Influence of Monitoring and Evaluation Procedures on the Financial Performance of Constituency Development Funded Health Projects in Kenya

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Abstract: The establishment of Constituency Development Fund (CDF) is in line with the government’s efforts to bring development closer to the people by ensuring that the community is involved in the decision-making processes and in the actual implementation of development projects at the community level. This study sought to establish the influence of Monitoring and Evaluation Procedures in the Performance of CDF Funded Dispensary Projects in Kenya. The study adopted a descriptive research design, and the target population was 122 respondents drawn from 12 health projects, the CDF Funds Account Manager, Sub-county health officer and the management committee’s members. A sample of 50 respondents was taken but only 44 respondents returned the questionnaires. Data was analyzed at two levels: descriptive and inferential data analysis. Descriptive statistics were presented in the form of percentages and mean. Inferential statistics was also done. It included correlation analysis, regression analysis and ANOVA analysis. The study showed that CDF health projects faced challenges with regard to procedures used in budget preparation; cash balance determination, occurrence of cash surplus or with the procedure used in preparation of cash flow statements. The study further revealed that adequate information is not provided to the stakeholders pertaining to dispensary CDF projects and that most of the stakeholders in CDF projects do not involve themselves with the performance of the CDF projects. The study concludes that without committed leadership it is not possible to improve the performance of CDF health projects. It also concludes that area MP does not visit most of the CDF projects and that in most projects the area MP enforces the guidelines while in some he does not. The study recommends that project management team should improve budget preparation, cash balance determination, occurrence of cash surplus and with the procedure used in preparation of cash flow statements. The project implementation committee should provide adequate knowledge on the procurement and disposal procedures used by the projects to the project’s stakeholders and should hire more CDF health projects’ staff to increase success rate. The findings of this study are of benefit to the CDF implementation committees at the Constituency levels since it would help improve on the management of the funds in the projects. It can also help the Government in adding knowledge on the factors influencing financial performance of CDF funded health projects hence enabling it to undertake appropriate measures to regulate participation in the public sector. It also form basis of identification of areas for further research by other scholars.

Key Words: (CDF Funded Projects, Constituency Development Fund, Financial Performance, Monitoring and Evaluation)

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I. Introduction

The Constituency Development Fund (CDF) was established in 2003 through the CDF Act in The Kenya Gazette Supplement No. 107 (Act No. 11) of 9th January 2004. CDF was to help in development by channeling financial resources to the Constituency level for the implementation of community based development projects with long term effects of improving the peoples’ social and economic well-being (Republic of Kenya, 2003). Another objective of the introduction of the CDF was to control and reduce imbalances in regional development brought about by partisan politics as had been experienced previously in Kenya (Mapesa & Kibua, 2006).

The establishment of CDF is in line with the government’s efforts to bringing development closer to the people by ensuring that the community is involved in the decision-making processes and in the actual implementation of development projects at the community level. The CDF Act requires that the area Member of Parliament (MP) constitutes a Constituency Development Fund Committee (CDFC) charged with the responsibility of managing CDF at the constituency level. Once the CDFC has been convened, the MP is to hold a meeting at the locational level where the community is expected to articulate their needs and come up with projects to address these needs that include health needs and educational needs. The CDFC then receives the
project proposals from the various locations in the constituency and prioritizes them according to short term and long term development priorities of the constituency. The projects prioritized were then forwarded to the CDF board for funding. Once funded, CDF projects were to be implemented within the existing structures of government at the Constituency level. Operations of CDFs remain controversial in donor communities because they raise fundamental questions about democratic theory, the efficiency of government service delivery, the extent to which such service delivery can be made accountable, the role of legislators in selecting development priorities, and how public participation in policy making can be made more meaningful (Gituto, 2007).

