IMPACT OF THE LOCAL AUTHORITY TRANSFER FUND (LATF) ON SERVICE DELIVERY: A CASE OF THE COUNTY COUNCIL OF GARISSA

BY

MOGENI SAMWEL MOSOMI

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Mogeni Samwel Mosom
Impact of the local authority transfer
DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signature

Samwel Mosomi Mogeni (D53/OL/14025/05)

This research project has been submitted for examination with my approval as University Supervisor.

Signature

J. M. Theuri

Department of Accounting and Finance

This research project has been submitted for examination with my approval as the Chairman, Department of Accounting and Finance.

Signature

J. Muturi.
DEDICATION

To my late parents, Mr. Hezron Mogeni Mogoi and Mrs. Dorika Kwamboka Mogeni.
ACKNOWLEDGEMENTS

First and foremost, I am grateful to the Almighty God for the opportunity, strength and resources to undertake this study.

I wish to express my gratitude to all those who contributed to the completion of this study. I am particularly grateful to Mr. J.M. Theuri for his invaluable guidance, cooperation and support throughout this study.

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ABSTRACT

The Kenyan Government in its effort to strengthen the capacity of services introduced the LATF in 1999, increasing the allocation to the fund from Shs.1b in FY 1999/2000 to Ksh.7.5b in FY 2006/07. The County Council of Garissa allocation increased from Kshs 4,052,720.00 in 1999/2000 to Kshs 50,153,956.00 in 2006/2007. It’s in the light of the increased allocation and eight years after the introduction of the fund, that the study sought to assess its impact on service delivery to the residents of the County Council of Garissa. The study involved administration of structured and semi-structured questionnaires to the respondents (34 Council employees and councillors, respondents who were considered to have vital information for the study). 29 of the questionnaires were properly filled and the response rate of eighty-five percent was considered adequate for the purposes of the study. Data collected were analyzed using descriptive statistics where percentages based on frequencies were calculated. The data are presented using tables. Findings from the study indicate that after the introduction of LATF, the quality of services offered improved and the council was able to offer additional services according to seventy-six percent of the respondents, while it did not for twenty-four percent of the respondents. With the exception of reservations from twenty-four percent of the respondents, it can be concluded that LATF has enabled the council to offer additional services and improve the quality of its services. Other findings indicate that ninety percent of the respondents agree that the council holds the annual LASDAP meetings at ward level to identify projects to be undertaken. Further, they concurred that the final list of projects generally reflects those identified during the consultative meetings. However, ten percent of the respondents disagreed indicating that it’s the chief officers together with councilors who identify projects to be undertaken. More awareness is therefore needed to bring on board all residents individually or through representatives. In addition, the council has been preparing and submitting its annual budget within stipulated deadlines thereby avoiding financial penalties for non-compliance. However, the council does not always implement and complete all budgeted for projects. Measures should be put in place by the relevant authorities to ensure implementation of budgeted for projects and adherence to the budget. Also, internal audit is not regularly done according to eighty-six percent of the respondents in contrast with eighty-three percent of the respondents who agree that external audits are regularly done on LATF. The internal audit unit should be established and empowered to perform its mandate.
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CHAPTER ONE
INTRODUCTION

1.1 Background to the Study

In Kenya, the first Local Authorities, District Committees, appeared in the White highlands in 1919, each consisting of less than ten members nominated by the Colonial Government from among the local residents of the District. The committees were advisory and were not set up by law (Hyden et al., 1970).

In 1924, the District Advisory Councils (DACs) were formally established by ordinance under their new name, Local Native Councils (LNC) and granted powers to levy taxes and make by-laws affecting education, agriculture and other functions assigned to them by the Central Government (Hyden et al., 1970). The financial problems of Local Government became apparent in 1958 when African courts, which had been a major source of revenue for DACs, were handed over to the judicial department to facilitate more efficient administration of justice (Smoke, 1994).

Local authorities during the colonial times were intended to serve the settlers. The colonial authorities often failed to involve indigenous people in self-government in a meaningful way until they were pressured to do so by independence movements. After independence even though strong Local Government was established for the indigenous people, its functions were typically administrative and regulatory, having little to do with self-determination and economic development (Smoke, 1994).
In many developing countries, LAs lack technical capacity to assure service delivery and infrastructure development in key areas. In addition, financial management capacity and the vulnerability of fragile systems to fraud is a further concern in Local Authorities (World Bank, 2003). At independence in 1963, Kenya established a devolved system of Government with elected Local Authorities (LAs) delivering most public services. However, the powers and responsibilities of LAs have since been progressively eroded through a process of centralization. Key landmarks in the centralization process include the reintroduction of the provincial administration in 1964, the transfer of functions Act of 1969 and the abolishment of the main source of local revenues, the graduated personal tax, in 1974. Since that time local development and service delivery has effectively been the responsibility of deconcentrated entities of Central Government (World Bank, 2002).

In 1966, a Local Government Commission was set up by President Kenyatta under W.S Hardacre to look into the types of reforms that would be necessary to make the Local Government system in Kenya more viable. The Commission called for sweeping reforms and a general strengthening of Kenya’s local authorities. In response to the Commission’s report, the Kenya Government issued sessional paper No. 12 of 1967, which accepted most of the recommendations of the Commission about revitalizing Local Authorities (Smoke, 1994).

With the abolishment of the GPT in 1974, the government introduced a compensating grant that was gradually reduced over time. The compensating grant was finally
abolished in 1978, when the government introduced various grants to subsidize the large Municipal Councils for certain costs incurred in the provision of primary education and health care. All these grants except the grants for teacher’s salaries were abolished in the fiscal year 1985, placing an additional financial burden on councils.

In 1983, the District Focus for Rural Development (DFRD) was adopted in an attempt to coordinate development activities and service delivery at the district level. The DFRD has been until recently the key system for the planning, implementation and management of development activities. However, it has been argued that, the DFRD was a mere dispersal of Central Government control outside the national capital without tangible transfers of powers to make decisions at local level (World Bank, 2002).

In 1989, the Local Authority Service Charge (LASC) was enacted to replace GPT. The LASC was a mixture of a wage tax and a fixed business premise tax. The LASC was completely phased out in January 2000, leading to further financial stress on local authorities.

Society is changing and these changes are driving changes in local governments. Society is becoming increasingly diverse and complex. The movements towards strengthening devolved local governments to enable them to cope with these diversities and complexities in a worldwide phenomenon and central governments are increasingly
recognizing the important role that local governments can play in governance, economic growth and social development (Odipo & Okoth, 2005).

In common with many other countries, Kenya has been reforming its system of Local Government. The main aim of the reform has been to strengthen the capacity of Local Authorities (LAs) to deliver services to its residents. The very weak financial position of LAs has been considerably strengthened since the introduction of LATF (DFID, 2002).

Various government sessional papers have over the years expressed the need to fight social ills such as poverty, illiteracy, disease, ignorance, HIV/AIDS, and gender disparities. In line with the foregoing national concerns, the government saw the need to reform local authorities, as key public service delivery and governance agencies at the local level in order for them to play their role more effectively.

In the early 1990s, the Kenya Local Government Reform Programme (KLGRP) was established with the objective of improving the economic and social standing of local authorities to promote service delivery and governance. This was under the ambit of wider public sector reforms in Kenya covering central government and a number of state owned agencies. The KLGRP has a successful record in providing analysis and advice to key decision makers in the Ministry of Local Government resulting in the introduction of

The objectives of the LATF Act, 1998 were (i) improving service delivery (ii) improving financial management and (iii) reducing the outstanding debt of local authorities. The LATF, transfers 5% of national income tax to LAs, under a published formula as a general grant but with certain performance conditions. Allocations from the LATF are divided sixty percent to the service delivery account and forty percent to the performance account. It should be noted that the primary purpose of LATF is to enable local authorities (LAs) to improve and extend service delivery.

