council directors, the researchers administered questionnaires to CDCF committee members at the council headquarters and physically visited the CDCF project committee members (beneficiaries) in their localities and administered the questionnaires to them (see table 4).

**Table 4: Types of Questionnaire Respondents**

|                                | <b>Frequency</b> | <b>Per cent</b> |
|--------------------------------|------------------|-----------------|
| No response                    | 4                | 4.9             |
| CDC committee member           | 27               | 32.9            |
| CDCF project committee members | 51               | 62.2            |
| <b>Total</b>                   | <b>82</b>        | <b>100.0</b>    |

**Source:** *Field data*

One-on-one interviews were conducted with key informants in their offices and project sites. This enabled some interviewees to make references to official documents when responding to questions. We interviewed two MPs, six DPLOs/council planning officers, six council directors, and four DTs.

We used a semi-structured interview guide with questions almost similar to those in the questionnaire. The aim was to triangulate the responses from the questionnaire on the extent to which CDC committee members adhere to criteria of CDCF governance (rule of law, accountability, participation, and equity). In addition, the interview guide included questions on how CDCF coexistence with the LGCDG and the involvement of MPs undermine the governance of the CDCF. Furthermore, questions were asked and clarifications sought on issues related to CDCF governance effectiveness.

### **3.2.1 Secondary data**

We also analysed available documents from LGAs and CAG to cross-validate the primary data. The documents examined produced useful information about the governance effectiveness of the CDCF in the case constituencies. The documents included council reports and audit reports, as well as working papers, discussion papers, and journal articles, particularly those on the CDF in Kenya, which informed Tanzanian legislators when enacting the CDCF.

## **3.3 Data Analysis**

We analysed data from the administered questionnaires by using the Statistical Package for Social Sciences (SPSS) computer software. First, we developed a scale of CDCF governance effectiveness with four measures of (i) rule of law, (ii) accountability, (iii) participation, and (iv) equity. We determined the cut-off point for degree of governance effectiveness to be 50 per cent or a mean score of 2.5.

After obtaining the mean scores of each measure of governance effectiveness, we determined the score to be used in comparison to the mean score. Thereafter, we used a calculator to divide the mean score by the score we determined earlier to convert into a percentage. Finally, the decimal obtained from division was multiplied by 100, and then we added a % sign on a calculator to obtain a percentage. The percentage change showed the extent to which an individual measure of CDCF governance is effective or ineffective, i.e. gains or loses the value.

Second, we used a qualitative procedure to explore how CDCF coexistence with LGCDG and involvement of MPs undermine or promote CDCF governance. We could not run regression analyses to explain the influence of these two factors because the number of questionnaires was

very low (82) and hence could not even meet the small-*N* research requirements. Thus, we explain *how* rather than *why* CDCF coexistence with LGCDG and involvement of MPs may have influenced CDCF governance.

The interview data were typed in Word files to produce transcripts by computer. The transcripts were read closely, and then we coded the data. The research objectives were used as categories during the coding process. A 'cut and paste' method was used to combine all the data for each category, and then we saved it under separate files. The responses in each category were finally analysed by looking for dominant themes and typologies that emerged. Afterwards, we explained how CDCF coexistence with LGCDG and involvement of MPs may have influenced CDCF governance.



# 4

## Analysis and Findings

### 4.1 Rule of Law in CDCF Implementation

The respondents were asked to answer questions on the opening and usage of CDCF accounts, the retaining of receipts, savings, and accruals to CDCF, payments made on the basis of a minute resolution, and relocation of funds. Table 5 shows that the mean rule of law in CDCF implementation is 2.02, with a standard deviation of 2.390. Among the measures of rule of law, payments made on the basis of a minute resolution scored higher, and reallocation of funds scored lower. This suggests that most CDCF payments are approved on the basis of minutes recorded in the CDC committee meetings.

**Table 5: Average Scores of Rule of Law in CDCF Implementation**

| Variable   | N  | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| Opening and usage of CDCF accounts                       | 82 | -9      | 5       | 2.29 | 2.622          |
| Retaining of receipts, savings, and accruals to the CDCF | 82 | 0       | 5       | 2.35 | 2.359          |
| Payments made on the basis of a minute resolution        | 82 | -9      | 5       | 2.55 | 2.649          |
| Reallocation of funds                                    | 82 | -9      | 5       | .89  | 1.931          |
| <b>Total</b>   |    |         |         | 2.02 | 2.390          |

*Source: Field data*

To determine the extent to which rule of law in CDCF implementation is effective or ineffective, we converted mean scores into percentages. Our cut-off point for degree of effectiveness was 50 per cent. Table 6 indicates that all rule of law indicators point to ineffectiveness, except payments made on the basis of a minute resolution (51%). Overall, the rule of law in CDCF implementation is ineffective (44%).

**Table 6: Effectiveness of Rule of Law**

| Indicator  | Percentage | Status      |
|--|------------|-------------|
| Opening and usage of CDCF accounts                       | 45%        | Ineffective |
| Retaining of receipts, savings, and accruals to the CDCF | 47%        | Ineffective |
| Payments made on the basis of a minute resolution        | 51%        | Effective   |
| Reallocation of funds                                    | 17%        | Ineffective |
| Overall percentage and status                            | 44%        | Ineffective |

*Source: Field data*

The findings in table 6 are consistent with our qualitative analysis. The majority of respondents across the case constituencies said that CDC committees consider the minutes of the resolution before making payments. The analysis shows that district treasurers indeed release the funds after receiving minutes from the council planning officer.

The most ineffective aspect of rule of law is reallocation of funds. The findings from interviews also show that reallocation of funds from one approved CDCF project to another is common practice. In Kilosa, for example, the clearance of bushes to pave the way for a road from Ilongo to Mfuluni via Idete was approved. Later on, however, the CDC chairperson deemed that the project was new and he cancelled it. He also suspended other road projects, from Chanzuru Mamoyo to Mkwatani and from Kiegea to Berega. As one of the respondents charged, “[t]hese roads just needed maintenance but they were cancelled for political reasons”.