The Government of Kenya has historically responded to the emerging social and public problems through the establishment of various decentralized financing mechanisms to address the underlying causes of poverty, inequality and health issues (Republic of Kenya, 2002). The government also came up with decentralization strategies such as, the District Focus for Rural Development, District Development Committees, to bring resources and services closer to the people generally and to promote health services. In the recent past, the country’s total health expenditure has risen significantly, from US$2,155 million in 2009/10 to US$2,743 million in 2012/13, which showed a 6.8 percent commitment of country’s gross domestic product going to health services (Republic of Kenya, 2015). In 2016, the country received $191.1 million in support primary health care services from the World Bank (World Bank, 2016). As noted by Roxana (2009) over the last ten years, the Kenyan Government has intensified the use of decentralized programs in its strategy to tackle poverty and reverse regional disparities which includes developing of health care support services. Kenya’s Constituency Development Fund (CDF) programme has been applauded for taking essential development programs and services to Kenyans at the grassroots level by ensuring equitable distribution of resources especially in the health sector. The parliament hansard for the year 2006 shows the former MP for Laikipia West, the Later Honorable G.G Kariuki showing that his office had spent 38 million to build 24 dispensaries in the Laikipia West (Kenya National Assembly, 2006). Furthermore, views of the then minister of Health in Kenya Professor Anyang Nyong’o who in 2010 showed that more than 1,000 dispensaries had been built CDF since the kitty was established and averred that more health facilities were to be established to conform to the new Constitution, which compels the State to offer universal healthcare (Muriungi, 2010). This shows that through CDF process, the central government overnight shifted the responsibility of regional health projects to the locals.

According to Gituto (2007) the operations of CDFs remain controversial. The extent to which such service delivery is made accountable, the role of legislators in selecting development projects priorities and provision for public participation at policy level should be more meaningful since they raise fundamental questions about democratic theory. The fund comprises an annual budgetary allocation equivalent to 2.5% of the government's ordinary revenue. A motion tabled in parliament seeking to increase this allocation to 7.5% of government’s revenue was recently passed in parliament under an arrangement that allows 75% of the fund to be allocated equally amongst all constituencies. The remaining 25% is allocated as per constituency poverty levels. A maximum 10% of each constituency’s annual allocation may be used for an education bursary scheme. CDF is managed through 4 committees 2 of which are at the national level and 2 at the grassroots level (Republic of Kenya, 2010).

According to the CDF Act 2003, expenses for running constituency project offices should not exceed 3% of annual constituency allocations. Each constituency is required to keep aside 5% as an emergency reserve. The CDF is not to be used to support political bodies/activities or personal award projects. A sitting MP is not a signatory to the CDF bank account but convenes the CDF Committee in her/his constituency. The CDF was started with a vision to be the most effective and efficient institution in the delivery and utilization of public resources aimed at facilitating the provision of water, health services, and education in all parts of the country including remote areas that never benefited from funds allocation in national budgets (Ochieng & Tubey, 2013). The aim of CDF is to increase rural incomes by raising levels of agricultural, commercial and industrial enterprise; reduction of unemployment in the rural areas by increasing wage employment in public and private projects, establishing effective procedures and techniques for quick rural development in Kenya as a whole, applying procedures and the techniques to other rural development projects in similar areas and improving development ability of public administrators in the field. CDF aims at redistributing national resources to the community to improve rural economy, alleviate poverty, create employment, and raise the standard of living of Kenyans. It sought to bring services and facilities closer to the people so as to reduce poverty (Ochieng&Tubey 2013). CDF was intended to complement other existing funds being directed at the community level. These funds include the Local Authorities’ Transfer Fund (LATF), Bursary Fund, Fuel Levy Funds and Roads Maintenance Fund, among others.

The CDF scheme that the Kenyan government conceived in 2003 has transferred billions of Kenya shillings to the rural and urban areas of its constituency based development projects. More than 35,000 CDF projects were established in various parts of Kenya with their impact experienced in the key sectors funded by CDF such as education with about 38% of the allocations, health 11% and water 8% (KIPPRA, 2013). Through
the CDF programme a total disbursement of Sh. 70.8 billion to the 210 constituencies since its inception in 2003 to 2011.

Despite Kenya having several rural development programmes, she has failed to achieve their desired objectives due to various factors that affect the performance of these projects. Kerote (2007) revealed that relevant field methodologies that call for effective management of funds have been inadequate in allowing maximum utilization of local resources. He also noted that vital components of project implementation (organization design), project identification. Monitoring and evaluation and equity among others have not fully been managed by the committees in the constituencies. Several concepts about community development have emerged over the years especially in issues related to effectiveness, challenges and policy. Owuor (2008) sees the main goal of the community development process as being that of human growth; he revealed that pure community development model is strongly focused on human growth.