To assist in this, all LAs are required to develop a Local Authority Service Delivery Action Plan (LASDAP), setting out the authorities priorities for improving local services. The LASDAP process allows LAs to plan the use of their resources (Local resources as well as LATF) in consultation with their citizens (MLG No. 8/2002).

1.2 Statement of the Problem

As per the stipulations of the Local Government Act Cap 265, local authorities in Kenya are single-tier semi-autonomous legal entities charged with the responsibility of providing vital local services such as water supply, primary education, basic health services, development of market centres, among others. In recognition of the fact that local authorities are closest to the people, it was envisaged by the government that
transforming local authorities would enable them to be more responsive to the needs of the citizens and particularly the poor.

Lack of reliable and predictable financial resources, aggravated by lack of capacity in financial management led to poor performance and service delivery in LAs in Kenya. The government enacted the LATF Act of 1998 to enable the central government to set side monies to supplement efforts by LAs to provide services as required by the Local Government Act, Cap 265 (Government of Kenya/ UNCHS, 2001).

The Kenyan Government in its effort to strengthen the capacity of LAs to deliver services, introduced the LATF in 1999, increasing the allocation to the fund from Kshs.1b in financial year 1999/2000 to Kshs.7.5b in financial year 2006/07.

Proper financial management is what propels an institution into meeting her obligation and commitments to the residents. However, financial irregularities by local authorities are still being reported during inspections by the Ministry and Audit reports by Kenya National Audit Officers (MLG No.4/2007).

A LATF annual report for financial year 2005 – 2006 notes that while capital projects are being developed and implemented by LAs, there are concerns about the dilution of funds and the pace of implementation. It suggests that capital projects identified through the LASDAP system should be of a reasonable size and implementable within one year.

According to a study on the impact of LASDAP carried by KLGRP (2007), there’s limited participation during the consultations and consensus meetings on the projects implying that LASDAP does not always reflect the priorities of the communities. Further, a study conducted by DFID, University of Birmingham (May 2002) noted that the very weak financial position of LAS has been considerably strengthened as a result of transfers made through LATF. It’s the increased allocations and concerns raised by other studies, which necessitated this study. The study sought to assess the impact of LATF on service delivery to the residents of County Council of Garissa, eight years after its introduction.

1.3 Objectives of the Study

The study’s broad objective was to assess the impact of the LATF on service delivery.
1.3.1 Specific Objectives

(i) Identify the services that were offered by the County Council of Garissa before the introduction of LATF and any other additional services being offered after the introduction of LATF.

(ii) Determine whether the residents are involved at the planning stage to identify their needs and development priorities to be met by LATF.

(iii) Assess the extent to which the Council adheres to the LATF budgetary process.

(iv) Find out how often internal and external audits are carried on the LATF and the extent to which findings arising therefrom are implemented.

1.4 Research Questions

The overall intent of the research was guided towards providing answers to the following salient questions:

(i) What services did the County Council of Garissa offer prior to and after the introduction of LATF?

(ii) Are the residents involved in the identification of their needs and development priorities to be met by LATF?

(iii) Does the Council prepare and submit its LATF budget for approval within the stipulated period and limit its expenditures to the approved budget?

(iv) How often are both internal and external audits on LATF carried out in the Council and to what extent are audit recommendations implemented?
1.5 Significance of the Study

This study will be of great significance to a number of stakeholders. First, findings of this study may be instrumental for the Council in consideration for future allocation of the funds to services that are of priority to residents. The findings are also expected to aid the Council to improve the management of the LATF. The study will also enhance the awareness of the residents about LASDAPs and LATF. This is expected to improve the residents' quality of participation in future LASDAPs and enlighten them to demand for accountability in the usage of LATF. The Ministry of Local Government may use this information to reconsider its criteria for LATF allocation and accountability of the funds. Also, future studies will be better placed in reviewing the literature to be contained in this study as a basis of broadening investigation in this area.

1.6 Scope of the Study

The study was limited to assessing the impact of LATF on service delivery in the County Council of Garissa. LATF accounts for a significant source of revenue for the Council. During the financial year 2006/07, LATF at Kshs.50,153,956.00 accounted for seventy-eighty percent of the Council's revenue.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews theoretical literature, empirical literature, conceptual framework and research gaps.

2.2 Theoretical literature

This section gives a literature overview on the history of the County Council of Garissa, Governance, Reforms and Funding in Local Authorities, impacts of developed funds, LATF, some of the projects implemented using LATF and intervened variables.

2.2.1 History of the County Council of Garissa

The County Council of Garissa is the grassroots democratic level of governance in Garissa District. Its origin can be traced back in 1926 when the first settlements were created along Ganana River, presently known as Tana River. At this time an old man from the Oromo tribe Called Garissa was farming along Ganana River. White men visited the area and named the place after the farmer “Garissa”. The County Council of Garissa started as African District Council (ADC) during the colonial era which until after independence. County Council of Ijara was heaved upon creation of Ijara District (Council database). The Council has 31 permanent employees and 31 councillors. The clerk and the treasurer are the two key accounting officers who are responsible for overseeing the budget, revenues and expenditures and the general administration of the Council.
2.2.2 Governance in Local Authorities

In the world over, local authorities assume autonomy from the central governments. Their operations are supposed to emulate the activities of the central governments from which their governance borrows. Managerial, financial activities and even social aspects of the operations of the authorities, conform to a set of regulations enacted by the central governments and enshrined in the local authority acts, by laws or codes of conduct.

Governments around the world are reforming and strengthening their systems of local government, and decentralizing responsibilities and resources to sub-national levels. This has been driven by different factors in each country - political, economic and social - external as well as internal. The common underlying belief is that shifting responsibilities for service delivery to the local level should help ensure that decisions and resource use reflect the needs and priorities of local citizens. This belief, however, is based on an assumption that local citizens have influence on the decisions made by local governments concerning the delivery of services and the use of resources locally. Yet it is well-known that representative democracy is a crude instrument for establishing local needs and preferences. It needs to be accompanied by more sensitive and effective mechanisms by which citizens, including the poor, can participate in decision-making processes and so influence policy outcomes and expenditure choices. It also requires effective mechanisms to ensure that local citizens for the policy and expenditure choices that they make hold local governments accountable. Such mechanisms are often resisted by those who currently control the institutions of local governance, whether the local officials, local political elites or central government ministries.
2.2.3 Local Authority Reforms in Kenya

In Kenya, the local government system remains much as it was at independence, although the powers and functions have been seriously eroded (IDD - UOB, 2002). Central governments in the name of national unity and stability, weakened colonial-era local government institutions after independence and failed to create new ones with significant powers (Smoke, 1994).

Almost four decades after independence, while the municipalities continued to maintain their basic functions, county councils lost responsibility for most of the services with the major exception of feeder roads, maintenance, markets, providing school bursaries and business licensing. This happened through the transfer of functions Act in 1969 that transferred the functions of most local authorities in Kenya and vested these with the central government (World Bank 2002). The report further notes that more recently, there's a renewed interest on restrengthening the role of local authorities at creating independent sector initiatives.

In 1983, the government launched its first decentralization initiative through the District Focus for Rural Development (DFRD) in an attempt to bring the administration of the Central Government closer to the people. The specific objective was to strengthen planning and implementation capacity at the district level, improve horizontal integration among operating ministries and field offices and extend authority of district officers for managing financial and procurement aspect of local project implementation.
The DFRD underwent two major revisions in 1987 and 1995. The last revision in 1995 was prompted by the need to introduce greater community participation into the planning and implementation of projects. This revision was prompted by the commencement in 1995 of the Social Dimension Development (SDD) programme aimed at alleviating the impact of liberal market reforms on the poor.

Since the mid-1990s, under the KLGRP, efforts have been made to strengthen the local government system, so as to enable LAs to deliver services, increase local accountability, and to transfer some financial resources to LAs. A key element in this, initiated in 1999/2000, is the Local Authorities Transfer Fund (LATF). This transfers 5% of national income tax to LAs, under a published formula, as a general grant but with certain performance conditions. Thus, for the first time in decades, some - albeit limited - resources are flowing from the centre to LAs. Local authorities can rarely take significant action with lengthy review by central government and there are often Strict Constitutional or legal limits on the revenue raising and service provision powers of local authorities that prevent them from operating effectively.

2.2.4 Funding for Local and National Development Processes

According to the Annual Progress Report 2004/2005 of the Economic Recovery Strategy, it is argued that as decentralization evolves, more expenditure responsibilities at the local authority level require additional financial resources from central government. This also means an increase in resource allocation or revenue to LAs.
Lack of reliable and predictable financial resources, aggravated by lack of capacity in financial management, led to poor performance and service delivery in LAs in Kenya. As a result, most LAs failed to implement programmes that could effectively promote local development, poverty reduction and enable LAs to repay loans advanced by the Central Government through the Local Government Loans Authority (LGLA). This poor resource base led to dilapidated and overburdened services in most LAs as reflected by poor maintenance of major roads, broken sewerage systems, inadequate water supply and lack of provision of new services as well as having in excess of 50 percent of urban residents staying in unserviced informal settlements (Government of Kenya/ UNCHS, 2001).

It is against this backdrop that the government enacted the LATF Act of 1998 to enable the Central Government to set aside annually monies calculated at 5 percent of annual national income tax collections. The purpose was to supplement efforts by LAs to provide services as required by the Local Government Act. Since the inception of the LATF and operationalization of the LASDAP, several funds have been inaugurated to enhance local level development through the decentralized or commonly known as devolved funds. It is evident that there are several processes at both the local and national level aimed at ensuring development. However, the role of devolved funds like the LATF is clearly much enhanced. The outlay of the terrain for development suggests as multiplicity of actors including citizens, councillors, members of Parliament, LAs, district commissioner and central government is guided by several institutional frameworks;
namely the Las, the provincial administration, district commissioner, district departments, central government, such as the Ministry of Planning and National Development, Ministry of Health and members of parliament. Following is an overview of the devolved/decentralized funds:

Local authorities transfer Fund (LATF), LATF allocation is 5 percent of the national income tax. Transferred from the Ministry of Local Government under the Supervision of the Ministry of finance to LAs. There are conditions to be met by Las prior to disbursement. Kshs 7.5 billion were disbursed to Las in financial year 2006/2007.

Secondary School Education Bursary (SSEB), established by presidential decree in 1993/4. It is supposed to provide a subsidy to the country’s poor and vulnerable groups. Allocations are dependent on the Ministry of Education’s annual provisions from 2003/2004. Constituency Bursary Committee (CBCs) coordinate identification of beneficiaries. Kshs 1.4 billion were released to the SSEB in the 2005/2006 Financial Year.

Roads Maintenance Levy Fund (RMLF), established in 1993 through the Roads Maintenance Levy Fund Act, managed by Kenya Roads Board (KRB, 1999). Sixteen percent of these funds are applied on rural roads managed by the District Roads Committees (DRCs) and shared equally among constituencies in a district. Kshs 14 billion were disbursed to the KRB in the 2006/2007 financial year.
Rural Electrification Programme Levy Fund (REPLF) established in 1998 through sections 129 and 130 of the Electric Power Act (1997). The fund is used to finance electricity in rural areas and other poorly served areas of the country. Constituency Aids Control Fund (CACF), established by presidential decree of 1999, is contained in legal notice No 170. At least eighty percent of this fund is dependent on donor funding. The fund is managed by the National AIDS Control Council (NACC). The fund received fourteen billion shillings in the 2006/2007 financial year.

Constituency Development Fund (CDF), established in 2003 under the CDF Act 2003, is administered by the National Management Committee CDF and comprises 2.5 percent, of ordinary government revenue. The CDF received 10 billion shillings in the 2006/2007 financial year. Free Primary Education Devolved Fund (FPDE) was established in January 2003 by a presidential order. It is managed under various regulations and provisions under the Ministry of Education and paid directly to schools. The fund received 7.8 billion shillings which was disbursed in the 2005/2006 financial year. Each child is allocated Ksh. 1,020 per year from the fund.

Poverty Eradication Fund (PEF) was established under the Ministry of Planning and National Development in 1999. The fund is administered at the district level under the Poverty.
Eradication Commission. Loans are provided to individuals and small groups for income generation.

Youth Enterprise Fund was established by presidential order in 2006 to be administered by the Ministry of Youth Affairs. The fund is aimed at supporting small to medium scale enterprise. One billion shillings was allocated in the 2006/2007 financial year. Women’s Fund, established by Presidential Order in 2007 was allocated 1 billion shillings allocated in the 2007/2008 financial year.

Community Development Trust Fund (CDTF), wholly funded by the European Union - established in 1996 was aimed at poverty reduction through provision of grants to community based projects that address social, economic and environmental priorities. A community contribution is mandatory and is set at a minimum of 10 percent – this may be in cash, labour or materials (Lubaale, 2007).

2.2.5 Impacts of Devolved Funds

In Kenya, a number of devolved funds are in use. These funds are advanced by the Central Government to be used by the lower constituents of the central government body. These funds include Free Primary Education funds to schools, Rural Electrification funds, Secondary Bursary funds, HIV/ AIDS funds, Road Maintenance Fuel Levy funds, LATF and CDF.
2.2.5.1 Awareness

Of all the devolved funds, Free Primary Education is the only fund that has a consistent high levels of awareness, with Local Authority Transfer Fund being the least visible fund at less than 30% (KIPPRA, 2005). It is clear that, while some funds enjoy a reasonable allocation a great deal of publicity and information work is required, particularly for LATF. This is critical as awareness and information must by nature be a precursor to effective public participation.

2.2.5.2 General Impacts

These funds have varied impacts on residents of locations in which the funds are advanced. KIPPRA, under the Democratic Governance Support Programme (DGSP), compared the impacts of the funds. Free Primary Education fund recorded the highest rating for impact, with over 90% reporting a positive impact. Public perception of the impact of the rural electrification fund was lowest with only 13% of respondents indicating a positive impact. Significantly, about 50% of respondents rated the remaining funds as having no impact at all, with Local Authority Transfer Fund showing the worst results. About 35% of respondents rated these funds as having had a positive impact, with Local Authority Transfer Fund again falling below the others at 24%. A graph of the findings is provided below (KIPPRA, 2005).
2.2.5.3 Accountability and Performance

In most of the devolved fund allocations, awareness regarding whether decisions taken are within the mandates of the respective funds is relatively low for all the funds. A report of the study by KIPPRA shows that most of the respondents do not know about the accountability of the funds. Generally, there is a high level of distrust in fund managers as many residents indicate a lack of accountability within management (KIPPRA, 2005).
According to the KIPPRA report, for all the funds, except for free primary education, few respondents agree that decisions taken are well-justified. Those who agree that decisions were justified were less than 10% for the Rural Electrification Fund, Local Authority Transfer Fund, and the Road Maintenance fund. CDF, HIV/AIDS and the Secondary School Bursary funds scored only slightly better at around 15%. With the exception of the Free Primary Education Fund where over 50% agree that fund decisions are sufficiently justified, the data show large dissatisfaction in the probity of decision-making, with CDF drawing the strongest opinions (46% indicating that fund decisions are not sufficiently justified).
2.2.6 Local Authority Transfer Fund (LATF)

LATF was established by the enactment of LATF Act No. 8 of 1998 as a grant from Kenya’s central government to the local authorities for the primary purpose of enabling the local authorities to extend and improve services to their residents. LATF is supposed to be 5% of the annual income tax revenue.

According to the Act, LATF was created with three key objectives: To enable local authorities to improve local service delivery to the public, to improve financial
management, revenue mobilization and accountability in local authorities and to eliminate all outstanding debts owed by local authorities within five years of the act becoming operational (2000–2005). LATF has three components:

**Service Delivery** - which constitutes sixty percent of the total LATF allocation. This amount is exclusively meant for service delivery projects identified within a given local council area.

**Performance** - which constitutes forty percent of the total LATF allocation. This component is aimed at catering for administrative costs that help the respective local authority enhance its capacity in financial management (e.g., training of finance officers, purchase of equipment and facilities, etc.) revenue collection, and minimizing and eventually eliminating the perennial debts owed by councils.

There is a third component of LATF that was only available to a few councils referred to as **transitional component**. It was aimed at boosting councils that receive less income from LATF than from the abolished local authority service charge. However, this component was meant to continue for only three years when LATF became operational, it has since been abolished.

Local authorities have been the target of focused intervention to improve local economic governance, transparency and accountability. Through the LATF mechanism, local authorities are expected to improve their local service delivery and financial management through submitting improved budgets, financial accounts, debt resolution plans, local
revenue enhancement plans, and local authority service delivery plans in order to annually receive the LATF monies (MLG/Circular No. 9/2003). The LATF is disbursed in three installments within each financial year depending on individual Local Authorities’ (LAs) compliance with key criteria relating to financial reporting, service delivery and participatory planning (MLG/Circular No. 9/2003). Sixty percent of LATF allocations are released based on LAs meeting set requirements. The remaining forty percent is released based on LAs performance measured through LASDAP and other indicators. Budgeted LATF allocations are gazetted but no disbursement is made unless LAs meet the requirements (MLG/Circular No. 9/2003).

An advisory committee comprising the private sector, the Ministry of Finance, the Permanent Secretary Ministry of Local Government, and the Kenya Local Government Reform Programme’s secretariat, guides LATF operations. LATF annual reports and other disbursement information are disseminated through newspaper advertisements.

Since 1999/2000, there has been a considerable increase in the amounts disbursed through LATF as analyzed below:
Table 2.1: LATF monies disbursed to local authorities  
(Source: LATF Database)

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Amount disbursed</th>
<th>Ksh. Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/2000</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>2000/2001</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>2001/2002</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>2002/2003</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>2003/2004</td>
<td>3.75</td>
<td></td>
</tr>
<tr>
<td>2004/2005</td>
<td>4.0</td>
<td></td>
</tr>
<tr>
<td>2005/2006</td>
<td>5.0</td>
<td></td>
</tr>
<tr>
<td>2006/2007</td>
<td>7.5</td>
<td></td>
</tr>
</tbody>
</table>
2.2.7: Some of the capital projects which were undertaken in 2006/07 and 2007/08

2 Classrooms constructed at Alangoarba Primary School in 2007/08

3 Classrooms Constructed at Fafi Primary School

2 Classrooms constructed at Warable Primary School in 2007/08

Part of desks supplied to Modicar Primary in 2006/07

Sankuri dispensary extensions done in 2007/08

2 classrooms constructed at Modicar Primary

2 Classrooms constructed at Bouralgi Primary School in 2006/07

staff quarters build at Sankuri dispensary in 2007/08

and water tank
2.2.8 Participatory Planning

Citizens are expected to articulate their needs and development priorities. For instance, forty percent of each local authority's LATF allocation is conditional upon preparation of a LASDAP, which must result from a participatory process of consultation with resident groups in order to identify development priorities (Musembi et al., 2005). LASDAPs are financed by LATF and local authority revenues. A LASDAP process involves a series of community consultative meetings to identify and prioritize needs based on known resources (KLGRP, 2003).

In Kenya, there has never been a strong tradition of citizen participation in local government. The local government act makes no reference to citizen participation and the style of local government is very traditional with elected councilors deciding everything behind closed doors. In addition, many LAs are very large and therefore remote from citizens. Sadly, some Councillors perceive citizen participation as a threat to their autonomy and position (DFID, 2002).

There is a mood of change in Kenya, the requirements to produce a LASDAP has obliged LAs to identify community organization in their locality, to consult them about priorities for the use of resources and to provide information to citizens. This process seems to have resulted in a shift in priorities from what officers and councillors want (vehicles, equipment, Offices) towards things which citizens want (wells, clinic, drainage) (DFID, 2002). The private sector contribution has been realized through their participation in
various stages of reforms in LAs. The Ministry of Local Government in collaboration with stakeholders has established the local government sector working group that brings together the private sector, civil society, the universities and local authorities to jointly address issue of governance and service delivery (Odipo & Okoth, 2005).

2.2.9 Adherence to Budgeting Process

In accordance with legal notice No. 57 of 2001, all LATF submissions must be submitted according to the stipulated due dates to receive the full amount of the LATF monies. Delay in the submission of the documents will lead to penalties as per the penalty structure. The only exception to this penalty structure is when circumstances beyond the control of a local authority are expected to delay the submission of the documents and any extension granted should be through a gazette Notice (MLG No. 8/2002). The amount allocated to capital expenditures should be equivalent to at least sixty-five percent of the LATF service delivery amount (Kenya Gazette Notice, 2007).

All local authority revenues (i.e. LATF monies and own source revenues) must be used in an efficient, accountable and transparent manner in accordance with local government Act and related financial regulations. Failure to use the monies in accordance with the approved budgets and LATF documents submitted will result in strict disciplinary action being taken against the officers, civic leaders and the council generally under the local government Act, Cap 265 (MLG No. 9/2003).
Some local authorities re-allocate funds from prioritized projects to other causes with no explanation to the residents as to why their priority projects were not implemented. In most cases, the priority projects identified by residents are not followed through because the LATF allocation is diverted to cover other items, namely salaries and loan repayments (Musembi et al., 2005).

In almost all LAs there is a huge gap between the formally approved budget and what actually happens. This is mainly because revenues are forecast unrealistically in order to show a balanced budget in order for the LAs to survive. The treasurer effectively operates a shadow budget, deciding what will really be done with the money actually available. Since most of the available resources are already committed, to salaries and councillors allowances, little else from the original budget is implemented (DFID, 2002).

2.2.10 Monitoring and Inspections
Local authorities face various challenges, variations in the quality and adequacy of skilled personnel at LAs continues to pose a challenge and this of course affects performance in service delivery and reform initiatives. Capacity also affects the central government; continuous review of budget execution by Ministry of Local Government is not done. Most of the times post operation inspections are done heavily biased towards financial audit, rather than performance audits (Odipo & Okoth, 2005).
LATF requires as a condition for part of the transfer, that LAs produce abstracts of accounts for auditing. In 2002 and as a result of the condition, all except one LA produced abstracts of accounts and submitted them to the Controller and Auditor-General. However, it remains to be seen whether there is the capacity for these accounts to be properly audited (DFID, 2002).

Councils are under strict instructions to submit to the ministry their financial returns through Provincial Local Government Officer in the due dates stipulated in the Local Government Act and financial regulations. These will include; *inter-alia*, bi-annual responses to audit queries by the Controller and Auditor General, monthly bank reconciliation statements and annual abstracts of accounts (MLG 105/00(54)).

Proper financial management is what propels an institution into meeting her obligation and commitments to the residents. However, financial irregularities by local authorities are still being reported during inspections by the ministry and audit reports by Kenya national audit officers (MLG No.4/2007).