The CDCF Act requires each council to open and use an exclusive account for the CDCF, but this indicator also points to ineffectiveness. Interview data support this finding. For example, five constituencies out of the six case constituencies have yet to open a CDCF account as required by the CDCF Act. Instead, they channel the CDCF disbursements through the council’s development account. One of the respondents in Lindi admitted that “[t]here is no specific account for CDCF. We use the development account, which caters for all development expenditures. There is no separate account for CDCF now”.

## 4.2 Accountability in CDCF Implementation

The respondents were asked to answer questions on posting of the quarterly CDCF reports on notice boards, submission of annual returns to PMO-RALG, submission of the disbursement and expenditure records to PMO-RALG, and auditing of funds received by the CDC committee. Table 7 shows that the mean accountability in CDCF implementation is 1.64, with a standard deviation of 2.472. Among the measures of accountability, posting of the quarterly CDCF reports on notice boards scores higher, while submission of the disbursement and expenditure records to PMO-RALG scores lower. This suggests that posting information on the notice boards is the most effective form of CDCF accountability, compared to submitting reports to higher authorities.

**Table 7: Average Scores of Accountability in CDCF Implementation**

| Variable   | N  | Minimum | Maximum | Mean | Std. deviation |
|--|----|---------|---------|------|----------------|
| Posting of the quarterly CDCF reports on notice boards             | 82 | -9      | 5       | 1.98 | 2.325          |
| Submission of annual returns to PMO-RALG                           | 82 | -9      | 5       | 1.41 | 2.419          |
| Submission of the disbursement and expenditure records to PMO-RALG | 82 | -9      | 5       | 1.24 | 2.646          |
| Auditing of funds received by the CDC committee                    | 82 | -9      | 5       | 1.93 | 2.498          |
| <b>Total</b>   |    |         |         | 1.64 | 2.472          |

*Source: Field data*

To determine the extent to which accountability in CDCF implementation is effective or ineffective, we converted mean scores into percentages. Again, our cut-off point for degree of effectiveness was 50 per cent. Table 8 suggests that all indicators of accountability point to ineffectiveness, as

none reached or surpassed the 50 per cent threshold. Overall, accountability is ineffective (32%), thus indicating governance ineffectiveness of the CDCF.

**Table 8: Effectiveness of Accountability**

| Indicator  | Percentage | Status      |
|--|------------|-------------|
| Posting of the quarterly CDCF reports on notice boards             | 39%        | Ineffective |
| Submission of annual returns to PMO-RALG                           | 28%        | Ineffective |
| Submission of the disbursement and expenditure records to PMO-RALG | 24%        | Ineffective |
| Auditing of funds received by the CDC committee                    | 38%        | Ineffective |
| Overall percentage and status                                      | 32%        | Ineffective |

**Source:** Field data

While nearly all respondents consider posting of CDCF information on the noticeboards as an effective means of ensuring openness and transparency in CDCF implementation, some of them were not sure whether DPLOs do, in fact, post CDCF information on the notice boards. One of the respondents in Kilosa doubted: “If at all, the DPLO does post CDCF information on the notice boards, then it is only to a limited extent. The notice boards that are easily accessible by citizens are those placed in the market centres and village offices, but I have never seen such information displayed there”.

The lower mean score for submission of the CDCF records to PMO-RALG was unsurprising. A majority of respondents across case constituencies are not happy with the CDCF reporting mechanisms. According to the CDCF Act, progress and annual reports should be submitted to PMO-RALG directly. However, this is contrary to the usual local government reporting procedure. All councils submit sector progress reports to RAS, who in turn submit them to PMO-RALG. As one of the council interviewees in Singida complained, “CDCF reporting procedure is strange because it circumvents RAS. He is there to ensure the reports submitted to the central government are genuine. How can PMO-RALG in Dodoma authenticate the CDCF reports from throughout the country without the involvement of RAS”?

The analysis reveals that some councils were not aware of CDCF accountability mechanisms and therefore were submitting CDCF reports to RAS instead of PMO-RALG. One of the respondents lamented: “We were not aware of the requirement of submitting CDCF reports to PMO-RALG directly until recently; instead we were submitting them to RAS. As a result, we were blamed for lacking accountability. But we did not know”.

### 4.3 Participation in CDCF Planning

The respondents were asked to answer questions on community involvement when WDCs identify and prioritise projects, submission of priority projects by WDCs, incorporation of CDCF projects in the district sectoral plans, and incorporation of CDCF projects in the district development plans.

Table 9 shows that the mean participation in CDCF planning is 2.175, with a standard deviation of 2.410. Among the measures of participation, community involvement when WDCs identify and prioritise projects is higher, while incorporation of CDCF projects in the district sectoral plans (e.g. DADPs, CCHPs) scores lower. The CDCF Act requires the CDC committees to receive project proposals from the wards, where it is assumed that the O&OD approach would have been followed starting from the village/mtaa (street) level.

**Table 9: Average Scores of Participation in CDCF Planning**

| Variable   | N  | Minimum | Maximum | Mean  | Std. deviation |
|--|----|---------|---------|-------|----------------|
| Community involvement when WDCs identify and prioritise projects | 82 | -9      | 5       | 3.12  | 2.279          |
| Submission of priority projects by WDCs                          | 82 | -9      | 5       | 3.04  | 2.306          |
| Incorporation of CDCF projects in the district sector plans      | 82 | -9      | 5       | 1.21  | 2.488          |
| Incorporation of CDCF projects in the district development plans | 82 | -9      | 5       | 1.33  | 2.568          |
| <b>Total</b>   |    |         |         | 2.175 | 2.410          |

**Source:** Field data

To determine the extent to which participation in CDCF planning is effective or ineffective, we also converted mean scores into percentages. Table 10 shows that community involvement when WDCs identify and prioritise projects (62%) and submission of priority projects by WDCs (60%) are effective, but incorporation of CDCF projects in the district sector plans (24%) and incorporation of CDCF projects in the district development plans are ineffective (24%). Overall, participation is ineffective (43%), thus indicating governance ineffectiveness of the CDCF.

