



policy forum

## Policy Forum Position Paper on the Constituency Development Fund

### **1. Background**

Policy Forum is a network of 75 NGOs who seek to collectively achieve greater and more effective public voice in the Tanzanian policy processes in order to benefit those who are most disadvantaged.

On 22 July 2008, Policy Forum was invited to send members to meet with a sub-committee of the Parliamentary House Business Committee to express its views regarding a Constituency Development Fund likely to be legislated by Parliament during 2008. This meeting was called immediately following a one-week study tour undertaken by Policy Forum Members from 12 to 20 July 2008 to Mombasa, Kenya to observe how the CDF is implemented and monitored in Bahari Constituency, Kilifi, Mombasa. On 25 July 2008, Policy Forum members met to discuss, among other things, their views on the introduction of the CDF.

The purpose of this paper is to articulate concerns raised by Policy Forum members about the Constituency Development Fund (CDF) following an in-depth study of its implications.

### **2. What is the CDF?**

#### ▪ **Definition**

The Constituency Development Fund ('CDF') essentially provides additional resources for development at the local level by channelling money to constituencies under the management of Members of Parliament. The CDF would thus supplement the existing funding mechanisms for local government. Importantly, it may not represent an increase in funding, since funds may be taken away from other parts of the budget in order to finance the CDF.

#### ▪ **Allocation and Management Process in General**

The CDF is allocated in the budget of every financial year and after parliamentary approval, the funds are disbursed to the constituencies to be spent on development projects as identified and prioritized by local citizens. Every constituency receives funds whose exact amount is based on a formula that includes factors like population and size of the constituency. CDFs are typically managed by committees comprised of the area Member of

Parliament (MP) and members nominated and elected by the residents of that constituency. In some instances, the MP is the chairperson of the committee. Finally, the MP may also be the chief accounting officer of the CDF, although this is not always the case. At any rate it is to be expected that the MP will want to have some influence over how these funds are used. The CDF committee is responsible for overseeing the management of the CDF. It plays a supervisory role and remains directly accountable to the CDF chairperson and citizens of the area. The CDF committee mobilizes local residents to identify community needs and priorities and propose projects to address these community needs. The committee then reviews and approves development projects for funding under the CDF.

Those who support the introduction of CDF argue that it can provide additional discretionary resources for communities to spend on priority areas like water, education, health, infrastructure and/or agriculture. Another argument is that CDF can also provide an opportunity for ordinary citizens to have a stronger stake in deciding their local priorities and monitoring funds and resources allocated to meet these priorities.

### **3. Concerns about the CDF from Policy Forum members**

- **CDF undermines parliamentary oversight role:** Article 63. (2) Of the Constitution of the United Republic of Tanzania states “The second part of Parliament shall ...have the authority on behalf of the people to oversee and advise the Government of the United Republic and all of its organs in the discharge of their respective responsibilities in accordance with this Constitution”

The CDF will seriously undermine the ability of Parliament to perform its oversight function independently and thus effectively, since a legislature that is involved in introducing and/or implementing spending proposals compromises its ability to question these initiatives and therefore to hold the executive to account.

- **CDF creates a parallel structure within the budget process:** The CDF creates a parallel structure alongside the existing local government structures and this increases the burden on the already overwhelmed local government officials. This parallel structure also increases the cost of administering local funds by using money which could have been used to increase the resources available for the projects themselves.
- **Risk of undermining formal decentralisation by devolution process:** Funding provided under the CDF is funding that is not provided through the existing local government system, thereby undermining local

government autonomy, and the on-going implementation of decentralisation by devolution through the Local Government Reform Programme.

- **CDF will force the Government to raise taxes:** In determining the cost of the CDF to taxpayers, the tendency in other countries has been to assess merely the cost of the projects funded by the CDF and the running costs of the Constituency Development Fund. However, these locally determined projects also have wider cost implications on the budget. For example, if one builds an additional dispensary, there will need to be additional money allocated within the national budget to run and sustain the dispensary. This additional cost is traditionally not effectively taken into account when costing CDFs in other countries. In Kenya this has sometimes resulted in dispensaries without drugs or schools without teachers. The need to raise additional domestic revenue to fund the primary and secondary costs of CDF is also likely to increase the tax burden in the short and/or long term.
- **CDF could undermine efficient use of resources:** Projects developed outside of the formal budget process may have other economic implications. They may fail to take advantage of economies of scale.
- **CDF will be impossible to monitor effectively without guaranteed access to quality information:** Access to information at district level regarding planning and implementation is still a major challenge for citizens to hold the accounting officers to account. MPs should first seek to empower citizens with information regarding development projects and process at their area to improve participation and accountability
- **Misuse of CDF resources is a real risk:** A CDF is vulnerable to manipulation by the area MP, who may use his/her position to influence the selection of committee members and projects, turning the CDF into a personal project fund. In Uganda and Kenya, guidelines were clumsy and led to a lot of funds being misused. In Uganda in 2006, most MPs failed to account for CDF money, leading to suspension of the entire CDF. It was only reinstated in 2007 on condition that MPs establish a five-person committee in their constituency to assist in accounting for the money. Furthermore, the accounting structures of the CDF are not clear. Is the CDF Chairperson accountable to parliament, to the District Council Legislature, or to both?

