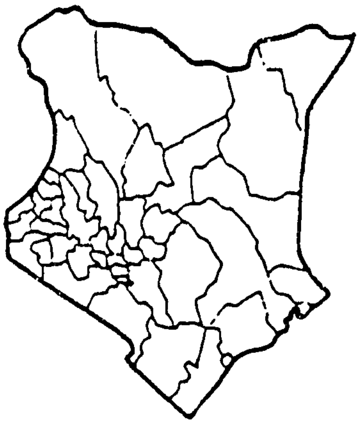

RESOURCE MANAGEMENT FOR RURAL DEVELOPMENT PROJECT

MINISTRY OF PLANNING AND NATIONAL DEVELOPMENT NAIROBI, KENYA

DISTRICT DEVELOPMENT FUND PROGRAMMES IN KENYA : AN ASSESSMENT OF IMPLEMENTATION PROGRESS

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This paper reports on the implementation experience of the programmes initiated under the District Development Fund, which was established at the beginning of the 1987/88 financial year to support the Government of Kenya's (GOK) newly instituted rural-urban balance strategy. Successes and problems in the implementation process are discussed, and recommendations are made for improving progress in future rounds of the programmes. This paper is only a programme implementation review. It does not attempt to critique the broader development policies of which DDF programmes are a part. A separate forthcoming paper in the RMRD discussion paper series will evaluate the Government's rural-urban balance strategy and the role of the DDF in implementing it.

Background: Kenya's Rural-Urban Balance Strategy

Kenya, like many other developing countries, is facing a number of significant economic challenges in the coming decades. The creation of job opportunities for a rapidly growing population during times of fiscal constraint is a particularly pressing problem, as outlined in Sessional Paper No. 1 of 1986, Economic Management for Renewed Growth.[1] This important policy document laid the foundation for the Sixth National Development Plan, 1989-93 and its innovations in macro, sectoral, and regional development strategies.

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[1]Kenya's population grew at an annual rate of 3.8 percent during the 1970s, a significant increase from the 2.5 percent figure recorded in the 1940s. The country's total fertility rate, defined as the number of live births an average woman has during her active reproductive life, is 7.9, the highest in the world. If the fertility rate remains constant, Kenya's population would grow by 4.3 percent a year to a total of 38.5 million in the year 2000. Even if it declines somewhat, as expected, the rate of job creation is going to have to be high to keep up with the rapidly growing labour force.

Regional development strategies in Kenya have historically been of two types, those that have focused on integrated rural development, and those that have provided urban infrastructure, primarily in the largest cities and secondary towns.[2] Rural and urban development policies and programmes were generally pursued independently. Integrated rural development had a multi-sectoral approach, but insufficient attention was paid to the role of rural-urban interdependencies in stimulating rural development. Similarly, conventional urban development policy had a narrow focus on the physical planning of a hierarchy of urban centres without explicitly recognizing rural-urban interaction as an important basis of dynamic economic growth.

The rural-urban balance strategy outlined in Chapter 4 of Sessional Paper No. 1 of 1986 represents a new generation of regional development policy for the Government of Kenya. Acknowledging the dynamic interdependence between rural and urban areas and the agricultural and manufacturing sectors, the strategy prescribes integrated rural and urban development policies designed to stimulate regional income and employment growth.[3] Particular emphasis is placed on improving economic linkages between rural areas with underexploited agricultural or livestock potential and the urban centres that serve those areas. Policies to improve agricultural productivity, to broaden access to improved infrastructure

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[2]For a review of the history of national urban development policy in Kenya, see Evans (1988). There is no comparable comprehensive review of rural development policy, but Oyugi (1981) deals with some aspects of it.

[3]The basic theory underlying this strategy can be traced at least as far back as the food grain linkage approach set forth by Johnston and Mellor (1961) and Mellor (1966). This various models developed under this approach are summarized in Johnston and Kilby (1975). Some examples of the more recent and growing literature on rural-urban linkages include Hansen (1982), Rondinelli (1983), Rondinelli and Evans (1983), Hackenberg and Hackenberg (1984), Evans (1985), Jones (1986), Bar-El, Bendavid-Val and Karaska (1987), Haggblade, Hazell and Brown (1987), and Bendavid-Val, et. al. (1988).

that supports economic growth, and to remove constraints on the functioning of small-scale enterprise and informal sector activities are among the most important components of the strategy.

One major objective of rural-urban balance is to stimulate the growth of rural incomes by improving agricultural productivity through new technologies, greater access to inputs, and the removal of efficiency-impairing price and movement controls on agricultural commodities. Higher farm income in turn generates new demand for goods and services, at least some of which can be satisfied by non-farm small-scale enterprise and informal sector activities in nearby urban centres. These expenditures will generate local multiplier effects, stimulating jobs, income and increased demand for both agricultural and non-agricultural production.[4]

The rural-urban balance strategy is also seeking to improve access to urban services and facilities that support both rural and urban economic development. The lack of well-serviced urban centres in many parts of the country makes it more difficult for farmers to get inputs and services and to market their outputs in a timely manner. Improving infrastructure and support services in urban centres will enhance agricultural productivity by making inputs and new technology more readily available. Better infrastructure also enhances marketing potential for both farm and non-farm production.

Agriculture is and will remain for the foreseeable future the backbone of the Kenyan economy. Much of the best arable land in the country, however, is already under cultivation, suggesting that there is some limit on the degree to which agricultural employment can be expected to absorb the growing labour force.

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[4]For a discussion of rural-urban linkages in Kenya, see Jones (1986) and Bendavid-Val, et. al. (1988).

Given this reality and the fact that formal sector jobs are so expensive to create, the Government is encouraging the creation of small-scale enterprise and informal sector jobs in urban areas. Increased demand from the agricultural sector and better infrastructure in the urban centres are important stimuli to this sector, but rural-urban balance programmes and policies are aimed at other factors as well. Steps to improve access to credit, training and shelter are required to facilitate small enterprise development, as is the alleviation of institutional and legal constraints on the sector's expansion.[5]

Because Kenya is highly underurbanized and much of the urban population is concentrated in a few large cities[6], the Government plans to focus its new efforts largely on small underdeveloped urban centres in rural areas.[7] This is expected to take some of the population pressure off the largest cities as well as encourage development in underexploited, high-potential areas.[8] The Sixth

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[5]A new Small Enterprise Sector Programme was announced in the Sixth National Development Plan, 1989-93. The details of this programme are currently being developed by an interministerial group being coordinated by the Small Enterprise Section (SES) in the Rural Planning Department of the Ministry of Planning and National Development.

[6]According to the World Bank's 1985 World Development Report, Kenya ranks 113th out of 126 countries in degree of urbanization. Only two countries in the world have both a higher per capita income and a lower degree of urbanization. According to the most recent population census (1979), there were only 48 cities and towns with a population greater than 5,000 and only another 43 cities and towns with a population between 2,000 and 5,000. Urban population, defined as people living in towns with a population of greater than 2,000, accounted for only 13.2 percent of the total population. Nairobi and Mombasa alone accounted for 56.5 percent of the urban population.

[7]Ongoing urban development programmes, such as the USAID-funded Small Towns Programme and the World Bank-funded Third Urban Programme will continue, and follow-up programmes are likely to be developed. These programmes, however, have focused on the largest 20 or 25 cities and towns in the country. New initiatives are designed to develop the smaller urban centres that have not received assistance under other programmes.

[8]The Government of Kenya recognizes that the capacity of local authorities will have to be strengthened in order to improve and expand required services in

Development Plan, 1989-93 states that "it is necessary that small urban centres grow throughout the country in order to create a framework upon which rural-based production activity can stimulate growth and provide markets and employment opportunities for the increasing number of job seekers."[9]

Among the major policy innovations supporting the rural-urban balance strategy is the Rural Trade and Production Centre (RTPC) programme. It is intended to fund the development of basic physical and institutional infrastructure in small urban centres and their agricultural hinterlands in areas with substantial unrealized agricultural or livestock potential. The main objective of this paper is to review the implementation of the early stages of this programme. The paper also reviews the related Nyayo Sheds Programme, which provides shelter for informal sector producers and tradesman in urban centres.[10] These two programmes were initiated under the jurisdiction of the District Development Fund when it was set up by the Government to implement policies supporting rural-urban balance.

Policy Overview of the District Development Fund

During much of the 1980s, Kenya has been moving towards strengthening the administrative and technical capacity of its districts, the principal administrative subdivisions of the central government.[11] This process has

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urban areas. Both Sessional Paper No. 1 of 1986 and the Sixth National Development Plan place a high priority on local authority reform.

[9] Sixth National Development Plan, 1989-93, p. 45.

[10] The term "Nyayo," which means "footsteps" in swahili, refers to the development philosophy of the current President, Daniel arap Moi, who is said to be following in the footsteps of his predecessor, the late Jomo Kenyatta.

[11] There are forty-one districts in Kenya, two of which, Nairobi and Mombasa, are principally urban. They are located within seven provinces, one of which is

occurred under the District Focus for Rural Development strategy, which was initiated by President Moi in 1983. Popularly known as District Focus, the strategy shifts the principal responsibility for the planning and implementation of decentralized development programmes from the ministries to the districts.[12] The handbook outlining District Focus procedures states that the strategy is "based on the principle of a complementary relationship between the ministries with their sectoral approach to development and the districts with their integrated approach to addressing local needs."[13] Responsibility for general policy formulation and the planning of national and multi-district programmes remains with the ministries, but the planning and implementation of district-specific projects are district responsibilities. District advisory bodies known as District Development Committees (DDCs) are responsible for the overall coordination, formulation and monitoring of local development projects, thereby encouraging local initiative in problem identification, resource mobilization, and project design and implementation.[14]

In the June 1987 Budget Speech, the Minister for Finance announced that "...the Government is establishing a new fund that will finance essential packages of investment in Rural Trade and Production Centres. This fund,

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geographically identical to Nairobi District.

[12] The District Focus for Rural Development strategy is sometimes criticized by donor analysts for not really being the genuine grassroots decentralization mechanism that politicians and the press often claim it to be. It is clear from a careful reading of the District Focus for Rural Development guidelines, however, that the strategy was intended to deconcentrate rather than devolve the functions of the central government.

[13] District Focus for Rural Development (1987), p. 1.

[14] For more information on the District Focus strategy, refer to the GOK's handbook, District Focus for Rural Development (1987) and Cohen and Hook (1986). An extensive evaluation of this strategy is planned for the 1989/90 financial year.

entitled the District Development Fund, will be operational with effect from 1st July this year."[15] The DDF legally came into existence when the Minister for Finance issued the Exchequer and Audit (District Development Fund) Regulations on February 17, 1988.[16]

The Rural Trade and Production Centre (RTPC) programme was initially announced by the GOK in 1986 as part of its rural-urban balance strategy, but it did not become operational until the DDF was set up to fund it more than a year later. The principal purpose of this programme, as set forth by its initial proponents, is:

> "....to concentrate scarce resources for urban infrastructure in a limited but growing number of selected rural centres which have the best potential for supporting agriculture and its linked productive activities, including processing, manufacturing and services. The concentration of resources in a rural centre over a limited period of three or four years is designed to remove obvious bottlenecks in physical infrastructure, to maximize the aggregate impact of individual projects, and to yield greater benefits and financial returns." [17]

In keeping with the District Focus for Rural Development strategy, the District Development Committees (DDCs) are cited by the Sessional Paper as being the key actors in RTPC selection and design. The Sessional Paper states that DDCs should select as RTPCs those urban centres where a package of infrastructure investment would be likely to yield the maximum benefits. These centres were expected initially to be larger trading centres lacking only a few important types of basic infrastructure, such as a market, all-weather roads, and an

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[15]Text of the 1987/88 Budget Speech.

[16]This was published as Legal Notice No. 128 in respect of the Exchequer and Audit Act (Cap. 412) in the Kenya Gazette of February 26, 1988.

[17]Sessional Paper No. 1 of 1986, p. 45.

adequate water supply. Later priority is expected to shift to smaller but potentially important trading centres where more substantial infrastructure investment is required.

In collaboration with local authorities, the DDCs are supposed to design an infrastructure package for each RTPC, with emphasis on projects required to support directly agriculture and other productive activities. The RTPC package components are intended to eliminate physical and institutional bottlenecks that hinder economic development of the RTPC and its agricultural hinterland.[18]

The Minister also proposed in the 1987/88 budget speech: "...to incorporate, within the District Development Fund concept, finance for construction of Nyayo Sheds to accommodate jua kali artisans and workshops located in appropriate rural centres."[19] Such shelters had been constructed in Nairobi through presidential initiative, and it was decided that all districts should benefit from these serviced sheds as part of the rural-urban balance strategy efforts to stimulate productive activities in the informal and small-enterprise sectors.