**Table 10: Effectiveness of Participation**

| Indicator  | Percentage | Status      |
|--|------------|-------------|
| Community involvement when WDCs identify and prioritise projects | 62         | Effective   |
| Submission of priority projects by WDCs                          | 60         | Effective   |
| Incorporation of CDCF projects in the district sector plans      | 24         | Ineffective |
| Incorporation of CDCF projects in the district development plans | 26         | Ineffective |
| Overall percentage and status                                    | 43         | Ineffective |

**Source:** Field data

The interview data demonstrates that community involvement in planning for CDCF projects is necessary. However, the determinant factor on whether a project is funded is the decision-making process within the CDC committee. Karatu is the highest performer, but even there some respondents

complained about the lack of funding for projects submitted to the CDC. One respondent pointed out, for example, that the MP is the one who initiates projects. Even if projects are submitted by the wards, the MP as a chair still influences project selection.

The analysis indicates that councillors also influence which projects are selected for submission to the CDC committee from their wards. It was, however, claimed that the councillors involve their voters so that their priorities are reflected in the development projects. As one of the respondents in Karatu said, “[b]efore initiating the school development project for funding from CDCF at my ward, we called a public meeting and people were able to speak up on how the project should be run”.

It is difficult to know whether CDCF projects are linked to the district sectoral plans, such as DADPs and CCHPs, because the planning processes and funding streams are different. This means that district development plans, which start at the village level following the O&OD approach, do not involve CDCF components. After receiving the funds from the treasury for the CDCF, the DPLO informs the MP and calls the CDC committee meeting for allocation of funds to CDCF projects.

#### 4.4 Equity in Access to CDCF

The respondents were asked to answer questions on prioritisation of projects, solicitation of projects from the wards, acceptance of project proposals from poorer wards, and the role of politicians in the project selection process. Table 11 shows that the mean equity in access to CDCF-funded services is 1.615, with a standard deviation of 1.8617. Among the measures of equity, accepting project proposals from poorer wards scores higher, while soliciting projects from the wards scores lower. The CDCF sometimes helps to accomplish development projects, meaning that the CDC committees are sometimes compelled to accept project proposals from poorer wards even if they score low (which is still a bottom-up approach).

**Table 11: Average Scores of Equity in Access to CDCF**

| Variable   | N  | Minimum | Maximum | Mean  | Std. deviation |
|--|----|---------|---------|-------|----------------|
| Prioritisation of projects                           | 82 | -9      | 5       | 1.39  | 1.734          |
| Solicitation of projects from the wards              | 82 | -9      | 5       | 1.35  | 1.848          |
| Acceptance of project proposals from poorer wards    | 82 | -9      | 5       | 2.23  | 1.958          |
| Role of politicians in the project selection process | 82 | -9      | 5       | 1.49  | 1.907          |
| <b>Total</b>   |    |         |         | 1.615 | 1.8617         |

*Source: Field data*

To determine the extent to which equity in access to CDCF is effective or ineffective, again we converted mean scores into percentages. Table 12 demonstrates that none of the equity indicators have reached or surpassed the threshold of 50 per cent. Therefore, all of them point to ineffectiveness. Overall, equity is ineffective (32%), thus indicating governance ineffectiveness of the CDCF.

**Table 12: Effectiveness of Equity**

| Indicator  | Percentage | Status      |
|--|------------|-------------|
| Prioritisation of projects                           | 27         | Ineffective |
| Solicitation of projects from the wards              | 27         | Ineffective |
| Acceptance of project proposals from poorer wards    | 44         | Ineffective |
| Role of politicians in the project selection process | 29         | Ineffective |
| Overall percentage and status                        | 32         | Ineffective |

**Source:** Field data

Analysis of interview data supports the findings in table 12. For example, the CDCF Act bars the CDC committees from soliciting projects from the wards (top-down approach), but that is still being done. The analysis reveals that MPs are the ones who solicit projects from the community when mobilising community projects or addressing political rallies. One of the respondents in Kilosa admitted that “[s]ometimes we solicit projects from the community instead of waiting for the WEOs to submit their projects. More often we do that for political reasons”.

While some projects are decided on during political rallies, others are decided in the WDCs during the deliberation of village projects that pass through the O&OD process. The WDCs are chaired by councillors, so bias in project selection cannot be ruled out even when the bottom-up approach is adhered to. This suggests that although CDCF projects are initiated by the residents, these projects may still be vulnerable to capture by local political elites.

Despite the prioritisation of projects from poorer wards, some of them may still fail to be implemented because of the cost-sharing requirement (matching funds). In Siha, for example, some wards failed to utilise their allocated money simply because the projects were in wards that were too poor to share the costs. Waivers and exemption mechanisms are not provided by the CDCF Act, making the funded projects almost out of reach for the poorest segments of local communities.

Looking at all the measures in the CDCF governance effectiveness index, the overall scores in table 13 below show that mean participation is higher and mean equity is lower. In terms of percentage, none of the measures of CDCF governance have reached or surpassed a threshold of 50 per cent. This means the overall governance of CDCF is ineffective.

**Table 13: Overall Scores of Measures of CDCF Effectiveness**

| Measure        | N  | Mean  | Std. deviation | Percentage |
|----------------|----|-------|----------------|------------|
| Rule of law    | 82 | 2.02  | 2.390          | 44%        |
| Accountability | 82 | 1.64  | 2.472          | 32%        |
| Participation  | 82 | 2.175 | 2.410          | 43%        |
| Equity         | 82 | 1.615 | 1.8617         | 32%        |

**Source:** Field data

We assumed that there is no difference in all measures of CDCF governance effectiveness between the case constituencies regardless of whether they spend more or less. To test our null hypotheses, we ran independent samples t-tests. The findings demonstrate that, indeed, there is no significant difference between high performers (N = 82) and low performers (N = 82) in all measures of CDCF governance effectiveness.