Failure to maintain an internal audit unit, has led to most local authorities incurring huge losses as there are no mechanisms to ensure laid down procedures are being followed in day-to-day activities. This has also led to irregularities being committed without detection for long periods. In view of the foregoing, the MLG in 2000 decided that local authorities must establish internal audit units (MLG No.8/2000).
2.2.11 Service Delivery

Lack of reliable and predictable financial resources, aggravated by lack of capacity in financial management led to poor performance and service delivery in Las in Kenya. The Government enacted the LATF Act of 1998 to enable the Central Government to set aside money to supplement efforts by Las to provide services as required by the Local Government Act, Cap 265 (Government of Kenya/ UNCHS, 2001). Since 1996, the Government through KLGRP has been strengthening the ability of Las to improve local services. The LATF was a major innovation to enable Las to improve service delivery, thereby playing a pivotal role in the fight against poverty.

2.3.0 Empirical Literature

A LATF annual report for financial year 2005 – 2006 by the Republic of Kenya notes that:

LAS spent Kshs. 1.5 B on 3,600 capital projects in 2005/06 compared to a similar amount on 2,900 projects in the previous year. Twenty-one percent of the funds were spent on Roads, 15% on Education, 10% on water and sanitation and 8% on Health; only 8% was spent on council premises and administrative support projects.

While capital projects are being developed and implemented by LAs there are concerns about the dilution of funds and the pace of implementation. It suggests that capital projects identified through the LASDAP system should be of a reasonable size and implementable within one year. In addition, LAs are preparing annual revenue
enhancement plans and are now consulting with their citizens through a participatory LASDAP process to identify local priorities which can be included in the Council’s annual budget.

In financial year 2005/2006, 10 LAs submitted their documents late as compared to 18 in 2004/05. This resulted in a loss of Kshs. 14.3 M (2004/05, Kshs. 31.95), about 0.1 percent of the total LATF allocation. This penalty had a negative impact on service delivery.

In financial year 2005/06, 81% of the planned capital expenditure amount was realized on 107% of projects which is generally a satisfactory out turn for the year. This demonstrates that councils are using the bulk of the funding in the enhancement of service delivery.

In the year 2007, the Ministry of Local Government through KLGRP carried out a study on the impact of the LASDAP. The following are some of findings of the study:

While the LASDAP reports analyzed indicate that LASDAP projects were identified and prioritized after the consensus meetings, information gathered from the LAs meetings with key informants and LAS officials give a different picture. Limited participation during the consultations and consensus meetings on the projects implies that LASDAP does not always reflect the priorities of the communities.
Whilst there are concerns over the quality of participation, the LAs legitimately argue that the introduction of LASDAP had enhanced citizen participation, provided the tools for more equitable and participatory allocation of resources from the LATF. This has enabled councils to provide services and meet their mandate and contribute to increased revenue.

The records of the LASDAP reports at the KLGRP secretariat show several projects have been implemented from the LASDAP process. However, there was insufficient evidence to confirm that projects reported as fully implemented were actually implemented. On inspection, in Nairobi, Nyeri and Mombasa, there were several cases of projects that did not exist, were in poor physical condition or were difficult to evaluate. In Kikuyu, Nandi and Garissa (County Council), on the other hand the projects that were inspected were in good physical condition, readily identifiable and operational.

Ndung’u (2006) carried out an assessment of the effectiveness of LATF in Municipal Council of Murang’a. The study highlighted among others the following:

After the introduction of LATF, slaughter house and library services were introduced and majority (79.5%) of the Municipal employees felt that the quality of services offered by the Council had improved since the introduction of the LATF.

Majority of the Councillors (62.5%) felt that LATF had succeeded in its main objective of service delivery. The top management was proportionally divided in their opinions
about LATF meeting its main objective. Among the top management who felt that LATF had not succeeded in its main objective, the limiting factors they identified included lack of funds, large accumulated debt and political interference and majority of the municipal employees indicated that the local residents are often incorporated in the preparation of LASDAP, most of the councillors reported that they are sometimes incorporated.

2.4.0 Conceptual Framework

This study was limited to ascertaining how the variations in the intervened variables affect the dependent variable. The dependent variable is assessing the impact of LATF on service delivery which the study sought to explain by four intervened variables (i) Participatory planning (ii) Adherence to budgetary system (iii) Regular audits and (iv) additional and improved services due to introduction of LATF.

Figure 2.4: Relationship between variables

<table>
<thead>
<tr>
<th>Intervened variable</th>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participatory planning</td>
<td>Service delivery</td>
</tr>
<tr>
<td>Adherence to budgetary process</td>
<td></td>
</tr>
<tr>
<td>Regular audits</td>
<td></td>
</tr>
<tr>
<td>Improved and more services</td>
<td></td>
</tr>
</tbody>
</table>
Participatory Planning

Planning involves identification of the needs and projects of priority to residents. Involvement of the residents assures of better identification of needs and priorities of residents. This enables the Council to channel the LATF to these projects, resulting to a positive impact by LATF on service delivery.

Adherence to the Budget Process

Doing the budget within the stipulated deadlines and limiting expenditures to budgetary allocations ensures that the Council does not suffer any financial penalty and that at least sixty percent of LATF are spent on service delivery projects. This results to a positive impact on service delivery.

Regular Audit

A regular audit both internal and external identifies weakness in the financial management practices of the Council. If recommendations on improvement in the weak areas are implemented, the result will be better management of LATF and ultimately service delivery.

Improved and More Services

To offer additional services, more funds are needed. With the introduction of LATF, councils have more funds to implement various projects. If the funds are prudently managed, then the Council can be able to offer better and additional services.
There is a positive relationship between the four intervened variables and the dependant variable as shown in Fig.2.4 above.

2.5.0 Research Gaps

The past studies have been comparing the different kinds of funds and their impacts on the general populace of the Country. It is however, noteworthy that some skewness exists between the funds and the organizational barriers have great impact on the potential use of these funds.

A study on the effectiveness of LATF in Municipal Council of Murang’a by Ndung’u (2006) may not be replicated in the County Council of Garissa due to inter-alia differences in organizational culture, management competence and levels of accountability. This study explains the impact of LATF on service delivery to the residents of County Council of Garissa
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction
This chapter presents the research design, target population, sampling size and strategy, data collection instruments and procedures and methods of data analysis.

3.1 Research Design
The study used descriptive research design to assess the impact of LATF on service delivery in the County Council of Garissa. The descriptive research design sought to determine how the dependent variable is affected by the manipulation of the independent variables.

3.2 Target Population
The study was done in the County Council of Garissa, North Eastern Province of the Republic of Kenya. The target population of the study was the 31 permanent employees and 31 councillors of County Council of Garissa. The employees and councillors were the main respondents since they are the one tasked with service delivery and policy formulation respectively.

3.3 Sampling Size and Technique
A sample of 34 respondents was selected from the target population using the disproportionate stratified random sampling technique.
Table 3.1: Target population and sample

<table>
<thead>
<tr>
<th>Stratum/Department</th>
<th>Population size</th>
<th>Sample %</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>4</td>
<td>100</td>
<td>4</td>
</tr>
<tr>
<td>Clerk’s</td>
<td>9</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>Accounts/Admistration</td>
<td>6</td>
<td>50</td>
<td>3</td>
</tr>
<tr>
<td>Markets/Licenses</td>
<td>4</td>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>Community</td>
<td>2</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Veterinary</td>
<td>2</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Games</td>
<td>2</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>2</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Councillors</td>
<td>31</td>
<td>50</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>

Source: Council Database

All the top management employees and a half from each department, including the councillors were interviewed. The random number table was used to identify the respondents.