Thus, the DDF was initially set up in the Ministry of Planning and National Development (MPND) by the Government of Kenya to finance the RTPC and Nyayo Shed programmes under the umbrella of both the rural-urban balance and District Focus for Rural Development strategies.[20] The MPND established within its Rural Planning Department (RPD) a District Development Fund Section (DDFS) in November

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[18] For more information, see Sessional Paper No. 1 of 1986, pp. 45-46.

[19] Text of the 1987/88 Budget Speech. Jua kali," or "hot sun" workers are informal sector craftsmen or artisans so named because they often work without shelter or infrastructure.

[20] The District Development Fund may have an expanded role and cover a more comprehensive set of rural and urban development programmes and projects in the future. Internal MPND discussions have been held on this issue, but official policy statements have not been released thus far.

1987 to manage the implementation of these programmes. The Permanent Secretary (or an officer designated by him) is the accounting officer responsible for the administration of the Fund.

With the Rural-Urban Planning Section (RUPS), which is the rural-urban policy research arm of RPD responsible for the rural-urban balance strategy, DDFS assists the DDCs in selecting and implementing RTPCs in their districts. RUPS is largely responsible for nominating districts to participate in the RTPC programme for each budget year and identifying a short list of sites from which the participating DDCs select their RTPCs. The principal role of DDFS is to work with the DDCs in designing and implementing RTPC investment packages.

Funding of the District Development Fund

The Ministry of Planning and National Development is assigned primary ministerial responsibility for administering the District Development Fund activities, so that the bulk of funding is contained under its budget estimates. Budget lines relating to the DDF first appeared in the 1987/88 budget.[21] The first budget line (MPND: D06/061/207/020/316), a USAID contribution of Ksh. 50 million, was intended to fund RTPC package identification and design through the district planning and tendering process. The second budget line (MPND: D06/061/207/020/317), a USAID contribution of Ksh. 117 million, was to fund actual construction of infrastructure projects approved for the RTPCs. The third and final budget line (Ministry of Works, Housing, and Physical Planning (MWHPP): D13/132/400/406)[22], a USAID contribution of Ksh. 50 million, was for the

[21]Kenya's financial year runs from July 1 through June 30.

[22]The Ministry of Works, Housing and Physical Planning (MWHPP) was reorganized after the February 1988 national elections. The housing portfolio went to the Ministry of Lands and Housing (MLH), while physical planning became

construction of Nyayo sheds in support of small-scale jua kali enterprises. Total initial DDF funding under these lines was Ksh. 217 million. All of these USAID funds were PL480 counterpart funds.[23]

As the 1989/90 budget year began, very little money had been spent on the RTPC programme, for reasons that will be discussed later. The unspent money, however, did not have to be returned to the Exchequer at the end of the budget year in which it was allocated because a separate and permanent fund was set up and gazetted to manage it. Unspent budgetary allocations in a ministerial budget are automatically returned to the Exchequer at the end of the financial year, but allocations to gazetted government funds may be retained for future use.

In subsequent years, no donor funding for DDF has been included in the budget. In both the 1988/89 and 1989/90 budgets, the Government made nominal contributions of Ksh. 2 million, while the forward estimates for 1990/91 provide for Ksh. 4 million. All of this funding is for the RTPC programme under the two MPND votes listed above; however, there is not enough in all post-1987/88 financial years combined to fund even a single RTPC.

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the responsibility of the Ministry of Local Government and Physical Planning (MLGPP). MWHPP became the Ministry of Public Works (MPW). In a subsequent reshuffle in June 1989, the physical planning portfolio was transferred to the MLH, which became the Ministry of Lands, Housing and Physical Planning (MLHPP).

[23]Under PL480, the U.S. Government provides grain to the Government of Kenya, which then raises money from its sale locally. The bilateral agreement regulating this programme stipulates that USAID must approve the Government's use of these funds, which are known as counterpart funds because they are a local currency complement of the donor's foreign-currency-financed supply of commodities. Countries benefitting from these commodity programmes and donors financing them commonly consider the counterpart funds to be additional real resources to the recipient country, and their policies regarding how the funds may be used reflect this impression. Roemer (1988) argues that this common perception is false, and demonstrates that, depending on the nature of donor restrictions on the use of counterpart funds, how they are treated in the government budget, and how the monetary authorities respond to their use, counterpart funds may generate undesirable macroeconomic effects.

The absence of donor funding for the 1988/89 and 1989/90 financial years has occurred for two reasons. First, the Government has only recently begun to actively seek additional donor funding for DDF.[24] Second, the pace of DDF implementation to date has been extremely slow, raising questions among donors about the Government's commitment to DDF programmes and its ability to implement them. Both of these issues will be discussed later in this paper.

As of June 30, 1989, Ksh. 13.8 million (27.6 percent) of the Ksh. 50 million originally allocated to the Nyayo Shed programme during the 1987/88 financial year has been spent. After the 1988 national elections, responsibility for this programme was transferred from the MPND to the Ministry of Technical Training and Applied Technology (MTTAP). Funding for Nyayo Sheds is no longer under the jurisdiction of DDF, but has been transferred to a separate line, the Jua Kali Fund, which is under a vote in the budget of the Ministry of Finance.

Timing and Extent of DDF Programme Implementation

The RTPC programme has been the target of unrealistic expectations by GOK planners from the very beginning.[25] Sessional Paper No. 1 of 1986 states that the programme will take a year or two to get started, but that from 1990 on, twenty RTPC projects will be completed per year.[26] The Sixth National

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[24] In June 1989, RUPS and DDFS prepared a draft donor briefing requesting additional funding for the RTPC programme. This was reviewed internally and forwarded to the Ministry of Finance for review and action. The draft document requests Ksh. 680 million for RTPC funding over a three-year period.

[25] Because the Ministry of Planning and National Development historically has been a policy-making rather than an implementing ministry, some early proponents of the RTPC programme may not have fully realized the complexities and constraints involved in implementing the programme they were proposing. Thus, their expectations about the pace and extent of the programme were unjustifiably optimistic.

[26] Sessional Paper No. 1 of 1986, p. 45.

Development Plan, 1989-93 promises similarly optimistic achievements. It states that after the eight centres for the 1988/89 financial year are underway, the number of RTPCs will expand to 12, 16, 16, and 18 in subsequent years, so that a total of 70 centres will have participated in the programme by the end of the plan period.[27]

The reality is that, more than two years after funds were first allocated to the DDF in June 1987, construction has not begun on a single RTPC project in the eight districts selected to participate in the first round of the programme. There are a number of reasons for the delays, some of which could have been avoided by better planning and coordination, while others have been largely beyond the control of GOK officers.

First, the RTPC programme was started significantly sooner then those closely involved in its original design had expected. Although the programme had been briefly outlined in Sessional Paper No. 1 of 1986, a great deal of research and institution building was expected to occur before the programme would become operational.[28] During preparations for the 1987/88 budget speech, it was suddenly decided that counterpart funds would be used to start the District Development Fund immediately in order to finance the RTPC programme. Without having completed the research and preparations required for the RTPC programme to begin smoothly, RUPS planners were placed in the position of having to select RTPC districts and sites and to get the programme underway very quickly. The need to rush into implementation without adequate preparation is an important reason why the programme has moved so slowly and erratically, and why planning and implementation procedures have been developed largely on an ad hoc basis.

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[27]Sixth National Development Plan, 1989-93, p. 77.

[28]See Evans (1986) for a discussion of many of the major issues involved.

Second, the desire to involve district officials heavily in the RTPC implementation process in an effort to support District Focus for Rural Development was the cause of numerous delays. Many districts lack the capacity and resources to plan and implement major programmes, and there are numerous priorities competing for the limited time and expertise of district officials. In spite of this, MPND officials initially attempted to follow District Focus by leaving major tasks to the districts rather than allowing the central government to take complete control of the implementation process or appoint consultants to oversee it.[29]

Third, the national elections held in February-March 1988 required the full-time efforts of many officers of both the central government and the districts. These elections, the block of time spent preparing for them and the subsequent adjustment period occurred during a crucial stage for first-round RTPC implementation. Most districts had selected their RTPC site and were about to identify their investment packages when the election period was announced. It is likely that only limited government activity unrelated to the elections took place in the districts during this period, and there was undoubtedly much catching up to do on many projects and programmes once the situation had settled back to normal.

Fourth, MPND itself did not have expertise in designing and implementing an integrated investment programme such as the RTPC programme. The Rural Development Fund and EEC Microprojects Fund have been in existence for a number of years, but they focus on implementing single small-scale investments in the

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[29] Early RTPC policy documents and minutes of the meetings of the MPND RTPC Task Force demonstrate a significant concern with being faithful to the principles of the District Focus for Rural Development strategy. These documents are found on MPND File No. EPD/SC 237/417/01.

rural areas. In contrast, the RTPC programme was set up to implement an integrated package of investments. This required the coordination of districts, local authorities, at least several ministries, and sometimes other actors as well.[30] Established MPND procedures had to be significantly adapted to meet the needs of the RTPC programme, and, in some cases, entirely new procedures and mechanisms had to be and are still being developed.

Fifth, although a variety of ministries have a role to play in the operation of the RTPC programme, a good system for interministerial coordination was not set up early on.[31] The permanent secretaries of all operating ministries were sent a general circular on DDF implementation by the Permanent Secretary of MPND on November 27, 1987, but little followup occurred. It was proposed in early 1987 that an interministerial steering committee be set up to oversee DDF policy

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[30]For example, the RTPC project package in Kinango (Kwale District, Coast Province) includes water supply augmentation, improvement of town roads, and the construction of a market, buspark, and stock holding/auction area. This requires input from and coordination of the Ministry of Water Development, the Ministry of Public Works, the Ministry of Local Government and Physical Planning, the Ministry of Livestock Development, the Kwale County Council, and the DDC. In addition, because the RTPC budget was insufficient to fund all of the desired projects, the Swedish International Development Agency (SIDA) agreed to provide some funding for the water supply augmentation. The incorporation of yet another agency further complicates the planning and coordination process.

[31]The DDF can fund projects already planned and designed by other ministries provided that these projects are part of an approved RTPC project package. The Ministry of Public Works, the Ministry of Water Development, and other ministries have an important role to play in design and implementation of certain types of RTPC projects that fall under their jurisdiction. For some projects, ministries will be assigned responsibility for recurrent expenditure. The Ministry of Local Government and Physical Planning (MLGPP) has a particularly large role to play in the RTPC programme. Recurrent expenditure responsibility for many types of RTPC projects will be assigned to local authorities, which must be properly staffed, trained and funded to satisfy the new demands on their capacity. In addition, the MLGPP has a great deal of implementation experience in certain kinds of projects, such as markets, which are part of nearly every proposed RTPC project package. Their expertise is being drawn upon during both the planning and implementation phases of the RTPC programme.

and implementation.[32] In January 1987, the Permanent Secretary of MPND invited his counterparts in the Office of the President, the Ministry of Local Government, and the former Ministry of Works, Housing and Physical Planning to nominate members from their ministries to serve on the committee, which was expected to meet on a regular basis in order to review RTPC implementation policies, progress, and problems.[33] This committee has never met, and in practice, MPND has rarely liaised with other ministries involved in RTPC implementation until it needed something from them.[34] Given the interministerial nature of the RTPC programme and the coordination problems that have been experienced and anticipated, it seems likely that implementation would run more smoothly and a number of problems that arose during the first round could have

[32]Early RTPC policy documents and minutes of meetings of the MPND RTPC Task Force frequently refer to the proposed interministerial steering committee. These documents are found on MPND File No. EPD/SC 237/417/01.

[33]The letter from the PS/MPND, which is on MPND File No. EPD/SC 237/417/01, is dated January 27, 1987. Permission to convene the RTPC interministerial steering committee was granted by the Office of the President on February 4, 1987 in a letter on File OP.16/14A/III/27. The Office of the President and the two invited ministries nominated members. According to a minute on File No. EPD/SC 237/417/01 dated March 2, 1987, the committee was to be chaired by the Permanent Secretary of MPND and was to begin meeting not later than March 6, 1987.

