



TRANSPARENCY  
INTERNATIONAL  
ZAMBIA

# Constituency Development Fund Issues Brief



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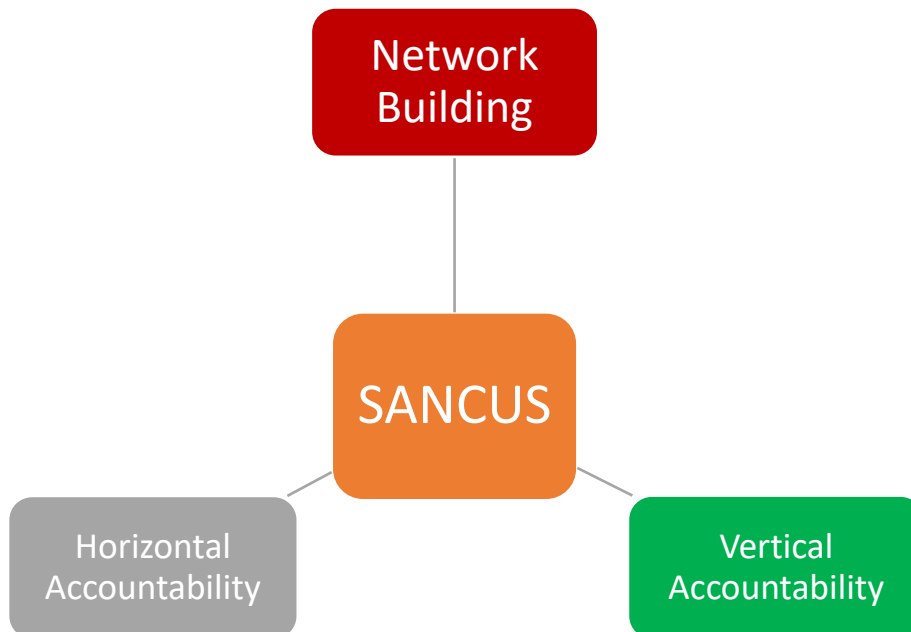
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## Foreword

This report has been developed as part of evidence generation under the SANCUS project conducted by Transparency International Zambia. Strengthening Accountability Networks Among Civil Society (SANCUS) is a global project being implemented in 17 countries with the support of the European Union.

It aims to improve democratic accountability of public institutions globally by empowering CSOs to demand systematic change to address accountability and anti-corruption deficits. In Zambia, its main objective is to strengthen public participation and consultation as well as oversight in the policy and budget cycle through a three pronged approach of network building, vertical and horizontal accountability. In this context, vertical accountability is accountability between the government and citizens, whereas horizontal accountability is accountability between different branches of government.

The project is running from June 2021 to November 2023. Project approach:



# **1. Introduction**

The Constituency Development Fund (CDF) is provided for in Article 162 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 and is operationalized by the Constituency Development Fund Act No. 11 of 2018. The provisions in these two pieces of legislation provide the legal framework for CDF in collaboration with other laws such as the Local Government Act No. 2 of 2019, the National Planning and Budgeting Act No. 1 of 2020, the Public Finance Management Act No. 1 of 2018 and the Public Procurement Act No. 8 of 2020 and now the Constituency Development Fund Guidelines as launched by the Hon. Minister of Local Government and Rural Development in February, 2022, etc.

CDF was originally introduced in Zambia in 1995 as a means to encourage local development in rural and urban communities across the country (Ministry of Local Government and Rural Development, 2022). Guidelines were developed for the utilization of CDF, the latest prior to the current ones having been produced in 2006. The original scope of the CDF was to cover local projects at the community level with the 2021 allocation for CDF amounting to K1.6m per constituency (Zambia National Assembly, 2021).

The initiative was, however, plagued by a number of challenges that rendered it ineffective at worst and with limited developmental impact at best. Some of these challenges include inconsistent disbursement meaning that communities could not predict the flow of CDF in order to execute effective planning and implementation of projects for the benefit of citizens. Another significant challenge was the size of the fund which limited the scale and number of projects that could be undertaken in comparison to the development needs prevalent in the communities. Other challenges included the lack of effective citizen participation through monitoring and evaluation and lack of accountability for the fund by local authorities as shown in past reports of the Auditor General on Local Authorities.