Results from the independent samples t-tests fail to find any significant difference between high performers (N = 82) and low performers (N = 82) in **rule of law** (sig .844). The *t* statistic under the assumption of unequal variances has a value of .197, and the degrees of freedom has a value of 79.099, with an associated significance level of 8.44. The significance level indicates no difference between high-performing constituencies and low-performing constituencies in terms of **rule of law in CDCF implementation**, and hence the hypothesis is accepted.

Results from the independent samples t-tests fail to find any significant difference between high performers (N = 82) and low performers (N = 82) in **accountability** (sig .645). The *t* statistic under the assumption of unequal variances has a value of .462, and the degrees of freedom has a value of 73.368, with an associated significance level of .645. The significance level tells us to accept our hypothesis because there is no difference between high-performing constituencies and low-performing constituencies in terms of **accountability in CDCF implementation**.

Results from the independent samples t-tests reveal a significant difference between high performers (N = 82) and low performers (N = 82) in **participation** (sig .982). The *t* statistic under the assumption of unequal variances has a value of .022, and the degrees of freedom has a value of 73.722, with an associated significance level of .982. The significance level indicates no difference between high-performing constituencies and low-performing constituencies in terms of **participation in CDCF planning**, and hence our hypothesis is accepted.

Results from the independent samples t-tests show a significant difference between high performers (N = 82) and low performers (N = 82) in **equity** (sig .476). The *t* statistic under the assumption of unequal variances has a value of -.716, and the degrees of freedom has a value of 61.978, with an associated significance level of .476. The significance level tells us to accept our hypothesis because there is no difference between high-performing constituencies and low-performing constituencies in terms of **equity in CDCF**.

#### **4.5 Does CDCF Coexistence with LGCDG Undermine CDCF Governance?**

Interviews with key informants indicate that CDCF coexistence with LGCDG undermines the governance effectiveness of CDCF in case constituencies. The analysis indicates that the boundaries as regards roles and responsibilities of certain actors for the CDCF and LGCDG are blurred and overlapping. In some constituencies, the CMTs advised DPLOs to ensure that a modest number of CDCF projects are picked so as to finance them fully and ensure they are completed as planned. This is contrary to the CDCF Act, which confers such power to CDC committees.

Mechanisms for the CDCF's coexistence with LGCDG do not clearly define the CMT's roles and responsibilities, and yet the CMT is responsible for coordinating all local development projects.

The analysis of interview data shows that some CDC committees submit selected CDCF projects to CMT for discussion while others do not. For example, as one of the respondents in Karatu observed, “[t]he secretary (DPLO) sits down with the chairman (MP) beforehand to discuss the estimates and then submit them to CMT for discussion”. In Kinondoni, however, one of the CDC committee members expressed his discontent to see the council planning officer (secretary to the CDC committee) in the last FY submit a CDCF fund utilisation proposal to the CMT for deliberation.

Local government procedures require the council director to use her/his experts (CMT) to determine the costs of development projects targeted for implementation, but this should not be the case for the CDCF. There is the CDC committee, which estimates the costs. Findings from our key informant interviews show that some CMT members blame the CDC committee for underestimating the costs of many CDCF-funded projects. Not surprisingly, some members of the CDC committee in Kinondoni are not happy with the submission of CDCF projects to the CMT.

Usually, the treasury releases CDCF project funds to councils without receiving any plans from the constituencies. In the LGCDG, Indicative Planning Figures (IPFs) are provided each year by the treasury in order to be used for local planning. One of the respondents in Singida pointed out that “50 per cent of the LGCDG is planned at the council level and 50 per cent at the sub-council level. But the CDCF Act requires the CDC committee to receive and approve projects from the wards that qualify for funding”. The challenge is how to budget without prior information about resource envelopes that would be made available for the CDCF.

In addition, the analysis finds that the CDC committees have no clear criteria for allocating funds to CDCF projects. As one of the respondents in Kinondoni revealed, “[i]t is usually judgemental, based on individual analysis by CDC committee members, especially the chairperson and the secretary. The problem is that on the one side there is an MP who is a politician, and on the other side there is an expert and professional with the title of the council planning officer”.

Despite the differences in funding mechanisms, the CDC secretary is the council planning officer, who is also responsible for managing the LGCDG. This has raised concerns about the overlapping responsibilities, interference, and duplication of processes when the council planning officer coordinates both the CDCF and LGCDG. One of the respondents in Siha cited the financing of the basic education infrastructures: The “education capital development grant has virtually ceased. As a result, almost all CDCF funds are directed to basic education infrastructures at the expense of other sectors, which are equally important to the local community”.

The analysis shows that almost all CMTs in case constituencies consider the CDCF as an opportunity to offset the deficits in development funding. Projects that miss funding through the O&OD process are supposed to be taken over by the CDCF. As one respondent in Kilosa put it, “harmonisation of CDCF and LGCDG projects is done during implementation”. Such practice may lead to double funding, i.e. the possibility that both the LGA and CDCF report that funds were used for a project, but in effect one budget is misappropriated.



## 4.6 Does Involvement of MPs Undermine CDCF Governance?

The respondents were asked to mention the council structure responsible for managing the CDCF in their constituencies. Table 14 shows that the CDC committees were seen as more responsible for CDCF implementation, followed by the parliamentarians and council planning officers. According to the CDCF Act, the main organ responsible for CDCF implementation is the CDC committee under the MP.