[34]In the case of the Ministry of Local Government and Physical Planning, for example, MLGPP officials contacted MPND officials, rather than the other way around, regarding their willingness to do feasibility studies for RTPC projects for which they have developed an expertise, such as markets, busparks, and slaughterhouses. The Ministry of Public Works was not contacted until MPND required the assistance of their engineers in November 1988 to review the consultants who applied to be listed as eligible to do RTPC project designs and costings. The Ministry of Water Development was never contacted regarding review of designs for the water projects planned in various RTPCs, despite the fact that the first set of plans for an RTPC water project (Kinango, Kwale District, Coast Province) were received in November 1988. On August 29, 1989, the Permanent Secretary of the Ministry of Water Development (MWD) wrote to the PS of MPND to note that MWD, which is supposed to be consulted on all water provision projects, was not being actively involved in preparing or reviewing plans for water supply development in the RTPCs.

been avoided if this committee had been meeting regularly.[35]

Finally, the preparation of the 1989-93 district development plans occurred from late 1987 through late 1988, exactly when RTPC investment package identification and project designs and costings should ideally have been taking place. The District Development Officer (DDO), who is the coordinating officer at the district level for the RTPC programme, is also the officer responsible for the preparation of the district plan. At the same time, most headquarters officers in RUPS and DDFS had responsibilities for liaising with DDOs on plan preparation in one or more districts. The district plans, therefore, significantly diverted both district and headquarters officers from making more progress with RTPC planning and implementation.

Implementation progress has improved in recent months, and it is likely that tendering for construction will be completed in the first group of RTPCs before the end of the 1989 calendar year. As will be discussed later, however, this progress has occurred at the cost of a number of changes to the original process envisioned by the designers of the programme and has, to some extent, undermined certain goals of the programme. Much of the rest of this paper will be devoted to examining implementation progress and the problems that have hindered it.

The RTPC programme will undoubtedly run more smoothly and rapidly as solutions are found to the complex of implementation problems that have been encountered. Nevertheless, unless resources devoted annually to the programme are very substantially augmented, additional government officers are assigned to

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[35]In recent months, MPND has developed better working relationships with the various ministries involved in RTPC implementation. A particularly productive relationship has evolved with the Ministry of Public Works, which has meticulously reviewed the project designs and costings prepared by consultants for the first round of RTPCs.

DDFS, and more technical assistance for both MPND and the districts is secured, the number of centres targeted for completion in the next two decades by Sessional Paper No. 1 of 1986 and the Sixth National Development Plan is not attainable.

In contrast to the RTPC programme, the Nyayo Shed programme has made more tangible implementation progress, but it is still nowhere near achieving its goal of constructing sheds in all 40 districts.[36] As of June 1989, the construction of 28 Nyayo Sheds had been started or completed in 17 districts. The Nyayo Shed programme has made more progress largely because it is much less complex than the RTPC programme. It involves the construction of simple structures from relatively standardized designs and rarely involves the coordination of more than two ministries. Furthermore, the pace of Nyayo Shed implementation has undoubtedly increased because a number of shortcuts to the original implementation process have been taken, and this has resulted in some sheds being constructed at a cost higher than necessary in inappropriate locations using designs that have not always met the needs of shed users. These issues will be discussed later in this paper.

RTPC Programme Implementation

As discussed earlier, the RTPC programme has been moving slowly over the course of the past two years, and there have been a number of significant alterations to the implementation process as initially envisioned by the designers of the programme. Some of these changes have probably improved the programme, while others have undoubtedly violated the programme's principal

[36] The forty-first district, Nairobi, is excluded from the programme because sheds have already been constructed there in a number of locations.

objectives. This section reviews how the implementation process was intended to proceed and discusses major changes to the planned process and their effects.

Summary of Major Steps in DDF-Funded RTPC Programme

The major steps in the implementation of the RTPC programme are outlined in a series of guidelines issued by MFND to all participating districts and operating ministries.[37] District Development Committees (DDCs) are expected to have primary responsibility for implementing RTPCs in their districts, and the MFND has overall responsibility for coordinating the RTPC programme.

Implementation of the RTPC programme involves several major steps. First, districts to participate in each phase of the programme are selected by RUPS using standardized selection criteria. Second, a short list of eligible RTPC candidates in each participating district is identified by RUPS using standardized criteria. Third, using guidelines provided by MPND, DDCs in these districts must select from the RUPS short list a town to benefit from the programme. Fourth, districts must propose an integrated package of investments for their selected RTPC towns, which must be approved by the DDFS and certified as meeting the objectives of the rural-urban balance strategy. Fifth, RTPC project packages must be designed and costed. Finally, the designed projects are constructed, and turned over to a local authority or operating ministry with

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[37]The first set of guidelines were issued to the districts on October 17, 1987. These guidelines covered the issues to be considered by the DDCs in selecting an RTPC from the MPND short list. A second set of guidelines on RTPC investment package identification were drafted in November 1987, but were not approved and sent to the districts until March 15, 1988. No additional guidelines have been sent to the first-round districts since that time. DDFS, however, is currently preparing a set of detailed guidelines which will be issued as the District Development Fund Handbook sometime in the future. The circular on DDF programme implementation sent to the permanent secretaries of all operating ministries is dated November 27, 1987.

responsibility for the recurrent costs of the projects. Funding is provided by Authority-to-Incur-Expenditures (AIEs) issued by MPND to the districts from the District Development Fund. The entire process is monitored and facilitated by the DDFS, with the outcome of each step being approved by DDFS before the district can proceed.

Identification and Selection of Districts by MPND

The selection of districts to be funded by the DDF is guided by the logic of the RTPC strategy. Initial concentration of DDF funds was intended to be in districts that are underurbanized and are producing or could produce considerable agricultural and livestock surpluses. In accordance with the rural-urban balance strategy, such districts are presumed to have a need for expanding the number and size of small towns to provide better market and employment opportunities.

Data on district urbanisation and agricultural production were collected by RUPS and combined into an RTPC district identification index which assigned a numerical score to each district. Details of the district identification process are provided in RPD Technical Report No. 1 of 1987.[38] An evaluation of the

[38] The district identification index, which is supposed to select underurbanized districts with high agricultural/livestock potential, is composed of three components. The first component measures underurbanisation. It is simply the negative of the percentage of population in each district living in urban areas (centres with a population greater than 2000) during the 1979 census. The second two components measure agricultural production and the availability of surplus for expanding production. One is savings as calculated from the CBS Rural Household Budget Survey of 1981-82. This is supposed to serve as a proxy for smallholder surplus. The other is combined agriculture and livestock sales to marketing boards for 1980-85. Standard scores (actual variable value for each district less the arithmetic mean of the variable across all districts, standardized on the standard deviation for all observations) are calculated for each of the components. In order to weight agricultural production and underurbanisation equally, the standard score for the underurbanisation component is multiplied by two. This is then added to the other two components to arrive at the index value for each district.

criteria used to select RTPC districts and sites is presented in a separate RMRD discussion paper, No. 7 of July 1989.

Although the index initially developed for RTPC district selection was used to identify the first two rounds of participating districts, its application was modified to make the programme more politically acceptable. Rather than selecting the districts scoring highest nationally in the selection index, the highest scoring district in each province was selected for the first round, and the second highest scoring district in each province was selected for the second round. The top two districts from Rift Valley were included in each round because of the size of the province. Thus, an important objective of the RTPC programme to focus on the national high potential areas where the most significant marketing, production and employment gains could be realized has been in part set aside. A district's potential has been defined as relative to the province in which it is located rather than relative to all districts across the country. This has resulted in the selection of a number of Arid and Semi-Arid Lands (ASAL) districts for inclusion in the early rounds of the programme, including Kwale and Taita-Taveta in Coast Province, Mandera and Wajir in Northeastern Province, and Kitui in Eastern Province. In the long run, all districts in Kenya (except Nairobi and Mombasa) are expected to benefit from the Programme.

Proponents of the current process point out that the selection of one district from each province improves the nation-wide equity of the programme and provides funds for urban infrastructure development to districts which have historically been neglected in this area. Furthermore, it is possible to argue that there are in most districts high potential agricultural or livestock areas where RTPC interventions are likely to stimulate the local economy greatly.

While both of these points are certainly true, the programme's designers clearly intended the programme to augment economic efficiency and maximize increases in employment and production, which requires focusing on the districts with the highest potential. Proponents of the original objectives of the RTPC programme would undoubtedly argue that there are other substantial programmes which channel funds to ASAL areas, and that RTPC funds were not intended for these areas. Whichever side is more correct, political realities have dictated that all provinces must be covered under the RTPC programme. This political guideline is applied to most government programmes of significant scope, and it is unlikely that the current rules will be changed.

What must still be decided by senior MPND officers is how the programme will proceed after some provinces have an RTPC in each district while others do not. Several provinces, such as Northeastern, Western, and Nyanza, have only three or four districts within their jurisdiction, while Rift Valley has thirteen. Even given the fact that two districts per year are being taken from Rift Valley, all districts in the smaller provinces will have benefitted from the RTPC programme by the third or fourth round, while Rift Valley and several other provinces will have a number of districts yet to benefit. The Government must decide if some districts in the smaller provinces will be allowed to have second RTPCs before certain districts in the larger provinces have had any.

The main political and bureaucratic battle in the future will be to maintain the use of established criteria for RTPC selection. This will not be easy, as demonstrated by the fact that, during the process of selecting the second of RTPC districts to be funded during the 1989/90 financial year, a third district was added to the two districts selected from Rift Valley Province using MPND criteria, even though this district scored lower on the selection index than several other districts in the province which have not yet benefitted from the RTPC programme.[39] While this district's selection is a special case, the objectives of the programme will be seriously undermined if political criteria become generally more important than economic criteria in selecting other districts and their RTPCs. This would particularly be a problem if RTPC sites within districts that did not meet the requirements of the programme were selected for political reasons.

Selection of RTPC Candidate Centres by MPND

After the districts to participate in the RTPC programme are identified, a short list of candidate towns for each of the districts is prepared by RUPS staff according to technical criteria developed by MPND. These criteria are detailed in RPD Technical Report No. 2 of 1987, and examples of how they are applied are provided in RPD Technical Reports Nos. 3 and 4 of 1987.[40] The criteria used by RUPS to identify the RTPC short list are essentially those that the districts use to make the final RTPC selection, which are listed and briefly explained below.[41] The MPND short lists of RTPC candidates for the first and

[39] Baringo, the district that was added, would have been eligible for RTPC funding in the 1991/92 financial year if the criteria had been followed.

[40] Some of the RTPC selection criteria were measured using data available from central government sources, while others required the collection of data from the districts by RUPS officers. Teams of officers spend several months per RTPC round in the field collecting the required data, entering it on microcomputer using a spreadsheet programme, and calculating the various indexes.

[41] The criteria used by RUPS to identify the short list are measured by specific data which are used to create an index ranking the towns being considered. The DDCs are more likely to make their selection decision on the basis of a somewhat more subjective estimation of how the RTPC candidates meet the programme criteria. It should also be noted that several steps are taken by RUPS prior to the application of the criteria mutually considered by RUPS and the DDCs in the selection process. The number of towns considered for the short list in a particular case depends on the population of the district, and no town

second rounds of the programme are presented in Appendix I.

Although the final selection of an RTPC is the responsibility of the DDC, preparing a short list for the DDC insures that any site selected as an RTPC will meet the basic objectives of the programme. Selection of RTPCs on purely political grounds is thus precluded as long as the current identification procedures are followed.

The collection and analysis of data used to construct the RTPC selection index and to identify a short list for each participating district has thus far proceeded smoothly. RUPS has forwarded short lists of candidate towns in good time to all participating DDCs for their consideration.

There have been a number of concerns raised by several parties about the nature and measurement of the RTPC site selection criteria.[42] Many of these concerns are quite valid, and efforts are expected to be made to improve the selection criteria in future rounds of the programme.[43]

Final Selection of RTPCs by DDCs

After compiling the short lists, RUPS staff visit each of the districts from which an RTPC is to be selected. They brief the District Executive Committees

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which had a population of greater than 5,000 in the 1979 Census can be considered.

[42]USAID, the only donor to support the RTPC programme thus far, is particularly concerned by the exclusion of towns that had a population of more than 5000 in the 1979 census. Representatives of other donors, including the World Bank, ODA, and DANIDA have expressed reservations about the way certain RTPC selection criteria, particularly those related to levels of economic activity, are measured. RUPS acknowledges that there are indeed problems in this regard, but argue that they were unavoidable given the haste with which the necessary fieldwork for the early rounds of the programme had to be completed.

[43]An assessment of these criteria and recommendations for improving them are contained in RMRD Discussion Paper No. 7 (July 1989).