In the 2022 Zambia National Budget, CDF saw an unprecedented increase in the size of funding and scope of its mandate. For the year 2022, CDF has been increased from K1.6 to K25.7 million per constituency while being expanded to include additional components such as youth and women empowerment programs as well as secondary school bursaries that will now be locally administered (Zambia National Assembly, 2021).

Essentially, the newly revamped CDF for 2022 seeks to address the fiscal gaps in the drive for decentralization which has long been cited as a key component missing from earlier efforts. Government has also since produced revised guidelines for the administration of CDF (Ministry of Local Government and Rural Development, 2022). Despite the revised guidelines in place for managing the expanded scope of CDF, there remain concerns regarding corruption vulnerabilities and capacity of key stakeholders that will need to be addressed in order for the new CDF to be a success and adequately uplift the lives of communities and bring local development as envisaged.

This issues paper seeks to analyze the new 2022 CDF guidelines in comparison to the current Act, draw out the corruption vulnerabilities that are of concern regarding the newly constituted CDF, highlight the implications of the changes that have occurred with the CDF and provide recommendations to government and relevant stakeholders.

## 2. Legal Review and Gaps in the Thematic Areas

Gaps in Legal framework using the following thematic areas

PARTICIPATION	
Constituency Development Fund Act No. 11 of 2018	2022 CDF Guidelines
<p><b><u>Membership of CDFC</u></b>  <b>Section 5 (2)(a)</b> A Committee consists of the following part-time members appointed by the Minister:            a) two community representatives nominated by the Member of Parliament from the constituency; (b) 3 Councilors in the Constituency; (c) 1 or 2 representative/s of a Chief/s; (d) A representative of the Director responsible for Planning at the Local Authority in which the constituency is located; (e) A representative of the Director responsible for Works or Engineering Services at the Local Authority; (f) A representative of a CSO operating in the Constituency; (g) A representative of a Religious Organization in the Constituency; (h) The MP from the Constituency; and (i) A representative of the Director responsible for Finance at the Local Authority in which the Constituency is located.</p> <p><b>Section 16</b> A Committee shall, prior to the submission of a proposed project list to the Minister, invite a ward development committee to submit proposals during the first quarter of every year preceding the year in which a project is proposed to be implemented by way of an advertisement, open meeting and fixing of a poster in conspicuous place.</p> <p><b>Formation of WDCs</b>  <b>Section 19(2)</b> A community may elect a committee to represent the interests of that community during and after the implementation of the project.</p> <p>Section 36 of the Local Government Act NO.2 of 2019 provides for the establishment in each ward of a Ward Development Committee in the area of a local authority consisting of the following part-time members appointed by the Town Clerk or Council Secretary:</p> <p>(a) an elected zonal representative from each zone;</p> <p>(b) an extension officer from the department responsible for agriculture, fisheries and livestock or economic sectors appointed based on the economic activity predominant in the ward as determined by the local authority;</p>	<p><b><u>Membership of CDFC</u></b>  <b>Part 3</b> of the guidelines have provided for the Constituency Development Fund Committee (CDFC) to be established under the Constituency Development Fund Act No. 11 of 2018.</p> <p><b>According to 3.1.1</b>, The following are to be part time members appointed by the minister: (a) 2 community representatives; (b) 3 Councilors in the Constituency; (c) 1 or 2 representative/s of a Chief/s; (d) A representative of the Director responsible for Planning at the Local Authority in which the constituency is located; (e) A representative of the Director responsible for Works or Engineering Services at the Local Authority; (f) A representative of a CSO operating in the Constituency; (g) A representative of a Religious Organization in the Constituency; (h) The MP from the Constituency; and (i) A representative of the Director responsible for Finance at the Local Authority in which the Constituency is located.</p> <p><b>Guideline 3.1.2</b> speaks to the <b>Functions of the CDFC</b> to be implemented as provided for under No. 11 of 2018</p> <p><b>Guideline 3.1.3</b> has provided for the Tenure of Office for CDFC to be 2 and half years</p> <p><b>Guideline 3.1.4</b> provides for Vacation of Office of a CDFC Member            However, the Minister under <b>guideline 3.1.5</b> has been given power, where the office of a member becomes vacant before the expiry of the term of office, appoint another member in place of a member who vacates office, but that member shall hold office for the unexpired part of the term.</p> <p><b>Responsibilities of the WDCs</b>            Guideline 3.3.11 has provided for Local Communities’ responsibilities being: (a) Participating in community meetings; (b) Identifying community needs; (c) Submitting proposals to the WDC through the Zone; (d) Participating in project implementation when required; (e) and Monitoring implementation of CDF projects.</p> <p>WDCs are expected to prepare project lists with input from the Zones. The projects are to be in line with the Ward Development Plan, Integrated Development Plan (IDP) or any other local development framework.</p>