**Table 14: Council Structures Responsible for CDCF Implementation**

| Structure                | N         | Per cent   |
|--------------------------|-----------|------------|
| CDC committee            | 26        | 31.7       |
| Members of parliament    | 17        | 20.7       |
| Council planning officer | 17        | 20.7       |
| Council director         | 10        | 12.2       |
| Others                   | 10        | 12.2       |
| Missing                  | 2         | 2.4        |
| <b>Total</b>             | <b>82</b> | <b>100</b> |

**Source:** Field data

Despite having the legal mandate to manage the CDCF, the analysis of findings shows that four out of six MPs do not live in their constituencies and spend much of the time attending to their parliamentary, ministerial, or other political duties outside of their constituencies. As a result, some of these MPs delegate their CDCF responsibilities to the council planning officers (Lindi and Kinondoni), to their personal assistants (Kilosa and Singida), or to one of the councillors on the committees (Siha and Karatu). One of the respondents in Kilosa observed that the

DPLO cannot assume the managerial tasks which are legally the responsibility of the MP, for example, chairing of the meetings. This is the reason given by the MP for delegating power of chairing CDC meetings to his personal assistant. This is wrong because assistants to MPs are neither elected officials nor civil servants. Only councillors can deputise an MP, but that is not adhered to by our MP.

A cause for concern is the existence of incomplete and abandoned CDCF projects. Almost 45 per cent of respondents cited both complete and incomplete projects in their constituencies, while 3.8 per cent of the respondents mentioned several abandoned projects (table 15).

**Table 15: CDCF Projects Completion Status**

| Status of project | N         | Per cent   |
|-------------------|-----------|------------|
| Completed         | 36        | 44.9       |
| Incomplete        | 36        | 44.9       |
| Abandoned         | 3         | 3.8        |
| Don't know        | 7         | 6.4        |
| <b>Total</b>      | <b>82</b> | <b>100</b> |

**Source:** Field data

One of the key informants in Kilosa boasted that his constituency accomplished many CDCF development projects despite insufficient funding. He mentioned the projects completed so far as the maintenance of Mkwatani–Mamoyo Road, Chanzuru–Madoto Road, Kitange II–Kitange I Road, and Parakuyo–Twatwata Road. Water infrastructure was also repaired, including a water pump in Mkundi, Dumila, and the laying of water pipes in Kimamba A, which included the building of a water tank. However, even though many CDCF projects were completed, more often they were of poor quality. A respondent in Karatu lamented:

Many CDCF projects in our constituency are completed. The main issue is quality. There is no quality control at all. Classrooms are below standards. When we ask, the response is always the allocated funds were not enough.

Further analysis indicates considerable political interference, raising concerns about mismanagement of CDCF projects. As one of the respondents in Kinondoni pointed out, “[t]he MP dictates decisions as a chairman. He influences decisions on projects to be supported without taking into consideration their feasibility. That’s why some projects are incomplete”.

The analysis of the findings also suggests that the CDCF has become a local political patronage tool. Across the constituencies visited, some interviewees considered funds from CDCF as personal money that the MPs used for showing appreciation to voters. Moreover, there is a perception that the funds belong to the MP, as one interviewee said in Swahili: “*hizi hela za Mbunge*”, which literally means “this money is from our MP”. In another constituency, the DPLO complained about the use of money to purchase t-shirts to support political campaigns during the 2010 general elections.

Nevertheless, the analysis shows that the machinations of MPs sometimes do not go without a challenge. One of the CDC committee members in Singida, for example, revealed the following:

Once our constituency’s MP attempted to force us to accept allocation of funds for payment of secondary school fees for children of his voters. We rejected this because paying fees is a recurrent expenditure while CDCF is for development projects. I sometimes become a nuisance to the MP. The way I see it CDCF is just a patronage tool of MPs, who use it for distributing rents among their political supporters.

Similar resistance was observed in Kilosa, where one councillor who is a member of the CDC committee refused to resign from the committee despite pressure from the MP. The councillor does not support the political ambitions of the MP who, as a result, has been masterminding the councillor's expulsion from the CDC committee. The councillor, however, so far has resisted bowing out, arguing that since he was elected to the position by his fellow councillors and not handpicked by the MP, the MP has no authority to expel him. The political infighting in the Kilosa CDC committee was at the same time, however, cited as the reason for underutilisation of funds. As one of the respondents revealed,

I am handling funds for three constituencies: Kilosa Kati, Mikumi, and Gairo. Gairo is doing well, followed by Mikumi. The problem is Kilosa Kati, whose MP was a senior cabinet minister until recently when he resigned from the post. Currently, the MP is not getting on well with one councillor in the committee. This makes it difficult to approve projects. During the last financial year, for example, we failed to use 73 million shillings.

Politicisation of CDCF implementation also makes accountability difficult. The DPLO should collect information from the funded projects before preparing progress and annual reports for submission to PMO-RALG. But the analysis shows that the collection of such records from the CDCF-funded projects has been difficult. Members of some project committees do not want to submit reports to DPLOs, citing the claim that the money belongs to their MP, so the DPLO has nothing to do with the accountability of the funds.

The CDCF Act is silent on sitting allowances. However, members of the CDC committee are usually paid allowances. As one of the respondents in Kilosa revealed, “[w]e don’t know if we should be paid allowances. The MP just decides the amount to pay us from his own pocket”. Similarly, the analysis reveals times when project committee members want to be paid allowances from the funds allocated to them for construction, repairs, or procurement of items.

Another cause for concern is the composition of CDC committees. In all constituencies, CDC committee members include two councillors, and one of them is a woman, as stipulated in the CDCF Act. However, in two constituencies, we found that a personal assistant to the MP is also a member of the CDC committee, which is contrary to the CDCF Act. In Kilosa, the MP's assistant brings the number of members to eight instead of the seven as stipulated by the law. Even worse, in Singida West, the MP's assistant has occupied the position of the NGO's representative in the committee.