(DECs) on the guidelines and criteria to be used in selecting the RTPC site, and the DECs then communicate this information to the full DDCs.[44] The DDCs are expected to use these guidelines to justify the short-listed towns they select as well as to explain why they did not select the others.

The criteria which are supposed to be considered by the DDC in making its selection from the short list of candidate towns are as follows:

1. Size of Market Area: An RTPC is expected to serve a substantial market area as defined by population. The DDC should take into consideration the relative importance of the candidate towns in rural-urban trade. Centres with larger market areas are to be given priority.

2. Urban Economic Activity: There should be significant trading and manufacturing activities in an RTPC town. The town should have an active market and commercial sector with good economic links to its market area and other urban centres.

3. Agricultural and Livestock Productivity of the Market Area: The productivity of the agricultural hinterland surrounding an RTPC should be high. The hinterland is the area surrounding an RTPC which provides the RTPC with agricultural products and is supplied with farm inputs, manufactured goods and services by the town. The DDC is expected to consider the relative productivity of the hinterland of short-listed towns in selecting an RTPC site.

4. Economic Potential: A high level of economic potential of a candidate RTPC is an important consideration. Economic potential refers to the quality and composition of productive land and the potential opportunities for expansion of small-scale manufacturing and informal sector activities. An RTPC must have a high potential for growth in both the urban centre and its hinterland. Areas with the highest potential are expected to be given priority.

5. The Proximity of Competing Market Centres: RTPC market expansion should not be at the expense of nearby competing market centres. RTPCs are supposed to meet unmet needs rather than crowd

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[44]The DECs are comprised of senior members of the DDC, and they generally consider major issues first and make recommendations to the full DDC. The DECs meet on a monthly basis, while the DDCs are required to meet only four times a year. For more information on how the DECs and DDCs function, see the Government of Kenya District Focus for Rural Development handbook (1987) and Cohen and Hook's paper on district planning in Kenya (1986).

the growth of existing centres. The DDC must weigh this issue in its selection process. In cases where two candidate centres receive approximately the same rating in RTPC choice, that centre which is furthest away from a competing market centre receives priority.

6. Current Levels of Infrastructure: Although there are no particular types of infrastructure that must exist for a town to be eligible for RTPC funding, RTPC package components should complement existing infrastructure in a market centre and its surrounding area. Priority is initially expected to be given to market centres that need only a few additional infrastructure projects to complete a good infrastructure system.

7. Project Viability: RTPC infrastructure projects must be shown to be viable to the satisfaction of MFND. Although formal cost-benefit analyses are not expected, simple feasibility studies must be conducted for all project components according to guidelines provided by MFND. Some urban centres might need certain investments that cannot be justified on the basis of relative costs and benefits. Others might have the need for investments with a much higher probability of generating net benefits and stimulating productivity. This latter group is expected to be given priority in the selection process.

8. District Priorities: Districts should also take account of their own priorities in selecting an RTPC site. The RTPC Programme is intended to be a highly integrated component of the District Focus for Rural Development Strategy, which maintains that local knowledge is an important factor in RTPC choice. It is assumed that district priorities are broadly consistent with national priorities outlined in Sessional Paper No. 1 of 1986 and the district's most recent Development Plan. In addition, district priorities that conflict with the objectives of the RTPC programme cannot be considered. For example, schools and community centres, even if they are a district's first priorities, cannot be funded because they are not consistent with RTPC programme objectives and guidelines.

It is difficult to tell the degree to which the above criteria were thoughtfully considered by the DDCs in their deliberations about a final RTPC site. Documents detailing the criteria were provided by MFND in sufficient quantity for all DDC members, and the briefings of the DEC by RUPS officers generally went fairly smoothly during the first round. RUPS officers, however, express some concern about whether DEC members fully understand Government's rural-urban balance strategy and the criteria for RTPC selection. There was very little MPND contact with the DDCs from the time the initial briefings were held to the time when the DDCs made their final selections.

Available evidence from minutes of DEC and DDC meetings suggests that at least some of the districts made an attempt to use the criteria as instructed. For example, the Bungoma DEC minutes of December 11, 1987 discuss in detail the briefing given by RUPS on the application of RTPC selection criteria. The Kericho DDC minutes of December 21, 1987 and the Elgeyo Marakwet DEC minutes of April 18, 1988 discuss the selection of their respective RTPCs in light of the criteria. In some cases, the DDC and DEC minutes are not very detailed, but other supporting information was provided. For example, the MPND received a letter dated March 23, 1988 from the Kirinyaga District Commissioner (DC) detailing the reasons for selecting Kutus as their RTPC.

In a few cases, there was little or no documentation of the RTPC selection process. For example, the minutes of the Kwale DDC meeting held on November 30, 1987 simply state that "the DDC approved Kinango Trading Centre to be considered under this programme." Similarly, the Mandera DDC meeting minutes of December 7, 1987 say only that the "DEC recommendation that Rhamu qualifies for the Rural Trade and Production Centre Programme was ratified by the DDC." In both of these cases, district officers convinced MPND officers verbally that the centres chosen were the most appropriate ones for the RTPC programme, but no written records of this exist except for brief notes in some DDFS field trip reports.[45]

It might be argued that strict adherence to the selection criteria by the DDCs is not crucial to the success of the programme because all of the urban centres on the short list meet the basic criteria to some extent. Although the

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[45]All of the minutes and other documents cited in this section may be found on MPND File No. EPD/AC 9/04.

DDCs may not choose as RTPCs the centres that are "optimal" with respect to the selection criteria, any centre selected should meet the basic objectives of the programme. Leaving the final selection to the DDCs allows for increased local political participation in accordance with District Focus for Rural Development. It also provides an opportunity for DDCs to use their generally superior knowledge of the district to take into account factors not adequately included in the RUPS selection criteria.

In several first-round districts, there were significant delays on the part of a few DDCs in selecting their RTPCs, but most DDCs had made their selection by the end of 1987. None of the DDCs filed the formal report to MPND required by the RTPC programme guidelines for the purpose of justifying their selection of a particular urban centre and their failure to select the other centres on the short list.[46] As noted above, DDC minutes and official letters sometimes served the purpose of justifying their decision, but such substitutes in no case provided the level of analysis that was expected to be contained in the formal selection report.

Several first-round districts made selection decisions that demanded special action by DDFS. In April 1988, the Elgeyo Marakwet DDC formally recommended as its RTPC a town (Kapsowar) that was not on MPND's short list. In the RUPS analysis, this town was included in the hinterland of a nearby RTPC candidate town. After additional data collection and site visits (including inspections of Kapsowar and the urban centres on the short list) during the period June-September 1988, it was decided that RUPS had erred in not including Kapsowar on the district's short list. On the basis of a report from the DDC and the

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[46] In future rounds of the programme, a standard form must be submitted for this purpose before further implementation steps can be taken.

recommendation of RUPS officers, Kapsowar was ultimately approved as Elgeyo Marakwet's RTPC.

Bungoma District had trouble selecting an RTPC because of disagreement among Members of Parliament sitting on the DDC. Each naturally wanted the RTPC located in his constituency to be selected, and the DDC was for some time unable to select one town from the short list to benefit from the programme. During their visit to the district in August 1988, DDFS officers were informed by the District Development Officer that a particular urban centre had been selected by the DDC, when this was not the case. As the officers arrived at the "selected" RTPC, they were met by the MP for the area in question, who proceeded to inform the visiting team about the package of investment projects that was needed in the RTPC. A subsequent meeting with the MP, the DDO, and the DC made it clear that the DC was also supporting the selection of this particular town. Despite repeated requests over many months, the DDO failed to submit the minutes of the DDC meeting at which the district's RTPC had supposedly been selected. The DDFS officers finally realized that they had not been fully informed of the actual situation when the Permanent Secretary of MPND received a copy of a letter from another of the district's MPs to the Bungoma DC dated August 30, 1988 stating that the urban centre in question had never been approved by the DDC as an RTPC.. This matter was not resolved until the November 1988 Bungoma DDC meeting, when the disputed centre was finally ratified as the district's RTPC.

Several lessons can be learned from the above experiences. First, headquarters officers should not forget the District Focus assumption that the members of the DDCs know the districts better than they do. If the DDC suggests a centre not on the Ministry's short list as an RTPC, it is important to investigate rather than reject their recommendations. Second, had the selection criteria been better defined and more accurately measured, it is unlikely that an important RTPC candidate centre would have been overlooked. Finally, MPND officers must carefully monitor the RTPC selection process and insist on formal verification from the DDC of the selection of a particular centre as an RTPC before any steps are taken towards implementation. Political interference in the selection process cannot be eliminated, but MPND must do its best to ensure that the basic rules set forth by DDF are followed, so that the economic and employment gains anticipated by the RTPC strategy can be realized.

Identifying the RTPC Project Package

Districts funded by the DDF to implement an RTPC are expected to begin the process of designing an investment package proposal as soon as possible after selecting their RTPC town. The package identification process is the responsibility of the DDCs, but as with RTPC site selection, the guidelines prepared by RUPS and DDFS and issued by MPND must be followed to ensure that the objectives of the programme are met as fully as possible.

The RTPC programme funds a set of projects as an investment package. The rationale for funding packages of investments is that, in order to enhance the productivity of an RTPC and its hinterland, a minimum package of basic interrelated infrastructure projects is required. Packages are expected to be designed to enhance the potential for increased agricultural productivity, the growth of non-farm manufacturing and commercial activities, and the creation of productive job opportunities in small-scale businesses and micro-enterprises.

RTPC investments are supposed to work towards relieving bottlenecks that impede growth and discourage private investments in the RTPC town and its hinterland. Examples of bottlenecks include poor farm-to-market roads, a lack of electricity or water, the absence of machinery maintenance services or inadequate facilities for the collection and marketing of farm produce.

Components of packages may cover physical infrastructure as well as services designed to provide various kinds of support for farmers, traders and local manufacturers. Possible physical infrastructure package components might include, for example, water supply; power/energy supply, i.e., generators, solar, biogas, step-down transformers, small hydro-electric projects; storage facilities for grain or farm inputs, coolers for perishables; slaughter houses and refrigeration; markets, stock auction yards, bus-parks; town roads, stormwater drainage, and street lighting; all weather link roads; and, telephone and postal services. Rehabilitation or augmentation of existing facilities may be funded under the RTPC programme.

In addition to physical infrastructure, other components of an RTPC package might involve a number of wide-ranging support measures, most of which may require certain inputs in addition to construction funding, such as technical assistance from ministries and nongovernmental organizations (NGOs). Examples include: organizing cooperatives to collect and market produce; setting up educational programmes to train local entrepreneurs in business and technical skills; and, forming organizations representing local small-scale businesses or micro-enterprises. In some cases, such organizations and programmes may already exist, but reforms in their policies and procedures may lead to removal of existing bottlenecks and further stimulate local economic activity.

DDF policy proscribes the funding of investments in administrative offices, school-buildings, health centres and other social service facilities. Projects must be directly related to promoting the economic productivity of each area. Projects submitted by the DDCs which do not meet this requirement are removed from the package proposal by DDFS. The only exception to this MPND guideline restricting DDF funding of social service facilities is that dispensaries designed to meet basic medical needs may be funded in areas where no facilities of this nature exist within a reasonable distance.

It was originally intended that the DDF would fund consultants to work with the DDCs to identify the RTPC project packages in each district to ensure that the requirements of the RTPC programme would be met. During initial visits to participating districts by a RUPS team in September-November of 1987 to explain the procedures for selecting RTPC towns, the DECs strongly indicated that they preferred that the packages be designed by district-level officers from relevant ministries, with consultants to be used only at the discretion of the DDCs. In response to this request, the MPND decided in January 1988 to make limited funding available to the DDCs to assist them in identifying RTPC project packages. While there are no particular ceilings specified, this funding only covers expenses directly related to the necessary fieldwork, such as petrol expenses and night out allowances for district and ministry officers involved in the exercise.

In order to secure funding for this exercise, the District Commissioners are required under official MPND guidelines to prepare a detailed budget for submission to DDFS. Several districts took advantage of this funding during the first round of the RTPC programme, and approved budgets were funded by an AIE issued to the District Development Officer.

As initial investment packages for the selected RTPCs were being identified by the DDCs, field trips were made to each participating first-round district by DDFS staff during the period June-September 1988. Preliminary packages were reviewed by the headquarters officers to ensure that component projects were basically consistent with the programme's objectives and that the total cost of the package was kept more or less within the RTPC funding limit of Ksh. 15 million. Suggestions were made regarding inappropriate projects and missing projects that seemed to be needed in the area. In some cases, the DDCs had clearly done the required work, and a reasonable RTPC package was being recommended.[47] In a few cases, social halls, schools, and other ineligible facilities were recommended, and these were removed from the package.[48]

Despite being well briefed, most districts initially paid little attention to the RTPC funding ceiling, so that most packages came in far over budget. The most extreme example is Rhamu (Mandera District, Northeastern Province), where a package estimated to cost five times the ceiling was originally proposed, and much time and effort was required to scale it down to a realistic package.