- (c) an extension officer from the department responsible for education;
- (d) an extension officer from the department responsible for health;
- (e) an extension officer from the department responsible for community development;
- (f) a representative from a local nongovernmental organization in a ward;
- (g) a representative of the Zambia Agency for Persons with Disabilities;
- (h) a representative from a marginalized group;
- (i) a representative of the Chief in the ward;
- (j) Ward Councilor;
- (k) a trustee from the local authority;
- (l) a youth, sports and recreation focal point person; and
- (m) a gender focal point person.

**PART EIGHT has provided for Monitoring and Evaluation**  
8.1.1 National Level - Minister  
8.1.2 Provincial Level - Provincial Local Government Officer  
8.1.3 District Level - Principal Officer of a Local Authority  
8.1.4 Ward Level - WDEC shall constitute a team

ACCOUNTABILITY	
Constituency Development Fund Act No. 11 of 2018	2022 CDF Guidelines
<p><b>Section 10(1)</b> The principal officer is responsible for the finances of the local authority in which a constituency is located and shall maintain separate books of accounts for the constituency account.</p> <p><b>Section 12</b> The Fund shall not be used for any purposes other than disbursements to constituency accounts to meet costs of approved projects and administrative expenses not exceeding five per cent of the Fund.</p> <p><b>Section 13 (3) provides for Audits of the CDF</b> (3) The Fund shall be audited annually by the Auditor-General or an auditor appointed by the Auditor-General.</p> <p><b>management, disbursement from and utilization</b></p> <p><b>Section 3</b> The management, disbursement from and utilization of the Fund shall be done in accordance with accountability.</p> <p><b>Accounts and Audit</b></p> <p><b>Section 13 (1) to (3)</b> 1) The Minister shall ensure that prudent controls are established for the Fund relating to— (a) fiscal controls and accounting procedures governing the fund; and (b) reporting procedures for matters relating to the Fund. (2) The Minister shall cause to be kept proper books of account and other records relating to the accounts of the Fund.</p> <p><b>Annual Reporting</b></p> <p><b>Section 14 provides that;</b></p> <p>(1) The Minister shall, not later than ninety days after the first sitting of the National Assembly, lay a report before the National Assembly.</p> <p>(2) The report referred to in subsection (1) shall include information on the value for money of the project and the financial affairs of the Fund, and there shall be appended to the report— (a) an audited statement of financial position; (b) an audited statement of comprehensive income; (c) a statement regarding the purpose and impact of the project and value for money; and (d) other information that the Minister may require.</p>	<p><b>Guideline 6.1 speaks to Accountability of the Fund and has guided for Accountability of the CDF to be in accordance with the Public Finance Management Act No. 1 of 2018</b> and based on the principles of fiscal discipline, prudence, equity and transparency. Any abrogation of the provisions of the Act shall attract necessary legal sanctions.</p> <p><b>Guideline 6.2</b> speaks to the Cashbook Maintenance and Bank Reconciliation</p> <p><b>Guideline 6.3 ACCOUNTING AND INTERNAL CONTROL</b> has provided guidance on accounting and systems of Internal control which specifically touches on legal requirements for making payments in line with relevant pieces of legislations of land; payment process for goods, services and civil works; and accounting system.</p> <p><b>Guideline 4.3.3</b> provides for guidance on who can be Signatories to the CDF Accounts and to comprise of 8 with Panel A (from Council officials) and B (from CDFC but not council officials) (This may create an opportunity for abuse of funds since the Council is underfunded)</p> <p><b>Guideline 6.6 has provided for Auditing of the CDF</b> to which the fund shall be subjected to pre-audits for all payments internally while externally the Fund shall be audited annually by the Auditor-General or an auditor appointed by the Auditor-General.</p> <p><b>Guideline 6.8 provides for Financial Reporting</b> through which a CDF monthly and quarterly expenditure return together with the CDF Bank Reconciliation Statement is expected to be prepared and submitted to the WDC, CDFC, Council, the Ministry responsible for Local Government and the <b>Ministry of Finance</b> and copies shared with the Member of Parliament.</p> <p>The <b>Minister</b> shall, not later than ninety (90) days after the first sitting of the National Assembly <b>lay a report before the National Assembly that shall include an</b> audited statement of financial position; an audited statement of comprehensive income; a statement regarding the purpose and impact of the project and value for money; and other information that the Minister may require.</p> <p>There is provision for a Revolving <b>Fund Account for Youth, Women and Community Empowerment</b> to be operationalized as follows:</p> <p>a) A Local Authority shall seek authority, through the Ministry, to open and operate a separate Revolving Bank Account related to Youth and Women Empowerment Funds from the Ministry responsible for Finance.</p>