#### **4. Arguments by MPs in favour of CDF**

1. MPs claim that they act as 'ATM machines' in their constituencies because citizens assume that they have the resources to solve many of their problems. They claim that their income is not sufficient to cater for expectations from voters and that CDF will relieve them of this burden.

- ❖ *Policy Forum members argue the role of MPs is to work with citizens to hold the government at central and local level accountable for resources allocated to solve development problems in their constituencies. MPs are not obliged to address these problems themselves unless they choose to do so willingly and have the necessary resources. This is the job of the executive. To take on the role of the executive will compromise their ability to perform their legitimate role.*

2. MPs argue that they are expected by their constituents to deliver development projects despite the fact that they do not have control over where these projects are allocated.

- ❖ *Policy Forum members argue that MPs should work in collaboration with CSOs to educate citizens on the role of MPs. MPs should not make philanthropic promises to voters during elections unless they are sure of their ability to deliver these promises once elected. Normally campaign promises should either be in line with the candidate's party manifesto or promises that the candidate intends to implement from his or her own sources of funding as philanthropic activities.*

3. MPs claim that Regional Commissioners and District Commissioners are given a budget for welfare of citizens and to contribute to development projects at their discretion within their areas of jurisdiction and that this is not even monitored as well as the CDF would be. The CDF will therefore financially 'empower' an MP to make similar contributions to development projects within the constituency.

- ❖ *Policy Forum members argue that MPs should instead seek to exercise their core role which in this case is to hold the RCs and DCs to account for the use of these monies. Two wrongs do not make a right.*

4. MPs claim that TASAF is not democratic hence CDF will provide a more democratic means of empowering communities at the grassroots level to take an active role in their own development.

- ❖ *Policy Forum members argue that MPs should seek to improve whatever challenges exist in the implementation of other local funding mechanisms, such as TASAF and the Local Government Capital Development Grant since they already seek to address the core purpose that CDF seeks to address without the additional problems likely to result from the CDF*

5. MPs claim that CDF is going to be financed from internal revenue sources hence donors should not worry about it.

- ❖ *Policy Forum members argue that the question should not be the source of these funds but rather how these funds can be used to most efficiently and effectively achieve a better life for all Tanzanians.*

## **5. Conclusion**

**The challenges facing the very concept of CDF and its implementation make it a highly risky venture for government to undertake. Further, evidence from our experience at community level, and from previous studies like PEFAR, indicates that the poor quality of service delivery at the local level is not due to lack of funding, but more to systemic weaknesses, poor capacity, political interference, low civic competency etc. The establishment of a CDF is likely to make this situation worse rather than better.**

**Additionally, given the existence of other development funds which serve the same purpose as a CDF in Tanzania, it is recommended that the systemic and systematic challenges compromising the efficient and proper implementation of these devolved funds are contended with, rather than creating an additional fund which is likely to only exacerbate existing challenges.**

## **6. Suggested alternatives**

1. Given the serious implications of the CDF, Policy Forum Members propose that Parliament does not legislate the CDF until there has been much greater awareness and wider stakeholder debate about its implications.
2. Instead of introducing a function within the legislature that is essentially not its role and which may even undermine its legitimate role, we propose measures be taken within existing legislation to strengthen the oversight function of MPs at central and local level. Some suggestions on how this can be done are as follows:
  - a. Ensure that all MPs (including nominated or special seats MPs) have offices, preferably in their constituencies for elected MPs and in either Dar es Salaam or Dodoma for special seats.
  - b. Ensure that all MPs offices have basic essential furniture and equipment (including IT equipment where possible).
  - c. Empower every MP with the ability to engage staff who are able to conduct research, follow up issues and assist them in performing their oversight function.
  - d. Set aside a budget for special research projects or commissioned studies to strengthen their performance in Parliament.
  - e. Establish accountability mechanisms to ensure that resources allocated in subsections a to d are effectively used for their intended purpose.

Signed: