



TRANSPARENCY
INTERNATIONAL
ZAMBIA



ANALYSIS OF THE 2023 AUDITOR GENERAL'S REPORT
ON THE **CONSTITUENCY
DEVELOPMENT FUND**

February 2025



Analytical Brief: 2023 Auditor General’s Report on the Constituency Development Fund for the year ended 31st December 2023

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Transparency International Zambia (TI-Z) thanks the Office of the Auditor General for undertaking and publishing the 2023 Auditor General’s Report on the Constituency Development Fund. The CDF Audit report provided very important summary tables covering all the constituencies and a great level of detail on major aspects of the Constituency Development Fund Programme in Zambia. These tables were the primary source of information contained in this report. TI-Z also thanks Mr. Bright Chizonde, Mr. Chimuka Nachibinga, Mr. Tommy Singongi and Ms. Chilandu Lungu for conducting the analysis contained in this analytical brief, and Mr. Raymond Mutale and Mr. Maurice K. Nyambe for providing valuable insights and comments.

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KEY INSIGHTS

- Non-governmental organisations (NGOs) are essential for promoting effective implementation of local-level policies as they are able to reduced agency costs associated with monitoring local-governments, and increase public demand for transparency and accountability.
- Transparency International Zambia (TI-Z) has therefore conducted this analysis of the 2023 Auditor General’s Report on the CDF in order to encourage improved local-level implementation of the CDF programme, through improved central government monitoring and public scrutiny.
- This analysis and its publication contributes to enhanced protection and accountability of public resources, and strengthened citizens’ demand for transparency and accountability in public resource management at local-level.
- The analysis asks critical questions around the management of the CDF, including the capacity to utilise CDF allocations, the scale of corruption and mismanagement, and the major governance weaknesses.
- In assessing the performance of the CDF programme during the year 2023, the analysis made use of tables contained in the 2023 CDF Audit Report to rank the performance of provinces and constituencies with respect to the utilisation of funds made available through the Programme.
- The analysis reveals a concerning picture of limited capacity of local authorities, significant financial irregularities and governance weaknesses, as well as underperformance of constituencies in utilizing CDF funds.
- In 2023, the constituencies only utilised 41.9% of the funds available for community projects, while at the same time, the utilisation of funds allocated to administration was at 98.2%.
- In terms of funds utilisation, 8 out of the 10 provinces had utilisation rates lower than 50% on Community projects and all the 10 provinces had utilisation rates less than 60% for the total funds made available.
- The analysis reveals that there is a lack of capacity among local authorities and constituencies in implementing the CDF programme, thereby putting into question the political motive behind the annual successive increase in budget allocations.
- The 2023 CDF Audit also identifies three main categories of financial irregularities in the management of the CDF Programme. These include the change of projects without approval, failure to account for funds and failure to recover loans.
- The CDF Programme also has critical weaknesses, which undermined the Programme’s objective of delivering essential social and economic services to the Zambian population.
- The prevalence of these governance weaknesses indicates that there is a high risk of financial leakages and corruption in all components of the Programme.

KEY INSIGHTS

- In lights of these findings, TI-Z recommends for the halting of any further increases in the budget allocation to the CDF Programme until there is evidence of improved monitoring and institutional capacity to mitigate the high corruption risks and financial leakages.
- Further, there is need for improved information sharing through community dissemination meetings, local authority websites and the media, on the status of project implementation; and for government to take action to eliminate the dominance of political elites in the CDF programme by encouraging broader and non-partisan participation of all citizens.

1 - INTRODUCTION

The Office of the Auditor General (OAG) is Zambia's Supreme Audit Institution (SAI) and is responsible for auditing the accounts of State organs, State Institutions, Provincial Administration, and Local Authorities, in accordance with the provisions of Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016.¹ As a programme financed from public funds and administered at local government level, the audit of the CDF is an important undertaking aimed at promoting accountability and combating corruption risks in line with objective 6 of the Decentralisation Policy.²

Studies³ have documented the role of non-governmental organisations (NGOs) in promoting effective implementation of local-level policies, highlighting the benefits to both the public and central government in sharing information on local government performance. The benefits include reduced agency costs associated with monitoring local-governments, and increased public demand for transparency and accountability.³

Transparency International Zambia (TI-Z) has therefore conducted this analysis of the 2023 Auditor General's Report on the CDF in order **to encourage improved local-level implementation of the CDF programme, through enhanced central government monitoring and public scrutiny.**

This analysis and its publication will contribute to enhanced protection and accountability of public resources,⁴ and strengthened citizens' demand for transparency and accountability in Public Resource management at local-level.⁵

2 - ANALYTICAL APPROACH

This paper presents Transparency International Zambia's analysis of the Auditor General's Report on the Constituency Development Fund for the year ended 31st December 2023.⁶ The study employed a Critical Analysis Approach (CAA) by first asking critical questions around the management of the CDF, including the capacity to utilise CDF allocations, the scale of corruption and mismanagement, and the major governance weaknesses. The analysis involved a detailed search of the Auditor General's report in order to identify and document the answers to these questions. Further, in assessing the performance of the CDF programme during the year 2023, the study ranks the performance of provinces and constituencies with respect to the utilisation of funds made available through the Programme. This section of the analysis makes use of tables provided in the appendix section of the 2023 Auditor General's Report on the CDF, specifically from page 679 to 795.

[1] Constitution of Zambia (Amendment) Act No. 2 of 2016

[2] The National Decentralisation Policy. <https://www.mlgrd.gov.zm/wp-content/uploads/2023/06/National-Decentralisation-Policy-2023.pdf>

[3] Anderson E. Sarah, Buntaine T. Mark, and Zhang Bing. 2019. "Non-Governmental Monitoring of Local Governments Increases Compliance with Central Mandates: A National-Scale Field Experiment in China. American Journal of Political Science. Vol. 63 (3) p.626-643

[4] Transparency International Zambia (2022). Transparency International Zambia Strategic Plan 2023 – 2027. https://tizambia.org.zm/wp-content/uploads/2023/02/Final-TI-Zambia-Strategy-2027_Abridged-Version.pdf

[5] Objective 3 of the GIZ Change Project implemented by TI-Z

[6] Auditor General's Report on the Constituency Development Fund. https://tizambia.org.zm/wp-content/uploads/2025/03/CDF-Report-2023_4.pdf

In analyzing the information in the tables, TI-Z makes use of visualisation, in the form of graphs and tables, generated using the Microsoft Excel Pivot tables function.

3 - ASKING THE RIGHT QUESTIONS ABOUT THE CDF

3.1 Is there capacity to utilise the increasing CDF allocation?

In 2021, the Zambian Government expanded the scope of the CDF Programme to cover three (3) specific areas namely; Community Projects; Youth, Women and Community Empowerment; and Secondary Boarding School and Skills Development Bursaries and increased the budget allocation. The CDF Guidelines⁷ published in February 2022 provide for the distribution of the total allocation of the CDF per constituency. Each constituency apportions the funds among three (3) major components, namely, community projects (60%); Youth, Women and Community Empowerment (20%); and Secondary Boarding School and Skills Development (20%), after effecting a 5% deduction for Administrative Costs, which goes to the local authorities. The 20% allocated to Youth, Women and Community Empowerment is further broken down into Grants (40%) and Soft Loans (60%).⁶

The budget allocation to the CDF Programme increased from K249.6 million in 2021 to K3.2 billion in the 2022 national budget.

The government further increased the CDF allocation to K 3.5 billion in 2023, K3.8 billion in the 2024, and to 5.6 billion in the 2025 national budget.

The Constituency Development Fund (CDF) is the primary government policy for implementing fiscal decentralisation in Zambia. However, not only does decentralisation transfer more resources to local-level public institutions and further from the central government, it also facilitated for more people to have a role in deciding how these resources are used.

Therefore, in regions characterised by powerful local elites, and patronage relationships, there is a significant risk that decentralisation serves as a tool for the capture of resources by local political supporters.⁸ Other studies⁹ have established that fiscal decentralisation is associated with several challenges, including higher risks of corruption and a lack of capacity to deliver efficient public services.

While the higher risk of corruption is due to information gaps, and underdeveloped financial, accountability and monitoring frameworks, the lack of capacity is partly due to the challenges faced by local government in attracting highly skilled labour.⁸ **Figure 1** indicates that, in 2023, only **41.9%** of the available funds for community projects were utilised, as compared to the **52.9%** total utilisation of CDF funds.

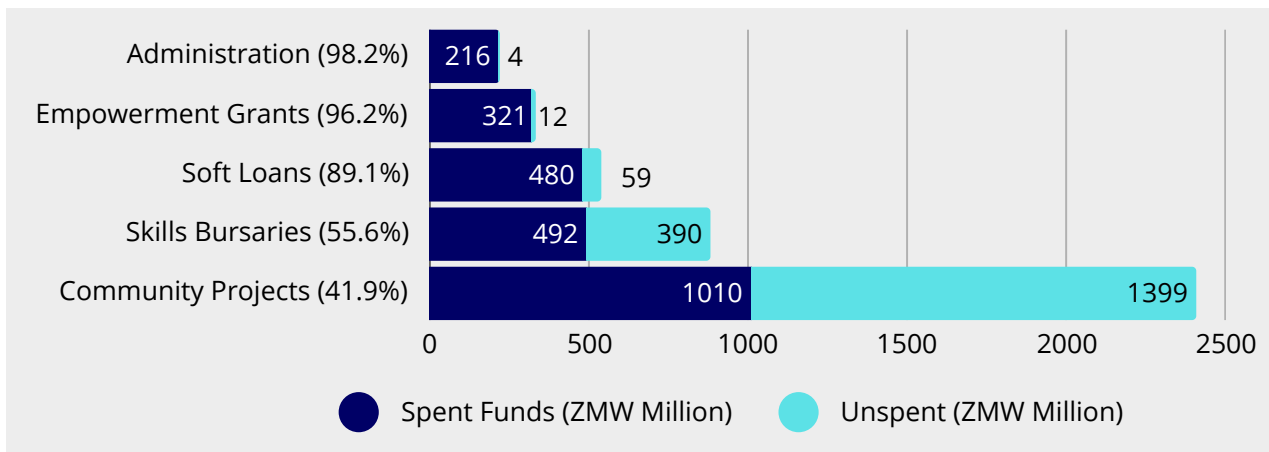
[7] Ministry of Local Government and Rural Development (2022). Constituency Development Fund Guidelines. <https://www.mlgrd.gov.zm/wp-content/uploads/2022/04/CDF-GUIDELINES-2.pdf>

[6] Auditor General's Report on the Constituency Development Fund. https://tizambia.org.zm/wp-content/uploads/2025/03/CDF-Report-2023_4.pdf

[8] Devas, N. 2005. The Challenges of decentralisation. Global Forum on Fighting Corruption. <https://www.gov.br/cgu/pt-br/acao-a-informacao/institucional/eventos/anos-anteriores/2005/iv-forum-global-de-combate-a-corrupcao-1/arquivos/nickdevas-2.pdf>

[9] Prud'homme, R. 1995. The dangers of decentralisation. The World Bank Research Observer. 10(2): 201-220. <https://documents.worldbank.org/curated/en/602551468154155279/pdf/770740JRNOWBRO0Box0377291B0OPUBLIC0.pdf>

Figure 1: 2023 CDF Utilisation by Programme Component



Note: Percentage in brackets () is the utilisation rate

The highest utilisation was on funds allocated to administration (98.2%), Empowerment Grants (96.2%) and Soft Loans (89.1%), while skills development was at 55.6%. Due to this low utilisation of funds on the community projects component of the CDF Programme, local authorities and CDF committees implemented fewer projects in 2023 as compared to 2022. In 2022, the constituencies implemented **2,404** projects compared to **1,109** projects implemented in 2023. Further, the number of project categorised as work in progress increased from **719** in 2022 to **767** in 2023.

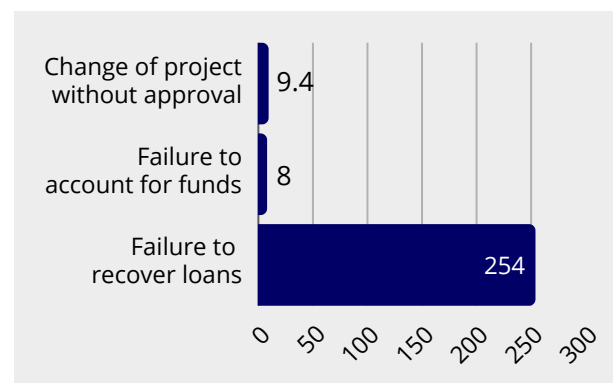
This analysis of the utilisation of funds suggests that **there is a limited capacity among local authorities and constituencies in implementing the CDF Programme.** CDF Programme components, such as Community Projects and Skills Bursaries, which require more institutional capacity to implement, have low utilisation rates as compared to other components such as administration.

3.2 Is there evidence of mismanagement in the CDF programme?

The 2023 Audit of the CDF programme identified three main irregularities in the

management of the CDF by local authorities. These include the change of projects without approval, failure to account for funds and failure to recover loans. **Figure 2** presents the value of these three irregularities in the CDF Programme.

Figure 2: Financial irregularities in the CDF Programme (Millions of Kwacha)



The highest irregularity in terms of value is failure to recover loans, at over K254 million, as compared to failure to account for funds (K8.3 million) and change of projects without approval (K9.4 million). **Table 1** presents a list of the local authorities with highest value of these financial irregularities

Table 1 indicates that Lusaka City Council appears among the top 10 local authorities for all three financial irregularities assessed, while Mongu and Isoka Town Councils appear on two of the three categories.

Table 1: Financial Irregularities by Local Authority in Zambian Kwacha

TOP 10: CHANGE OF PROJECTS WITHOUT APPROVALS		TOP 10: FAILURE TO ACCOUNT FOR FUNDS		TOP 10: FAILURE TO RECOVER LOANS	
Masaiti	2,102,944	Lusaka***	5,355,700	Monze	13,855,896
Lavushimanda	570,000	Mufulira	246,000	Mongu**	12,678,021
Lusaka***	498,850	Mushindamo	235,000	Choma	11,910,165
Kapiri Mposhi	436,000	Kasama	230,000	Kalomo	11,836,827
Rufunsa	419,500	Mporokoso	226,411	Kalabo	10,542,462
Luwingu	359,700	Mungwi	212,200	Lusaka***	9,899,984
Kabwe	337,520	Mwandi	197,000	Sinda	7,441,135
Mongu**	335,540	Isoka**	155,000	Mtete	7,015,920
Serenje	321,857	Luano	143,000	Mazabuka	6,947,655
Isoka**	295,000	Mbala	123,057	Sesheke	6,578,646

***Indicates that the Local Authority appears on all 3 financial irregularities, while ** indicates it appears on only 2 of the 3 financial irregularities.

It is also notable that the majority of the top 10 councils failing to recover loans are in the ruling UPND party's political strongholds, which raises concerns on possible patronage and abuse of the CDF programme by political elites.



CASE STUDY 1

During the period from January 2022 to March 2024, **Kalabo Town Council** in Western Province released amounts totalling K630,955 which were meant to be disbursed to forty-five (45) clubs through a bank account held with a named commercial Bank. Inquiries with the management and the bank revealed that the bank account did not belong



CASE STUDY 2

On 6th April 2023, the **Katete Town Council** engaged a company for the construction of a police post at Kagoro, at a contract price of K870,053 with a completion period of eight (8) weeks ending 7th June 2023.

As at 31st December 2023, amounts totalling K676,460 had been paid to the contractor leaving a balance of K193,594.

However, a physical inspection of the police post carried out in June 2024 revealed that the structure was at lintel level and the outstanding works included roofing, plastering in and out, electricals, windowpanes, construction of an apron, slab on the veranda, fitting of door and window frames and external works. Further, the contractor was not on site and works had stalled.

3.3 What are the major governance weaknesses in the CDF programme?

The Auditor General’s report also highlighted critical weaknesses in the management and utilisation of the Constituency Development Fund (CDF).

These weaknesses undermine the Programme’s objective of delivering essential social and economic services to the Zambian population.⁵ According to the CDF Audit Report, the weaknesses emanated from a general non-enforcement of the CDF guidelines. **Table 2** presents a summary of the major governance weaknesses in the management of the CDF Programme in Zambia.

Table 2 indicates that the CDF programme has major governance weaknesses, due to the limited institutional capacity of local authorities. Further, the prevalence of these weaknesses indicates that there is a high risk of financial leakages and corruption in all components of the CDF Programme.

Table 2: Major Governance Weaknesses in CDF Management

CDF Component	Specific weakness
Budget Management	<ul style="list-style-type: none"> Ineffective monitoring which has led to available funds remaining unspent at the end of the financial year.
Procurement and Asset Management (Desks)	<ul style="list-style-type: none"> Weak quality control processes which have resulted in the acceptance of defective desks, ultimately compromising the value for money. Poor contract management and lack of follow-up by the local authorities that are the procuring entities, leading to none delivery of desks
Community Projects	<ul style="list-style-type: none"> Weak monitoring and accountability mechanisms resulting in delayed implementation of projects and culminating in project backlogs Poor contract management, lack of due diligence, and weak enforcement of penalties leading to abandoned projects after making advance payments to contractors.
Youth and Women Empowerment Grants	<ul style="list-style-type: none"> Weak governance and poor enforcement of compliance measures leading to diversion of funds to other activities by the recipients. Limited transparency and potential misuse of funds as evidenced by limited provision of financial documents and missing expenditure records.

CDF Component	Specific weakness
Soft Loan Management	<ul style="list-style-type: none"> Ineffective loan recovery processes and weak enforcement of penalty provisions which have resulted in significant outstanding balances, indicating poor credit control
Bursary Management	<ul style="list-style-type: none"> Inadequate pre-disbursement verification and post-disbursement monitoring leading to learners not reporting to the learning institutions after payment of bursaries, and payment for non-skills courses