(3) The Minister responsible for finance, on recommendation by the Minister, shall not make a disbursement into a constituency account for the financial year following the financial year in respect of which a report referred to in subsection (1) remains un-submitted, until that report is submitted.

- b) The Ministry responsible for Finance shall provide a response to the Ministry showing that authority has been granted to open and operate a separate Revolving Bank Account for Youth, Women and Community Empowerment Funds in the name of a Constituency;
- c) The Revolving Fund Bank Account for Youth, Women and Community Empowerment shall be interest earning;
- d) The interest earned on the Revolving Bank Account shall be retained and used as part of the Revolving Fund; and
- e) An empowerment loan to beneficiaries shall attract simple interest of 5% of the total sum

For the identification of applicants for empowerment grants and loans, cooperatives, clubs, associations and organized groups are expected to apply for grants to the WDCs to be used as seed money to establish a revolving fund to support their members; and the CDFC is expected to receive and review applications submitted by the WDC and submit the consolidated list for approval by the Minister.

**Guideline 5.1.4 (b) (c) provides for the selection and assessment criteria of projects.**

**B) Assessment of projects** under the CDF shall be based on the following criteria:

- i. The project must be identified and prioritized by the local community;
- ii. The project should have minimal negative environmental impact;
- iii. The project should use approved designs by the planning authorities;
- iv. The approved project designs should take into account people with disabilities; and
- v. The projects must be of benefit to the wider community.

**c Selection Criteria** Selection of projects under the CDF shall be based, among others, on:

- i. The urgency and scale of the project; and
- ii. Alignment of the project with the Integrated Development Plan; or any other Local Development Plans.



