

## National Taxpayers Association (NTA)



### Launch of CDF Citizen's Report Cards Response to the CDF Board's Statement, April 13, 2010

#### Informing the CDF Board and Members of Parliament

- The NTA would like to thank the CDF Board for their quick response to the recent launch of CDF Citizens Report Cards that documented the findings from citizen-led audits in 17 constituencies across Kenya.
- It is important to clarify that the NTA sent copies of all completed CDF Citizen Report Cards to all 17 Members of Parliament (MPs) and the CDF Board for comments **before they were printed and launched**. The cover letter attached with each CDF Citizens Report Card specifically asked each MP for written corrections and/or a formal meeting to discuss the findings.
- The NTA is **grateful to a number of the 17 MPs** for meeting with the NTA to provide updated information that enabled us to make corrections prior to printing and launching the CDF Citizens Report Cards.
- For transparency purposes the NTA has listed all original dated letters sent to MPs, in the Annex of the CDF Citizens Report Card. The NTA for instance sent and delivered the letters accompanied with the draft reports to all the 17 MPs and copied to the CDF Board. NTA also sent and delivered a reminder to the 17 MPs.
- Rather than waste valuable funds for listing new information in the national newspapers, we suggest you directly communicate with us so that we can update the CDF Citizens Report Cards where appropriate prior to printing.

#### NTA Methodology

- Over the last two years the NTA has developed a robust methodology to audit CDF projects.
- Based on the CDF projects lists we got from the CDF Board website, CDF Committees and CDF fund managers the NTA sent trained project social auditors to visit each project where they took numerous digital pictures of the infrastructure, as well as detailed notes on a Rapid Assessment Form.
- All this information was then assessed, through a desk review, by qualified, professional engineers or quantity surveyors with expertise in the documented infrastructure. Each engineer was tasked to independently assess the quality of construction and the expected value range of the infrastructure.
- The engineers then worked with NTA Regional Coordinators to classify assessed projects into one of the following six categories:

- ☐ **Cat. A: Well built, completed projects** = good quality construction, good value for money for taxpayers'.
- ☐ **Cat. B: Badly built incomplete or complete projects** = poor quality construction, money wasted, poor value for money.
- ☐ **Cat. C: Well built, incomplete projects** = not yet complete, being built in phases, so far well built.
- ☐ **Cat. D: Abandoned Projects** = incomplete and not funded in the subsequent year(s), taxpayers' money is wasted.

- ☐ **Cat. E: Ghost projects** = officially allocated CDF/LATF funds, but project does not physically exist.
- ☐ **Cat. F: Reallocated Funds** = CDF/LATF funds officially reallocated from projects originally identified by citizens to other projects. This was with the authorization of the CDF Board as required by the CDF Act.
  - While reallocation is allowed within the current law, the NTA has serious concerns when an MP or CDF Committee does this often.
  - Also of concern is that we found CDF/LATF funds were being reallocated without verifiable official documentation.
  - All funds allocated to projects in Category F **were not included** in the total unaccounted funds for each of the 17 constituencies audited by the NTA when we were given a copy of a letter of authorization from the CDF Board as supporting evidence.
- Based on this assessment the NTA determined the total value of projects where taxpayers money has been badly used (**Cat. B: projects**) and wasted (**Cat. D: projects**).
- The NTA also determined the total unaccounted for funds, i.e. the total CDF/LATF funds awarded for all projects less the actual total CDF/LATF funds spent, including funds allocated for ghost projects.

#### Why Embakasi Constituency?

- We are surprised as to why the CDF Board has solely focused on providing updated information on Embakasi Constituency, **the public clearly has the right to know what has happened to the KSh. 252,958,027 (FY06-07) and KSh. 191,036,357 (FY07 - 08) of Unaccounted Funds in the remaining 16 constituencies.**

#### Badly used and wasted CDF funds

- The NTA was hoping that the statement from the CDF Board would explain how it was going to respond to two important findings from our research concerning badly used and wasted CDF funds.
- Surely our finding that **KSh. 238,130,880 of taxpayers' money is badly used, and KSh. 38,694,500 of taxpayers' money has been wasted**, in the 17 constituencies during the two years we covered in our audit must be a concern.
- Lastly, the NTA would like to take this opportunity to reiterate our commitment to working with all Kenyans, all MPs, the CDF Board, the Government of Kenya, and all civil society organisations to ensure that CDF funds have a greater impact in our communities.

#### Kennedy Masime

National Secretary, National Taxpayers Association (NTA)