## **4.7 Discussion**

Descriptive statistics show that all measures of CDCF governance are ineffective and that there are insignificant differences between high-performing and low-performing constituencies in all measures of CDCF governance effectiveness. Analyses of interview data corroborate these findings. In addition, findings from qualitative analysis across case constituencies indicate that CDCF coexistence with LGCDG and the involvement of MPs in CDCF management may undermine the governance effectiveness of the CDCF.

Overall, the findings suggest that the beneficiaries of CDCF projects are often those who are embedded in the clientele networks of the MPs. In some constituencies, the findings show that projects funded include payment of school fees for children whose parents are political supporters of the incumbent MPs. Furthermore, the MPs in almost all constituencies have used political rallies as venues for mobilising and influencing the selection of projects to be funded by the CDCF.

Inaugurated in 2009, the CDCF has been implemented in all constituencies, with the initial funding from the treasury made in the first quarter of FY 2009–2010. In two constituencies, the findings indicate that MPs who were seeking re-election in 2010 used CDCF money to print t-shirts bearing political messages of their campaigns. This suggests that despite insufficiency and erratic disbursements of funds, the CDCF is captured by the local political incumbents. Taken together, these factors may have contributed to undermining the expected *allocative efficiency* of the CDCF.

The ineffectiveness of the **rule of law in CDCF implementation** suggests a lack of incentives and sanctions for ensuring that the CDC committees comply with the CDCF Act, the Public Procurement Act, the Public Finance Act, and other related laws. For example, Sub-Section 5(6) of the CDCF Act states that once funds are allocated for a particular project in a constituency, they shall remain allocated for that project and not be reallocated during the financial year for any other purpose in that constituency. Nevertheless, the findings show that funds are reallocated from one project to another.

Moreover, Sub-Section 19(2) of the CDCF Act states that all projects shall be development projects and may include costs related to studies, planning and design, or other technical inputs for the project, but shall not include recurrent costs of a facility. However, some projects funded by the CDCF are not developmental in nature, which is contrary to the law. This raises a concern over the efficiency of DPLOs in discharging their CDCF roles.

Similarly, the CDCF Act requires the opening of a constituency account, which should be maintained for every constituency in accordance with the provisions of Section 22 of the CDCF Act. This was not done in many of the constituencies studied. Therefore, drawing on Bagaka (2008), it is conjectured that CDC committee members lack the technical skills to administer project funds.

The CDCF Act requires committees to have seven members, consisting of an MP as a chairperson, a DPLO as a secretary, two councillors, two WEOs, and a representative for the active NGOs in the constituency. Nevertheless, the findings show variations in committee composition across case constituencies. Where the MP is a minister (for example, Kilosa before the cabinet reshuffle in early 2012), the number of committee members cited was eight, including the MP's assistant. This is unlawful because a secretary to the MP is neither an elected official nor government staff.

In addition, the findings indicate that NGO representatives were not included in some CDC committees. In Singida, for example, there are seven members, as required by the CDCF Act, but the position of NGO representative is held by the assistant to the MP. One implication here is that CDCF management might be difficult, as committee members would be loyal to the MP's political party instead of being accountable to citizens.

After passing the CDCF Act in 2009, the responsibility of MPs would have been to oversee the CMT's usage of the fund as councillors in their councils. But this is not the case, as the CDCF Act assigns legislators with a managerial role instead of oversight. The MPs are the chairpersons of the CDC committee and wield influence on the manner in which the projects are selected and funds disbursed for project implementation. The findings suggest abuse of these powers, as MPs are blamed for diverting resources for political reasons.

Sub-Section 19(3) of the CDCF Act prohibits the spending of funds for the purpose of supporting political bodies or political activities or for supporting religious bodies or religious activities. But MPs who are entrusted with the responsibility of ensuring compliance are often the ones who disregard this sub-section by using the CDCF money to bankroll their political campaigns or distributing rents to their political supporters. This suggests that non-compliance with the CDCF-related laws is also a result of the politicisation of CDCF management.

The ineffectiveness of **accountability in CDCF implementation** points to low possibilities for citizens to question the use of the CDCF or for the CDC committee to provide justification on the use of the CDCF to citizens. Citizens are expected to obtain information from CDCF project committees, local officials, or service delivery units. In addition, reporting of CDCF money is not clearly defined in sector and sub-sector programmes (such as PEDP, SEDP, ASDP, WSDP, and PHSDP), which provide local accountability frameworks that are specific to each sector.

The same applies to administrative accountability. The CDCF Act directs the council planning officers to submit reports directly to PMO-RALG instead of doing so through RAS. In some constituencies, this requirement has been very difficult to comply with. In Singida, for example, CDC committee members complained about the complexities of reporting to both PMO-RALG for CDCF and RAS for LGCDG. One implication is the lack of CDCF reporting as demonstrated by the case of Singida West. This is consistent with findings from HakiElimu (2011), which observed from the CAG report that the CDC committees and their respective councils did not report to the PMO-RALG the amount of money received and spent.

As for downward accountability, the analysis shows that CDCF records are prepared by sub-committees that run CDCF-funded projects. However, CDC committees disseminate no information for public consumption. It is assumed that community members will access such records through their administrative structures, such as Ward Councillors/Ward Executive Officers (WEOs), Village Executive Officers (VEOs)/Mtaa Executive Officers (MEOs), and service delivery units. In Siha, for example, councillors whose schools receive the money are notified. Head teachers are also given letters. In turn, these officials are expected to relay information to their constituencies.

The ineffectiveness of **participation in CDCF planning** shows that despite the political machinations by the incumbent MPs and sometimes councillors, most projects deliberated on by CDC committees are submitted by wards, but that did not always result in funding for these projects. More often such projects are those that were not able to receive funding during O&OD processes and hence forwarded to CDC by WEOs after getting the approval of WDCs.