TRANSPARENCY	
Constituency Development Fund Act No. 11 of 2018	2022 CDF Guidelines
<p><b>Section 16</b> A Committee shall, prior to the submission of a proposed project list to the Minister, invite a ward development committee to submit proposals during the first quarter of every year preceding the year in which a project is proposed. Identification of Projects which emphasizes WDCs preparing the project lists before receipt of funds.</p> <p><b>Section 22</b> States that the provisions of the Public Procurement Act, 2008, apply to a project under this Act with respect to works and services.</p>	<p><b>Part five</b> of the new guidelines provides guidance for Community Projects on notification for submission of proposals; identification of projects which emphasizes WDCs preparing the project lists with input from the Zones; and project application forms.</p> <p><b>Guideline 7.1</b> has emphasized Principles of Procurement in acquisition of goods, works and services using the Constituency Development Fund (CDF) to be in accordance with the Public Procurement (PPA) Act No. 8 of 2020 and its Regulations while non-adherence to the provisions of the Act shall attract necessary legal sanctions.</p> <p>The Local Authority is to be the procurement entity in this regard. The Controlling Officer and/or the Procurement Committee have been stated to approve procurements depending on the value of the procurement.</p> <p>The CDFC is guided to nominate one member to be considered for appointment as an external member of the Procurement Committee of the Local Authority in line with the Procurement Act, subject to approval by the Zambia Public Procurement Authority</p> <p><b>Guideline 7.5</b> has guided management of the contract to be done through the Principal Officer appointed as a <b>Contract Manager for every contract awarded from among the employees of the Local Authority</b></p> <p>There is also guidance provided for Project supervision under <b>guideline 7.6</b> in which the Principal Officer of a Local Authority is to constitute a team of experts and technical staff led by the Project Manager to supervise projects (to involve assessment of actual progress of a project against planned progress to determine whether it is on track towards achieving its objectives).</p> <p>The duties of the PROJECT MANAGER have been highlighted under guideline 7.7</p>

CAPACITY	
Constituency Development Fund Act No. 11 of 2018	2022 CDF Guidelines
	<p>The CDF now has three components namely community Projects, Youth, Women and community empowerment and secondary boarding school and Skills development Bursaries</p> <p>The new guidelines have also provided for <b>Secondary Boarding School and Skills Development Bursaries</b> expected to be used to provide for vulnerable learners to access Secondary Boarding Schools and Skills Training Institutions offering technical education, vocational and entrepreneurship programs.</p> <p>There is provided for Local Community responsibilities as follows</p> <ul style="list-style-type: none"> <li>a) Participating in community meetings;</li> <li>b) Identifying community needs;</li> <li>c) Submitting proposals to the WDC through the Zone;</li> <li>d) Participating in project implementation when required; and</li> <li>e) Monitoring implementation of CDF projects</li> </ul>

### **3. Implications of the legal review**

#### **3.1 Participation**

In terms of participation, it has been noted that there hasn't been any shift from the provisions of the Act and guideline 3.1.1 of the 2022 guidelines. However, there are a number of issues to take note of:

- I. While the Youth, Women and Community Empowerment Implementation of the empowerment component of the CDF is expected to adopt an inclusive approach, the empowerment Fund has not prioritized the youths, women, people living with disability and other vulnerable persons in the community forming part of the composition either on the CDFC or any decision-making body.
- II. There is no special place for Youth, the differently abled persons and women participation in the process of implementing CDF despite there being special allocations for empowerment programs towards these at 10% each.
- III. MPs and Minister have been allocated powers in the nomination of members to the CDEC (community, 1 councilor, CSOs, Church). This essentially means that decisions made by this body will to a large extent be influenced by the members of parliament. MPs should not have this power to nominate members of the committee as this results in conflict of interest.
- IV. The 2018 CDF Act has recognized citizens' participation by engaging the ward development committee to submit a proposed project before the CDFC.
- V. It has been noted that while the 2018 CDF Act remained silent on how the community could participate, the new guidelines have expanded on this and clearly guided to what extent the community will participate in the implementation of CDF. However, this raises concern about their capacity to do this in the absence of adequate capacity building and awareness raising programs planned.
- VI. The new guidelines have provided clarity on the roles and responsibilities of various stakeholders in relation to implementation, procurement, monitoring and evaluation under the CDF.
- VII. There will be a need for administrative budgets that will allow for the local authority's creation of spaces for Zone participation for effective input.
- VIII. Awareness raising on how communities and WDCs can effectively participate in the development of Development Plans, Integrated Development Plan (IDP) or any other local development framework that would reflect real community priority needs will be cardinal

#### **3.2 Accountability**

The 2022 Guidelines are well placed in their provisions due to the link applied to the Public Finance Management Act. It will be easy for TI-Z and the community to justify demand for accountability through the adequacy of this piece of legislation. However, the CDF Act is too vague in explaining how exactly the accountability principle shall be implemented. The Guidelines provide in detail how financial reporting shall be done. Further, there are a number of issues that can be noted:

