Alliance for community action

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The ACA's position on the 2022 CDF Guidelines

The Alliance for Community Action (ACA) has studied the CDF Guidelines released by the Minister of Local Government and we wish to share our immediate observations.

The ACA welcomes the release of the 2022 Constituency Development Fund (CDF) Guidelines by the Ministry of Local Government. CDF is designed as a valuable citizen-led tool for community-led development that deals with the issues that directly impact citizens in their local communities. It is for this reason that the ACA joined the rest of the country in celebrating the increased CDF allocation from K1.6 million to K25.7 million. Through CDF, local communities can be the architects of their local development agenda through the statutory power given to them in the identification and prioritisation of projects that meet their felt needs. CDF is a template for the much needed and long-awaited full decentralisation of public resources management from the central government to subnational and local governance structures. The ACA, however, notes with concern that while the CDF Guidelines include many progressive clauses, there is contained in the document, provisions that suggest a departure from the statutory provisions in the administration of the fund. Further, there are some provisions with the potential to erode public confidence in the government's willingness to devolve functions to lower levels of the governance pyramid. This situation, therefore, poses a threat to the political economy of the accountability process.

In terms of potential violations of statutory provisions, the Guidelines recognise that the CDF is a creation of the Constitution and that the principal Act for the management of the Fund is the Constituency Development Fund, 2018. However, while the CDF Act in **section 18** expressly states that the CDF is to be used for *community-based projects*, two new categories in **section 2.1** of the Guidelines have been added to the scope of eligible projects under CDF, namely, *Youth, Women and Community Empowerment* and *Secondary Boarding School and Skills Development Bursaries*. Further, **section 2.2.3** of the Guidelines has imposed an obligation on every constituency to procure a brand new 4x4 motor vehicle for exclusive use in CDF projects. This provision potentially violates **section 37** of the **Local government Act** which establishes the Ward Development Committees and gives them the power to be the establishment responsible for identification and prioritisation of needs at the community level in the CDF process. This fact is acknowledged by the Guidelines in **section 3.3.9**. By imposing the 4x4, the Guidelines also assume that all constituencies will have the same need for transport. Our view is that some constituencies may need different types of vehicles such as light or rigid trucks depending on their unique needs. Further, **section 8** of the **CDF Act** stipulates that the Fund shall be kept and managed from a single bank account. However, the Guidelines in **section 4.3.2** provide for the newly added women and youth empowerment and bursaries to be a revolving fund banked in separate interest-earning accounts. This second banking arrangement has been added for purposes of managing the revolving fund, but the Guidelines do not provide enough clarity on when or if recovered funds can or will be returnable to the main CDF account.

A further significant concern for the ACA is the constitution of the CDF committee which has remained in the power of the Member of Parliament. The ACA is of the view that the MP should not have the authority to appoint representatives of stakeholders such as civil society or councillors and these should be nominated by the stakeholders themselves. This reduces the ability of the MP to make the CDF a patronage fund. The ACA is therefore of the view that the CDF Act should be amended to transfer the authorisation of projects from the Minister of local government to the local councils. Centralising all decision making on expenditure goes against the very purpose of the CDF and negates decentralisation.

The above challenges notwithstanding, we note the following positive components of the Guidelines: **Section 3.2**, gives effect to **section 20** of the **CDF Act** by creating Technical Appraisal Committees for CDF project proposals with clear guidance on eligibility for one to hold membership on the committees. The role of the WDCs is recognised and accorded its full scope of powers as stipulated in the relevant Acts of Parliament, the CDF Act and Local Government Act, apart from the imposition of the 4x4 obligation as stated above. While they are new additions to the scope of eligible projects, the empowerment and bursary schemes are well defined with eligibility and management rules stipulated in **Part 5** of the Guidelines. We also note the provision of **section 5.6** which obliges the CDF Committees to give written feedback on all rejected proposals and require second chance submissions addressing any shortfalls. This means that project applicants can always have a second opportunity to pitch improved versions of their proposals. **Part 7** of the Guidelines requires that all bidders for the CDF project are legally registered entities and adhere to the provisions of the **Public Procurement Act, 2020.** Violation of this part will attract legal sanctions under the **Public Procurement Act.** This is a very welcome rule because it will ensure that only registered, competent and eligible contractors are hired to work on CDF projects. The section also forbids assigning of contracts to third parties (sub-contracting) and requires that any variations to project budgets must be approved by the Treasury and Attorney General. Given the historical loss of public money due to contract variations as reported by the Auditor General, this is a very welcome rule. **Section 6** of the Guidelines ties all fiscal management matters to the Public Finance Act thereby ensuring that, if there is no violation of the Guidelines, citizens are highly likely to receive value for money in the utilisation of CDF. Finally, we are glad to note that **Part 8** of the Guidelines is dedicated to setting out a comprehensive monitoring and evaluation mechanism for CDF funds. If well implemented, this component has the potential to identify weaknesses, gaps and potential areas of growth and improvement for the Fund. The net effect of a well-executed M and E framework is that the management and citizen benefits of the Fund can continuously improve due to consistent learning. The inclusion of sample application forms and loan agreements for all categories is also an innovative idea as it affords stakeholders the chance to study the tools and give feedback to the implementors on the quality of the documents with regards to effective and equitable management of CDF.

In conclusion, the ACA notes that the Guidelines in their current form can still be used to lubricate patronage networks and satisfy the ambitions of political representatives and their networks. The one-size-fits-all procurement of 4x4 vehicles is a big concern for us. It is therefore the ACA's considered view that for CDF to be more effective, it requires the government through the Ministry of Local government and Rural Development to address the contradictions between the Guidelines and CDF Act urgently. As the Act is the principal legal provision, we propose a suspension of implementing the Guidelines until the law is amended to make the Guidelines conform.

Issued by Andrew Banda – **Information and Advocacy Officer**

About the ACA:
The Alliance for Community Action (ACA) is a local civil society organization that works exclusively towards the articulated vision of a Zambia in which all her citizens enjoy the full and equitable benefit of all her resources. The ACA is committed to enabling Zambian citizens to express their opinions and to strengthen their ability, through its initiatives the media and other civil society organizations – to hold duty bearers accountable. **Ends//**