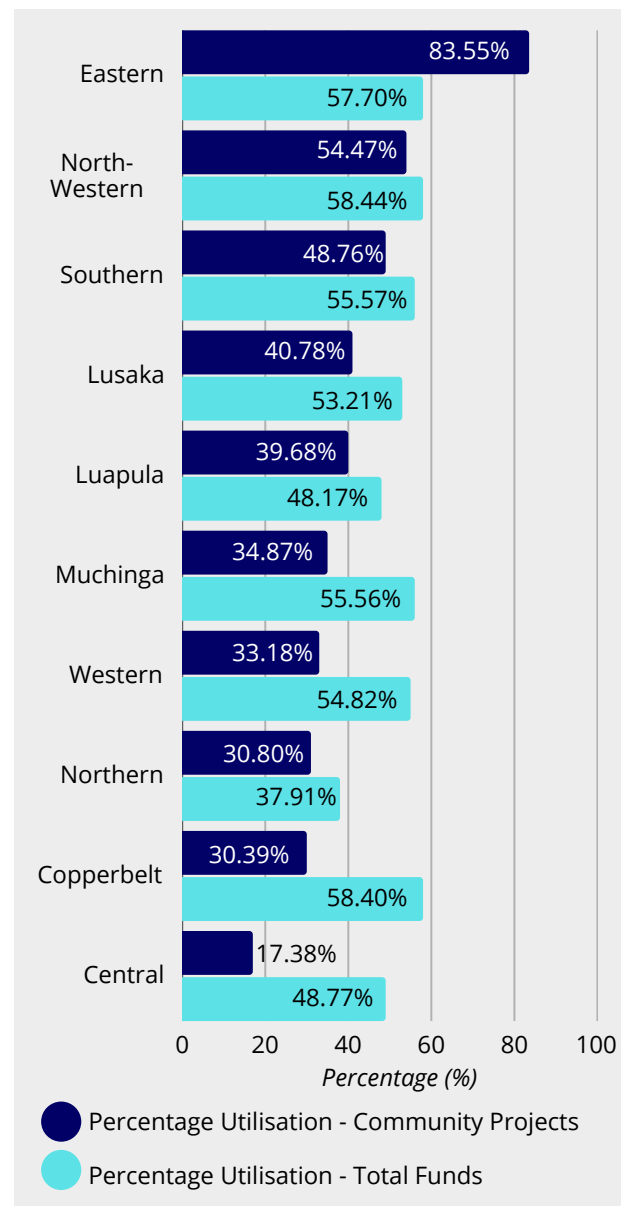
4 - ANALYSIS OF PROVINCIAL PERFORMANCE

In this section, we present our analysis of the performance of provinces with respect to the utilisation of available funds, which we have defined as a ratio of the amount of funds utilised versus the funds available during the year 2023. **Figure 3** presents the distribution of utilisation by province.

Figure 3 presents the performance of the Provinces on CDF funds utilisation. In terms of funds allocated to Community Projects, the top performer was Eastern Province with a utilisation rate of 83.55% followed by North-Western (54.47%), while the least performer was Central (17.38%). **It is also notable that 8 out of the 10 provinces had utilisation rates lower than 50% on Community projects.**

In terms of overall utilisation of funds allocated to the Programme, North-Western Province was the best performer with a utilisation rate of 58.44%, followed by Copperbelt (58.40%) and Eastern (57.7%). Central, Luapula and Northern had utilisation rates less than 50%, with Northern being the least performer with a utilisation rate of 37.91%. **It is notable that all the 10 provinces had utilisation rates less than 60% of the funds made available.**

Figure 3: Utilisation of CDF Funds by Province



5 - ANALYSIS OF CONSTITUENCY PERFORMANCE

The top performing constituencies in terms of CDF funds utilisation for the total funds made available to the Constituencies were Rufunsa, Roan and Lukashya, with all recording utilisation rates of more than 100%, and were followed by Nyimba (96.57%), Luanshya Central (91.29%), Chirundu (85.74%), Lufwanyama (84.47%),

and Vubwi (83.22%). The least performers were Kaputa (29.80%), Chilubi (29.71%), Chawama (27.57%), Chimbambilonga (26.97%), Kasama Central (22.84%), and Lusaka Central (14.61%).

Table 3 presents the list of the Top performers and bottom performers in terms of CDF total funds utilisation.

Table 3: Top 10 and Bottom 10 Performers–Total CDF Funds utilisation

Top 10 Performers (Constituencies)		Bottom 10 Performers (Constituencies)	
Rufunsa	>100%	Luapula	34.16%
Roan	>100%	Muchinga	32.08%
Lukashya	>100%	Mkushi North	31.94%
Nyimba**	96.57%	Chifunabuli	30.97%
Luanshya Central	91.29%	Kaputa	29.80%
Chirundu	85.74%	Chilubi	29.72%
Lufwanyama	84.47%	Chawama	27.57%
Vubwi	83.22%	Chimbambilonga	26.97%
Shangombo	79.57%	Kasama Central	22.84%
Chongwe	79.47%	Lusaka Central	14.61%

The top performing constituencies in terms of CDF funds utilisation for community projects were Lumezi, Kasenengwa, Chongwe, Chipangali, Luangeni, Malambo, and Monze Central, which all recorded utilisation rates greater than 100%. Our analysis revealed that 13 out of the 156 constituencies had utilisation rates of 0%

while another 13 constituencies had utilisation rates less than 10% on community projects, including Mbala (5.24%), Solwezi Central (3.99%), Kabwata (2.91%) and Dundumwezi (0.39%). **Table 4** presents the list of the Top performers and bottom performers in terms of CDF funds utilisation for community projects.