- I. The 2022 guidelines have introduced the use of ICT for effective accountability of the Fund. This incorporation of ICT under the 2022 guidelines [6.2(e)] is a good shift for accountability of any unexpected demands from stakeholders.
- II. Maintenance of separate book accounts and constituency accounts shows that there is adherence to the core principle of Transparency and Accountability in managing the CDF
- III. The CDF Act did not clearly highlight the depth of guidance on signatories to CDF accounts which is given in the 2022 guidelines as one point of implementing checks and balances. This is a positive move.
- IV. The revamped CDF is a new approach which will require particular attention in terms of audits. Pre and post Auditing will reduce the likelihood of abuse of resources. It promotes and encourages accountability.
- V. There is a need to immediately come up with a good tracking system that shall be able to capture both the interest earned and recovery from the loans acquired through the empowerment programs on the bank accounts that are opened for them.
- VI. There are no oversight mechanisms on the eligibility criteria for empowerment schemes highlighted and the criteria is more or less the same as that under the Farmer Input Support Programme (FISP) which has proved to have been problematic over the years.
- VII. The guidelines have stipulated the assessment and project selection criteria in more depth and it is clear on the basis which a project will be selected

### 3.3 Transparency

District Development Plans and Integrated Development Plan (IDP) have not really been made available to the communities to adequately understand what plans are in place for them. This needs to be addressed. In addition, the representation of one external stakeholder to participate in the procurement process is a good practice. The question should be whether one stakeholder is representation enough.

Further, it is good that the guidelines have mandated the procurement processes to be done in line with the ZPPA Act, although the CDF Act refers to the old ZPPA Act of 2008 whereas the guidelines refer to the new ZPPA Act of 2020.

### 3.4 Capacity

While Communities are expected to have an active participatory role in highlighting and addressing their social or economic needs in line with the Ward Development Plan, Integrated Development Plan, and National Development Plan, Questions on their capacity of understanding, participating in the development process or even having access to these documents remains a concern that needs to be addressed

While the aim of the bursary is to enhance human development and drive the entrepreneurship agenda at the local level, questions around the local council human resource capacity to solely manage this process remain a key challenge. This responsibility should have been placed under the Bursaries committee and/or social welfare etc.

There is need to ensure full implementation of decentralization policy and proper budget allocation that will ensure adequate capacity of communities to monitor, and participate throughout the CDF implementation process.

## **4. Constituency Development Best Practices from other Countries in Africa**

### **4.1 Elimination of a Board to Manage the Fund at National Level and Concentration of Powers in the Minister.**

Zambia's 2018 CDF Act does not support the formation of an oversight CDF Board at National Level which should act as management and oversight of the Fund at national level and be independent of the Minister. A review of the Kenyan 2015 National Government (NG) CDF Act<sup>1</sup> reveals a board being set up to allocate funds to each constituency, ensure timely and efficient disbursement of funds, ensure efficient management of the Fund as well as receive and address complaints among performing other roles.

### **4.2 Approval of Disbursement of Funds at National level to be done by the Minister.**

In Zambia, approval of disbursement of funds is left as a preserve of the Minister of local Government and Rural Development, which leaves room for possible abuse. However, a review of the Kenyan 2015 National Government CDF Act reveals that in their instance this is a preserve of the Board to lessen possible abuse.

### **4.3 Selection of Constituency Development Fund Committee.**

In Zambia, a significant portion of this has been left to the Members of Parliament who nominate a large number of the CDFC members while the Minister of local Government is given the power to approve. However, the best practice in Kenya as cited by the Collaborative Centre for Gender and Development (CCGD) is where CDF Committee members are democratically elected by the community (CCGD, 2009). It has also been argued that the CDF is a constituency fund and not a political fund; therefore, instead of a winner-take-all approach to CDF Committee composition (where the MP selects a number of CDF Committee members), representation on the committee should reflect a share of votes in a local election.