Globally, there are currently some 17 developing countries worldwide where CDFs are implemented. A CDF is a distinctive mechanism in that MPs are vested with a degree of authority in the selection of projects, a function that can be considered as a new form of constituency service by MPs. As such, CDFs are not merely a means of transferring public funds from central to local governments, but a strategic tool for the redistributive game by MPs in electoral politics; MPs use the funds to respond to the development needs of their constituents, cultivate personal votes and enhance their chances of re-election (Baskin 2010b; Cain, Ferejohn, & Fiorina, 1987; Cox & McCubbins, 1986). However these funds were heavily influenced by elected members of parliament who had substantial control over distribution and application of centrally allocated funds hence a significant break from their primary law making and oversight roles (Hyden, 2009).

CDFs have existed in different parts of the developing world for years. For example, a CDF-like mechanism existed in Uganda as early as 1969 (Chambers, 1974). In the Philippines, the use of national funds by politicians to finance projects in their constituencies dates back to 1930 by imitating ‘pork barrel’ politics in the United States of America, which became the basis for the design of a CDF launched in the country in 1989 (Nogales & Lagman, 2014). Papua New Guinea introduced a CDF in 1984, and eventually, CDFs became widespread, mainly in Asia and Africa.

II. Literature Review

The study was guided by two theories; stakeholders’ theory and theory of project implementation. The stakeholder theory has been advanced and justified in the management literature on the basis of its descriptive accuracy, instrumental power and normative validity (Donaldson & Preston, 1995). These three aspects of the theory, although interrelated are quite distinct; they involve different types of evidence and argument and have different implications. Stakeholder theory suggests that the purpose of a business is to create as much value as possible for stakeholders (Mitchell, Agle, & Wood, 1997). In order to succeed and be sustainable over time, executives must keep the interests of customers, suppliers, employees, communities and shareholders aligned and going in the same direction.

Implementation theory is an area of game theory closely related to mechanism design where an attempt is made to add into a game a mechanism such that the equilibrium of the game conforms to some concept of social optimality (for instance Pareto optimality). It may be in the best interest of some agents to lie about their preferences in a game where multiple agents are to report their preferences (or their type). This may improve their payoff, but it may not be seen as a fair outcome to other agents. In order to implement a more “fair” outcome, in a repeated game, the other players may choose to punish any “cheaters”. The conditions of a repeated game where an arbitrary outcome may be enforced are set out in theorems often known as folk theorems. If a game is not repeated, it may only be possible to implement outcomes which are Nash equilibrium or satisfy some other equilibrium concept.

According to Maskin (2002) the implementation problem is the problem of designing a mechanism such that the equilibrium outcomes satisfy a criterion of social optimality embodied in a social choice rule. If a mechanism has the property that, in each possible state of the world, the set of equilibrium outcomes equals the set of optimal outcomes identified by the social choice rule, then the social choice rule is said to be implemented by this mechanism. Whether or not a social choice rule is implementable may depend on which game-theoretic solution concept is used. The most demanding requirement is that each agent should always have a dominant strategy, but mainly negative results are obtained in this case. Whether or not a social choice rule is implementable may depend on which game theoretic solution concept is invoked. The most demanding requirement is that each agent should have a dominant strategy. A mechanism with this property is called a dominant strategy mechanism. By definition, a dominant strategy is optimal for the agent regardless of the actions of others. Thus, in a dominant strategy mechanism agents need not form any conjecture about the behavior of others in order to know what to do.

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Monitoring is the systematic and routine collection of information from projects and programmes for the purposes of; learning from experiences to improve practices and activities in the future, internal and external accountability of the resources used and the results obtained, taking informed decisions on the future of the initiative and to promote empowerment of beneficiaries of the initiative (Crawford & Bryce, 2003). Monitoring is a periodically recurring task already beginning in the planning stage of a project or programme that allows results, processes and experiences to be documented and used as a basis to steer decision-making and learning processes. Monitoring is checking progress against plans. The data acquired through monitoring is used for evaluation. Evaluation is the process of assessing, as systematically and objectively as possible, a completed project or programme (or a phase of an ongoing project or programme that has been completed) (Crawford & Bryce, 2003). Evaluations appraise data and information that inform strategic decisions, thus improving the project or programme in the future. Evaluations should help to draw conclusions; relevance, effectiveness, efficiency, impact and sustainability of the project. Information gathered in relation to these aspects during the monitoring process provides the basis for the evaluative analysis. Monitoring and evaluation (M&E) is a process that helps improve performance and achieve results. Its goal is to improve current and future management of outputs, outcomes and impact. It is mainly used to assess the performance of projects, institutions and programs set up by governments, international organizations and NGOs. It establishes links between the past, present and future actions.