3.4 Data Collection Procedure and Instruments

Both the drop and pick and mail and pick procedures were used to administer questionnaires. Due to the vastness of the County Council of Garissa, some councillors were sent questionnaires after a preliminary courtesy call and familiarization tour with
them. Employees of the Council and some councillors were reached directly by the study. Structured and unstructured questionnaires (appendix A) were used to gather data from the respondents. The questionnaires were guided where necessary but largely remained open-ended.

3.5 Data Analysis and Interpretation

All the questionnaires from the respondents were collected and sorted to ensure that only those that were properly filled were used. The data collected were quantified and analyzed using descriptive statistics where percentages based on frequencies were calculated. The data are presented by use of frequency distributions and tables.

3.6 Pilot Study

The research instruments were pretested before actual administration to sampled respondents in order to establish their validity and reliability. The pilot study assisted the researcher to correct ambiguities in the research instruments and to establish their validity and reliability.

3.6.1 Validity

According to Mugenda and Mugenda (1999), validity is the degree to which results obtained from data analysis actually represent the phenomenon under study. Even though the most important in this study is content validity, face and construct validity were considered. According Huck (2000), content validity is done by expert judgement. The instruments were scrutinized by at least two of my supervisors and lecturers in the
department to determine whether the items in the instruments adequately address the objectives of the study.

3.6.2 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results (Mugenda and Mugenda 1999). Reliability in research is influenced by random error, which is the deviation from a true measurement, after the pilot study, the respondents questionnaire will be tested using split-half technique.

Split-half method is a type of reliability based on the co-efficient of internal consistency of a questionnaire of internal as a research instrument. It divides the instrument in to two equal halves in terms of even and odd numbers after it has been administered. Each half is scored independently of the other with the items of the two halves marched on content and difficulty, if the test is reliable, the scores on the two halves have a high positive association co-efficient (Orodho, 2005). This procedure was preferred because of its ability to measure the internal consistency of the instruments being tested unlike the test-retest method because it takes care of the changes in time and circumstances.
CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.0 Introduction
The results of the study are presented, analyzed and interpreted in this chapter.

4.1 Response Rate
Questionnaires were given to 34 respondents, 32 of whom filled and returned the questionnaires. Of the 32 questionnaires returned, 29 were properly filled and hence used for the study. The response rate of 85% was considered adequate for the purposes of the study.

4.2 Service Delivery
This section presents findings on the services that were offered before and after the introduction of LATF, whether there has been improvement in service delivery and limiting factors and possible solutions on improvement of service delivery.

4.2.1 Services Offered Before and After Introduction of LATF
The respondents were asked to state the services offered by the council before and after the introduction of LATF. They respondent as follows:

- Before the introduction of LATF major services that the council offered included garbage collection, maintenance of markets, provision of education services and facilitation of water supply.
• After the introduction of LATF, the council started offering additional services. The major ones being construction of classrooms and dispensaries, purchase of water pumps for irrigation purposes, supply of desks/textbooks to schools, electrification of schools and HIV/AIDS awareness.

• With the introduction of LATF, the Council has more funds which have enabled it to offer more services. Pegged on more services, the objective of LATF of improvement on service delivery has been met. However, the impact felt by the residents can be assessed through another study.

4.2.2 Quality of Services Offered by the Council

(i) Improvement on Service Delivery

The study sought to find out whether there has been an improvement in service delivery after the introduction of LATF. As analyzed in table 4.1 below, there has been an improvement according to 76% of the respondents while 17% feel that there is no improvement and the rest (7%) are indifferent. LATF can therefore be said to have had a positive impact on improving service delivery.

Table 4.1: Respondents rating of improvement in service delivery

<table>
<thead>
<tr>
<th>Quality of service</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved</td>
<td>22</td>
<td>75.90</td>
</tr>
<tr>
<td>Not improved</td>
<td>5</td>
<td>17.30</td>
</tr>
<tr>
<td>Do not know</td>
<td>2</td>
<td>6.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

41
Further, the study sought to find out the services whose delivery has improved and why the respondents felt so. The findings are analyzed in table 4.2 below:

Table 4.2: Services that have improved after introduction of LATF.

<table>
<thead>
<tr>
<th>Service</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of classrooms</td>
<td>22</td>
<td>75.90</td>
</tr>
<tr>
<td>Construction of dispensaries</td>
<td>20</td>
<td>70.00</td>
</tr>
<tr>
<td>Maintenance of markets</td>
<td>19</td>
<td>65.50</td>
</tr>
<tr>
<td>Water pumps for irrigation</td>
<td>17</td>
<td>40.60</td>
</tr>
<tr>
<td>Electrification of schools</td>
<td>17</td>
<td>38.60</td>
</tr>
<tr>
<td>HIV/AIDS awareness</td>
<td>11</td>
<td>37.90</td>
</tr>
</tbody>
</table>

The respondents further explained their perceived improvement on service delivery as summarized below:

**Construction of classrooms**

A number of classrooms in different schools had been put up. There has been enhanced enrollment and access to education improving the literacy levels among school-going children.

**Construction of dispensaries**

A number of dispensaries constructed, some have been staffed and operationalized by the Ministry of Public Health and Sanitation. More residents have access to medical services.

**Maintenance of markets**
Bringing markets closer to the residents which facilitate trade.

**Water pumps for irrigation**

Increase food production and hence food security for residents.

**Electrification of schools**

Improving learning conditions and hence literacy levels.

**HIV/AIDS awareness**

Reducing HIV/AIDS transmission and its better management of those infected. This enhances productivity of the residents.

(ii) **Limiting Factors on Service Delivery**

The study also sought the views of those who feel that introduction of LATF has not led to improvement in service delivery. The limiting factors (Table 4.3) and ways of overcoming them as given are analyzed below:

Table 4.3 Factors hindering improvement in service delivery

<table>
<thead>
<tr>
<th>Limiting factor</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to adhere to the budget</td>
<td>2</td>
<td>33.30</td>
</tr>
<tr>
<td>Mismanagement of council funds</td>
<td>4</td>
<td>66.70</td>
</tr>
<tr>
<td>Insufficient funds allocated to projects</td>
<td>4</td>
<td>66.70</td>
</tr>
<tr>
<td>Lack of action on officers who misuse funds</td>
<td>4</td>
<td>66.70</td>
</tr>
<tr>
<td>Poor planning</td>
<td>3</td>
<td>60.00</td>
</tr>
</tbody>
</table>
From the results in table 4.3 above, inadequate funds for projects, mismanagement of council funds and lack of action on those responsible rank first on the limiting factors followed by inadequate funds, poor planning and non-adherence to the budget.

4.3 Participation and Involvement of Residents in Project Identification

The study also sought to find out the extent to which the residents of the County Council of Garissa are involved in identification of capital projects to be undertaken and the effectiveness of LASDAP. The findings are presented in sections 4.3.1 and 4.3.2 below:

4.3.1 Holding of LASDAP meetings and involvement of residents in project identification

Table 4.4 Holding of LASDAP meetings to identify projects to be undertaken

<table>
<thead>
<tr>
<th>LASDAP Meetings held and identified projects are prioritized</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>26</td>
<td>89.65</td>
</tr>
<tr>
<td>Disagree</td>
<td>3</td>
<td>10.35</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From table 4.4 above, 90% of the respondents agreed that the annual LASDAP consultative meetings are held at ward levels to identify projects to be undertaken. Further, they agreed that in most cases, the prioritized projects are as identified during the LASDAP meetings. In addition, the respondents identified NGO’s, religious groups, community-based organizations, provincial administration and the other residents as
Ten percent of the respondents, however, said that residents are not involved in identification of projects to be undertaken by the council. According to them, it is done by only the chief officers and councilors. Most of the respondents in this category were junior council officers. From the results, residents are involved in identification of projects to be undertaken. However, more awareness is needed to bring on board all the residents.