The 2018 CDF Act and 2022 Guidelines are silent about the involvement of youths, people living with disabilities and women representation on the Constituency Development Fund Committee. This to some extent leaves room for possible exclusion of members of the public that are not represented on the committee on project selection. This may lead to selective benefits for a few categories of people that are represented on the CDFC committee.

It is also suggested that representation on the committees should be opened up to other groups, including the private sector. Best practices are also highlighted in Kenya where deliberate measures were taken to proactively improve gender equity and include the participation of marginalized and vulnerable groups on the Committee (CCDG, 2009).

In some areas, specific actions were taken to boost the capacity of the CDF Committee, including incorporating professionals on the Committee and organizing capacity-building programmes for both CDFC and Project Committee members (CCDG, 2009).

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<sup>1</sup> [https://roggkenya.org/laws-rules/kenya-national-government-constituencies-development-fund-act-2015/#KE/LEG/EN/AR/N/NO.%2030%0AOF%202015/sec\\_8](https://roggkenya.org/laws-rules/kenya-national-government-constituencies-development-fund-act-2015/#KE/LEG/EN/AR/N/NO.%2030%0AOF%202015/sec_8); National Government Constituencies Development Fund Act No. 30 of 2015

Other good practices provide examples of measures to improve and strengthen citizen participation and accountability, such as: the public disclosure of the financial status of the CDF projects; opening up the project identification and selection process to better participation by the community; and making tendering procedures transparent were also identified as best practices. In some instances, MPs themselves took steps to connect to constituents and increase accountability, through progress reports by CDF committees and monthly meetings with citizens; open procurement meetings; and processes for public nomination of CDF committee members.

#### 4.4 Emergency Reserve.

The Zambian CDF 2018 ACT remains silent on the allocation of some funds to emergencies that may take place in the constituency. In reference to the Kenyan 2015 NG-CDF Act- Part II Section 8 (1), "A portion of the Fund, equivalent to five per centum (hereinafter referred to as the "Emergency Reserve") shall remain unallocated and shall be available for emergencies that may occur within the Constituency." The NG-CDF Act goes further to describe what an emergency is and that it shall be allocated as determined by the constituency committee.

#### 4.5 Transparency and Access to Information.

The 2018 CDF Act and 2022 Guidelines are silent about access to information on the CDF data. CDF data, including budget and expenditure figures, progress reports and tendering/procurement documentation, will often be very difficult for citizens to access without express legislation on Access to Information. A number of countries such as Tanzania have suffered the same circumstances, however, countries with longer-running CDF programmes, such as India and Kenya, have made progress publishing information online. The official CDF website of the Government of Kenya is the best example of publicly available information ([www.cdf.go.ke](http://www.cdf.go.ke)). These websites ostensibly provide information on CDF committee members, project allocations, project status (including amount spent to date), disbursements and reallocations per project by constituency.

In India, public access to information and transparency of the Members of Parliament Local Area Development Division (MPLADS) continued to improve and India now offers some best practices for CDF transparency. The 2005 Guidelines from the Indian Government included specific provision to protect the right of citizens to access information on "any aspect of the MPLAD Scheme and the works recommended/sanctioned/executed under it" as per the Right to Information Act, 2005. A web-based system has also been set up which the District Collectors use to enter the monthly progress data that is required for the release of the next MPLADS installment. Reports are also available to the public online, showing expenditure per State per MP/constituency, as well as progress reports on work done in priority sectors (e.g., drinking water, education, electricity). Although Kenya has similar information available online, India differs from Kenya in that a Freedom of Information Act is in place, and secondly, that Act is specifically cited in government regulations to emphasize the applicability of the Act to CDF data.

#### 4.6 Allocation of CDF Funds to Constituencies.

In Kenya, the total amount of CDF funds allocated to each constituency depends upon poverty levels in the area. 75% of the CDF is equally distributed among Kenya's 210 constituencies. The remaining 25% is allocated to constituencies according to the National Poverty Index multiplied by the constituency's poverty index.