Inadequate consultation with intended beneficiaries of RTPC projects was a problem in some districts when investment package plans were being drawn up. In the Suneka RTPC (Kisii District, Nyanza Province), for example, market users actually confronted the DDFS/DDC team that was walking around the RTPC town to look at the sites proposed for specific projects. On the basis of an impromptu meeting with these market users and followup investigations, the specifications

[47]One of the most difficult aspects of briefing district officials was convincing them that the DDC had control over the use of RTPC programme funding only to the extent that their project proposals fell within the programme objectives and guidelines. For example, in the first round of RTPCs, the Bungoma DDC originally discussed dividing the DDF allocation for their district among several centres. During preliminary visits for the second round, officers in Wajir District proposed improving water supplies in several urban centres rather than providing a package of investments in a single centre. In this latter case, the district's proposal in part reflects the problems involved with having to include an ASAL district which receives inadequate development assistance in a programme that was originally designed for high potential districts.

[48]Field reports on the trips to the first-round RTPCs, including recommendations for changes in project packages, are found in Ministry of Planning and National Development File No. EPD/AC 9/04.

and the site of the market being built as an RTPC project were modified.

In the end, there was good cooperation between the DDCs and MPND on project package identification in most districts, and field reports and DDC minutes indicate general satisfaction with the packages agreed upon informally during DDFS field visits.[49] The process would have moved more smoothly, however, if districts had worked within the funding ceiling and provided MPND with written justification of the proposed investment package.

Despite the reasonable results of package identification in the first round of the RTPC programme, a number of issues must be more adequately dealt with in subsequent rounds. First, more emphasis should be placed on formally defining the RTPC hinterland and identifying bottlenecks in rural-urban linkages. These are central to the basic objectives of the programme, and they need to be more strongly highlighted. Better briefing materials for the DDCs, more frequent field visits and improved monitoring by headquarters staff, and better research by MPND or consultants is required.[50]

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[49] In some cases, the districts were actually more attentive to following up the DDFS field visits than DDFS staff were. For example, DDFS staff made a field visit to Kutus (Kirinyaga District, Central Province) on July 14, 1988. The DDO wrote a letter to DDFS on July 18, 1988 detailing what had been agreed on during the field visit and which officers had assumed responsibility for particular tasks. Although DDFS staff always filed internal trip reports after such visits, in no case were letters sent by DDFS to the districts outlining responsibilities and deadlines that had been agreed upon over the phone or in field visits. A general letter was sent to all first-round RTPC districts in October 1988 reminding them to finish any outstanding tasks they had taken responsibility for.

[50] Consultants did one in-depth study of rural-urban exchange in Kutus (Kirinyaga District, Central Province), one of the first-round RTPC districts (Bendavid-Val, et. al., 1988). Additional research of this nature in other districts would help MPND to identify the sites where RTPC investments would yield the greatest benefits. Such research can also assist in identifying the types of investments that have the greatest potential to stimulate rural-urban exchange. The Director of Planning wrote to the USAID Director on November 27, 1987 requesting discussions on funding for additional RTPC studies. No formal followup has occurred to date, but MPND is currently reviving the process of planning for an extended research programme.

Second, the focus of the first-round RTPCs has been exclusively on physical infrastructure. While such projects are undeniably necessary, certain institutional factors, such as the existence of suitable technical assistance programs, the availability of credit, and effectively functioning cooperative societies, may be just as important to the economic success of the RTPC area. Institutional development is more difficult than the construction of projects, and MPND has little experience in implementing such projects. In the future, more effort should be placed on evaluating the need for institutional infrastructure in RTPCs. Coordination with the Small Enterprise Sector Programme and consultation with other ministries, such as the Ministry of Co-operative Development and the Ministry of Technical Training and Applied Technology, will be required. In some areas, it will be desirable to get NGOs involved, and it may be necessary for districts and the MPND to hire outside consultants.

Third, the issue of whether DDF funds can be used to acquire land for RTPC projects needs to be reviewed in a options paper. The project identification guidelines sent to DCs, the Office of the President, and the Permanent Secretaries of all ministries in November 1987 clearly state that DDF funding can be used, where necessary, for this purpose.[51] A team from DDFS noted land compensation as a potential problem during its field trips to all RTPC sites during the period July-September 1988.[52] The team was concerned that much of the RTPC funding might go to land acquisition in a few of the initial districts, leaving insufficient funds for infrastructural and institutional development, the main purpose of the programme. In urban centres where people are aware that a new development programme is to be started, land speculation is likely to occur.

[51]Folio 12, Part A, MPND File No. EPD/AC 9/04.

[52]Folio 78, Part A, MPND File No. EPD/AC 9/04.

Owners who know that their land is a probable site for a donor-funded public project may begin to develop the land to drive up the required compensation level.

Despite several internal meetings on the issue in September and October of 1988 and a generally negative feeling among MPND officers about over-using DDF funds for land compensation, no formal decisions were taken about this issue, so that the districts quite reasonably assumed that the original guidelines permitting land compensation from DDF funds remained in effect. In the Mwingi RTPC (Kitui District, Eastern Province), where land was a particularly significant constraint, DDFS had been aware since July 1988 that land compensation was being requested. When their package proposal was finally submitted, the district asked only for about three percent of their total RTPC allocation to acquire land for a few key projects in the urban centre. After months without formally replying on this matter, MPND denied permission to use DDF funds for land compensation in March 1989.[53]

The stated rationale for making land acquisition ineligible for DDF funding is that the Sixth National Development Plan, 1989-93, which was issued subsequent to the initial RTPC guidelines, calls for greater reliance on cost-sharing, so that the cost of land acquisition, in the spirit of cost sharing, should be expected to be borne by the Districts, local authorities, or beneficiaries of the RTPC projects. It is not at all clear that this is a reasonable application of the cost-sharing principle, or of the intent of the Plan, which focuses on cost sharing in terms of extending the use of user charges for cost recovery in the

[53] A letter from MPND to the Kitui DC dated 9th March 1989 on File No. EPD/AC 9/04 states "categorically that no such compensation (for land) could be paid out of DDF funds," and that unless the issue were resolved straight away, "the Ministry would be forced to recommend another district...to benefit from the Fund."

fields of health, education, water supply, agriculture, and transport.

More importantly, it could be argued that certain types of projects, such as markets, must be located in particular parts of urban centres to be successful. There are a number of recent cases of donor-funded markets and busparks in small Kenyan towns, e.g., the USAID Small Towns Programme-funded market in Kitui Town, failing because they were not located in a part of town where people use them.[54] This being the case, it may not be prudent for the DDF to prohibit absolutely the use of DDF funds for land acquisition. There may be cases where the districts are genuinely unable to purchase the land required for a particular project, and the omission of that project or its construction in a non-optimal location could undermine the integrated package concept of the RTPC programme.

Whether DDF is finally permitted to fund land acquisition for RTPC projects or not, a clear lesson to be learned from what happened with the first group of RTPCs is that it is generally counter-productive to change rules in the middle of the implementation process when various actors have already made plans under the existing rules. It is certainly reasonable to expect that, in the course of implementing a new programme, experience will generate a number of new insights into how the rules and procedures could be improved. Such insights should be used to redesign and improve guidelines for future rounds of the programme. Suddenly changing the rules for current participants in mid-process, however, disrupts the implementation process, and may generate an unhealthy mistrust for the DDFS on the part of district officials.[55]

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[54] For more information, see Alder, et. al. (1988).

[55] Although the situation has been brought under control, MPND had difficult relations with the Kitui DDC for some time, largely as a result of MPND actions on the land issue. On April 5, 1989, the Kitui DC wrote to MPND stating that "in the initial meeting, it was indicated that some DDF money could be used to purchase land. The change in policy was not communicated to us." Several

Fourth, another problem encountered in RTPC package identification and planning that requires decisive action is the frequent unavailability of reasonably up-to-date physical development plans for many small towns and urban centres. In a number of cases, there are no plans at all. In other cases, the plans too dated to be useful. The physical plans for many of the RTPC towns visited by RUPS and DDFS teams date back to the early 1970s, a few even to the 1960s. Thus, they do not portray significant development that has occurred during the past 15 or 20 years, during which the country's population has doubled. These physical plans have been or are being revised for current RTPCs, but they need to be updated more generally if they are to serve as a useful planning tool for the implementation of future RTPC investment packages and other types of development projects.

Fifth, ways must be found to assist and encourage the district administration and county council officers to improve the management of development activities in small towns and urban centres. Development is haphazard in some towns and centres, making proper planning difficult or impossible. DDFS and RUPS officers have witnessed cases in which individuals have constructed buildings on county council land without permission from the council, and no action has been taken by the council in response. Headquarters officers have also seen permanent and semi-permanent structures constructed on land that, according to the District Physical Planner, had officially been reserved for road construction. In one instance, there was a building on part of the road reserve of the main highway that had a telephone post rising from its centre. If land is to be used properly in order to best serve the interests of

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letters have also been received from the Kitui DDO to register complaints about the way DDFS has been handling certain aspects of the RTPC implementation process.

local economic development, this type of haphazard physical development must be controlled by district or local authority officials. Resources spent on planning are wasted if efforts are not made to ensure that the plans are being followed.

Formal Preparation of the RTPC Package Proposal

The DDC is expected to follow official guidelines and procedures when preparing an RTPC package proposal for submission to MPND.[56] All proposed projects must be in support of the rural-urban balance strategy and strengthen rural-urban linkages and the economic productivity of the RTPC town and its hinterland, according to the criteria and considerations outlined earlier. The DDC must be able to justify each package component on these grounds, and must provide basic information to the DDF.

There are two sets of forms for RTPC project package proposals which are expected to be submitted by the DDC to MPND for review and approval. Some of the information requested will not be relevant for all RTPCs, but the DDC is expected to include all information which relates to their desired RTPC package.

The first form is submitted after the DDC has identified a preliminary package of investments for their RTPC. The following information is requested:

1. A listing of the proposed package of investments in order of priority;

2. Preliminary cost estimates for each component of the package;

3. Preliminary justification for each package component;

4. Identification of the local authority, ministry, or agency

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[56] These guidelines were issued by MPND to first-round RTPC districts on March 15, 1989. They are on MPND File No. EPD/AC 9/04.

to be responsible for recurrent costs and the subsequent operation and maintenance of each component of the project package;

5. Information on the availability of public land for RTPC projects and the existence of a physical development plan for the RTPC town; and,

6. Information on the existence of designs for the desired RTPC projects and an indication of assistance required by the district to design and cost projects, either in the form of funding for district officers to do the work or for hiring consultants.

The second form that participating RTPC districts must submit to MPND is the formal application for disbursement of DDF funds for RTPC project construction. The following information is required:

1. Detailed capital cost estimates for all components, and, if applicable, revenue estimates;

2. Information on the specifics of each component, progress to date with preliminary tasks such as land acquisition, and details on the financing of recurrent costs;

3. For non-infrastructural components of the package, the DDC must identify the nature and possible sources of non-financial inputs and resources required to make the project operational. For example, if a training programme is considered necessary for the RTPC package, the type of programme should be identified, and suggestions might be made about which facility it would take place in and how it might be staffed;

4. For rehabilitation of existing infrastructure or facilities, details are to be provided about the existing facility and the nature and extent of the renovations that will be required to restore the facility or convert it to a new use;

5. Details on project management responsibilities and plans for tendering for construction; and,

6. A sequencing for the implementation of the investment package and a tentative schedule for the implementation of each component.

This formal application for disbursement of DDF funds must be accompanied by a feasibility statement, detailed design drawings, full costings, and bills of quantities for each project in the RTPC investment package.

A preliminary assessment of the economic viability of the components of the investment package must be part of the feasibility study conducted for each component of the RTPC investment package.[57] An assessment of the degree to which these projects are expected to be self-financing is required. Obviously not all projects should be expected to generate income, but fee-for-service type facilities should generally not be built if they cannot raise enough revenue to finance their operation.