### 4.3.2 Effectiveness of LASDAP

<table>
<thead>
<tr>
<th>LASDAP is an effective way of identifying projects to be undertaken</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>27</td>
<td>93.00</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>7.00</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Ninety-three percent of the respondents were of the opinion that LASDAP is an effective way of identifying projects that are of priority to the community to be undertaken. This is because residents are best placed to know areas that are of greater social economic importance for their well-being. However, 7% of the respondents felt that it’s not effective as funds allocated are usually inadequate and so many small projects that have little impact end up being identified and partially undertaken. Even though LASDAP is an effective way of identifying projects, it is critical that they are advised to go for few but large projects with a greater social-economic impact.
4.4 Budget Management

The study sought to find out the extent to which the council adheres to the budgetary process. The analysis of the findings is done in sections 4.4.1 to 4.4.3 below:

4.4.1 Preparation and Submission of Budget on Time

All the respondents agreed that the council’s budget is prepared and submitted in time. This has resulted to the council not suffering any penalty for late submission of the annual budget thereby boosting its financial position. With the council receiving all funds it’s in a position to offer all budgeted for services.

4.4.2 Implementation and completion of capital projects

Table 4.6 below summarizes findings on implementation and completion of capital projects.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>9</td>
<td>31.00</td>
</tr>
<tr>
<td>Sometimes</td>
<td>18</td>
<td>62.10</td>
</tr>
<tr>
<td>Never</td>
<td>2</td>
<td>6.90</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From table 4.6, 62% of the respondents feel that though the council strives to implement and complete projects, it is not always done, compared to 31% who agree that projects
are always implemented and completed. Seven percent reported that projects are not implemented at all. It appears that the concerned authorities should put mechanisms in place to ensure that budgeted for projects are undertaken. Hence residents will enjoy benefits that will accrue from implementation of the projects.

4.4.3 Adherence to LATF Budget and Effect of LATF in Boosting Council’s Finances

The study also sought the respondent’s views on the council’s adherence to the LATF budget and whether LATF has boosted the council financially. The findings are presented in table 4.7 and table 4.8 below respectively.

Table 4.7 Extent to which the council adheres to the approved LATF budget

<table>
<thead>
<tr>
<th>Extent</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>2</td>
<td>6.90</td>
</tr>
<tr>
<td>Sometimes</td>
<td>14</td>
<td>48.30</td>
</tr>
<tr>
<td>Never</td>
<td>13</td>
<td>44.80</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

According to 48.3% of the respondents, the council does not always adhere to the LATF budget. The council never adheres to the LATF budget according to 44.8% of the respondents, with 6.9% agreeing that the council always adheres to its LATF budget. From the findings, the council does not adhere to its budget implying that not all
budgeted for projects are implemented. To this end, relevant authorities are supposed to ensure total compliance with approved budget.

Table 4.8 Impact of LATF on council’s financial position

<table>
<thead>
<tr>
<th>Extent</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>1</td>
<td>3.40</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>13.80</td>
</tr>
<tr>
<td>Agree</td>
<td>24</td>
<td>82.80</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From table 4.8, 83% of the respondents agree that LATF has boosted the council’s financial position. Hence the council, due to LATF, is in a position to offer more and better services.

4.5: Monitoring

The study also sought to find out whether the LATF is regularly audited by both internal and external auditors and whether it is improving the council’s financial management and hence service delivery.

4.5.1: Regularity of Audits

Table 4.9 and 4.10 below, present the findings on the frequency of internal and external audits.
Table 4.9 Frequency of internal audits

<table>
<thead>
<tr>
<th>Frequency</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>25</td>
<td>86.20</td>
</tr>
<tr>
<td>Sometimes</td>
<td>3</td>
<td>10.30</td>
</tr>
<tr>
<td>Always</td>
<td>1</td>
<td>3.50</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

According to majority of the respondents (86%), internal audit is never done, while it's sometimes done according to 10% of the respondents. Only 4% of the respondents agree that internal auditing is always done.

Table 4.10: Frequency of external audits

<table>
<thead>
<tr>
<th>Frequency</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td>1</td>
<td>3.40</td>
</tr>
<tr>
<td>Sometimes</td>
<td>4</td>
<td>13.80</td>
</tr>
<tr>
<td>Always</td>
<td>24</td>
<td>82.80</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From the table (4.10), majority of the respondents (82.80%) agree that external audits are always done.
4.5.2 Value of Audits to Management of LATF

The respondents' views on the importance of audit on better management of LATF were sought. Findings are analyzed in table 4.11 below:

Table 4.11: Value of audit for better management of LATF

<table>
<thead>
<tr>
<th>Has value</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>16</td>
<td>55.20</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>44.80</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.00</td>
</tr>
</tbody>
</table>

From table 4.11, 55% of the respondents agree that audits are of value to better management of LATF and hence service delivery while 45% of the respondents however disagree.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The findings of the study are summarized in this chapter. Conclusions arising from the findings and recommendations for further study are also given.

5.2 Summary

From the findings in chapter four due to the introduction of LATF, the council was able to offer additional services including construction of dispensaries and classrooms, electrification of schools, supply of desks/textbooks to schools, water pumps for irrigation and HIV/AIDS awareness. From results in table 4.1 after the introduction of LATF, the quality of services offered improved according to 76% of the respondents. The services that improved most include construction of classrooms and dispensaries and maintenance of markets, inter-alia. However, 24% of the respondents felt that LATF has not led to improvement on service delivery due to mismanagement of funds, inadequate funds and poor planning.

The people at the grassroots are best placed to identify needs that are of priority to them. From the results in table 4.4, 90% of the respondents agreed that the council holds the annual LASDAP meetings at ward level to identify projects to be undertaken. Further, they concurred that the final list of projects generally reflects those identified during the consultative meetings. However, according to 10% of the respondents, the council does
not hold the consultative meetings but chief officers together with councilors identify projects to be undertaken. This therefore implies that more awareness campaigns are supposed to be undertaken by the council about LATF and LASDAPS. This will ensure that all residents are brought on board when it comes to identification of projects to be undertaken. With greater awareness, demand for accountability is likely to go up leading to better utilization of LATF and hence improvement in service delivery. On the effectiveness of LASDAP, 93% of the respondents agreed that if properly conducted, it is an effective way of identifying projects to be undertaken. However, 7% of the respondents feel that it is ineffective due to limited funds and many small projects being undertaken. Therefore, an effort should be made to enlighten the residents on the need to undertake big though few projects, with a positive socio-economic impact.

The study sought to find out the extent to which the council adheres to the budgeting process. Preparation and submission of the council's annual budget in time ensures that the council is not penalized and gets the full allocation. This ensures that budgeted for funds are available in full for service delivery. Further, the service delivery component (60% of LATF allocation) is supposed to be spent on projects that tackle core poverty. This implies that adherence to the budget will lead to undertaking of identified projects that tackle core poverty. From 4.4.1, all the respondents agreed that the council has been preparing and submitting its annual budget within stipulated deadlines. This has enabled the council to avoid penalties for non-compliance hence getting approved funds. However as tabulated in table 4.6, only 31% of the respondents agree that the council
implements and completes all the budgeted for capital projects. Sixty two percent were of the opinion that the council does not always implement and complete all budgeted for projects, while according to 7% the council never implements and completes budgeted for projects. In addition, according to 45% and 48% (Table 4.7) of the respondents, the council never and sometimes respectively spends according to the LATF budget. From the findings, it appears a lot of effort is needed to ensure that the council’s expenditures are as per the approved budget and an enhanced completion rate of capital projects. The study also sought the views of the respondents on the impact of LATF on the council’s financial position. From table 4.8, 83% of the respondents agree that LATF boosted the council’s financial position, with only 3% disagreeing with the rest being indifferent. This implies that with LATF, the council has more funds for achievement of its core function of service delivery.