Table 4: Top 10 and Bottom 10 Performers–Community Projects Funds utilisation

Top 10 Performers (Constituencies)		Bottom 10 Performers (Constituencies)	
Lumezi	>100%	Kabushi	8.24%
Kasenengwa	>100%	Malole	7.88%
Chongwe	>100%	Sinazongwe	6.94%
Chipangali	>100%	Serenje Central	6.91%
Luangeni	>100%	Chinsali	6.68%
Malambo	>100%	Kabwe Central	5.71%
Monze Central	>100%	Mbala	5.24%
Feira	99.17%	Solwezi Central	3.99%
Nyimba**	99.17%	Kabwata	2.91%
Chipata Central	97.61%	Dundumwezi	0.39%

The overall best performer on both total CDF funds utilisation and community projects funds utilisation in 2023 was Nyimba Constituency, which appeared on both rankings for top performers, while there was no constituency that appeared on both rankings for bottom performers.

of the funds available for community projects, while at the same time, the utilisation of funds allocated to administration was at 98.2%. The analysis in this paper reveals that there is limited capacity among local authorities and constituencies in implementing the CDF programme, thereby putting into question the political motive behind the annual successive increases in budget allocations.

6 - CONCLUSION AND RECOMMENDATIONS

The 2023 Audit of the Constituency Development Fund (CDF) reveals a concerning picture of limited capacity of local authorities, significant financial irregularities and governance weaknesses, as well as underperformance of constituencies in utilising CDF funds. In 2023, the constituencies only utilised 41.9%

The 2023 Audit identifies three main categories of financial irregularities in the management of the CDF Programme. These include the change of projects without approval, failure to account for funds and failure to recover loans. Lusaka City Council is among the top local authorities where all these three financial irregularities are highest, while the majority of the top 10

councils failing to recover loans are in the ruling party's political strongholds, which raises concerns on possible patronage and abuse of the CDF Programme by political elites. The Auditor General's report also highlights critical weaknesses in the management and utilisation of the CDF, which undermine the Programme's objective of delivering essential social and economic

services to the Zambian population. The prevalence of these governance weaknesses indicates that there is a high risk of financial leakages and corruption in all components of the Programme.

In light of these findings, TI-Z makes the following recommendations:

Table 5: Recommendations

Responsible entity	OAG Recommendation	TI-Z Recommendation
Ministry of Local Government and Rural Development, Ministry of Finance and National Planning	Budget Utilisation: Enhance monitoring mechanisms, conduct periodic reviews, and train staff on financial management	Halt any further increases in the budget allocation until there is evidence of improved monitoring and institutional capacity.
Ministry of Local Government and Rural Development, Local Authorities	Project Implementation: Introduce robust tracking systems, enforce contractor accountability, and implement formal follow-up mechanisms.	Improve information sharing, through community dissemination meetings, local authority websites and the media, on the status of community projects implementation.
Local Authorities, Office of the Auditor General, Ministry of Finance and National Planning, Ministry of Local Government and Rural Development	Empowerment Grants: Conduct regular audits, mandate proper documentation, and provide training on financial compliance	Take action to eliminate the dominance of political elites in the Programme by encouraging broader and non-partisan participation of all citizens
Local Authorities, Commercial Banks	Loan Recovery: Establish dedicated loan recovery function, enforce penalties for defaults, and implement creditworthiness assessments.	Collaborate with specialised private sector entities, such as commercial banks, to improve loan recoveries, through improved credit risk assessments
Local Authorities, Ministry of Education, Ministry of Local Government and Rural Development, NGOs	Bursary Management: Strengthen verification processes, introduce post-disbursement monitoring, and ensure alignment with program objectives.	Collaborate with NGOs and CSOs to enhance monitoring and verification, through third-party monitoring of status of beneficiaries

Table 5: Recommendations

Responsible entity	OAG Recommendation	TI-Z Recommendation
Local Authorities, Zambia Public Procurement Authority	Procurement and Asset Management: Strengthen contract management, conduct quality inspections, and perform regular supplier audits.	None
Local Authorities, Ministry of Financial and National Planning	Governance: Enforce compliance through training and audits, digitise record keeping, and conduct regular internal audits to address gaps in internal control implementation.	None



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