Given the difficulties of measuring benefits and the limitations of existing data, the justification of the project package is expected to be largely qualitative, or measured in terms of whatever information is available to the districts. For example, although it would be very difficult for district officers to measure the direct impact of investments on changes in agricultural production and informal sector activity, it would be possible to estimate the number of beneficiaries who will be served by a package component, e.g., the number of households and businesses who will receive electricity or water, the number of sellers who will receive stalls in a market, the number of entrepreneurs who will benefit from a training programme, the number of acres of arable farmland within reach of rural access roads, or the number of farmers to benefit from a cooperative society. In later stages of the RTPC planning and implementation process, it may be possible to justify the package components and estimate their impact more objectively and accurately.[58]

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[57]The feasibility studies can be conducted by district officers, officers of operating ministries, or consultants. The Ministry of Local Government and Physical Planning conducted feasibility studies for all markets, busparks and slaughterhouses proposed in all first-round RTPCs.

[58]No detailed guidelines have been issued to the first-round districts instructing them how to conduct basic feasibility studies. In future rounds of

The process of prioritizing projects in the package also poses certain difficulties. It is not expected that formal analysis will be undertaken, for example, by making direct comparisons between projects based on monetary estimates of net benefits or benefit-cost ratios. Thus, the comparison and ranking is expected to be done in terms of a largely qualitative assessment of the components of the package. This includes such factors as the project's potential to remove existing bottlenecks in production and distribution of goods and services, its impact on strengthening rural-urban linkages, its contribution to the development priorities of the district, and the capacity of the institutions involved to implement the project in a timely manner and operate it after construction.

Determining the cost of particular projects and their potential to generate income will not be easy in the preliminary stages of RTPC package justification. However, it is certainly possible to make rough estimates of costs and revenues based on the experience of other local authorities, available information on costs of materials and professional fees, and the expected use of particular facilities. Every effort is expected to be made to be as accurate as possible to facilitate good decision-making.

After an RTPC package is submitted by a district for formal approval by MPND, DDFS officers are supposed to review the package carefully to ensure that it meets the objectives of the RTPC programme and the needs of the particular

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the RTPC programme, participating districts will be provided with manuals prepared by the Ministry of Local Government and Physical Planning. These manuals detail the project implementation process, from the planning and feasibility analysis phase to the construction and maintenance phases. In addition, DDFS is developing seminars for district officers who are significantly involved in the RTPC implementation process. These will be held after the districts have selected their RTPC sites, but before the process of investment package identification begins.

RTPC in question. Although brief site visits were made to all RTPC site, as discussed above, the package review process was very informal for the first round of RTPCs. As of September 1989, none of the first round RTPC districts have submitted the required forms, which were sent to them on July 22, 1988, or made any written attempt to provide the required information outlined above.[59] Enforcement of this requirement by DDFS has been poor. Without proper justification of the package through at least simple feasibility analysis, DDF resources may not be spent productively.[60]

RTPC Investment Package Implementation Overview

The selection of RTPC districts and sites and the identification of project packages are only the first steps in a long implementation process that culminates in project construction. Although thorough feasibility studies were generally not conducted, as discussed above, packages have been finalized and designs and costings are complete for all of the first-round RTPCs. Construction has not yet begun in any district, but tender documents have been prepared for most RTPC projects, and prequalification of contractors for construction of RTPC projects is essentially complete.[61]

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[59]A few districts, such as Kitui on April 15, 1988 and Elgeyo Marakwet on July 12, 1988, wrote letters to MPND listing their proposed packages, but no justification was included. In other cases, packages were listed in DDC minutes. In most cases, package justification was provided verbally to DDFS officers when they visited the field.

[60]It must be acknowledged that there were a number of problems with the forms that first-round RTPC districts were expected to return. Major revisions have been made to the forms for use in subsequent rounds, and instructions for their use have been substantially improved.

[61]An advertisement was placed in the Kenya Times in June 1989 requesting replies from contractors interested in being considered for eligibility to construct RTPC projects. Forty contractors had submitted their credentials directly to MPND as of the closing date, and a number of contractors submitted

Design of RTPC Package

According to the RTPC programme guidelines, the DDC must produce a formal design of the package components after an RTPC package is approved by MPND. Wherever possible, designs already prepared by operating ministries are expected to be used. If none exist, district officers from sectoral ministries are expected to do component design and costing.[62] If this were beyond their capacity, it was agreed that consultants would be hired with DDF funds at the discretion of the DDC.

Progress with costing and designs, which should have been proceeding since July of 1988, moved very slowly, largely for the reasons outlined earlier with respect to the generally slow pace of programme implementation. Several districts were particularly slow in moving forward the required activities because of their limited capacity and the need to attend to other priorities. All districts had promised to have their designs and costings completed by particular dates. Some districts had submitted nothing to MPND as long as one year after the dates they had agreed to.[63]

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their credentials to DCs. A registry of eligible contractors has been prepared with the assistance of the Ministry of Public Works, including 9 road works contractors, 15 water works contractors and 28 building works contractors. Several more contractors are likely to be added to the registry on the advice of the Ministry of Public Works.

[62]This is one of the stages at which better working relationships between MPND and other operating ministries, such as the Ministry of Water Development, the Ministry of Local Government and Physical Planning, the Ministry of Public Works, and the Ministry of Transport and Communications, would have been extremely productive. Instead, the early design process was handled largely at the district level. Had MPND worked more closely with other ministries, it is likely that more designs would have been produced by ministries, and it may not have been necessary to turn virtually the entire design process over to consultants.

[63]For example, a letter from the Provincial Planning Officer (PPO) of Western Province to MPND dated April 28, 1988 states that designs for the

Headquarters also substantially contributed to costing and design delays. Aside from occasional phone calls to the DDCs which were not formally recorded, little implementation followup by DDFS officers was made for a period of many months. Inadequate followup occurred to some extent because particular districts were waiting for MPND to make decisions about specific issues, e.g., funding to help districts meet extraordinary expenses incurred in preparing the designs[64], provision of a list of consultants eligible to help the districts design projects for which they did not have the capacity[65], etc. Despite repeated attempts by DDFS officers to move forward, these decisions were simply not taken for a long period of time, so that district officials were waiting on MPND as much as or more than MPND was waiting on them.

Kimilili RTPC projects in Bungoma District would be submitted by May 31, 1988. No designs had been received from this district by the time consultants were appointed in April 1989. In other cases, the information promised was not adequate to meet generally accepted standards. For example, a letter from the DDO of Kirinyaga District dated July 20, 1988 states that designs and costings for the proposed water supply and power connection projects in the Kutus RTPC would be completed within six weeks. Although the District Water Officer sent a submission to DDFS on September 9, 1989, it included only a bill of quantities for the water project with no detailed drawings of the design on which the bill of quantities was presumably based.

[64]For example, Elgeyo Marakwet District submitted on September 22, 1989 (Folio 100, Part A, File No. EPD/AC 9/04) a request for seed money totalling Ksh.29,600 to help finance RTPC project designs in Kapsowar. The AIE (Number DDF 820/1/88/89) for this seed money was not released to the DDO until February 22, 1989, despite the fact that procedures for releasing DDF funds had been outlined since April 1988 (Folio 62, Part A, File No. EPD/AC 9/04). In November 1988, the Kwale DDO submitted designs for the Kinango RTPC water supply to MPND for review. No action was taken by DDFS because procedures for formal review of such submissions had not been approved by MPND.

[65]It was agreed in early 1988 that MPND would prepare a register of consultants eligible to cost and design RTPC projects and forward it to the districts for their use in tendering for design and cost work which the districts did not have the capacity to complete. The register was done over a several month period in late 1988 with the assistance of the Ministry of Public Works. Despite the fact that the Permanent Secretary of MPND approved the register on December 9, 1988 (File No. EPD/AC 9/04), it was never sent to the districts, and it was never used until MPND began appointing consultants in April 1989.

The situation was further complicated by internal organizational problems within MPND. After the MPND RTPC Task Force stopped meeting in July 1987, there was no clear mechanism for formally making policy and disseminating information on RTPC planning and implementation procedures, and there were problems regarding coordination of headquarters officers working on RTPC implementation.[66] Furthermore, MPND was not vigorously following up certain options for advancing RTPC implementation[67], and some problems resulted from frequent staffing and leadership changes in both RUPS and DDFS during the 1987-89 period.

A major burst of activity in the design and costing of RTPC projects occurred in March/April 1989, when it came to the attention of senior GOK officials that RTPC funds which had been appropriated for the 1987/88 financial year had not yet been expended. As the 1989/90 budget speech approached with still little progress to report on the implementation of the RTPC programme, additional pressure began to mount for some action to be taken immediately.

In response to the urgency of the situation, a decision was taken by the

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[66] There has been a problem in MPND with decisions about RTPC implementation being taken and communicated to the districts by MPND officials without headquarters officers working on those districts being informed. This has led to a number of situations in which DDFS officers have gone into the field without knowing that certain decisions had been taken regarding the districts they were visiting. Not only is this embarrassing for the officers, but it creates the impression among district officials that the officers administering the DDF are poorly organized and do not know what they are doing. This can lead to unproductive relationships between DDFS and district officials.

[67]For example, it had been informally decided for some time that the Ministry of Local Government and Physical Planning would be asked to undertake feasibility studies of markets, busparks and slaughterhouses because of their extensive experience on these types of projects through the USAID-sponsored Small Towns Development Programme. MPND delayed discussing this formally with MLGPP for so long that the Economic Planning Department of MLGPP eventually contacted MPND before they were formally asked to do this work. Additional delays were caused by the fact that MLGPP requested DDF funding to cover expenses incurred by their officers in doing the feasibility studies in November 1988, but did not receive the AIE until February 1989.

Ministry of Finance (MOF) at the request of MPND to speed up the implementation process by waiving for the first-round of RTPCs Government requirements for competitive bids on development projects.[68] MPND was authorized to appoint Nairobi-based engineering/architectural consulting firms to do detailed designs and costings for projects that had not already been designed in each of the first-round RTPC districts.[69] Each consultant received a letter from MPND inviting them to visit a particular district on a specific date to meet with officials from DDFS and the DDCs. On the basis of that meeting, the consultants were expected to prepare a proposal for an RTPC design and costing consultancy.

District Focus and RTPC programme guidelines requiring consultation with the DDCs on the appointment of consultants were also circumvented to speed up the implementation process. DDCs were not consulted as to the need for hiring design consultants or as to their satisfaction with the specific consultants assigned to them. Each district simply received a letter from MPND stating that a particular consultant had been appointed to work on RTPC designs and costings in their district, and a date on which the consultants were to visit the district was given.

The appointment of these consultants has raised a number of issues that need to be considered carefully before the design stage is reached for the next group

[68] This occurred right around the time that a list of qualified consultants had finally been prepared, allegedly to be forwarded to the districts in the event that they wanted to hire consultants to assist with the design and costing of RTPC projects. Details of MPND's justification for requesting exemption from established tendering procedures are not available because the request to MOF was made on a confidential file.

[69] A prequalification process to identify consultants meeting the minimum requirements of the Ministry of Public Works was conducted. Appointments to work on specific RTPCs were then made from the list of consultants who met these requirements. Fourteen of 43 prequalification applicants were accepted after joint review by the MPND and the Ministry of Public Works, and several additional consultants were added subsequently.

of RTPCs. First, the draft DDF Handbook, which has served as a guide to MPND officers since December 1987, states that "RTPC project packages must be designed and costed, either by operating ministries or consultants hired by the DDC through the District Tender Board." A circular on RTPC implementation sent by the Permanent Secretary of MPND to the permanent secretaries of all operating ministries on November 27, 1987 (Folio 29, Part A, File No. EPD/AC 9/04) states that "wherever possible, designs prepared by operating ministries should be used. Where none exist, consultants will be funded by the DDF through the District Tender Boards to do component design and costing."[70] During DDFS field trips and meetings in Nairobi, district officials were continually given the impression by headquarters staff that it would be the responsibility of the DDCs to decide if consultants would be required to design and cost the entire RTPC package or particular components of it. Instead, without discussion with district officials or DDFS officers, MPND wrote letters to DDCs informing them to expect specific consultants on a particular date.[71]

More problematic than the appointment of consultants by headquarters, which undoubtedly will have the desirable effect of increasing the pace of RTPC implementation, is the fact that the consultants were hired without contracts detailing terms of reference.[72] Each consultant hired by MPND simply received a

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[70]This point is repeatedly set forth in RTPC programme procedural documents in MPND File No. EPD/SC 237/417/01 and File No. EPD/AC 9/04.

[71]This generated a number of informal and formal complaints from several districts. For example, the Kitui District Commissioner wrote to MPND on April 5, 1989 (Folio 80, Part B, File No. EPD/AC 9/04) in protest: "We in the District were made to believe that we were the ones to choose the consultants following your recommendations. You went ahead and picked the consultants without consulting the DDC or the DEC."