Moreover, the findings suggest that clientelism exists in CDCF implementation, and those who are disconnected may not benefit from funding. Examining data applications for project funding under

Tanzania TASAF II, Baird, McIntosh, & Özler (2011) found a similar scenario. While the targeting of TASAF II projects is mildly pro-poor both at the national and at the local levels, the authors demonstrate that these projects (and funds) also flow towards households that have high levels of civic engagement and are connected to the local elites.

The findings show that **equity in CDCF projects** has the lowest mean and the most ineffective CDCF governance criteria. This should not be surprising given the patronage politics that surround CDCF implementation. Despite the bottom-up approach of project conception and design, MPs are the ones who are calling the shots when it comes to initiating projects for CDCF funding. Even if such projects are submitted by wards, MPs still influence their acceptance or rejection in the CDC committees.

After receiving the priority projects from the wards, the CDC committee deliberates on which projects to finance. The whole process is recorded thoroughly in the minutes. The challenge is lack of adequate funds, so very few projects are selected. Despite this constraint, projects may not be picked on the basis of equity because MPs are the ones with the final say. For example, across case constituencies many projects that were funded in 2010–2011 were those promised by the MPs during the 2010 general elections.

Both **CDCF coexistence with LGCDG** and **involvement of MPs** seem to undermine the governance effectiveness of the CDCF. As such, the CDCF is a parallel structure that both complements and duplicates development projects funded not only by the LGCDG but also TASAF and other local donor-funded projects. This has implications for project implementation. The CAG report for FY 2011–2012 already cited poor management of development projects as a result of overlapping roles within the LGAs. The report insisted that projects implemented in the LGAs should be under the supervision of the department heads of the respective projects (United Republic of Tanzania, 2012).

Similarly, Local Authorities Accounts Committees (LAAC) recommended that all accounting officers and respective department heads should be responsible for ensuring effective supervision and implementation of development projects under their jurisdiction (United Republic of Tanzania, 2012). Yet under the CDCF Act, department heads are stripped of the responsibility to supervise the projects under their jurisdiction, and those responsibilities are conferred to politicians (members of parliament as well as councillors elected to the CDC committees) and DPLOs (whose roles are primarily coordination rather than supervision).

In the case of LGCDG, funding is dependent upon adjustments made on a yearly basis to give incentives/sanctions to the LGAs. The adjustment means that well-performing LGAs are rewarded and poor-performing LGAs are sanctioned in terms of allocations. A reward/sanction performance “rating” is not applied to the CDCF. This means that constituencies in councils that obtain high LGCDG ratings receive more local development funding than constituencies in the councils that fail to obtain sufficient scores.

The CDCF does not contain performance criteria for funding. Even worse, funding circumvents the local planning and budgetary allocation procedures. This means that the CMT may not have an incentive to monitor and manage the CDCF-funded projects and opens up the possibility for double

funding and misappropriation. Nevertheless, the findings reveal that this is not always the case. There are variations between high-performing constituencies and low-performing constituencies in terms of approaches used by the incumbent MPs in managing CDCF funds as well as the involvement of CMTs in discussing CDCF projects.

The council director is the accounting officer of both the CDCF and LGCDG, implying that the DPLO is administratively accountable to the council director. The CMT (council director and departmental heads) is held to account by the full council (i.e. citizens' representatives). But the findings show that there is no such institutionalised mechanism through which the CDC committee is held accountable by citizens and/or citizens' representatives.

Furthermore, political economy theory suggests that having MPs chair the CDC committees is an effective way of avoiding the perils of bureaucratic capture in CDCF projects. This requirement tilts previous asymmetrical power relations away from the CMTs to elected officials, who are directly accountable to the citizens. However, this accountability framework is fraught with challenges. The findings show that managing funds through the CDC committee is difficult partly because the majority of members are loyal to the MP instead of being accountable to citizens, demonstrating that this arrangement is bad in terms of MP capture. As Ongoya & Lumallas (2005) argued, this is "democratic accountability going overboard without a whimper" (p. 5)

The inclusion of both elected officials and local government staff was also expected to mitigate any fears that MPs, as chairmen of CDC committees, would exploit their positions to build spheres of influence to the detriment of CMTs. Nevertheless, the findings show that despite this hybrid nature of the CDC committee, the MPs in some constituencies still managed to select projects on the basis of patronage politics. This means that CDC committee members may lack incentives for prudent management of funds and that it may foster collusion between the MP and the DPLO.

The rationale for the MPs' and councillors' oversight functions is to hold the executive accountable for their actions. If there is bureaucratic capture, then this means that MPs and councillors are failing in their oversight function. Allowing MPs to take on an executive role (planning, monitoring, etc.) cannot constitute an alternative accountability framework, since MPs and councillors cannot be held accountable to themselves (wearing two hats!).

Karatu is the top performer in terms of CDC funds usage. The Karatu MP is from the leading opposition party, Chama cha Demokrasia na Maendeleo (CHADEMA). The MP for Lindi Urban is from another opposition party, the Civic United Front (CUF). The remaining four constituencies are from the ruling Chama cha Mapinduzi (CCM). Nevertheless, CDCF implementation in Karatu and Lindi Urban is also marred by patronage politics. This means that CDCF governance effectiveness cannot be related to the MP's political affiliation but rather the individual MP's practices.

Similarly, in Kenya, which Tanzanian MPs borrowed from when enacting the CDCF Act in 2009, the institutionalisation of CDFs as a mechanism of resource allocation across party lines helped to nurture a loyal opposition, even over the objections of the executive branch (Baskin et al., 2010). The same motivation seems to have driven the Tanzanian political elites to enact the CDCF Act despite strong opposition from civil society. The analysis shows that some MPs are biased in favour of some types of projects because they are popular with voters.