According to a study by Mwangi (2010) on the Factors influencing success of Constituency Development Fund (CDF) projects in Nyeri County, Central Province, Kenya, it was found out that majority of the projects that carry out monitoring and evaluation use only one of the monitoring tools; with weekly progress reports being the most preferred. Other tools that are used include Gantt charts and earned value charts. Gantt charts help to plan, coordinate and track specific tasks for a simple project while earned value charts helps to control cost and schedule especially in larger logistics projects using Work In Progress (Śliwczyński, 2007). However, a considerable proportion of the projects do not use any of the monitoring tools. It was also found out that in majority of the projects, monitoring tools are updated on weekly basis. These factors point out that the monitoring and evaluation systems adopted are weak since they are relatively in adequate and infrequently updated. This could explain why most of the projects are completed over budget and behind schedule.

Despite the emphasis in the application of prudent management practices during the implementation of projects, a number of studies conducted show that a considerable number of projects fail to meet the requirements of a successful project. Thomas, Delisle and Jugdev (2001) found out that all the projects are cancelled mid-steam and over half of the completed projects came up to 190% over budget and 220% late. The same study found out that the primary motivation of organizations to improve and expand their project management processes was due to major troubled or failed projects, new coming up mega projects or to meet competition or maintain their market share.

III. Methodology

This study used descriptive research design. The study considered all the CDF Funded Health projects in Ndaragwa Constituency in Kenya. Ndaragwa is one of the constituencies out 290 constituencies in Kenya. It has one Member of Parliament who serves as the CDF patron for all projects in the constituency. The target population comprised 12 officers working in the 12 health projects, 108 committee members of the 12 health projects, 1 Ndaragwa Sub County health officer and the constituency development fund accounts manager. Intotal the target population was 122 people. The study sampled 3 respondents from the respective committee members comprised of 9 members each. This totals to 36 respondents for the 12 health projects. It also considered all the 12 officers in charge of the 12 health projects, Sub County and the CDF fund accounts manager. The sample size was therefore 50 respondents. The target population and the sample size are as shown in table 1 below.

<table>
<thead>
<tr>
<th>Population category</th>
<th>Total</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Account Manager</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Sub-county Health Officer</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Project Committee members</td>
<td>108</td>
<td>36</td>
</tr>
<tr>
<td>Project Heads</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>122</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

The study used questionnaires to collect data that were pretested in the neighboring OlJorook Constituency. A drop and pick method of questionnaire administration was used. Forty four (44) questionnaires out of 50 were returned which represented 88% response rate. Data was analyzed at two level; descriptive and quantitative or inferential data analysis. In descriptive data analysis, percentages and mean of constructs were calculated. Inferential data analysis involved correlation analysis where relationship between the independent

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variable (Monitoring and evaluation procedures) and the dependent variable (Financial performance) was determined. Regression analysis was used to determine how much of the independent variable (Monitoring and evaluation) explains the variation in the dependent variable (Financial performance) when other variables are held constant. Finally, ANOVA analysis was done to test the null hypothesis that $H_0$: that monitoring and evaluation procedures do not significantly influence performance of CDF funded health projects in Kenya.

### IV. Results and Discussion

The study aimed at establishing the influence of monitoring and evaluation procedures on the financial performance of the CDF projects. The study revealed that majority of the respondents indicated that in their project the CDF members and managers are communicated to once twice or thrice a month. Linton (2015) found that effective communication ensures that stakeholders receive information that is relevant to their needs and builds positive attitudes to the project. This closely agrees with this study’s findings. Additionally, majority of the respondents also indicated that project beneficiaries were communicated to the same number of times. Similarly subcontractors were communicated to 1-3 times a month. Furthermore, majority of the projects covered in the study used weekly progress records as the assessment tools. According to a study by Mwangi (2010) on the Factors influencing success of Constituency Development Fund (CDF) projects in Nyeri County, Kenya, it was found that majority of the projects that carry out monitoring and evaluation use only one of the monitoring tools; with weekly progress records being the most preferred. Other tools that are used include Gantt charts and earned value charts. This implies that there were varied tools used in monitoring and evaluation in CDF projects. According to World Bank, the Poverty and Social Impact Analysis (PSIA) tool at the World Bank aims to put the completion of An Ex Ante Distributional Analysis (EADA) within a wider framework that fosters policy discussion, longer-term monitoring, and evaluation and capacity building in its partner countries.