[72]These contracts were finally prepared, reviewed by the Attorney General's Office, and signed by all parties in late June 1989, but most of the design work had been completed by this time.

letter stating that the firm was being commissioned to design and cost an RTPC package consisting of particular projects. With the promise that a contract would be forthcoming, a listing of the required projects was provided without the usual specifications, and a deadline for completion of the work was specified. No reference in the appointment letter is made to the role of the DDC or the supervisory responsibilities of MPND in working with the consultants to ensure that the needs of the district and the objectives of the RTPC programme are met. In addition, the consultants were not always properly briefed by MPND regarding implementation problems in particular districts.[73]

Aside from the obvious legal and financial problems to which MPND exposes itself when it requests a consultant to provide a service without specific terms of reference in a proper contract, some problems arose in the field. In a number of cases, the consultants initially proceeded with their work without working closely with relevant district officials, and DDOs from several districts informally complained to headquarters officers. It seems that some consultants were intent on designing all of the first-round RTPC package projects from scratch, even those that had already been designed in full or in part by district-level officials from particular line ministries.

The various problems outlined above were eventually worked out, and a package of projects has been designed for each RTPC so as to satisfy the both the districts and MPND.[74] It is clear from the preceding discussion, however, that

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[73]For example, the consultants working on the Mwingi RTPC (Kitui District) were not informed about the serious problems with land availability for certain RTPC package components.

[74]The correspondence among MPND, MPW, the districts and the consultants on File EPD/AC 9/04 (Part D) suggests that, in most cases, a cooperative working relationship was eventually developed among the various parties involved in RTPC implementation. By late September 1979, all first-round DDCs had approved designs and costings for their RTPC projects.

the early stages of the RTPC implementation process could have been better planned and executed. Neither headquarters nor district officials have been doing the tasks for which they are responsible in anything approaching a timely manner. MFND has yet to issue a detailed set of procedures and policies for RTPC implementation, and some of those which exist have been arbitrarily altered.[75] Furthermore, decisions are sometimes taken without a sufficient understanding and balanced discussion of the issues involved, and these decisions are not effectively communicated to either district officials or relevant DDFS officers. Indeed, conflicting information has been communicated to the districts, at times undermining the implementation work that they have undertaken. Finally, communication and coordination with other ministries that have a key role to play in RTPC implementation has been highly inadequate, and it has tended to occur only when MFND requires the assistance of a particular ministry. Although this situation has improved, procedures for interministerial cooperation on RTPC implementation have not been formalized.

Allocation of DDF Funds to Participating RTPC Districts

In a given year, the allocation of DDF funds among the districts is supposed to be based on the costing of RTPC project packages. As discussed earlier, the RTPC programme funds a group of projects for a given centre. Because of different infrastructure and service needs, RTPC package components may vary significantly and, therefore, so might a given centre's allocation of DDF funds. For this reason, it is not possible to determine in advance precisely what the actual allocation per district will be in a particular financial year, although

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[75]DDFS is currently working on a procedural handbook and a detailed implementation schedule for subsequent rounds of the programme.

it is presumed that the districts will generally try to use the maximum amount of funds available to them. Given the total allocation of funds for the first round of RTPCs and the number of RTPCs to be funded, it was decided that the ceiling for any given RTPC package would be in the neighborhood of Ksh. 15 million, with the expectation that most districts would design a package worth this amount. In fact, most of the eight first-round RTPCs are costed at closer to Ksh. 20 million, which initial donor funding should just be able to cover.

The various DDFS visits to the first group of RTPCs during the past year have raised an important funding allocation issue that has not been fully settled. Contrary to the initial selection guidelines discussed earlier, many of the initial RTPCs have been missing, in addition to other important facilities, at least one or two vital, large-scale types of infrastructure, such as an adequate water supply, electricity, or all-weather roads.[76] Projects of this nature are often extremely expensive to undertake, suggesting that, if the DDF finances them, there will not be much money left over for other projects needed in a given RTPC. This may be legitimate in a case where much basic infrastructure is already in place and the lack of one or two major types is the principal bottleneck to the take-off of the local economy. In other cases, however, additional projects will clearly be required for the programme interventions to have the desired effects. Without them, the water supply or all-weather roads provided under the programme may improve the town and the

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[76]One of the criteria for early RTPC candidates is supposed to be that the town only lacks a few types of infrastructure. In many of the towns selected as first-round RTPCs, this is clearly not the case. A majority of them require significant improvement of roads and augmentation of their water supply. Four of the eight (Kapsowar in Elgeyo Marakwet District, Kipkelion in Kericho District, Suneka in Kisii District, and Rhamu in Mandera District) lack electricity, and several others require extension of electricity lines. Virtually all of the first-round RTPCs also requested some combination of markets, busparks, slaughterhouses, livestock auction/holding facilities, and grain storage silos.

quality of life for its inhabitants, but the RTPC programme objective of greater economic growth will not necessarily be realized in the area.

The lack of basic infrastructure in most first-round RTPCs suggests that the criteria may have not been applied as carefully in the 1987 RUPS surveys as they should have been, or that RUPS officers have not carefully defined what constitutes "a few major types of infrastructure." Lacking a buspark and market is obviously not the same as lacking water and electricity. Of course, it is possible that most of the towns that would otherwise be eligible as RTPC candidates lack much basic infrastructure. It may simply be the case that most of the smaller urban centres in the rural areas do not have much infrastructural development and that even existing facilities require extensive and costly rehabilitation or augmentation.

If it is true that the towns with most of their major infrastructure are few and far between, Ksh. 15-20 million is probably not a sufficient level of funding to provide many of the small urban centres in high-potential rural areas with the minimum infrastructure required to stimulate rural-urban exchange significantly. It may thus be necessary to consider increasing the funds available to individual RTPCs. Options to do so would include: first, looking for ways for the DDF and the relevant DDC to cooperate formally with other funding sources, such as operating ministries (e.g., Ministry of Water Development), other programmes (e.g., the Rural Electrification Programme), other funds (e.g., Rural Development Fund), the Local Government Loans Authority, parastatals (e.g., Kenya Post and Telecommunications), etc. DDFS would agree to release DDF funds only if other funds could be secured for specific projects, thus maintaining the package concept of the RTPC Programme; second, securing a larger pool of donor money so that the RTPC ceiling can be substantially raised;

or, third, concentrating the scarce DDF resources in fewer very high potential RTPCs.

These are all problematic choices. First, involving other funding sources may cause significant delays in planning and implementation because of the additional steps and greater coordination effort required. Second, obtaining a larger pool of donor funds is not going to be easy unless MPND can more clearly demonstrate the need for the programme and prove that it has the capacity to get the RTPC programme functioning effectively. Thus far, there has not been enough research justifying the need for the RTPC programme, and implementation has been slow.[77] Finally, selecting fewer high potential RTPCs may not be politically feasible because the programme has attracted considerable public attention and Members of Parliament want to bring RTPC investments to their constituencies. While the issues involved require further consideration, it has been provisionally decided to attempt to obtain a larger pool of donor funds for subsequent rounds of the RTPC programme. Commencing with the second round, the funding ceiling per RTPC has tentatively been raised to Ksh. 25 million per RTPC, pending the availability of donor funding.

Another significant issue with RTPC funding is the way that funds are released for projects. Contrary to initial expectations[78], all funding for RTPCs is being disbursed fully as grants. This practice seems to contradict the logic of Sessional Paper No. 1 of 1986, which highlights the need to create revolving fund finance mechanisms for basic infrastructure to ensure that sufficient

[77]While Kenya's high degree of underurbanization and the need for additional viable urban centres is clear, the justification for the focus on small towns and the impact of urban infrastructural improvements on agricultural growth have not been clearly demonstrated.

[78]See Evans (1986) and early DDF programme documents on MPND File No. EPD/SC 237/417/01.

resources will be available to meet growing future infrastructure needs. Furthermore, the Sessional Paper underscores the importance of using scarce infrastructure investment resources as efficiently as possible. Districts and local authorities would have greater incentives to make more productive investments if they were required to pay back at least some portion of the capital used for infrastructure construction.[79]

It would be more supportive of the goals of the Sessional Paper and the GOK's infrastructural needs if some funds, at least those for revenue-generating infrastructure, were disbursed as loans. It would also be more consistent with the funding strategies currently being emphasized by major donors, such as the World Bank and USAID. On the other hand, it must be recognized that there are major difficulties involved. Political considerations aside[80], there is the issue of to which legal entity the loans would be made. In some cases, local authorities would be the appropriate institution because the completed projects would be operated by local authorities and certain types of these projects would generate revenues. There are, however, certain types of infrastructure, such as roads and water supplies, that many local authorities currently would not have the capacity to operate. In such cases, the facility could be operated by a district or an operating ministry, but it is not clear that it would be reasonable to expect either of them to repay the funds used to construct the facility. In a few cases, it may be possible to turn operational responsibility over to an NGO or cooperative. This issue of funding mechanisms is an

[79] These issues are discussed in Sessional Paper No. 1 of 1986, pp. 48-53, and Evans (1986).

[80] The most obvious political consideration is that any Member of Parliament would prefer being able to claim to have brought Ksh. 25 million to his constituency in the form of grants rather than in the form of loans.

important one that requires further analysis and debate.[81]

RTPC Package Tendering, Construction and Implementation Monitoring

After the designs and the implementation schedule are approved by MPND and the DDCs, the RTPC packages go to tender for construction through the District Tender Boards. Some tender documents will cover single projects, while others will cover a group of related projects. If any tender exceeds Ksh. 1 million, the signatures of both the DC and the PS of the Ministry of Planning and National Development will be required on the resulting contract. Separate AIEs for each contract—to a maximum of the engineering cost estimates for the project(s) covered under that contract—will be issued to the DCs to finance project implementation. In order to keep better control over DDF funds, AIEs for particular contracts will be issued in stages—the second block of funding will not be released until the district has satisfactorily accounted for the initial disbursement.

Supervision of RTPC contractors is the responsibility of the districts. However, at least for the first round of RTPCs, day-to-day monitoring of construction will be the responsibility of the consulting firms which designed and costed the RTPC projects. They will liaise with the District Works Officer and report on progress and problems to DDFS/MPND on a regular basis. Contractors will be paid on a reimbursement basis, and all payments must be reported immediately to DDFS.

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[81]There was an early idea that RTPC funding should be disbursed on a competitive basis. A certain number of districts would be invited each year to propose a particular urban centre for RTPC funding. The districts that selected the most appropriate centres and identified the investment packages most supportive of rural-urban balance goals would be awarded RTPC funding. This idea was rejected as being politically infeasible.

The DDFS is expected to monitor the implementation of the RTPC Programme on a ongoing basis, as MPND does with projects funded under RDF and EEC Microprojects. DDFS officers will make field trips on a regular basis to monitor RTPC implementation progress. In addition, the DDFS, assisted by Management Information System (MIS) staff with project monitoring experience, is currently working on a computerized system to keep track of the use of DDF funds and RTPC project implementation. This system is expected to be fully operational by the end of the 1989-90 financial year.

The monitoring system is being designed in such a way that it will be easy to input and update the information provided on RTPC application forms submitted by the districts to MPND. The system will also be used to document expenditures incurred by the RTPC projects, which are to be reported as they occur by each DDO and consulting team to the DDFS officer responsible for the district. Feedback on the RTPC financial situation is expected to be issued by DDFS to the DDO every quarter. At the end of each financial year, the DDO is required to submit a separate annual report on DDF activities to the MPND. Corrective steps are to be taken in cases where implementation is not proceeding adequately.

As the first group of RTPC districts are constructing the package components in RTPCs, the second group will be designing their packages and a third group will be selecting RTPC sites. This type of ongoing process will continue, with different districts in different stages of the RTPC Programme. The lessons learned as the RTPC programme implementation continues can be used to improve operating procedures for future rounds.

Nyayo Shed Programme Implementation

An important component of overall rural-urban balance activities is the funding of Nyayo Sheds for jua kali activities in the urban centres of the districts.[82] As announced in the June 1987 Budget Speech given by the Minister for Finance, the construction of Nyayo Sheds is to be encouraged and facilitated where possible throughout Kenya. Funding and administration of this programme, including changes in ministerial responsibilities and expenditures to date, were described earlier in this paper.