As such, the current popularity of CDFs in Kenya appears to rest mainly on the generally held political calculus in which centrally placed politicians bring home development resources to local communities and groups in exchange for political support (Baskin, 2010). Using evidence from the Kenyan 2007 election, Gutiérrez-Romero (2013) found that the probability of the MP being re-elected was affected by both how the CDF was spent and by residents' ethnicity. If the recent social cleavages observed in Tanzania are anything to go by, the CDCF may also be used by MPs of multi-ethnic constituencies to favour their particular ethnic groups.

In addition, research in Kenya found a general inflation of project costs accompanied by an undersupply of procured materials, while the lack of adherence to tendering and procurement regulations allows the looting of the CDF kitty (Awiti, 2008). Such corrupt practices suggest that this local funding mechanism is also an avenue for generating illegal revenues to bankroll incumbent MPs' election campaigns.<sup>6</sup>

One consequence of the politicisation of the CDCF is the misperception that the funds belong to the MPs and that voters are free to access them to solve their household problems. The findings show that some citizens (due to misleading information given by their MPs during political rallies) flock to council planning offices asking to be given funds to meet their household needs. Similarly, some councillors are up in arms when their wards do not receive funds for implementing the projects they have submitted to the CDC committee.

More seriously, the CDC committees lack a formula for deciding which project to fund. In some constituencies, the severity of problems at hand is the main factor. In Siha, for example, priority is given to primary education, and the CDCF is used to fund schools that are in dire need of resources. But the existence of abandoned projects and the poor quality of completed projects, coupled with ineffective rule of law, accountability, and participation, and disregard for equity, imply low governance effectiveness of the CDCF.

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<sup>6</sup> In Kenya, the 2007 CDF audit reports indicate that billions of CDF monies cannot be accounted for (Awiti, 2008).



# 5

## Conclusions and Recommendations

This study reveals low CDCF governance effectiveness. Our exploration of interview data suggests that CDCF coexistence with LGCDG and the involvement of MPs are not supportive of effective CDCF governance. In other words, CDCF lacks *merit* and is not *worthwhile* in terms of governance criteria. Overall, the study points to the need to address these shortcomings.

CDC committees may not be autonomous organs when it comes to CDCF implementation. This study demonstrated that CDC committee members influence decisions on projects to be funded, and the MPs and their political allies within the committees use the funds to distribute rents to their followers.

The most common types of projects funded by the CDCF have been roads, classrooms, healthcare buildings, administrative buildings, and piped water supply. However, this study shows that most of these investments were not efficaciously implemented. One reason is ineffective CDCF governance in such a way that both the planning/funding and construction/rehabilitation of local facilities/infrastructures are flawed.

With respect to operations, CDCF-funded projects have performed poorly, as compliance with the laws and reporting of activities are disregarded. The CDCFs are run by CDC committees, but in most constituencies NGO representatives are not included on the committees. The CDCF Act recognises civil society's roles and requires each CDC committee in Tanzania to have a representative of active NGOs in their constituency. Accountability mechanisms are weak in such a way that community members are not informed about the selection and implementation of CDCF projects, nor are they involved in monitoring the implementation of CDCF projects.

Overall, weak accountability mechanisms, coupled with ineffective rule of law and participation, have made room for local elected incumbents to use the CDCF as their political patronage tool. In such circumstances, CDCF resources may benefit the non-poor more than the poor. From the findings it is fair to conclude that the actual CDCF implementation does not adhere to the existing legal framework, and hence low governance effectiveness prevails.

CDCF projects are not incorporated into the district development plans because they are not in LGAs' budgetary allocation **votes**, compared with projects in the DDPs, which are funded through LGCDG. As the findings show, the treasury indicates planning figures and budget ceilings for recurrent and development spending of the LGAs. Under the CDCF, no such figures and ceilings are provided to councils. This has led to confusion among local planners, as the funding envelope for CDCF projects is not known, while it is known for LGCDG-funded projects.

Of particular relevance is restoring the roles of MPs in the CDCF, from their current executive roles to their usual oversight roles. However, it is difficult to address the observed governance deficits in the CDCF because the fund is popular with legislators, as it is central to their political survival. Repealing the CDCF Act is appropriate in this respect, but doing so is much more complicated because the beneficiaries are the legislators themselves. Based on the findings, nevertheless, it seems logical to cease the CDCF and concentrate efforts on strengthening the LGCDG. The following are specific recommendations:

- During the 2010 general elections, some MPs who were seeking re-election used the CDC funds to purchase t-shirts bearing their political messages and to distribute them to voters, free of charge. The study reveals many such instances where the CDCF was transformed into a political patronage tool for elected officials. Thus, the government should consider repealing the CDCF Act (2009) and instead concentrate efforts on strengthening the LGCDG.
- The MPs chair the CDC committees, but the evidence shows frequent abuses of power in order to further the MPs' political interests. The CAG report for FY 2011–2012 already cited poor management of development projects as a result of overlapping roles within the LGAs and recommended that projects implemented in the LGAs be subsumed under the supervision of the department heads of the respective projects. The CDCF Act (2009) should be repealed because it distorts local financial management mechanisms.
- CDC committees are not given budget ceilings beforehand that would allow for efficient project planning. Such budget ceilings would help in avoiding conflicts among councillors and between councillors and council staff when selecting CDCF projects. The government should repeal the CDCF Act (2009) because it disrupts local planning and circumvents the local government budgeting system.
- The DPLO already has other responsibilities that overlap and interfere with the oversight roles and responsibilities of the CDCF. In other words, the CDCF Act (2009) duplicates and undermines the coordination of the LGCDG and therefore should be repealed.
- Evidence from Kenya shows that the probability of the MP being re-elected was affected both by how the CDF was spent and by residents' ethnicity. Given the growth and widening of social cleavages in Tanzania, the CDCF may also be used by MPs of multi-ethnic constituencies as a mechanism for favouring their own ethnic groups, which in turn may widen social cleavages even further. This suggests that the CDCF is not feasible and may ultimately be a threat to local peace and stability.



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