Controls and their implementation are essential for any undertaking. The County Council of Garissa, like other public institutions is given funds/mandate to raise funds to spend in accordance with government financial regulations. The regulations are designed to ensure that if adhered to, the public will get value for its money. It is therefore, critical that regular audits are done to find out whether the regulations are adhered to. It is due to this that the study sought the views of respondents on regularity of internal and external audits and their perceived importance on management of funds. From table 4.9 internal audit is never done according to 86% of the respondents, with only 3% agreeing that it is always done. This could mean that either there is no internal audit unit or it is
dormant/lacks the capacity to execute its duties. A concerted effort is therefore needed to establish and operationalize an independent and strong internal audit unit. In contrast, as shown in table 4.10, majority of the respondents (83%) agree that external audits are regularly done on LATF accounts and the council in general. However, 3% disagree that external audits are regularly done, with 14% being indifferent. From table 4.11, 56% of the respondents agree that audits are of value towards improving management of funds and hence service delivery while 45% of the respondents disagreed.

5.3 Conclusions

From the findings in chapter four and summary in 5.2 above, it can be concluded that the introduction of LATF has led to more and improved services offered by the County Council of Garissa. The factors contributing to this conclusion include:

i) The offering of additional services after the introduction of LATF. The additional services include construction of classrooms and dispensaries, electrification of schools, supply of desks/textbooks to schools and HIV/AIDS awareness programme.

ii) The improvement of services offered to the residents after the introduction of LATF.

iii) The involvement of residents through LASDAPS in the identification of projects to be undertaken using LATF.

iv) Preparation and submission of an annual budget complying with requirements in time. This ensures the council receives it is budgeted funds in full.
v) Carrying out regular external audits. This reports on non-compliance with financial regulations and hence corrective action recommended.

On the other hand, other findings on the factors hindering LATF from improving service delivery were identified. They include:

(i) Lack of adequate awareness about LATF and LASDAPS. This hampers demand for accountability and effective participation in the identification of prioritized projects.

(ii) Non-adherence to the approved annual budget. Non-implementation of all budgeted for projects deny residents the benefits that could accrue from their implementation and completion.

(iii) The inexistence or inefficiency of the internal audit unit gives room for misuse of funds. Internal pre-audits are likely to detect errors and frauds thus saving the council from losing funds.

(iv) Inadequate planning

5.4 Recommendations

Out of the study’s findings, the following are recommended:-

(i) That the council through councilors and provincial administration create awareness about existence of LATF and the consultative process of LASDAP. This will enhance demand for accountability of the LATF and effective participation of residents in project identification.
(ii) That the council limits its expenditures to approved budget or seek a supplementary budget when necessary. This will ensure that budgeted for projects are implemented.

(iii) That internal audit unit should be established, strengthened and given independence to perform its duties.

(iv) That proper planning be always done and residents be advised to identify few big projects with socio-economic impacts as opposed to so many small ones that have no impact.

5.5 Suggestions for Further Research

(i) The study did not look into value for money spent on capital projects. Future researchers could look into this.

(ii) The perception of the residents on the impact of the projects undertaken was not surveyed. It’s an area which future researchers can look into.

(iii) The study was limited to the County Council of Garissa. Future studies could be extended to other Local Authorities.

(iv) Comparison on impact of different devolved funds could also be done in future.
REFERENCES


The Case Study of Kenya, Nairobi: Oxford University Press.


Kituo Cha Sheria.


APPENDIX A

QUESTIONNAIRE

Dear respondent,

This research is meant for academic purpose. It will try to assess the impact of LATF on service delivery within the County Council of Garissa.

You are kindly requested to provide answers to these questions as honestly and precisely as possible.

Declaration: Answers to questions contained in this questionnaire will be kept confidential.

Please tick [ ] where appropriate or fill in the required information on the spaces provided.

SECTION A: BACKGROUND INFORMATION

1. Name of respondent (optional)

2. Date of interview

3. Your gender
   Male [ ]
   Female [ ]

4. Your current position

5. No. of years spent in current position

6. Number of years you have worked /served the Council... years.
SECTION B: SERVICE DELIVERY

7. Were the following services offered within County Council of Garissa before introduction of LATF?

<table>
<thead>
<tr>
<th>Service</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Water supply</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Health services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Sewerage services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV) Road maintenance and repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>V) Garbage collection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vi) Management of bus park</td>
<td></td>
<td></td>
</tr>
<tr>
<td>vii) Maintenance of market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>viii) Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ix) Provision of recreation centres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Any other(s) not listed:

i) .................................................................

ii) .................................................................

iii) .................................................................

iv) .................................................................

8. Which Services, if any did the Council start offering only after the introduction of the Local Authority Transfer Fund (LATF)?

i) ........................................................................

ii) ........................................................................

iii) ........................................................................

60
9(a). In your opinion, has there been an improvement in service delivery after the introduction of LATF? Yes [ ] No [ ]

9(b) If the answer in 9(a) above yes, list the services whose delivery has improved and briefly explain.

Services

(i) .............................................................................................................
(ii) .............................................................................................................
(iii) .............................................................................................................
(iv) .............................................................................................................
(v) .............................................................................................................

Explanation
.............................................................................................................
.............................................................................................................
.............................................................................................................
.............................................................................................................
.............................................................................................................

9(c) If the answer in 9(a) above is No what are the MAJOR limiting factors and suggested ways to overcome the limitations.

(i) Limiting factors

(a) .............................................................................................................
(b) .............................................................................................................
(c) .................................................................................................................................

(d) .................................................................................................................................

(ii) Suggest ways in which the Council can overcome the Limitations.

a) .................................................................................................................................

b) .................................................................................................................................

c) .................................................................................................................................

(d) .................................................................................................................................

SECTION C: PARTICIPATION

10. (a) Does the Council hold the annual LASDAP consultative Meetings?

   Yes [ ]                  No [ ]

10. (b) If the answer to 12(a) above is yes, list the stakeholders who participated in the last LASDAP.

   (i) .................................................................................................................................

   (ii) .................................................................................................................................

   (iii) .................................................................................................................................

   (iv) .................................................................................................................................

   (v) .................................................................................................................................

10. (c). If the answer to 12(a) above is yes, do the final lists of prioritized projects reflect the wishes of the participants?

   Never [ ]  Sometimes [ ]  Always [ ]
10. (d) If the answer to 12(a) above is No, how does the Council identify the projects to be undertaken?

10. (e) In your opinion is LASDAP an effective way of identifying the needs and priorities of the residents. Briefly explain.

SECTION D: BUDGET MANAGEMENT

11. Does the Council prepare and submit its budget within the stipulated time?

Never [ ] Sometimes [ ] Always [ ]

12. Are projects budgeted for implemented and completed in time?

Never [ ] Sometimes [ ] Always [ ]

13. Does the Council limit its LATF expenditures to the approved budget?

Never [ ] Sometimes [ ] Always [ ]

14. LATF funds have helped the Council out of financial distress.

Disagree [ ] Neutral [ ] Agree [ ]
SECTION E: AUDITING

15. Is internal audit done in the Council regularly?

Never [ ]  Sometimes [ ]  Always [ ]

16. Is the Council audited regularly by external auditors?

Never [ ]  Sometimes [ ]  Always [ ]

17. In your opinion are the audits of any value to the Council? Briefly explain and give Recommendation us, if any.

Yes [ ]  No [ ]

END. thank you