#### 4.7 Process for Approval and Disbursements.

In Zambia, the CDF Act and guidelines give power to the Minister to approve funds for each constituency. The best practices learning from Kenya is that, funds are sent from the Ministry of Planning to the CDF Board which then disburses them directly to constituency committees, into commercial bank accounts set up for each CDFC. Project proposals are submitted to the MP, then forwarded to the Clerk of the National Assembly. The approved list is reviewed by the national CDFC which presents final recommendations to the Finance Minister.

Similar to India, unspent funds may be rolled over to the next budget year (Section 10 of the CDF Act). IN order to improve monitoring of rollovers and unspent funds, the CDF Amendment Act (2007) inserted two new schedules into the reporting system (Section 9). Each year constituencies must use the Fourth Schedule to submit details on unspent funds which they intend to re-allocate. Constituencies use the Fifth Schedule to submit their request to re-allocate those funds to a new or ongoing eligible project. These re-allocations must be approved by the Board (Section 9).

## **5. Recommendations**

The injection of such a massive amount of liquidity into the Constituency Development Fund with an expanded mandate has come with the hope of spurring genuine local development and empowerment albeit with a number of concerns. These concerns coupled with the review of the CDF Act of 2018 and the new 2022 CDF Guidelines and their resultant implications in addition to regional best practices, point to a number of areas where improvements and safeguards can be made. As TI-Z we recommend the following:

- There is need for Government to review the current CDF Act to deal with the gaps that have been subjecting CDF to potential abuse by implementing agencies and stakeholders. More specifically, TI-Z recommends that:
  - a. Government introduces a clause in the CDF Act for CDF Committee Members to be voted for by the communities and not appointed. This will deter MPs from the process of selection of CDF Committee members to allow for genuine public participation.
  - b. Government introduces a CDF national board to prevent possible Minister's abuse of power bestowed upon his office.
  - c. Government to amend Section 22 of the CDF Act to remove the year of the Public Procurement Act mentioned to ensure that the current Act as cited in the 2022 Guidelines will apply.
  - d. Government to introduce a clause to ensure that there is a deliberate move for inclusion of youth and vulnerable groups on CDF Committees
- Regarding capacity building, Government must ensure the following:
  - a. That there is sufficient capacity building to guarantee stakeholders understand their roles and provide material on CDF in local languages in addition to sensitization via other media such as radio.
  - b. That there is greater involvement of the Ministry of Small Business and Entrepreneurship and institutions such as ZDA to build capacity in local businesses and beneficiaries of the CDF empowerment.
- Considering the significance of amounts allocated and the opportunity for local development if well executed in addition to the potential for misuse if not well handled, TI-Z recommends that the Office of the Auditor General should produce a separate annual audit report on CDF.
- There is need for parliament to quickly legislate an Access to Information Act.
- The 2022 Guidelines require some amendment to improve transparency and efficiency of the CDF. Thus, Government must:
  - a. include a guideline to require that the bursary consolidated final list be published before submission to the Local Authority for transparency and reduce opportunity for abuse.
  - b. Ensure that the selection of grants should involve the Ministry of Community Development and social welfare structures with information on vulnerable groups



- c. Procurement should be done by the local authority but additional personnel should be engaged to deal with the additional volume of work from the CDF. Further, there is need for the inclusion of more CDFC representation on procurement committees.
  - d. Develop a comprehensive recovery plan for the revolving fund beneficiary schemes.
  - e. Ensure the CDF guidelines describe what is meant by an emergency under the CDF.
- Regarding WDCs, the Government must consider a review of the CDF Guidelines as well as provisions in the Local Government Act in the following ways:
  - a. Provide for a secretariat for WDC to be constructed from administrative allocation for CDF to facilitate ease of access by communities.
  - b. Administration allocation be extended to include allowances of WDCs considering the significant role they will play in the CDF
  - c. Requirements for WDC to ensure the existing minimum qualification for membership is followed and that the WDC allow for inclusion of ex-officials to provide necessary expertise where needed.
  - d. Require that local authorities ensure communities have sufficient awareness on election processes of WDCs



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