Any town with sufficient jua kali activity was expected to be eligible for a Nyayo Shed, including district headquarters and RTPCs. The MPND, with the cooperation of district and local authority officials, put together a tentative list of towns eligible for Nyayo Sheds in each district, excluding Nairobi. The former Ministry of Lands and Settlement provided information on the availability of public land in the listed towns. This information was forwarded with the eligibility lists to the District Development Committees, who were required to rank the listed towns in order of priority for participation in the Programme.

The former Ministry of Works, Housing and Physical Planning produced a standard design and bill of quantities for Nyayo Sheds. This information was sent to the DDCs, and they were supposed to get location-specific construction quotations through the District Tender Boards. Given their budget constraint and the information provided by the ministries and the tender board, each district was supposed to determine the number of towns from the eligible list that would be able to participate in the Programme and the number of sheds that could be financed in each location.

The Ministry of Industry helped to identify those towns with the greatest

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[82] The Government of Kenya's strategy for small enterprise development is laid out in the Sixth Development Plan, 1989-93, and in greater detail in "A Strategy for Small Enterprise Development in Kenya," (Nairobi: Government of Kenya/International Labour Organization/United Nations Development Programme, 1989).

need for Nyayo Sheds as well as assisted in the formulation of criteria for determining eligibility for space in the sheds. The Ministry of Local Government was invited to provide input into Nyayo Shed town selection through local authority representatives to the DDCs because it was originally expected that local authorities would have the responsibility for ownership and operation of these facilities. The Ministry of Local Government was also expected, with the assistance of information from the Ministry of Planning and National Development and the Ministry of Industry, to have primary responsibility for determining eligibility criteria for use of Nyayo Sheds and for designing space allocation rules.

As demonstrated by the above, there was good interministerial cooperation as preparations were being made to construct Nyayo sheds. However, the programme moved slower than senior GOK officials had hoped, and this is certainly a major reason why it was removed from the DDF portfolio. After the programme was taken over by the Ministry of Technical Training and Applied Technology in March 1988, it moved more rapidly, but somewhat less systematically.[83] To get the programme underway as rapidly as possible, certain of the rules originally set up to govern programme implementation were set aside. Requirements for tendering were relaxed, probably leading to higher construction costs.[84]

Planning of the sheds was also rushed, and some sheds were sited in

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[83] Nyayo Shed programme guidelines were issued by the Permanent Secretary of the Ministry of Technical Training and Applied Technology on September 13, 1988.

[84] No tendering was required for Nyayo Shed construction in the first 15 districts to participate in the programme. Instead, DCs were asked to consult with the Ministry of Public Works regarding the nomination of contractors. The Ministry of Public Works was given the authority for overseeing day-to-day construction activity, and its representatives made progress reports to the Ministry of Technical Training and Applied Technology. The two districts in which Nyayo Sheds were most recently planned, Tana River and West Pokot, are following normal tendering procedures through the DDCs.

inappropriate locations. In Kericho, for example, the sheds are far outside of town, and in Kisii, the sheds are located in a place where users of the sheds and their customers are not accustomed to working and shopping. Inappropriate site selection can affect not only the utilization rate of the facilities, but also access of users to basic services required for their work, such as electricity and water.

There have also been complaints that the standardized designs used for most of the sheds constructed thus far do not always closely match the needs of the beneficiaries. In some cases the shed stalls are too small, so that work must still be conducted in the open air and the stalls are used only for storage. In other cases, users have complained that they would have preferred the stalls to be divided into work space and office space. The Ministry of Technical training and Applied Technology is currently investigating Nyayo Shed design issues.

Allocation of limited shed space to users has not been an easy process as there is not always general agreement locally on the criteria that should be used to assign stalls to particular users. Intervention by the Ministry of Technical Training and Applied Technology, however, has solved the allocation problem in all but a few cases. Contrary to the initial expectation that the Nyayo sheds would be owned and operated by local authorities, it was decided that the sheds should generally be turned over to those who work in them. For many of the sheds that have already been constructed, however, formal provisions have yet to be made for ownership and responsibility for operation and maintenance.

Another significant problem in Nyayo Sheds has been harassment of shed users by city and municipal officials. In spite of the GOK's officially supportive policy of small-scale and informal sector operators, many local authority by-laws which are restrictive to such activities still exist. There have been cases in which the authorities have arrested or confiscated the equipment of Nyayo Shed entrepreneurs who have not met local licensing or registration requirements. A campaign is planned to educate Nyayo Shed users about local requirements and to attempt to reform local ordinances that are not supportive of or openly hostile to small-scale entrepreneurs.

Finally, Nyayo Sheds have been built to satisfy some of the physical infrastructure needs of small-scale entrepreneurs, but insufficient attention has been paid to other types of needs, such as access to credit, training, and cooperative organizations. With the start of the Small Enterprise Sector Programme, however, it is expected that the various needs of small-scale and informal sector entrepreneurs will be more fully met through a better integrated and more comprehensive set of policies and programmes.

The Ministry of Technical Training and Applied Technology recognizes that there have been problems with the implementation of the Nyayo Shed programme. Accordingly, they have temporarily stopped the planning and construction of new sheds so that a comprehensive evaluation can be made of progress and problems to date. It is anticipated that most of the major problems will be solved in good time, so that programme implementation will be able to resume soon.

Recommendations to Improve DDF Programme Implementation

Few of the implementation problems cited throughout this paper are insurmountable. Many of the problems have already been solved, and others are being given attention. A number of suggested solutions to various problems have been made throughout this paper. The following summarize some of the more urgent issues that need to be dealt with to improve the quality and implementation pace of DDF programmes.

1. Standardized comprehensive policies and procedures for RTPC programme implementation need to be finalized and implemented. Enough progress has been made in this area over the past year to allow implementation of the first round of RTPCs to proceed, but certain features of the system need to be better designed and formalized as guidelines for subsequent rounds of the RTPC programme. First, improved information on standardized programme implementation steps and rules must be developed and disseminated to the districts participating in the RTPC programme and relevant MPND officers. Before this can be fully accomplished, a number of basic decisions must be taken regarding the roles of MPND, the DDCs, and various other Government ministries, the use and monitoring of consultants for design and construction, and the rules for tendering and issuing of funds. Second, efforts to develop a well-defined administrative procedures and a computerized system to monitor the implementation of the RTPC programme must continue as rapidly as possible. Current monitoring is irregular, and the programme cannot operate effectively without substantial improvements. Many of the required monitoring and evaluation procedures and policies can, at least to some extent, be borrowed from the Rural Development Fund and the EEC Microprojects programme; however, given the package concept of the RTPC programme and the need for coordination of a number of ministries and agencies, additional procedures will need to be developed for DDF.

2. Greater interministerial communication and coordination of the RTPC programme is required. The current modus operandi of MPND is

generally to contact other ministries involved in RTPC implementation only when it needs something from them. As noted earlier, it was originally intended that an interministerial steering committee be established to solicit input from and foster coordination among the various ministries involved. This idea should be revived as a way of ensuring that all of the relevant ministries are sufficiently involved in policy formulation, are aware of how implementation is to proceed, and have a forum in which to resolve disputes and problems.

3. Augmentation of the current staff of RUPS and particularly DDFS is required, and greater stability in leadership should be sought. Staff turnover has been unacceptably high during the past several years. During the past year alone, RUPS has had five section heads, and a fourth DDFS head was appointed in June 1989. This lack of stable leadership has had a negative impact on efforts to establish and implement standardized procedures and to follow through on current commitments. Neither section has sufficient officers to carry out their responsibilities. The DDFS is in a particularly poor position to cope with a workload that is going to continue to grow substantially each year as the number of ongoing RTPCs increases. More officers need to be assigned to the section, preferably officers with some government and programme implementation experience rather than new university graduates, as has been the case in the past.

4. Efforts to improve the planning and implementation capacity of the districts need to be increased. The lack of technical and managerial expertise at the district level has clearly been a major

impediment to more rapid implementation of DDF programmes. Unless additional training and resources are provided to the districts, there is no reason to assume that implementation will proceed significantly faster or smoother in the future. Alternatively, less could be expected from the districts and greater reliance could be placed on consultants. This would seem to undermine somewhat the objectives of the District Focus for Rural Development, but it may be necessary until districts are better able to manage their responsibilities with respect to the DDF.

5. The MPND RTPC Task Force should be revived. This task force, which was appointed by the Permanent Secretary of MPND in 1987, met regularly for several months in mid-1987 to formulate the Ministry's initial position on RTPC policies. This task force has not met for more than two years. Its revival would stimulate more careful discussion of important RTPC issues and probably hold off the development of many of the types of crises that have been experienced to date. The task force should include officers directly involved in RTPC implementation as well as more senior headquarters-based officers. This mix of officers would help to ensure that relevant officers at various levels are aware of problems that arise and that those who are well informed about what is going on in the field have some input regarding how problems are to be resolved.

6. Research efforts regarding rural-urban balance and the role of the RTPC programme should continue. A detailed study sponsored jointly in 1987/88 by MPND and USAID examined Kutus, a first round RTPC located

in Kirinyaga District.[85] Although it was generally felt by MPND officials that the study was too broad and detailed, it was agreed that the basic research methodology could be simplified and adapted for wider use in studying more RTPCs. An enhanced research programme would serve the dual purpose of providing data that could be used as one basis for evaluating the RTPC programme some years hence, and of providing information that could be used to understand better the types of projects that RTPC funds should concentrate on to be most productive.

7. The overall role of the DDF with respect to Government's rural-urban balance strategy should be reviewed. The initial review could be done by MPND, with additional review conducted by the proposed interministerial steering committee. Although the DDF was supposed to be started as an umbrella fund to support a variety of activities in support of Government's rural-urban balance strategy, it has come to be identified exclusively with the RTPC programme, which is the only programme currently under its jurisdiction. The RTPC programme's goal of providing basic infrastructure supporting economic development in small urban centres in rural areas is only one small part of rural-urban balance policies. Programmes in support of small-scale enterprise and the informal sector, such as the Nyayo Shed programme, logically belong under DDF if it is truly to be a fund supporting integrated rural-urban development. In addition, certain of the programmes currently being developed by the Small Enterprise Section

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[85] Bendavid-Val, et. al, 1988.

(SES) of MFND as part of the Small Enterprise Sector Programme outlined in the Sixth National Development Plan also belong under DDF or must be well coordinated with DDF activities. If separately established funds are going to finance highly related programmes in a non-integrated manner, the Government will not be making the best use of available resources to meet rural-urban balance goals.

8. Greater efforts must be made to secure additional donor funding for DDF. Only recently have efforts been made on the part of MFND to facilitate obtaining additional donor funds for DDF. No donor money has been placed in DDF since the 1987/88 budget, and there are no funds available to support the group of RTPCs that are currently being selected by MFND and the DDCs. A background paper on DDF has been drawn up for MOF and donors, but this will require vigorous followup action by MFND officials.

If the District Development Fund is to be successful in supporting the objectives of the rural-urban balance strategy, Government and donors must demonstrate a serious commitment to funding, equipping, and staffing the ministries and agencies responsible for its operation. This has not thus far happened. The potential for the DDF remains great, and it is not to late to get it operating effectively.

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APPENDIX I

RTPC SHORT LISTS FOR THE FIRST TWO ROUNDS OF THE PROGRAMME

FIRST ROUND

Province	District	Centres
Central	Kirinyaga	Kutus* Kagumo
Coast	Kwale	Kinango* Lunga-Lunga
Eastern	Kitui	Mwingi* Mutomo Kabati
Northeastern	Mandera	Rhamu* Takaba
Nyanza	Kisii	Suneka* Keroka Nyamira
Rift Valley	Kericho	Bomet Ndanai Kipkelion*
	Elgeyo Marakwet	Tambach Tot Kapsowar**
Western	Bungoma	Chwele Cheptais Kimilili*

*Centre selected by the District Development Committee as an RTPC.

**Centre not on the MPND short list but selected by the District Development Committee as an RTPC.

SECOND ROUND***

Province	District	Centres
Central	Nyandarua	Engineer Ndaragwa Njabiini
Coast	Taita-Taveta	Mwatate Taveta
Eastern	Embu	Runyenjes Kiritiri
Northeastern	Wajir	Habasweini Buna Bute
Nyanza	Siaya	Sigomere Ungunja Yala
Rift Valley	Baringo	Eldama Ravine Marigat Mogotio
	Nandi	Cheptarit Lessos
	Trans-Nzoia	Saboti Kiminini Suwerwa
Western	Kakamega	Mumias Luanda Butere

***As the short lists for the second round of the RTPC programme were not forwarded to the participating districts until August 1989, the DDCs had not identified the centre to benefit from the programme as of the date this paper was completed.