Further, the study invested the procedures on budget preparation, cash balance determination and occurrence of cash deficits. The results of the study are as shown in table 2. The study results showed that majority of the respondents never agreed with procedures used in; budget preparation; cash balance determination and occurrence of cash surplus. In addition; all the respondents never agreed with the procedure used in preparation of cash flow statements. The only procedure that the respondents agreed with is the one used in occurrence of cash deficits where a majority often agreed with a mean of 3.273. This implies that the procedures used in monitoring and evaluation of budgetary factors is wanting and should be assessed to find out the problem.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>Very Often</th>
<th>Likert Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Preparation Procedure</td>
<td>59.1</td>
<td>9.1</td>
<td>27.3</td>
<td>4.5</td>
<td>-</td>
<td>1.771</td>
</tr>
<tr>
<td>Cash Balance Determination procedure</td>
<td>86.4</td>
<td>11.4</td>
<td>2.3</td>
<td>-</td>
<td>-</td>
<td>1.157</td>
</tr>
<tr>
<td>Cash Flow Statements Preparation procedure</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.000</td>
</tr>
<tr>
<td>Procedure used in Occurrence of Cash Deficit</td>
<td>9.1</td>
<td>4.5</td>
<td>36.4</td>
<td>50</td>
<td>-</td>
<td>3.273</td>
</tr>
<tr>
<td>Procedure used in Occurrence of Cash Surplus</td>
<td>95.5</td>
<td>4.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.045</td>
</tr>
</tbody>
</table>

### Correlation Analysis of Monitoring and Evaluation

The study sought to find out if monitoring and evaluation practices and procedures could predict the performance of the CDF projects. The results obtained are as shown in Table 3. The regression model in Table 3 shows both R and $R^2$ value. The R value is 0.338 which indicates a weak correlation. The $R^2$ value indicates how much of the dependent variable (CDF Projects Financial Performance), can be explained by the independent variable, monitoring and evaluation practices. In this case, only 11.4% of CDF Projects Financial Performance can be explained by monitoring and evaluation practices and the result 88.6% can be explained by other factors outside this study.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.338</td>
<td>0.114</td>
<td>0.063</td>
<td>1.14</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Monitoring and Evaluation  
b. Dependent Variable: Financial Performance of CDF Funded Health Projects  

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Model Summary of Monitoring and Evaluation

The study determined the strength of the relationship between monitoring and evaluation and financial performance of CDF health projects and presented the results in Table 4 that provides the information needed to predict financial performance of CDF health projects from monitoring and evaluation in which the constant and the monitoring and evaluation variable are significant. The regression equation is presented as follows:

Financial Performance of CDF Health Projects = 0.12 + 0.231 (Monitoring and Evaluation)

ANOVA of Monitoring and Evaluation

Statistical testing showed An F statistic of 5.409 supported by a probability value of 0.025 as shown in table 5 which indicated that the model was significant, since it was less than 0.05. In conclusion the overall the model applied can significantly predict the outcome variable. Based on these findings therefore, the null hypothesis, \(H_0\); that stated that monitoring and evaluation procedures do not significantly influence performance of CDF funded health projects in Ndaragwa constituency, Kenya, was rejected.

V. Conclusion and Recommendations

On monitoring the study revealed that beneficiaries are updated on the progress of the project by the managers and sub-contractors. The study revealed that the weekly progress records were the most widely used tool in monitoring and evaluation and that the tools used in monitoring and evaluation were updated on a weekly basis. The CDF health projects faced challenges with regard to procedures used in budget preparation; cash balance determination, occurrence of cash surplus or with the procedure used in preparation of cash flow statements. The study concluded that there is a positive relationship between monitoring and evaluation practices and the financial performance of CDF projects.

The project management team involved in monitoring and evaluating budgetary factors should improve budget preparation, cash balance determination, occurrence of cash surplus or with the procedure used in preparation of cash flow statements. Furthermore, Project Management committee should increase involvement of stakeholders during planning and implementation of CDF health projects while ensuring they get adequate information regularly. The area MP should increase visit to the CDF Health projects in the constituency and should ensure enforcement of guidelines for the entire project as a way of monitoring the progress on CDF funded projects. The MP should also institute fairness in allocation of CDF funds in Health Projects in the constituency.

VI. Suggestion for Further Studies

This study confined itself with CDF funded health projects. The proposes a similar study to be carried out on other CDF public funded projects in all the 290 constituencies in Kenya.

Reference


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